



Brazos River Authority
FY 2018 Operating Budget
Brushy Creek Regional Wastewater System

Final as of July 28, 2017

	FY 2016 Actual	FY 2017 Est. Actual	FY 2017 Budget	FY 2018 Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Supplemental Revenues						
Septic Haulers Permit	\$ 715	\$ 625	\$ 400	\$ 500	\$ 100	25.0%
Discharge Fees	220,098	180,000	175,000	175,000	-	0.0%
Sludge Processing	85,176	56,000	-	-	-	n/a
Lab Rental	16,800	16,800	16,800	16,800	-	0.0%
Miscellaneous	342	200	-	-	-	n/a
Interest Income	2,948	2,500	500	1,000	500	100.0%
Total Supplemental Revenue	\$ 326,078	\$ 256,125	\$ 192,700	\$ 193,300	\$ 600	0.3%
Expenses - Plant						
Salaries	\$ 619,795	\$ 687,236	\$ 761,007	\$ 769,122	\$ 8,115	1.1%
Benefits	271,770	291,504	351,861	349,943	(1,918)	-0.5%
Materials & Supplies	226,685	292,434	307,109	310,145	3,036	1.0%
Repairs & Maintenance	376,449	334,933	341,145	328,589	(12,556)	-3.7%
Equipment Rental	45,079	22,474	42,874	45,004	2,130	5.0%
Utilities	1,042,202	1,213,940	1,288,866	1,285,321	(3,545)	-0.3%
Sludge Disposal	1,687,324	1,595,084	1,911,178	2,109,923	198,745	10.4%
Travel	4,142	6,300	8,000	8,000	-	0.0%
Outside Services	250,644	273,119	268,994	255,817	(13,177)	-4.9%
Employee Development	8,422	21,145	24,665	24,665	-	0.0%
Regulatory	134,554	138,628	135,843	140,000	4,157	3.1%
Direct Labor	121,556	85,187	101,475	148,912	47,437	46.7%
General & Administrative	192,320	194,384	193,822	197,615	3,793	2.0%
Management Fee on O&M	234,504	235,945	235,945	239,446	3,501	1.5%
Subtotal	\$ 5,215,446	\$ 5,392,313	\$ 5,972,784	\$ 6,212,502	\$ 239,718	4.0%
Capital Outlay Plants	212,725	229,528	233,800	292,000	58,200	24.9%
Total O&M - Plant	\$ 5,428,171	\$ 5,621,841	\$ 6,206,584	\$ 6,504,502	\$ 297,918	4.8%
Expenses - Collection						
Materials & Supplies	\$ 837	\$ 2,040	\$ 3,620	\$ 3,620	\$ -	0.0%
Repairs & Maintenance	2,315	5,500	31,000	19,500	(11,500)	-37.1%
Equipment Rental	3,880	1,350	3,975	2,740	(1,235)	-31.1%
Direct Labor	47,841	77,403	57,868	64,628	6,760	11.7%
Subtotal	\$ 54,874	\$ 86,293	\$ 96,463	\$ 90,488	\$ (5,975)	-6.2%
Capital Outlay - Collection	13,016	13,016	22,000	31,000	9,000	40.9%
Total O&M - Collection	\$ 67,890	\$ 99,309	\$ 118,463	\$ 121,488	\$ 3,025	2.6%
Grand Total O&M	\$ 5,496,060	\$ 5,721,150	\$ 6,325,047	\$ 6,625,990	\$ 300,943	4.8%
Net O&M	\$ 5,169,982	\$ 5,465,025	\$ 6,132,347	\$ 6,432,690	\$ 300,343	4.9%
Total MG	6,859.34	6,700.00	5,500.00	6,800.00	1,300.00	23.6%
\$/1,000 O&M w/o capital	\$ 0.77	\$ 0.82	\$ 1.10	\$ 0.93	\$ (0.18)	-16.0%
\$/1,000 O&M with capital	\$ 0.80	\$ 0.85	\$ 1.15	\$ 0.97	\$ (0.18)	-15.3%



**Brazos River Authority
FY 2018 Operating Budget
Brushy Creek Regional Wastewater System**

Final as of July 28, 2017

Comparison of Equivalent Annual Flow (in 1,000 gallons)

Entity	FY 2015	FY 2016	FY 2017	FY 2018
City of Cedar Park	1,310,574	1,278,723	1,322,838	1,294,079
City of Austin	314,652	313,813	315,023	263,529
City of Round Rock				
City of Round Rock	3,796,757	3,677,125	3,972,417	4,042,258
Brushy Creek MUD	461,574	489,084	495,816	492,622
Fern Bluff MUD	136,728	126,228	130,548	139,632
Total City of Round Rock	4,395,059	4,292,437	4,598,781	4,674,512
City of Leander	339,586	334,895	397,506	431,866
Total	6,359,871	6,219,868	6,634,148	6,663,986

Comparison of Flow Percentages

Entity	FY 2015	FY 2016	FY 2017	FY 2018
City of Cedar Park	20.61%	20.56%	19.94%	19.16%
City of Austin	4.95%	5.05%	4.75%	5.22%
City of Round Rock				
City of Round Rock	59.70%	59.12%	59.88%	59.86%
Brushy Creek MUD	7.26%	7.86%	7.47%	7.29%
Fern Bluff MUD	2.15%	2.03%	1.97%	2.07%
Total City of Round Rock	69.11%	69.01%	69.32%	69.22%
City of Leander	5.34%	5.38%	5.99%	6.40%
	100.00%	100.00%	100.00%	100.00%

Comparison of Monthly Payments

Entity	FY 2015 Actual	FY 2016 Actual	FY 2017 Budget	FY 2018 Proposed
City of Cedar Park	\$ 90,327.91	\$ 88,579.02	\$ 101,898.33	\$ 102,725.91
City of Austin	21,686.58	21,757.01	24,266.28	27,979.78
City of Round Rock				
City of Round Rock	261,681.73	254,707.77	305,995.49	320,880.37
City of Leander	22,946.52	22,874.38	30,028.40	33,634.71
Brushy Creek MUD	31,812.80	33,863.38	38,192.74	39,105.08
Fern Bluff MUD	9,423.63	8,745.89	10,056.12	11,084.19
Total City of Round Rock	325,864.68	320,191.41	384,272.75	404,704.36
City of Leander	458.59	304.37	591.51	647.45
Total Monthly Payment	\$ 438,337.76	\$ 430,831.81	\$ 511,028.87	\$ 536,057.50



Financial and Administrative Service Department
Purchasing Office
PO Box 1088, Austin, Texas, 78767

June 27, 2014

Ms. Cheryl Hoelscher
Brazos River Authority
PO Box 755
Waco, TX 7614

The City Council has approved the execution of a contract for the continuation of Wastewater Services Operating Agreement for the Brushy Creek Regional Wastewater System Agreement in accordance with the Attached documents. This contract replaces NI100000007 which expires 9/9/14.

Responsible Department:	Austin Water Utility
Department Contact Person:	Brad Brill
Department Contact Email Address:	Brad.brill@austintexas.gov
Department Contact Telephone:	512/972-0347
Project Name:	Purchase Agreement for the Brushy Creek Regional Wastewater System
Contractor Name:	Brazos River Authority
Contract Number:	NI140000019
Contract Period:	September 10, 2014 through September 9, 2019
Contract Amount:	\$371,000 annually
Extension Options:	N/A
Extension Amount Per Option:	N/A
Requisition Number:	2200 1404300287
Solicitation Number:	N/A
Council Date:	9/22/11
Agenda Item No.:	4

Thank you for your interest in doing business with the City of Austin. If you have any questions regarding this contract, please contact me at 512/972-4040.

