

# **SANITARY & IMPROVEMENT DISTRICT NO. 1 OF STANTON COUNTY, NEBRASKA**

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## **BOARD OF TRUSTEES:**

**Charline Sparks, Chairperson**  
**Brad Lewis, Clerk**  
**Chad Carter, Trustee**  
**Dan Wolverton, Trustee**  
**Brian Lewin, Trustee**

**99 Market Place**  
**Norfolk, NE 68701**  
**Phone: (402) 371-6440**  
**FAX: (402) 379-8937**

September 2, 2015

Nebraska Department of Environmental Quality  
Jim Macy, Director  
1200 N Street, Suite 400  
PO Box 98922  
Lincoln, NE 68509-8922

Re: Norfolk, NE  
Stanton County Sanitary & Improvement District No. 1 – Intended Use Plan

Dear Mr. Macy,

We were recently advised our proposed project is not on the current Intended Use Plan. On behalf of the Sanitary & Improvement District No. 1 of Stanton County, I along with the full Boards support, am appealing to be included in the current 2015-2016 Intended Use Plan so that we may obtain funding assistance for a project projected to cost \$804,700.

Stanton County SID No. 1 is a subdivision located outside of Norfolk with approximately 560 customers and 1,500 residents. Since 1986 the City of Norfolk has received our wastewater under an agreement executed at that time.

In 2011 the City discovered they had made a mistake in programming their flow meter and that as a result, they had under calculated our sewer bill. The end result is that the SID is entering into a new agreement and must make four annual payments of \$47,500 to enter into a new agreement with the City. In addition, the requested terms of the agreement were renegotiated which has resulted in peak discharge capacity being reduced by 31 to 38%.

These events and the new agreement have forced us to address our system that is old and in need of some maintenance. We need to take action to make necessary improvement to the system to reduce the peak flow volume to the City of Norfolk. We have had two engineers evaluate our system. The most recent cost opinion for improvements has a cost of \$804,700 and a potential rate impact of \$101 per customer per year if CWSRF financing is available.

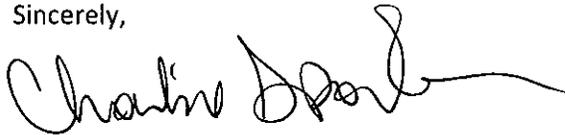
We have sought commercial financing and were offered terms of 4% over 20 years (see attached). This compares less favorably with a potential Clean Water State Revolving Loan of 2.5% for 20 year. The net difference is an impact of \$15 per customer per year more. The total additional cost of interest would be over \$150,000 more than the CWSRF program.

Furthermore, the City of Norfolk is requiring we complete construction and place into operation improvements by October 1, 2016. If we wait for next years Intended Use Plan, we would not be able to comply with the agreement between Norfolk and the SID.

Lastly, past Board members have recalled and provide the attached letter from Mr. Steve Goans. In the second paragraph of the second page, he indicated the SID was being placed on the Intended Use Plan. We understood the letter to mean we would have 3 years to complete the project. We are within that 3 year window thus we believed we were still on the intended use plan.

Therefore, the District is requesting that its project and need be added to the current 2015-2016 Intended Use Plan so that financing can be offered for the project. Should desire to discuss this further, you can reach us at our office at 402-371-6440.

Sincerely,

A handwritten signature in black ink, appearing to read "Charline Sparks", with a long horizontal flourish extending to the right.

Charline Sparks

Chairperson

Sanitary and Improvement District No. 1 of Stanton County, Nebraska

## INTERLOCAL AGREEMENT

This Agreement is made and entered into the 20 day of July, 2015, by and between the City of Norfolk, Nebraska, a Municipal Corporation, hereinafter referred to as "CITY", and Sanitary and Improvement District No. 1 of Stanton County, Nebraska, a Political Subdivision of the State of Nebraska, hereinafter referred to as "SID #1", WITNESSETH:

WHEREAS, CITY is a political subdivision of the State of Nebraska, and a City of the First Class located in Madison County, Nebraska; and

WHEREAS, SID #1 is a political subdivision of the State of Nebraska located in Stanton County, Nebraska; and

