

## Staff Summary

08/07/2023

Agenda Item # F.6.



City of Storm Lake  
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**REPORT TO:** Honorable Mayor & Council

**FROM:** Keri Navratil City Manager

**SUBJECT:** **Motion To Approve Water Agreement with Tyson Fresh Meats**

**BACKGROUND:** The City has an agreement with Tyson that states the City will furnish and sell water to Tyson for a period of 20 years. The term of the agreement ends August 15, 2023. The terms of the agreement:

- The new industrial rates that City Council adopted by Ordinance on June 19 will apply
- The City agrees to maintain capacity to deliver a minimum of 2,500,000 gallons of water per day
- Tyson agrees not to exceed 2,600,000 gallons on any calendar day
- If for any reason Tyson should reduce its water usage below 40,000,000 gallons per month, Tyson will pay to the City within thirty (30) days thereafter a one-time payment in the sum set forth on Exhibit "B"
- In the alternative, TYSON may, in its sole and absolute discretion, elect to pay CITY a monthly water charge equal to the charge for 40,000,000 gallons at the current rate then in effect for each month the actual consumption is less than 40,000,000 gallons
- In the event that Tyson ceases operating in Storm Lake, but elects to pay the minimum bill based upon the 40,000,000-gallon monthly consumption amount and then sells the Storm Lake, Iowa Tyson facility, City will sell water to the purchasing entity pursuant to the terms of this contract, but such assumption shall not relieve Tyson of its obligation under this contract except that the sale shall not trigger the requirement that Tyson make the guarantee payment set forth on Exhibit "B" for so long as the purchasing entity purchases and pays for the minimum water consumption of 40,000,000 gallons per month
- Tyson agrees that it shall not resell water purchased
- Tyson shall have a back flow preventer installed at its cost on both the ten (10) inch water line and the six (6) inch water line serving

Tyson's facilities and shall be responsible for ensuring that they are maintained in accordance with AWWA standards. Tyson shall have both back flow preventers inspected annually on or about the anniversary date of this Contract and shall provide the City with a written copy of the inspection report within 30 days after completion of the inspection.

**FISCAL IMPACT:** N/A

**RECOMMENDATION:** Approve agreement

**ATTACHMENTS:**

[Tyson Water Agreement 2023.pdf](#)