Sincerely,

Stephen T. Aden, Sr.
Corporate Purchasing Manager
Purchasing Office
Finance and Administrative Service Department

cc: Bradly Brill, AWU

**WASTEWATER SERVICES OPERATING AGREEMENT
BETWEEN BRAZOS RIVER AUTHORITY, CITY OF ROUND ROCK, CITY OF CEDAR
PARK, CITY OF AUSTIN AND CITY OF LEANDER**

THIS WASTEWATER SERVICES OPERATING AGREEMENT ("Agreement"), dated and entered into to be effective as of the 1st day of October, 2011 (the "Effective Date"), by and between the Brazos River Authority (hereinafter called the "BRA"), and the Cities of Round Rock, Cedar Park, Austin, and Leander (individually, "City"; collectively called "Cities"), is hereby executed in contemplation of the mutual consideration, covenants, obligations, and benefits provided in this Agreement. BRA and the Cities are authorized to make this Agreement under the provisions of Chapters 30 and 49, Texas Water Code; Section 791.026, Texas Government Code; and other applicable provisions of state law. Accordingly, the Parties hereby agree as follows:

**ARTICLE 1.
DEFINITIONS**

1.1 Definitions.

Terms and phrases used in this Agreement, unless the context clearly demonstrates otherwise, shall have the following meanings:

"Actual Annual Expenditures" means all recorded financial transactions for Operation and Maintenance Expenses, Capital Expenses, Management Fee, Repair and Replacement Fund, or other costs related to the Annual Budget during any Fiscal Year.

"Additional Service(s)" means activities performed by the BRA which are not specifically defined in the Scope of Work of this Agreement and which are performed for the Cities at an additional cost, agreed to by the Parties.

"Agreement" means this Agreement, together with all exhibits attached hereto and incorporated by reference herein.

"Annual Budget" means the combination of the Operation and Maintenance Budget, Capital Expense Budget, Management Fee, and Repair and Replacement Fund.

"Annual Flow" means the amount of wastewater generated in each City's service area delivered to the System on an annual basis, as calculated by the Operations Committee, in accordance with Section 8.2 of the Master Contract and Sections 5.1 and 5.2 of this Agreement.

"Annual Flow Percentages" means each City's proportionate share of the Annual Flow.

"BRA" means the Brazos River Authority.

"Capital Expenses" means all direct costs for the design, permitting, construction and/or acquisition of Capital Improvements including the costs of acquiring any necessary easements, rights of way, or fee simple title to real property. Capital Expenses shall not include the Management Fee or Operations and Maintenance Expenses.

"Capital Expense Budget" means the annual amount budgeted for all Capital Expenses during any Fiscal Year.

"Capital Improvements" means physical improvements to or assets of the System, with an expected useful life of a minimum of three years and of the type generally categorized as a capital improvement and/or a capital expense in individual budgets of the Cities including but not limited to repairs and/or replacement of damaged, worn out or obsolete portions of the System and any new additions to or improvements made to the System, including Expansion, Emergency Repairs, and other improvements necessary for the System to meet or maintain Regulatory Requirements and/or improve operations of the System for the benefit of the Cities.

"City" or "Cities" means the Cities of Round Rock, Cedar Park, Austin, and Leander.

"City's System" means each City's wastewater disposal system, owned by such City, through which it provides retail and/or wholesale wastewater service within its service area.

"Collection System" means the wastewater collection system as detailed in the K. Friese and Associates "Brushy Creek Regional Wastewater System" map, dated 2/2/2010, attached hereto as "**Exhibit E**," and incorporated by reference herein, and any additions to the Collection System that may be added as provided in this Agreement. The Collection System includes the wastewater collection pipeline and its appurtenances from Node 'A' through Node 'S', the Onion Creek Interceptor, the Onion Creek Relief Interceptor, the Southwest Interceptor, the Lake Creek Interceptor, and the South Interceptor.

"Emergency Repairs" means those unanticipated System repairs and improvements to be paid from the Repair and Replacement Fund as they are not included in the Operations and Maintenance Budget or the Capital Expense Budget but must be initiated immediately to avoid System failures that threaten public health and safety and/or the environment. The costs and expenses for Emergency Repairs may be considered either Capital Expenses or Operation and Maintenance Expense, as applicable and determined by the Operations Committee.

"Expansion" means an expansion, extension, or enlargement of any System Component(s), which results in an increase in the capacity reservation for such System Component(s), and are incurred as Capital Expenses.

"Fiscal Year" means the 12-month period beginning on October 1 of each year and ending on September 30 of the following year.

"Management Fee" means the annual fee paid to BRA by the Cities for the Scope of Work services provided by BRA as described in "Exhibit A" and in Section 2.1.

"Master Contract" means that certain "Amended and Restated Master Contract for the Financing, Construction, Ownership, and Operation of the Brushy Creek Regional Wastewater System" entered into by and among Cities and dated June 4, 2010, as may be amended or restated from time to time, and a copy of such amendments or restatements shall be made available to BRA immediately upon execution by the Cities.

"Monthly Budget Payments" means an amount equal to one-twelfth of the Annual Budget, to be paid to BRA by Cities.

"Operation and Maintenance Budget" means the annual amount budgeted for all Operation and Maintenance Expenses during any Fiscal Year and shall exclude Capital Expenses and the Management Fee.

"Operation and Maintenance Expense" means all costs to be paid to BRA by Cities for operation, maintenance, repair, rehabilitation, replacement and decommissioning of the System including, but not limited to:

- (1) costs of maintaining any permits or licenses necessary to own, operate and maintain the System;

- (2) costs such as labor, materials, utilities, supervision, engineering, accounting, auditing, legal and professional services, insurance, personnel, data processing and purchasing;

- (3) costs of scheduled repairs and/or replacement of damaged, worn out or obsolete portions of the System that are of a routine and/or recurring nature and are, therefore, not considered a Capital Expense and as may be necessary to meet and maintain Regulatory Requirements and/or serve to improve operations of the System for the benefit of the Cities.

- (4) such other costs or expenses as may be imposed upon the Cities in connection with fulfillment of their obligations under this Agreement because of laws, regulations, or requirements of the State, the United States, or any agency or governmental subdivision of the State or any agency of the United States having jurisdiction;

- (5) costs of any other tools, supplies, inventory, services and equipment, together with other costs not otherwise included in this definition necessary for proper operation and maintenance of the System; and

(6) costs associated with the satisfaction of judgments resulting from or settlement of claims not covered by the insurance or not paid by one particular City arising in connection with the ownership, operation or maintenance of the System, which are contractually a responsibility of the Cities.

Depreciation shall not be considered an item of Operation and Maintenance Expense.

"Operations Committee" means the committee created by the Cities pursuant to the Master Contract that represents the individual and collective interests of the Cities and which such committee shall manage this Agreement, provide guidance to BRA, and direct BRA, as appropriate, regarding the services provided by BRA through the designated Point of Contact.

"Party" or "Parties" means BRA, the City of Round Rock, the City of Cedar Park, the City of Austin, and the City of Leander.

"Permit" or "Permits" means any necessary permit, license, order, and other governmental approvals issued by any Federal, State, local or regulatory agency that may now or hereafter have jurisdiction and related to a Regulatory Requirement associated with the construction, maintenance, or operation of the System, including, but not limited, to Texas Pollutant Discharge Elimination System (TPDES) Permits issued by the TCEQ for the System.

"Point of Contact" means the individual appointed by the Operations Committee to coordinate with BRA in all matters related to this Agreement.

"Point of Entry" means a point at which Wastewater from each City enters the System.

"Reasonable Standards" means activities conducted in accordance with municipal wastewater collection and treatment standards and at the lowest reasonable cost consistent with reliability and safety, which includes but is not limited to: sound engineering principles, manufacturers' recommended operating and maintenance criteria, and Regulatory Requirements (including regulations promulgated by any governmental or regulatory authority or agency having jurisdiction).

"Reconciliation Value" means the difference between the Annual Budget and the Actual Annual Expenditures recorded in the BRA's financial accounting system in a Fiscal Year and agreed to by the Cities.

"Regulatory Requirements" means all Federal and State laws, rules, and regulations governing the design, permitting, and operation of municipal wastewater treatment and disposal systems in the State, including but not limited to the rules, regulations and/or orders of the United States Environmental Protection Agency, the TCEQ, and courts of competent jurisdiction.