WHEREAS, political subdivisions are permitted under the Interlocal Cooperation Act, §13-801 et seq. of the *Nebraska Revised Statutes* to enter into agreements to provide for their mutual benefit and development; and

WHEREAS, CITY and SID #1 entered into an Agreement dated September 15, 1986 that provided for sewer service to be provided to SID #1 by CITY; and

WHEREAS, The September 15, 1986 Agreement provided for the connection of the SID #1 sewer line to the CITY sewer; and

WHEREAS, The September 15, 1986 Agreement provided that the allowable daily flows and peak flow rates included the Nebraska Department of Public Institutions' sanitary sewer flow from the Norfolk Regional Center; and

WHEREAS, on May 1, 2013, CITY advised SID #1 that effective June 1, 2016, CITY would no longer accept SID #1 waste and the SID #1 sewer line to CITY should be disconnected on or before June 1, 2016 allowing time for CITY to determine how to best utilize the gained capacity in its system and allowing SID #1 adequate time to make alternative arrangements for handling its sewer effluent; and

WHEREAS, the parties to this Agreement subsequently discussed the possibility of SID #1 remaining connected to CITY's sewer system beyond June 1, 2016; and

WHEREAS, the parties entered into a Memorandum of Understanding dated May 5, 2014 setting forth certain minimum requirements to be included in a separate Agreement; and

WHEREAS, the parties are desirous of entering into an Agreement providing for CITY to receive sewer effluent from SID #1 after June 1, 2016.

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants and conditions hereinafter set forth, the parties hereto agree as follows:

1. AUTHORITY. This Agreement is being made pursuant to the authority granted political subdivisions to contract with one another as set forth in Section 19-2701 of the *Nebraska Revised Statutes*.

2. TERM. The term of this Agreement shall be for a period of twenty-five (25) years from the date of execution hereof unless the Agreement is terminated as provided herein.

3. PAYMENT TO ENTER INTO AGREEMENT. In exchange for CITY making a portion of its sewer capacity available to SID #1, SID #1 shall pay to CITY four (4) equal payments in the amount of Forty-seven Thousand Five Hundred Dollars (\$47,500.00) each with no interest accruing thereon. The first payment shall be due upon execution of this Agreement with subsequent payments being due on or before September 1, 2015; September 1, 2016; and September 1, 2017.

4. SID #1 AND COUNTRY VILLAGE. SID #1 is in discussions with Country Village Trailer Court located at 2304 N. Eastwood, Norfolk, Nebraska, (hereinafter referred to as "Country Village") regarding the possibility that the sewer effluent from Country Village will be delivered to SID #1 for delivery to CITY or that Country Village may be annexed by SID #1 resulting in the sewer effluent from Country Village being included in SID #1 sewer effluent. Any reference in this Agreement to sewer effluent from SID #1 shall include sewer effluent from Country Village but not any effluent from Nebraska Department of Public Institutions.

5. FLOWS. The parties agree that if SID #1 sewer effluent includes sewer effluent originating from Country Village, the peak flow rate shall not exceed 345 gallons per minute. In the event SID #1 sewer effluent does not include sewer effluent from Country Village, the peak flow rate shall not exceed 312 gallons per minute. The parties agree that in no event shall the peak flow rate exceed 345 gallons per minute.

6. FLOW RATE REGULATION. The parties agree that the maximum flow rate provided for in this Agreement shall be regulated by way of a non-adjustable engineered solution, approved by CITY, so that in no event can sewage effluent from SID #1 be deposited into CITY's sewer at a rate that exceeds the flow rates set forth in paragraph 5 above. City reserves the right to use the knife valve currently installed in the measuring manhole to refine the flows coming from SID #1 should the non-adjustable engineered solution allow flow rates that exceed the rates allowed in paragraph 5 above. The non-adjustable engineered solution shall be in place by October 1, 2016. If the non-adjustable engineered solution is not in place by October 1, 2016, then this Agreement may be terminated immediately by CITY. Delivery of sewer effluent at a rate that exceeds the rates set forth in paragraph 5 above shall allow CITY to immediately terminate this Agreement.

