



Department/Office/Council:
PW - Public Works

Date Initiated:
18 JAN 2013

Green Sheet NO: 3153139

Contact Person & Phone:
Bruce Beese
266-6096

Must Be on Council Agenda by (Date):

Doc. Type: OTHER
AGREEMENT/CONTRACT

E-Document Required: N
Document Contact: Bruce Beese
Contact Phone: 266-6096

Assign
Number
For
Routing
Order

	Department	Sent To Person	Initial/Date
0	Public Works	Bruce Elder	BE 1-30-13
1	Public Works	Bruce Beese	BB 1-30-13
2	Public Works	Director	DF 1-30-13
3	City Attorney	City Attorney	
4	Financial Services	Finance Director	
5	Mayor's Office	Mayor	
6	Civic Center	City Council	
7	Public Works	15CHA Liz	

Total # of Signature Pages 3 (Clip All Locations for Signature)

Action Requested:
Approve revised Sanitary Sewer Collection Agreement between Public Works and Saint Paul Regional Water Services (SPRWS).

Recommendations: Approve (A) or Reject (R):

_____ Planning Commission

_____ CIB Committee

_____ Civil Service Commission

Personal Service Contracts Must Answer the Following Questions:

1. Has this person/firm ever worked under a contract for this department?
Yes No
2. Has this person/firm ever been a city employee?
Yes No
3. Does this person/firm possess a skill not normally possessed by any current city employee?
Yes No

Explain all yes answers on separate sheet and attach to green sheet.

Initiating Problem, Issues, Opportunity (Who, What, When, Where, Why):
For many years SPRWS has collected sanitary sewer charges on their invoices. This agreement replaces the current agreement due to changes in costs and calculations for inflation assumptions.

Advantages If Approved:
Continued efficiency and payment for sewer customers.

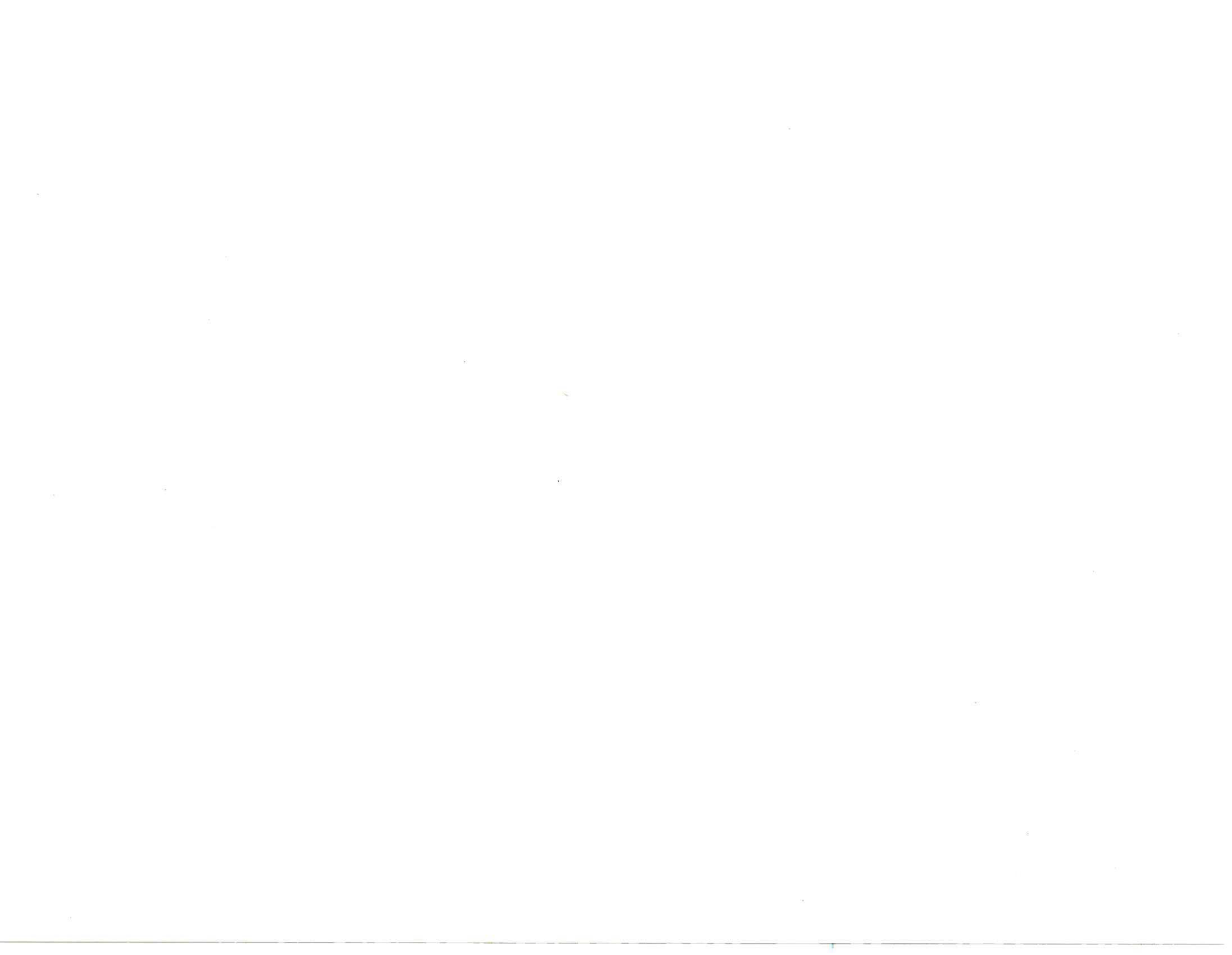
Disadvantages If Approved:
None:

Disadvantages If Not Approved:
Public Works will not be able to participate in this metering, billing, collection and payment system which is very efficient.

Total Amount of Transaction: \$725,000.00 Cost/Revenue Budgeted: Y

Funding Source: Sanitary sewer revenues Activity Number: 1022200/22200-0216

Financial Information: SPRWS has collected sanitary sewer charges on their invoices based on their meter readings for many years.
(Explain) This agreement updates our most recent agreement.



Finance # 02- _____

AGREEMENT

Between

BOARD OF WATER COMMISSIONERS OF THE CITY OF SAINT PAUL

And

CITY OF SAINT PAUL, MINNESOTA

This agreement ("Agreement") is dated this ____ day of _____, 2013 by and between the **BOARD OF WATER COMMISSIONERS OF THE CITY OF SAINT PAUL**, a Municipal Corporation under the laws of the State of Minnesota ("Board"), and the **CITY OF SAINT PAUL, MINNESOTA**, a home rule charter City under the laws of the State of Minnesota ("City").

WHEREAS, Section 77.02 of the Legislative Code of the City of Saint Paul ("Code") provides that sanitary sewer service charges in the City be based on the volume of sewage discharged into the City's sewer system as determined by the volume of water used; and

WHEREAS, Section 77.02 further provides that the Board shall collect such sanitary sewer service charges along with the water charges, and all costs for such collection by the Board shall be included as part of the sanitary sewer service charges; and

WHEREAS, Sections 77.03, 77.04 and 77.05 pertain to the Board's authority to calculate and collect the sanitary sewer service charges based on metered water use and gives the Board the authority to regulate any collection, refunding or adjustment of such sanitary sewer service charges; and

WHEREAS, Section 77.06 states that all funds collected from the sanitary sewer service charges shall be deposited with the Office of Financial Services into a fund known as the Sewer Service Fund; and

WHEREAS, the parties have agreed upon revised billing fees to be charged for such services, which the parties believe fairly compensate the Board; and

WHEREAS, the Board and the City desire that said revised billing fees provided for herein become effective February 1, 2013, and to render null and void all previous billing and collection provisions contained in any agreement and amendment between the parties.

NOW, THEREFORE, in consideration of the mutual terms and conditions, promises, covenants and payments hereinafter set forth, the Board and City agree as follows:

Section 1. Scope of the Agreement.

A. This Agreement pertains to the Board provision of the billing and collection of City sanitary sewer charges and charges for other City utilities or services, ("Miscellaneous Utility" or "Miscellaneous Utilities"). Currently, the rain leader variance charge is the City's only Miscellaneous Utility. The billing and collection services addressed in this Agreement are available only for 1) properties where the Board supplies metered water service, or 2) properties served by private well(s).

