

INTEGRATED SYSTEM DISTRIBUTOR AGREEMENT

The CITY AND COUNTY OF DENVER, acting by and through its BOARD OF WATER COMMISSIONERS ("Denver Water" or "Wholesaler") and SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT ("Distributor"), a distributor of Denver Water, hereby enter into this Integrated System Distributor Agreement ("Agreement"). The term "Party" is used to generally refer to Denver Water or Distributor individually and the term "Parties" is used to generally refer to Denver Water and Distributor collectively.

RECITALS

A. The Colorado Primary Drinking Water Regulations ("CPDWR"), 5 CCR 1002-11, establishes rules for the safety of public drinking water supplies and to enable the State of Colorado to assume responsibility for enforcing the standards established by the federal Safe Drinking Water Act (i.e., Public Law 93-523), as amended.

B. Denver Water serves treated potable water to 1.4 million people within its service area and Distributor serves treated potable water to 48,648 people within its service area.

C. Distributor operates a "public water system" and a "consecutive system" as these terms are defined by the CPDWR.

D. Denver Water operates a "public water system" and is a "wholesaler" of water as these terms are defined by the CPDWR.

E. Under the CPDWR, public water systems must comply with all monitoring, recordkeeping and reporting, and Maximum Contaminant Level ("MCL") requirements, unless the public water system is part of an "Integrated System" where the wholesaler has assumed responsibility for compliance.

F. An "Integrated System" is defined by CPDWR (Rule 11.42(1), 5 CCR 1002-11), as a system consisting "of a wholesale system and one or more consecutive system(s) with distribution systems that are physically connected, where the wholesaler has assumed responsibility for compliance with one or more of the regulatory requirements applicable to the supplier responsible for the consecutive system."

G. Distributor recognizes that it will realize significant cost savings, including monitoring, recordkeeping, reporting and other compliance costs, if Distributor and Denver Water elect to be treated as an Integrated System.

H. Denver Water is willing to assume certain responsibilities on behalf of Distributor as an Integrated System.

I. In order for Denver Water and Distributor to be recognized by the Department of Public Health and the Environment ("CDPHE") as an Integrated System, Denver Water, as the wholesaler, must establish requirements for the Distributor in a contract, memorandum of agreement, or other enforceable mechanism. (Rule 11.42(4)(b)(iii)(A), 5 CCR 1002-11.)

J. This Agreement is intended by Denver Water and Distributor to serve as an enforceable mechanism to assure compliance with the Integrated System Rule. (Rule 11.42(4), 5 CCR 1002-11.)

Now therefore, Denver Water and Distributor agree as follows:

AGREEMENT

1. Recitals Incorporated. The recitals set forth in paragraphs A through J above are incorporated herein and made a part of this Agreement.

2. Previous Integrated Service Agreement Replaced. This Agreement amends and replaces all previous integrated system distributor agreements between Denver Water and Distributor entered into for the purpose of being treated as an Integrated System under the CPDWR.

3. Denver Water Assumption of Responsibilities. Under this Agreement, Denver Water agrees to assume all responsibilities and associated costs for Distributor's compliance with:

- 3.1. all public notification requirements except for those public notification requirements required for the regulatory responsibilities assumed by Distributor under paragraph 4 below (Rule 11.33, 5 CCR 1002-11);
- 3.2. compliance with the Consumer Confidence Report rule (Rule 11.34, 5 CCR 1002-11);
- 3.3. compliance with the storage tank rule for storage tanks owned and operated by Denver Water (Rule 11.28, 5 CCR 1002-11);
- 3.4. all analytical requirements and laboratory certification requirements (Rule 11.46, 5 CCR 1002-11); and