7. SURGE TANK OR EQUIVALENT. It is agreed that a surge tank or other similar structure must be installed by SID #1 to hold sewage from SID #1 that exceeds the maximum flow rate. The surge tank or other similar structure shall be of a size deemed sufficient by SID #1, and approved by NDEQ. At a minimum the surge tank shall accommodate the excess of historical maximum observed flow rate over the maximum allowable flow rate for at least a six (6) hour period.

8. CONNECTION LOCATION. The parties agree that all of the sewer effluent that will be deposited by SID #1 into CITY's sewer will travel through the non-adjustable engineered solution described herein before being deposited into CITY's sewer. The surge tank shall be located so that any flows from the entire SID #1 sanitary sewer system exceeding the flow rates allowed in paragraph 5 above will enter the surge tank without surcharging the gravity sanitary mains immediately upstream of the non-adjustable engineered solution. The connection to CITY's sewer shall occur by removing the existing 12-inch pipe starting on the north at the south side of the manhole where the SID #1 flow coming from the north meets the SID #1 flow from the east and continuing downstream approximately 75 feet to the measuring manhole. The 12-inch pipe shall be replaced with a 6-inch to 8-inch diameter pipe depending on material, slope and head to comprise the non-adjustable engineered solution required by this Agreement.

9. SANITARY SEWER LINE PROPERTY OF CITY. The parties agree that all of the sanitary sewer line downstream from the measuring manhole located approximately 1375 feet southwest of the intersection of Broadmoor and Highway 35 is the property of CITY having previously been transferred to CITY as required by the Interlocal Agreement dated September 15, 1986 by way of Corporate Quitclaim Deed and Bill of Sale dated May 21, 1990. Said documents were filed with the Madison County Register of Deeds on June 18, 1990 at Book M90-6 pages 492 - 500 inclusive. SID #1 owns the measuring manhole and CITY owns and maintains the flow meter and associated equipment including the knife valve.

10. ACCEPTANCE OF SANITARY SEWAGE EFFLUENT. CITY agrees to accept sanitary sewage effluent from SID #1 as delivered by said sewer line in such amounts and at rates not exceeding the provisions set forth in this Agreement subject to the pertinent federal and state laws and the pertinent ordinances of the City of Norfolk related to said sanitary sewer effluent.

11. ADDITIONAL CONNECTION AND/OR EFFLUENT. SID #1 shall, during the term of this Agreement, be allowed to accept additional sewer effluent from areas outside of its current boundaries; however, in the event of such acceptance, there will be no increase in the maximum flow rate of the effluent being deposited into CITY's sewer system.

12. MAINTENANCE. SID #1 shall be responsible for maintaining the measuring manhole in such a manner that CITY has safe accessibility at all times. This includes vegetation control and snow removal. SID #1 shall provide electricity to the flow meter manhole. SID #1 shall be responsible for maintaining the non-adjustable engineered solution, including responsibility for any clogging that may occur in the non-adjustable engineered solution, the surge tank and any associated equipment.

13. SEWER USE FEE. For terms of service and for billing purposes SID #1 shall be considered an industrial customer of CITY. The sewer use fee to be charged by CITY to SID #1 shall be as provided in the Norfolk City Code as the same may from time to time be amended. Currently, the fee is set forth in Section 2-5 of the Norfolk City Code.

14. PAYMENT OF SEWAGE EFFLUENT BILL. SID #1 agrees to bind its monies and taxing power to guaranty the payment of said sewage effluent bill. CITY shall have the right to enforce its sewer use charges as provided by law which shall include the right to disconnect and shut off the sanitary sewer effluent flow from the sanitary sewer main of SID #1. In no event shall SID #1 fail to pay any bill for sewer use fees from CITY. In the event SID #1 disputes any sum billed to SID #1 by CITY, SID #1 must pay the disputed bill on or before the due date for payment of said bill and seek a refund. Failure to pay any bill for sewer use fees shall allow CITY to immediately terminate this Agreement.

