BILL 2015-36

****** Full Reading ******

Agenda Item

TO: Mayor and City Council
FROM: Zachary Johnson, Director of Utilities
DATE: September 9, 2015
RE: GNWWC Take-or-Pay Contract

Background

The City of Cameron was a founding member and still a current member of the Great Northwest Wholesale Water Commission (GNWWC). The sole purpose of the GNWWC is to provide adequate potable water to its members via large transmission mains. This will be accomplished by constructing a waterline from Missouri American in St. Joseph to Cameron, with lines connecting Stewartsville and Maysville. Given the current condition of our treatment plant and water source, the City is planning on taking 50% of our daily demand from the GNWWC in the beginning. Because USDA, the funding agency, will not fund construction beyond current need, the City of Cameron has agreed to pay for the increase in pipe size to meet 100% our estimated demand in 2049. This will allow the City to transition from our treatment plant to the GNWWC and/or gives the City the rights to the excess capacity of the line. The GNWWC has received notification from USDA of their intent to fund the project with a $17,454,000 loan and $5,027,210 in grant money. The GNWWC Board anticipates receiving the Letter of Conditions at the September board meeting.

Purpose

This ordinance will allow the Mayor to sign the water purchase contract. This take-or-pay contract will obligate the City to purchase 50% of our average daily demand from the GNWWC and thus fund the GNWWC's required annual debt service of the project. The debt service is determined by the average daily demand of the 3 participating cities. The City of Cameron will be responsible for approximately 89.26% of the debt service.

Recommendation

The approval of this ordinance will ensure the community of Cameron will have a reliable source for drinking water for the next 40 years. It is the recommendation of staff to pass this ordinance. The contract has been reviewed by several law firms including Gilmore & Bell of Kansas City. The contract also has been reviewed and approved by USDA. The funds necessary to pay the GNWWC will be generated through our water rates.

Bill 2015-36

AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES MISSOURI, TO SIGN AND EXECUTE THE WATER PURCHASE CONTRACT WITH THE GREAT NORTHWEST WHOLESALE WATER COMMISSION

WHEREAS, the City of Cameron was a founding member and still current member of the Great Northwest Wholesale Water Commission; and

WHEREAS, being a member of the Commission is advantageous to the City of Cameron by supplying adequate water even during drought events; and

WHEREAS, being a member of the Commission presents opportunity for growth for the City and the entire region; and

WHEREAS, the City of Cameron has expressed its desire for the Commission to provide enough water to meet the City's peak demand for year 2049.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI AS FOLLOWS:

Section 1. The Mayor is hereby authorized to sign the water purchase contract by and between the City of Cameron and the Great Northwest Wholesale Water Commission. A copy of which is attached hereto and made a part hereof.

Section 2. The Mayor is hereby authorized to sign this Ordinance on behalf of the City of Cameron.

Section 3. The City Clerk is hereby directed to attest to the Mayor's signature.

Passed and approved this 9th day of September 2015.

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Mayor Dennis M. Clark

ATTEST:

_____
City Clerk/Finance Clerk

Full Reading