

**EXHIBIT 7**

**INTERMUNICIPAL AGREEMENT**

**WMA AND WARRINGTON TOWNSHIP**

## AGREEMENT

THIS AGREEMENT, made this 10<sup>th</sup> day of JUNE, 2002 between WARRINGTON TOWNSHIP (herein "Township") and the WARMINSTER TOWNSHIP MUNICIPAL AUTHORITY (herein "Authority").

### WITNESSETH:

**WHEREAS**, Township is a body corporate and politic, organized and existing under the provisions of the second class township code, and has a right to a 1.4 MGD of treatment capacity in the Authority's existing treatment plant on Log College Drive in Warminster, PA in accordance with Agreements dated October 17, 1973 and September 22, 1986 which are superseded by this Agreement; and

**WHEREAS**, Authority is a municipal corporation, organized and existing under the provisions of the Pennsylvania Municipality Authorities Act, which owns and operates a sanitary sewage treatment plant located within Warminster Township; and

**WHEREAS**, Authority intends to construct a second sanitary sewage treatment plant to provide additional capacity to customers; and

**WHEREAS**, Township's need for additional capacity in the existing plant has, in part, necessitated the construction of a second sanitary sewage treatment plant; and

**WHEREAS**, Township is desirous of obtaining an additional 0.5 MGD capacity in Authority's existing plant; and

WHEREAS, the parties are desirous of setting forth the terms and conditions under which the Township will purchase additional capacity from Authority and maintain its existing capacity,

NOW, THEREFORE, in consideration of the premises contained herein, and intending to be legally bound hereby, the parties agree as follows:

### SECTION I - DEFINITIONS

Agency - The Department or any other governmental agency of the United States, the Commonwealth of Pennsylvania or a subdivision thereof having jurisdiction with respect to the Warminster Plant or its operation.

Capacity - The rated ability of the plant to receive and effectively treat a specified load. When the term is used in reference to a pump station or sewer system, the term refers to the rated ability to effectively convey a specified load.

Collection Sewers - Each and every sewage collection sewer in Warminster Township or operated by Warminster Authority and each and every sewage collection sewer in the Township which discharges sewage waste in the Interceptor.

Cost of Operation - The actual costs and expenses required in the operation of the treatment plant as shown in the audited financial statements of the Warminster Township Municipal Authority.

Department - The Department of Environmental Protection of the Commonwealth of Pennsylvania.

Discharge - Wastewater flow which is or would be discharged to a sewer system.

Hydraulic Design Capacity - The maximum monthly design flow, expressed in millions of gallons per day, at which a plant is expected to consistently provide the required treatment. This capacity is specified in the water quality management permit (Part II permit).

Hydraulic Overload - The condition that occurs when the monthly average flow entering a plant exceeds the hydraulic design capacity for 3-consecutive months out of the preceding 12 months or when the flow in a portion of the sewer system exceeds its hydraulic carrying capacity.

Industrial User - An establishment which discharges or introduces industrial wastes into a sewage facility.

Interceptor - The interceptor sewer constructed from the site of the former Warrington Sewage Treatment plant on Valley Road at the Little Neshaminy Creek to intersecting manhole A-T 144.

Monthly Average Flow - The total flow received at a sewage facility or another portion of the sewer system during any one-calendar month divided by the number of days in that month. This value is always expressed in millions of gallons per day (MGD).

Monthly Average Organic Loading - The total organic load received at a plant during any one-calendar month divided by the number of days in that month. This value is expressed in pounds per day of biological oxygen demand after 5 days (BOD5).

NPDES Permit - A permit or equivalent document or requirements issued by the EPA, or, if appropriate, by the Department, to regulate the discharge of pollutants under section 402 of the Clean Water Act (33 U.S.C.A. §1342).

Organic Design Capacity - The highest daily organic load at which a sewage treatment facility or a portion thereof is expected to provide a specific predetermined level of treatment. This capacity is normally specified in the water quality management permit.

Organic Overload - The condition that occurs when the average daily organic load exceeds the organic design capacity upon which the permit and the plant design are based.

Plant - Devices, systems or other works installed for the purpose of treating, recycling or disposing of sewage.

Pretreatment Program - A program administered by a sewage facility that has been approved by the EPA under 40 CFR 403.11 (relating to approval procedures for pretreatment programs and granting of removal credits).

Pumping Station - Pumping Station #12 associated with the Plant.

Sewer System - The pipelines or conduits, pumping stations and force mains, and other appurtenant constructions, devices and facilities used for conveying sewage to a plant.

