

**City Council
Agenda Memo**



**City Council
Meeting Date: March 26, 2015**

TO: David A. Vela, Interim City Manager

FROM: Tommy O'Brien, Director of Water Utilities

SUBJECT: Written Resolution Authorizing the Interim City Manager to Negotiate and Execute Agreements with the Brazos River Authority for the Purchase and Transport of Raw Water From Possum Kingdom Lake For Second Stage Short-Term Drought Strategy

GENERAL INFORMATION

Due to the continuing drought, the City is implementing its second stage short-term drought strategy. One of the main strategies is to deliver raw water from Possum Kingdom Lake (PK) to Abilene. To accomplish this it is necessary for Abilene to purchase raw water in PK from the Brazos River Authority (BRA), and use BRA's existing raw water transmission system to transport the raw water from PK to Abilene's pipeline being constructed to convey the raw water to Abilene's Roughing Facility.

Three Agreements with BRA are necessary to allow PK raw water to be delivered to Abilene: (1) System Water Availability Agreement; (2) Water Transportation Agreement; and (3) Facilities Improvement and Operation Agreement

System Water Availability Agreement: Provides Abilene with an annual supply of 4,481 Acre-Feet (AF) (4 MGD) of raw water. Raw water will be purchased at BRA's System Rate, which is currently \$69.50 per AF. BRA's System Rate is set annually by the BRA Board of Directors. The annual cost for 4,481 AF at the current System Rate is approximately \$311,430.

Water Transportation Agreement: Allows BRA to transport water from PK to Abilene's pipeline which will convey the raw water to Abilene's Roughing facility. The annual cost for transporting 4,481 AF will be based on a Fixed Portion Rate and a Variable Portion Rate. The Fixed Portion Rate is based on the total amount of raw water to be purchased (4,481 AF), and is currently \$123.72 per AF. The Variable Portion Rate is based on the amount of raw water actually transported, and is currently \$163.37 per AF. These rates are set annually by the BRA Board of Directors. To transport 4,481 AF annually at the current fixed/variable rates would cost Abilene approximately \$1,286,450.

Facilities Improvement and Operation Agreement: Allows Abilene to make improvements to BRA's existing pipeline and pumping facilities so that up to 14 MGD can be transported from PK to Abilene's facilities.

City staff and its consulting engineer are finalizing discussions with other entities for the temporary purchase of additional raw water so at least a total of 14 MGD of raw water will be available. Once discussions have been finalized agreements for additional raw water will be prepared and presented to the City Council for consideration. It will also be necessary to enter into a second "Water Transportation Agreement" with BRA for BRA to transport additional water that will be secured.

FUNDING/FISCAL IMPACT

The proposed agreements will require Abilene's reimbursement for the purchase and transportation of the raw water. Annual costs are considered operation and maintenance costs which could total approximately \$1.6 million dollars to purchase and transport 4 MGD annually. Such costs will be included with the Water Department's annual budget.

STAFF RECOMMENDATION

Staff recommends approval of written resolution.

ATTACHEMNT

Written Resolution.

Prepared by: Name <u>Tommy O'Brien</u> Title <u>Director of Water Utilities</u>	Item No. <u>7.4</u>	Disposition by City Council <input type="checkbox"/> Approved Ord/Res# _____ <input type="checkbox"/> Denied _____ <input type="checkbox"/> Other _____ City Secretary
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RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS AUTHORIZING THE INTERIM CITY MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS WITH THE BRAZOS RIVER AUTHORITY FOR THE PURCHASE AND TRANSPORT OF RAW WATER FROM POSSUM KINGDOM LAKE FOR THE SECOND STAGE SHORT-TERM DROUGHT STRATEGY

WHEREAS, in response to the on-going drought and as part of the City of Abilene’s overall second stage, short-term drought response strategy, the City is implementing Possum Kingdom Lake (PK) as a raw water supply that will provide 4 to 14 million gallons of raw water per day to the City of Abilene; and

WHEREAS, to accomplish this it is necessary for Abilene to purchase raw water in PK from the Brazos River Authority (BRA), and use BRA’s existing raw water transmission system to transport the raw water from PK to Abilene’s pipeline being constructed to convey the raw water to Abilene’s Roughing Facility; and

WHEREAS, in order for the PK water to be delivered to Abilene, three agreements are necessary; and

WHEREAS, a system water availability agreement is necessary to provide Abilene with an annual supply of 4,481 Acre-Feet (AF) (4 MGD) of raw water; and

WHEREAS, a water transportation agreement is necessary to allow the BRA to transport water from PK to Abilene’s pipeline which will convey the raw water to Abilene’s roughing facility; and

WHEREAS, a facilities improvement and operation agreement is necessary for Abilene to make improvements to BRA’s existing pipeline and pumping facilities so that up to 14 MGD can be transported from PK to Abilene’s facilities.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

Part 1: The Interim City Manager is hereby authorized to negotiate and execute a system water availability agreement, a water transportation agreement and a facilities improvement and operation agreement with the BRA as are necessary for the implementation of Possum Kingdom Lake as a raw water supply for the City of Abilene.

ADOPTED this 26th day of March, 2015.

ATTEST:

Danette Dunlap, City Secretary

Norman Archibald, Mayor

APPROVED:

T. Daniel Santee, City Attorney