B. Sanitary sewer charges shall be billed to properties where the Board supplies metered water service, and charges shall be based on the volume of water used, subject to a minimum charge. Where sanitary sewer charges are to be applied to private well accounts, the charge shall be a flat rate. For those private well accounts where the City desires that the Board generate a sanitary sewer bill based on consumption, the Board shall read the private meters on those wells. A private well meter reading charge of \$20.00 per read (estimated or actual) shall be applied in addition to the regular billing service charges.

C. Miscellaneous Utility charges shall be billed only to properties where there is either a metered water service or a private well served by City sanitary sewer.

Section 2. Responsibilities of the City.

A. The City shall continue to provide the billing information for each account in a timely and accurate manner and the Board shall not be responsible for billing errors caused by inaccurate, untimely, or insufficient information supplied by the City.

B. The City shall establish sanitary sewer rates and minimum charges for accounts where there is a metered water service. The City shall be responsible for determining the amount of credit issued to an account for sanitary sewer charges for water that does not discharge to the sanitary sewer system. The City shall promptly send to the Board a list of credits to be applied to the appropriate accounts.

C. The City shall establish flat sanitary sewer charges for private well accounts served by City sanitary sewer.

D. The City shall establish Miscellaneous Utility charges for all accounts.

E. The City shall provide to the Board a list of properties to be charged Miscellaneous Utility charges.

F. The City shall notify the Board of any change in rates and/or charges at least forty five (45) days prior to the effective date.

G. The City shall address all customer inquiries referred by the Board regarding sanitary sewer and Miscellaneous Utility charges.

H. The parties agree that the definition of residential and commercial accounts shall be determined by Sections 85.02 and 85.03, Title XI of the Legislative Code of the City of Saint Paul.

Section 3. Responsibilities of the Board.

A. The Board shall calculate, bill and collect sanitary sewer and Miscellaneous Utility charges.

B. The Board shall bill all accounts on a billing cycle as established by the Board for water billing. The Board shall be responsible for notifying customers of the sanitary sewer volume charge and sanitary sewer minimum charge in the first billing cycle of each year.

C. Unless the City specifically directs the Board to stop billing a specific charge, sanitary sewer charges and Miscellaneous Utility charges shall continue to accrue in the same manner as water charges. As such, billing shall stop upon Board verification of removal of the water meter.

D. The Board shall collect a late payment charge on any bill when a balance remains unpaid for thirty (30) days. This late payment charge will be retained by the Board.

E. Where any portion of the water bill is not paid, the Board's established procedures and rules for collection of unpaid or delinquent bills shall be applied, including certifying delinquent accounts to Ramsey County for collection with property taxes.

F. The Board shall address all customer inquiries concerning billing and collecting charges on the water bill. The Board shall refer customer inquiries regarding Miscellaneous Utility charges and sanitary sewer rates to the City.

G. The Board shall provide the following periodic reports to the City:

1. A monthly report of sanitary sewer and Miscellaneous Utility account billings and adjustments to City.
2. A monthly report of "Daily Rate Analysis for Sewer Charges and showing Monthly Sewer Volume Use by step".
3. A monthly accounts receivable aging schedule for the top twenty-five (25) largest sanitary sewer customers by account dollar value that are past due. This aging schedule will show amounts itemized by thirty (30), sixty (60), ninety (90) and one hundred twenty (120) days past due for the last full billing month on or before the fifteenth (15th) day of each month.
4. Upon request, a report of any twelve (12) month period detailing accounts where a meter was removed and billing was suspended.

H. In the event that either the Board or City identifies an account where successful collection of sanitary sewer and or miscellaneous utility charges appears uncertain, representatives of the Board and the City agree to meet to develop joint collection planning. Where collection of these charges is delayed or the charges become uncollectible due to such factors as bankruptcy, tax forfeiture, or a cease in operations, the City agrees to reimburse the Board the full amount the Board has remitted to the City for the uncollected balance of that account.

Section 4. Compensation and Payment.