## SECTION 2

### PURCHASE OF CAPACITY

(A) Subject to the terms and conditions set forth herein, Authority hereby agrees to sell and Township agrees to purchase an additional 500,000 gallons per day of capacity. Such additional capacity will be provided by Authority in its existing Treatment Plant (the "Plant"). Township recognizes that Authority will have to divert 500,000 gallons per day of capacity from the Plant to the new treatment plant to accommodate Township's additional capacity. Township, therefore, agrees to pay its proportionate share of the construction costs for the new treatment plant. It is

understood that capacity is not guaranteed by the Authority until such time as the appropriate payment is made.

The purchase price for the additional capacity shall be determined by the Township's proportionate share of the cost of construction of Authority's additional capacity at the new treatment plant (as if Township's additional 500,000 gallons per day of capacity was going to be provided in the new treatment plant) to be located at the former Navy Base, Warminster, Pennsylvania which shall include Township's pro rata share of the legal, engineering and administrative costs related thereto, subject to review by Township. The amount of sewage diverted by the Authority from the Log College treatment plant to any other treatment plant in the Warminster area will not affect the Township percentage ratio at the Log College treatment plant.

(B) Township agrees to make a deposit of One Million Dollars (\$1,000,000.00) within thirty days of receipt of cost estimates for the project. The balance of the purchase price shall be paid in increments as determined by the construction schedule for the project. Township shall have the right to withdraw from the project within thirty days of review of the cost estimates, at its sole discretion. In the event Township elects to withdraw, this Section 2 of the Agreement shall be void and of no further force and effect. The balance of the Agreement shall be amended to reflect the existing 1.4 MGD of treatment capacity in the Authority's existing treating plant.

(C) In conjunction with the purchase of additional capacity, Township agrees to pay for the expansion of SPS 12 to handle the additional flow. Authority agrees that Township will have right to review any modifications to the engineering, construction and bidding of SPS 12.

(D) Township agrees that no person, firm, corporation or municipality shall install or make direct or indirect connections to the Sewer System which are in any manner connected with the Interceptor without first obtaining a permit to do so from the Township.

### SECTION 3

#### RESTRICTIONS ON EXCESS FLOW

The 1.9 MGD gallons per day capacity of Township will be based on a thirty (30)-day monthly average and reviewed on a quarterly basis. If the flow exceeds 1,900,000 gallons per day based on the monthly average, Township will respond to Authority with the reasons for the excess flow. If the flow exceeds 1,900,000 gallons per day based on the monthly average for a second, consecutive quarter, Township agrees not to make any new connections and not to issue building permits for additional structures that will include wastewater flow to the Plant without Authority's approval.

In order for Township to have a maximum monthly allowance, Authority will allow Township to have a maximum monthly flow of 2,580,000 gallons per day during wet weather periods. (A wet weather period shall mean any month that the rainfall total exceeds one inch as measured at the Authority's plant. See Exhibit "A"). In the event Township's hydraulic flow entering the Plant exceeds its maximum monthly allowance for two consecutive months out of the preceding twelve, Township shall be subject to the provisions and penalties of Chapter 94 of the Department of Environmental Protection Regulations and Clean Streams Law. Any fines incurred by Authority due to Township's wastewater flow shall be paid by Township based on its share within thirty (30) days of notice to Authority from Department of Environmental Protection. Under such circumstances, Authority will re-evaluate Township's flow and Township agrees not to issue any

new building permits and not to make any new connections to the sewer system that flows to the Plant until such time that Authority is satisfied that Township's flow will not exceed their wet weather allowance and notified Township of such in writing.

#### SECTION 4

#### ORDINANCE PROHIBITING CERTAIN DISCHARGES AND RESPECTING

#### ISSUANCE OF SEWAGE PERMITS; CONDITION PRECEDENT;

#### PRE-TREATMENT OF INDUSTRIAL WASTE

Township agrees that it will enact an Ordinance which contains the same provisions as Warminster Township Ordinance 561 and subsequent updates thereto relating to sewage pretreatment, sewage surcharges, prohibition of the discharge of certain substances into the Collection System, and prohibition of the discharge of any sewage prohibited by any regulation of the Pennsylvania Department of Environmental Protection, the United States Environmental Protection Agency or any applicable state, federal or other regulatory body. Township and Authority agree that Authority shall be delegated enforcement ability with regard to enforcement of sewage pretreatment matters and shall be permitted to bill any applicable surcharges directly to Township customers discharging to the system tributary to the Plant.

