

Legislation Text

File #: 18-016, **Version:** 1

Presenter/Contact

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SUBJECT:

Discuss and consider authorization for New Braunfels Utilities to enter into a Wholesale Wastewater Supply Contract with Guadalupe Blanco River Authority (GBRA) for the treatment of GBRA wastewater within the McKenzie Reclamation Facility Region.

BACKGROUND / RATIONALE:

NBU approved a Memorandum of Understanding (MOU) at its August 2017 Board Meeting. Pursuant to the MOU, New Braunfels Utilities (NBU), and GBRA agreed to negotiate a wholesale wastewater supply contract for the treatment of the GBRA wastewater within the McKenzie Reclamation Facility region.

NBU currently has available treatment capacity in the McKenzie Plant to provide permanent wholesale wastewater treatment service to GBRA. The plant has been designed for total treatment capacity of 2.5 million gallons per day (MGD). At this time, it is treating approximately 1.0 MGD. NBU proposes to provide wholesale wastewater treatment to GBRA for the GBRA service area by permitting connection to NBU's wastewater trunk main. NBU will reserve and make available treatment capacity totaling up to 25% of the as-built treatment capacity of the McKenzie Plant or an equivalent flow rate sufficient to serve a fixed number of Living Unit Equivalents (LUEs) to GBRA for service within their CCN. At this time, NBU calculates that 25% of the current as-built treatment capacity to be the lesser of 0.625 MGD or 2,083 LUEs. GBRA will pay a Capital Participation Fee prior to service being provided in order to reserve capacity. This fee will only be applicable if capacity exists at the time of reservation.

For any future expansion of the McKenzie Plant, NBU will establish a new Capital Participation Fee per LUE and apply it to any additional LUE connections into the expanded facility. Capacity may grow up to the lesser of 2.5 MGD or 8,333 LUE connections at full plant expansion of 10 MGD.

Section 130-257(g) of the City Code of Ordinances requires NBU to obtain approval from the City Council prior to entering into any sewage treatment contracts. In accordance with this Section, NBU has (i) calculate the sewage treatment charges as specified in the Code of Ordinances and (ii) negotiated with GBRA that the sewage treatment charge will never be less than the cost of service. GBRA anticipates that its initial retail wastewater customer rate for the service area as of the effective date will be no less than \$7.80 per 1,000 gallons. GBRA agrees that, to the extent allowed by applicable regulations and regulatory authorities, their customer rate for retail wastewater service in the service area will be greater than the rate charged by NBU to NBU's retail wastewater service customers during the life and term of this agreement.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

N/A

FISCAL IMPACT:

GBRA will pay to NBU \$4,081 per LUE for capital participation in the existing facilities (the McKenzie Plant and related infrastructure). GBRA will pay \$4.527 per 1,000 gallons of wholesale wastewater collected by NBU. NBU rates may increase from time to time based on actual operating expenses and these will be reflected in increased wholesale rates to GBRA.

COMMITTEE RECOMMENDATION:

The NBU Board of Trustees approved this contract on December 14, 2017, and recommends approval by the City of New Braunfels City Council.

STAFF RECOMMENDATION:

NBU staff recommends approval.