



Chatham County, NC

Legislation Text

File #: 17-2189, **Version:** 1

Vote to Approve Sanford Water Contract and authorize the county manager and attorney to make minor changes to the agreements before they are finalized.

WHEREAS: The City of Sanford operates a water system, and is willing to sell to the County water upon the terms and conditions hereafter set forth: and

WHEREAS, County is willing to purchase a minimum amount of water per month and desires to purchase up to an average monthly volume of one and one half million (1,500,000) gallons per day (1.5 mgd) of water from the City, upon the terms and conditions as hereinafter set forth:

Provision of water. Beginning January 1, 2018, City agrees to sell to County under this Contract potable water, meeting the applicable purity standards of the North Carolina Division of Health, at the existing connection point between City and County lines, also known as the “delivery point” and the “point of interconnection”, located at the intersection of Deep River and US Hwy 15-501, subject to any reductions or failures of pressure or supply due to main line breaks, power failures, floods, fire and the use of water to fight fire, earthquakes and other causes beyond the City’s control. County may sell the water to any customer located in Chatham County.

1. Term. The initial term of this Contract shall continue in full force and effect for a term of seven (7) years from the effective date, and shall automatically renew for additional five (5) year terms, unless one party provides the other party written notice of termination at least 365 days before the end of the then current term.
2. Location. City shall provide water via a supply line at a connection point located at the intersection of Deep River and US Hwy 15-501 through the existing line currently providing water to County.
3. Rate. County shall pay the City for the water it purchases under this Contract at a rate calculated as the City of Sanford wholesale rate - (Utility Basis Model) as developed and updated by Raftelis Financial Consultants; the current rate being \$1.584 per 1,000 gallons for all water delivered through the point of interconnection. After January 1, 2018, the current per 1,000 gallon rate shall be evaluated and updated every two (2) years. City shall provide written notice to County of proposed rate amendment(s) no later than 180 days prior to the beginning of the fiscal year (July 1) for which said rate amendment(s) are proposed to go into effect. The water use charge shall be billed in arrears on a monthly basis. County shall pay the City in full no later than fifteen (15) days after receipt of the bill or the due date noted on the bill, whichever is later. In addition, the County shall pay the City an annual amount of \$164,035 to reserve capacity for the County (the “capacity fee”). The capacity fee shall be billed prospectively in equal quarterly payments of \$41,008.75 beginning January 1, 2018 and due fifteen (15) days after billing.

4. Amount. City shall sell County any amount up to a maximum monthly average of one and one half million (1,500,000) gallons per day (1.5 mgd).
5. Overages. It will be deemed that County has exceeded the maximum monthly average when the meter for County indicates usage over the monthly average of one and one half million (1,500,000) gallons per day (1.5 mgd), without prior approval or negotiation with City. When the maximum is exceeded, County shall pay 125% of the rate for all gallons above the reserved volume of one and one half million (1,500,000) gallons per day (1.5 mgd).
6. Floating re-opener. In the event County desires to increase the maximum monthly average volume of water received from City, County may request the same in writing and renegotiate the terms of this contract as mutually acceptable to both parties. However, the City is under no obligation to increase the maximum monthly average volume of water provided to the City.
7. Minimum bill. City shall bill County for the actual amount of water delivered at the point of connection as shown on the meter at the then applicable rate; provided, however, the City shall bill and County shall pay for a minimum quantity of one-third of the maximum reserved volume, or one-half million (500,000) gallons per day (.5 mgd), calculated as a monthly average.
8. Meter maintenance. City shall operate and maintain, at its expense, all necessary metering equipment at the points of delivery to measure the water delivered to County, and upon the written request of County, the City agrees to calibrate the metering equipment one time in each consecutive twelve (12) month period. If such calibration does not register an error of more than two percent (2%) above or below the test reading, the meter shall be deemed to be accurate. If the meter registers an error of more than two percent (2%) above or below the test reading, then City shall adjust its bill accordingly for the previous month only. If the meter shall fail to register during any monthly period, then the amount of water delivered during such period shall be deemed to be the average monthly quantity delivered during the preceding twelve (12) months, or the minimum monthly quantity specified above, whichever is greater.

Recommendation:

Vote to Approve Sanford Water Contract and authorize the county manager and attorney to make minor changes to the agreements before they are finalized.