Township and Authority agree that they will adopt appropriate Amendments to their respective 537 Plans to allow for the acquisition of capacity by Township contemplated by this Agreement. All parties agree to adopt those Regulations and Resolutions which are required to give effect to the terms and conditions of this Agreement. Prior to submitting any 537 Plan Amendments, Revisions or Supplements which will affect the physical facilities tributary to the interconnection



with the Authority's system to DEP, Township agrees to provide same to Authority for their review and comment.

## SECTION 5

### LIABILITY INSURANCE REQUIREMENTS

Township agrees to furnish to Authority, upon demand, evidence of adequate liability insurance and Authority agrees to furnish Township, upon demand, evidence of adequate liability insurance coverage.

## SECTION 6

### RESPONSIBILITY FOR OPERATION, MAINTENANCE AND REPAIR OF COLLECTION SEWERS AND INTERCEPTOR

Township shall be responsible for paying all costs of operating, maintaining and repairing its Collection Sewers and the Interceptor and shall keep the same maintained in proper repair and operating condition. Authority shall be responsible for paying all costs of operating, maintaining and repairing its Collection Sewers and shall keep the same maintained in proper repair and operating condition. Township agrees to save harmless Authority from all claims for damages arising or growing out of the construction, operation, maintenance or repair of the Township Collection Sewers and Interceptor. Authority agrees to save harmless Township from all claims for damages arising or growing out of the construction, operation, maintenance or repair of said Collection Sewers.

## SECTION 7

### METERS, SAMPLING CHAMBERS AND METER RECORDS

The Township/Authority agree that sewage flows will continue to be measured by sewage flow meters located in the Township's two meter pits located near the connection to the Authority

system. The Township/Authority further agree that the Township, at its sole expense, shall install a sampling device to sample the sewage flow entering the Authority system. The device shall be a refrigerated sample capable of maintaining the samples within EPA temperature guidelines. The sampler shall be located inside a lockable, heated enclosure. The Township will maintain the meters, meter pits, and sampler at all times, and the Township will provide copies of the meter flow charts to the Authority.

The parties agree that the flow metering device will be maintained in a satisfactory state of repair at all times in order to ensure that an accurate record of the flow from the Township's collection system is maintained. Township will cause the meters to be calibrated quarterly, or as reasonably necessary to maintain the accuracy of the meter, by a person or firm capable of certifying the meter calibration in question. A copy of each certified calibration report shall be provided to Authority. The costs of operating and maintaining the meter pit and metering device, including the costs of calibration, shall be borne solely by Township.

In the event of a malfunction of any meter, the parties will agree upon an estimated flow during the period of malfunction. All meter readings will be adjusted, as agreed by the Township/Authority, based upon rainfall data and peaking factors.

#### SECTION 8

#### MANNER OF APPORTIONMENT OF PLANT OPERATING COSTS: MAINTENANCE OF RECORDS OF OPERATING COST OF TREATMENT PLANT

The cost of Operation of the Plant shall be apportioned as hereinafter provided on an annual basis between Authority and Township and other municipalities, if any, making use of the same in proportions determined by the annual actual volume of sewage treated at the Plant. Warrington shall

pay a percentage of the total Cost of Operation of the Plant equal to the ratio which the actual volume of Sewage Waste discharged from Township into the Plant bears to the total volume of Sewage Waste discharged into the Plant from all sources. Such volume of discharge shall be determined by the meter readings referred to in Section 7 hereof. Notwithstanding the foregoing, the cost of expansion and operation of Pumping Station #12 shall be allocated by the proportional percentage of use.

Any annual or periodic grants or contributions received by any of the parties hereto from any federal, state, including but not limited to Act 339 grants, or other governmental agencies attributable to or on account of or for the Cost of Operation of the Plant shall be deducted from the total Cost of the Operation of the Plant.

Annually, Authority shall furnish a report, certified by a certified public accountant, to Township, showing the actual Cost of Operation and the proper allocation to actual Cost of Operation and the proper allocation to Authority and Township and any other municipality using the Plant. Such allocation shall be in accord with methodology set forth in Exhibit "B". Any deficiency due from, or credit due to Township for the preceding year shall be added to or credited against the quarter-annual payment due therefrom. Township shall pay all bills within thirty (30) days.

Township shall pay to Authority the annual charge referred to above in quarter-annual installments on or before quarterly dates to be specified by Authority, based upon the allocation to Township of the actual Cost of Operation for the preceding quarter.

Authority shall keep appropriate records and accounts with respect to the Cost of Operation of the Plant so that determinations which shall be necessary under this Agreement can be made

promptly at the required times, with fairness and accuracy. Certified audits of appropriate records and accounts of Authority with respect to the Plant shall be made available to Township annually.