- 3.5. all recordkeeping, reporting, and monitoring requirements for:
 - 3.5.1. surface water treatment and filter backwash recycle rules (Rules 11.8-11.9, 5 CCR 1002-11);
 - 3.5.2. maximum residual disinfectant levels (“MRDL”) rule, disinfection byproduct precursors rule, and disinfection byproducts rule, including MRDL and MCL requirements (Rules 11.23, 11.24; 11.25, 5 CCR 1002-11);
 - 3.5.3. microbiological contaminants including cryptosporidium and total coliform, and all related MCL requirements (Rules 11.10, 11.16, 5 CCR 1002-11);
 - 3.5.4. organic chemicals and inorganic chemicals, including nitrates and nitrites and sodium, and all related MCL requirements (Rules 11.18, 11.19, 11.20, 11.21, 5 CCR 1002-11);
 - 3.5.5. radionuclides, and all related MCL requirements (Rule 11.22, 5 CCR 1002-11); and
 - 3.5.6. lead and copper monitoring and sampling, and requirements related to corrosion control, public education, and reporting of new sources or changes in treatment (Rule 11.26(1)-(5), 11.26(7)-(8), 5 CCR 1002-11).

4. Distributor’s Assumption of Responsibility. Distributor agrees to undertake responsibility for the following items within Distributor’s distribution system for which Denver Water assumes no responsibility:

- 4.1. Distributor system operator certification;
- 4.2. Hydrant inspection program;
- 4.3. Valves inspection program;
- 4.4. Lead service line replacement requirements (Rule 11.26(6), 5 CCR 1002-11);
- 4.5. Water quality customer inquiries and initial response;

4.6. Leak repair and main disinfection; and

4.7. Distribution system discharges.

5. Cross-connection Control and Backflow Prevention Programs. Denver Water agrees to assume responsibility for the cross-connection control surveys, record-keeping, reporting requirements, and enforcement under the backflow prevention and cross connection control rule (11.39, 5 CCR 1002-11), subject to the following terms and conditions set forth in paragraphs 5.1 through 5.3

5.1. Enforcement. Denver Water is responsible for enforcement, including suspension or removal of a known non-compliant cross connection under the Cross connection Control and Backflow Prevention Rules (11.39(3), 5 CCR 1002-11). Distributor agrees to not install or permit any uncontrolled cross connection to the distribution system or within the Distributor's water works and not permit any backflow contamination events within its distribution system.

5.2. Notice of Uncontrolled Backflow or Cross Connection Event. If an uncontrolled backflow contamination event occurs or if Distributor discovers an uncontrolled cross connection and a suspected or confirmed backflow contamination event has not yet occurred, Distributor shall notify Denver Water in writing within twelve (12) hours of learning of such an event.

5.3. Annual Written Report. Denver Water will prepare the backflow prevention and cross-connection control program annual written report under Rule 11.39(4), 5 CCR 1002-11.

6. Treated Water Storage and Additional Disinfection. By signing this Agreement Distributor certifies that **it does not operate treated water storage**, nor does it **provide additional disinfection** to the water it receives from Denver Water. Should Distributor install treated water storage or apply additional disinfection, it will provide written notice to Denver Water before taking such actions at which time Denver Water may elect to terminate or modify this Agreement as necessary to comply with the Integrated System Rule 11.42(1), 5 CCR 1002-11.

7. Map of Distribution Systems. A map labeled Figure 1 showing the distribution systems of Denver Water's wholesale system and each distributor is attached hereto as **Exhibit A**. A map labeled Figure 2 showing Distributor's system is also attached hereto and made a part of **Exhibit A**. The maps depict the following elements within Distributor's service area as

of the date of this Agreement: meters, lines 16 inches in diameter or larger, pump stations, storage tanks, and finished water reservoirs.

8. Agreement Subject to CPDWR Integrated System Rule 11.42. This Agreement is subject to and not intended to conflict with CPDWR's Integrated System Rule 11.42, 5 CCR 1002-11, effective May 1, 2015.

9. Agreement Subject to Charter of the City and County of Denver. Charter of the City and County of Denver. This Agreement is made under and conformable to Article X of the Charter of the City and County of Denver, which controls the operation of the Denver Municipal Water System. The Charter provisions are incorporated by this reference and supersede any apparently conflicting provisions otherwise contained in this Agreement.

