EXHIBIT A

INTERLOCAL AGREEMENT FOR REPLACEMENT OF BEACON HILL WATER AND SEWER DISTRICT HILLSIDE PUMP STATION

THIS INTERLOCAL AGREEMENT is made and entered into pursuant to Chapter 39.34 of the Revised Code of Washington, by and between the City of Longview, Washington, a municipal corporation organized under the law of the State of Washington and wholly situated in Cowlitz County Washington, (the "CITY"), and the Beacon Hill Water and Sewer District, a municipal corporation (the "BHWSD"); both situated in Cowlitz County, (together "Parties") on the date last executed below.

RECITALS

1. The CITY provides water service to residents within its municipal boundaries and adjacent urban growth area in Cowlitz County, Washington, and receives its supply of water from the Mint Farm Regional Water Treatment Plant.
2. BHWSD provides water service to the Beacon Hill service area and receives its supply of water from the Mint Farm Regional Water Treatment Plant.
3. The Water System Plan for Longview recommends improvements for the Hillcrest Reservoir Pump Station (Hillcrest) due to age and the pump station configuration renders portions of the CITY's Main Reservoir operational storage not available for use.
4. The Water System Plan for BHWSD recommends improvements for their Hillside Pump Station (Hillside) due to age, capacity to meet current and future demand, and the pump station configuration renders portions of the CITY's Main Reservoir operational storage not available for use.
5. The Hillcrest and Hillside pump station are both located at the CITY's Main Reservoir site.
6. The CITY has other capital improvement projects scheduled for the Main Reservoir site, including reservoir demolition, new reservoir vents and screens, drainage improvements, fencing and gate improvements, and access road improvements.
7. The CITY and BHWSD desire to coordinate the design and construction of the Hillcrest and Hillside pump stations (the "PROJECT"), to provide project efficiencies, coordinate construction activities within a restricted and constrained area, and minimize impacts to nearby residents.

AGREEMENT

For and in consideration of the mutual covenants contained herein, the Parties hereto agree as

follows:

1. Duration. This Agreement shall commence as of the last date of execution hereof and shall terminate upon completion of the PROJECT and payment for all work.

2. Purpose. The purpose of this Agreement is to provide a joint project between the CITY and BHWSD to design and construct the PROJECT to upgrade the pump stations due to age and capacity issues, and to resolve issues related to utilization of the Main Reservoir operational storage capacity.

3. Funding. Funding for the BHWSD portion of the PROJECT cost may be paid through a Drinking Water State Revolving Fund (DWSRF) loan obtained by BHWSD, plus BHWSD local matching funds. These funds are provided through a federal funding source. Federal funding expenditures in an amount of $750,000 or more in one calendar year may require a federal audit of BHWSD; the CITY is already subject to federal audit. Funding for the CITY share of the PROJECT will be covered through the CITY's Water Construction Fund.

4. Design. The CITY will provide design, specifications, drawings and cost estimates, and bidding services for the PROJECT. The PROJECT is currently anticipated to consist of providing a new, lower elevation, pump suction connection for both pump stations, replacing the existing pump stations, site improvements as required to construct, access, and secure the new pump stations, stormwater quantity and quality improvements as required by Longview Municipal Code Chapter 17.80, and improving the access road to the reservoir and pump stations site, including drainage improvement for the road. Additional work and improvements may be identified as the PROJECT progresses.

   The CITY intends to complete other improvements to the Main Reservoir site that are not cost shared with BHWSD, including demolition of reservoirs 1 and 2, site drainage improvements, and existing reservoir roof and screening improvements. This work will be included either as a different schedule in the bid, or will be constructed as a separate project so its costs can be tracked separately from the PROJECT costs shared between the CITY and BHWSD.

   The project conceptual design is based on the Hillside Reservoir Storage and Pumping Study recommendation prepared by Richmond Engineering dated April 3, 2012. However, the final design may differ from the conceptual design based on the PROJECT needs and final design and permitting requirements. The CITY intends to perform the majority of the design with its own engineering staff, but may hire consultants as needed to provide hydraulic, geo-technical, electrical, environmental and structural design engineering and support. The CITY will coordinate the design with BHWSD staff, and with Department of Commerce (Commerce) and Department of Health (DOH) as required by applicable regulatory and funding source requirements.

