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MEMORANDUM

TO: Audit, Finance and Planning Committee

FROM: BG Dallas B. Clark

SUBJECT: Master Water Meter MOU with City of Lexington

Overview

The water distribution system on VMI's Main Post is owned and managed by the City of Lexington, which in turn pays a rate for water distribution from the Maury Service Authority. The Maury Service Authority owns and operates the regional water treatment facility. VMI pays a negotiated rate for water and sanitary sewer. While most repairs to the system are done either by VMI's Physical Plant crews or by outside contractors, the City does assist by providing replacement water meters, valves, as well as their expertise and investigative equipment.

Narrative

In 2018 City of Lexington installed two master water meters: one at the intersection of Letcher Avenue and Maiden Lane and one on Letcher Avenue below Crozet Hall. The City's stated purpose was to use the master meters as a single source for managing water distribution and water costs with VMI, in lieu of using multiple building water meters, while turning over to VMI the water line infrastructure downstream of the master meters.

The process of discussing turning over the water infrastructure was interrupted by the COVID pandemic. In early 2024, the City reengaged with VMI and submitted a draft Memorandum of Understanding that would set terms and conditions for turning over the Main Post water distribution system to VMI and also would set initial usage rates for water. To date, VMI representatives have met several times with the City's Public Works Director in an effort to develop a mutually agreeable MOU.

Conclusion

VMI agrees in concept that accepting ownership of the water distribution system is warranted and acceptable. There are issues that must be resolved before the MOU can be agreed upon and signed. Negotiations with the City continue, and it is the desire of both parties to sign the MOU in the fall of 2024.

