



DATE: August 26, 2016

TO: Jim Westmoreland, City Manager

FROM: Steven D. Drew, Water Resources Director

DEPARTMENT: Water Resources

SUBJECT: Interlocal Agreement with the CITY OF REIDSVILLE
Amended Interlocal Agreement with the City of Reidsville

BACKGROUND:

Since 1999, the City of Greensboro has been in an interlocal municipal agreement for the purchase of treated drinking water from the City of Reidsville. This provides Greensboro with a supplemental source of water. Due to recent circumstances, the current agreement needs to be amended to address needed equipment for operational purposes, the minimum purchase amount, and the rate to sell water to Reidsville if needed.

The proposed amendment increases the minimum purchase to 1 million gallons per day and creates an agreement for the installation of a variable speed motor controller to operational needs. It contains the same purchase water rate basis as the previous agreement. The amendment also sets the rate for Greensboro to sell water to Reidsville in the event that Reidsville needs operational flexibility to its customers in Rockingham County and also extends the contract an additional five years to June 30, 2024. The reimbursement agreement to reimburse Reidsville on a monthly basis for the equipment design is being routed along with the contract.

City Council gave authorization for this contract on 08/16/16 by resolution number 280-16.

SPECIFIC ACTION REQUESTED:

It is my recommendation that the City Manager approve this Professional Services contract with CITY OF REIDSVILLE for the amount of \$650,000.00.

BUDGET AND FINANCIAL DATA:

The minimum purchase under this agreement has a budget impact of approximately \$650,000 per year. Budget is established annually for the purchase of water from Reidsville in account 501-7027-01.5133. Monthly bills are then paid by check orders from this account; therefore, no funds are to be encumbered.

SDD/wcg

RESOLUTION APPROVING THE AMENDED INTERGOVERNMENTAL AGREEMENT
WITH THE CITY OF REIDSVILLE

WHEREAS, the City of Reidsville and the City of Greensboro entered into an Agreement dated May 26, 1999 that established the terms and conditions for an upgrade to the Reidsville Water Treatment, the construction of a water transmission line connecting Reidsville to Greensboro, and the terms and conditions for the sale of treated water to Greensboro by Reidsville;

WHEREAS, the parties desire to continue the Agreement subject to certain modifications necessary due to changed circumstances since 1999;

WHEREAS, the parties desire to set the rate for Greensboro to sell water to Reidsville in the event that Reidsville needs operational flexibility;

WHEREAS, the parties desire to extend the contract an additional five years to June 30, 2024;

WHEREAS, the City of Greensboro desires to continue to purchase an additional supply of treated water from the City of Reidsville under the terms and conditions contained in this Agreement; and, the City of Reidsville is willing to continue to provide an additional supply of treated water at a minimum amount of one million gallons per day to the City of Greensboro under the terms and conditions contained in this Agreement.

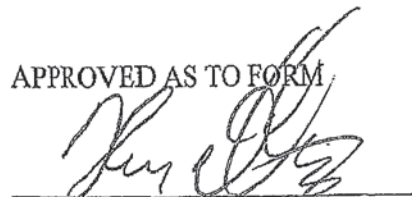
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GREENSBORO:

That the City is authorized to enter into the Intergovernmental Agreement with the City of Reidsville for the purchase of treated drinking water subject to the terms outlined above. The Mayor and/or City Manager and the City Clerk are hereby authorized to execute on behalf of the City of Greensboro a proper contract to carry the agreement into effect.

THE FOREGOING RESOLUTION WAS ADOPTED
BY THE CITY COUNCIL OF THE CITY OF
GREENSBORO ON THE 16TH DAY
OF AUGUST, 2016.


