

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GAYLA R. CHAPMAN, ADMINISTRATIVE SERVICES DIRECTOR

SUBJECT: CONSIDERATION OF AN AGREEMENT TO PROVIDE BILLING SERVICES TO THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

BACKGROUND

The South San Luis Obispo County Sanitation District (Sanitation District) provides wastewater collection and treatment services to the citizens within the jurisdiction of its member agencies. Member agencies include the City of Grover Beach, City of Arroyo Grande, and the Oceano Community Services District. The City of Grover Beach has provided billing services for the Sanitation District to account holders within the City. These services are billed with the City's bi-monthly water and wastewater charges and are then passed through to the Sanitation District. Up to this time, there has been no formal written agreement between the City and the Sanitation District.

DISCUSSION

The attached Agreement for Billing Services formalizes the ongoing arrangement that the City and the Sanitation District have had for a number of years. The City provides billing and collection services for residents of Grover Beach with the amounts remitted to the Sanitation District. This agreement will formalize the compensation the City will receive for these services. It includes an annual "base fee" of \$15,000 plus a per account fee of \$0.25 per account per billing period. The agreement will remain in effect until terminated by either Party. The Sanitation District is pursuing the possibility of collecting its fees through the County via property taxes in the future.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Approve the Agreement for Billing Services and authorize the Mayor to execute the agreement on behalf of the City.
2. Provide alternative direction to staff.

Approved for Forwarding



**MATTHEW BRONSON
CITY MANAGER**

Please Review for the Possibility of a Potential Conflict of Interest:

- | | |
|---|----------------------------------|
| <input type="checkbox"/> None Identified by Staff | <input type="checkbox"/> Bright |
| <input type="checkbox"/> Shoals | <input type="checkbox"/> Nicolls |
| <input type="checkbox"/> Lee | <input type="checkbox"/> Shah |

RECOMMENDED ACTION

Staff recommends that the City Council approve the Agreement for Billing Services and authorize the Mayor to execute the agreement on behalf of the City.

FISCAL IMPACT

The City will receive approximately \$22,000 in revenue from this agreement.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act. A copy of this staff report and the meeting agenda were provided to the District Administrator of the Sanitation District.

Attachments

1. Agreement with the South San Luis Obispo County Sanitation District.

AGREEMENT FOR BILLING SERVICES

THIS AGREEMENT FOR BILLING SERVICES ("Agreement") is made and effective on July 1, 2016 by and between the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, a county sanitation district ("**SSLOCSD**"), and THE CITY OF GROVER BEACH, a Municipal Corporation ("**CITY**") (collectively, the "**Parties**").

WHEREAS, SSLOCSD provides wastewater collection and treatment services ("**SSLOCSD Services**") to account holders within the jurisdiction of its member agencies; and

WHEREAS, CITY is a member agency of SSLOCSD; and

WHEREAS, CITY has provided billing services to account holders receiving SSLOCSD Services within CITY's jurisdiction for many years ("**Billing Services**"); and

WHEREAS, SSLOCSD desires that CITY provide these Billing Services as provided in this Agreement; and

WHEREAS, CITY agrees to provide Billing Services to SSLOCSD as provided in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. INCORPORATION OF RECITALS

1.1 Incorporation of Recitals. SSLOCSD and CITY agree the foregoing Recitals are true and correct, are considered contractual provisions of this Agreement and are hereby incorporated by reference.

2. TERM

2.1 Term. The initial term of this Agreement shall begin on the Effective Date and shall remain in effect until terminated by either Party or by both Parties pursuant to Section 6.

3. SERVICES

3.1 Billing Services. CITY agrees to do all of the following:

3.1.1 At least bi-monthly (that is, once every two months), bill accounts within CITY's jurisdiction receiving SSLOCSD Services ("**SSLOCSD Charges**"). Unless otherwise agreed, CITY's bill shall include: (1) a description of the service provided by SSLOCSD; (2) period for which the service was provided; (3) address of the property; (4) name of the customer(s); and (5) amount, if any, that the account is delinquent.

3.1.2 At least bi-monthly (that is, once every two months), collect all SSLOCSD Charges billed by CITY.

3.1.3 At least bi-monthly (that is, once every two months), remit to SSLOCSD all SSLOCSD Charges received by CITY.

3.1.4 From time to time, as requested by SSLOCSD, provide SSLOCSD with the information contained in paragraph 3.1.1 for each account. Such information shall be provided in an available electronic format.

4. SERVICE FEE

4.1 **Service Fee.** For Billing Services provided, SSLOCSD agrees to pay CITY a fee as set forth in this Section ("Service Fee"). The Service Fee consists of an Annual Base Fee and a Per Account Fee, as defined below:

4.1.1 **Annual Base Fee.** The Annual Base Fee shall be \$ 15,000.00. SSLOCSD shall pay CITY the Annual Base Fee in equal monthly installments of \$1,250.

4.1.2 **Per Account Fee.** The Per Account Fee shall be charged at the rate of \$0.25 per account, per billing period. The Per Account Fee shall be based on the actual number of accounts billed by CITY in each billing period.

