EXHIBIT 1 TO
RESOLUTION NO. 14460

AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT, entered into pursuant to Title 11, Chapter 7, Article 3, A.R.S., by and between:

THE CITY OF TUCSON, a municipal corporation (hereinafter sometimes referred to as the "City"); and

THE COUNTY OF PIMA, a body politic and corporate, a political subdivision of the State of Arizona (hereinafter sometimes referred to as the "County").

WHEREAS, Pima County is authorized by A.R.S. §11-254 to purchase, construct or operate a sewerage system, including the collection, transportation, pumping, treatment and disposal of sewage; and

WHEREAS, the City of Tucson is authorized by Chapter IV, Section 1 (12) of its Charter to construct and maintain sewerage systems within and without its corporate limits; and

WHEREAS, the sewerage systems of the City of Tucson and Pima County in the metropolitan area in and surrounding the City of Tucson physically constitute an integrated system with no regard to jurisdictional boundaries; and

WHEREAS, Pima County and the City of Tucson have undertaken a metropolitan Tucson Regional Wastewater Facilities Plan Program; and

WHEREAS, said plan has been prepared and subjected to a public hearing; and

WHEREAS, in November of 1977, in a special election held in the City of Tucson, the qualified electors of the City voted in favor of the following proposition:

> Shall the City be authorized, until June 30, 1979, to transfer to the County of Pima its sewers, drains, and all other works for disposition of sewage and wastewater both within and without the City, under such terms and conditions as shall be determined by the Mayor and Council.

WHEREAS, on December 11, 1978, the Mayor and Council adopted the Metropolitan Tucson Regional Wastewater Facility Plan, dated November, 1977, and the First Addendum Report, dated November, 1978, each prepared by Brown and Caldwell; and

WHEREAS, on December 11, 1978, the Mayor and Council adopted Intergovernmental Agreements (IGA) relating to each of the following subjects: (1) wastewater flow routing, (2) construction of Phase I of Roger Road Wastewater

Treatment Plant improvements, (3) design and construction of the Phase I elements of the Santa Cruz-Southeast Interceptor System, (4) design and construction of the Oshrin Interceptor; and

WHEREAS, on December 18, 1978, the Mayor and Council approved the Coopers and Lybrand Financial Study and Phase I of the Arthur D. Little Management Study, each study being a component of the Regional Wastewater Plan; and

WHEREAS, also on December 18, 1978, a motion was made and seconded and passed by the Mayor and Council to adopt the City Manager's recommendation to transfer the City sewer system to Pima County subject to four conditions; and

WHEREAS, on December 18, 1978, the Mayor and Council adopted an Intergovernmental Agreement with Pima County relating to the financing and planning of their respective sewerage systems for the fiscal year 1978-1979; and

WHEREAS, on December 11, 1978, the Board of Supervisors adopted, subject to conditions, the Metropolitan Tucson Regional Wastewater Facility Plan, dated November, 1977, and the First Addendum Report, dated November, 1978, each prepared by Brown and Caldwell; and

WHEREAS, on December 11, 1978, the Board of Supervisors adopted, subject to conditions, Intergovernmental Agreements (IGA) relating to each of the following subjects: (1) wastewater flow routing, (2) construction of Phase I of the Roger Road Wastewater Treatment Plant improvements, (3) design and construction of the Phase I elements of the Santa Cruz-Southern Interceptor System, (4) design and construction of the Oshrin Interceptor; and

WHEREAS, on December 18, 1978, the Board of Supervisors approved the Coopers and Lybrand Financial Study and Phase I of the Arthur D. Little Management Study, each study being a component of the Regional Wastewater Plan; and

WHEREAS, on February 26, 1979, the Board of Supervisors adopted the Intergovernmental Agreement relating to the financing and planning of their respective sewerage systems for the fiscal year 1978-1979; and

WHEREAS, on December 18, 1978, the Board of Supervisors upon motion unanimously approved the transfer of the City sewer system to the County by June 30, 1979, subject to the four conditions set out in the City Manager's memorandum; and

WHEREAS, on December 21, 1978, the Regional Council of the Pima Association of Governments passed and adopted a resolution in which the Council concurred with the actions taken by the City of Tucson and Pima County, in adopting the

Regional Facilities Pl prepared in accordance with t requirements of Section 208 of the Federal Water Pollution Control Act Amendments of 1972 and 1977, in agreeing to transfer the City sewerage system to Pima County subject to four stipulated City conditions no later than June 30, 1979, whereupon Pima County will be the sole management and operating agency in the PAG designated planning area, and provided for the submission to EPA of the Facilities Plan and a plan for implementation of the transfer; and

WHEREAS, the City and County, in furtherance of their actions taken on both December 11 and December 18, 1978, intend, in good faith, to proceed in the orderly transfer of the City sewerage system to Pima County and to provide that such transfer be accomplished with the minimum amount of disruption.