CITY CLERK

APPROVED AS TO FORM


CITY ATTORNEY

INTERLOCAL MUNICIPAL AGREEMENT (AMENDED)

THIS INTERLOCAL MUNICIPAL AGREEMENT (AMENDED) is made and entered into as of the 24 day of August, 2016, by and between the City of Reidsville, a North Carolina Municipal Corporation, hereinafter sometimes referred to as "Reidsville", party of the first part, and the City of Greensboro, a North Carolina Municipal Corporation, hereinafter sometimes referred to as "Greensboro", party of the second part;

WITNESSETH:

WHEREAS, the City of Reidsville and the City of Greensboro entered into an Agreement dated May 26, 1999 that established the terms and conditions for an upgrade to the Reidsville Water Treatment, the construction of a water transmission line connecting Reidsville to Greensboro, and the terms and conditions for the sale of treated water to Greensboro by Reidsville; and

WHEREAS, the initial term of the Interlocal Water Agreement referenced hereinabove was ten years and the agreement included an option for Greensboro to renew for two additional 10-year periods; and

WHEREAS, the parties entered into a renewed mutual agreement on July 1, 2014 with an expiration of June 30, 2019; and

WHEREAS, the parties desire to continue the Agreement subject to certain modifications necessary due to changed circumstances since 1999; and

WHEREAS, the City of Greensboro desires to continue to purchase an additional supply of treated water from the City of Reidsville under the terms and conditions contained in this Agreement; and, the City of Reidsville is willing to continue to provide an additional supply of treated water to the City of Greensboro under the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements made by and between the parties hereto, the City of Reidsville and the City of Greensboro agree as follows:

A. TERM

The term of this amended Agreement shall be for the full term of the 2014 agreement plus an additional five (5) years, thereby making the expiration date June 30, 2024.

B. OPERATIONS

1. The maintenance and operation of the Reidsville Water Treatment Facility, together with all initial pumping devices located at such facility necessary to provide a flow of treated water to Greensboro commensurate with the terms of this Agreement, shall be the sole responsibility of Reidsville.

2. (a) The operation of the Transmission Main in an effort to provide Greensboro with a treated water flow, under the terms of this Agreement shall necessarily be a joint responsibility of the parties. The primary responsibility for the operation of necessary valves in Rockingham County shall be that of Reidsville while the primary responsibility for the operation of necessary valves in Guilford County shall be that of Greensboro. Likewise, maintenance and repair of the Transmission Main, itself, shall be the responsibility of the owner of each respective section (i.e. Reidsville in Rockingham County and Greensboro in Guilford County).

(b) Reidsville agrees to retain the treatment capacity to be able to provide Greensboro a minimum of an annual average of one (1) million gallons per day during the term of this Agreement.

(c) Further, it is the intent of the parties that Reidsville be able to provide treated water to all of its current customers as well as for future growth of the community, but is, and shall be, willing to sell to Greensboro all of that water it has available and can be reasonably treated, over and above that which Reidsville needs for its present water customers coupled with future reasonable residential and industrial growth. To such end, Reidsville agrees to sell, and Greensboro agrees to purchase, a minimum of an annual average daily volume of 1,000,000 gallons per day during the term of this Agreement with an option to purchase additional treated water up to the maximum treated water available which is not required by Reidsville.

3. The City of Reidsville may desire in the future to utilize the aforementioned Transmission Main in providing water to potential customers inside or outside the Corporate Limits of Reidsville but within Rockingham County. Greensboro hereby grants its permission to Reidsville to use said line, in Reidsville's sole discretion, for transmission of water to other customers or potential customers within Rockingham County provided:

(a) Reidsville, at its sole expense, provides for such additional metering device acceptable to Greensboro, and placed at a point acceptable to Greensboro, which will accurately measure the difference in treated water flow from the Reidsville Water Treatment Facility and that flow as it crosses the Rockingham/Guilford County line. Greensboro shall not unreasonably withhold its approval to either a metering device or point of placement.

(b) Reidsville shall assure delivery of treated water to Greensboro upon the terms of this Agreement without diminished flow except in the case of emergencies as hereinafter provided.

(c) Greensboro shall be allowed to use the Transmission Line to provide water to customers or potential customers in Guilford County as needed.

