



City of Grand Island

Tuesday, September 10, 2013

Council Session

Item I-6

#2013-309 - Consideration of Approving Interlocal Agreement with Hall County Sanitary Sewer District (SID) 2

Staff Contact: Robert Sivick

Council Agenda Memo

From: Robert J. Sivick, City Attorney

Meeting: September 10, 2013

Subject: Consideration of Approval of Interlocal Agreement with Hall County SID 2

Item #'s: I-6

Presenter(s): Robert J. Sivick, City Attorney

Background

On January 4, May 17, and October 18, 2011, extending sanitary sewer services south along Highway 281 was discussed during Study Session meetings of the Grand Island City Council (Council). On January 11, 2011 the Council authorized Mayor Jay Vavricek to sign a letter of intent to the Nebraska Department of Environmental Quality declaring the City of Grand Island's (City) willingness to initiate a public/private project to extend sanitary sewer services south along Highway 281.

On October 25, 2011 the Council approved Resolution 2011-321 which set forth several directives for City staff designed to result in the ultimate construction of infrastructure extending sanitary sewer services south along Highway 281.

Discussion

As part of carrying out the directives of Resolution 2011-321 City staff monitored the formation of Hall County Sanitary Sewer District 2 (SID 2). This political subdivision was created by property and business owners interested in extended sanitary sewer services south of the City limits along Highway 281. Once the formation of SID 2 was completed and approved by the Hall County District Court, City staff negotiated an Interlocal Cooperation agreement with that governmental entity. The resulting Interlocal Cooperation agreement is before you tonight for consideration.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve.
2. Refer the issue to a Committee.
3. Postpone the issue to future date.
4. Take no action on the issue.

Recommendation

The City Administration recommends the Council approve Resolution 2013-309 to authorize the Mayor to sign the Interlocal Cooperation Agreement between the City and Hall County SID 2.

Sample Motion

Move to approve Resolution 2013-309 authorizing the Mayor to sign the Interlocal Cooperation Agreement between the City and Hall County SID 2.

INTERLOCAL COOPERATION AGREEMENT

This Interlocal Cooperation Agreement, made this _____ day of _____, 2013 by and between SANITARY AND IMPROVEMENT DISTRICT NO. 2 OF HALL COUNTY, (hereinafter referred to as the "SID"), and the CITY OF GRAND ISLAND, NEBRASKA, a Nebraska political subdivision (hereinafter referred to as "City").

WHEREAS, the boundaries of the SID are shown on the attached Exhibit "A", and,

WHEREAS, the parties propose to design and construct a sanitary sewer line extending from the sanitary sewer system of the City generally parallel to Highway 281 south to and within the boundary of the SID (hereinafter referred to as the "Sewer"), and,

WHEREAS, the parties hereto have agreed upon the method and allocation of expenses for design, construction and maintenance of the Sewer, and

WHEREAS, this Agreement is entered into by the parties pursuant to the Nebraska Interlocal Cooperation Act.

NOW, THEREFORE, in consideration of the above, the parties agree as follows:

1. Definitions. For the purposes of this Agreement, the following words and phrases shall have the following meanings:

The term "Cost" or "Entire Cost" shall be deemed to include all construction costs, engineering fees, attorneys' fees, testing expenses, publication costs, financing costs and miscellaneous costs. In this connection, financing costs, if any, shall include all fiscal agent's warrant fees and bond fees, and interest on such warrants.

"City Sewer" shall be that portion of the sewer line constructed generally along Highway 281 south of the existing City sanitary sewer system, and extending to the north boundary of the SID. See Exhibit "B" attached hereto, which shall be known as the "City Sewer Service Area".

"SID Sewer" shall be that portion of the sewer line constructed within the boundaries of the SID generally along Highway 281 south of the City Sewer line, and extending to the southern boundary of the SID.

"Sewer" shall mean the project consisting of both the City Sewer and the SID Sewer.

2. Design of the Sewer. Following execution of this Agreement, the City shall design the Sewer and prepare plans and specifications for construction of the Sewer. The City shall provide the SID Board of Trustees (the "SID Board") with a copy of all documents relating to the SID Sewer for the Board's review and approval, which approval shall not be unreasonably withheld.

3. Construction of the Sewer. The City shall solicit bids for the construction of the Sewer, and award a contract for such construction to the lowest and best bidder. The City shall pay the Entire Cost of the construction of the Sewer; provided that the SID shall reimburse the City for the Entire Cost of the SID Sewer, as provided hereinbelow.

4. Ownership; Operation and Maintenance of the Sewer. The Sewer shall be owned by the City. The SID shall have no ownership interest in the Sewer. The City shall be solely responsible for the perpetual operation, replacement and maintenance of the Sewer, including all costs associated therewith.

