

**SEWER SERVICE AGREEMENT
CITY OF PEWAUKEE/LAKE PEWAUKEE SANITARY DISTRICT**

INTRODUCTION

This agreement is entered by and between the LAKE PEWAUKEE SANITARY DISTRICT (LPSD) and the City of Pewaukee (City), for the administration of future sewerage services to be provided by the LPSD for an area located in the City (PS #11 service area depicted on the service area map attached as Exhibit A). The areas located within the former Town of Pewaukee serviced through LPSD were previously divided into two sections, those serviced by Pumping Station #14 and those serviced by Pumping Station #11. These service areas were detached from LPSD upon the incorporation of the City as provided for by §60.79(2)(a), Stats. Under §60.79(2)(d), Stats, the sewerage system in both areas is owned by LPSD. LPSD and the City have entered into an agreement to transfer title to all LPSD facilities within the section served by PS #14 to the City, (see Agreement dated October 19, 1999, attached hereto and incorporated herein by reference). This agreement is entered into to provide for the continued operation and maintenance of the LPSD sewer system within the City by the LPSD for the PS #11 service area. This agreement also provides for future connections to the sewer systems serving the PS #11 service area, as well as billing for future operation and maintenance services by LPSD for the PS #11 service area beginning with services provided in the first quarter of 2000.

CONTRACT TERMS AND CONDITIONS

A. Private Property Owner Connection

This provision shall apply to all new individual service lateral connections to existing facilities presently owned by the LPSD within PS #11 service area. Prior to permitting any

new individual service lateral connections, the City shall pay to LPSD a Contribution in Aid of Construction (CAC) charge. The CAC charge effective January 1, 2000 is a \$4,080.00. The CAC charge shall increase annually at the rate of five (5%) percent, or as modified by LPSD, and in any event, shall be the same as charged to Town of Delafield users within the LPSD. CAC charges are based on Residential User Equivalents (RUE's) as determined by LPSD. The City shall pay the CAC charge prior to such property hooking up to the sewer system at the rate then in effect. The City shall in a timely manner advise LPSD of new connections to the originally constructed LPSD sewer systems serving the PS #11 service area.

B. Developers/Subdivision Connections

This provision shall apply to all connections to existing facilities presently owned by LPSD other than those provided for in Paragraph A above, including, but not limited to, subdivision and other multiple lot developments. The City shall not permit construction or connection to any sewer facilities owned by LPSD unless the owner or developer of the lands proposed to be served has executed a developer's agreement in a form reasonably satisfactory to LPSD. At a minimum, the Developer's Agreement shall provide that, upon satisfactory completion, all newly constructed extensions of the public system shall be dedicated to the City, and ownership thereof immediately transferred to the LPSD.

C. Existing CAC Installment Collections

The City of Pewaukee shall assist the LPSD in the collection of LPSD's CAC charges from real estate owners for charges outstanding as of December 31, 1999. The LPSD shall provide the City with the list of all installment charges by November 1 of each year. The City shall collect such outstanding charges through available means as provided by law. The City

shall remit installments/payments collected from real estate owners to LPSD within thirty (30) days of receipt.

D. LPSD User Charge

The LPSD user charge covers costs for the sewer system operated and maintained by LPSD, costs for conveying wastewater through facilities operated and maintained by the Village of Pewaukee, and costs for treatment at the Fox River Water Pollution Control Center. The charge also covers capital expenditures, and replacement costs for any portion of the debt service related to the sewer system. LPSD shall set the rate during their fall budget process. The LPSD shall determine the RUE's within the PS #11 service area and shall invoice the City for providing the above-referenced services and costs. The parties recognize that in fulfilling the terms of this agreement, the City shall be providing administrative assistance on behalf of LPSD. Accordingly, the City shall receive a \$1.00 per unit credit on the quarterly sewer user charge established by LPSD. In the event of a dispute over the reasonableness of the user charge set by LPSD, the City of Pewaukee may appeal the issue for determination by the Wisconsin Public Service Commission (PSC). In the event the PSC declines such review, the issue shall be resolved pursuant to arbitration procedures set forth in Chapter 788 of the Wisconsin Statutes.

The LPSD shall provide the City a list of all sewer users and RUE's within the PS #11 service area, connected as of December 31, 1999, no later than February 22, 2000. Thereafter, LPSD shall provide the City with an updated list of sewer users and RUE's on April 1, July 1, October 1, and January 1 for the preceding quarter. The City shall assist the LPSD in determining new sewer users located within PS #11 service area. The LPSD shall invoice

the City based on the list of sewer users and RUE's. The City shall pay the invoices within 30 days of receipt. Late charges will be added to the City's bill at a rate of 1% per month on any unpaid balance after the due date.

D.1 Billings: The City shall be solely responsible for billing and collection of the charges for individual sewer users within the City, effective for the quarter ending March 31, 2000 and thereafter. LPSD shall notify the City of all changes in sewer users within fifteen days of being notified of such change.

D.2 Computation: The quarterly charge shall be calculated by multiplying the number of PS #11 service area RUE's by the LPSD user charge. Charges for new connections begin on the first day of the quarter immediately following the date of connection. Users that disconnect from the system shall be charged for the full quarter for the quarter in which they disconnect. LPSD shall notify the City of any proposed changes in the billing rate at least fifteen days prior to the date of the public hearing on the LPSD budget.

E. Miscellaneous LPSD Charges/Fees for 1999 and Thereafter

For special charges other than those otherwise provided for herein, respecting all properties located in the City served by LPSD, the LPSD shall provide the City with the list of unpaid balances as of November 1, 1999, November 1, 2000, and prior to November 1 of each subsequent year. The City shall collect the unpaid balances through its tax collection process, special charge process, or other means as provided by law. The City shall remit monies received through the collection process to the LPSD within thirty days of receipt.

