

MEMORANDUM

TO: Programs, Projects, and Operations Subcommittee

FROM: Dick Sklenar, Project Manager

SUBJECT: Agreement Between South Sioux City/District Regarding
Dakota County Rural Water Service Area

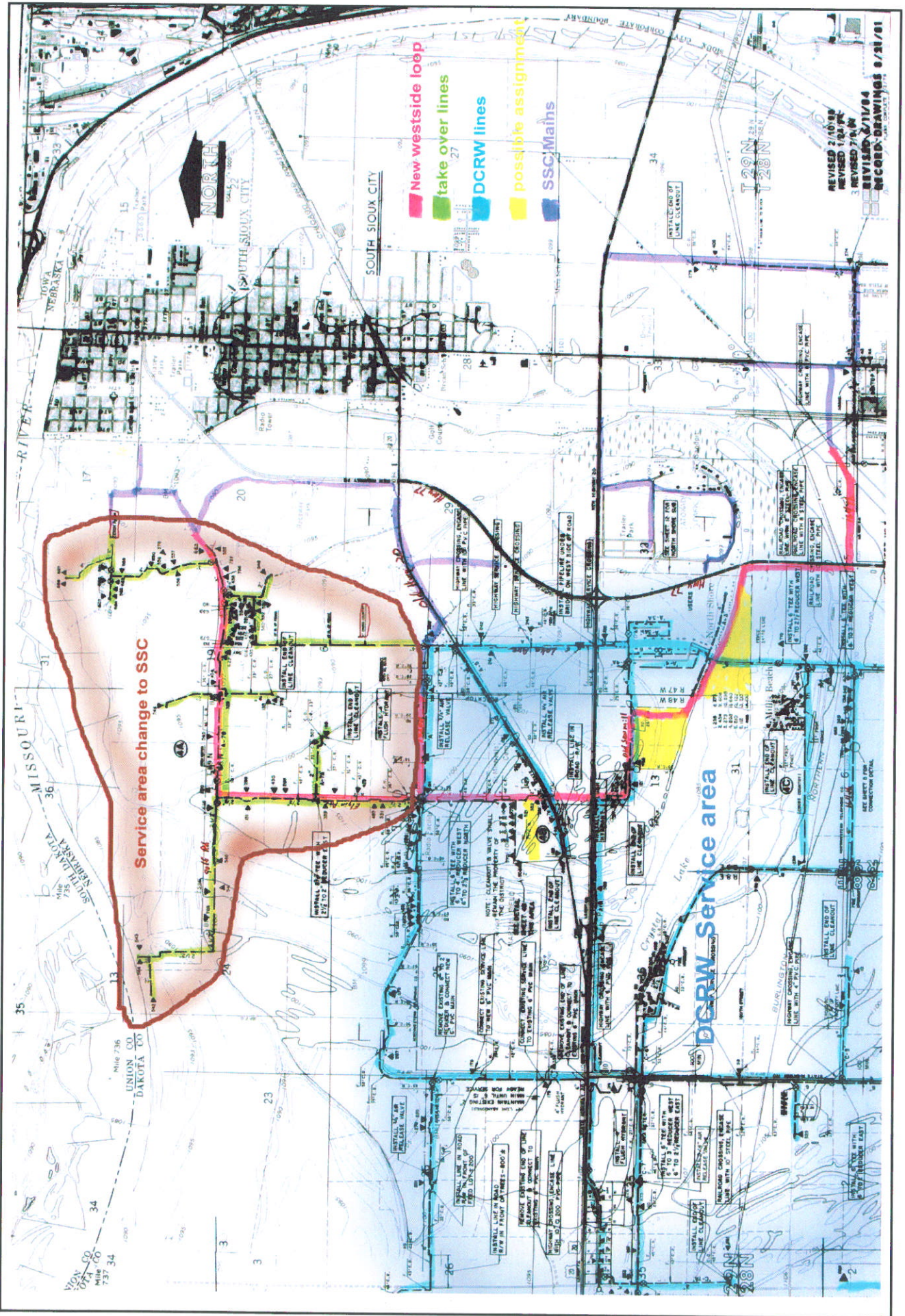
DATE: August 30, 2006

Over the past several years, South Sioux City and the District's staff have held discussions regarding the expansion of the City's water distribution system within the Dakota County Rural Water service area. Although a draft agreement was formulated a few years ago, no action has been taken by either party to address the issue. South Sioux City is now in the process of constructing the "Westside Water Loop" project which will traverse portions of the Dakota County Rural Water system service area. The City's need for this water main is to loop their distribution system on the southwest part of town. Population and commercial growth within the community has precipitated the need to do this work. The attached map indicates the proposed location of the South Sioux City water main route and its relationship to the Dakota County Rural Water distribution system.

Part of the draft agreement (attached) entails that South Sioux City will take over 69 water accounts from the District and compensate the rural water system for the remaining value of the infrastructure that is affected. The rural water system lies on the outskirts of South Sioux City and frankly has reached capacity throughout most of the affected area due to the small water lines that are available.

The District staff believes that for the betterment of the community it is best that the rural water service for this area be relinquished. Should any additional consumers or developers that wish to be served by the City within a reestablished Dakota County rural water service area, written permission from the District must be achieved prior to serving that customer or area.

It is recommended that the Subcommittee recommend to the Board of Directors that the Acting General Manager be authorized to execute an agreement with the City of South Sioux City regarding future annexations of the Dakota County Rural Water service area subject to changes deemed necessary by the Acting General Manager and accepted as to form by the District's Legal Counsel.



- █ New westside loop
- █ take over lines
- █ DCRW lines
- █ possible assignment
- █ SSC/Mains

Service area change to SSC

DCRW Service area

