

MEMORANDUM

DATE: February 18, 2020

TO: Honorable Mayor and City Commission

VIA:

FROM: Kenneth Fields, City Manager

RE: Purchase of the Park Water Company

SYNOPSIS

The City Manager seeks approval to enter into negotiations for the purchase of the Park Water Company.

RECOMMENDATION

It is recommended that the City enter into negotiations for the purchase of the Park Water Company.

BACKGROUND

The Park Water Company is the water provider for a service area south of County Road 640 on both sides of US 27 south of the City of Lake Wales. This area is not contiguous to the City but the City does have a backup interconnect to this water system.

The Park Water Company informed the City last fall that it would be willing to consider selling itself to the City. Since then, the City has been performing a due diligence review as to the condition of the physical plant of the Park Water Company, impact on current operations, as well as analysis of the financial impacts to the City of such a purchase.

At this time City staff believes it has sufficient information and seeks approval of entering into formal negotiations with the owners of Park Water Company for a final purchase price. If a purchase can be negotiated, final approval of a sales contract would require the approval of the City Commission.

OTHER OPTIONS

Do not open negotiations with Park Water Company for its purchase by the City.

FISCAL IMPACT

At this time, staff does not believe there would any negative impact on the City's water utility revenues. Any positive impact would depend on the negotiated sale price. Purchase of Park Water Company could facilitate future annexations into the City improving the tax base.

ATTACHMENTS