



## Public Works Utility Operations

**DATE:** February 27, 2024

**FROM:** Michelle Klose, Director Public Works Utilities

**ITEM:** Amendment No. 1 to South Central Regional Water Contract

**REQUEST:**

Approve Amendment No. 1 to the 2019 South Central Regional Water District Contract.

**BACKGROUND INFORMATION:**

The previous rates prior to December 31, 2023, were set through the prior agreement. A prior authorization of this change was approved by the Commission on December 26, 2023; however, it was unintentionally only to remain until 2025, not 2035. We are requesting that the water rate from January 1, 2024, to December 31, 2035, will reflect a 39.7 cent per unit reduction on the Average Yearly Usage scaled quantity as noted per annum and shown on the attached Exhibit A, so long as South Central uses less than the maximum scaled amounts per annum. The water rate is \$4.87 per each 100 cubic feet (748 gallons) of water starting January 1, 2024. The rate includes the cost of service and the 10% markup. The cost of service was developed through the 2018 Rate and Cost of Service study and the 2023 Rate Review. The CITY will make annual adjustments to the water rate at the same percent increase as other user rates. Periodically, the cost of service will have a more detailed review in conjunction with the review of all Utility Operation rates by the CITY, and the price will be increased accordingly.

**RECOMMENDED CITY COMMISSION ACTION:**

Approve Amendment No. 1 to the 2019 South Central Regional Water District Contract to recognize the rate reduction through 2035.

**STAFF CONTACT INFORMATION:**

Amber Araujo, Executive Assistant, 701-355-1739, [aaaraujo@bismarcknd.gov](mailto:aaaraujo@bismarcknd.gov)

**ATTACHMENTS:**

None

**FIRST AMENDMENT TO CITY OF BISMARCK WATER SERVICE CONTRACT WITH  
SOUTH CENTRAL REGIONAL WATER DISTRICT**

This First Amendment to City of Bismarck Water Service Contract (this “**Amendment**”) is entered into by and between the City of Bismarck, a North Dakota municipal corporation, Bismarck, North Dakota (“**City**”) and South Central Regional Water District, Bismarck, North Dakota (“**SCWD**”), and

WHEREAS, **City** and **SWCD** are parties to that certain Water Service Contracts dated January 15, 2019 and January 22, 2019, (the “**Agreement**”);

WHEREAS, **City** and **SWCD** wish to change some of the terms of the **Agreement**.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. Section 8 of the **Agreement** is deleted and replaced with the following:
  8. WATER SERVICE, WATER RATES AND PAYMENT FOR WATER SERVICE:  
The USER agrees to make payments for water service in accordance with the following terms and conditions:

The previous rates prior to December 31, 2023, were set through the prior agreement. The water rate from January 1, 2024, to December 31, 2035, will reflect a 39.7 cent per unit reduction on the Average Yearly Usage scaled quantity as noted per annum and shown on the attached Exhibit A, so long as South Central uses less than the maximum scaled amounts per annum. The water rate is \$4.87 per each 100 cubic feet (748 gallons) of water starting January 1, 2024. The rate includes the cost of service and the 10% markup. There is no additional meter fee, utility account processing fee, or capacity charge, except as those items impact the cost of service studies in the future. The cost of service was developed through the 2018 Rate and Cost of Service study and the 2023 Rate Review. The CITY will make annual adjustments to the water rate at the same percent increase as other user rates. Periodically, the cost of service will have a more detailed review in conjunction with the review of all Utility Operation rates by the CITY, and the price will be increased accordingly.

The CITY will furnish to the USER a monthly utility bill for water service. All payments for water service shall be made no later than 15 days following receipt of the statement from the CITY.

Payments not made within 45 days of the billing shall be considered delinquent and in default.

During any period when the USER is in default, the USER shall remain obligated to make all payments required under this contract. Any action of the CITY pursuant to this section

shall not limit or waive any remedy provided by the contract or by law for the recovery of money due or which may become due under this contract.

Every payment required to be paid by the USER to the CITY under this contract, which is unpaid after 45 days shall be imposed a penalty of one and one-half percent (1.5%) per month of the amount of such delinquent payment

- 2. All of the other terms, conditions and provisions of the January 15, 2019 and January 22, 2019, Agreement with the prior amendment not specifically amended by this Amendment or prior Amendments to the Agreement shall remain in full force and effect.
- 3. This **Amendment** may be executed in any number of counterparts, each of which so executed shall be deemed original; such counterparts shall together constitute but one agreement. Facsimile and/or digitally transmitted signatures shall be sufficient to bind the Parties and shall in all respects be treated in City proceedings or otherwise as the legal equivalent of an original signature. This **Amendment** is effective upon full execution by all parties.

**SCWD**

Dated

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

**CITY**

**CITY OF BISMARCK**

Dated

\_\_\_\_\_

Michael T. Schmitz, President  
Bismarck City Commissioners

Dated

\_\_\_\_\_

Jason Tomanek, Acting City Administrator  
City of Bismarck  
221 North 5<sup>th</sup> Street  
PO Box 5503  
Bismarck, ND 58506-5503

Exhibit A

**BURLEIGH WATER USERS COOP.  
CALCULATION OF WATER USE PROJECTION WITH INCREASING  
WATER SALES DUE TO ADDING NEW USERS THROUGH YEAR 2035  
PAYMENT OF FIRST CONNECTION FEE OF \$1.5 MILLION IN 1996  
AND PAYMENT OF SECOND CONNECTION FEE OF \$800,000  
WITHIN 12 MONTHS OF FIRST CONNECTION FEE**

YEAR	EST. # USERS	AVE. YEARLY USAGE W/LOSS (GALLONS)	YEAR	EST. # USERS	AVE. YEARLY USAGE W/LOSS (GALLONS)
1996	1250	54,000,000	2016	2480	257,126,400
1997	1770	183,513,600	2017	2510	260,236,800
1998	1845	191,289,600	2018	2540	263,347,200
1999	1920	199,065,600	2019	2570	266,457,600
2000	1970	204,249,600	2020	2600	269,568,000
2001	2005	207,878,400	2021	2630	272,678,400
2002	2040	211,507,200	2022	2660	275,788,800
2003	2075	215,136,000	2023	2690	278,899,200
2004	2110	218,764,800	2024	2720	282,009,600
2005	2145	222,393,600	2025	2750	285,120,000
2006	2180	226,022,400	2026	2780	288,230,400
2007	2210	229,132,800	2027	2810	291,340,800
2008	2240	232,243,200	2028	2840	294,451,200
2009	2270	235,353,600	2029	2870	297,561,600
2010	2300	238,464,000	2030	2900	300,672,000
2011	2330	241,574,400	2031	2930	303,782,400
2012	2360	244,684,800	2032	2960	306,892,800
2013	2390	247,795,200	2033	2990	310,003,200
2014	2420	250,905,600	2034	3020	313,113,600
2015	2450	254,016,000	2035	3050	316,224,000
SUBTOTAL		4,307,990,400	SUBTOTAL		5,733,504,000
<b>TOTAL PROJECTED WATER USE</b>					<b>10,041,494,400</b>

NOTES:

1. Burleigh Water Users Coop is South Central Regional Water District.