4. Reidsville shall be responsible for the finished treated water leaving its Water Treatment Facility meeting the North Carolina Safe Drinking Water Act standards and any amendments thereto. Greensboro shall be responsible for any and all other treatment of water it deems necessary or desirable.

5. The parties acknowledge that water is a natural resource, the supply of which is subject to acts of both God and man. The parties further recognize that Lake Reidsville is the main water supply for the citizens of Reidsville. The parties further recognize that while each enters this Agreement in good faith, and in expectation that no event of either God or man will interfere with the desires and intentions of the parties, such can occur. Greensboro acknowledges that, in the case of drought or severe pollution, Reidsville may not be capable of providing water commensurate with the terms of this Agreement. To such end, Greensboro agrees that in any event of severe pollution or drought, the parties shall cooperate to make joint decision(s) as to transmission or non-transmission of water commensurate with the health, safety, and welfare of their respective citizens and water customers. Both parties agree that Reidsville's obligation to sell and Greensboro's obligation to purchase as herein set forth shall cease if water levels of Lake Reidsville should fall to a point five (5) feet below the spillway at Lake Reidsville unless otherwise agreed to by both parties.

C. COMPENSATION

1. Reidsville shall bill on a monthly basis, and Greensboro shall remit within ten (10) days of such billing, for all treated water volume transmitted to Greensboro during the preceding month at an initial cost of \$1.79 per 1,000 gallons. Should, on each annual September anniversary date of the original Contract, the City of Greensboro not have requested and received the minimum level of water volume required by this Agreement, Reidsville shall issue, and Greensboro shall pay within ten (10) days, the difference

between that sum as has been paid by Greensboro over the preceding twelve (12) month period and the projected cost of the minimum level amount agreed to herein.

2. Notwithstanding Paragraph 1 above, should Reidsville be unable to provide the minimum level amount specified within this Agreement on account of any act of God or man, Greensboro shall be required to pay for only the actual water volume transmitted.

3. (a) The cost of \$1.79 per 1,000 gallons as set forth in Paragraph C.1 above shall remain in full force and effect without increase during the term of this Agreement except that

(b) In addition to the foregoing, Reidsville shall be entitled to an immediate and automatic increase in the treated water cost to Greensboro equal to the amount of any additional cost of treatment of water due to any future imposition of any federal or state regulations or any fee, surcharge, duty, tax, or other charges of any nature (effective after the date of this Agreement) imposed by the federal government, any agency thereof, the State of North Carolina, or any agency thereof, which is payable solely by reason of the nature of the water treatment operations conducted by Reidsville, and any sales or service taxes of general application to the operation of water treatment which might later be imposed. Such additional cost of treatment of water, fee, surcharge, duty, tax or other charge shall immediately be passed through to Greensboro in monthly billings. No such charge shall be due on account of any governmental action occurring prior to the effective date of this Agreement. The parties acknowledge that Reidsville switched from free chlorine disinfection to chloramination in the spring of 2011 and that Greensboro has previously agreed to pay for its proportionate share of capital modifications. The parties agree to negotiate in good faith regarding the cost adjustment necessary to compensate for the additional chemical and other operational costs.

4. A new pump enclosure, pump (1 MGD minimum), variable frequency drive (VFD) and associated electrical and instrumentation shall be installed on the Greensboro pump at the Reidsville Water Treatment Plant for purposes of supplying water to Greensboro. The parties agree to the following:

(a) That Reidsville shall pay the upfront costs for the pump and flow metering system and shall be reimbursed by Greensboro on a monthly basis.

(b) That Reidsville shall oversee all aspects of the installation of the new pump and flow metering system including but not limited to engineering, design, procurement, construction, and all other associated costs with the installation and startup.

(c) That Reidsville shall provide to Greensboro a reasonable cost estimate for the pump and flow metering system installation and shall receive Greensboro's approval before any expenditure is undertaken.

(d) Each month during the pump system installation Reidsville

shall submit to Greensboro an invoice for reimbursement, and such invoice shall contain appropriate proof of costs.