"Repair and Replacement Fund" means those funds to be used at the discretion of the BRA for the purpose of making unscheduled repairs and replacements to the System when prompt action is deemed necessary by the BRA for expenses which are not contemplated in the Annual Budget.

"Reserved Capacity" means the total quantity of Wastewater that a City is entitled to deliver into any System Component during a Fiscal Year pursuant to this Agreement, or, alternatively, the percentage of capacity of a System Component that a City is entitled to utilize pursuant to this Agreement, all as set forth in the Master Contract.

"Scope of Work" means the services to be provided by BRA as set forth in "**Exhibit A.**"

"State" means the State of Texas.

"System" means the existing Brushy Creek Regional Wastewater System components as detailed in the K. Friese and Associates map attached hereto as "**Exhibit E,**" and any additions to the System that may be added as provided in this Agreement. The System consists of the Collection System and the Treatment System.

"System Component" means a specified facility comprising part of the System as described in the Master Contract.

"TCEQ" means the Texas Commission on Environmental Quality or any successor or successors exercising any of its duties and functions.

"Treatment System" means the wastewater treatment system as detailed in the K. Friese and Associates map attached hereto as "**Exhibit E,**" and any additions to the Treatment System that may be added as provided in this Agreement. The Treatment System consists of the Brushy Creek East Regional Wastewater Treatment Facilities, and the Brushy Creek West Regional Wastewater Treatment Facilities.

"Wastewater" means liquid and water-carried waste discharged from sanitary conveniences of dwellings, business buildings, institutions and the like including garbage which has been shredded to such degree that all particles will be carried freely under flow conditions normally prevailing in public sewers, with no particle greater than one-half (1/2) inch in any dimension and the liquid wastes from industrial processes, and includes any infiltration water that has migrated from the ground into the System, or inflow water from above the ground entering the System.

ARTICLE 2.

SERVICES TO BE PERFORMED

2.1 Services.

The BRA will, in accordance with the terms and conditions hereof, operate and maintain the System, as such operations are more particularly described in "**Exhibit A,**"

attached hereto and incorporated by reference herein. "**Exhibit A**" is referred to herein as the "Scope of Work." The BRA shall operate and maintain the System in accordance with Regulatory Requirements and Reasonable Standards.

2.2 Additional Services.

In contemplating performance under the terms of this Agreement, the BRA and the Cities hereby acknowledge that from time to time, as requested, the BRA may provide Additional Services to the Cities, which are related to the System but are not contemplated by the Scope of Work established herein. In that regard, the BRA and the Cities shall detail, by separate written instrument, a description of the services to be performed, the cost of the service, and the terms and methods of compensation to BRA.

2.3 Direction to BRA

The Operations Committee, through the Point of Contact, shall provide guidance to BRA, and direct BRA, as appropriate, regarding all terms and conditions of this Agreement for the services provided by BRA.

2.4 Brushy Creek Regional Wastewater System Equipment

In performing the services contemplated herein, the BRA shall be entitled to utilize the equipment, machinery, supplies and inventory located at either of the two treatment plant sites, but all such items shall remain the property of the System. The BRA shall repair and maintain all equipment and machinery in accordance with its condition and usable life as an Operating and Maintenance Expense. In addition, the BRA may acquire as an Actual Annual Expenditure, from time to time, equipment and/or tools to operate and maintain the System and these items shall become the property of the System upon termination of this Agreement.

2.5 BRA Equipment

BRA may, from time to time, use BRA-owned, leased, or rented equipment in the services of this Agreement set forth in "**Exhibit B**," attached hereto and incorporated by reference herein. Such utilization shall be incorporated into the Annual Budget and paid for as an Actual Annual Expenditure.

2.6 Lease and Utilization of Premises and Equipment

The Cities shall allow utilization by BRA of the laboratory and related space, and equipment, as more specifically described in "**Exhibit C**," attached hereto and incorporated by reference herein.

2.7 Credit for Revenues

BRA shall collect revenues, in accordance with rates approved by the Operations Committee, from any activity in which assets of the System are used by BRA or entities other than the Cities. The Cities shall receive credit to the Operations and Maintenance Budget for revenues generated by BRA for operation, maintenance and use of the System, including but not limited to septic hauler discharge permits and fees, lab lease, sludge processing, Forest Creek Golf Course reuse water, and interest income on funds held by BRA under this Agreement.

ARTICLE 3.
REPAIR AND REPLACEMENT FUND

3.1 Repair and Replacement Fund.

A Repair and Replacement Fund shall be established as part of the Annual Budget and shall be held in an interest bearing account.

3.2 Determination of Necessity to Repair.

The BRA shall be responsible for determining the necessity of any Emergency Repairs. Upon making any determination that Emergency Repairs are required, the BRA shall promptly notify the Point of Contact of the Operations Committee. The BRA shall procure, design, construct, acquire, and/or install any such improvements related to the Emergency Repairs. At the request of the Operations Committee after the completion of the Emergency Repairs and at Cities' expense, the BRA shall provide a written report that specifies in reasonable detail the Emergency Repairs and the cause of the emergency.

3.3 Restoration of Fund.

For each Fiscal Year, the BRA shall include, as a component of the Reconciliation Value, an amount sufficient to restore the Repair and Replacement Fund to the minimum balance of \$ 100,000.00.

ARTICLE 4.
CONDITIONS TO OBLIGATIONS OF PARTIES; OWNERSHIP OF FACILITIES

4.1 Ownership of Improvements and Repairs.

All Capital Improvements or Emergency Repairs shall become the property of the System, recorded as an asset of the System, titled to the System, and insured by the Cities to the extent required herein.

ARTICLE 5.
BUDGETS AND RECONCILIATION

5.1 Annual Flow Percentages.

On or before May 15th, prior to the beginning of each Fiscal Year, the Operations Committee shall furnish the BRA with the Annual Flow Percentages. Budgeted Operations and Maintenance Expenses, Management Fee, and unbudgeted Operations and Maintenance Expenses charged to the Repair and Replacement Fund at the direction of the Operations Committee shall be allocated to each City based on the Annual Flow Percentages. Allocation of Capital Expenses charged to the Repair and Replacement Fund at the direction of the Operations Committee shall be based on the location in the System.

5.2 Reserved Capacity

On or before May 15th, prior to the beginning of each Fiscal Year, the Operations Committee shall furnish the BRA with a current inventory of Capacity Reservations.

5.3 Annual Budget Preparation.

On or before June 1st, prior to the beginning of each Fiscal Year hereafter, the BRA shall furnish the Operations Committee with an updated estimate of the Annual Budget (indicating amounts for each of the budgets comprising the Annual Budget), for the next Fiscal Year plus an estimate of the Reconciliation Value for the current Fiscal Year. The Operation and Maintenance Budget shall be calculated based upon the estimated amount of Wastewater to be delivered to the System for the next Fiscal Year. An Annual Budget shall not be effective and final for the purposes of calculation and payment of the Monthly Budget Payments until approved by Cities, and such approval shall occur no later than July 15th of each year.

5.4 Notice of Monthly Budget Payments Calculation.

On or before August 1st, prior to the beginning of each Fiscal Year hereafter, the BRA shall furnish the Operations Committee with a schedule of the Monthly Budget Payments to be made by the Cities to the BRA for the next ensuing Fiscal Year, as illustrated in "Exhibit F," attached hereto and incorporated by reference herein. Operations and Maintenance Expenses and the Management Fee shall be allocated to Cities based upon the Annual Flow Percentage. Capital Expenses shall be allocated to Cities based on Reserved Capacity.

5.5 Monthly Budget Performance Reporting.

By the 25th of each month, the BRA will provide a report to the Operations Committee documenting expenses related to the Annual Budget (indicating amounts for each of the budgets comprising the Annual Budget) through the preceding month.