REVISIONS
 2/10/88
 1/23/88
 7/6/87
 2/11/84
 8/21/81

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AGREEMENT

**BETWEEN
CITY OF SOUTH SIOUX CITY, NEBRASKA
AND
PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

FUTURE ANNEXATIONS OF DAKOTA COUNTY RURAL WATER SYSTEM

THIS AGREEMENT (“this Agreement”) is entered into by and between the CITY OF SOUTH SIOUX CITY, NEBRASKA (“the CITY”) and the PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT (“the DISTRICT”).

RECITALS:

- A. The CITY Operates and maintains a municipal water supply and distribution system (hereinafter referred to as “the CITY System”); and,
- B. The DISTRICT’s Dakota County Rural Water System (hereinafter referred to as “the Rural System”) operates and maintains a rural water distribution system in an area generally westward of the CITY; and,
- C. The Rural System, using PVC water mains and distribution lines installed in public rights of way and private easements, purchases water from the City of Dakota City and delivers it, via the Rural System’s water mains and distribution lines, to customers who pay a hook-up fee, attach their individual service lines to Rural System meters located on or near customer lot lines, and pay monthly water service charges; and,
- D. The approximate locations of the water mains and distribution lines comprising the portion of the Rural System most approximate to the CITY are shown on the map attached hereto as Exhibit “A” and Incorporated herein by reference; and,
- E. It is expected that through future annexations (and or System improvements or service area adjustments) by the CITY, the boundaries of the CITY System may expand Into the area served by the Rural System; the parties desire to provide a mechanism for the resolution of problems that may be associated with overlapping of water service systems that may occur as a result of such future Service area adjustments.

NOW, THEREFORE, in consideration of the foregoing recitals and their mutual covenants herein contained, the parties agree as follows:

1. Except as otherwise provided in this Agreement or subsequently agreed by the parties in writing, the CITY shall not undertake to provide water service to customers already being served by the Rural System.

2. Except as may be subsequently agreed by the parties in writing, the DISTRICT shall not undertake to provide water service to customers already being served by the CITY System.