5. Indemnification. The City hereby agrees to hold the SID harmless from, and to indemnify it against, any and all costs, claims, judgments or other liabilities, now existing or arising in the future, arising out of, or associated in any way with, the construction, operation and maintenance of the Sewer.

6. Right of Way within the SID. The SID Board shall be responsible for acquiring right of way easements within the boundaries of the SID as necessary for the installation of the SID Sewer.

7. Reimbursement of Costs by SID. The SID shall reimburse the City for the Entire Cost incurred by the City in connection with the design and construction of the SID Sewer. The SID's obligation to pay the City shall be evidenced by the SID's written promissory note in favor of the City providing for annual payments of principal and accrued interest. It is anticipated that the SID will raise the revenues necessary to service such debt through the ad valorem tax certified to Hall County each year by the SID Board.

8. Connections to the SID Sewer. Connection of structures to the SID Sewer shall be in accordance with the following:

A. All structures existing in the SID at the time construction of the SID Sewer is finalized may be connected to the SID Sewer main without any charge or special assessment for the cost of constructing the main (other than the ad valorem taxes paid upon such property each year as described hereinabove), but the Owner shall pay the Sewer Tap Permit Fee as provided in Grand Island City Code sections §30-26 through §30-28.

B. All structures constructed within the SID in the future may be connected to the main upon payment of the following two amounts:

a. An amount (hereinafter referred to as the "Special Assessment Equivalent") equal to the product of (A) a number equal to the ratio of the assessed valuation of the property to be served (as completed) to the total assessed valuation of the properties within the SID; (B) the total amount of taxes levied that year for the purpose of servicing the debt incurred for construction of the SID Sewer; and (C) the number of years, or parts thereof, between the date on which the SID Sewer main was placed in operation, and the date on which connection to the SID Sewer

main is made for such structure. The applicant for service shall receive a credit upon the above amount equal to the total amount of ad valorem taxes previously paid to or for the SID on such property.

- b. The Sewer Tap Permit Fee (currently \$70.00) as provided in Grand Island City Code sections §30-26 through §30-28.
 - C. Any request by a property owner outside of the SID to connect to the sewer main within the SID shall be subject to approval by both the City and the SID. Upon approval, such owner shall pay the Special Assessment Equivalent or such other amount as the City and the SID determine to be reasonable under the circumstances, as well as the Tap Permit Fee.
 - D. All Special Assessment Equivalents shall be paid to, and become the property of, the SID. All Tap Permit Fees shall be paid to, and become the property of, the City.
9. City Sewer Service Area. Properties not within the City Sewer Service Area requesting connection to the Sewer shall be deemed to be connecting to the SID Sewer.
10. Annexation Matters.
- A. All parties covenant and agree that nothing in this Agreement shall be construed so as to oblige the City to annex the area to be developed or any part thereof.
 - B. The SID shall not sue, nor fund, any lawsuit to prevent the annexation of all of the property within the SID. Nothing herein shall bar the SID's right to sue or fund a lawsuit to prevent the annexation of a part, but less than all, of the SID.
 - C. Neither party waives, and both hereby reserve, their respective rights to a proper and equitable division of assets, liabilities, maintenance, and other obligations, all as provided by this Agreement and Nebraska Statutes.
11. SID Property Owners Become Customers of the City. Property owners within the boundaries of the District shall become customers of the City's Sanitary Sewer services upon connecting to the Sewer.
12. Nondiscrimination. In the performance of this Agreement, the SID shall not discriminate against any parties on account of race, national origin, sex, age, political or religious affiliations in violation of federal or state laws or local ordinances.
13. No Separate Entity. This Agreement creates no separate legal or administrative entity. The City shall administer this Agreement and maintain a budget for the project described herein.
14. Binding Effect. This Agreement shall be binding upon the parties hereto, and their respective successors and assigns.

ATTEST:

CITY OF GRAND ISLAND

CITY CLERK

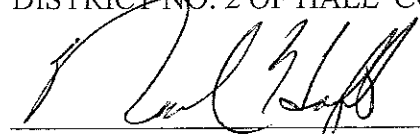
MAYOR

ATTEST:

SANITARY AND IMPROVEMENT
DISTRICT NO. 2 OF HALL COUNTY



CLERK OF THE DISTRICT



CHAIRPERSON

R E S O L U T I O N 2013-309

WHEREAS, since 2011 the City of Grand Island has moved forward to extend sanitary sewer services south along Highway 281; and

WHEREAS, extending those services will promote growth and economic development benefitting the City and surrounding community; and

WHEREAS, an integral part of extending those services is an Interlocal Cooperation Agreement between the City and Hall County Sanitary Improvement District 2: and

WHEREAS, the negotiated terms of this agreement are in the best interest of the parties.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor is hereby authorized to sign on behalf of the City the Interlocal Cooperation Agreement with Hall County Sanitary Improvement District 2.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 10, 2013.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
September 6, 2013	☐ City Attorney