

CITY COUNCIL
Mayor Bill Stankiewicz
Reginald Jackson, Post 1
Marichal Price, Post 2
Fred Higgins, Post 3
George Bailey, Post 4
Theresa Strickland, Post 5

City of Hogansville



David Milliron, City Manager
Lisa Kelly, City Clerk
Jeff Todd, City Attorney

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Hogansville GA 30230-1196
706-637-8629 | cityofhogansville.org

COUNCIL ACTION FORM

MEETING DATE: August 5, 2019

SUBMITTED BY: City Manager David Milliron

AGENDA TITLE: Agreement for Services Relating to the Maintenance and Operation of an Electric Distribution System

CLASSIFICATION (City Attorney must approve all ordinances, resolutions and contracts as to form)

- | | | | |
|--|--|--|---|
| <input type="checkbox"/> Ordinance (No. ____) | <input checked="" type="checkbox"/> Contract | <input type="checkbox"/> Information Only | <input type="checkbox"/> Public Hearing |
| <input type="checkbox"/> Resolution (No. ____) | <input type="checkbox"/> Ceremonial | <input type="checkbox"/> Discussion/Action | <input type="checkbox"/> Other |

BACKGROUND (Includes description, background, and justification)

The City of Hogansville has operated on six-month extensions with Diverse Power for maintenance and operation of its electric utility. Now that the Council has adopted its FY 2019-2020 budget, it is necessary to execute an updated contract to maintain our cooperative relationship for maintenance and operation of the electric distribution system.

BUDGETING & FINANCIAL IMPACT (Includes project costs and funding sources)

None as costs are included in the annual budget as adopted by the City Council on a fiscal year basis. City Attorney Jeff Todd has reviewed and approved the contract as to form, per the City Charter.

STAFF RECOMMENDATION (Include possible options for consideration)

Recommendation for approval by the Council and execution of the contract by the Mayor.

**AGREEMENT FOR SERVICES RELATING TO THE
MAINTENANCE AND OPERATION OF AN
ELECTRIC DISTRIBUTION SYSTEM**

This agreement ("Agreement") is entered into by and between Diverse Power Incorporated, an Electric Membership Corporation ("Diverse") and the City of Hogansville ("Hogansville") for the purposes hereafter set forth.

RECITALS:

1.

The Municipal Electric Authority of Georgia ("MEAG") currently owns title to the electric distribution system formerly owned by Hogansville, having acquired title to the same by virtue of an installment sale agreement by and between MEAG and Hogansville dated January 31, 2011.

2.

MEAG and Hogansville are likewise parties to a certain lease agreement dated as of January 1, 2011 (the "Lease") whereby MEAG leases to Hogansville the electric distribution system referred to above.

3.

Pursuant to the terms of the Lease, Hogansville has the obligation to maintain, manage and operate the electric distribution system, and is desirous of entering into this Agreement with Diverse for contracted services which will assist Hogansville in meeting its obligation with respect to said electric distribution system.

TERMS OF AGREEMENT:

1. Services to be Provided: Each year that this Agreement remains in effect, Diverse will propose and Hogansville will approve a general work plan ("Work Plan") with regard to the services to be rendered, together with a budget ("Budget") for the costs of such services. Within the limits of the Budget, Diverse will provide the services set forth in the approved Work Plan. Services to be provided will generally consist of:

- (a) Inspections and Repairs: Diverse Power will perform periodic inspections and regular repairs and maintenance of the System Facilities of the Lessee's System as those terms are defined in the Lease.

- (b) Maintain Right-of-Ways: Diverse Power will maintain all electric right-of-way based on a Budget specifying a scope of work and cost. All right-of-way shall be cut and cleared in compliance with ANSI Standard for Tree Operation as it pertains to electrical distribution lines or as directed otherwise by Hogansville. Diverse will chip and remove all debris as required by landowners however will depend on Hogansville to remove all debris too large to chip. Any initial contact with landowners and/or complaints will be Hogansville's responsibility to ultimately resolve.
- (c) Repair of Electrical Services: Diverse shall be responsible for the repair and maintenance of all electrical services to the customers of Hogansville. Electrical Services are the low voltage facilities extending from the distribution transformer to the point of service. The point of service for overhead facilities is to the connection at the weather head and the point of service for underground is the meter base.
- (d) Routine switching and load balancing and other operation services: These services will be required as dictated by the engineering and planning personnel of Hogansville or Prudent Electric Utility Practice. These services may be required as a result of monitoring system voltages, VAR flows and other operating parameters, capacitor switching, circuit configuration and fuse coordination. Diverse shall, with the cooperation of Hogansville take such action as required to ensure that the electric system is operated in an efficient and reliable manner and consistent with Prudent Electric Utility Practice.
- (e) Budget Constraints: Within the limits of the Budget, Diverse will perform maintenance on the System Facilities to the same standards that it applies in the maintenance and repair of facilities on its own distribution system.
- (f) Meter Responsibilities: Hogansville will continue to be responsible for the daily installation and removal of residential meters. Diverse will provide assistance with meter installation and removal of all current transformer and primary meter applications as well as residential meters on new construction and during emergency conditions.

