



# Florida Agricultural and Mechanical University Board of Trustees Action Item

Meeting Date November 8, 2016

Agenda Item: IV

Item Origination and Authorization				
Policy _____	Award of Bid _____	Budget Amendment _____	Change Order _____	
Resolution <u>  X  </u>	Contract _____	Grant _____	Other _____	

Action of Board				
Approved _____	Approved w/ Conditions _____	Disapproved _____	Continued _____	Withdrawn _____

**Subject:** Transfer the On-Site natural gas distribution system.

**Rationale and Benefit:** FAMU operates a campus located within the corporate limits of the City, which consists of approximately 420 acres and includes various buildings and other facilities that utilize natural gas (“Gas”). FAMU currently receives gas service from the City through a master meter owned and installed by the City. The City also is the owner and operator of the on-site gas distribution system (“On-Site System”), located within the FAMU campus, that conveys gas from the outlet side of the master meter to the inlet side of meters located at each service location within the FAMU campus served by the On-Site System.

In May 2012 – Florida Agricultural and Mechanical University (FAMU) contracted with Siemens to implement a Phase II energy performance contract resulting in approximately \$1.2 million in guaranteed annual energy savings.

The major portion of the Siemens Phase II project scope was the Steam System Partial-Decentralization measure. The Steam System Partial-Decentralization measure incorporated installation of decentralized high efficiency hot water boilers and one steam boiler at 21 buildings. This measure continues to generate significant energy savings by allowing FAMU to shut down the existing central steam distribution system during the summer months and by generating hot water in a more efficient manner at the end use location.

In preparation of the Siemens Performance Contract, Phase II, the University had requested the City of Tallahassee Utilities provide the design, installation, and inspection services for a campus wide natural gas distribution systems. The scope of this project included the design & engineering, gas main and service construction, terminating old metering station, installation of new metering station, isolation of gas system for university, and annual maintenance services.

This project resulted in all natural gas lines on the University’s side of the newly installed main gas meter to exclusively serve University owned facilities. As a result, the City of Tallahassee had formally requested the ownership of the natural gas lines be transferred to FAMU through the Board of Trustees consent.



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1. Transfer of the On-Site System. The City hereby transfers, to FAMU all of its rights, title, and ownership interests in and to the On-Site System, including without limitation all pipes, fittings, valves, and meters. FAMU will accept such transfer of the On-Site System "AS IS" and in its current condition without warranties of any kind, all of which are hereby specifically disclaimed. The City has verified that all Gas valves are operational, that cathodic protection of steel lines is within acceptable limits, and that a leak survey was performed and no leaks were found.

2. Easements and Permits. The City will execute and deliver to FAMU all easements and permits, if any, in its possession relating to the placement, construction, operation, maintenance, repair, and replacement of the On-Site System. FAMU agrees to cooperate in good faith with the City in obtaining any easement the City may require for its metering station.

3. Operation and Maintenance of the On-Site System.

A. As the transferee and owner of the On-Site System, FAMU, commencing on the date it accepts transfer of that system, will be responsible for operation of that system and for all repairs, maintenance, and replacement of that system and for compliance with all applicable federal, state, and local laws, statutes, ordinances, rules, and regulations relating to the ownership or operation of the On-Site System.

B. Following the effective date of this Agreement, the City shall have no further responsibility for maintaining the buried piping within the On-Site System. If that piping is not properly maintained, it may be subject to the corrosion and leakage.

C. Buried Gas piping should be periodically inspected for leaks, periodically inspected for corrosion if the piping is metallic, and repaired if any unsafe condition is discovered.

D. When excavating near buried Gas piping, the piping should be located in advance, and the excavation done by hand.

**Recommendation:** Approve the Agreement with City of Tallahassee to Transfer the On-site natural gas distribution system to the Florida Agricultural and Mechanical University.



