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**OPERATING CONTRACT FOR THE
"HANFORD COMMUNITIES" INTERLOCAL**

THIS OPERATING CONTRACT effective the 1st day of January, 2010, by and between the Hanford Communities Interlocal, an entity created pursuant to RCW 39.34.030 hereinafter referred to collectively as the "Hanford Communities" and individually as "Participating Jurisdictions"), and the City of Richland, Washington (hereinafter referred to as "Richland").

WHEREAS, an Interlocal Cooperation Agreement (hereinafter referred to as the "Interlocal" between the Participating Jurisdictions) has formed the "Hanford Communities" for reviewing, evaluating and monitoring conditions at the Hanford Nuclear Reservation (Hanford) and policies, programs and operations of the U.S. Department of Energy (DOE) and others in regard to Hanford was approved by the member governments of the Hanford Communities in October 2009 in compliance with the Interlocal Cooperation Act (RCW 39.34); and

WHEREAS, as the largest percentage of the Hanford workforce lives in the City of Richland, it is the appropriate jurisdiction to be designated as the Operating Jurisdiction in accordance with said Interlocal Agreement and is responsible for carrying out the purposes of the Interlocal by making available personnel and resources; and

WHEREAS, this Operating Contract is required to specify the terms and conditions under which Richland will provide various services to the Hanford Communities,

NOW THEREFORE, in consideration of the mutual covenants contained herein, and in accordance with the terms of the Interlocal Cooperation Agreement which becomes effective the 1st day of January 2010, the Participating Jurisdictions agree as follows:

Section 1. Designation of Operating Jurisdiction. Richland Washington is hereby designated as the Operating Jurisdiction for the Hanford Communities.

Section 2. Scope of Services. Richland shall provide, as approved by the Hanford Communities' Governing Board and supervised by its Administrative Board, the following services on behalf of the Hanford Communities jointly or on behalf of individual Participating Jurisdictions:

- A. Coordination of efforts concerning Hanford activities and issues requiring local government interaction or participation between the Hanford Communities, the DOE, local, state, and national agencies.
- B. Interactions with the DOE, the Washington State Department of Ecology, the U.S. Environmental Protection Agency, and others

regarding Hanford environmental contamination, remediation, waste management, response to emergencies, and workforce and site transition issues.

- C. Evaluation of reports, findings, and recommendations regarding ongoing, planned and possible cleanup and waste management activities at Hanford, including actual or potential environmental and socio-economic impacts on the Hanford Communities or individual Participating Jurisdictions.
- D. Preparation of special studies, assessments, surveys, and related efforts regarding Hanford for the use of the Hanford Communities or individual Participating Jurisdictions and/or to further public information and enhance citizen understanding of Hanford-related issues.
- E. Preparation and issuance of position papers, giving of testimony, and sponsorship of other activities designed to inform the public about environmental, waste management, emergency management, and site transition activities.

Section 3. Insurance. Richland shall at all times carry errors and omissions general liability insurance in the minimum amount of \$1,000,000 covering all activities of its personnel related to the performance of this Operating Contract.

Section 4. Liability. To the extent any liability exceeds the insurance coverage of the Operating Jurisdiction, each remaining Participating Jurisdictions shall be jointly liable for the balance of claim in the same ratio as their percentage contribution is to the annual budget in the year in which the claim at issue occurs.

Section 5. Maintenance of Funds. Richland shall establish and maintain a separate fund, the Hanford Communities Fund, to account for all expenses of the Hanford Communities. Monies granted to the Hanford Communities and monies from any other sources, including all payments from Participating Jurisdictions, shall be deposited into the Hanford Communities Fund to meet the costs of the Hanford Communities.

Section 6. Annual Budget and Cost of Service. The annual budget for the operation of the Hanford Communities shall be submitted for approval by the Governing Board of the Hanford Communities on or before November 1 of each calendar year. Richland personnel performing direct work for the Hanford Communities shall use the Richland work order system to record all appropriate costs.

- A. Each month, a charge to the Hanford Communities Fund shall be


made for all costs accrued the previous month for the Hanford Communities, including those recorded through the work order system and those directly charged.

- B. At mid-year, a budget review shall take place to verify that sufficient funds are available to carry out the remaining work program and tasks for the year. At year-end, a reconciliation analysis shall be performed to ensure that 100 percent of actual operating costs approved in the Hanford Communities adopted budget are reimbursed. Expenses incurred beyond the adopted budget shall be assumed as unreimbursed expenditures by Richland.

Section 7. Administrative Fee. Richland shall be paid no administrative fee for the costs of operating the Hanford Communities.

Section 8. Term of Contract. The term of this Operating Contract shall be through December 31, 2014, and may be extended thereafter under written terms and conditions agreed to with the Participating Jurisdictions. Either Richland or the Hanford Communities Governing Board may terminate this Operating Contract at any time, provided written notice of the intent to do so is provided 90 days in advance to all Participating Jurisdictions.

Section 9. Adoption of Operating Contract. This Operating Contract shall be construed and interpreted consistent with the terms and conditions of the Interlocal Cooperation Agreement for the Hanford Communities.



Mayor John Fox
City of Richland

Oct. 3, 2009



Ed Revell, Chairman
Hanford Communities Governing Board

October 30, 2009



Cynthia D. Johnson
Richland City Manager

11/04, 2009

APPROVED AS TO FORM



Thomas O. Lampson
City Attorney

October 27, 2009