

1. Finance Committee Meeting Agenda

Documents:

1. 2018-02-20 FINANCE AGENDA.PDF

2. Utility Billing Service Agreement Renewal For Roberds Lake Sanitary Sewer District

Documents:

2. ROBERDS LAKE UTILITY BILLING RENEWAL.PDF



**City Council Finance Committee  
Tuesday, February 20, 2018 at 8:00 p.m. or  
Immediately following Joint Committee meeting  
City Hall – Public Meeting Room**

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AGENDA

1. Call to Order
2. Utility Billing Service Agreement Renewal for Roberds Lake Sanitary Sewer District
3. Adjourn

Please contact the City Administrator's Office if you need special accommodations while attending this meeting



## Council Committee Memorandum

**TO:** Finance Committee  
**THROUGH:** Tim Murray, City Administrator  
**FROM:** Karla McCall, Finance Director  
**MEETING DATE:** February 20, 2018  
**SUBJECT:** Utility Billing Service Agreement Renewal for Roberds Lake Sanitary Sewer District

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### **Discussion:**

The City has been providing utility billing services to Rice County for the Roberds Lake Sanitary Sewer District (RLSSD) for the past two years. The arrangement has been running smoothly for both parties. The City has collected a monthly administrative fee of \$576 for providing these billing services. The current agreement has a two-year term, with a renewal option if not terminated by either party. The City has received administrative fees over the past two years in the total amount of \$13,824, or \$6,912 annually.

There has been an increase in the number of customers being billed from 189 to 194 since the billing began in March 2016. The City would like to amend the agreement to increase the monthly administrative fee from \$576 to \$594 (approximately 3% increase) for the next two-year term. The administrative fees cover the associated cost to process the monthly utility bills along with a significant margin for providing the services to the County.

A copy of the draft service agreement renewal has been sent to the County and they have responded that the increase in fees is acceptable and the Agreement will be prepared for Board approval to coincide with Council approval.

The City also has an agreement with the Roberds Lake Sanitary Sewer District for disposal of waste to the City's wastewater treatment plant. The Sanitary Sewer System Interconnection Agreement between the City of Faribault and Rice County allows for a maximum of 368 Sewer Availability Charge (SAC) units for the Roberds Lake system. There are

currently 298 SAC units connected which resulted in \$447,000.00 in SAC fees paid to the City. Additionally, the agreement allows for 120,000 gallons per day (GPD) of flow. The monthly average received from the system is 28,532 GPD, which is 0.66% of the Water Reclamation Facility's (WRF's) average daily flow of 4.3 million gallons per day (MGD).

**Attachments:**

Roberds Lake Sanitary Sewer District Utility Billing Service Agreement  
Renewal (draft)

## **City of Faribault and County of Rice Billing Services Agreement for the Roberds Lake Sanitary Sewer System**

This Billing Services Agreement Renewal for the Roberds Lake Sanitary Sewer System (herein “Agreement”), is made and entered into this 27th day of February, 2018, by and between City of Faribault, a Minnesota municipal corporation (herein, “City”), whose address is 208 1<sup>st</sup> Avenue NW, Faribault, MN 55021 and the County of Rice, a body politic and corporate, of the State of Minnesota (herein, “County”) on behalf of the Roberds Lake Sanitary Sewer District (herein “RLSSD”), whose address is 320 3<sup>rd</sup> Street NW, Faribault, MN 55021 for utility billing services pursuant to the terms of this Agreement.

WHEREAS, the County and the City have previously entered into an agreement to treat wastewater from the RLSSD, entitled Sanitary Sewer System Interconnection Agreement by and between the City of Faribault and the County of Rice dated December 18, 2012 (“Interconnection Agreement”); and

WHEREAS, the City has been providing utility billing services to the County in 2016 and 2017 as agreed in the Billing Services Agreement dated November 10, 2015.