2. Additional Services: Additional services to be performed by Diverse upon the request of Hogansville shall include new construction, emergency services, services relating to the restoration of power as a result of outages and services relating to the repair and/or replacement of material as a result of storm or other damage.

- (a) New Construction: Diverse will build to a new consumer locating within the Hogansville service territory upon request by Hogansville. All cost will be billed to Hogansville as described in Payment to Diverse and are estimated in the Budget.
- (b) Outage Response: Diverse shall provide a timely response to customer outage calls and SCADA trouble conditions. Outages will be entered into the Diverse call log and provided to Hogansville as requested. The call log includes customer identity, customer count, outage time and outage reason. Diverse will also review the call log for conditions that warrant improvements to reduce further outages.

During outage events, Diverse will dispatch personnel to restore power to the Diverse and Hogansville systems blind to ownership. Restoration crews will be distributed across both systems based on the number of consumers out and restorations practices shall not differ based on ownership.

Diverse has entered into a statewide mutual aid agreement with other Georgia EMC's and also has alliances with several Alabama Cooperatives concerning terms of mutual aid. Diverse shall represent Hogansville in these agreements and Hogansville shall honor the conditions of the agreement for any mutual aid provided on the Hogansville system.

3. **Payments to Diverse:**

- (a) Budgeted Services Billing: Hogansville shall pay to Diverse a fixed monthly payment equal to five percent (5%) of the Budget for that current year, which said payment shall be made on the last day of each month during the term of this Agreement. By way of illustration, if the Budget for a particular year is \$400,000.00, the fixed monthly payment will be \$20,000.00.

In addition to the fixed monthly payment, Diverse shall bill Hogansville at the end of each month during which services are provided, for any amount by which the cost of services for that particular month exceeds the fixed monthly payment. "Cost of services" shall be determined by utilizing Diverse Power current rates with respect to the labor and equipment used in performing the services together with any costs of materials supplied by Diverse.

In any given month the fixed monthly payment plus the additional cost of services in excess of the minimum monthly payment shall not exceed 10% or the remainder of the annual budget whichever is less. Any work performed in excess of this amount shall be carried over to the next monthly billing.

- (b) Billing for Additional Services: Additional Services requested by Hogansville are not included in the annual budget and therefore are due in full at the end of the month in which the service is rendered. The additional cost shall be added to the budgeted billing services each month.

(c) **Billing Exhibits:** Exhibit A, attached hereto, sets forth the market rate for labor utilized in connection with these services. Labor services applicable to the schedule will be charged at individual's actual rate of pay. Services utilized under Exhibit B sets forth the current rate schedule for equipment utilized by Diverse in connection with the performance of these services. These rate schedules may be adjusted annually to reflect salary or equipment increases. It is understood that the fixed monthly payment shall be a minimum monthly payment payable throughout the term of this Agreement. In performing the services set forth above in the preceding section, Diverse shall have the discretion as to whether to utilize inventory currently owned by Hogansville or whether to use inventory owned by Diverse or acquired from another source. Any inventory used by Diverse other than the inventory already belonging to Hogansville shall be charged to Hogansville at cost plus 5%. In that regard it is not anticipated that Diverse will utilize any poles currently belonging to Hogansville, but there may be other items of inventory currently belonging to Hogansville that Diverse may deem acceptable.

4. **Limitation of Services:** Diverse shall have no obligation to perform any of the services listed above in Section 1 to the extent that the cost of services would exceed the Budget.

5. **Locates:** It shall be the responsibility of Hogansville to perform all locates.

6. **Replacement of Facilities:** In the performance of services pursuant to this Agreement, Diverse shall be authorized to replace poles, lines, cross arms, electrical equipment, and other facilities as it deems appropriate within the approved Work Plan to maintain the distribution system in a satisfactory condition. All oil filled equipment retired from the Hogansville electric system will be returned to a specified storage area designated by Hogansville and will be disposed of appropriately by Hogansville. All other retired material including wire and poles will be disposed of by Diverse.