5. PAYMENT TERMS

5.1 **Invoice.** CITY shall provide SSLOCSD with a monthly invoice for the Service Fee ("Invoice"). The Invoice shall include the following details: (1) a single installment of the Annual Base Fee, as set forth in Section 4. 1 .1; and (2) the actual number of accounts billed SSLOCSD Charges in the billing period covered by the Invoice. The Service Fee shall be due and payable within thirty (30) days of SSLOCSD's receipt of the Invoice or of SSLOCSD's receipt of all SSLOCSD Charges for the billing period covered in the Invoice, whichever is later.

5.2 **Remittance of SSLOCSD Charges.** CITY shall remit SSLOCSD Charges to SSLOCSD together with the Invoice and on the same schedule as set forth in Section 5.1. This means that CITY shall remit SSLOCSD Charges to SSLOCSD prior to receiving the Service Fee for that billing period.

6. TERMINATION

6.1 **Termination Without Cause.** Either party may terminate this Agreement, for any or no reason, upon sixty (60) days written notice to the other party. In the event of a termination, the date of termination shall be deemed to be the first business day occurring after the expiration of the notice period.

6.2 **Termination With Cause.** Either party may terminate this Agreement upon thirty (30) days written notice if the other party commits a material breach of this Agreement and fails to cure such breach within the notice period. In the event of a termination, the date of termination shall be deemed to be the first business day occurring after the expiration of the notice period.

6.3 **Termination Upon Mutual Consent.** This Agreement may also be terminated by mutual consent of the Parties and in accordance with the terms and conditions of any plan of termination established by the Parties. In the event of a termination by mutual consent, the date of termination shall be such date as is agreed upon by the Parties. The Parties may agree to suspend or terminate a portion of this Agreement and such suspension or termination shall not make void or invalidate the remainder of this Agreement.

6.4 **Payment Upon Termination.** In the event this Agreement is terminated pursuant to this Section, CITY shall remit SSLOCSD Charges to date and submit a final Invoice for the outstanding balance owed for Billing Services performed up to the date of termination. CITY shall submit a final Invoice to SSLOCSD according to the schedule set forth in Section 5.1. The date of termination shall be deemed to be the first business day occurring after the expiration of the notice period.

7. GENERAL PROVISIONS

7.1 **Further Assurances.** SSLOCSD and CITY each agree to cooperate with one another, to use their best efforts, to act in good faith, and to promptly perform such acts and execute such documents or instruments as are reasonably necessary and proper to consummate the transactions contemplated by this Agreement.

7.2 **Notices.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if personally served or on the second day after mailing if mailed by first-class mail, registered or certified, return receipt requested, postage prepaid and properly addressed as follows:

SSLOCSD:

Attn: District Administrator
South San Luis Obispo County Sanitation District
P.O. Box 339 Oceano, CA 93475
Phone: (805) 489-6670 Fax: (805) 489-2765

CITY:

CITY OF GROVER BEACH
Attn: City Manager
154 South 8th Street
Grover Beach, CA 93433
Phone: (805) 473-4567 Fax: (805) 489-9657

Any party may change their address for the purpose of this paragraph by giving the other party written notice of the new address in the above manner.

7.3 **Waiver.** No waiver of a provision of this Agreement shall constitute a waiver of any other provision, whether or not similar. No waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

7.4 **Force Majeure.** Neither SSLOCSD nor CITY shall be liable for any delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

7.5 **Construction of Terms.** All parts of this Agreement shall in all cases be construed according to their plain meaning and shall not be construed in favor or against either of the parties.

7.6 **Controlling Law.** The Parties understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement, with venue proper only in the County of San Luis Obispo, State of California.

7.7 **Authorization.** All officers and individuals executing this and other documents on behalf of the respective Parties hereby certify and warrant that they have the capacity and have been duly authorized to execute said documents on behalf of the entities indicated.

7.8 **Entire Agreement.** This Agreement constitutes the entire Agreement between the Parties and supersedes all prior and contemporaneous agreements, representations and understandings of the Parties. This Agreement may only be altered, amended or modified in writing executed by the Parties to this Agreement and by no other means. Each party waives any future right to claim, contest, or assert that this Agreement was modified, canceled, superseded, or changed by any oral agreement, course of conduct, waiver or estoppel.

7.16 **Counterparts.** This Agreement may be executed in counterparts, each of which shall remain in full force and effect as to each party.

7.17 **Assignment.** CITY shall not assign the performance of this Agreement, nor any part thereof, without prior written consent of SSLOCSD.

IN WITNESS WHEREOF, the parties have executed this Agreement.

(Signatures appear on the next page)

“SSLOCSD”

South San Luis Obispo County Sanitation District

By: _____
District Administrator

Date: _____

APPROVED AS TO FORM:

Wendy Stockton, Esq.
District Co-Counsel

Date: _____

“City”

City of Grover Beach

- DRAFT -
By: _____
John P. Shoals, Mayor

Date: _____

Attest:

Donna L. McMahon, City Clerk

APPROVED AS TO FORM:

David P. Hale, City Attorney

Date: _____