NOW, THEREFORE, City and County agree as follows:

ARTICLE I

PURPOSE

The purpose of this agreement is to:

A. Set forth and clarify the previous actions taken by the Mayor and Council and Board of Supervisors with respect to the City and County sewerage systems.

B. Provide guidelines for the orderly and timely transfer of the City of Tucson sewerage system located within and without the incorporated areas of the City to Pima County.

C. Provide for the identification of and procedures for resolution of matters related to and affected by the transfer of the City sewer system to Pima County.

D. Provide for the establishment of approximate time frames with which matters are to be resolved in order to effectuate an orderly and efficient transition with a minimal amount of disruption.

ARTICLE II

PREVIOUS ACTIONS CLARIFIED

A. City and County hereby confirm and by reference herein incorporate and make a part hereof their motions of December 18, 1978, whereby it was moved and carried by the City Council and subsequently moved and carried by the Board of Supervisors that the ownership of the entire City of Tucson sewerage system be transferred to Pima County, subject to the following four conditions:

1. County acceptance of the City's terms on the effluent issue.
2. County acceptance of the responsibility for existing City sewer debt.
3. County commitment to the Regional Facilities Plan for a period of three (3) years and award of a construction contract for the Roger Road Plant by September 30, 1979. (End of Federal fiscal year)
4. County commitment to not turn the sewerage system over to an independent agency for a period of ten (10) years.

B. The City and County hereby confirm their approval and adoption of Volumes I and II of the November, 1977, Metropolitan Tucson Regional Wastewater Management System Plan, and the November, 1978, Addendum Report (Regional Facility Plan), and by reference herein incorporate and make same a part of this Agreement.

C. The City and County hereby confirm their approval of and by reference incorporate and make the following a part of this Agreement:

1. The Wastewater Management Study entitled "Evaluation of Organizational Alternatives for Wastewater Management in the City of Tucson and Pima County," prepared by Arthur D. Little, Inc. and selecting the second recommendation, Pima County Management Agency.
2. The Regional Financial Plan prepared by Coopers and Lybrand.

D. The City and County hereby rescind their respective actions adopting the following Intergovernmental Agreements:

1. Agreement between City and County related to design (Step 2) and construction (Step 3) of the Southeast-Santa Cruz Interceptor Project (City Resolution No. 10687 and 10688).
2. Agreement between City and County related to design (Step 2) and construction (Step 3) of the Oshrin Interceptor Project (City Resolution No. 10685 and 10686).
3. Agreement between City and County related to construction (Step 3) of the Roger Road Treatment Plant (City Resolution No. 10684).
4. Agreement between City and County related to division of wastewater flows between City and County treatment plants (City Resolution No. 10682).

E. The subject matter covered by the IGA rescinded by Article II, D(3), above, is now covered in Article V of this Agreement. The matters covered by the IGAs rescinded by Article II D(1) (2) (4), above, are not covered herein for the reason that the transfer of the entire City sewerage system to the County renders such Agreements unnecessary.

ARTICLE III

TREATED AND RECLAIMED WATER (EFFLUENT)

As part of the consideration of the City's agreement to transfer its sewer system to Pima County, County agrees with City as follows with regard to effluent (treated and reclaimed water):

A. As a basis for agreements on effluent, the City and County agree that effluent is a major water resource that must be controlled by the City of Tucson in order to maintain management of total water resources of the Santa Cruz and adjacent water basins. It is further agreed that the City will endeavor to use effluent in such a manner as to preserve the underground water supply and to minimize costs to water rate payers in the City and County.

B. Notwithstanding other sections of Article III, County agrees that all effluent from all County sewer treatment plants may be used by the City to settle or satisfy litigation relative to water rights pending with the City at the time of closing. In the event all the effluent is not required to settle or satisfy litigation, City and County agree that the effluent that is required for settlement will be provided by the City and County on a pro-rata basis with each providing an equal proportion from the total effluent controlled by each.

C. Insofar as there is no conflict with this agreement, the County agrees that as successor to Sanitary District One, it has agreed to be and is bound by each and every obligation of the District. The matter set out in this paragraph (Article III, Paragraph C) shall not be deemed an admission against interest on the part of the County. The foregoing, however, shall not prevent the City from offering the above judgment in any litigation between the parties.

D. County agrees to relinquish, quitclaim, and transfer to the City, all of County's interest, estate, right, title, claim or lien in effluent which is discharged from metropolitan treatment facilities. The term "metropolitan" means the area which is or may be served by the Roger Road,

Ina Road or Randolph Park Treatment Plants, or by any additional collection and treatment facilities hereafter constructed which are physically integrated into the existing metropolitan sewerage system. The City shall have unilateral control, without limitation, over the use and disposition of all such effluent discharged from any and all treatment facilities so located. City shall take delivery of its effluent at any or all of the said treatment facilities at no cost to County.

