

CIP EXPENSE DETAIL

DATE OF COUNCIL CONSIDERATION:
CONTACT DEPARTMENT(S):

11/10/11
Austin Water Utility

SUBJECT. Authorize negotiation and execution of an agreement to purchase the Lower Colorado River Authority's Glenlake Water System at an amount not to exceed \$1,994,000.

CURRENT YEAR IMPACT:

Department:	Austin Water Utility
Project Name:	Glenlake Water System
Fund/Department/Unit:	3960 2207 7001
Funding Source:	Commercial Paper
Current Appropriation:	2,000,000.00
Unencumbered Balance:	2,000,000.00
Amount of This Action:	(1,994,000.00)
Remaining Balance:	<u>6,000.00</u>

Total Amount of this Action	<u><u>1,994,000.00</u></u>
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ANALYSIS / ADDITIONAL INFORMATION: The Lower Colorado River Authority (LCRA) owns, operates, and maintains water and wastewater systems located in its jurisdiction. The board of LCRA determined that it was in LCRA's best interests to divest itself of its water and wastewater systems. LCRA is using a third-party intermediary to assist them with the sale process. One of these water systems is the Glenlake Water System located in northwestern Travis County (near RM 2222 and River Place Boulevard), the Drinking Water Protection Zone, the City's extraterritorial jurisdiction, and the City's service area.

The City proposed to LCRA to pay LCRA a lump sum amount (\$1,994,000 dollars) to defease LCRA's debt for the purchase of the Glenlake Water System. The proposed closing date for the transaction is June 1, 2012. The City's 25-year net present value analysis indicates a positive value outcome for the City's purchase of the Glenlake Water System. Upon the date of the City's acquisition of the Glenlake Water System, those customers will become direct retail customers of the City, and City policies, rates, and fees will apply.