



Legislation Details (With Text)

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Date	Ver.	Action By	Action	Result
1/24/2018	1	Board of Directors	Approved	Pass

Proposed Amendment No. 3 to Water Service Contract with City of Ferndale

Agenda of: January 24, 2018
Item No.: **2018-549**
Amount: Revenue Contract

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: January 12, 2018

RE: Proposed Amendment No. 3 to Water Service Contract with City of Ferndale

MOTION

Upon recommendation of Randal Brown, General Counsel, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **authorizes the Chief Executive Officer (CEO), upon approval and execution by the wholesale water customer, to execute Amendment No. 3 to the 30-year water service contract with City of Ferndale;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

On November 27, 2017, the Ferndale ("Customer") City Council agreed to the terms of Amendment No. 3 ("Amendment") to the Water Service Contract with GLWA. The reason for this Amendment is two-fold: first, it is one of several regularly occurring amendments as mandated by the terms of the standard 30-year water service contracts with GLWA's wholesale customers and second, and coincidentally, Customer experienced exceedances of its contractual peak hour flow rate in 2017. Pursuant to Section 5.07 of the contract, GLWA and Customer agree to affirm or modify the pressure range at directly metered locations and the maximum day and peak hour values (collectively, the "Values") at year 2 of the

contract, year 5 of the contract, and every 5 years thereafter. While the projected annual volume ("Volume") is no longer determined by the contract for charge purposes, GLWA requests that Customers affirm or modify Volume for system planning purposes. In this Amendment, Customer has agreed to modify the Values for calendar years 2018 to 2022, and the Volume for fiscal years 2019 to 2023 as set forth in the attached Exhibit B. Additionally, because of the peak hour exceedances in the summers of 2016 and 2017, GLWA and Customer discussed how Customer can best manage its usage to the contract limits. In this Amendment, Customer has agreed to the modification of certain terms and conditions of the contract to provide for more oversight and management of Customer's peak hour flow rate, including annual meetings with GLWA to review usage for calendar year 2018 and, if necessary, beyond.

Also in this Amendment, Exhibit A of the contract, which establishes Customer's service area boundaries, meter locations, emergency connections, those retail customers outside of Customer's corporate limits, and each party's respective ownership and maintenance responsibilities, has been updated to reflect the most current information. Exhibit A is not attached for homeland security reasons.

This Amendment will modify the terms of the existing water service contract between GLWA and Customer.

JUSTIFICATION

Approval of this Amendment provides a mutually beneficial, stable, long-term framework for interactions between GLWA and Customer and incorporates annual system planning volumes, pressures, and maximum day and peak hour values that better reflect future Customer usage.

BUDGET IMPACT

The revenues expected to result from this Amendment are reflected in the FY 2018-2019 schedule of charges.

COMMITTEE REVIEW

This matter is being presented directly to the full Board of Directors for consideration and approval.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.