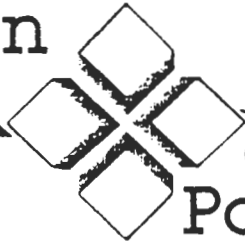


Southern
Ohio



Growth
Partnership
Incorporated

Clear copy, Council AS

*for
CCE*

Daniel R. DeSantis
President and CEO

March 12, 1996

TO: Ann Sydnor
President, City Council

FROM: Dan DeSantis *Dan DeSantis*
President and CEO, SOGP

RE: Water Contract Request

As requested, enclosed is a copy of the water contract between the Greater Portsmouth Growth Corporation and the State of Ohio. As part of SOGP, Greater Portsmouth sells water to the Southern Ohio Correctional Facility because it developed the water line to the facility when it was originally constructed in the 1960's. SOGP purchases water from the city at bulk rate and resales the water to the State of Ohio.

In 1992, SOGP gave 36 acres of its property at the Franklin Furnace Industrial Park to the State of Ohio to develop the Youth Correctional Facility which is now under construction. As you know, this project will create approximately 220 permanent jobs, and the value of construction is over eighteen million dollars. The value of the property transferred to the State is estimated at \$360,000.

SOGP desires to purchase water from the City of Portsmouth and to resell to the State. The State of Ohio has agreed to this arrangement.

In a meeting with City Engineer Rick Duncan, I requested that SOGP purchase water at bulk rate for the purposes of reselling to the State. Mr. Duncan was basically agreeable to this arrangement, but suggested that SOGP purchase the water at the City rate because the City does not make that much money at the bulk rate purchase. I agreed to purchase the water at the City rate, and resell to the State at the county rate plus a small percentage for administrative expenses. He informed me that he personally did not see any problem with this arrangement, but would have to get the Mayor's authorization.

C. Clayton Johnson, Co-chair • Robert E. Dever, Co-chair
Gerald R. Jenkins, Treasurer Dr. Clive Veri, Secretary
P.O. Box 509, 1020 7th St., Portsmouth, Ohio 45662
614-353-SOGP • FAX 614-353-5824



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March 12, 1996

Subsequently, Mr. Duncan informed me that Mayor Gerlach denied this request without explanation. I am formally requesting that City Council intervene and sell water to SOGP at the City rates.

There is precedent for this arrangement. SOGP would very much like to recover part of its costs in developing this parcel. It is estimated that the State will use approximately 18,000 gallons of water per day. Presently, the cost differential between the City rate and County rate is approximately \$6,000 per year.

We certainly appreciate City Council's assistance on this matter. If you have any questions, please feel free to call me.