E. County agrees to continue to operate the Randolph Park Wastewater Treatment Plant unless otherwise mutually agreed to by the City and County in writing or unless the County provides, at no cost to the City, a comparable quantity and quality of effluent at Randolph Park from another source.

F. Notwithstanding Article III D, County shall be entitled to take up to ten (10) percent of the effluent discharged from metropolitan treatment facilities, which City owns or controls, for use only on County parks, golf courses, and recreational facilities, except as provided in Article III H below.

1. County may take its total daily effluent entitlement at the Ina Road Plant. County may, at its option, take from other treatment plants at their discharge points such portions of its entitlement not to exceed ten (10) percent of the flow at any such plant, provided however that taking from the Randolph Park Treatment plant shall be excess to the needs of the City. City agrees to grant, at no charge to County, easements, rights-of-way, and access to facilitate County use of its effluent, and City shall bear no costs associated therewith.
2. The County entitlement shall be daily and non-cumulative.
3. The total daily effluent entitlement of County shall be determined on the basis of a measurement method to be agreed upon between City and County staffs. As may be required, County agrees to construct measuring devices and City agrees to read and maintain such devices.

G. City and County agree that there will be no charge to the County for the effluent taken by the County pursuant to Article III F(1) above.

H. City agrees that any portions of County's ten percent (10%) entitlement may be used by the County as a basis for a contract with the Cortaro-Marana Irrigation District.

I. City and County agree that the City shall have unilateral control, without limitation, over the use and disposition of all effluent discharged from County treatment plants located outside of the Metropolitan Area. City shall take delivery of such effluent at any or all of said treatment facilities at no cost to County.

1. In the event that disposition by the City of effluent to which it is entitled within the non-metropolitan area results in a net profit, the net profit shall be divided as follows:

   50% of the net profit will be treated as water revenues and deposited to the same accounts and funds as receipts from City water sales;

   50% of the net profit will be treated as sewer user fee revenues and deposited to the same accounts and funds as sewer user fee revenues.

   a. Net profit shall be determined by the City and the County in accordance with generally accepted accounting methods. Net profit will include the cash revenue remaining after costs for capital, operation and maintenance, including indirect and administrative expenses, and the cost for additional treatment, if any, have been met.

   b. Use of effluent to settle water related claims against the City or County, exchange for groundwater pumping rights, Central Arizona Project, or in any other manner to protect, benefit or enhance the water supply of the City where there is no cash revenue shall not be valued in any way for purposes of determining net profit.

2. Notwithstanding Article III I (1)(a)(b), City agrees that County may take effluent from County treatment facilities located outside the metropolitan area commensurate with their needs for irrigation of parks, golf courses, and recreational facilities located outside the metropolitan area.

J. County agrees not to provide or divert wastewater from any portion of its collection and treatment systems to any person or other entity without the prior written consent of the City.

K. In order to assure that the full potential quantity and quality of City effluent is not reduced, the County agrees to the following:

1. Maintain effluent quality at the Ina Road, Roger Road, Randolph Park Treatment Plants and other treatment plants within the metropolitan area, regardless of whether or not there is a discharge into the waters of the United States, in accordance with Federal and/or State standards for discharge into the waters of the United States within the State. The disposition of treated wastewater from a treatment plant shall not constitute a part of the treatment process.
2. At other treatment facilities outside the metropolitan area, the treatment processes will be maintained in accordance with EPA and State requirements.
3. Except as may be required in Article III M, City agrees County shall not be required by City to exceed NPDES Permit Standards. City further agrees that County shall not be responsible for any additional treatment costs required by City to meet its reuse plans which is in excess of NPDES Standards.

L. City agrees that specific effluent allocations made to County shall not be subsequently denied in whole or in part unless approved by City and County.

M. County agrees to make untreated wastewater available to the City for treatment and use on other recreational facilities in the City, all at no cost to the County. County further agrees to treat wastewater in accordance with Arizona Department of Health Services standards where such effluent will be used to irrigate the Randolph, Silverbell and Arthur Pack Golf Courses, or future similar facilities.

N. County agrees to grant, at no charge to City, easements, rights-of-way and access to treatment facilities to facilitate City use and disposition of its effluent, and County shall bear no costs associated therewith.

O. County agrees that at closing it will withdraw its Application for Permit to Appropriate Water, No. 33-47023, and thereafter it will not refile such Application(s). Further, County agrees to withdraw its opposition to City's Application for Permit No. 33-42494.

P. City and County agree to settle Cause No. 170727, City of Tucson, a municipal corporation v. Pima County, a body politic, et al., presently pending in the Superior Court of the State of Arizona in and for the County of Pima by a stipulation for dismissal without prejudice.