F. Debt Service Payment

The City of Pewaukee shall assist the LPSD in the collection of the LPSD's debt service payment relating to City's proportionate share of existing debt of the LPSD sewer system as of January 1 2001. PS #11's service area RUE's shall be the actual number adjusted annually and based upon the most recent past quarter, and PS #14 shall be limited to 111 RUE's for purposes of calculation of the City's share of existing debt service payment. Any cost or debt associated with additional RUE's within PS #14 shall be the sole responsibility of the City. The City's proportionate share of the existing debt service payment shall be determined by multiplying the debt service payment for the upcoming year times a fraction where the numerator is the total of City RUE's as described above and the denominator is the total of all RUE's served by the LPSD system. The City shall collect the unpaid balances through its tax collection process, special charges or other means as provided by law and as determined by City. The LPSD shall provide the City with the listing of all debt service payments for collection by November 1 of each year. The City shall remit such payments collected to LPSD within thirty days of receipt.

G. Term

This agreement shall be effective upon execution, and that portion of this agreement related to debt service (Paragraph F) shall terminate at midnight December 31, 2017. Thereafter, the remaining terms of this agreement shall be extended for a period of ten years, unless either party notifies the other of its intent not to extend, or to seek modification of the terms of this agreement 90 days prior to the termination date. In the event of a modification notice, the terms stated herein shall remain in force until further agreement or

termination.

Dated:

6/8/00

Dated:

05/22/10

CITY OF PEWAUKEE BY:

LAKE PEWAUKEE SANITARY DISTRICT BY:


MAYOR


CLERK


PRESIDENT


SECRETARY

CITY OF PEWAUKEE WAUKESHA COUNTY, WISCONSIN

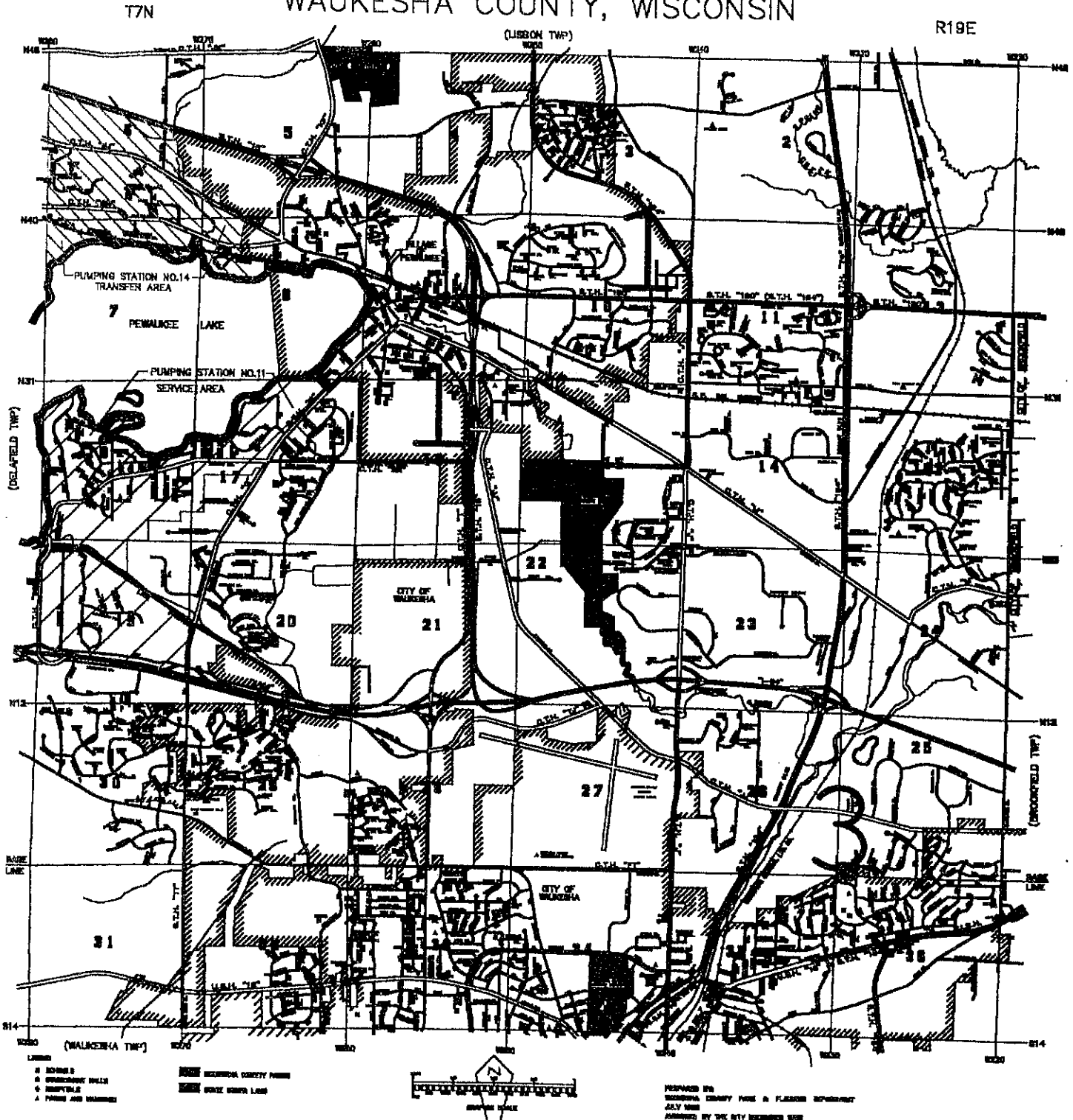


EXHIBIT A