



**TOWN OF MILLIKEN  
TOWN BOARD OF TRUSTEES  
AGENDA MEMORANDUM**

To: Mayor Tokunaga and Town Board of Trustees	Meeting Date:
From: Kent Brown, Town Administrator	Wednesday, April 8, 2015

Agenda Item #	Action:	Discussion:	Information:
	<b>X</b>		
Agenda Title: First Amendment to Water Service Agreement			
Attachments: Amendment to Water Service Agreement with Central Weld County Water District			

**PURPOSE**

To approve an amendment to the Water Service Agreement between Central Weld County Water District and the Town of Milliken.

**BACKGROUND**

Due to the shutdown of the Town's reverse osmosis plant, the Town initiated discussions with Central Weld County Water District to increase the water volume and the water treatment rate needed to adequately cover the Town's treated water supply demands for 2015. As a result of these discussions, Central Weld is agreeable to increasing the total volume that the Town of Milliken receives from Central Weld and the peak demand rate that is allowed in the agreement. At the same time, Central Weld is stating that the rate will be changed for the remainder of the existing contract. Central Weld expressed that the rate change, according to Schedule C (Rates and Charges) was already scheduled to increase in 2015 and this amendment reflects that change. In addition, in order to address the peak demand under this amendment and in an effort to not exceed the peak demand, there will be a requirement that the Town install a water storage tank on its water delivery system. The original agreement was dated August 19, 1999 and is due to expire on August 19, 2019. The effective date of the amendment is January 1, 2015, without regard to the date that the amendment is approved by each of the parties.

**BUDGET IMPLICATIONS**

The rate adjustment proposed will substantially increase treatment costs in 2015. At 2014 usage volume, the increase would add approximately \$110,000 to the amount sent to Central Weld, compared to 2014. If the Town uses its full capacity with Central Weld (should we have a dry year), payments for treatment would total approximately \$324,800, an increase of over \$200,000 above 2014

payments. As discussed before, the Water Fund is able to absorb these costs without increasing water rates for this year, however, it is imperative that the Town develop an alternative long-term strategy for treating its alluvial water supplies as soon as possible in order to minimize the long-term financial impact of closing the RO facility.

### **RECOMMENDATION**

Staff recommends the Board of Trustees approve the First Amendment to Water Service Agreement with Central Weld County Water District in order to ensure the water volume and peak demand rates needed to provide an adequate water supply to the Town of Milliken's customers in 2015.

### **SUGGESTED MOTION**

"I move to approve the First Amendment to Water Service Agreement with the Central Weld County Water District for 2015 and authorize the Mayor to sign on behalf of the Town."

# **FIRST AMENDMENT TO WATER SERVICE AGREEMENT**

**Central Weld County Water District  
Town of Milliken, Colorado**

This First Amendment to Water Service Agreement (“First Amendment”) is made and entered into effective as of the date that the last party signs and delivers to the other party the First Amendment and is between **CENTRAL WELD COUNTY WATER DISTRICT**, a Colorado quasi-municipal corporation (“District”), and the **TOWN OF MILLIKEN, COLORADO**, a Colorado municipal corporation (“Town”), [the District and the Town are jointly referred to as “parties.”]

## **1.0 Background and Authority**

1.01 Currently the parties have entered into a Water Service Agreement dated August 19, 1999 (“Agreement”). The Agreement terminates, if not before under the terms of the Agreement, on August 19, 2019.

1.02 By this First Amendment the parties intend to amend the Water Service Agreement. If this Amendment does not become effective, then the Water Service Agreement dated August 19, 1999, shall continue until the Agreement is terminated.

## **2.0 Amendments to Agreement**

2.01 Schedule A—Delivery Rates shall be amended to read as follows:  
Annual Amount—145,000,000 Gallons (increased from 93,108,000)  
Peak Demand—1,500 Gallons Per Minute [GPM] (increased from 600)  
Operating Pressure—110 PSI (no change in this parameter)

2.02 Schedule C—Rates And Charges shall be amended to read as follows:  
Commodity Charge—\$2.24 / 1,000 Gallons (increased from \$1.20)

2.03 The Town shall install a water storage tank on its water delivery system; and the tank shall be designed and located in order to achieve a reduction in the peak demand that the Town’s water delivery from District under the Agreement. The tank shall be installed by the Town at its expense and it shall be made operational as soon as practicable.

## **3.0 Effective Date of Amendments**

3.01 The effective date of the Amendments to the Agreement in Section 2.0 shall be January 1, 2015, without regard to the date that the Amendment is approved by each of the parties. If both parties have not finally approved the First Amendment on or before April 30, 2015, then the First Amendment shall not become effective even though one of the parties has approved the First Amendment prior to April 30, 2015. The parties reaffirm the Agreement except as amended in this First Amendment.

**IN WITNESS WHEREOF, the District and the Town have hereunto executed this First Amendment.**

**[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]**



**TOWN OF MILLIKEN, COLORADO**

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Clerk

STATE OF COLORADO            )  
  )     ss.  
COUNTY OF WELD            )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2015,  
by \_\_\_\_\_ as Mayor and \_\_\_\_\_ as Town Clerk of Town Of  
Milliken, Colorado, a Colorado municipality.  
My Commission expires: \_\_\_\_\_

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public