3. In the event the CITY determines to expand its boundaries through annexation, or installs new system mains to improve water distribution, and determines to provide water service to (“Takeover”) customers in, an area, which then is already being served either in entirety or in part by the Rural System then, within 30 days after making such determinations, the CITY shall provide to the DISTRICT written notice of such determinations (Service Area Adjustment Request”), such notice to also legally describe the boundaries of the Annexation Area and state the intended date of the Takeover (“the Takeover Date”).

4. After receipt of an Annexation Notice, the DISTRICT shall within 90 days after the DISTRICT’s receipt of the Annexation Notice, shall prepare and provide to the CITY a detailed inventory of all the then-existing Rural System water mains and distribution lines (including meters, valves, hydrants, and other appurtenances (“the Annexation-affected Equipment”), located within the Service Area Adjustment Area, which is determined will be rendered obsolete by the Rural System’s loss of water customers within the Adjustment Area resulting from the CITY Takeover of water service to such customers pursuant to such service area adjustment Notice, such inventory to include the following:

- I) All Mains – Size, date of construction, original cost
- II) Valves – Size, date of construction, original cost

- III) Meters/Pits and associated service lines
- IV) Flush hydrants
- V) Area meters
- VI) Pro-rated value

5. As compensation for damages to the Rural System resulting from rendering the Annexation-affected Equipment obsolete by such Takeover, the CITY shall pay to the DISTRICT an amount equal to a prorated value, (but not less than 25% of original cost). Upon the DISTRICT'S receipt of such payment the DISTRICT shall issue to the CITY a bill of sale and a quitclaim deed transferring to the CITY the DISTRICT'S title to the adjustment-affected Equipment. Such payment shall be made by the CITY within 90 days after the Takeover Date.

6. In the case of CITY mains installed to improve water distribution by the CITY, within the service area of the Rural Water system, which is determined by the DISTRICT to be in an area that cannot be feasibly served by Rural Water may be addressed with a "Service Area Adjustment Request" by the CITY to the DISTRICT, describing the Subdivision or customer(s). Rejection or approval to the CITY'S request shall be made by the DISTRICT within 30 days of said request.

7. This Agreement shall be effective commencing upon the date that it has been fully executed by both the CITY and the DISTRICT.

IN WITNESS WHEREOF,

This Agreement is executed by the CITY on this _____ day of _____ 2006, pursuant to a resolution duly adopted at a regularly-called meeting of the City Council of the CITY.

CITY OF SOUTH SIOUX CITY

By _____
MAYOR

This Agreement is executed by the DISTRICT on this _____ day of _____ 2006, pursuant to a resolution duly adopted at a regularly-called meeting of the Board of Directors of the DISTRICT.

PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

By _____
ACTING GENERAL MANAGER

Paul F. Peters, P.C., L.L.O.
Suite 640 Omaha Tower
2120 South 72nd Street
Omaha, NE 68124
(402) 391-3712 FAX (402) 391-3714
E-mail: paul.peters@mindspring.com

To: Dick Sklenar
Marlin Petermann, Acting General Manager
Papio-Missouri River Natural Resources District

Date: September 12, 2006

Re: Agreement with City of South Sioux City

As requested by Director John Conley, here are proposed amendments to Paragraph 5 of the referenced Agreement, intended to implement Director Conley's recent comments:

5. As compensation for damages to the Rural System resulting from the takeover by the CITY of Annexation-affected Equipment, or resulting from the takeover rendering the Annexation-affected Equipment obsolete by such takeover, and if the CITY and the DISTRICT cannot agree on the appropriate amount of such compensation, the CITY shall pay to the DISTRICT (a) an amount equal to the pro-rated depreciated book value (but not less than 25% of original cost) of such Equipment; and, (b) the lesser of the following, to-wit: (1) the depreciated book value (but not less than 25% of original cost) of Rural System water mains and distribution lines located outside of the Service Area Adjustment Area that will be rendered obsolete by reason of being isolated from the remainder of the Rural System or (2) the estimated cost to the DISTRICT of connecting such isolated mains and lines to the remainder of the Rural System, if the DISTRICT, in its sole discretion, determines that it is physically and economically feasible to perform such reconnection.