

**INTERGOVERNMENTAL AGREEMENT
FOR THE SITING, ENGINEERING, AND CONSTRUCTION
OF IMPROVEMENTS TO THE WATER SYSTEMS OF
THE CITIES OF DAYTON AND LAFAYETTE, OREGON**

THIS AGREEMENT is entered into by and between the CITY OF DAYTON, OREGON (Dayton) and the CITY OF LAFAYETTE, OREGON (Lafayette).

RECITALS:

- A. Dayton and Lafayette are municipal corporations of the State of Oregon organized and existing under the laws of the State of Oregon.
- B. This Agreement is entered into pursuant to Chapter 190 of Oregon Revised Statutes.
- C. Dayton and Lafayette each have Water System Master Plans which indicate a need for water system improvements including new water sources. Based on those Master Plans both Dayton and Lafayette have decided to proceed with improvements to their respective water systems.
- D. Dayton and Lafayette have each been briefed by the Dayton City Engineer on the cost of savings that can be achieved through joint development of well fields and a transmission main from those fields to the point where it bifurcates to distribute water to each city. As a result of such briefings, both cities have decided to pursue a joint development project (the Project) to the extent of the well fields and that portion of a transmission main described above.
- E. The joint development of well fields and transmission mains is authorized by ORS 225.050.

TERMS:

- 1. **Delegation of Authority to City Administrators.** Dayton and Lafayette each delegates to its respective City Administrator authority to perform the following in consultation with the Project Engineer and a real estate consultant: examine available parcels suitable for construction of two water wells, reservoirs, and associated facilities; negotiate the terms of an option to purchase such a parcel; oversee completion of conditions precedent contained in the option to purchase; exercise or forego the option, such exercise being subject to the final approval of the respective City Councils.
- 2. **Criteria for Land Suitability.** The following shall constitute the basic criteria for determining the suitability of any parcel for the Project: a minimum of 40 acres; in an area likely to be relatively free of fine sands and high levels of iron, manganese, and sulfur; in

an area likely to produce sufficient quantities of high quality water. Preferably, the site should provide opportunities for leasing land for grazing or farming.

3. **Independent Appraisals.** Dayton shall obtain two independent appraisals to determine the value of any property for which an option to purchase is to be negotiated. Both cities agree to share equally the cost of such appraisals.
4. **Optionee.** Dayton and Lafayette shall collectively act as the optionee. Dayton shall pay all option money payments required by the option agreement. Whether or not the option is exercised, Lafayette shall reimburse Dayton for one-half the cost of the option money payments.
5. **Project Engineer to Conduct Tests.** Dayton shall direct the Project Engineer to perform all necessary tests to determine if the optioned site can provide a water supply adequate to the needs of both Dayton and Lafayette. Both cities shall share equally the cost of such tests.
6. **Purchase of Property.** Upon the recommendation of both City Administrators and the Project Engineer, the cities shall exercise their option to purchase. Either city may pay any or all of the land acquisition costs, however each city shall be responsible for one-half of the total land acquisition costs and the cities shall reimburse each other accordingly. Land acquisition costs include, but are not limited to:
 - A. The purchase price of the property;
 - B. An environmental audit of the property;
 - C. A survey of the property;
 - D. All land use approvals deemed necessary by the cities for the intended use of the property or required by Yamhill County;
 - E. All easements or rights-of-way deemed necessary by the cities for the intended use of the property;
 - F. Appraisals, filing, recording, real estate agent, legal, and any other fees that are attributable to the purchase of the property.
7. **Title to the Property.** Title to the property shall be held by Dayton and Lafayette as tenants in common. If the property can be partitioned under local zoning laws, then the property may be partitioned, either before or after the closing of the sale, with each city receiving one-half of the property.

8. **Joint Capital Assets.** Both cities agree to construct, operate and maintain those capital assets of the Project as jointly recommended by their City Administrators and the Project Engineer, provided that each city has sufficient funds available and authorized for expenditure for this purpose. The capital assets to be constructed, operated and maintained jointly shall be specified in an addendum to this Agreement. Both cities shall share equally the cost of construction, operation, and maintenance of such joint capital assets and the assets shall be jointly owned by both cities.
9. **Transmission Main.** The transmission main from the wells on the property to the point of bifurcation for distribution to each city shall be owned by the City of Dayton. However, costs for engineering, construction, and debt service of the transmission main shall be shared equally by the cities.
10. **Maintenance.** Maintenance of all jointly owned and/or utilized aspects of the project shall be the responsibility of the City of Dayton. The City of Dayton shall assess the City of Lafayette a maintenance fee based on water usage. By June 1 of each year the City of Dayton shall provide the City of Lafayette with an estimate of such maintenance costs for the next fiscal year. The City of Lafayette shall make equal payments to the City of Dayton based on such estimate on December 15 and June 15 of each year. Following the end of each fiscal year, the City of Dayton shall compute the actual use and shall bill the City of Lafayette for any actual deficiency or credit.
11. **Liability.** Each City agrees to contribute equally to any damages that may be assessed arising from the use or condition of any of those shared capital assets specified in an addendum to this agreement. Each City shall be solely liable for any damages that may be assessed arising from the use or condition of those parts of the Project not jointly shared.
12. **Termination of the Agreement.** This Agreement shall continue in full force and effect in perpetuity unless terminated by one or both of the parties. Either city may terminate this Agreement by providing written notice to the other party a minimum of two years prior to the effective date of termination. If written notice of termination is given, representatives of the cities shall meet to attempt to arrive at a division of assets and a mutually agreeable price therefore. The price of an asset shall be based upon the capital improvement's depreciated value. The depreciated value shall be based upon the useful life of the capital improvement under generally accepted accounting principles using a straight line method of depreciation. If the cities are unable to agree to a division of assets within sixty (60) days, the dispute shall be submitted to an arbitrator mutually agreed upon by the parties. In the event the parties cannot agree on an arbitrator, then the arbitrator shall be appointed by the Presiding Judge of the Yamhill County Circuit Court.
13. **Assignment.** Neither city shall have the right to assign its interest in this Agreement (or any portion thereof) without the prior written consent of the other city.