15. SANITARY SEWER USE ORDINANCE. SID #1 approved Ordinance No. 2 on May 18, 1987 to regulate sanitary sewer use in Woodland Park. Said Ordinance is compatible with the sanitary sewer use ordinance of CITY, this Interlocal Agreement, and the requirements of the Department of Environmental Quality. The adopted sewer use ordinance described herein shall not be changed without the approval of CITY.

16. HOLD HARMLESS AND INDEMNIFICATION. SID #1 shall defend and indemnify CITY and hold CITY harmless from and against all loss, liability, damage, and expense suffered or incurred by CITY as a result of (a) a failure of any structure as referred to in section 7 herein or any other part of the sewer system of SID #1; (b) a flow which exceeds the maximum flow rates permitted by this Agreement; or (c) any other violation of any term of this Agreement.

17. TERMINATION. Upon termination of this Agreement twenty-five (25) years from the date of execution hereof, SID #1 shall separate its sewer system from CITY's sewer system unless there is a subsequent Agreement in place. No further notice from CITY shall be required to effectuate the separation of SID #1 sewer from CITY after the passage of twenty-five (25) years.

In the event of termination of this Agreement prior to the passage of the twenty-five (25) year period, the date of physical separation from CITY's sewer shall be determined by the Norfolk City Council.

18. NO SEPARATE ENTITY CREATED. This Interlocal Agreement does not create a new or separate legal entity.

19. ADMINISTRATOR. CITY through its City Administrator or his or her designee, shall be considered the administrator of this Agreement pursuant to *Nebraska Revised Statutes* § 13-801 et seq. and shall be responsible for administering the cooperative undertaking described in this Agreement.

20. TAXATION. The Administrator shall not levy nor collect any tax authorized under *Nebraska Revised Statutes* Sections 13-318 to 13-326 or 13-2813 to 13-2816.

21. MANNER OF ACQUIRING AND HOLDING PROPERTY. No property shall be jointly leased, purchased, or acquired by any means, from a party to this Agreement or from any other source, real and personal property, for carrying out the purpose of this Agreement. Upon

termination of this Agreement, all property owned by SID #1 located upstream from the connection location described herein shall remain the property of SID #1 and all property owned by CITY located downstream from the connection location described herein shall remain the property of CITY.

22. AMENDMENT. This Agreement may be amended by written agreement approved by the governing bodies of both parties hereto.

23. HEADINGS. Headings in this Interlocal Agreement are for convenience only and shall not be used to interpret or construe its provisions.

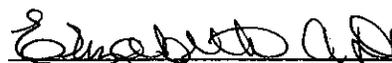
24. GOVERNING LAW. The Agreement shall be construed in accordance with and governed by the laws of the State of Nebraska.

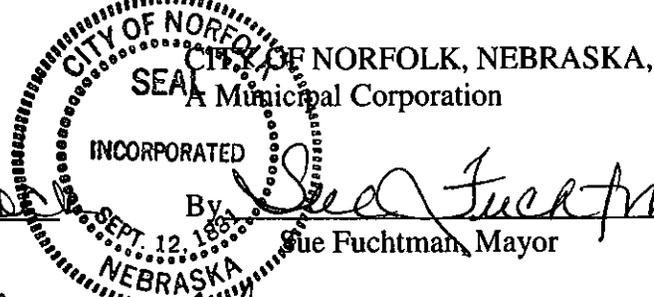
25. NONDISCRIMINATION. CITY and SID #1 will not discriminate against any person on the basis of race, color, age, religion, disability, sex or national origin in the use of any property or facility that is acquired or developed pursuant to this Interlocal Agreement, and shall comply with the terms and intent of Title VI of the Civil Rights Act of 1964, and any of the regulations promulgated pursuant to such Act.

26. AGREEMENT SUPERSEDES 1986 AGREEMENT. It is understood that this Agreement implements the provisions of the May 5, 2014 Memorandum of Understanding between CITY and SID #1 and supersedes the September 15, 1986 Agreement between CITY and SID #1.

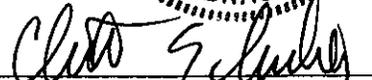
IN WITNESS WHEREOF, the parties hereto have executed the foregoing Agreement in duplicate the day and year first above written.