## SECTION 9

### PROHIBITIONS FROM UTILIZING ENTIRE TREATMENT CAPACITY

In the event that Township and/or Authority are directly or indirectly prohibited or prevented from utilizing their entire Treatment Capacities by reason of any Enforcement Action, by Department or other Agency then in any such case:

1. Authority and/or Township, depending on which system(s) has caused the Enforcement Action to be taken, shall immediately take such action as shall be necessary to cause Enforcement Action to be lifted, rescinded, or terminated at the earliest practicable date, in order that the availability of the entire Treatment Capacities shall be restored;
2. The costs and expenses of the action taken pursuant to paragraph (1) hereof shall be the responsibility of and shall be paid by Authority and/or Township depending on which system is responsible for the Enforcement Action;
3. Any limited or temporary relief from any such Enforcement Action having the effect of restoring or increasing the available capacity of the Plant or the ability to increase flows thereto or to permit connections to sewer collection systems having the use thereof shall be shared by the Township/Authority on an equitable basis in proportion with their average flows contributed at the time.

**SECTION 10**

**EMERGENCY REPAIRS**

All emergency repairs shall be initiated immediately and completed as quickly as possible, using best efforts. The party conducting the emergency repairs shall provide immediate notification of the nature of the problem to the other party and shall keep that party notified of the progress of the repairs and the actions undertaken and proposed to be undertaken to complete the repairs. If either party fails to meet its obligations under this paragraph, then the other party shall have the right to undertake and/or complete the emergency repairs and shall be reimbursed for all costs and expenses incurred in connection with the same.

**SECTION 11**

**TERM OF AGREEMENT**

This Agreement shall be for a term extending from the effective date referred to above and continuing for a period not to exceed thirty (30) years from the execution of this agreement unless terminated by the mutual consent of Authority and Township, said consent to be evidenced in writing and signed by the proper officers of Authority and Township. The parties agree to negotiate an extension of this Agreement within two (2) years of termination.

Township and Authority in the event of a dispute under the terms of this Agreement agree to arbitration. The method of arbitration shall be as follows:

1. Either party may Petition the President Judge of the Court of Common Pleas of Bucks County to appoint an arbitrator who shall investigate, hold hearings and other procedures deemed necessary and then render a written decision which shall be final and without right of appeal except for fraud. Costs shall be borne equally and each party is to pay its own counsel fees and expenses.

## WARRINGTON FLOW PROJECTIONS

### WMA PROJECTIONS



	<i>Avg. Day (MDG)</i>	<i>Max. Mo. (MGD)</i>
200 BASE FLOW	1.05	
BUILD-OUT	0.77	
<b>SUBTOTAL</b>	<b>1.82</b>	<b>2.48</b>
BCWSA DIVERSION	0.08	
<b>SUBTOTAL</b>	<b>1.9</b>	<b>2.58</b>

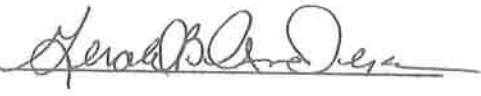
### NOTES:

1. BUILD-OUT REPRESENTS ULTIMATE PROJECTED BUILD-OUT OF EASTERN END INCLUDING: (a.) LAMPLIGHTER DEVELOPMENT, LEGACY OAKS DIVERSION, AND DEVELOPMENT OF CONTIGUOUS PROPERTIES, AND (b.) DEVELOPMENT OF TURK ROAD AREA AND CONTIGUOUS PROPERTIES.
2. BCWSA DIVERSION REPRESENTS FUTURE SYSTEM MODIFICATIONS TO DIRECT SEWAGE MANAGEMENT AREA #2A TO THE WMA SERVICE AREA INCLUDING DEVELOPMENT OF THE PRICKETT PROPERTY AND BUILD-OUT OF CONTIGUOUS PROPERTIES. FLOWS GENERATED IN DOYLESTOWN TOWNSHIP ARE NOT INCLUDED.
3. MAXIMUM MONTHLY FLOW IS BASED UPON AVERAGE OF HISTORICAL MULTIPLIERS FOR CALENDAR YEARS 1994-1998. MAX. MO. FLOW RATIOS FOR 1999 AND 2000 DO NOT CHANGE THE CALCULATED 1.36 MULTIPLIER.

Exhibit "A"

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective duly authorized officers and their corporate seals to be hereunto affixed and attested by their duly authorized officers.

(SEAL)  
Attest:   
(SEAL)  
Attest: 

WARRINGTON TOWNSHIP  
  
WARMINSTER TOWNSHIP  
MUNICIPAL AUTHORITY  