5.6 Adjustments.

If any changes in the "Scope of Work" as more particularly described in "Exhibit A," should occur, including, but not limited to, changes in Regulatory Requirements that increase the cost of the Annual Budget, the BRA will be entitled to additional compensation. The additional compensation will be negotiated in good faith by the Operations Committee and the BRA within 30 days of receiving such request from the BRA. The Monthly Budget Payments Calculation will be adjusted to reflect the additional compensation and the new amount will be invoiced as soon as practical.

5.7 Calculation of Reconciliation Value.

On or around the 90th day following the close of a Fiscal Year, the Reconciliation Value will be computed and may result in an increase or decrease on the remaining Monthly Budget Payments for the current Fiscal Year.

ARTICLE 6.
FINANCIAL ISSUES
PRICES AND TERMS; PAYMENTS BY CONTRACTING PARTIES

6.1 Management Fee.

In consideration for the services to be provided to the Cities as set forth in Article 2, the Cities agree to pay a Management Fee to BRA. In the initial fiscal year of this Agreement, the Management Fee shall be in the amount of \$225,000, paid in 12 equal monthly installments of \$18,750. Thereafter the Management Fee shall be subject to modification each year during the term of this Agreement in accordance with the Bureau of Labor Statistics Indicator, CPI for All Urban Consumers (CPI-U), US City Average, All Items, (hereinafter referred to as the "CPI"). The CPI published in September of 2011 shall be used as a base of 100 and the adjustment thereafter shall be to the nearest one thousand dollars (\$1,000.00). The CPI published in May of each year thereafter shall be used to adjust the Management Fee for the Fiscal Year beginning the following October.

6.2 Payments.

It is acknowledged and agreed that payments to be made under this Agreement will be the primary source available to the BRA to provide for the Actual Annual Expenditures. Payments made by the Cities under this Agreement shall be made from current revenues available to the Cities.

6.3 Services.

All services, work, and activity specified in Section 2.1 to be provided by the BRA to the Cities in this Agreement will be provided in consideration of the payment of the Management Fee and the Operation and Maintenance Expense. Any additional services requested by the Cities and provided by BRA will be subject to additional compensation to BRA in addition to the Management Fee and the Operation and Maintenance Expense.

6.4 Billing and Payment.

By the 15th of each month, the BRA will send an invoice to each of the Cities for the Monthly Budget Payments for the subsequent month and any previously unbilled Additional Services. BRA must receive full payment for the invoice from the Cities on or before the 15th day of the month following the invoice date (no later than 30 days) to prevent Interest on Past Due Payment. All amounts due and owing the BRA by the Cities, if not paid when due, shall bear interest at a rate equal to the sum of (1) one percent; and (2) the prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday. The BRA shall have the ability to terminate this Agreement without further liability or obligation in the event that any of the Cities should remain delinquent in any payments due hereunder for a period of ninety (90) days.

6.5 Audit.

The Cities have the right, subject to a three (3) business day notice and during normal business hours, at their cost, to inspect or audit the BRA's books and records applicable to this Agreement for any Fiscal Year to determine whether the BRA has complied with the terms of this Agreement.

**ARTICLE 7.
INSURANCE**

7.1 Provision for Insurance.

(a) Following the execution of this Agreement, the BRA will have its insurance carrier(s) issue direct to the Cities, certificates of insurance for the following insurance coverage:

- i) Workers Compensation Insurance as
prescribed by law Statutory Limit
- ii) General Liability \$5,000,000

The BRA shall ensure that the insurance coverage stated herein shall be maintained in force throughout the term of this Agreement and the Cities shall be named as an Additional Insured.

(b) Following the execution of this Agreement, the Cities will have their insurance carrier(s) issue direct to the BRA certificates of insurance for the following insurance coverage:

- i) General Liability \$5,000,000

The Cities shall ensure that the insurance coverage stated herein shall be maintained in force throughout the term of this Agreement and the BRA shall be named as an Additional Insured. The City of Austin is self-insured and, in lieu of the above-required insurance, may annually certify such fact to the BRA.

All policies evidencing the insurance required by this Section shall be maintained with insurance companies qualified under the laws of the State.

**ARTICLE 8.
REGULATION OF QUALITY OF TREATED WASTEWATER**

8.1 Treated Wastewater Quality.

In order to permit the BRA to properly treat and dispose of wastewater in compliance with all Regulatory Requirements, to protect the public health, to permit cooperation with other entities for the protection of the physical, chemical and bacteriological quality of public water and watercourses, and to protect the properties of the System, the Cities

and the BRA agree that the quality of all wastewater discharged must be regulated. The Cities hereby agree that the quality of the wastewater to be discharged by the Cities shall comply with the parameters established by the BRA as set forth in "Exhibit D," "Inadmissible Waste," attached hereto and incorporated by reference herein, and the Permits issued to the Cities. In that regard, the Cities specifically agree that the Wastewater that they shall discharge to the System for treatment, pursuant to this Agreement, shall be in accordance with the parameters set forth in the pretreatment requirements in the Permits.

8.2 Testing of Wastewater.

The BRA shall analyze samples of the Wastewater delivered hereunder at such frequencies and in accordance with sampling and analytical procedures as required from time to time by the BRA. The BRA shall be entitled to collect samples of Wastewater in the System, at any Point of Entry, and at points within the City Systems and cause the same to be analyzed by various applicable quantitative and qualitative methods to determine if such Wastewater is within the established parameters. The Cities may, at their option, also take and analyze similar, but not necessarily the same, samples of their Wastewater. Other samples and measurements may be analyzed as required by the Permits or other Regulatory Requirements. If analysis discloses that the Cities' Wastewater is not within the allowable parameters, it shall be the Cities' obligation to immediately cease discharging such Wastewater.

8.3 Reporting of Potential Violations.

In the event the Operations Committee becomes aware of any significant factor or event that may affect the efficient operation or maintenance of the System or may result in a violation of this Agreement or any Regulatory Requirements, the Operations Committee shall immediately notify the BRA of such factor or event. In addition, the Cities agree to immediately tender to the BRA all correspondence received from any Federal, State, or local regulatory agency, which relates to the System.

ARTICLE 9. LIABILITY

9.1 Cities' Responsibility; BRA Responsibility.

If the Wastewater discharged into the System exceeds the System design parameters; or fails to meet the standards established under the provisions of this Agreement; or fails to comply with Regulatory Requirements and such Wastewater results in any of the following: Permit exceedances; violations of any Federal, State or local law, rule, regulation or ordinance; environmental damages or any other damage, the Cities (as between BRA and the Cities) shall be responsible for all costs and expenses resulting therefrom.

In performing the services contemplated by this Agreement, the BRA will use its best efforts to maximize the System' performance; however, the BRA shall not be responsible and the Cities shall be responsible for the costs and expenses of any fines,

penalties, liabilities, claims, damages, causes of action, resulting from any of the following: loading exceeding the System design parameters; influent containing abnormal, toxic, hazardous, and/or other substances which cannot be removed or treated by the existing System or which contain discharges which violate applicable sewage rules, regulations, and/or Permit levels; flow or conditions exceeding the design parameters of the existing System; product water containing abnormal, toxic, hazardous, and/or other substances which violate any and all Federal, State and local statutes, rules, regulations, standards, levels or Permits; and/or any other problems resulting from inability or inadequacy of the existing System.

BRA shall be responsible for the costs and expenses of liability, damages, injury or loss (including administrative or civil fines and penalties) which may arise from BRA's breach of any provision of this Agreement, or from BRA's negligent Operation and Maintenance or willful acts, to the proportion such breach or negligence or willful act contributed to the damages, injury, or loss.

9.2 Notice of Claim.

If any action or claim is brought against a Party to this Agreement based upon an alleged act or omission in connection with the provision of the services contemplated by this Agreement, the Party receiving notice shall immediately notify the other Parties of such action, enclosing a copy of all papers served.

9.3 Continuation of Responsibility.

The responsibilities of the Parties under this Agreement shall survive termination of this Agreement to the extent such liabilities are attributable to actions or omissions before such termination.

