UTILITY COMMITTEE
AGENDA

SEPTEMBER 22, 2014 - 5:15 P.M.

CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. AMENDMENTS TO THE LAKELAND INTERCONNECTION AGREEMENT (TIDEWATER UTILITIES)

(Staff recommends authorizing the City Manager to amend the existing Lakeland Interconnection Agreement with Tidewater Utilities, Inc. to include the monthly facilities charge allowed in Tidewater's tariff and to also include the supply of both domestic water and fire protection at the meter location)

2. ADJOURNMENT BY 5:55 P.M.

/tm

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

ACTION FORM

PROCEEDING: Utility Committee
DEPARTMENT OF ORIGIN: City Manager's Office **DATE SUBMITTED**: September 11, 2014
PREPARED BY: Scott D. Koenig, P.E., City Manager
SUBJECT: Amendments to the Lakeland Interconnection Agreement (Tidewater Utilities)
REFERENCE: N/A
RELATED PROJECT: N/A
REVIEWED BY: Scott D. Koenig, P.E., City Manager; Donna Mitchell, Controller
EXHIBITS: Exhibit A – Correspondence dated July 29, 2014; Exhibit B – Copy of the current interconnection agreement.
EXPENDITURE REQUIRED: $0 **AMOUNT BUDGETED**: $0 **FUNDING SOURCE (Dept./Page in CIP & Budget)**: N/A
TIME TIMETABLE: Upon Council Approval.
RECOMMENDED ACTION: Authorize the City Manager to amend the existing Lakeland Interconnection Agreement with Tidewater Utilities, Inc. to include the monthly facilities charge allowed in Tidewater's tariff and to also include the supply of both domestic water and fire protection at the meter location.

BACKGROUND AND ANALYSIS

In May 2004, the City of Dover and Tidewater Utilities, Inc. (TUI) entered into an interconnection agreement for the primary purpose of providing fire protection (water supply) assistance to Tidewater's service territory on South State Street. This interconnection, known as the Lakeland Interconnection, has been functioning in this capacity since the agreement was signed. In late July 2014, Tidewater Utilities submitted a request to city staff to alter the agreement so that domestic water supply could be purchased for this area at the "in city" rate. TUI has indicated that the domestic demand in this area has been between 800,000 gallons and 1,200,000 gallons per month.

The City Manager has reviewed the request and believes amending the agreement is in the best interest of both entities. Provided that a monthly facilities charge for the existing 6" meter (currently billed at $497.55 per month per Tidewater's tariff) remains in place, staff has no objections to extending the "in city" rate since this amounts to a substantial bulk purchase of water. The City has enjoyed an outstanding business relationship with Tidewater Utilities at this location for more than a decade.

Exhibit A

TIDEWATER
UTILITIES, INC.
A Middlesex Water Company Affiliate

City of Dover
RECEIVED
AUG - 1 2014
CITY MANAGER/MAYOR

July 29, 2014

Mr. Scott Koenig, P.E.
City Manager
City Hall
15 Loockerman Plaza
Dover, DE 19903

RE: Request to purchase domestic water at Interconnection on Beechwood Avenue

Dear Mr. Koenig:

Thank you for discussing the above referenced matter with me on July 28, 2014.

As you are aware, we have a metered interconnection with the City of Dover on Beechwood Avenue. This interconnection was originally installed in 2004 for the purpose of purchasing water for fire protection purposes, if necessary.

At this time, we are interested in seeing if the City is amenable to selling us domestic water for this area at the "in city" rate. Over the past 4 years, the domestic demand for this area has been between 800,000 gallons and 1,200,000 gallons per month and we would expect similar usage to continue to occur.

We appreciate your consideration of this matter and look forward to your response. In the interim, please feel free to contact me at 302-747-1336, should you have any questions.

Sincerely,

Bruce E. Patrick, P.E.
General Manager

cc: Ken Cross, Director of Production
Kirsten Higgins, Director of Water Planning

City of Dover

Agreement for
Interconnection and Water Sales / Purchase

THIS AGREEMENT, entered into this 6TH day of MAY, 2004, between the City of Dover, hereinafter called "The City," and Tidewater Utilities, Inc., hereinafter called "Tidewater."