   The project may be bid as one or multiple separate construction projects. The project will complete site preparation work, reservoirs 1 and 2 demolition, pump suction connections for

each of the new pump stations, construct the new pump stations, access road improvements, existing Main Reservoir roof, vents, and screening improvements, and site drainage improvements. The projects will be designed to include separate schedules for each of the pump stations in order to provide accurate accounting of the costs for each of the Parties.

5. Construction. The CITY will provide construction contract administration, construction management, and inspection for the PROJECT. The CITY will prepare pay estimates, review material submittals, review certified payroll documentation, and provide general project administration as required by the funding sources. All PROJECT documentation shall be in conformance with the applicable DWSRF requirements. It is anticipated that the construction activities will commence between mid of 2017 and no later than 18 months after this Agreement has been executed. The CITY will obtain approval from BHWSD's general manager regarding available funding prior to awarding any construction contract that involves BHWSD cost sharing. The CITY will be responsible to include the correct state and federal wage rates, monitor the applicability of the wage rates during the bid advertisement period, and issue an addendum to update wage rates that have been changed 10 days prior the bid opening, and obtain a new wage determination when workers are not covered by the existing wage decision.

   During construction, the CITY will consult with and obtain BHWSD general manager approval, in accordance with BHWSD policies and procedures, to resolve any Hillside Pump Station related construction issues, change orders, and disputes that may arise with the contractor for that portion of the work; provided, however, as the contracting agency for the construction contract, if the CITY determines or believes the BHWSD general manager decision will be detrimental to the construction contract as a whole, the CITY shall make the final determination.

6. Permits. The CITY will be responsible for obtaining all permits required for the PROJECT to meet all applicable funding and regulatory requirements.

7. Cost Sharing. BHWSD shall reimburse the CITY for the actual costs associated with all design and construction and related administrative work described or anticipated in Sections 4 and 5 above, or as required to complete the PROJECT, in accordance with the following allocations:

a. Design and construction costs related to the Hillcrest and Hillside pump stations including new suction connection and site grading required for the pump stations, shall be shared equally between the parties at 50% each; if the bid documents include separate schedules for each of the pump stations, each party shall cover the cost for its own facility as determined on each of the bid schedules, and construction inspection and administration costs shall be shared in the same proportion as the proportion of the schedule costs; except that design costs shall remain shared at 50% each.
b. Design and construction costs related to the Main Reservoir improvements, including demolition of reservoirs 1 and 2; replacement of the vents, screens, and roof drains for reservoir 3, 4 and 5; and drainage improvements required for the reservoirs shall be paid by the CITY at 100%.

c. Design and construction costs related to the reservoir and pump station access road shall be covered by the CITY at 75% and by BHSWD at 25%.
d. Environmental or other permitting costs related to the permits required solely due to the DWSRF funding shall be covered by BHWSD at 100%.
e. Environmental or other permitting costs for all other permits shall be shared equally between the parties at 50% each.
f. Project administration costs required due solely to the DWSRF funding shall be covered by BHWSD at 100%. The cost for certified payroll review, establishing the correct wage determination, obtaining new wage determination when required positions are not on the existing wage decision and employee interviews shall be covered by the CITY at 30% and BHWSD at 70%.
g. In the event the CITY agrees to a BHWSD general manager decision under Section 5 above that increases costs to the CITY portion of the PROJECT, BHWSD shall pay 100 % of the increased costs incurred by the CITY, in addition to the increased costs incurred by BHWSD.
h. All other PROJECT administration costs shall be shared equally between the parties at 50% each.