ARTICLE 10. OPERATION OF FACILITIES

10.1 Independent Contractor

The BRA shall be responsible for the operation and maintenance of the System and will be an independent contractor in fulfilling all of the obligations under this Agreement and shall not sub-contract out the Operations and Maintenance responsibility for the System.

10.2 Regulatory Action.

The Parties recognize that the obligations of the BRA to render services as provided in this Agreement are subject to Regulatory Requirements, and the Parties agree to cooperate to make such applications and to take such action as may be necessary or desirable to obtain compliance therewith.

10.3 Inspection.

The Cities will permit the BRA and its environmental consultants, at BRA's discretion, to enter each City's System during normal business hours to conduct an environmental

assessment to determine the environmental condition of each City's System, and to have access to the records of the Cities directly related to each City's System with twenty-four (24) hour notice.

ARTICLE 11. TERM AND TERMINATION

11.1 Term.

Unless terminated pursuant to the provisions hereof or by mutual agreement of the Parties hereto, this Agreement shall continue in force and effect until September 30, 2021.

11.2 Termination.

(a) This Agreement may be terminated as follows:

(i) By the BRA or the Cities upon written notice in the event of the following:

(1) any Federal, State or local agency should fail to issue any of the Permits or if any of the Permits should be revoked modified or amended;

(2) any order or ruling should be enacted, promulgated or issued by any governmental agency having jurisdiction over the subject matter of this Agreement and the effect of such change, order or ruling makes it impossible or illegal for the BRA to perform its obligations under this Agreement; or

(3) some other event occurs which makes the continued operation of the System impossible;

(ii) By the BRA for any reason, upon providing not less than one hundred eighty (180) days written notice to the Cities or by the Cities for any reason, upon providing not less than one hundred eighty (180) days written notice to the BRA.

(b) The Parties agree to notify each other immediately upon receipt of notice of any action proposed by a Federal, State, or local agency to revoke, modify, or amend any of the Permits or any action by any governmental agency having jurisdiction over the subject matter of this Agreement proposing a change, order, or ruling which would make impossible or illegal for the BRA to perform its obligations under this Agreement.

(c) Upon termination of this Agreement, all obligations of all of the Parties under this Agreement shall terminate and be of no further force and effect, except to the

extent that it is specifically stated herein that any such obligations shall survive termination.

(d) Upon termination of this Agreement, the BRA agrees to cooperate with the Cities, where reasonably possible, to assist in the Cities' assumption of the operation and maintenance of the System. Additionally Cities agree to pay BRA for all outstanding amounts due under the terms of this Agreement.

ARTICLE 12. MISCELLANEOUS PROVISIONS

12.1 Remedies Upon Default.

In the event of a dispute with respect to this Agreement, or if one Party believes that the other Party is in default of any of the provisions in this Agreement, and such default has not been cured within the time periods prescribed by this Agreement, prior to instituting litigation, the Parties agree to first attempt to resolve such matter through direct discussions in the spirit of mutual cooperation, and may engage in mediation or other alternative dispute resolution methods as mutually agreed between the Parties. If neither a negotiated nor mediated resolution is obtained, the Parties may pursue any available legal or equitable remedy, including specific performance and mandamus. No right or remedy granted herein or reserved to the Parties is exclusive of any other right or remedy herein by law or equity provided or permitted; but each shall be cumulative of every other right or remedy given hereunder. The Parties expressly agree that this Agreement constitutes a contract for goods and services in accordance with Chapter 271, Subchapter I of the Texas Local Government Code in that BRA shall be providing wastewater treatment and disposal services to the Cities and that the provisions thereof apply to and govern claims regarding this Agreement, with the exception that attorneys fees are expressly excluded and shall not be awarded to any Party under any circumstances.

12.2 Force Majeure.

In the event any Party to this Agreement is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, excluding the obligation to make the payments required under this Agreement, then the obligations of such Party to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure," as used herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State or any civil or military authority other than a party to this Agreement, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires,

hurricanes, storms, floods, washouts, droughts, arrests, civil disturbances, explosions, breakage or damage to machinery or equipment, or impossibility by operation of law, which are not within the control of the party claiming such inability and such problem could not have avoided by the exercise of due diligence and care. It is understood and agreed that any force majeure shall be remedied with all reasonable dispatch.

12.3 Waiver.

No waiver on any breach or default (or any breaches or defaults) by any Party hereto of any terms, covenants, conditions, or liability hereunder, or of performance by the other party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind under any circumstances.

12.4 Addresses and Notices.

All notices which the BRA or the Cities may be required, or may desire, to serve on the other shall be in writing and shall be served by personal delivery or by depositing the same with the U.S. Postal Service, first-class or certified mail, postage prepaid, return receipt required, and addressed to the respective party at the addresses set forth below. All notices shall be deemed received within five (5) business days of deposit in the mail. The addresses stated shall be effective for all notices to the respective Parties until written notice of a change of address is given pursuant to the provisions hereof:

BRA:

Brazos River Authority
4600 Cobbs Drive
P.O. Box 7555
Waco, Texas 76714-7555

CITIES:

(for Notices)

Round Rock:

City of Round Rock
221 E. Main St.
Round Rock, Texas 78664
Attn: City Manager

CC: Steve Sheets
City Attorney
309 E. Main Street
Round Rock, Texas 78664

Cedar Park:

City of Cedar Park
600 North Bell Blvd.
Cedar Park, Texas 78613
Attn: City Manager

CC: Charles Rowland
City Attorney
600 North Bell Blvd.
Cedar Park, Texas 78613

Austin:

City of Austin
Austin Water Utility
P.O. Box 1088
Austin, Texas 78767
Attn: Director

CC: Sharon Smith
Assistant City Attorney
Law Department
City of Austin
P.O. Box 1088
Austin, Texas 78767

Leander:

City Manager
City of Leander
200 West Willis Street
Leander, Texas 78641-1781
Fax No. (512) 528-2831

City Engineer
City of Leander
200 West Willis Street
Leander, Texas 78641-1781
Fax No. (512) 528-2831

CC: Knight & Partners
Attorneys at Law
223 West Anderson Lane #A-105
Austin, Texas 78752
Fax No. (512) 323-5773

CITIES:
(for Invoices)

City of Round Rock
221 E. Main St.
Round Rock, Texas 78664
Attn: Accounts Payable

City of Cedar Park
600 North Bell Blvd.
Cedar Park, Texas 78613
Attn: Accounts Payable

City of Austin
Austin Water Utility
P.O. Box 1088
Austin, Texas 78767
Attn: Accounts Payable

City of Leander
P.O. Box 319
Leander, Texas 78646-0319
Attn: Director of Finance

The Parties shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least 15 days written notice to the other Parties.

12.5 Modification.

This Agreement shall not be amended except in writing and executed by all Parties. However, the Operations Committee and BRA, through mutual consent, may amend any exhibit attached hereto and incorporated by reference herein to reflect changes, corrections, additions, or deletions to items contained within the exhibits attached hereto and incorporated by reference herein.

12.6 Assignability of this Agreement.

This Agreement, and all rights, duties and obligations hereunder, shall not be assignable by either Party without the prior written consent of the other Party.

12.7 Parties in Interest.

This Agreement shall be for the sole and exclusive benefit of the BRA and the Cities, and shall not be construed to confer any benefit or right upon any third party.

12.8 Severability.

The provisions of this Agreement are severable and if any part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of

competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such part of this Agreement to other persons or circumstances shall not be affected thereby.

12.9 Representations and Warranties.

Each party hereto represents and warrants to the other that (1) such party is validly existing and operating under the laws of the State of its creation or incorporation, as applicable, and the laws of the State; (2) such party has full requisite power and authority to perform its obligations under this Agreement; (3) the execution, delivery, and performance of this Agreement has been authorized by all necessary action of the governing body, or board of directors, as applicable, of such Party; (4) this Agreement is a valid and binding obligation of such Party enforceable against such Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or other law affecting creditors rights generally and by general equitable principles; and (5) the execution, delivery, and performance of this Agreement by such party does not, and will not (A) violate the statute, character or other instrument pursuant to which such party was created; (B) violate the Constitution of the State, or any other law, rule, or regulation by which such party is bound; (C) violate any judgment, writ, order, injunction, award, or decree of any court, arbitrator, administrative agency or other governmental authority which is binding upon such party; or (D) result in a material breach, violation, or default under any indenture, covenant, mortgage, ordinance, bond resolution, contract, deed of trust, debenture, agreement, or other instrument to which such Party is a party.

