

CITY COUNCIL
ATLANTA, GEORGIA

A SUBSTITUTE RESOLUTION

04-R-1207

BY CITY UTILITIES COMMITTEE

A SUBSTITUTE RESOLUTION: [i] APPROVING THE CITY'S PARTICIPATION IN, AS A JOINT VENTURER IN THE ATLANTA-FULTON COUNTY WATER RESOURCES COMMISSION, A CONTRACTUAL TRANSACTION WITH GEORGIA POWER COMPANY, ON BEHALF OF SOUTHERN COMPANY ENERGY SOLUTIONS, LLC, AND RELATED AFFILIATES AND REPRESENTATIVES, INVOLVING ONE OR MORE 15-YEAR ENERGY SERVICES AGREEMENTS TO DESIGN, BUILD AND MAINTAIN A STAND-BY POWER FACILITY FOR THE NORTH AREA TREATMENT PLANT FOR A TOTAL COST TO THE COMMISSION OF \$13,776,852.00; [ii] AUTHORIZING THE COMMISSION TO EXECUTE THE NECESSARY AGREEMENTS TO EFFECTUATE THE TRANSACTION; AND [iii] FOR OTHER PURPOSES.

BACKGROUND:

Both the United States Environmental Protection Agency's Vulnerability Assessment and the Department of Homeland Security require all drinking water facilities have an emergency power system, with stand-by generators, to enhance the integrity of providing safe drinking water to municipal and county public water systems; and

In an effort to continue to enhance the Atlanta-Fulton County Water Resources Commission's ("AFCWRC") North Area Water Treatment Plant ("Plant") disaster recovery policies, a no cost Technical Feasibility Analysis ("Analysis") to examine the possibility of installing an emergency, onsite power system ("System") capable of delivering electricity during an extended electrical utility outage was conducted by Georgia Power Company; and

The Analysis identified several different on-site power generation options including multiple fuels sources, system capacities, and physical configurations; and

Through various iterations of engineered designs, Georgia Power Company, in collaboration with AFCWRC personnel, narrowed the options to a System capable of delivering emergency power to the Plant, utilizing natural gas as the combustion fuel; and

Through this Analysis, it was determined that the System should be capable of providing sufficient capability to allow for the operation of five (5) 2500 HP pumps that supply water to both the North Fulton and the City of Atlanta distribution systems; and

The System would be located adjacent to the existing main electrical building and Georgia Power Company's substation; and



The System will also have the ability to “peak shave” a majority of the Water Treatment Plant’s necessary electrical power; and

The System would be manually dispatched when “Real Time Pricing” (RTP) rates from Georgia Power Company were more expensive than the cost to self-generate with natural gas; and

The AFCWRC’s Advisory Committee recommended that the AFCWRC enter into one or more fifteen (15) year Energy Services Agreements with Georgia Power to construct and maintain the System for a total cost of \$13,776,852.00, comprised of:

	<u>Service</u>	<u>Cost</u>
[i]	Turnkey Design-Build Services:	\$11,568,623.00
[ii]	Generator/Switchgear Manufacturer’s Extended Service Coverage:	\$206,809.00 ¹
[iii]	Maintenance and Repair:	\$2,001,420.00 ²
<hr/>		
	Total:	\$13,776,852.00

The AFCWRC’s Advisory Committee recommended that the AFCWRC’s General Manager, with the assistance of its Legal Advisors, be authorized to execute the Energy Services Agreement, and necessary related documents, on behalf of the AFCWRC; and

The AFCWRC met on February 19, 2004, and voted unanimously to approve the Advisory Committee’s recommendation, pending approval by each government; and

The cost for the System will be included in the AFCWRC annual budget to be submitted to the City and the County for approval for the Year 2005, as a specific line item to be paid monthly over the life of the 15-year Agreement; and

The City’s and County’s respective shares of the overall cost to design, build and maintain the System will be determined annually in accordance with the Joint Venture Agreement; and

The City recognizes the need for the Plant to have the System and is committed to protecting the integrity of providing safe drinking water for all of its citizens; and

This transaction contemplates the design-build of the System and its maintenance and repair over a 15-year period by Georgia Power Company or its affiliates, the lease by the AFCWRC of the System over a 15-year period, and the provision of a 15 year

¹ Items [i] and [ii] will be financed over time at a total monthly rate of \$94,394.00 (180 monthly payments–15 years).