ASSUMPTION OF SEWER SYSTEM FINANCING AND LIABILITIES

A. County agrees that it shall assume the responsibility of paying the existing City sewer bond debt pursuant to the Schedule attached hereto and made a part hereof (Exhibit A). Existing sewer debt shall mean all debt of the City as of June 30, 1979 incurred from the expenditure of sewer bond funds for the construction, design or planning of any component of the City's sewer system and all other debt of the City incurred as a result of sewer bond sales, the proceeds of which have not been used for construction, design or planning and which shall be used on or after June 30, 1979 for City debt service payments ** or payments pursuant to IV D (1) ~~(c)~~. (b).**

County's obligation herein is subject to annual appropriation. Revenues used for this purpose shall be expended in accordance with State law.

B. Unexpended City Sewer Bond proceeds existing at time of closing will be used to reduce the existing City Sewer debt or as provided in IV D (1) ** (b). ~~(c)~~. These proceeds and interest earnings shall be applied in accordance with the existing debt service schedule of the City shown in Exhibit A herein.

C. City and County agree that after closing the County shall be solely responsible for all financing for capital and operation and maintenance costs of the combined sewer system incurred after June 30, 1979. Any costs incurred in the City system prior to June 30, 1979 will be the responsibility of the City.

(1) Consistent with the foregoing, the following existing City contracts shall be assigned to the County effective June 30, 1979.

Contract No.	Project	Contractor
0182-79	Main Avenue Trunk Sewer	J.S. Anderson Construction Company
0296-79	I-19 Trunk Sewer	Gus's Trenching & Pipeline Co., Inc.
033-79	I-19 Trunk Sewer/Pile Driving	Gus's Trenching & Pipeline Co., Inc.
0312-79	YWCA Relief Sewer	R.E. Miller Paving & Construction, Inc.
0365-79	Craycroft Trunk Sewer	R.E. Miller Paving & Construction, Inc.

(2) Notwithstanding other sections of Article IV, the City shall be financially liable for tort claims and court judgments arising from City's negligent actions in connection with the City's

**CITY CLERK'S NOTE
The intergovernmental agreement between the City of Tucson and Pima County dated June 26, 1979, relating to the transfer of the City sewer system to Pima County, contained a scrivener's error on page 9. Article IV, Sec. refer to Art. IVD(1)(c). There is no paragraph (c). The references should to paragraph (b). The complete reference should read "IV D (1)(b)".
(cc: Loretta Humphrey, Ass't. City Attorney 11/30/79 [illegible])

operation of the City sewer system whether the injury occurred before or after June 30, 1979. A contingent liability fund shall be established by the City from 1978-79 sewer user revenues in the amount of One Hundred Thousand Dollars ($100,000) for payment of such tort claims, court judgements (excluding the Dow Chemical Judgment) and other liabilities pursuant to IV E. The fund shall be closed at the end of two years and any balance therein shall be disbursed to the County.

(3) The County shall be financially liable for tort claims and court judgments arising from County's negligent actions in connection with the County's operation of the combined sewer systems when the injury occurs after June 30, 1979.

D. (1) City and County agree to the disposit on of existing City grants in the following manner, subject to EPA approval:

(a) The following grants will be transferred to the County effective June 30, 1979.

	EPA Grant No.	Project
i.	C-04-0160-01	Santa Cruz Interceptor System Phase I Steps 2 & 3
ii.	C-04-0134-01	Randolph Park Wastewater Reclamation Plant Step 3
iii.	C-04-0147-01	South Rillito Interceptor System Phase I Steps 2 & 3
iv.	C-04-0147-03-1	South Rillito Interceptor Sewer Phase II Step 1
v.	C-04-0147-03-2	South Rillito Interceptor Sewer Phase II Step 2
vi.	C-04-0147-03-3	South Rillito Interceptor Sewer Phase II Step 3
vii.	C-04-0178-01-1	Metropolitan Tucson Regional Wastewater Management System (Facility Plan) Step 1
viii.	C-04-0178-02	Design of Modification to Roger Road Wastewater Treatment Plant Step 2
ix.	C-04-0178-03	Modifications to Roger Road Wastewater Treatment Plant Phase I Step 3

(b) All City shares of local costs in connection with EPA grants discussed in IV D (1) (a) shall be the responsibility of the City when incurred prior to June 30, 1979 and shall be the responsibility of the County when incurred after June 30, 1979.

i. The County shall meet this obligation from County sewer bonds and sewer connection fees.

ii. The City shall meet their obligation from a Five Hundred Thousand Dollar ($500,000) fund which shall be established prior to June 30, 1979 comprised of City sewer bond funds. This fund shall be closed after final EPA audit approval has been received on all EPA grants listed in IV D (1)(a), any balance therein shall be used to reduce the existing City sewer debt.

iii. In the event that EPA grant reimbursements are received by the City after July 1, 1979, these payments shall be distributed to either the fund identified in IV D (1)(b)(ii) or the County if so provided for in existing IGA's.

(2) Consistent with the disposition of grants in IV D (1), the following existing City contracts shall be assigned to the County effective June 30, 1979.