ATTEST:

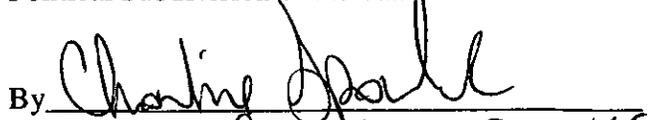
  
Elizabeth A. Deck, City Clerk



By   
Sue Fuchtmann, Mayor

Approved as to Form:   
Clint Schukei, City Attorney

SANITARY AND IMPROVEMENT DISTRICT  
NO. 1 OF STANTON COUNTY, NEBRASKA, a  
Political Subdivision of the State of Nebraska

By   
Chairperson  
Printed Name: Charline Sparks



**Term Sheet**

September 1<sup>st</sup>, 2015

**FOR DISCUSSION PURPOSES ONLY**

(This is not a commitment to loan money, these terms are estimates, and other possibilities may be offered as details are worked out)

**Amount: \$720,000**

**Borrower: Entity to be determined**

**Purpose: Sewer/ Water Solution**

**Length of Loan: 20 years**

**Interest Rate: 4.00%**

**Repayment: For discussion, Bank and Entity would discuss income to debt service ability**

**Origination Fee: None**

**Collateral: For further discussion, possibly unsecured**

**Common Terms and Conditions for the Facility**

**Expenses:** The Borrower shall reimburse the Bank for all costs and fees incurred by the Bank in connection with the preparation, due diligence, negotiation and execution of loan documents; for administration of the loans; and defense and enforcement of the loans and loan documents.

**Norfolk**  
100 North 13th Street  
P.O. Box 868  
Norfolk, NE 68702-0868  
402-371-8005  
888-371-8005

**Columbus**  
1371 26th Avenue  
P.O. Box 908  
Columbus, NE 68602-0908  
402-563-3550  
800-562-8187

**Wayne**  
220 West 7th Street  
P.O. Box 277  
Wayne, NE 68787-0277  
402-375-1114

**Ord**  
2710 L Street  
P.O. Box 343  
Ord, NE 68862-0343  
308-728-5886  
800-791-2199

**O'Neill**  
319 East Highway 20  
P.O. Box 429  
O'Neill, NE 68763-0429  
402-336-2700  
877-336-8937



**Other Covenants and Stipulations:**

1. Borrower to provide income information and how funds are to be repaid.
2. Borrower to provide project cost summary for project.
3. Borrower to provide historical figures on sources used for repayment, as well as projected sources when project is finished.

**Not a Commitment:** This summary of proposed terms and conditions is intended to indicate possible terms and conditions for discussion purposes only. It is not intended to set fourth all such terms, and further significant terms and provisions would need to be negotiated for any financing arrangement.

Best Regards,

Lance Morrow

Vice President

BankFirst

**Norfolk**  
100 North 13th Street  
P.O. Box 868  
Norfolk, NE 68702-0868  
402-371-8005  
888-371-8005

**Columbus**  
1371 26th Avenue  
P.O. Box 908  
Columbus, NE 68602-0908  
402-563-3550  
800-562-8187

**Wayne**  
220 West 7th Street  
P.O. Box 277  
Wayne, NE 68787-0277  
402-375-1114

**Ord**  
2710 L Street  
P.O. Box 343  
Ord, NE 68862-0343  
308-728-5886  
800-791-2199

**O'Neill**  
319 East Highway 20  
P.O. Box 429  
O'Neill, NE 68763-0429  
402-336-2700  
877-336-8937



RECEIVED JUN 11 2013

STATE OF NEBRASKA

Dave Heineman  
Governor

June 6, 2013

DEPARTMENT OF ENVIRONMENTAL QUALITY  
Michael J. Linder  
Director

Suite 400, The Atrium  
1200 'N' Street  
P.O. Box 98922  
Lincoln, Nebraska 68509-8922  
Phone (402) 471-2186  
FAX (402) 471-2909  
website: [www.deq.state.ne.us](http://www.deq.state.ne.us)

Mr. Lidgett, Chairman  
SID #1 Stanton County  
99 Market Place  
Norfolk, NE 68701

