

## AGENDA



Thursday, November 5, 2009

**Public Works****Item No. 28****RECOMMENDATION FOR COUNCIL ACTION**

**Subject:** Authorize execution of a Firm Water Contract with the Lower Colorado River Authority for the use of water to support operations of the Waller Creek Tunnel system in an amount not to exceed \$250,000 over ten years.

**Amount and Source of Funding:** Funding of \$34,155 is available in the Fiscal Year 2009-2010 CIP Budget of the Watershed Protection Department. Funding for future years is contingent upon available funding in future budgets of the Waller Creek Tax Increment Financing Reinvestment Zone No. 17.

**Fiscal Note:** A fiscal note is attached.

**For More Information:** Gary Jackson 974-7115, Robin Field 974-7064

The Waller Creek Tunnel project will require water to fill the Tunnel, to provide creek flows during dry weather, and for Park irrigation systems. This proposed contract between the Lower Colorado River Authority (LCRA) and the City of Austin will allow the Tunnel system to operate using LCRA water during processing of the City's permit application with the Texas Commission on Environmental Quality (TCEQ). The proposed contract will provide all water needed to support Tunnel system start-up and operations until a permit with TCEQ is approved. This water is expected to be needed around the year 2013, when the tunnel is expected to become operational. The costs of purchasing water under this contract is a component of the costs associated with operating the tunnel. Funding of \$34,155 for the annual reserved water charge is included in the CIP budget for the Waller Creek Tunnel project while the tunnel is being constructed.

The contract duration is ten years, but the City may terminate the contract at any time following the expiration of one (1) year, measured from the Effective Date, by providing at least three (3) months prior written notice to LCRA if the City is current on all payments due to LCRA under the contract. The City shall have the right to a maximum of 165 acre-feet (53,765,415 gallons) of raw or untreated water per annum (the "Maximum Annual Quantity" or "MAQ").

The City and LCRA have agreed that the amount of water made available to the City during the previous year will be calculated as the sum of:

- 1) 38.1 acre-feet per year, the estimated losses from evaporation, evapotranspiration, seepage and other losses from the surface impoundments and bed and banks recirculation on Waller Creek; plus
- 2) The amount of water diverted for irrigation purposes; plus
- 3) The amount of water used to fill or refill the Waller Creek Tunnel in the event the tunnel was initially filled or refilled; plus
- 4) Delivery losses to the Point of Availability on Lady Bird Lake, calculated as the sum of items 1 through 3 times 2.4 percent.

The costs associated with this MAQ under current rates (\$138.00 per acre-foot (\$0.42 per 1,000 gallons)) are as follows:

- MAQ used per year: \$22,770 per year (Maximum charge)
- Reserved Water Charge: \$11,385 per year (Minimum Charge)

After the City obtains TCEQ permits, the City will likely either continue with this agreement or seek a modified version to serve as backup to the supply available from the TCEQ permits.