AUSTIN CITY COUNCIL

AGENDA



Thursday, June 21, 2007

Austin Water Utility **Item No. 7**
RECOMMENDATION FOR COUNCIL ACTION

Subject: Authorize the negotiation and execution of an agreement with Hill Country Golf, Inc. (dba Lost Creek Country Club) and Barton Creek Resort, LLC, through its general manager, KSL Resorts, Inc., Travis County Municipal Utility District #4, and Stratus Properties, Inc. concerning the disposal of treated effluent from the Lost Creek Municipal Utility District's wastewater treatment plant for golf course irrigation purposes.

Amount and Source of Funding: The funding for required operating expenses is contingent upon available funding in future budgets.

Fiscal Note: A fiscal note is not required.

For More Information: Bart Jennings, 972-0118; Denise Avery, 972-0104

Boards and Commission Action: Recommended by the Water and Wastewater Commission.

In 2001, Lost Creek MUD entered into an agreement with the Hill Country Golf, Inc. (dba Lost Creek Country Club) and Barton Creek Resort, LLC, ("Country Clubs"), Travis County Municipal Utility District #4 ("TC MUD"), and Stratus Properties, Inc. ("Stratus") concerning the disposal of treated effluent, at no volumetric cost to the Country Clubs, for golf course irrigation, from the Lost Creek MUD wastewater treatment plant (“WWTP”). The termination of the agreement upon the City’s annexation of Lost Creek MUD was included as a provision of the agreement. In December 2005, City Council placed the Lost Creek MUD in the City’s Municipal Annexation Plan in which the Lost Creek MUD is scheduled to be annexed in December 2008.

The Austin Water Utility recommends the continuation of the use of the WWTP, upon the City’s acquisition of the WWTP via either annexation or the execution of an annexation-related agreement such as a Strategic Partnership Agreement. The City’s provision of treated effluent for golf course irrigation is in alignment with current City water conservation policies and allows the Austin Water Utility to defer the expense of decommissioning the WWTP and constructing lift station(s) and a force main to transport wastewater to the City’s existing centralized wastewater system.

The Country Clubs, TC MUD, Stratus, and City representatives have discussed the potential terms of an agreement for the continuation of the provision of treated effluent for golf course irrigation after the City’s acquisition of the WWTP. The current permit for the WWTP is 520,000 gallons per day (“gpd”) capacity. The current annual monthly average of discharged flows from the WWTP is approximately 288,000 gpd.

The City’s obligations would take effect upon the City’s acquisition of the WWTP. The major points of the proposal include:

• The City would discharge no more than 390,000 gpd for more than three consecutive months except greater amounts would be authorized during emergency conditions. If the City wishes to discharge more than this and adequate land is available, the parties agree to amend the agreement.

• The Country Clubs would provide an easement for the existing discharge force main from the WWTP to the 12 acre ft. holding pond at no cost to the City.

• The City would add wastewater treatment for the removal of phosphorus in the WWTP (estimated $10,000 one time cost and $16,000 annually).

• The City would transfer ownership of the 12 acre ft. and 38 acre ft. holding ponds, at no cost, to the Lost Creek Country Club and TC MUD. The City would not be responsible for any expenses associated with these assets except to restore capacity due to silt and debris build-up (estimated one-time cost of $300,000). The City would transfer its interest in the 102 acre ft. holding pond, at no cost, to TC MUD and the City would not be responsible for any expenses associated with this asset.

• The City would transfer ownership of irrigation pumps, mains, and other irrigation appurtenances, at no cost, to the Country Clubs upon the City's acquisition of the WWTP and would not be responsible for any expenses associated with this asset for operations and maintenance.

• The Country Clubs and TC MUD would agree to operate and maintain the irrigation system in compliance with TCEQ and City requirements.

• For the first ten years, the City would not charge the Country Clubs for treated effluent from the City. For the next five years, the City would charge Country Clubs an increasing percentage of the City's applicable rate for treated effluent provided for the "dry" months of April through October. Thereafter, the City would charge the Country Clubs 100% of the City's applicable rate for treated effluent for those dry months.

• The term of the agreement would be 40 years. After 15 years, the City, at its sole option, may terminate the agreement and must give the other parties a three year notice prior to such termination. If the Country Clubs decide to decommission the golf course, they must give the City four years notice prior to ceasing to accept effluent.