12.10 Merger.

This Agreement, together with the exhibits attached hereto and incorporated by reference herein, constitutes the entire Agreement between the Parties relative to the subject matter hereof.

12.11 Future Agreement.

The inclusion of terms and conditions in this Agreement shall not be interpreted as agreement among the Parties to include the same or similar terms and conditions in future agreements among the Parties pertaining to the same subject matter.

BRAZOS RIVER AUTHORITY

by: Phil Ford
Phil Ford, General Manager/CEO

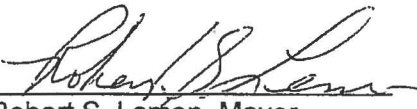
Attest:

By: Nancy Adams
Nancy Adams, Executive Assistant

CITY OF AUSTIN, TEXAS

By:  _____
Rudy Garza, Assistant City Manager

CITY OF CEDAR PARK, TEXAS

By: 
Robert S. Lemon, Mayor

Attest:

By: 
LeAnn Quinn, City Secretary

CITY OF ROUND ROCK, TEXAS

By: 
Alan McGraw, Mayor

Attest:

By: 
Sara White, City Secretary

CITY OF LEANDER, TEXAS

By: John D. Cowman
John Cowman, Mayor

Attest:
By: Debbie Haile
Debbie Haile, City Secretary



List of Exhibits

Section 2.1	"Exhibit A" Scope of Work
Section 2.5	"Exhibit B" BRA Equipment Inventory
Section 2.6	"Exhibit C" Leased Premises
Section 8.1	"Exhibit D" Inadmissible Waste
Definitions	"Exhibit E" System Information
Section 5.4	"Exhibit F" Monthly Compensation Example

List of Exhibits

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Section 8.1	"Exhibit D" Inadmissible Waste
Definitions	"Exhibit E" System Information
Section 5.4	"Exhibit F" Monthly Compensation Example

Exhibit A
Scope of Work

BRA will:

Personnel Staffing

1. Provide qualified personnel to operate and maintain the System, described more fully in Exhibit E, pursuant to this Agreement. The BRA will staff the System to meet the requirements specified in the Permits and budgeted level of service.
2. Identify BRA employees and vehicles with badges and/or appropriate decals.
3. Manage any BRA personnel issues of BRA personnel operating and maintaining the System such as hiring, worker's compensation, termination, performance counseling, safety, and training.
4. Minimize overhead expenses and administrative costs.
5. Provide a semi-annual and annual report on direct labor charges in the format presented in the budget adopted by the Operations Committee.
6. Use generally accepted accounting and internal control standards in performing all financial transactions.

Communications

7. Respond to inquiries, complaints, and concerns in a professional, courteous, and timely manner. Use best efforts to promote good relations with the Cities' customers, stakeholders, regulators, and residents.
8. Monitor and track all complaints and inquiries received from the public, if any. Notify the Point of Contact of all complaints and inquiries.
9. Respond to any routine inquiries or reporting requirements of any governmental authority or their consultants in a prompt and professional manner.
10. Communicate in a proactive, prompt, and professional manner to affected parties, media, stakeholders, and regulators regarding overflows, or other operations and maintenance matters that will affect the public. Promptly notify the Point of Contact of such communications.

Coordination of Services and Operations

11. Coordinate operations and maintenance of the System with neighboring entities or corporations as necessary or as requested by the Operations Committee.
12. Coordinate with other Cities' advisors, including attorneys, engineers, accountants, and financial consultants as necessary or as requested by the Operations Committee.

Meeting Preparations and Attendance

13. Attend City Council meetings and any special meetings at which the Operations Committee requests the BRA's attendance. Provide routine operating and financial information.
14. Attend regular Operations Committee meetings regarding the System. Provide routine operating and financial information.

Permits and Document Management

15. Complete, in a timely manner, all required documentation and pay all fees for TCEQ, United States Environmental Protection Agency, the Permits related to the operation and maintenance of the System, including but not limited to the monthly discharge monitoring reports, industrial stormwater monitoring and reporting, sanitary sewer overflow reports and the annual pretreatment program report.
16. Dispose of records in accordance with BRA records retention policies.
17. Prepare and present to the Operations Committee for approval all applications to the TCEQ for renewals of the Permits. Coordinate with the Operations Committee on such renewal processes, including review and comment on draft Permit revisions proposed by TCEQ.
18. Manage and maintain in an efficient, organized, and readily available manner in the original format provided, using information technology tools as appropriate, the following to the extent possible:
 - all System plans and specifications, as-built drawings, records, and easements delivered to BRA by the Cities, in a readily available and organized manner, copies of contracts made with vendors, and consultants,
 - a comprehensive and detailed asset listing of the components of the System delivered to BRA by the Cities,

- a comprehensive and detailed list of easements associated with the System provided by the Cities,
- water quality analyses,
- billing documents and all budgets,
- documentation of overflows, bypasses, and System failures,
- documents related to Points of Entry into the System delivered to BRA by the Cities,
- documentation of repairs to the System by BRA after the effective date of this Agreement,
- a comprehensive list (Exhibit B) and documentation of maintenance of System equipment and vehicles,
- documentation of safety issues and actions,
- internal and vendor inspection reports,
- documentation of inflow and infiltration studies of the System and actions, as delivered to BRA by the Cities, and
- flow data collected from metering equipment located at Points of Entry and along the interceptors in the System.

Budget and Accounting

19. Make recommendations and prepare the Annual Budget in a timely manner. Provide the Operations Committee a copy of the documents and backup documentation if requested.
20. Monitor, track, and regularly report the expenses related to the Annual Budget.
21. Submit accurate and timely billings to the Cities in accordance with this Agreement.
22. Promptly pay all vendors and third party contractors. All penalties and interest due on late payments shall be BRA's responsibility and shall not be charged to the Cities, unless such penalties and interest due are based upon the direction of the Point of Contact.
23. Accurately reflect all Cities' payments prior to any Reconciliation Value calculations.
24. File and monitor any insurance claims in a timely manner.
25. Inventory and maintain a listing of System equipment and vehicles, and the value of all such assets that are acquired after the execution of this Agreement.

System Monitoring and Emergency Response

26. Maintain 24-hour-per-day telephone dispatch service, with qualified personnel available to respond in the event of an emergency. The telephone number for such service shall be displayed at all gated facilities of the System.
27. Emergency services shall include services required as a result of a hazardous condition, or problem that would cause an unauthorized discharge or damage to personal property, a Permit violation, endanger the public's health and safety, a serious degradation of water quality at one or more customer locations or a condition which, in the opinion of BRA or Cities' representative, poses an immediate threat to develop into one of the emergencies listed above. In the event of an emergency, the BRA shall have the authority to act without special instruction or authorization from the Cities in order to prevent or minimize damage, injury or loss resulting from such emergency.
28. Ensure all System lift stations and other critical equipment have reliable alarm systems to monitor equipment operations, capacities, and electrical power.
29. Monitor and respond to any automated alarm systems installed in the System.
30. Assist in inspections related to Cities connections to the Collection System.
31. Manage federal Risk Management Program (40 CFR 68); provide compliance oversight for applicable Environmental, Health and Safety, Security and Emergency Management regulatory requirements. Identify non-compliances, provide recommendations, and implement corrective actions as appropriate. Notify the Operations Committee of respective program activities according to contract provisions.
32. Coordinate, manage and report overflow response and remediation for the System.
33. Advise the Operations Committee of recommended Capital Improvements when necessary and as part of the Annual Budget preparation.
34. Advise the Point of Contact of Emergency Repairs in a timely manner.
35. Monitor flows and respond to odor complaints in the System. Monitor permitted water quality characteristics in the System. Advise the Operations Committee of anomalies, trends, and results of improvements.
36. Provide all verbal and written notice of Permit exceedances or violations to the TCEQ in accordance with the provisions of the Permits and copy the Point of Contact on such notifications.