7. **Term:** The initial term of this Agreement shall begin as of the 1st day of July 2019 and continue through June 30, 2020 at midnight. Thereafter, this Agreement shall automatically renew for additional successive terms of one (1) year each, beginning on July 1st of each year, unless one party shall notify the other at least thirty (30) days prior to the expiration of the term then in effect that said party does not wish to renew the Agreement. If the City Council of Hogansville should fail to appropriate funds for any renewal term of this Agreement, then this Agreement shall immediately terminate, and Hogansville will make payment to Diverse for all services rendered and materials supplied through the date of termination.

8. **Expiration of the Agreement:** At the expiration of this agreement, Diverse shall peaceably leave and surrender the Transmission and Distribution System to Hogansville in a condition consistent with Diverse's obligations for maintenance and operation under this

agreement. Diverse shall cooperate with Hogansville or their designee to affect a smooth transition at the expiration of this agreement. All records, maps, and other documentation in written or electronic form, relating to the System Facilities shall be surrendered to the Hogansville at no cost.

10. **Applicable Law:** This Agreement shall be interpreted under the laws of the state of Georgia.

11. **No Other Agreements:** This written Agreement represents the sole agreement between the parties with respect to the matters herein. No amendment or modification of this Agreement shall be valid and binding unless in writing and signed by the parties hereto. In that regard, it is contemplated that the fixed annual payment and the rate schedules reflected on Exhibit A and B may be amended for subsequent renewal terms.

12. **Notices:** Any notices under the terms of this Agreement shall be in writing and shall be effective when actually delivered in person or three days after being deposited in the U.S. Mail, postage prepaid and addressed to the party at the address set forth below or such other address as the party may indicate by written notice to the other:

City of Hogansville
Attn: David Milliron, City Manager
400 East Main Street
Hogansville, GA 30230
With a copy to: Jeffrey Todd
Lewis, Taylor, Todd & Dixon P.C.
P.O. Box 1027
LaGrange, GA 30241

Diverse Power Incorporated, an Electric Membership Corporation
Attn: Wayne Livingston
P.O. Box 160
LaGrange, GA 30241
With a copy to: D. Ray McKenzie, Jr.
Willis McKenzie LLP
300 Smith St.
LaGrange, GA 30240

13. **Survival:** Termination of this Agreement shall not affect the rights or obligations of the parties which arose prior to the termination.

14. **Parties:** The parties to this Agreement are Hogansville and Diverse and no other party shall have any rights as third party beneficiaries or otherwise with respect to this Agreement. Diverse is not assuming the liabilities of Hogansville with respect to the Lease or any other agreement to which Hogansville might be a party but, rather, Diverse is providing contracted services for the benefit of Hogansville, within the limits set forth in this Agreement, to assist Hogansville in meeting its obligations thereunder.

15. **Assignment:** This Agreement may not be assigned by either party without the express written consent of the other party. In such event, any party to which this Agreement may be assigned shall execute and deliver a written acceptance of all liabilities and obligations hereunder.

16. **Good Faith, Cooperation and Due Diligence:** The parties hereto covenant, warrant and represent to each other good faith, complete cooperation, due diligence and honesty in fact in the performance of all obligations of the parties pursuant to this Agreement.

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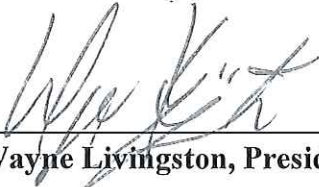
This Agreement is executed by and between the parties as of this 1st day of August 2019.

City of Hogansville

By: _____
Mayor

Attest: _____
Clerk

Diverse Power Incorporated, an Electric Membership Corporation

By: 
Wayne Livingston, President

Attest: 
Lisa Booth, Assistant Secretary

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ACKNOWLEDGMENT AND CONSENT

The Municipal Electric Authority of Georgia ("MEAG Power") hereby acknowledges receipt of a copy of the above and foregoing Agreement. MEAG Power consents to the provision of services and replacement of facilities by Diverse as contemplated by the Agreement. Provided, however, that MEAG Power's consent and release of claim of liens provided for hereunder is specifically conditioned upon Hogansville's obtaining the consent of all other parties from which consent and approval may be required.

This ____ day of _____, 2019.