City Contract No.	Contractor
0037-79	Burdick Contractors, Inc.
4551-77	Brown & Caldwell
4596-78	Black & Veatch
P.O. 51659	Arizona State Museum

E. City and County agree that any other City sewer system cost not specifically covered elsewhere in this Agreement shall be the responsibility of the County if incurred after June 30, 1979 and shall be the responsibility of the City if incurred prior to June 30, 1979.

ARTICLE V

REGIONAL FACILITY PLAN

County agrees not to change the adopted Regional Facility Plan for three (3) years from the date of this Agreement. County agrees to implement the recommended first phase of construction in the Facility Plan as follows:

A. All City and County approved facility plan modifications to Roger Road Wastewater Treatment Plant, County agrees:

1. The City, as sole Applicant, shall forthwith apply for an EPA Step 3 Construction Grant, including plantwide treatment modifications (including digestor modifications).

2. In order to insure EPA funding in the 1978-79 Federal fiscal year and in order to clarify the third condition of transfer as set out in Article II A(3) of this Agreement, the County shall award a construction contract for 30 MGD plantwide modifications, including digestor modifications as approved by the joint City-County Technical Advisory Committee, prior to September 30, 1979, or in compliance with the grant conditions of EPA grant number C-04-0178-03.

3. The City and County agree that early completion of the solids storage and disposal facilities at Roger Road is necessary. County therefore agrees that it shall complete the design and construction of such facilities at the earliest possible date by endeavoring to comply with the following guidelines. City and County further agree that the County's obligations under this subsection are subject to EPA approval.

   a. Complete design of Roger Road plant solids storage and disposal facilities prior to June 30, 1980.

   b. Apply for EPA Step 3 Construction Grant for solids storage and disposal by June 30, 1980, and accept grant offer within ten days of receipt thereof.

   c. Award construction contract for solids storage and disposal by September 30, 1980.

4. The City will, from time to time, request information regarding progress of the project. The County will furnish the requested information in a timely professional manner. The City will be advised of progress meetings between County and contractor or the EPA and, at its option, may attend same. The City will pay for the costs associated with providing City requested information. The County shall advise the City prior to initiating any substantial changes to the Roger Road Project.

B. County agrees to implement the remainder of the facility plan and to follow to the extent possible the following priority and schedule used as a guideline, subject to EPA approval and availability of funding.

1. Pantano Interceptor - Speedway to 29th Street, and Tanque Verde Interceptor - Tucson Country Club to Camino Seco:

2. Santa Cruz/Southeast Interceptor: Award construction contracts by August 31, 1980.

County agrees that in the event the Phase I Santa Cruz/Southeast Interceptor does not have sufficient priority on the Arizona Construction Grants Priority List to receive EPA Step 3 Construction Grants, and there are insufficient County funds for 100% local funding of this Project, the Project may be implemented as part of phased overall prioritized County capital program as follows:

1. Santa Cruz/Southeast Interceptor Phase I.
2. Canada del Oro Interceptor to the Highlands.
3. Other interceptors and trunks.

C. Regardless of Article V, B priorities, County agrees that the local share of the Roger Road Plant 30 MGD modifications, including digestor modifications, sludge storage and disposal, as well as the Pantano and Tanque Verde Interceptors, will be funded in total prior to initiation of phased overall prioritized County Capital Program.

Nothing in this Article V shall be construed to relieve the County from implementation of any other portion of the adopted Facilities Plan.

ARTICLE VI

PIMA COUNTY: SINGLE MANAGEMENT ENTITY

Pima County, as the single management entity, is committed to the concept of equal service for all users of the metropolitan system without regard to jurisdictional location. Therefore, the County agrees:

A. To accept the adopted Mayor and Council current policy with regard to allocation of sewer capacity and to utilize the current methodology employed by the City in computing sewer capacity. The current City policy and methodology, attached hereto as Exhibit B, shall be continued within the City by the City and County until surcharged conditions are relieved by implementation of the approved facility plan and related capital projects. The exact terms and conditions regarding the allocation of sewer capacity as agreed to herein shall be a part of the final agreements between the parties at closing.

B. Prior to adoption the County shall submit its proposed annual sewer capital budget to City for review and shall consult with City in planning and prioritizing all sewer capital improvements in the metropolitan area and shall coordinate such planning with City water planning. Such coordination may be accomplished through any means acceptable to the City and County.

ARTICLE VII

INDEPENDENT AGENCY

County agrees not to turn its sewer system over to an independent agency for a period of ten (10) years, said period to begin running upon the effective date of this Agreement.

ARTICLE VIII

TRANSFER OF CITY SEWERAGE SYSTEM - CLOSING

A. City and County agree that the legal transfer of the City sewerage system shall be accomplished on or before June 30, 1979.

B. City and County further agree that they shall cooperate so that all documents related to said transfer shall be executed not later than June 30, 1979.

