

JOINT MEETING OF THE CITY COUNCIL
AND
WEST CENTRAL TEXAS MUNICIPAL WATER DISTRICT

PLACE: BRIARSTONE MANOR
101 Eplen Court

DATE: NOVEMBER 6, 1980

TIME: 12:00 NOON

WORKSHOP TO HEAR REPORT FROM FREESE & NICHOLS
ON "LONG RANGE WATER STUDY"

SPECIAL COUNCIL MEETING
NOVEMBER 6, 1980 - 12:00 NOON

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101 EPLEN COURT
ABILENE, TEXAS

The City Council of the City of Abilene, Texas, met in a Joint Meeting, with the West Central Texas Municipal Water District, Thursday, November 6, 1980, at 12:00 Noon, with Mayor Oliver Howard, present and presiding. Councilmen Seaton Higginbotham, Leo F. Scott, S.M. Moore, Jr., L. D. Hilton & Councilwoman Kathy Webster, present. Councilman Dick Bowen, absent. City Manager Ed Seegmiller, City Attorney Harvey Cargill & City Secretary Ruth Hodgins, present.

Those present with WCTMWD were the following Directors, Robert H. Alvis, L.A. Anderson, Harwell Barber, Bob Childress, Sydney Niblo, James H. Cotter, A.V. Jones, Jr., J.M. Heidenheimer & Carroll A. Magers. H.O. Rowland & Joe Rex Brown, absent. Members of the Staff present were as follows: Victor Jaeggli, General Manager, Martin Cleveland, Asst. Manager, Hudson Smart, Legal Counsel, and Virginia Duncan, Asst. Secretary.

Mayor Howard welcomed the group to the combined meeting of the West Central Texas Municipal Water District and the officials of the City of Abilene, to discuss the Long Range Water Supply.

Invocation by City Manager Ed Seegmiller.

James Cotter, Water District President, introduced guests and members of his Board.

Mr. Jaeggli spoke of the cooperation of the Staff of the City Water Department, because it was difficult for them to keep all their pumps going, but by help of Dwayne Hargesheimer and his crew they were able to keep the flow of water from Lake Hubbard to Phantom Hill Lake going. He expressed appreciation to all their member cities for the wonderful cooperation which their Water District receives. He also spoke of his appreciation for the wonderful help that the District receives from the financial advisor, who is also the City's financial advisor, Joe Smith.

Mr. Jaeggli spoke highly of the water consultant, Freeze & Nichols Engineering Firm, who are able to build dams and water facilities very economically and very effectively.

Mr. Seegmiller expressed his appreciation to each one present and said that we had a very crucial and necessary responsibility to deal with. He pointed out that it was very necessary to have a good working relationship with those who are involved with furnishing water to this area. He also expressed his appreciation to the financial advisor, Joe Smith, for his assistance in this area.

Mr. Seegmiller said that he hoped that this meeting would help every one to know the planning processes and that several things can come out of the discussions today, such as education on the vital issues and time table before us and contractual relationship with the Water District. He also spoke of the coordinated effort between the Water District and the City of Abilene in trying to furnish the City with water and the long range plan. He discussed the need for discussion of the solution to the peak needs for the City of Abilene and to review the financial plan that will be required from both the district and the City for any future projects. He also spoke of his hope that they could understand and adopt a coordinated operation of raw water supply.

Mr. Joe Smith, First Southwest Co. Financial Advisor for both the City of Abilene and the Water District, said that the Bonds which were issued for the construction of the Hubbard Creek Reservoir and the Pipeline System, were for \$15.5 Million, and approximately one half of them are still outstanding. These are supposed to be paid off in 1993, or possibly could be amortized earlier than that, he said. He said that revenue bonds do not have to be voted on but tax bonds have to be voted. He answered questions on the financial situation of the City of Abilene and the Water District, saying that it would be more flexible after the present bonds are paid off.

Mr. Roy McDaniel, Director of Finance for the City of Abilene, summarized what Mr. Smith said, and added that when the City of Abilene got additional water in the future, it would not be cheap.

Mr. Smith said that there is a provision in the existing indenture that if the need for financing came about before the present bonds mature in 1993, there is a special project revenue bond which would work. He said that a special project revenue bond is for the purpose of providing additional sources of water supply, supply lines and facilities to enable the sale of water to other users or to perform some service not presently contemplated to be performed by the system. The original purpose contemplated was the delivery of contracted amounts of water, set out in contracts, totaling (for the four cities) 21 million gallons per day.

Mr. Smith said that in his opinion, both the City and the District would be in a position, in the near future, to use the District as a vehicle for financing of additional water supply. Financing through the District would be, by far, the most economical way to finance additional water that the cities have. He said that the special bonds system could be used with only Abilene and the Water District, if the other three cities did not want to participate.