10. Default and Remedies. Every term and condition of this Agreement is a material element of this Agreement. In the event either Party should fail or refuse to perform according to the material terms of this Agreement, such Party may be declared in default by the other Party by a written notice. Within fifteen (15) days of receipt of the notice of default, the Party in default must correct, or commence correcting, the default. In the event that the default has not been corrected or begun to be corrected, or the defaulting Party has ceased to pursue the correction with due diligence, the Party declaring default may elect to (a) terminate the Agreement and seek damages; (b) treat the Agreement as continuing and require specific performance; or (c) avail itself of any other remedy at law or equity.

11. Right of Audit and Inspection. Within thirty (30) days of Denver Water's request, Distributor will provide copies of reports and records evidencing Distributor's compliance with the regulatory requirements for which Distributor assumes responsibility under paragraph 4 above for the purpose of ensuring that the integrated system is protected and remains in compliance with the CPDWR.

12. Force Majeure. The Parties shall not be responsible for any failure or delay in the performance of any obligations under this Agreement caused by acts of God, flood, fire, war or public enemy. Any declared force majeure that remains in effect for longer than ninety (90) days entitles either party to unilaterally terminate this Agreement.

13. Severability. If any provision of this Agreement is determined by a court having jurisdiction to be unenforceable to any extent, the rest of that provision and the rest of this Agreement will remain enforceable to the fullest extent permitted by law.

14. Venue and Governing Law. This Agreement shall be deemed performable in the City and County of Denver, notwithstanding that the Parties may find it necessary to take some action outside the City and County. The sole venue for any dispute resulting in litigation

shall be in the District Court in and for the City and County of Denver. This Agreement shall be governed by and construed under the laws of the State of Colorado.

15. Notice and Contact. The Parties shall contact the persons listed below for all matters related to administration of this Agreement. All notices required or given under this Agreement shall be in writing and shall be deemed effective: (a) when delivered personally to the other Party; or (b) seven (7) days after posting in the United States mail, first-class postage prepaid, properly addressed as follows; or (c) when sent by e-mail. If notice is provided by e-mail, the notifying party must follow up with a hard copy of the notice sent by United States mail; however, the notice will be effective as of the original e-mail date.

If to the Distributor:

Manager
Southwest Metropolitan W&S District
8739 W. Coal Mine Ave.
Littleton, CO 80123-4001

If to Denver Water:

Director of Water Quality & Treatment
Denver Water
1600 West 12th Avenue
Denver, Colorado 80204

or such other persons or addresses as the Parties may have designated in writing.

16. Governmental Immunity Act. The Parties understand and agree that they are both relying upon, and have not waived, the monetary limitations of \$350,000 per person, \$990,000 per occurrence, and all other rights, immunities and protections provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, et seq., as it may be amended from time to time.

17. Term of Agreement. The term of this Agreement is from the effective date to March 31, 2022, unless extended by mutual written agreement of the Parties.

18. Entire Agreement. This Agreement constitutes the entire agreement between Denver Water and Distributor with regard to the subject matter herein. It may be altered, amended, or repealed only by a duly executed written instrument.

19. Effective Date. This Agreement shall become effective on the last date that it is fully signed by Distributor and accepted by Denver Water.

Attest:

Taylor Newick

**SOUTHWEST METROPOLITAN
WATER & SANITATION DISTRICT**

By: Patrick J. Fitzgerald
Patrick Fitzgerald, Manager

Date: June 22, 2018

Approved as to Form:

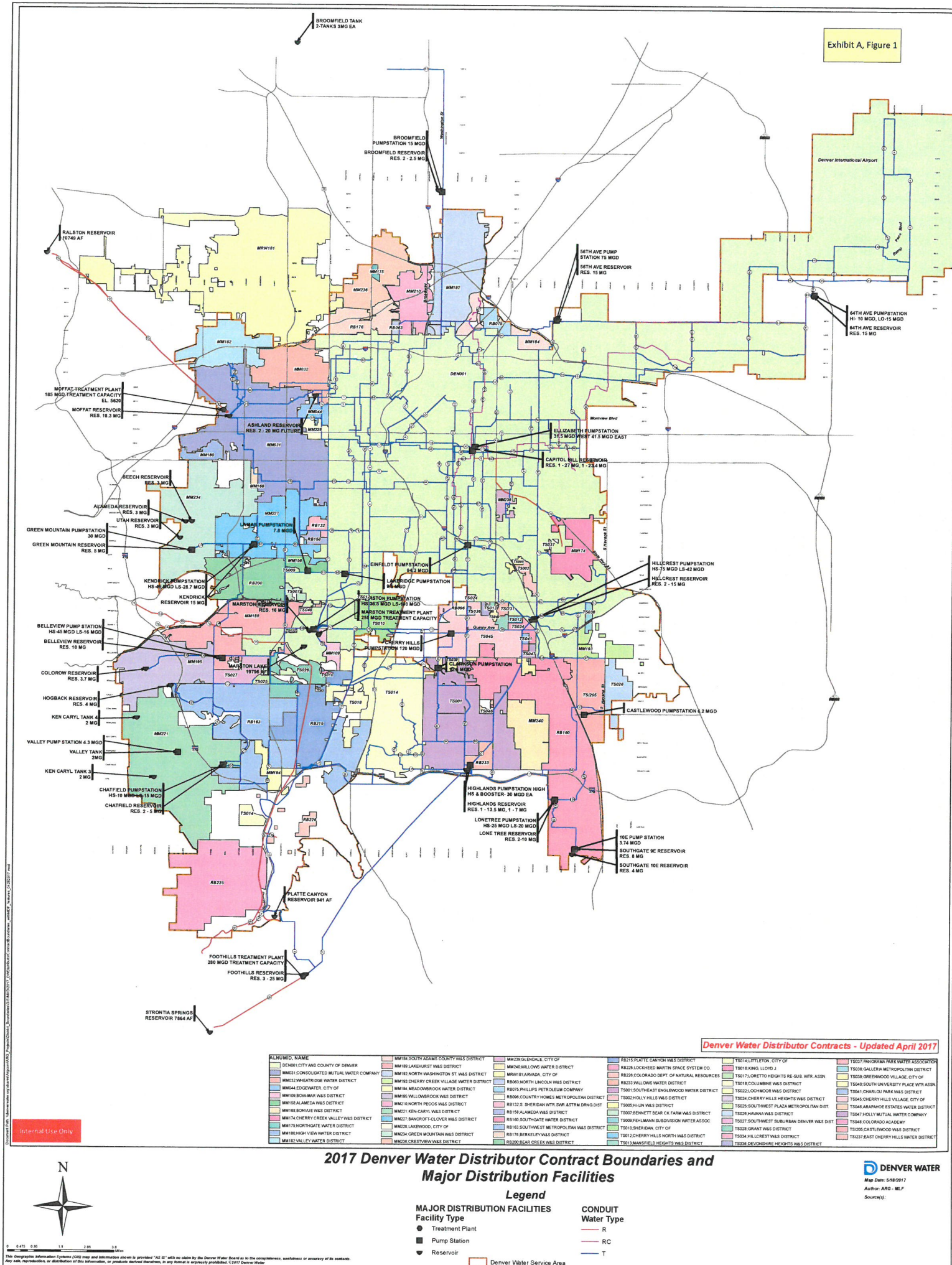
Daniel J. Amel
Office of General Counsel