²15 payments of \$133,428.00 paid annually in advance.



manufacturer's extended service coverage for the System by the vendor of the System;
and

At the end of the 15-year term of the Agreement, the AFCWRC will become the owner of the System; and

The City's Chief Procurement Officer, Commissioner of its Department of Watershed Management and City Attorney have determined that this transaction is desirable and in the best interests of the City, as a Joint Venturer in the AFCWRC; and

Section 3.1.6.13 of the Joint Venture Agreement requires that the City and the County authorize the AFCWRC to execute the necessary documents to consummate this transaction; and

The County has previously legislatively granted such authorization and the City, by enacting this Resolution desires to grant its authorization pursuant to Section 3.1.6.13 of the Joint Venture Agreement; and

NOW, THEREFORE, BE IT RESOLVED, that the City approves its participation, as a Joint Venturer in the AFCWRC, and the AFCWRC's execution of a 15-year contractual transaction with Georgia Power Company, and its affiliates and representatives, for the design-build of the System, at a total cost of \$13,776,852.00, comprised of: [i] \$11,568,623.00 for turnkey design build services; [ii] \$206,809.00 for a 15-year generator/switchgear manufacturer's extended service coverage, at a total monthly rate of \$94,394.00 (180 monthly payments--15 years); [iii] and \$2,001,420.00 (15 payments of \$133,428.00, paid annually in advance) for maintenance and repair services.

BE IT FURTHER RESOLVED, that the cost for the System will be included in the AFCWRC annual budget to be submitted to the City and the County for approval for the Year 2005, as a specific line item to be paid monthly over the life of the 15-year Agreement;

BE IT FURTHER RESOLVED, that the City's financial participation in 2005 in the total not to exceed cost for this transaction will be determined in accordance with the Joint Venture Agreement.

BE IT FURTHER RESOLVED, that the City Attorney is authorized to prepare and review, in concert with the County Attorney, and AFCWRC and Georgia Power Company (its affiliates and representatives) appropriate documents for this transaction to include, but not be limited to a Lease Agreement, Energy Services Agreements, Notices of Assignment, Escrow Agreements and any riders or other associated documents or instruments (collectively, the "Transaction Documents"), necessary to effectuate this transaction.

AND FINALLY BE IT RESOLVED, that the Transaction Documents will not become binding on the AFCWRC, or the City as a Joint Venturer, until they are duly executed by the appropriate parties, approved by the City and County Attorneys and delivered to the appropriate parties.

A true copy,



Deputy Clerk

ADOPTED by the Council
APPROVED by the Mayor

July 6, 2004
July 14, 2004

RCS# 5890
7/06/04
4:35 PM

Atlanta City Council

Regular Session

04-R-1207

CITY AS JOINT VENTURER ATL-FULTON CO
WATER RES COMM \$13,776,852 STDBY PWR FAC
ADOPT ON SUB

YEAS: 13
NAYS: 0
ABSTENTIONS: 0
NOT VOTING: 1
EXCUSED: 1
ABSENT 0

E Smith	Y Winslow	Y Shook	Y Martin	Y Mitchell
Y Starnes	Y Archibong	Y Muller	NV Maddox	Y Norwood
Y Young	Y Fauver	Y Moore	Y Mosley	Y Willis

04-R-1207

04-1207
 (Do Not Write Above This Line)

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- CONSENT REFER *Subs to take*
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1st ADOPT 2nd READ & REFER
- PERSONAL PAPER REFER

Date Referred

ADOPTED BY

Referred To:

JUL 06 2004

Date Referred

COUNCIL

Referred To:

Referred To:

Committee _____
 Date _____
 Chair _____
 Referred To _____

First Reading

Committee

Date

Chair

Action

Members

Refer To

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
 Other

Members

Refer To

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
 Other

Members

Refer To

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
 Other

Members

Refer To

FINAL COUNCIL ACTION
 2nd 1st & 2nd 3rd
 Consent V Vote RC Vote

CERTIFIED

CERTIFIED
 JUN 6 2004

COUNCIL PRESIDENT PROTEM

JUL 06 2004
 MUNICIPAL CLERK

MAYOR'S ACTION

APPROVED
 MAYOR