5. Both parties recognize that at times Reidsville receives water from Greensboro via the same water connection. In the event that Reidsville shall receive water from Greensboro, both parties agree to the following:

(a) That Greensboro and Reidsville mutually agree that Reidsville shall install a meter in the vicinity of the new pump system at the Reidsville Water Treatment Plant to measure the water flow from Greensboro to Reidsville, such meter to be paid for by Reidsville and operated as outlined in Section B: Operations, above.

(b) In the event that Reidsville shall elect to draw water from Greensboro and Greensboro shall supply such water, Reidsville shall pay for the water at the lowest outside-the-City residential tier rate and shall be billed for the amount via Greensboro's standard water billing process.

(c) In the event that Reidsville shall elect to draw water from Greensboro for a mutually beneficial reason, such as when a flow from Greensboro to Reidsville would be required to flush the line because Reidsville caused the water not to flow to a period of time, Reidsville shall pay the rate set for the sale of water to Greensboro and shall pay through the issue of a credit to Greensboro for that flow amount on the Reidsville monthly bill.

(d) In the event that Greensboro stops the water flow and the lines require flushing afterwards, then Reidsville shall incur no costs because Greensboro will flush the metered water into the creek and such water will not be used by Reidsville.

(e) It is agreed that no water transfer from Greensboro to Reidsville shall take place without the knowledge and approval of the other City. Each City shall designate individuals to be contacted to authorize such approval and to enact an operational plan for each Greensboro-to-Reidsville flow event.

4. The cost of \$1.79 per 1,000 gallons, as set forth in Paragraph C.1 above shall be amended to reflect a cost of production increase by adding to it the product of the percentage change in the applicable price indexes (defined below) for the preceding 12-month period multiplied by the base rate for the prior year.

The price indexes used shall be a composite index with 60% made up of the Employment Cost Index (ECI) and the remaining 40% made up of the Producer Price Index (PPI) for the related chemicals used in the treatment process. In the event the U.S. Department of Labor, Bureau of Labor Statistics ceases to publish the aforementioned indexes, the parties hereto agree to substitute another equally authoritative measure of change in the purchasing power of the U.S. dollar as may be then available so as to carry out the intent of this provision.

D. INDEMNIFICATION

To the extent permitted under the laws of North Carolina the parties agree to the following indemnification. The City of Greensboro will indemnify and hold harmless the City of Reidsville, its employees, agents, and officers from and against any and all losses, claims, suits, damages or expenses, including, but not limited to reasonable attorneys' fees, arising out of or in any manner due to the negligence of the agents, employees or officers of the City of Greensboro. The City of Reidsville will indemnify and save harmless the City of Greensboro, its employees, agents, and officers from and against any and all losses, claims, suits, damages or expenses, including but not limited to reasonable attorneys' fees, arising out of or in any manner due to the negligence of the agents, employees, or officers of the City of Reidsville.

E. GENERAL PROVISIONS

1. Modification of this Agreement shall be in writing, signed, duly executed by the parties hereto, and kept on file with the original agreement.

2. Any offer, notice, election, or other communication, which any party hereto may be required or desire to give to any other party, shall be in writing and shall be considered delivered when deposited in the United States mail, certified with postage prepaid, addressed to the last known address of the parties as shown below:

To: Preston Mitchell, City Manager
230 West Morehead Street
Reidsville, NC 27320

copy to: William F. McLeod, Jr., City Attorney
408 West Harrison St., P. O. Box 539
Reidsville, NC 27320

copy to: John G. Wolfe, III
Law Offices of John G. Wolfe, III & Associates, P.L.L.C.
101 South Main Street
Kernersville, NC 27284

To: David Parrish, Assistant City Manager
P. O. Box 3136
Greensboro, NC 27402-3136

copy to: Tom Carruthers, City Attorney
P. O. Box 3136
Greensboro, NC 27402-3136

3. The parties agree that the terms and provisions of this Agreement shall be construed in accordance with the laws of the State of North Carolina.