8. Payment. The CITY shall keep track of design engineering, construction management and inspection and administrative time for the PROJECT by assigning project accounting numbers for the work described above or performed. Design engineering, construction management and inspection, and administrative costs shall be reimbursable on a time and material basis and shall not exceed the amount specified in the DWSRF loan agreement; such amount is anticipated to be $170,000 as specified in the BHWSD application for a DWSRF loan and includes $25,000 in contingency. Construction costs shall be based on competitive bidding with prices set in the bid proposal for the contractor awarded the contract(s), plus any approved change orders. Permit and other project fees shall be the actual costs charged by the regulatory or permitting agency. All invoices, contractor pay estimates, CITY staff costs, permit fees, and other expenses related to this PROJECT shall be itemized in an Excel spreadsheet and split according to the percentages shown above. The CITY shall submit an invoice to BHWSD no more than once per month, and BHWSD shall pay within 30 days of receipt of such invoice. If BHWSD fails to pay the full amount of all reimbursable costs incurred by the CITY, as presented in any and all invoices, the CITY may pursue all legal means available to obtain such reimbursements, and BHWSD shall pay the CITY all administrative, collections, and legal fees incurred by the CITY to obtain all monies owed the CITY.

   BHWSD shall be responsible for submitting all reimbursement requests and reports required for the DWSRF funding.

9. Deliverables. The CITY will provide paper and/or electronic copies of draft plans and specifications for BHWSD review, and will provide paper and/or electronic copies of other documents when requested by BHWSD. The CITY will provide electronic and paper copies of the final plans and specifications, permits and environmental reviews, as-built drawings, inspection reports, photographs, and other requested documentation, upon completion of the PROJECT. The CITY and BHWSD shall jointly own such documents, provided that

BHWSD use of PROJECT documentation for any purposes other than the PROJECT shall be at its sole risk and the CITY shall not incur any liability for such other use.

10. Performance. The CITY and BHWSD agree to satisfy all aspects of this Agreement in a timely and professional manner, and comply with all applicable rules and regulations associated with the use of federal funds in the BHWSD Hillside Pump Station DWSRF loan. The CITY and BHWSD shall comply with all other federal, state, and local laws, rules, and regulations in performing this Agreement. At any time either party cannot fulfill its responsibility under this Agreement, it shall notify the other party in writing, together with an explanation of why said responsibility cannot be fulfilled. Failure to perform shall be cause for the other party to terminate this agreement.

    Cost overruns and other matters pertaining to BHWSD portions of the PROJECT and not addressed by this Agreement, shall be resolved in compliance with BHWSD policies and procedures, except where such policies and procedures would result in the CITY paying costs pertaining to and necessary to complete the BHWSD portion of the PROJECT.

11. Audit and inspection. The CITY shall maintain records pursuant to this Agreement in accordance with generally accepted accounting principles and practices. The CITY records shall be available for inspection and audit by the BHWSD, the State Auditor, federal auditors, and any persons duly authorized by the parties. The CITY shall preserve and make such records available to said parties until expiration of six (6) years from the date of final payment by BHWSD to the CITY under this Agreement.

12. Indemnification. It is understood and agreed that each party will be responsible for its own negligence and will, to the extent of its negligence, indemnify and hold harmless the other party from any and all claims, losses, or causes of action, suits and actions in equity of any kind. The CITY will require each contractor working on the PROJECT to include BHWSD as an additional insured on its policies when required to do the same for the CITY.

13. Termination. The CITY or BHWSD may terminate this Agreement at any time prior to award of the construction contract, upon ten days written notice to the other party. If the Agreement is terminated, a final payment will be processed according to the terms and conditions outlined in Sections 8 and 9 of this Agreement based on the amount of work completed up to the time of termination, plus any additional costs necessary to transfer documents and information to BHWSD. In the event either party terminates this Agreement, the terminating party shall not be liable for any monetary loss or consequential damages incurred by the other party due to termination, except as provided for in this Section 13 and in Section 8.

14. Assignment: Assignment of this Agreement to any other entity shall require prior written approval of the Parties.

15. Easements: BHWSD agrees to relinquish any and all existing easements encumbering parcel 10370 and parcel 103660824, and their predecessor parcels, if any. Such easements may have been granted to BHWSD or acquired by BHWSD though its acquisition of the Cowlitz

County Public Utility District No. 1 water system. New easements will be granted by the CITY to BHWSD for the new and remaining existing BHWSD facilities located on the subject parcels identified above. No time or location gaps in BHWSD easement rights shall be created by this transaction. New and relinquished easement rights are anticipated to be granted and recorded at the same time, in order to maintain continuity of access for BHWSD. In the case of an inadvertent or unforeseen gap in BHWSD easement rights to operate and maintain its existing and new water system facilities on the subject parcels, the City grants BHWSD a temporary right of entry to operate and maintain its facilities until such time as new easements have been recorded.

