

ST. PETERSBURG CITY COUNCIL

Consent Agenda

Meeting of May 7, 2009

TO: The Honorable Jeff Danner, Chair and Members of City Council

SUBJECT: Authorizing the Mayor to enter into an Amendment to the Agreement for Wholesale Wastewater Service with the City of St. Pete Beach dated November 29, 2001, to address meter maintenance responsibilities and to modify the method for establishing St. Pete Beach's payment of borrowing costs for any additional capacity entitlement.

EXPLANATION: On November 29, 2001, the City of St. Pete Beach and the City of St. Petersburg entered into a new Agreement for Wholesale Wastewater Service (the "Agreement") providing wastewater transmission, treatment and disposal service to St. Pete Beach at St. Petersburg's Northwest Water Reclamation Facility. St. Petersburg has provided wastewater service to St. Pete Beach since 1985. Staff for both cities would like to amend the Agreement in order to address the parties' responsibilities with respect to meter maintenance and to modify the method for establishing St. Pete Beach's payment of borrowing costs for any additional capacity entitlement.

A new paragraph 3 (e) to the Agreement is being proposed to address requirements if a meter is found to be functioning improperly by either party. The paragraph establishes a sixty (60) day timeframe for St. Pete Beach to repair a non-functioning meter. Also, because wastewater meter replacements can require lead time to design, manufacture or order, up to one hundred and eighty (180) days are being given to complete the replacement work. If a functioning meter is not in place within the allotted time frame, a twenty-five per cent (25%) surcharge will be applied to St. Pete Beach's estimated monthly bills until the meter is returned to service. For each month or partial month the meter has not properly functioned, St. Petersburg will use the average recorded monthly flow for the preceding three years for the month being estimated for billing purposes.


A modification to Paragraph 7 (i) of the Agreement is also being proposed to be used by St. Petersburg when St. Pete Beach requires additional capacity to treat their wastewater. The existing language provides that St. Pete Beach shall pay for additional capacity entitlement amortized over a period of twenty-five (25) years at an interest rate equal to the *average cost* of borrowing for bond indebtedness incurred by St. Petersburg's System at the time of St. Pete Beach's additional capacity entitlement acquisition. However, borrowing terms, fluctuate with each borrowing, so that the average may or may not reflect actual borrowing costs attributable to St. Pete Beach based on its capacity entitlement. The proposed revised language would provide that any additional capacity entitlement be amortized over the actual financing term and at the average annual interest rate equal to the actual cost of borrowing for indebtedness associated with the issuance of bonds or other financing vehicles as incurred by St. Petersburg's System and associated with the actual borrowing. The proposed language has been reviewed by both cities' rate consultants and has additionally been reviewed by St. Petersburg's Finance Department.

Staff for both cities concur that the proposed language reflects the intention of both parties with respect to the purchase of additional capacity and the recovery of borrowing costs from St. Pete Beach based upon its capacity entitlement.

Administration recommends authorizing the Mayor to enter into an Amendment to the Agreement for Wholesale Wastewater Service with the City of St. Pete Beach to address meter maintenance responsibilities and to modify the method for establishing St. Pete Beach's payment of borrowing costs for any additional capacity entitlement.

COST/FUNDING/ASSESSMENT INFORMATION: This amendment has no financial impact on the budget.

APPROVALS:


Administration


Budget

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO ENTER INTO AN AMENDMENT TO THE AGREEMENT WITH THE CITY OF ST. PETE BEACH DATED NOVEMBER 29, 2001, CONCERNING WASTEWATER TREATMENT, TRANSMISSION AND DISPOSAL SERVICE; ADDRESSING METER MAINTENANCE RESPONSIBILITIES AND MODIFYING THE METHOD FOR ESTABLISHING ST. PETE BEACH'S PAYMENT OF BORROWING COSTS FOR ANY ADDITIONAL CAPACITY ENTITLEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of St. Petersburg and the City of St. Pete Beach entered into an Agreement dated November 29, 2001, concerning the provision of wastewater transmission, treatment and disposal service to St. Pete Beach at St. Petersburg's Northwest Water Reclamation Facility; and

WHEREAS, both parties wish to amend certain provisions set forth in that Agreement to modify the terms of the Agreement in order to address the parties' responsibilities with respect to meter maintenance and to modify the method for establishing St. Pete Beach's payment of borrowing costs for any additional capacity entitlement;

NOW, THEREFORE, BE IT RESOLVED BY THE City Council of the City of St. Petersburg, Florida that the Mayor or his Designee is hereby authorized to enter into an Amendment to the Interlocal Wastewater Treatment Service Agreement with the City of St. Pete Beach dated November 29, 2001 addressing meter maintenance responsibilities and modifying the method for establishing St. Pete Beach's payment of borrowing costs for any additional capacity entitlement.

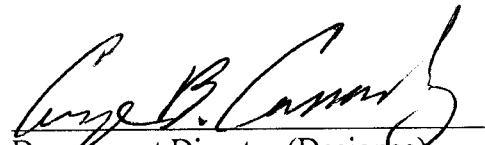
This resolution shall become effective immediately upon its adoption.

