Memo

To: David Twiggs, COO General Manager

From: Jason Charles Temple, PE, Director of Public Utilities
Linda Mayhood, Assistant General Manager

Date: March 16, 2016

Re: Motion – Approve Proposed Agreement for Wholesale Water Service to Paron Owensville Water Authority

Motion

I move to approve the proposed agreement for wholesale water service to Paron Owensville Water Authority

Background

Per the Board of Director’s approval on January 27, 2015 to pursue surplus wholesale water sales, the Public Works Department began discussions with Paron Owensville Water Authority (POWA) about a future long-term Wholesale Water Agreement. A final version of a Wholesale Water Agreement is complete and ready for board review and approval. Also included, is the letter from John Bethel, Director of the Public Service Commission (PSC), stating his opinion that selling wholesale water to POWA would not cause Hot Springs Village to become a public utility subject to regulation by the PSC. The Agreement has been reviewed by legal counsel, with his revisions incorporated.

A summary of the significant terms of the Agreement are as follows:

- Initial term of the Agreement is for two (2) years and renewed automatically for additional two (2) year increments unless written notice is given in advance.
- POWA will purchase a minimum of 10,000 gallons per month with HSV making available up to 150,000 gallons per day for purchase.
- HSV is not guaranteeing water pressure nor a flow rate sufficient to support fire flow.
- During a water shortage, HSV may require the reduction of water supply to POWA.
- In a catastrophic event or major water shortage of the HSV’s water system, POWA will make available water to HSV under the same terms of this agreement.
- Rates will be revisited annually and adjusted accordingly.

The existing emergency water connection located at the intersection of Highway 5 and DeSoto Blvd at the Bank of the Ozarks side will continue to serve as the point of delivery under the terms of the Agreement. The connection is limited to a 2-inch water metered connection thus restricting the flow to that of a small rural water line. The cost of the meter installation was approximately $2,000 and paid for by the POWA.

Staff recommends setting the 2016 wholesale water rate at $4.09 per 1,000 gallons, based on the current HSV Commercial Water Rate.

This was discussed at the February 17, regular meeting.