16. Entire Agreement/Amendment: This Agreement is the entire agreement between the Parties, unless otherwise specifically stated herein, and shall not be modified or amended in any manner except by an instrument in writing executed by the Parties. No prior agreement, correspondence, or portions thereof shall be used to interpret, modify, or explain the terms of the Agreement in the event that a dispute arises with respect to the Agreement.

17. Supplemental Agreements: The Parties agree to complete and execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

18. Waiver: No waiver of any breach of any covenant or agreement contained herein shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the non-defaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults that were in existence at the time such payment or payments or performance were accepted by it. The exercise of any remedy provided by law or the provisions of this Agreement shall not exclude other consistent remedies.

19. Applicable Law and Venue: This Agreement shall be construed in accordance with the laws of the State of Washington. Venue for any dispute related to the Agreement shall be Cowlitz County, Washington.

20. Severability: If a court of law determines any provision of the Agreement to be unenforceable or invalid, the parties hereto agree that all other portions of this Agreement shall remain valid and enforceable.

21. No Third Party Beneficiaries: This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and permitted assigns. No other person or entity shall have any right of action or interest in this Agreement based upon any provision of the Agreement.

22. Notices: Except for invoices, billings, and routine project correspondence between the

Parties, all other communications, notices and demands of any kind which any party requires or desires to give to the other party shall be in writing and either served on the following individual(s) or deposited in the U.S. Mail, certified mail, postage prepaid, return receipt requested, and addressed as follows:

City of Longview:

David Campbell, City Manager (or successor)
City of Longview
1525 Broadway
P.O. Box 128
Longview, WA 98632

Copy to:
Jeff Cameron, Director of Public Works (or successor)
1525 Broadway
P.O. Box 128
Longview, WA 98632

Copy to:
Jim McNamara, City Attorney (or successor attorney)
1525 Broadway
P.O. Box 128
Longview, WA 98632

Beacon Hill Water and Sewer District:

Dell Hillger, General Manager (or successor)
1121 West Side Highway
Kelso, WA 98626

23. Compliance with Laws: All Parties shall comply with all applicable federal, state and local laws, regulations and rules in performing this Agreement.

24. Certifications and assurances: By executing this Agreement, the CITY hereby certifies that is has read and is and will remain in compliance with all of the certifications, assurances, and special conditions set forth in the Federal Compliance and Standard Federal Certifications and Assurances incorporated herein by reference.

25. Interlocal Cooperation Act: The performance of the obligations of this Agreement shall be in compliance with the provisions of RCW 39.34, the Interlocal Cooperation Act. The Parties agree that no separate legal administrative entities are necessary in order to carry out this Agreement. For purposes of RCW 39.34.030(4)(a), the Director of Public Works for the CITY shall serve as the administrator responsible for administering the joint and cooperative undertaking among the parties to this Agreement. There shall be no "joint board" as that term is used in RCW 39.34.030(4)(a).

26. Counterparts: This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

27. Recording: This Agreement will be filed with the Cowlitz County Auditor pursuant to R.C.W. 39.34.040 within five (5) days of the date of execution of this Agreement. All fees relating to such recording shall be considered capital costs of the Hillcrest and Hillside Pump Station Replacement project. BHWSD agrees to execute a release or other appropriate instruments as shall be necessary to certify compliance with the terms of this Agreement upon full and complete satisfaction of the terms of this Agreement.

APPROVED this 12th day of May, 2016.

CITY OF LONGVIEW

David M. Campbell, City Manager

APPROVED this 31st day of May, 2016.