C. The executed documents to be delivered on or before closing shall include, but are not limited to, the following:

1. Appropriate documents conveying to the County title to real property or easements or licenses necessary to carry out the intent of this Agreement. Bills of Sale transferring to County all specialized equipment, vehicles, supplies and other personal property necessary to operate the City's sewerage system. Said deeds and other applicable documents shall contain the power of termination as set forth in Exhibit C attached hereto and by this reference incorporated herein.
2. Documents by which the County relinquishes, quitclaims, and transfers to the City, all of the County's interest, estate, right, title, claim or lien in effluent in accordance with Article III;
3. Documents whereby the County grants to the City permission to use the public right-of-way in Pima County for the purpose of installing, extending, enlarging, or maintaining the water system owned by the City of Tucson.
4. Documents whereby the City grants to County permission to use the public right-of-way within and without the City for the purpose of installing, extending, enlarging, or maintaining the sewerage system owned by the County.
5. Such other documents as are necessary to implement Article III with regard to Application No. 33-47023 and Article III with regard to Case No. 17027.

6. Such other documents of any type whatever as are necessary or advisable to implement this Agreement.

D. After the closing the County will be solely responsible for the operation and maintenance of all portions of the sewerage system, within and without the territorial limits of the City.

E. At the closing, the City shall transfer to the County all permits to discharge into the waters of the United States issued by the EPA to the City pursuant to Section 402 of the Clean Water Act. Thereafter, the County will be and remain responsible for any and all conditions of the permit and shall be solely liable for the consequences of failure to meet NPDES permit standards.

F. The City agrees that after the closing and as long as this Agreement is in full force and effect, the City shall no longer provide City sewer services. However, the foregoing shall not preclude the City from constructing sewer facilities under the provisions of Paragraph III M; or from constructing sewer improvements in Improvement Districts formed pursuant to statute; or from constructing on or off-site sewer improvements for the benefit of City owned property or from constructing sewer improvements that may be required in connection with City projects, i.e., industrial development projects, inner city revitalization projects. The plans and specifications for the construction of any sewer improvements permitted under this paragraph are subject to the review and approval of the Pima County Wastewater Management Department.

G. After the closing, County shall assume all responsibility for inspection of main line sewer lines lying within the incorporated areas of the City of Tucson.

The City shall continue to be responsible for inspection of HCS connections and private sewerage systems. However, in the event an HCS connection or private sewerage system is to be connected to a manhole, County shall be responsible for the inspection of such connection.

H. After the closing, County shall be solely responsible for the establishment, collection, processing, and disposition of all sewer connection fees arising out of the connection of any property, real or personal, to any public sewer within the incorporated areas of the City of Tucson.

I. After the closing, City agrees that County, as the single management and operating agency for the Regional Sewerage System, shall be the sole authority responsible for the establishment and setting of sewer user fees and rates within and without the incorporated areas of the City of Tucson.

J. After the closing, the County shall be solely responsible for the collection, processing and disposition of sewer pipeline extension rebate sums due pursuant to agreements previously entered into by the City. The City shall provide County with copies of all such agreements.

K. After the closing and until July 1, 1980, the City agrees to bill and collect sewer user fees authorized by the sewer user fee ordinance adopted by the County. As part of the billing and collection system for the water utility, it is understood that the City will be billing and collecting the following types of accounts:

Water Only Accounts - customer has provided information to show that the wastewater at the water billing address is not being discharged to the County sewer system.

Water and Sewer Accounts - customer is receiving water from the City water utility and discharging wastewater to the County sewer system.

Sewer Only Account - customer is discharging wastewater to the County sewer system but is not being supplied water from the City water utility.

1. The City shall provide the following sewer billing and collection services for the County:
   a. Provide water consumption data for each water and sewer account and provide billings and collection of these accounts monthly;
   b. Provide monthly billings and collection for sewer only accounts from data on water consumption provided by the County;
   c. Update all water and sewer accounts (turn-on and turn-off) to maintain an accurate active customer file;
   d. Update sewer only and private well accounts upon receipt of necessary information from Pima County;
   e. Bill delinquent sewer accounts in conjunction with the water billing system and transmit to Pima County for collection those delinquent sewer accounts that cannot be collected through the water billing system;
   f. Process sewer user fee adjustments transmitted by Pima County and adjust sewer user fees in accordance with adjustment policies authorized by Pima County;

g. Provide County with read-only access to computerized customer account records;

h. Provide County with all necessary forms required in maintaining an accurate sewer billing system;

i. Provide County with winter water use data for those sewer users on the City water system;

j. Provide County with all necessary and agreed upon computer-oriented reports required to effectively manage the revenues and customer accounts of the sewer utility;

k. Maintain an accurate, error-free, computerized sewer billing and collection system;

l. Provide County access to the monthly billing system for the purpose of inserting sewer utility-related information with the exception that where such inserts are in conflict with a scheduled water bill insert by the City and in such cases the City insert shall take precedent;