WHEREAS, Tidewater desires to establish a water system interconnection with The City on Beechwood Avenue adjacent to Tidewater's Lakeland Service Area in Kent County, Delaware, ("Interconnection Location") for the purpose of purchasing water for fire protection purposes from The City; and

WHEREAS, The City desires to establish a water system interconnection with Tidewater at the interconnection location for the purpose of selling water for fire protection purposes to Tidewater.

NOW, THEREFORE, in consideration of the following mutual covenants herein the parties hereto agree as follows:

1) Supply of Water. The City agrees to supply water to Tidewater in such quantities as described in this agreement. The supply of water shall be delivered at a rate of flow of not less than 1,000 gallons per minute at twenty (20) pounds per square inch residual pressure. No special improvements have been made to The City's distribution system for the interconnection. The supply shall be delivered through a metered service connection to be located at or near the Interconnection Location.

2) Service Connection Construction. Tidewater agrees to construct at Tidewater's expense a designated length of water line from Highview Avenue to the interconnection site, the service connection, a double check backflow prevention device, a valve and a meter vault in accordance with The City's review and specifications. The meter shall be installed and maintained by Tidewater. Tidewater agrees to annually test the double check backflow prevention device and provide a report to The City. In the event, the meter becomes inoperable and needs replacement due to age or other malfunction which cannot be repaired, Tidewater agrees to replace the meter at Tidewater's expense immediately when so directed by The City. The water line extension from Highview Avenue shall become the sole property of The City. The City shall provide Tidewater's contractor with all pipe material, fittings, sleeves, bends, etc. necessary to construct the water line from Highview Avenue to the service connection point. The City will not provide backfill, street repair, casing pipe materials or funds for the labor and design costs associated with the water line extension or the service connection construction.

City of Dover

3) Rates. The City agrees to supply water at its published "in city" rate. It is understood that this rate may change from time to time, but will always be the "in city" rate. Billing shall be on a monthly basis. The billing shall have two components: First, the consumptive reading on the meter, if any; and second, a facilities charge. In consideration, for The City providing the "in city" rate for this interconnection, Tidewater agrees to pay The City a facilities charge of $697.13 per quarter as dictated by Tidewater's rate tariff. If this charge is corrected in future adjustments to the Tidewater's rate tariff, The City agrees to accept the adopted rate in the adjusted tariff.

4) Quantity of Supply. The intent of the interconnection is to provide the necessary quantity of water to the Lakeland service area in the event of fire. No special improvements have been made to The City's distribution system to provide an enhanced pressure or flow for the purposes of fire protection in this area. TUI understands the limits of The City's supply. This connection is not intended to be used for domestic supply at the time of execution of this agreement. If this interconnection uses more than 50,000 gallons of water per month for any three (3) consecutive months during the terms of this agreement, TUI agrees to enter into a minimum purchase agreement with The City; however, if TUI informs the City of a flow test, or if there is an actual fire, the metered amount during this period shall be monitored and not count towards the above referenced 50,000 gallons. Until such time as the minimum purchase agreement is executed, TUI agrees to a 20% surcharge on all usage over 50,000 gallons in a monthly billing cycle after the aforementioned three (3) month period.

5) Terms of Agreement. The initial term of this agreement shall be five (5) years from the date of execution of the agreement. This agreement may be extended in five (5) year option periods; however, the Quantity of Supply will monitored monthly by The City. A written request must be received from Tidewater within ninety (90) days of the expiration of the initial five (5) year term if Tidewater desires to execute an amendment to the agreement for an option period. If this agreement is not extended, The City reserves the right to shut off the valve adjacent to the interconnection site.

6) Liability of The City for Discontinuance or Discontinuity of Service. In case of breakdown, emergency or for any other unavoidable cause, The City shall have the right to temporarily cut off the water supply to the interconnection in order to make necessary repairs, connections or minimize the emergency situation. In such case, The City shall not be liable for any damage or inconvenience suffered by Tidewater or its customers. In addition, The City shall not be liable for any claim against

City of Dover

The City at any time for an interruption in service, lessening of supply, inadequate pressure or any other causes beyond The City's control. This same rule shall apply if The City is directed to discontinue service pursuant to any other city, county or state code or law. The City shall notify Tidewater of service shut downs as referenced under this paragraph.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first written above.

TIDEWATER UTILITIES, INC.

By: Gerard L. Esposito
PRESIDENT

ATTEST:
Bruce E. Patrick

CITY OF DOVER

By: James L. Hutchison
Mayor

ATTEST:
Grace C. Green
City Clerk