Approved as to Form and Substance

Approved:



City Attorney (Designee)



Department Director (Designee)

**AMENDMENT TO AGREEMENT FOR
WHOLESALE WASTEWATER SERVICE**

THIS AMENDMENT TO THE INTERLOCAL AGREEMENT FOR WHOLESALE WASTEWATER SERVICE (the "Amendment") is executed this ___ day of _____, 2009, by and between the City of St. Pete Beach, a Florida municipal corporation ("St. Pete Beach") and the City of St. Petersburg, a Florida municipal corporation ("St. Petersburg").

WHEREAS, St. Pete Beach and St. Petersburg entered into an interlocal Agreement for Wholesale Wastewater Service on November 29, 2001, whereby St. Petersburg agreed to provide wastewater transmission, treatment and disposal service to St. Pete Beach for as long as St. Petersburg operates the Northwest Water Reclamation Facility (the "Agreement"); and

WHEREAS, St. Pete Beach and St. Petersburg wish to amend and clarify certain provisions set forth in the Agreement,

NOW, THEREFORE, for and in consideration of the promises and other good and valuable consideration, the adequacy of which is hereby acknowledged, St. Petersburg and St. Pete Beach, (collectively referred to as the "Parties"), hereby agree as follows:

1. A new Paragraph 3 (e) is added to the Agreement to read as follows:

(e) In the event St. Pete Beach's meter fails to function properly or requires repair or replacement, St. Pete Beach shall notify St. Petersburg in writing as soon as possible but no later than twenty-four (24) hours. If St. Petersburg determines that St. Pete Beach's meter has failed to function or requires repair or replacement, St. Petersburg shall notify St. Pete Beach in writing as soon as possible but no later than twenty-four (24) hours. If the meter requires repair to correct the malfunction, St. Pete Beach shall make such repair within sixty (60) days of the date St. Pete Beach discovers the malfunction or receives notification from St. Petersburg. If the malfunctioning meter requires replacement, St. Pete Beach shall make such replacement within one hundred and eighty (180) days of when St. Pete Beach discovered the malfunction or received notification from St. Petersburg.

For each month or partial month the meter has not properly functioned, St. Petersburg shall use the average recorded monthly flow for the preceding three (3) years for the corresponding month being estimated for billing purposes. If after the one hundred and eighty (180) day period a meter is still not in service and operating correctly, a twenty-five per cent (25%) surcharge will be applied to all bills until the meter is returned to service. Within five (5) days of the installation or repair of the meter, St. Pete Beach shall provide St. Petersburg with a certified calibration report showing that the repaired/replaced meter has been calibrated.

2. Paragraph 7 (i) of the Agreement is amended to read as follows with words struck through being deleted and words underlined being added to the Agreement:

(i) If St. Pete Beach's capacity entitlement in the NWWRF is increased as provided for in the Agreement, St. Pete Beach shall compensate St. Petersburg for the purchase of such additional capacity. The amount due from St. Pete Beach is compensation for the investment

previously made in the NWWRF and shared facilities by St. Petersburg for this increase in capacity entitlement. The amount due by St. Pete Beach shall be based on the net book value of the NWWRF and shared facilities reported by St. Petersburg for the end of the fiscal year for which the capacity entitlement is being purchased, less outstanding debt or related liabilities issue after March 31, 2001, and the amount of unamortized grants and other contributions allocable to the NWWRF and shared facilities. Any outstanding debt or liabilities shall be included in the Capital Charge paid prospectively by St. Pete Beach. As used herein, "net book value" shall be defined as the original cost of the constructed applicable plant in service less its accumulated depreciation up to the end of the fiscal year during which the capacity entitlement is being purchased. ~~St. Pete Beach shall pay for any additional capacity entitlement amortized over a period of twenty five (25) years at an interest rate equal to the average cost of borrowing for bond indebtedness incurred by St. Petersburg's System at the time of St. Pete Beach's additional capacity entitlement acquisition.~~ St. Pete Beach shall pay for any additional capacity entitlement amortized over the actual financing term and at the average annual interest rate equal to the actual cost of borrowing for indebtedness associated with the issuance of bonds or other financing vehicles as incurred by St. Petersburg's System.

3. Notwithstanding the foregoing, the Parties hereto affirm that all other terms and conditions of the Agreement not amended by this Amendment shall remain in full force and effect until expiration of the Agreement.

AGREED TO AND EXECUTED on this _____ day of _____, 2009.

ATTEST:	CITY OF ST. PETERSBURG
_____	_____
CLERK OF CITY COUNCIL	MAYOR
APPROVED AS TO FORM:	APPROVED AS TO CONTENT:
_____	_____
CITY ATTORNEY	CITY ATTORNEY
ATTEST:	CITY OF ST. PETE BEACH
_____	_____
CITY CLERK	MAYOR
APPROVED AS TO FORM:	APPROVED AS TO CONTENT:
_____	_____
CITY ATTORNEY	CITY ATTORNEY