



City of Norman, OK

Municipal Building Council
Chambers
201 West Gray Street
Norman, OK 73069

Text File

File Number: K-1213-172

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Title

CONTRACT NO. K-1213-172: A CONTRACT BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY, THE CITY OF DEL CITY, DEL CITY MUNICIPAL SERVICES AUTHORITY, AND CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT FOR PURCHASE OF SURPLUS WATER FROM LAKE THUNDERBIRD.

Body

BACKGROUND: In September 2012, Staff met with Randy Worden, Executive Director of COMCD, to discuss a possible contract with Del City for a portion of their allocation. Mr. Worden conveyed that the COMCD Board had directed him to help facilitate a contract between Norman and Del City. After some preliminary discussion, Mr. Worden met together with the management of Del City and Norman to discuss the terms of such a contract. Staff updated the contract and sent it to Mr. Worden for his review. Staff recently received the draft back from Mr. Worden with some revisions. Staff discussed the terms of the contract with City Council at its Study Session of February 19, 2013. COMCD approved the contract at its March 7, 2013 meeting. Del City approved the contract at its March 18, 2013 meeting. When Staff received the approved versions of the Contract from COMCD, we discovered an addition to the terms in paragraph 22. The meaning of the added language was unclear to both our Staff and to the attorneys for COMCD and Del City. All attorneys agreed that the term should be removed. As such, the version before Council does not include the term in question. Del City and COMCD will handle any corrective actions that need to be taken on their respective ends.

DESCRIPTION: The terms of the contract are summarized below.

Term: The initial term of the contract is proposed to begin May 1, 2013 and will expire after 5 years. The initial term may be renewed for an additional 5 years by written agreement of the parties.

Rate: COMCD has set the price for surplus untreated water for this year at \$.33 per 1,000 gallons; the rate set forth for the term of this contract is also \$.33 per 1,000 gallons.

Quantity of Water Available Annually: Up to 300 million gallons; possibility of increase to 500 million gallons.

Additional Provisions:

- Norman's water usage will be subject to water rationing when Del City implements its rationing program
- Norman's right to purchase and receive Del City water immediately ceases if 4 or more existing, functioning water wells within Del City cease to function. Norman's right to purchase and receive Del City water will be reinstated with the number of non-functioning wells is reduced to 3 or less.
- Usage of Del City water will be determined on an annual basis based on Norman's total water usage from the lake.

An agreement with Del City would secure our supply for planning purposes at a fixed rate that is less expensive than buying additional treated supplies from Oklahoma City. This would be particularly important if our allocation from COMCD were to be further reduced based on a reduction in the firm yield of the lake or if we were to lose a significant portion of our well supply. It will also allow us to plan for the expenditure and provide certainty of the rate for the term of the contract.

RECOMMENDATION: Staff recommends approval of Contract No. K-1213-172.