RE: SID #1 Stanton County  
May 1, 2013 Sewer Disconnect Letter  
IIS # 71330, Document # 20130034535

Dear Chairman Lidgett:

The Department was copied on the above referenced letter to you from Shane Weidner, City Administrator for the City of Norfolk. This letter states that Norfolk is terminating its relationship with the SID to provide sewer service on June 1, 2016. In order to provide necessary sanitary sewer service to the residents of SID #1 by this date, the SID will need to get started immediately on planning and funding options. The Department understands that installing a new wastewater treatment system and repairing old sewers is a complex and expensive task for communities and SIDs, therefore we are providing some information to help you with your upcoming project.

Based on the available information, the SID's collection system is experiencing Inflow/Infiltration (I/I) that at times causes excessive flows in the collection system. JEO Consulting Group, INC. performed an evaluation of the SID's sewer collection system in March of 2012. The study indicates that JEO inspected manhole structures, performed smoke testing, and televised about 21% of the collection system. One structure was repaired at the time of this report and other potential I/I points were identified.

The SID needs to further investigate I/I issues and make necessary repairs for several reasons. First, the size and cost of your new treatment system will be impacted by excessive I/I. Second, Title - 123 Rules and Regulations for the Design Operation and Maintenance of Wastewater Works requires that wastewater systems be maintained and operable as designed. Title 123 would apply even if the SID and Norfolk come to a new agreement for treatment of the SIDs wastewater. Third, I/I can cause excursions from the collections system and flooding of basements with sewage which are classified as Sanitary Sewer Overflows (SSO) by the Environmental Protection Agency (EPA). In addition to the mess and health risks, SSOs place the SID at risk of State and EPA enforcement actions. Therefore, since flow is a major design consideration, we recommend that the I/I analysis and corrections should start immediately.

Acquire the services of a Nebraska Professional Engineer to start working on a Preliminary Engineering Report (PER) and to assist you through this process. The PER will identify options and costs for the SID to consider for their new wastewater

facility. The Department will use this information to evaluate potential permit requirements and funding options for the SID.

Acquiring the land for a wastewater facility can take some time and may even require condemnation. As soon as a location and treatment option is identified the SID needs to start the process of securing appropriate land. Depending on the complexity of your new wastewater treatment system it could take one to two years to build so you need to have land, design, and funding in place by spring 2014.

Several funding options are available to the SID besides private funding and bonds. The United States Department of Agricultural - Rural Development, Community Development Block Grants, and our Clean Water State Revolving Fund (SRF) provide loans and potential grants for wastewater projects. These three agencies work together in the Water Wastewater Advisory Committee to find the best funding options for a project. The SRF program has placed you on our next intended use plan so you can apply for and potentially receive funds from them. Funds can be obtained for planning grants, sewer repairs, and new wastewater facilities. Please contact Donna Garden at (402) 471-4200 to discuss funding options.

In addition to the planning and design costs the SID may need a certified operator for their wastewater facility. The test is difficult and it would be advisable to start that process soon or look for a contract operator. Please contact Mike McBride at (402) 471-4244 for operator certification information.

The Department recommends that the SID notify its residents of these impending actions and adjust sewer use rates to cover the costs of these upcoming projects.

Please copy the Department on the quarterly reports sent to Norfolk. It is important to document your progress to help reduce or avoid potential penalties for non-compliance with Federal and State regulations which require a properly operated and maintained collection and wastewater treatment system. The reports should be sent to Steven M. Goans, P.E., Environmental Engineer Section Supervisor, Wastewater Section, Nebraska Department of Environmental Quality, P. O. Box 98922, Lincoln, NE 68509-8922.

The three year time frame to complete the collection system repairs and wastewater facility construction will require the SID to move quickly and be decisive on the course of action they are going to pursue. The Department is willing to meet with you and your engineer to discuss options and avoid potential difficulties to help keep you on track for a successful project.

Sincerely,



Steven M. Goans, P.E.

Environmental Engineer Section Supervisor

CC: Senator Jim Scheer, District 19  
Shane Weidner, Norfolk City Administrator  
Donna Garden  
Mike Mc Bride