NOW, THEREFORE, the City and the County would like to renew the following agreement for the term of March 1, 2018 through December 31, 2019 as follows:

1. **Purpose.** The County and the City have mutually determined that the most efficient method for the County to process and bill sanitary sewer customers in the RLSSD is to contract with the City for those services. This Agreement outlines the rights and responsibilities of each party.
2. **Scope of Services.** The City, through its Finance Department, shall provide utility billing services to Rice County for the RLSSD as specified in the “Rice County Utility Billing Agreement for Roberds Lake Sanitary Sewer Collection System” attached hereto as Exhibit “A” and incorporated herein by reference.
3. **Effective Date and Term of Agreement.** This Agreement Renewal shall be effective from March 1, 2018 to December 31, 2019, and may be terminated, in writing, by one or both parties in accordance with the termination provisions of this Agreement. This Agreement will renew automatically on a year-by-year basis with an administrative fee increase equal to the cost of living factor used by the City.
4. **Assignment.** The City may assign its duties and responsibilities under this Agreement upon 30 days’ written notice to the County.
5. **Termination.**
  - a. Either party may terminate this Agreement with or without cause, upon 90 days’ written notice to the other party.
  - b. If this Agreement is terminated in writing by either party, the City shall prepare and submit a final invoice within 30 days of the date of termination. This invoice shall include all amounts charged

and outstanding under this Agreement, and the County shall remit payment to the City within 30 days of receipt of such invoice.

6. **Amendments.** No amendments or modifications may be made to this Agreement unless such changes or modifications are made in writing and signed by both parties.

7. **City's Responsibilities.**

a. The City is responsible for providing the services identified in Exhibit A. If both parties agree to any changes to the services outlined in Exhibit A, such changes shall be made in writing and signed by both parties.

b. The City warrants that it has the experience and ability to perform the services required by this Agreement in accordance with Exhibit A, and that said services shall be performed in a competent and timely manner.

c. The City shall provide a monthly statement accounting for transactions associated with preparation of the County invoice and net amount charged.

8. **County's Responsibilities.**

a. The County will provide the City with all necessary billing information in a timely manner. The County shall be solely responsible for any failure to provide City with billing information in time to allow City to carry out the services contained herein. Any written changes made to this Agreement shall include any change in processing or pricing.

b. The County will provide written notification to City of any change in billing rates, policies, collection terms or any other related information at least 30 days prior to the billing period in which the County desires the changes to become effective.

c. The County shall compensate the City monthly as identified in Exhibit A along with balances owed to the City for sewer connection services or any other fees as provided for or required by the Interconnection Agreement.

d. The County is solely responsible for the maintenance and operation of the RLSSD and the City shall have no financial or other obligation to the RLSSD other than to prepare utility bills and collect payments as identified in Exhibit A.

9. **Indemnification and Hold Harmless.** The County shall defend and indemnify the City and hold the City harmless from and against any and all claims incurred by the City by reason of an act or omission on the part of the County, its agents, contractors, officials and employees, including the payment of reasonable attorneys' fees and costs for damages to property and injury or death to persons, including any payments made under any workers' compensation law or any plan for employees' disability and death

benefits, which may arise out of or be caused by or-in connection with the services and responsibilities provided under this Agreement.

10. **Data Practices.** The County and City agree to comply with the Minnesota Government Data Practices Act Minnesota Statutes Chapter 13 (“MGDPA”), and all other applicable state and federal laws relating to data privacy or confidentiality in either parties’ performance of this Agreement. The parties will immediately notify one another in the event a data request is made under the MGDPA, and the parties hereby agree to cooperate in responding to any lawful requests for information.

11. **Audits.** The parties hereto agree that they will comply with any reasonable and lawful audit request made by either party, or the office of the State or Legislative Auditor. As part of an audit request, the parties shall provide reasonable access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, and records that are relevant and involve transactions relating to this Agreement.

12. **Applicable Law.** The law of the State of Minnesota shall govern all interpretations of this Agreement, and the appropriate venue and jurisdiction for any litigation that may arise under this Agreement will be in and under those courts located within the County of Rice, State of Minnesota, regardless of the place of business, residence or incorporation of the Contractor.

