

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting : February 1, 2018

Item Number: 003

Austin Water

Authorize the negotiation and execution of a wholesale water contract with Nighthawk located in eastern Travis County.

Lead Department	Austin Water
Fiscal Note	This item has no fiscal impact.
For More Information	Bart Jennings, 512-972-0118; Denise Avery, 512-972-0104
Council Committee, Boards and Commission Action	December 13, 2017- Recommended by the Water and Wastewater Commission on an 8-2 vote with Commissioners Maia and Kellough dissenting. Commissioner Ho was absent.

Additional Backup Information:

Nighthawk is part of the investor-owned private utility Aqua Texas, Inc. that currently provides retail water service to approximately 132 single-family homes. Wastewater service is provided via individual on-site sewage facilities for each lot. The Nighthawk wholesale service area is located in east Travis County adjacent to F.M. 973 within the City of Austin’s (“City”) extraterritorial jurisdiction, Austin Water’s water service area, and the Desired Development Zone (see the attached map).

Nighthawk has been a wholesale water customer of the City since December 1991. The City has been the sole water supplier for Nighthawk. The wholesale water contract has recently expired and Nighthawk desires to renew the contract. The City is continuing to provide water service on an interim basis under the terms of the recently expired contract. There are no financially viable water supply options for Nighthawk other than the City (approximately 4 miles away). The amount of water supply provided will not exceed an annual monthly average of 1,200,000 gallons per month, which is consistent with their historical water usage and their recently expired contract. The wholesale water service area is built-out.

Major provisions of the contract include:

- continued provision of wholesale water service under terms generally similar to Austin's other wholesale water customers,
- continued compliance with Austin Water's water conservation programs, rules and regulations,
- continued compliance with backflow prevention measures at the master water meter,
- payment of capital recovery fees for any redevelopment,
- payment of monthly charges and fees based on metered usage similar to those of Austin's other wholesale water customers,
- the ability for Austin Water to require that Nighthawk obtain their own separate raw water contract with the Lower Colorado River Authority so that Nighthawk's water consumption is not counted against Austin's raw water contract,
- the option, at the sole discretion of Austin Water, for Nighthawk to convey its water system to Austin Water at no cost to the City at the end of the term of the contract, and
- the term of the contract is 40 years.

The Nighthawk wholesale water service area is located adjacent to District 2. Staff recommends approval of this request by Nighthawk.