A. In consideration of the Board's performance of this Agreement, the Board shall receive the billing service fees listed below ("Billing Fees"), which shall be adjusted on January 1 each year.

Effective January 1, 2013

1. Two dollars and eighty cents (\$2.80) per bill for billing and collecting sanitary sewer charges where there is a metered water service.
2. Eight cents (\$0.08) per Miscellaneous Utility charge per bill where there is a metered water service.

Example of applying the 2013 Billing Fees to metered water accounts:

\$2.80 sanitary sewer
\$.08 rain leader variance
\$2.88 Total

3. Five dollars and fifty three cents (\$5.53) flat fee per bill where there is a private well service that receives a flat sanitary sewer bill, regardless of the number of Miscellaneous Utilities billed.

Example of applying the 2013 Billing Fees to private well accounts with a flat sewer service charge:

\$5.53 sanitary sewer
\$.00 rain leader variance
\$5.53 Total

4. Five dollars and fifty three cents (\$5.53) flat fee per bill where there is a private well service that receives a sanitary sewer bill based on consumption, regardless of the number of Miscellaneous Utilities billed. Twenty dollars (\$20.00) per bill per read (estimated and actual) meter reading fee shall be added where there is a private well service that receives a sanitary sewer bill based on consumption.

Example of applying the 2013 Billing Fees to private well accounts with a metered consumption sanitary sewer charge:

\$ 5.53 sanitary sewer
\$20.00 private meter reading fee
\$.00 rain leader variance
\$25.53 Total

Effective January 1, 2014

1. Two dollars and eighty cents (\$2.80) x CPI [Index of July 2013 / Index of January 2011] per bill for billing and collecting sanitary sewer charges where there is a metered water service.
2. Twelve cents (\$0.12) x CPI [Index of July 2013 / Index of January 2011] per Miscellaneous Utility charge per bill where there is a metered water service.
3. Five dollars and fifty three cents (\$5.53) x CPI [Index of July 2013/ Index of January

2011] per bill where there is a private well service, regardless of the number of Miscellaneous Utilities billed.

4. Twenty dollars (\$20.00) x CPI [Index of July 2013/ Index of January 2011] meter reading fee per read (estimated and actual) shall be added to each bill for private well services to be billed based on consumption.

Beyond January 1, 2014

1. The parties agree to meet and confer at five (5) year intervals from the date of this Agreement to review the Billing Fees.
2. Unless otherwise agreed to by both parties, annual revisions to the Billing Fees beyond January 1, 2014 shall be tied to the CPI of July in the year preceding the Billing Fee increase.
3. The revisions shall be calculated by applying the percent change of the July CPI over the past 12 month period. For example, the Billing Fees effective January 1, 2015 shall be adjusted in accordance with the percent change in CPI [Index of July 2014 / Index of July 2013].

B. Billing Fees shall be no higher than the lowest per-bill Billing Fees charged to other municipalities served by the Board for like services.

C. For purposes of this Agreement, "CPI" shall mean the Bureau of Labor Statistics Table 1 Consumer Price Index for all Urban Consumers (CPI-U): U.S. city average by expenditure category and commodity and service group, using the Unadjusted indexes "All items" (top line of the expenditure category).

D. On a monthly basis, the Board shall pay the City via wire transfer, or other method acceptable to both parties, the amount of sanitary sewer and Miscellaneous Utility charges it billed since the previous payment, plus or minus any adjustments and less the prevailing per-bill billing service charges for that period. The total amount payable to the Sewer Service Fund shall equal the net sanitary sewer billings. The net sanitary sewer billings is defined as the total dollar amount billed through the end of the last full billing month, less sanitary sewer and miscellaneous utility billing adjustments made by the Board and credits issued by the City. The Board will provide the City a detailed breakdown of the net sanitary sewer billings for the last

full billing month on or before the fifteenth (15th) day of the current month. The total amount payable to the City will be remitted on or before the last business day of the current billing month. For example, payment to the Sewer Service Fund for billings issued during the month of February is made by March 31.

E. The City may desire to have printed materials inserted with water bills. The Board is willing to insert said materials at its discretion, provided space is available and the materials do not cause the postal weight limit to be exceeded. Should the insert cause the postal weight limit to be exceeded, the City shall reimburse the Board any additional postage costs.