**CITY AND COUNTY OF DENVER,
acting by and through its BOARD OF
WATER COMMISSIONERS**

By: Tom [Signature]
Chief of Operations and Maintenance

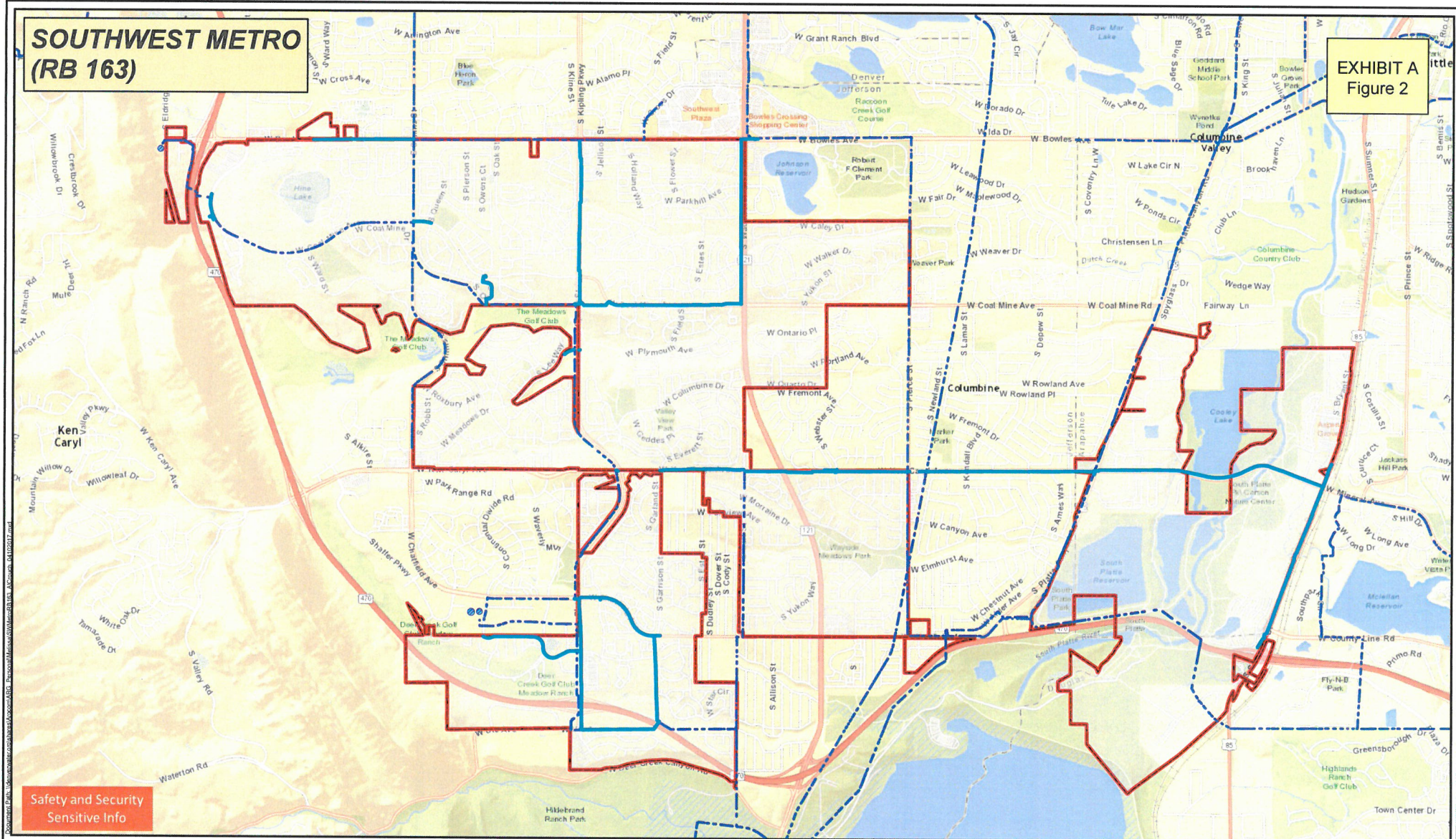
Date: 7/17/18

Exhibit A, Figure 1



SOUTHWEST METRO (RB 163)

EXHIBIT A Figure 2



Safety and Security
Sensitive Info

Legend

- Denver Water Conduit >16"
- Southwest Metro Main >16"
- Southwest Metro District Boundary
- Water Reservoir

DENVER WATER

Map Date: 11/30/2017
Author: Section - Author Initials
Source(s):



0 1,375 2,750 5,500 Feet

This Geographic Information System (GIS) map and information shown is provided "AS IS" with no claim by the Denver Water Board as to the completeness, usefulness or accuracy of its contents. Any sale, reproduction or distribution of this information, or products derived therefrom, in any form is expressly prohibited. ©2017 Denver Water