BEACON HILL WATER AND SEWER DISTRICT

Dell Hillger, General Manager

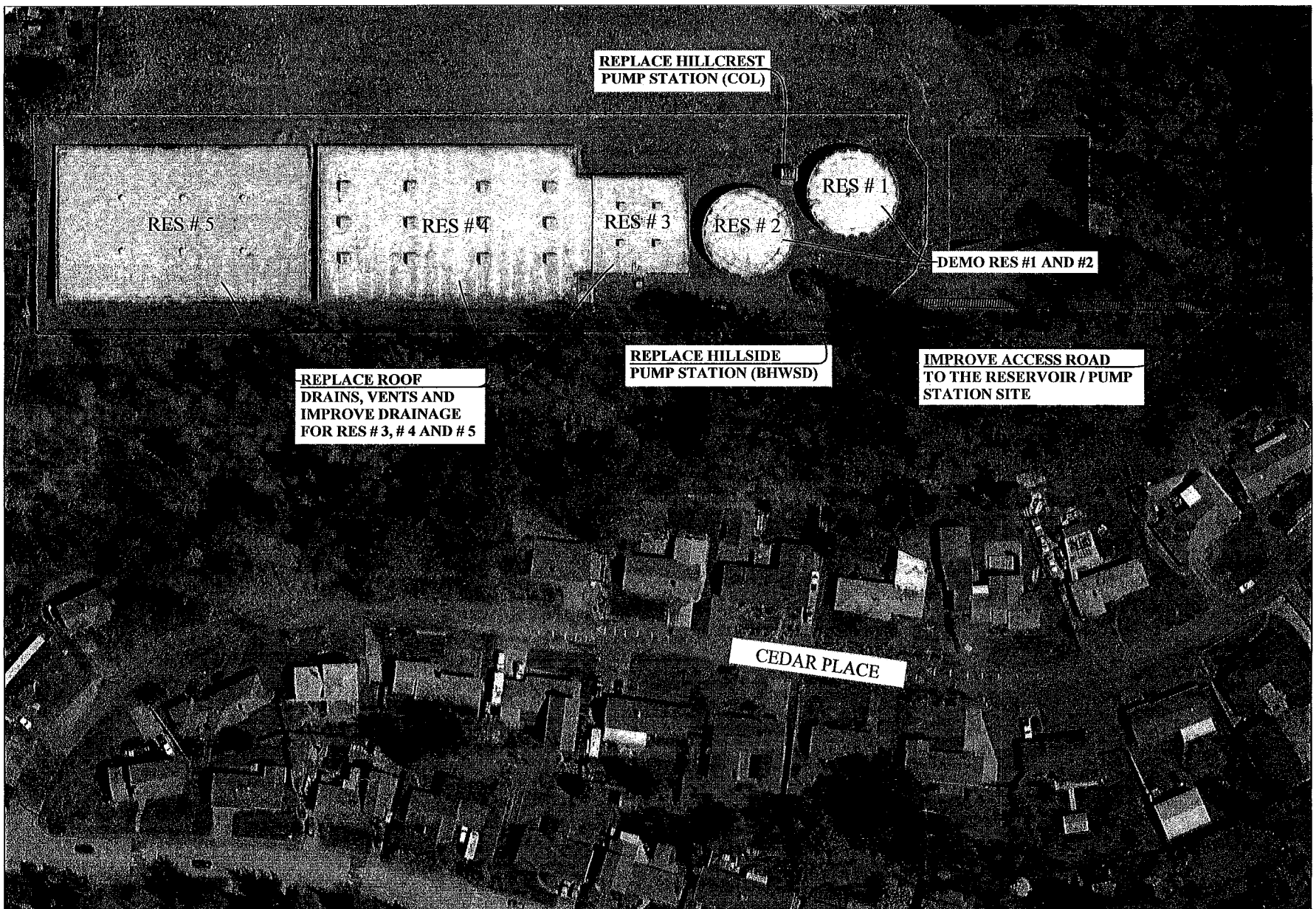
ATTEST:

Kaylee Cody, City Clerk

APPROVED AS TO FORM:

James McNamara, City Attorney

APPROVED AS TO FORM:

Alan Engstrom, Attorney for BHWSD

PROJECT SITE MAP