

TOWN OF BLACK MOUNTAIN BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: October 12, 2009

SUBJECT: Resolution authorizing the mayor to sign Amendment I to the wholesale water purchase agreement between the City of Asheville and the Town of Black Mountain

AGENDA INFORMATION

Agenda Location: Consent Agenda
Item Number: 5-H
Department: Administration/Finance
Contact: Marcy Onieal/Rick Shreve
Presenter: Marcy Onieal

BRIEF SUMMARY: During the summer drought of 2008, due to unusually high water consumption in both Black Mountain and Montreat, the Town came perilously close to being automatically and permanently bumped into a higher rate category for wholesale purchase of water, (due to provisions in the original agreement that automatically trigger a higher capacity commitment under certain conditions). Driving the high consumption by Montreat was an undiscovered large leak. Under provisions of the water purchase agreement between Montreat and Black Mountain, neither town charges the other for water purchase, but generally makes up the differential through water exchange, leading to the public perception that the Town was having to buy water from Asheville in order to give it away for “free” to Montreat, while the additional usage by Montreat was driving the increased capacity charge that Black Mountain would have to pay year-round for all the water it purchases from Asheville. At the time, in order to avoid a permanent wholesale rate increase, Black Mountain had to shut off water exchange to Montreat during emergency conditions. Shortly thereafter, Town Manager Marcy Onieal requested the opportunity to negotiate some form of rate relief from the City of Asheville under similar conditions. The City of Asheville delivered that relief in the form of Amendment I to the existing water purchase agreement, approved by Asheville City Council on August 25, 2009 and hand delivered to the Town of Black Mountain on October 2, 2009.

MOTIONS FOR CONSIDERATION: To approve the terms of the Amendment and to approve the resolution authorizing the mayor to sign Amendment I to the wholesale water purchase agreement between the City of Asheville and the Town of Black Mountain.

FUNDING SOURCE: n/a

ATTACHMENTS: Resolution R-09-24
Amendment I, already approved and signed by the City of Asheville

MANAGER’S COMMENTS AND RECOMMENDATIONS: This amendment recognizes the current agreement’s provision allowing for automatic increase of the capacity commitment (and rate), but holds the Town responsible for the increased rate for a period of only one year. After one year, upon formal written request by the Town Manager, the City will lower capacity commitment (and rate) to the previous lower level. Approve as presented.