m. Upon receipt of sewer user fee payments, the City shall credit a refundable deposit account to account for the receipt of money and deposit all receipts in the City's deposit clearing account. On a weekly basis, the City will make a disbursement of all sewer user fee collections to the County less the weekly portion of the monthly administrative and billing fee mutually agreed upon in paragraph o below. The City and County shall cooperate in effecting procedures necessary, on a day-to-day basis, to provide for the billing, collection, data processing, and other daily operational aspects of administering County sewer user fees;

n. At the County option, the City will provide a register showing active account status of each account on a monthly basis and will provide a final delinquent account register of all accounts considered as the inactive final billing register;

o. For the above service, the County agrees to pay and the City agrees to offset against amounts owed the County, a monthly administrative and billing fee of $50,000. Such fee will reimburse the City for the direct and indirect cost of billing and collection service as detailed on the attached Exhibit D.

p. On July 1, 1980, at the request of the County, City shall provide

to County all data except water usage data, related to the billing and collection of sewer user fees within the City, all at no cost to the City.

2. The County agrees to provide the following:

   a. Establish all new sewer user accounts served by City water, private water companies and by private wells;

   b. Adjust all sewer user fee accounts as required;

   c. Answer all sewer user complaints;

   d. Process all turn-on and turn-off of sewer only accounts;

   e. Accept responsibility to collect all delinquent sewer accounts served by City water after they have become 90 days old;

   f. Provide necessary data for the billing of sewer only accounts;

   g. County will inspect any computer errors and notify City Data Processing of necessary change.

ARTICLE IX

IMPLEMENTATION

A. PERSONNEL - TRANSFER OF CITY EMPLOYEES

Upon execution and the effecting of the Agreement herein, County shall accept for employment any and all City Water and Sewer Department employees choosing to transfer to the County Wastewater Management Department under the following conditions:

1. Said employees accepting employment with the County Wastewater Management Department shall not be subjected to nor shall such employee experience any period of layoff from the time such employee leaves City employment to the time in which said employee begins employment with the County.

2. Said employee shall receive a starting salary equal to the total of what his/her salary and longevity pay would have been with the City of Tucson as of July 1, 1979. In the event that amount is below the minimum of the established salary range, the employee will be hired at the minimum step of that range.

3. Said employee shall be accepted and placed into a classification comparable to what the employee enjoyed as a City employee, as determined by the Personnel Director of Pima County, said acceptance and placement to be effective 0001 A.M. on Sunday, July 1, 1979.

In the event the employee's salary and longevity compensation is in excess of the maximum for the comparable classification, the employee's qualifications will be given consideration in making the determination of an appropriate classification for employment.

4. Said employee shall be accepted for employment by the County in an equivalent status to his/her City position (for example, a probationary City employee would be transferred as a probationary County employee and a permanent City employee would be transferred as a permanent County employee). Time served as a probationary City employee will count as an equivalent period toward completion of the County's probationary period.

5. Any employee transferring into a classification requiring registration or certification is encouraged to acquire such registration or certification within a one-year period from the date of transfer. During that one year time period, those duties which require registration or certification may be withheld from the position. If such registration or certification is not obtained with the one year time period, the employee shall be placed into a classification appropriate to his or her duties devoid of those responsibilities requiring the registration or certification, but retaining the same salary range.

6. Employees transferring into a classification requiring an appropriate type of Arizona State driver's license will be required to show proof of such license prior to assuming the duties of the position at Pima County. If the employee does not possess the license, he or she will be reassigned to a position in the same or like classification series where such a license is not required.

7. Said employee shall be given credit for the period of time worked with the City as if the equivalent period of time had been worked with the County.

8. Said employee shall be entitled to and County agrees to accept vacation, sick leave and compensatory time accumulation that said employee may have as of June 30, 1979, subject, however, to a County accrual limitation of 240 days for sick leave, that being the maximum that can be carried.

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8. Said employee shall be entitled to and County agrees to accept vacation, sick leave and compensatory time accumulation that said employee may have as of June 30, 1979, subject, however, to a County accrual limitation of 240 days for sick leave, that being the maximum that can be carried.

9. Said employee shall be permitted to enroll in the life, health and dental insurance plans available to County employees without regard to pre-existing conditions and without any waiting period. This provision shall also apply to any eligible dependents of the employee. Consistent with recently enacted State legislation, the County shall pay 75% of the cost of dependent insurance coverage.

10. Consistent with recently enacted State legislation, said employee shall be afforded the opportunity to transfer City retirement credits to the State Retirement System.

11. Any employee choosing to accept employment with the County shall submit completed Pima County Application for Employment, and resume, when requested, delineating education, experience and training. The application shall include copies of all necessary registration, certification or license required for employment in the classification.

12. Said employee shall be afforded all benefits and rights provided other County employees in the terms and conditions of employment, including, but not limited to opportunity for promotion, merit increases and layoffs.