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**AGREEMENT FOR TRANSFER OF ON-SITE  
NATURAL GAS DISTRIBUTION SYSTEM**

THIS AGREEMENT is dated, and is effective, \_\_\_\_\_, 2016 between the **Florida A&M University Board of Trustees**, a public body corporate of the State of Florida ("FAMU") and the **City of Tallahassee**, a Florida municipal corporation ("City").

RECITALS

FAMU operates a campus located within the corporate limits of the City, which consists of approximately 420 acres and includes various buildings and other facilities that utilize natural gas ("Gas"). FAMU currently receives Gas service from the City through a master meter owned and installed by the City. The City also is the owner and operator of the on-site Gas distribution system ("On-Site System"), located within the FAMU campus, that conveys Gas from the outlet side of the master meter to the inlet side of meters located at each service location within the FAMU campus served by the On-Site System. **FAMU** desires for the City to transfer all of its rights, title, and interest in the On-Site System to **FAMU** and to assume all responsibilities and obligations of ownership, operation, and maintenance of the system, and the City desires to transfer and convey the On-Site System to **FAMU** for such purposes upon the terms, and subject to the conditions, set forth in this Agreement.

The City and FAMU, therefore, agree as follows:

1. Transfer of the On-Site System. The City hereby transfers, to **FAMU** all of its rights, title, and ownership interests in and to the On-Site System, including without limitation all pipes, fittings, valves, and meters. **FAMU** will accept such transfer of the On-Site System "**AS IS**" and in its current condition without warranties of any kind, all of which are hereby specifically disclaimed. The City has verified that all Gas valves are operational, that cathodic protection of steel lines is within acceptable limits, and that a leak survey was performed and no leaks were found.

2. Easements and Permits. The City will execute and deliver to **FAMU** all easements and permits, if any, in its possession relating to the placement, construction, operation, maintenance, repair, and replacement of the On-Site System. **FAMU** agrees to cooperate in good faith with the City in obtaining any easement the City may require for its metering station.

3. Operation and Maintenance of the On-Site System.

A. As the transferee and owner of the On-Site System, **FAMU**, commencing on the date it accepts transfer of that system, will be responsible for operation of that system and for all repairs, maintenance, and replacement of that



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system and for compliance with all applicable federal, state, and local laws, statutes, ordinances, rules, and regulations relating to the ownership or operation of the On-Site System.

B. Following the effective date of this Agreement, the City shall have no further responsibility for maintaining the buried piping within the On-Site System. If that piping is not properly maintained, it may be subject to the corrosion and leakage.

C. Buried Gas piping should be periodically inspected for leaks, periodically inspected for corrosion if the piping is metallic, and repaired if any unsafe condition is discovered.

D. When excavating near buried Gas piping, the piping should be located in advance, and the excavation done by hand.

#### 4. Covenants and Representations.

A. Each Party hereby represents and warrants that its undersigned representative has the power and authority to execute and deliver this Agreement and to carry out the obligations of such Party hereunder. Each Party further represents and warrants that this Agreement and its execution have been duly authorized by all necessary action and that it constitutes the valid and binding obligation and agreement of that Party, enforceable in accordance with its terms.

B. Except as otherwise specifically set forth in this Agreement, City represents that there are no, liens, claims, bond covenants or encumbrances of any type or nature upon or against the On-Site System and that the City is in exclusive ownership, possession, and control of the On-Site System.

5. Entire Agreement. This instrument constitutes the entire Agreement between the parties and supersedes all previous discussions, understandings, and agreements between the parties relating to the subject matter of this Agreement. This Agreement may not be changed, altered or modified except by an instrument in writing signed by the party against whom enforcement of such change is being sought.

The Parties are signing this Agreement as of the date stated in the introductory provision.



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**CITY OF TALLAHASSEE**

Attest:

By: \_\_\_\_\_  
James O. Cooke, IV  
City Treasurer-Clerk

By: \_\_\_\_\_  
Ricardo Fernandez  
City Manager

Approved as to form:

By: \_\_\_\_\_  
City Attorney

Attest: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_