

OPERATING AGREEMENT

FOR WASTEWATER TREATMENT LAGOON OPERATIONS

This Operating Agreement (“Agreement”) is entered into as of April 22, 2026, by and between:

The Town of Wedowee, Alabama, a municipal corporation (“City”),

and

The Water, Sewer and Gas Board for the Town of Wedowee, a non-profit public utility corporation (“Water Board”).

1. PURPOSE

The purpose of this Agreement is to establish the terms under which the Water Board will operate and maintain the City-owned wastewater treatment lagoon system (“System”), and to define ownership, operational responsibilities, financial obligations, regulatory compliance, and allocation of liability.

2. OWNERSHIP

The City is and shall remain the sole owner of the System, including all land, lagoons, structures, piping, and associated sewer infrastructure. Nothing in this Agreement shall transfer ownership to the Water Board.

3. NPDES PERMIT

The Water Board holds the NPDES discharge permit and shall operate in compliance with all applicable laws including ADEM regulations. This role does not transfer ownership or capital liability.

4. SCOPE OF SERVICES

Operate system, perform monitoring, maintain records, provide certified operators, and perform routine maintenance as required by permits.

5. LIMITATION OF SCOPE

Water Board is not responsible for major repairs, dredging, capital improvements, or engineering, grass cutting. These remain City responsibilities.

6. FINANCIAL TERMS

6.1 Water Board shall bill and collect sewer revenues.

6.2 Revenues applied to operating costs.

6.3 System operates at break-even; Water Board not required to subsidize.

6.4 Quarterly True-Up:

- Quarterly reconciliation of revenues vs costs.
- Deficits paid by City.
- Statement provided after each quarter.
- Payment due within 15 days.
- Obligation is absolute.

6.5 Operating Costs include labor, overhead, equipment, compliance, certain administration burden, grant loan principle and interest payments etc.

6.6 Financial reporting provided.

6.7 Surplus may be retained or applied forward.

6.8 No subsidization required.

7. CAPITAL RESPONSIBILITY

City responsible for all capital, repairs, dredging, and upgrades. Water Board may suspend operations if issues are not addressed.

8. LIABILITY

City responsible for system condition. Water Board liable only for gross negligence. City indemnifies Water Board.

9. TERM

Initial 5-year term with automatic 5-year renewals. Termination with 180 days notice or 60 days for cause.

10. INSURANCE

Each party maintains appropriate insurance. City covers infrastructure and environmental risks.

11. INDEPENDENT ENTITIES

No partnership or joint venture created.

12. COMPLIANCE

Both parties comply with all laws.

13. DISPUTE RESOLUTION

Negotiation then mediation.

14. ENTIRE AGREEMENT

Supersedes all prior agreements.

15. EXECUTION

TOWN OF WEDOWEE, ALABAMA

By: *[Signature]*
Title: Mayor

THE WATER, SEWER AND GAS BOARD FOR THE TOWN OF WEDOWEE

By: *[Signature]*
Title: Dir of the Board