Municipal Electric Authority of Georgia

By: _____
President

Attest: _____
Secretary

Exhibit A

Market Labor Rates for Diverse Power Incorporated
Effective: January 2019

Item	Market Hourly Rate
Field Service Representative	\$19.83
Apprentice Lineman	\$25.29
OP Fiber Field Service Representative	\$25.29
AMI System Engineer	\$44.80
Staking Technician	\$34.46
Joint Use Coordinator	\$34.46
Lineman	\$37.78
Lead Apparatus Technician	\$44.80
Line Crew Leader	\$41.22
Senior Staking Technician	\$41.22
Foreman (Georgia Right-of-Way)	\$25.01
Trimmer A (Georgia Right-of-Way)	\$21.51
Trimmer B (Georgia Right-of-Way)	\$18.81
Operator (Georgia Right-of-Way)	\$18.81
Groundman (Georgia Right-of-Way)	\$16.60

Market Hourly Rates will be marked up 100% to compensate for insurance, unemployment, FICA, overhead, etc.

Exhibit B

Equipment Rates for Diverse Power Incorporated
Effective: January 2019

Item	Hourly Rate
Bucket Truck — Material Handler	\$54.09
Digger/Derrick Truck	\$54.09
Service Bucket Truck	\$54.09
Half-Ton Truck	\$25.85
One-Ton Truck	\$49.11
Trencher/Plow —Ditch Witch	\$54.09
Excavator	\$57.62
Pole Trailer	\$4.00
Tension Puller	\$7.50
70' Bucket Truck (Georgia Right-of-Way)	\$21.00
Dump with Chip Body (Georgia Right-of-Way)	\$10.00
12" Brush Chipper (Georgia Right-of-Way)	\$6.00
18" Brush Chipper (Georgia Right-of-Way)	\$13.00
4 Wheel Drive Tractor (Georgia Right-of-Way)	\$18.00
Mechanical Trimmer (Georgia Right-of-Way)	\$26.00
Mechanical Brush Cutter (Georgia Right-of-Way)	\$26.00
1/2 Ton Pick-up Truck (Georgia Right-of-Way)	\$8.00
Chain Saw (Georgia Right-of-Way)	\$.50
Trailer for hauling tractors (Georgia Right-of-Way)	\$2.00

City of Hogansville - 2019-2020 Electric Work Plan and Budget

Capital Expenditures

	Unit Cost		Budget 2019-2020
Construction for New Customers			
Overhead Line Extensions	\$2,000	10	\$20,000
UG Line Extensions	\$3,500	20	\$70,000
LED Changeout/New Security Light	\$600	100	\$60,000
Overhead Transformers	\$200	10	\$2,000
Underground Transformers	\$400	20	\$8,000
Meters and Meter Bases	\$50	30	\$1,500
Total New Construction			<u><u>\$161,500</u></u>
Pole Replacements			
Poles	\$1,200	95	<u><u>\$114,000</u></u>
System Improvements*			
Single Phase Reclosers	\$7,500	10	\$75,000
Capacitor Banks	\$3,000	3	\$9,000
Gang Operated Switch	\$5,000	2	\$10,000
Total System Improvements			<u><u>\$94,000</u></u>
Voltage Conversion			
Convert Voltage - 4 kV to 12 kV** (15 Primary Miles)	\$15,000	7	\$105,000
12 kV to 4 kV (1,500 kVA 3Ø pad mounted transformer)	\$25,000	1	\$25,000
Total Voltage Conversion			<u><u>\$130,000</u></u>
AMIAMR System			
Meter Changeout - 1Ø	\$17	1,600	\$27,200
Meters\Disconnects - 1Ø	\$3	1,600	\$4,800
Meter Changeout - 3Ø	\$600	30	\$18,000
AMI Equipment	\$30,000	2	\$60,000
Total AMIAMR System			<u><u>\$110,000</u></u>
Total Capital Expenditures			<u><u>\$609,500</u></u>

* Includes installed cost

** Includes transformers and pole replacements


Maintenance Expenses

Right-of-Way Maintenance			\$40,000
Pole Inspection - Osmose	\$33	240	\$7,920
Outages - Storms, Wind, Lightning, Trees			\$50,000
Total Maintenance Expenses			<u><u>\$97,920</u></u>
Total Electric Expenditures			<u><u>\$707,420</u></u>

This 2019-2020 Work Plan and Budget will serve as the basis for the services to be provided in the the maintenance and operation of electric system agreement between the City of Hogansville and Diverse Power Incorporated for the agreement year July 1, 2019 - June 30, 2020.

City of Hogansville - David Milliron, City Manager

Diverse Power - Wayne Livingston, President/CEO

 7/31/2019
