

SUBJECT

BOARD RESOLUTION NO. 15-2140

Pertaining to an Omnibus Agreement with the City of Mendota Heights.

BACKGROUND INFORMATION

This Agreement is to be effective December 27, 2015, thereby replacing the 20-year retail agreement which expires on December 26. The new Agreement provides for the following:

1. Board to acquire all Mendota Heights water facilities.
2. Mendota Heights to become a full partner with the Board, along with the cities of Falcon Heights, Lauderdale, Maplewood and West St. Paul. The only remaining city to have a retail water service arrangement is Mendota, which has only 29 water accounts.
3. Mendota Heights water rates to be gradually reduced from 120% to 100% of Saint Paul rates during a Six-year Phase-In period. During that period, a portion of the funds generated from rates greater than 100% will be used to compensate the Board for its additional costs to maintain or correct deficient assets, as itemized in Agreement Exhibits A through D.
4. Mendota Heights to have the right to store equipment in the base of the Lexington Avenue elevated water tower and to sublease space on the tower to wireless carriers, as provided in Exhibit E (Site Lease Agreement). For these rights, the Board will initially be paid by a portion of the funds generated from rates greater than 100%, as shown in Agreement Exhibit F, and thereafter will be paid 50% of the total revenue collected through the subleases. This arrangement is similar to that provided in the agreement with West St. Paul.

Mendota Heights approved the agreement without the Site Lease Agreement (Exhibit E) on October 20, 2015, and it approved Exhibit E on December 1, 2015.

See proposed Omnibus Agreement.

RECOMMENDATION

Approval is recommended.