37. Provide all responses to TCEQ inspections in consultation with the Operations Committee. Implement any corrective actions requested by TCEQ and notify the Operations Committee.

38. Respond to all overflows and System failures in a timely, organized, and efficient manner to minimize or eliminate environmental, public health and safety, and financial impacts.

Operation of System

39. Provide personnel, materials, vehicles, equipment, and hand tools necessary for the routine operation of the System. Brushy Creek Regional Wastewater System equipment as described in Exhibit "B" of this Agreement will be made available to BRA personnel for continued use on the System. The BRA shall replenish all supplies necessary for the continuing operation of the System. Reasonable office space and vehicle parking will be provided at the Treatment System, at no charge to BRA, for only those System-related activities.

40. Provide licensed operators to operate the System and to perform all inspections, tests, sampling and laboratory analyses of such System in compliance with Regulatory Requirements, the Permits, or by this Agreement.

41. Exercise and repair System valves, equipment, vehicles, and off-line equipment as necessary to maintain reliable performance.

42. Optimize the use of chemicals and electricity for the System.

43. Manage all contracted services related to the System daily operations such as chemical delivery, sludge disposal, and liquid waste acceptance.

44. Ensure that the approved pretreatment program complies with all Regulatory Requirements. Ensure that all owners or participating Cities are notified of the requirements of the approved pretreatment program.

45. Assist with capital improvement projects, including Edwards Aquifer Recharge Zone compliance requirements, as an Additional Service as requested by the Operations Committee and agreed to by BRA.

Inspection of System

46. Inspect the Treatment System, as identified in Exhibit E, each weekday (Monday – Friday), and maintain a daily log of each inspection, reflecting the date and time of each inspection, the personnel performing the inspection, and any action taken, as part of the permanent records of the

System. Provide such services on weekends and holidays as needed to ensure proper operation of the System.

47. Inspect the Collection System, as identified in Exhibit E, on a periodic basis and as deemed necessary, and maintain a log of each inspection, reflecting the date and time of each inspection, the personnel performing the inspection, and any action taken, as part of the permanent records of the System.
48. Make periodic general observations of System equipment, and vehicles, and provide recommendations for Capital Improvements in a timely manner and as part of the Annual Budget preparation.

Maintenance and Repair of System

49. Maintain a scheduled maintenance program including an updated maintenance checklist, schedule of maintenance, and replacement program based on equipment manufacturers' recommendations and staff experience.
50. Perform all preventive maintenance, including, but not limited to, routine cleaning, lubrication and adjustment of equipment, cleaning or replacement of filters and belt adjustments required pursuant to the scheduled maintenance program established in accordance with the preceding subparagraph, and record all equipment serviced and the procedures and supplies utilized in order to provide an up-to-date history of all service, maintenance and replacements provided. As directed by the Operations Committee, the BRA will be responsible for maintaining all manufacturers' warranties on System equipment and vehicles purchased for the System after the Effective Date of this Agreement.
51. Monitor, track, and report the amount of preventive maintenance compared to reactive maintenance.
52. Inspect, clean and maintain appearance of System, including mowing and trimming of ground cover, in accordance with industry standards.
53. Use generally accepted business practices to procure materials and replacement equipment. The BRA shall not be responsible to the Operations Committee for any guarantees in connection with such materials or replacement equipment. The BRA shall use its best efforts to maintain the normal guarantees applicable in the particular industry manufacturing such materials or replacement equipment.

Reporting

54. Complete and certify any documents required for routine self-monitoring and/or self-reporting purposes. Prepare and submit all routine operational and/or regulatory reports required by the Permits and in compliance with Regulatory Requirements.

55. Prepare monthly reports in a format and method acceptable to the Operations Committee showing:

- gallons treated for the month and cumulatively,
- variance report for the budget and actual expenses,
- percentage of preventive maintenance activities compared to preventive and reactive maintenance,
- kWh per million gallons treated,
- chemical dosage per million gallons treated per chemical,
- wastewater inflow parameters versus treated discharge parameters in relation to permit requirements, and
- operational issues and associated corrective actions for problems with wastewater quality, major equipment, overflows, inflow and infiltration, safety, etc.

Exhibit B
BRA Equipment Inventory

These are assets that the Brazos River Authority has purchased through the BCRWS Operating budget, unless noted otherwise. These assets, if not retired before the termination of this Agreement, will revert to the System upon the termination of this Agreement.

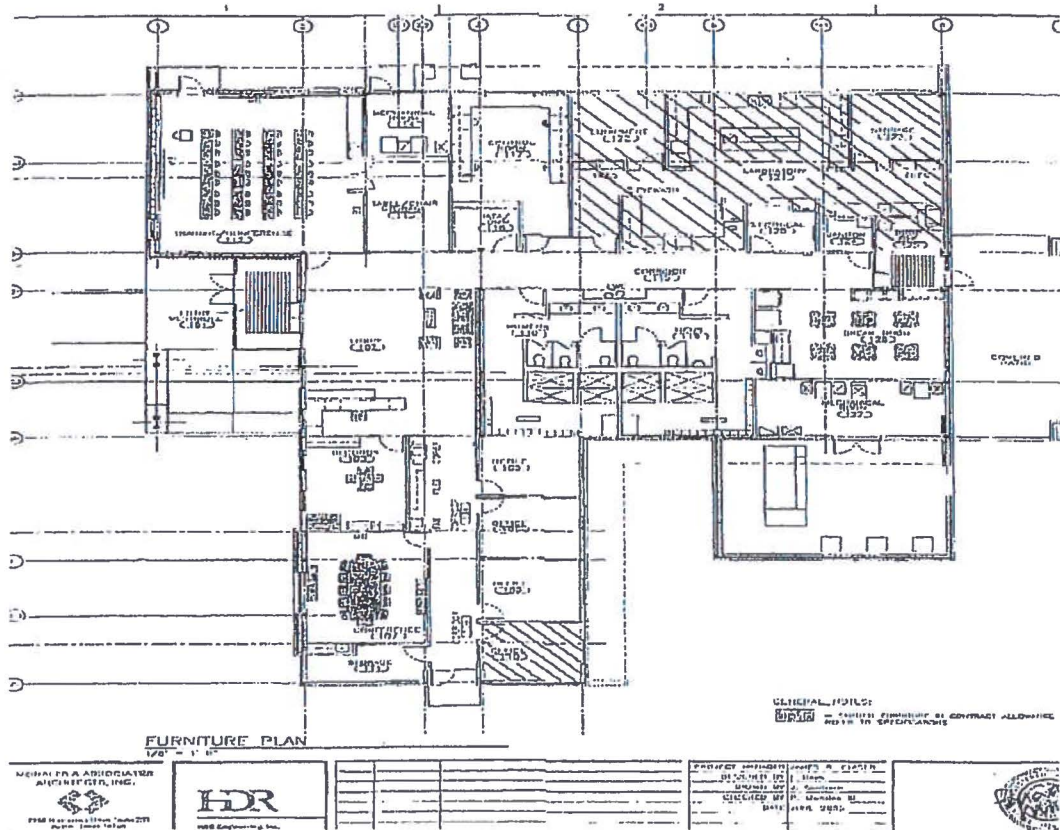
Asset Location	Asset #	Description	In Service date	L if e (Months)	Cost
BCRWWS East Plant	1899	Chlorine Process Analyzer	8/1/2000	120	\$6,770.00
BCRWWS East Plant	1902	Master Tool Set	8/1/2000	120	\$7,106.96
BCRWWS East Plant	1913	One Ton Crane	12/1/1996	120	\$7,003.00
BCRWWS East Plant	1968	Oxygen Analyzer	12/1/2000	60	\$16,305.00
BCRWWS East Plant	2326	DO Analyzer	11/1/2003	84	\$15,690.00
BCRWWS East Plant	2490	John Deere Tractor & Loader	6/29/2007	120	\$24,198.00
BCRWWS East Plant	2553	VibrAlign Laser Alignment	6/18/2008	120	\$6,856.05
BCRWWS East Plant	2615	Mixing Unit (Anoxic Zone)	2/28/2009	120	\$18,468.00
BCRWWS East Plant	8569	2003 Ford F-250 Truck	4/1/2003	60	\$27,926.00
BCRWWS East Plant	5467	2004 Ford Ranger	3/1/2004	60	\$10,697.00
BCRWWS East Plant	5468	2004 Ford Ranger	3/1/2004	60	\$10,697.00
BCRWWS East Plant	1922	2004 Chevy 2500	12/1/2003	60	\$20,595.00
BCRWWS East Plant	2199	2007 Ford F 500 w/ Crane	2/7/2007	60	\$58,983.00
BCRWWS East Plant	9241	2009 Ford F150	2/11/2009	60	\$14,086.00
BCRWWS	2676	Polaris	12/31	8	\$5,637.00