B. County may, by separate agreement, contract with City for the supervision of any contracts transferred to the County pursuant to the provisions of Article IV (C) (1) and IV (D) (2).

C. City and County , in order to effectuate the orderly and efficient transfer of the City sewerage system to the County with a minimal amount of disruption to daily operations, do hereby agree to the extent possible that the City shall provide the County with the following:

1. City inventory of all buildings, treatment plants, sewer lines, and all specialized equipment, vehicles, office furnishing, and other personal property necessary to the management and operation of the City of Tucson sewerage system;

2. Financial statement with full disclosure of:

   (a) total assets

      (i) revenue

   (b) liabilities

      (i) contingent

      (ii) accrued

   (c) short and long-term indebtedness

      (i) bonded indebtedness

3. Statements of pending claims or litigation or any other adverse events materially adversely affecting operations or the financial condition of the City of Tucson sewerage system;

4. Personnel

(a) organizational chart disclosing

(i) titles

(ii) job classification and duties

(iii) other pertinent information

(b) wages

(i) pay rates

(ii) wage progressions

(iii) job evaluation, classification and reclassifications

(c) hours of work

(d) vacations, sick leave

(e) promotions

(f) discharge and other discipline, grievance procedure

(g) employee benefit plans

5. Capital Improvement Program

(a) financial program

(b) contractural obligations

D. The City Manager and the County Chief Administrative Officer shall be responsible for implementing the provisions of this Agreement and specific requirements associated with the transfer of the City Sewerage System to the County, such responsibility to include but not be limited to the following areas:

1. Billing/collections
2. Rate setting
3. Grants program
4. Zoning/new development process
5. Land/building acquisition
6. Planning-current, advanced, regional
7. Legal
8. Personnel matters
9. Transfer of real and personal property
10. Bonds, debts and funding

E. City and County will provide each other with all necessary information required for the purpose of this Agreement.

ARTICLE X

A. City agrees to reserve sixty-eight (68) acres of City-owned land in proximity to the Roger Road Wastewater Treatment Plant for purposes of County sludge disposal activities. Such land is to remain the property of the City and is subject to the rights of the City to use or dispose of the land at such time as the land is not required by the County for sludge disposal activities as may be determined by the EPA approved facility plan for sludge disposal activities to be adopted in accordance with Article V of this agreement.

B. The County agrees to reserve twenty (20) acres of County-owned land in proximity to the Ina Road Wastewater Treatment Plant for purposes of effluent reuse activities. Such land is to remain the property of the County and is subject to the rights of the County to use or dispose of the land at such time as the land is not required by the City for effluent reuse activities. City rights under this section must be exercised within a period of ten (10) years.

ARTICLE IX

MISCELLANEOUS

A. Effective Date of Agreement

This Agreement shall be effective upon filing the original executed Agreement with the Office of the Pima County Recorder.

B. Duration

The Agreement shall terminate on June 30, 1979, at midnight, if the provisions of Article VIII of this Agreement have not been fully executed. If the provisions of Article VIII of this Agreement have been fully executed by midnight on June 30, 1979, then this Agreement shall continue indefinitely and shall be subject to termination by any of the parties or their successors or assigns hereto upon ninety (90) days prior written notice and based only upon the material breach of the provisions of this Agreement.

C. Prior to, or at the time of closing, additional agreements may be required to be executed to carry out this Agreement.

D. Legal Jurisdiction

Nothing in this Agreement shall be construed as either limiting or extending the legal jurisdiction of either the City or the County.

E. Assignment

The terms of this Agreement shall be binding on the successors and assigns of the parties hereto.

F. Remedies

Any party to this Agreement may seek specific performance hereof, or any other judicial relief in the event of breach of this Agreement. The election of a remedy shall not be deemed a waiver of any other remedy.

G. Modification

City and County recognize that from time to time modification of this Agreement may be necessary in order to meet the needs and requirements of the community in future years. Therefore, City and County agree that, from time to time, either party to this Agreement may, upon thirty (30) days prior notice to the other, request a joint meeting of City and County officials to discuss proposed changes to this Agreement.

H. Non-Severability

If any portion of this Agreement is finally adjudicated invalid, the entire Agreement shall be null and void. The provisions of this Agreement are intended to be non-severable.

SIGNED AND ATTESTED this 26th day of June, 1979.

CITY OF TUCSON, a municipal corporation,

by _____
MAYOR

ATTEST AND COUNTERSIGNED:

_____
CITY CLERK

APPROVED PURSUANT TO A.R.S. §11-952(d)
AS AMENDED

_____
for CITY ATTORNEY

PIMA COUNTY, a political subdivision of the State of Arizona

By E.S. Walker
Chairman, Board of Supervisors

ATTEST:

Eugenia N. Keller
Clerk of the Board

APPROVED PURSUANT TO A.R.S. §11-952(d) AS AMENDED:

Rose Silver
Special Counsel to the Civil Division of Pima County Attorney's Office