13. **Notices.** Any notice or demand authorized or required under this Agreement shall be in writing and shall be sent by certified mail to the other party at the locations listed herein:

To the City: City of Faribault  
208 1<sup>st</sup> Avenue NW  
Faribault, MN 55021  
Attn: City Administrator

To the County: County of Rice  
320 3<sup>rd</sup> Street NW  
Faribault, MN 55021  
Attn: County Administrator

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, the City of Faribault and Rice County have duly executed this Agreement as of the day and year written above.

**CITY OF FARIBAULT**

**BY THE CITY COUNCIL**

\_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Administrator

**COUNTY OF RICE**

**BY THE COUNTY BOARD**

\_\_\_\_\_  
Chairperson

Attest: \_\_\_\_\_  
County Administrator

**EXHIBIT A**



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**Rice County Utility Billing Agreement  
for Roberds Lake Sanitary Sewer  
Collection System**

January 23, 2018

Prepared by:  
Karla G. McCall, Finance Director

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## Introduction

The City of Faribault has been providing utility billing services to the County for the RLSSD from March 2016 through February 2018. The total number of monthly bills managed by the City has increased by five additional accounts during the past two years. The customers of RLSSD have been using multiple payment methods offered by the City, with 40% taking advantage of the electronic payment options. The utility billing services agreement between the City and County has promoted a positive, cooperative working relationship which has been in the best interest of the communities served.

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## Services offered

The City will continue to provide monthly utility billing services including printing, mailing, collection, reporting and maintenance of customer accounts for the RLSSD. The following services are outlined below:

1. Preparation and mailing of monthly bills on, or about, the 10<sup>th</sup> of each month. Customers may choose to receive their utility bills electronically as an option provided online through the City's website.
2. The City will provide electronic viewing of customers' account history and current balances through a link from the City's website.
3. Payments will be collected in person at City Hall by check, cash, debit or credit card; by deposit into the drop box located in the City Hall parking lot; electronically through the Automated Clearing House (ACH) direct debit option; by credit or debit card online through the City's website or by mail delivered to City Hall. Payments will not be accepted by telephone. (In order to qualify for the lowest utility rate charged for credit card transactions, the City does not include a convenience fee to the customer and is prohibited from using a third-party vendor charging for accepting payments by phone.)
4. Penalties will be calculated and applied to customer accounts for any delinquent balances each month.
5. Delinquent notices may be generated and mailed to customers with unpaid account balances on a monthly basis (to be determined during initial setup).
6. Monthly reports will be provided to the County which will include current billing detail and aging information for delinquent accounts.
7. A payment will be generated and sent to the County after the second Council Meeting each month which is scheduled for the fourth Tuesday of each month. The payment will include the previous month's receipts less the Sewer Disposal Fee and the Administrative Fee.

The services described above are subject to change as warranted by the service provider in connection with software upgrades or uncontrolled vendor regulations. The County will be notified of any significant change in advance.

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## Fees and service terms

The fees for billing and collection services for the RLSSD by the City of Faribault are noted below.

Service to be Provided	Fees	Service Terms	Payment Schedule	Primary Contact at City of Faribault
Create and order billing statements and delinquent notices for RLSSD	Actual cost +10% handling fee	One-time (will not be charged if County provides all forms)	As needed to maintain inventory	Ann Remold
Billing, printing, mailing, processing fees, collection, account maintenance and administration	\$594.00	Monthly	Monthly	Ann Remold

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## Billing information

The monthly billing amounts for commercial users will be provided to the City by the County on, or before, the third business day of each month. Any changes to rates for the RLSSD customer accounts will be provided to the City Finance Department 60 days in advance of the effective billing date. The County will be responsible to provide to the City accurate and timely information for RLSSD customer accounts, including foreclosures and bankruptcy documentation. The County will be responsible to review the reports provided by the City for accuracy and report any concerns to the City Finance Department at the earliest opportunity.

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