14. **Amendments.** Amendments or addendum to this Agreement shall be in writing and must be approved by the respective City Councils of Dayton and Lafayette.

15. **Effective Date.** This Agreement shall be effective upon its signing by both parties.

CITY OF DAYTON, OREGON

By: *Paul Jensen*

Date: *Aug 7, 1995*

CITY OF LAFAYETTE, OREGON

By: *Ronald Rose*

Date: *8-23-95*

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ADDENDUM NO. 1
TO
INTERGOVERNMENTAL AGREEMENT RELATING
TO
IMPROVEMENTS TO THE WATER SYSTEMS
OF
THE CITIES OF DAYTON AND LAFAYETTE, OREGON

DESIGNATION OF PARCELS
AND
COST OF ROADWAY

RECITALS

1. In August, 1995, the Cities of Dayton and Lafayette, Oregon entered into an intergovernmental agreement for the siting, engineering, and construction of improvements to their water systems.
2. In August, 1996, the City of Dayton acting with the approval of the City of Lafayette executed a right-of-entry agreement to allow for the drilling of test wells on a specific property. Attached as Exhibit A is a legal description of the 40 acre parcel (the property).
3. The Cities now wish to assign to each of them a 20 acre parcel within the property for their respective municipal sites.
4. The Cities also wish to clarify that each of them shall contribute one-half of the total cost of construction of temporary and/or permanent roadways and certain portions of the cost of the test wells.

TERMS

1. The City of Dayton shall be assigned that 20 acre parcel known as the front parcel (that portion of the property closest to the Dayton Highway). The City of Lafayette shall be assigned that 20 acre parcel known as the back parcel (that portion of the property farthest from the Dayton Highway). Attached as Exhibit B is a map showing the relative locations of the two parcels.
2. As shown on Exhibit B, a temporary road shall be constructed initially to the front parcel in order to provide access for equipment necessary to construct a test well there. Both Cities agree to share equally in the cost of constructing such a road as designed by their City Engineers.

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3. Both Cities agree that if, as a result of positive results from the test wells, they jointly purchase rights to construct improvements to their water systems on the property, they will need to construct a permanent roadway that will extend the length of the transmission main on both parcels. Both Cities agree to share equally and jointly in the cost of construction, operation and maintenance of any permanent roadway as designed by their City Engineers.

4. Further, both Cities agree to share equally and jointly in any costs associated with the construction, operation and maintenance of the first well that are directly related to its performing the function of a test well for the determination of the suitability of this property for both Cities. Such costs include, but are not limited to, soil testing, ground water monitoring, and other costs above and beyond those required to drill a production municipal well.

CITY OF DAYTON, OREGON

By: Georgia M. Winkler

Date: 06 Jan 1997

Approved as to form:

Steve Mark

CITY OF LAFAYETTE, OREGON

By: Ronald Ross

Date: 12-13-96

Approved as to form:

Ross

EXHIBIT "A"

Well Field Parcel

Beginning at a point 25.30 chains South of the Northwest corner of the Donation Land Claim of W. C. Goodrich and Sarah Goodrich, his wife, Claim No. 91, Notification No. 1218, in Section 36, Township 4 South, Range 4 West of the Willamette Meridian, in Yamhill County, Oregon; Thence East 36.05 chains to an iron pipe; thence South 732.32 feet; thence West 36.05 chains to a point on the West line of a tract of land owned by Rodney and Kathleen Brill; thence North 732.32 feet to the point of beginning; said parcel containing 40.0 acres.

Description of the roadway

Beginning at a point 25.30 chains South of the Northwest corner of the Donation Land Claim of W. C. Goodrich and Sarah Goodrich, his wife, Claim No. 91, Notification No. 1218, in Section 36, Township 4 South, Range 4 West of the Willamette Meridian, in Yamhill County, Oregon; Thence East 36.05 chains to an iron pipe; thence South 5.71 chains to the true point of beginning; thence South 84° 49' East, 772.5 feet more or less to the West line of a County Road; thence South 20° 30' West along West line of the County Road, 20.68 feet; thence North 84° 49' West, 765.22 feet; thence North 20.10 feet to the true point of beginning; said parcel containing 0.35 acres.