F. Additional Billing Services and Rate Revisions

1) Additional Billing Services

In the future, the City may desire to have the Board bill for additional Miscellaneous Utilities not addressed in the Agreement (e.g. storm sewer). In that event, the City shall provide a written request for such additional billings. The Board may choose to provide billing for such additional Miscellaneous Utilities, but is under no obligation to do so. The Board shall provide a written response to the City's request within thirty (30) calendar days of receipt. If the Board agrees to provide the requested billing, it shall provide an estimate of all costs related to implementation of the billing (e.g. programming, set-up, testing, etc.) and an estimated timeline to implementation.

2) Revisions to Existing Rates

In the future, the City may desire to revise the rate structure of existing sanitary sewer or Miscellaneous Utility charges. In that event, the City shall provide a written request for such revision no less than four (4) months prior to the date billing is to commence. The Board agrees to apply said revised rates to the best of its ability as limited by constraints of billing system configuration, software licensing or other factors.

3) If the City desires the Board to proceed with implementing the requested billing, it shall notify the Board in writing.

4) The City shall be responsible for all Board costs related to the implementation of new billing.

- 5) Following implementation of billing for an additional Miscellaneous Utility or a revised rate structure, the Board shall submit an itemized invoice of its implementation costs to the City. Upon receipt of the invoice, the City shall make payment to Board within thirty (30) days.

Section 5. Notice.

All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested, to the following addresses:

If to Board: Saint Paul Regional Water Services
General Manager
1900 Rice Street
Saint Paul, MN 55113-6810

If to City: Director of Public Works Department
25 Fourth Street West
1500 City Hall Annex
Saint Paul, MN 55102

Section 6. Previous Billing Agreement and Amendments

The parties hereby agree that any and all billing and collection provisions concerning sanitary sewer and Miscellaneous Utilities contained in any previous agreements or amendments between the parties are null and void and replaced in their entirety by this Agreement. All other terms and conditions shall remain in full force and effect.

Section 7. Term of Agreement.

This agreement shall commence on the date of Saint Paul City Council approval or Board of Water Commissioners approval, whichever is latest. The agreement shall expire on December 31, 2032.

Section 8. Amendment.

This Agreement may be amended in writing for additional terms prior to the expiration of the current term, or for any other reason, upon such terms and conditions as may be mutually agreeable between the parties.

Section 9. Termination.

A. This Agreement may be terminated for cause by either party upon six (6) months written notice. Such notice shall specify all terms and conditions that the terminating party alleges the other party has failed to comply with, and the other party shall have up to sixty (60) days to correct said noncompliance.

B. This Agreement may be terminated in whole or in part without cause, provided that the terminating party provides not less than one year written notice of its intent to terminate.

[Remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their behalf respectively as of the day and year first above written.

APPROVED:

**BOARD OF WATER COMMISSIONERS
OF THE CITY OF SAINT PAUL**

By _____
Stephen P. Schneider, General Manager

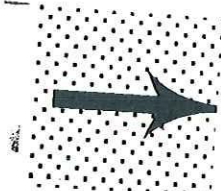
By _____
Matt Anfang, President

Approved as to form:

By _____
Assistant City Attorney

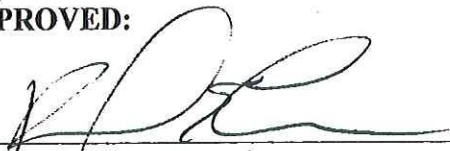
By _____
Mollie Gagnelius, Secretary

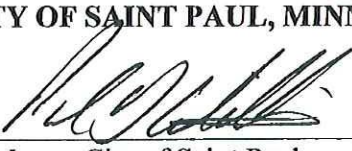
By 
Director, Office of Financial Services



APPROVED:

CITY OF SAINT PAUL, MINNESOTA


By 
Director, Public Works Department

By 
Mayor, City of Saint Paul

Approved as to form:

By 
Assistant City Attorney

By _____
City Clerk

By 
Director, Office of Financial Services
260-22200-0216
02
2-7-13