



Item: Memorandum of Understanding for the Relocation of Water Main in Clara Park to Make Way for NorthWestern Substation Improvements, Office File 1692

From: Engineering Division

Initiated By: NorthWestern Energy and Public Works Department/Engineering Division

Presented By: Jim Rearden, Public Works Director

Action Requested: Approve Memorandum of Understanding

Suggested Motion:

1. Commissioner _____ moves:

“I move the City Commission (approve/not approve) a Memorandum of Understanding (MOU) with NorthWestern Energy to relocate water main currently located in Clara Park to allow for substation improvements, and authorize the City Manager to execute the MOU.”

2. Mayor requests a second to the motion, Commission discussion, public comment, and calls for the vote.

Staff Recommendation: Approve the attached Memorandum of Understanding (MOU).

Summary: One of the conditions of the land exchange in Clara Park with NorthWestern Energy, which was approved by the City Commission on October 6, 2016, was that NorthWestern relocate the water main that runs under the anticipated substation. NorthWestern has approached the City to design and manage this project. In return, the City will be reimbursed for all costs. The water main is made of ductile iron pipe, and will need to be replaced at some point in the future.

Background:

Citizen Participation

The public was notified and involved in discussions regarding the land transfer and substation upgrade project.

Workload Impacts

City Engineering Staff will complete the project design and will perform construction inspection and contract administration duties.

Purpose

The purpose of this project is to relocate the 16-inch water main that is located in Clara Park and feeds the Ella elevated storage reservoir. The current main is located immediately under electrical transformers and other equipment that will be a part of the proposed substation expansion. If a pipe rupture were to occur under the electrical equipment, a very dangerous situation would develop. Also, this main is the sole feed to the Ella Tank. Since it is made of ductile iron pipe, which is subject to corrosion and failure in our soil conditions, it will need to be replaced at some point in the future, although it does not yet have a history of failures.

Project Work Scope

The construction portion of the project includes the installation of 725 feet of 16-inch and 12-inch PVC water main, 6 gate valves, restoration of pavement, curbing and sod, and abandonment of the existing main. Electrical conduits requested by NorthWestern will also be installed in Doris Drive to carry future power cables.

Fiscal Impact:

Under the MOU, the project will initially be paid for by the Water Fund. NorthWestern will then reimburse the City for all project costs. Total costs are estimated at \$214,000.

Alternatives:

The City Commission could vote to deny the MOU, in which case NorthWestern would have to perform the project themselves. This would delay the substation project until the 2017 construction season.

Attachments/Exhibits:

Memorandum of Understanding

COPY

MEMORANDUM OF UNDERSTANDING

WHEREAS NorthWestern Corporation, a Delaware Corporation, d/b/a NorthWestern Energy (“NWE”) owns a property adjacent to Clara Park in the City of Great Falls that is used for a major electrical substation; and

WHEREAS NWE and the City of Great Falls (“City”) entered into an agreement approved by the Great Falls City Commission on October 6, 2015, that would exchange property owned by NWE and the City (Clara Park) in order to allow NWE to improve the existing substation to provide better reliability, capacity, accommodate updated technology and better serve the public, and business in eastern Great Falls; and

WHEREAS the City owns and maintains a 16-inch water transmission main that crosses beneath Clara Park in the location where part of the new substation equipment will be installed; and

WHEREAS both parties recognize the need to relocate the water main prior to substation construction and NWE agreed under paragraph 2a on page 2 of 10 of the Exchange Agreement approved by the City Commission on October 6, 2015 to relocate the water main at NWE’s expense; and

WHEREAS NWE has requested the assistance of City Public Works Department/Engineering Division (“Engineering”) staff to design, bid, manage, and inspect the relocation of the water main, at the sole expense of NWE.

NOW, THEREFORE, the undersigned parties hereby agree as follows:

City of Great Falls agrees to the following:

1. Engineering will design the water main relocation project, manage the public bidding process, inspect construction, and provide necessary management services for the project.
2. Engineering will incorporate conduit crossings of Doris Drive into the project using plans provided by NWE, and assist in coordinating this work between NWE and the City’s construction contractor.
3. All efforts will be made to have the project complete to the point where NWE can commence substation construction by September 15, 2016.
4. Engineering will provide documentation of expenses to NWE.
5. The City will pay for project expenses and shall be reimbursed by NWE. Current cost estimates include \$190,000 for construction, \$1,200 for DEQ and advertising, and \$22,800

for engineering and construction phase services. These are only estimates. Reimbursement from NWE to the City shall be based on actual costs.

NorthWestern Energy agrees to the following:

1. NWE will promptly reimburse the City for all expenses incurred during the project, including but not limited to construction costs, regulatory permit fees, newspaper advertising, and City staff time.
2. NWE will provide to Engineering the design for conduit crossings of Doris Drive.

This MOU represents the entire understanding of both parties pertaining to the construction of the infrastructure and may not be modified in any manner unless said modification is reduced to writing and executed by both parties.

City and NWE mutually agree to the terms of this MOU and have signed this Agreement on the day and year set forth below.

DATED this _____ day of _____, 2016.

City of Great Falls:

By _____
Gregory T. Doyon, City Manager

(SEAL & ATTEST)

Lisa Kunz, City Clerk

REVIEWED FOR LEGAL CONTENT:

By _____
Sara R. Sexe, City Attorney*

*By law, the City Attorney may only advise or approve contract or legal document language on behalf of the City of Great Falls, and not on behalf of other parties. Review and approval of this document was conducted solely from the legal perspective, and for the benefit, of the City of Great Falls. Other parties should not rely on this approval and should seek review and approval by their own respective counsel.

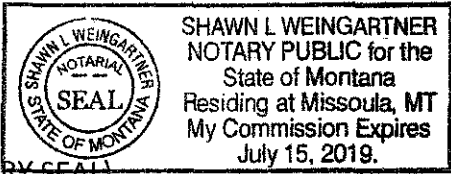
NorthWestern Energy Corporation d/b/a NorthWestern Energy, a Delaware Corporation:

By: Jim Krusemark
Jim Krusemark
Director Substation Operations

STATE OF MONTANA)
County of ~~Cascade~~ Missoula :ss
City of ~~Great Falls~~ Missoula)

On this 7th day of June, 2016, before me, a Notary Public in and for the State of Montana, personally appeared Jim Krusemark known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



(NOTARY SEAL)

Shawn L. Weingartner
Notary Public for the State of Montana
Residing at Missoula, MT
My Commission Expires: July 15, 2019