



## Recommendation for Action

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**File #:** 20-3660, **Agenda Item #:** 8.

12/10/2020

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### **Posting Language**

Authorize negotiation and execution of a contract with Shady Hollow Municipal Utility District (District) for the City to provide wholesale water and wastewater services to the District.

### **Lead Department**

Austin Water.

### **Fiscal Note**

This item has no fiscal impact.

### **Prior Council Action:**

May 21, 2020 - City Council approved Resolution No. 20200521-010 relating to negotiation of an amendment of the City's Strategic Partnership Agreement (SPA) with the District which passed on consent on Council Member Pool's motion, Council Member Renteria's second, with an 11-0 vote.

October 15, 2020 - City Council authorized negotiation and execution of an interlocal agreement with the District for the transfer of the District's former water and wastewater system back to the District with reimbursement to the City in the amount of \$714,387 for costs related to improvements to the system, and additional consideration to the City provided in related agreements with the District which passed on consent on Council Member Pool's motion, with an 11-0 vote.

### **For More Information:**

Inquiries should be directed to the City Manager's Agenda Office at 512-974-2991 or [AgendaOffice@austintexas.gov](mailto:AgendaOffice@austintexas.gov).

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### **Council Committee, Boards and Commission Action:**

December 9, 2020 - To be reviewed by the Water and Wastewater Commission.

### **Additional Backup Information:**

In 1980 the City granted consent to the creation of the Shady Hollow Municipal Utility District in order to facilitate development of the area. Terms and conditions contained in a consent agreement and provisions of related agreements between the City and the District indicate that as the area developed, the parties anticipated the District would become part of the City through annexation.

In September 1980 the City and the Shady Hollow Municipal Utility District (District), previously known as Southwest Travis County Municipal Utility District No. 1, entered into an agreement for the City to provide wholesale drinking water service to the District. The parties entered into a subsequent agreement for the City to provide wholesale wastewater service in October 1993, with an amendment executed in April 1996.

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In accordance with the terms of the 2013 Strategic Partnership Agreement (SPA), the City began providing retail water and wastewater service in April 2018 to approximately 1,400 former District customers who had been previously receiving wholesale water and wastewater service from the City. This 2018 conversion also involved the transfer of the ownership of the District's water and wastewater facilities to the City.

In response to legislation approved by the Texas Legislature in 2019, the District requested amendments to the SPA. Pursuant to the Strategic Partnership Agreement (SPA) amendment that Council authorized in October 2020, and the Interlocal Agreement for the Transfer of Water and Wastewater Facilities that Council authorized in October 2020, the District will begin providing retail water and wastewater service in early 2021 to approximately 1,400 former District customers who have been receiving retail water and wastewater service from the City since 2018.

With the pending transfer of water and wastewater customers from the City back to the District, the District has requested that the City provide wholesale water and wastewater services to the District. This Council action is to authorize the negotiation and execution of a wholesale water and wastewater contract. Major provisions of the contract will include:

- A limitation on the maximum volume and flow of wholesale water provided by the City.
- A limitation on the maximum flow of District's wastewater to be treated by the City.
- Conditions under which the District will be required to obtain the raw water necessary for the City's provision of potable water.
- Collection of capital recovery fees for each service unit of new development connected to the District system.
- Water conservation provisions consistent with City water conservation requirements.
- Cooperation regarding curtailment and water use restrictions.
- An initial term length of 5-years with options to renew for three additional five-year renewals, for a total of 20 years.

**Strategic Outcome(s):**

Government That Works for All.