4. This Agreement contains the entire agreement between the parties. There is merged herein all prior and collateral representations, promises, and conditions in connection with the subject matter hereof. Any representation, promise or condition not incorporated herein shall not be binding upon either party.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed effective the day and year first above written.

CITY OF GREENSBORO

By: Angela Ford
City Clerk

Deputy

Recommended: [Signature]
By: [Signature]
Water Resources Director

By: [Signature]
Assistant City Manager

By: Nancy Vaughan
Mayor

Approved as to Form:

(This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.)

By: [Signature]
Assistant City Attorney

By: [Signature]
Deputy Finance Officer

CITY OF REIDSVILLE

By: [Signature]
City Clerk



Approved as to Form:

By: [Signature]
Mayor

(This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.)

By: [Signature]
City Attorney

By: [Signature]
Assistant City Manager/Finance Officer

NORTH CAROLINA, Rockingham COUNTY

I, Cynthia P. Farris, a Notary Public in and for said County and State, do hereby certify that Angela G. Stadler, who, being by me duly sworn, says that she knows the Common Seal of THE CITY OF REIDSVILLE and is acquainted with who is the Mayor of said Municipality, and that she, the said is the City Clerk of said Municipality and saw the said John M. "Jay" Dmecker, Mayor, sign the foregoing instrument, and saw the Common Seal of said Municipality affixed to said instrument by said Mayor, and that she, the said City Clerk, signed her name in attestation of the execution of said instrument in the presence of said Mayor of said Municipality.

Witness my hand and notarial seal, this the 18th day of October, 2016.

My Commission Expires:

8/11/2019



Cynthia P. Farris
Notary Public

NORTH CAROLINA, _____ COUNTY

I, _____, a Notary Public in and for said County and State, do hereby certify that _____, who, being by me duly sworn, says that she knows the Common Seal of THE CITY OF GREENSBORO and is acquainted with who is the Mayor of said Municipality, and that she, the said is the City Clerk of said Municipality and saw the said _____, Mayor, sign the foregoing instrument, and saw the Common Seal of said Municipality affixed to said instrument by said Mayor, and that she, the said _____, signed her name in attestation of the execution of said instrument in the presence of said Mayor of said Municipality.

Witness my hand and notarial seal, this the ____ day of _____, 2016.

Notary Public

My Commission Expires:

NORTH CAROLINA, Rockingham COUNTY

I, Cynthia P. Farris, a Notary Public in and for said County and State, do hereby certify that Angela G. Stadler, who, being by me duly sworn, says that she knows the Common Seal of THE CITY OF REIDSVILLE and is acquainted with who is the Mayor of said Municipality, and that she, the said is the City Clerk of said Municipality and saw the said John M. "Jay" Domecker, Mayor, sign the foregoing instrument, and saw the Common Seal of said Municipality affixed to said instrument by said Mayor, and that she, the said City Clerk, signed her name in attestation of the execution of said instrument in the presence of said Mayor of said Municipality.

Witness my hand and notarial seal, this the 18th day of October, 2016.

My Commission Expires:

8/11/2019



Cynthia P. Farris
Notary Public

NORTH CAROLINA, Davidson COUNTY

I, Mary A. McCollough, a Notary Public in and for said County and State, do hereby certify that Angela Lord, who, being by me duly sworn, says that she knows the Common Seal of THE CITY OF GREENSBORO and is acquainted with who ^{is} the Mayor of said Municipality, and that she, the said is the City Clerk of said Municipality and saw the said Nancy Vaughan, Mayor, sign the foregoing instrument, and saw the Common Seal of said Municipality affixed to said instrument by said Mayor, and that she, the said Angela Lord, signed her name in attestation of the execution of said instrument in the presence of said Mayor of said Municipality.

Witness my hand and notarial seal, this the 11 day of October, 2016.

My Commission Expires:

9/6/17

Mary A. McCollough
Notary Public

Mary A. McCollough
NOTARY PUBLIC
Davidson County
North Carolina
My Commission Expires September 6, 2017