The District is committed to deliver a maximum amount of water to the City of Abilene of 15,500,000 gallons per day. If all member cities were taking the maximum amount allocated and Hubbard Creek Lake was operating alone, the safe yield of Hubbard Creek Lake is essentially fully committed. However, if the coordinated use plan proposed by Freese and Nichols is followed, an additional 6,690 acre feet per year becomes available.

Jim Nichols, President of Freese & Nichols, introduced his people, John Cook, Robin Lloyd & Bob Gooch, Engineers & Legal Council.

Bob Gooch, Engineer with Freese & Nichols, presented three main alternatives, which predicted demand would exceed all currently available within 18 to 24 years if other sources were not developed. The cheapest alternative is utilizing Possum Kingdom Reservoir, although by the end of the meeting, this seemed the least likely of the plans, due to such problems as when and if the government will spend \$200 to \$300 million necessary to keep salty water out of it so it might be used for drinking. The Possum Kingdom plan would cost \$26 million, based on 1980 price levels, and while the cheapest plan, it also provides the least water, 12,000 acre feet per year.

A second alternative, Mr. Gooch presented, is diverting water from the Clear Fork of the Brazos through a pipeline south into Hubbard Creek Reservoir, at a cost of \$68 million. It is the second most expensive, but would provide 14,500 acre feet of water per year, 2,500 more than that Possum Kingdom plan.

The third alternative is pumping water into Lake Fort Phantom Hill from a Cedar Ridge Reservoir that would be constructed in southwestern Throckmorton County. This is the most expensive plan but provides the most water for the longest time, 20,000 acre feet per year.

The report names these alternatives as the top three because they each provide at least the 12,000 more acre feet of water per year the study estimates will be needed by the water district by the year 2030. Mr. Gooch explained that 12,000 acre feet means about 10 to 11 million gallons of water a day during a year. Abilene consumes about 22 million gallons every day, and the maximum usage was nearly 50 million gallons on several of the hottest days this summer.

The Possum Kingdom project seemed the most complicated in that it not only requires waiting for government improvement of the water quality in the lake, which is high in chlorides (salt) and sulfates, but also possibly water district cooperation in a Brazos River Authority Reservoir project elsewhere. The report said the water district might need to help finance building a reservoir elsewhere for Brazos consumers to the south who do not use Possum Kingdom water, the trade out for such expense being that the district would in return receive the Possum Kingdom water that would then become available. Maintaining the Possum Kingdom system would require \$3.1 million annually, the bulk being \$2.2 million for repaying the borrowed funds at 7.5 percent for 30 years.

The second plan, pumping from the Clear Fork directly into Hubbard, would require \$7 million annually to maintain, again with the major portion being debt service, in this case \$5.7 million annually for 30 years at 7.5 percent interest.

The Cedar Ridge Reservoir plan to pump water to Phantom Lake would have an annual cost of \$7.4 million, the major portion being \$6.9 million on the 30 year debt service. The report cautions against looking only at the initial cost when evaluating the projects, noting that electricity used for pumps may increase in price as it has in recent years, so in some cases a source of supply with higher initial cost may be justified if it will have a lower long-term operating cost.

Among its conclusions, the report notes that the Possum Kingdom plan is apparently the least expensive and would boost the cost of water to an estimated 95 cents per 1,000 gallons. It states that unit costs of water from the Cedar Ridge and Clear Fork plans would be approximately the same, at \$2.21 and \$2.11 per 1,000 gallons respectively.

Three recommendations conclude the text of the report.

First is that the water district now evaluate the prospects for more effective control of man-made pollution on the watershed of the Clear Fork of the Brazos.

Second is that the district discuss with the Brazos River Authority and the Corps of Engineers whether part of the yield of Possum Kingdom might become available to the district in the foreseeable future, and whether the proposed federal pollution project which would improve Possum Kingdom water quality is likely to be carried out in time to make its use a viable alternative.


Third is the recommendation that the district and its member cities reach a definite decision on the next source of water supply by 1985 in order that detailed planning, project design and development can begin by that date.

District President James Cotter advocated a slowdown in usage, which he said could be stimulated by reversing the present method of charging progressively less for the more water customers use.

The City and Water Board Members agreed to meet again within six months to discuss a study of Clear Fork of the Brazos Water to study the feasibility of its use for the Cedar Ridge Reservoir and Clear Fork diversion projects.

After much discussion, Mayor Howard adjourned the meeting at 3:45 p.m.


CITY SECRETARY


MAYOR OLIVER HOWARD