East Plant	(1)		/2009	4	00
BCRWWS	2677	Polaris	12/31	8	\$5,637.
East Plant	(1)		/2009	4	00
BCRWWS	2678	Polaris	12/31	8	\$5,637.
East Plant	(1)		/2009	4	00

(1) The three Polaris Rangers were originally purchased by LCRA through the Expansion Construction. The titles were sent to the City of Round Rock after the divestiture. The City of Round Rock forwarded the titles to BRA. BRA has put the titles in BRA's name.

Exhibit C Leased Premises

Brushy Creek Administration Building - Lab Space



The lab space to be utilized by the BRA under Section 2.6 of the Agreement is the area cross-hatched above.

Exhibit D

Inadmissible Wastes

In accordance with the provisions of Article 8 of the Wastewater Services Agreement, the Cities agree to comply with 40 CFR 403.5, "National pretreatment standards: Prohibited discharges" and TCEQ-Approved Pre-Treatment Program for the system. Additionally, each City agrees not to discharge, or allow to be discharged, to the System any pollutant which causes pass-through or interference with the operation of the Treatment System, or causes a violation of the Treatment System's Federal or State discharge permit.

Exhibit E

System Information

"System" means the existing Brushy Creek Regional Wastewater System components as detailed in the map attached hereto as a part of this Exhibit E, and any additions to the System that may be added as provided in this Agreement. The System consists of the Collection System and the Treatment System.

- "Treatment System" means the wastewater treatment system and any additions to the Treatment System that may be added as provided in this Agreement. The Treatment System consists of the Brushy Creek East Regional Wastewater Treatment Facilities, and the Brushy Creek West Regional Wastewater Treatment Facilities.
- "Collection System" means the wastewater collection system and any additions to the Collection System that may be added as provided in this Agreement. The Collection System includes the wastewater collection pipeline and its appurtenances from Node 'A' through Node 'S', the Onion Creek Interceptor, the Onion Creek Relief Interceptor, Lake Creek Interceptor, the Southwest Interceptor, and the South Interceptor.

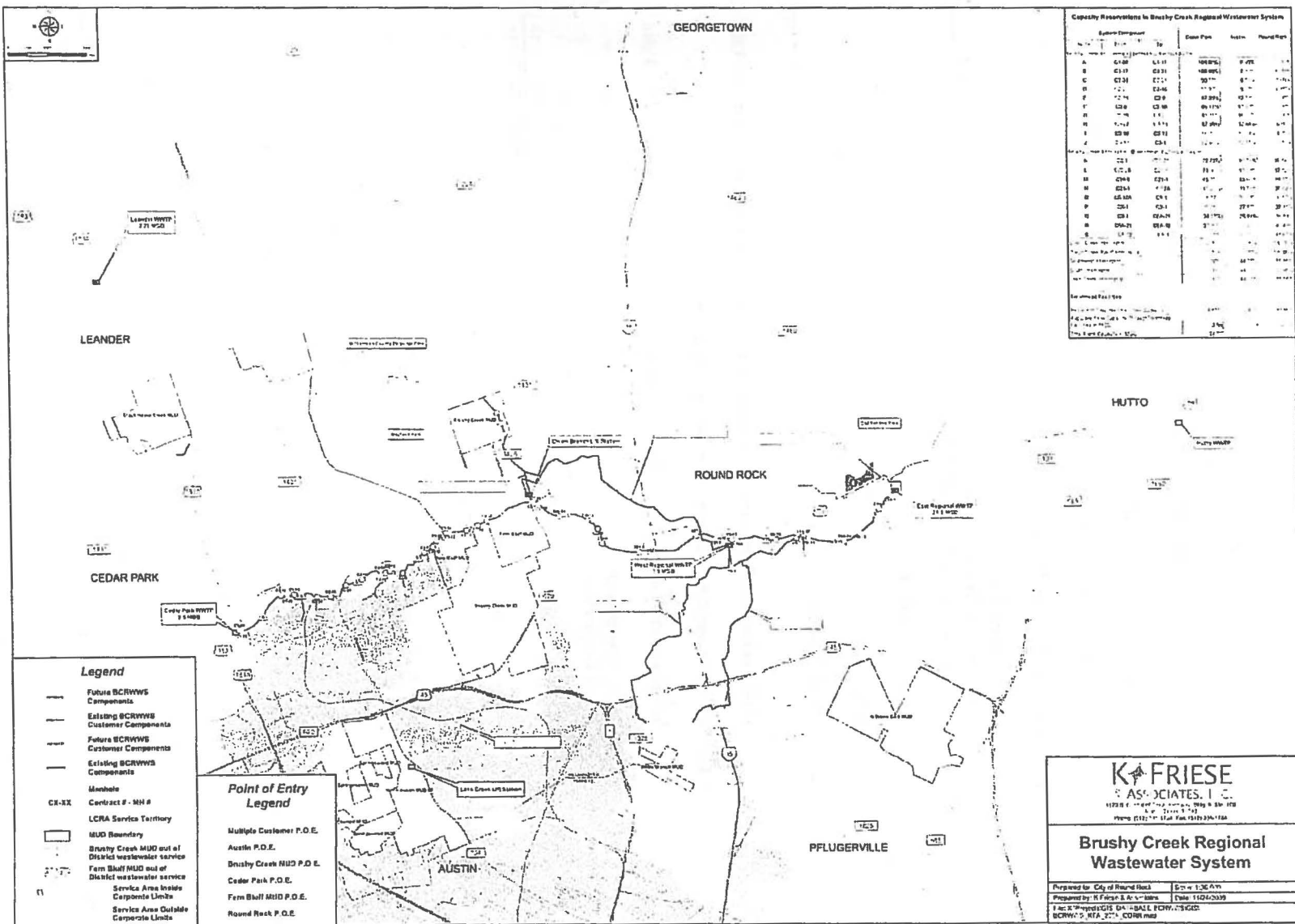


Exhibit F
Monthly Compensation Example

Net amount due from BCRWWS customers	5,330,529.00
	<u>/ 12 mos.</u>
Monthly amount due from BCRWWS customers	\$ 444,210.75

2) Allocated as follows (based on billable flows)

City of Round Rock	60.91%	
Sub-Regional Customers (1)	10.52%	
Total City of Round Rock Allocation		<u>71.43%</u>
City of Cedar Park		20.04%
City of Austin		4.28%
City of Leander		<u>4.25%</u>
		100.00%

(1) Round Rock is taking on sub-regional customers Brushy Creek MUD and Fern Bluff MUD

3) Calculation of monthly amount due from each customer

Monthly amount due from BCRWWS customers		\$ 444,210.75
City of Round Rock	71.43%	317,299.74
City of Cedar Park	20.04%	89,019.83
City of Austin	4.28%	19,012.22
City of Leander	4.25%	<u>18,878.96</u>
	100.00%	\$ 444,210.75