



Water & Wastewater Commission Review and Recommendation

Commission Meeting Date:	September 9, 2020	COA Strategic Decision:	Government That Works For All
Council Meeting Date:	October 1, 2020		
Department:	Austin Water		
Client:	Anna Bryan-Borja, Kevin Critendon		
Agenda Item			
Recommend approval to negotiate and execute an interlocal agreement with the Shady Hollow Municipal Utility District (District) for the transfer of the District’s former water and wastewater system to the District with reimbursement to the City in the amount of \$714,387 for costs related to improvements to the system, and additional consideration to the City provided in related agreements with the District.			
Amount and Source of Funding			
No unanticipated fiscal impact.			
Purchasing Language:	N/A		
Prior Council Action:	November 21, 2013 – Ordinance adopting a Strategic Partnership Agreement (SPA) between the City and the District, regarding future full purpose annexation of the District May 21, 2020 – Resolution directing the City Manager to negotiate amendments to the City’s Strategic Partnership Agreement (SPA) with the Shady Hollow Municipal Utility District		
Boards and Commission Action:	September 9, 2020 – To be reviewed by the Water and Wastewater Commission		
MBE/WBE:	N/A		

City Council by Resolution No. 20200521-010 on May 21, 2020 directed the City Manager to negotiate with representatives of the Shady Hollow Municipal Utility District (District) to amend the City's Strategic Partnership Agreement (SPA) to accomplish to the greatest degree practical the purposes and objectives of the SPA with the exception of full-purpose annexation. Terms to be addressed included the use and disposition of the District's fire station, compensation to the City for fire service to District residents and the ownership of the District's former water and wastewater system. This item addresses the ownership of the District's former water and wastewater system through an agreement with the District for the City to transfer this system back to the District.

In September 1980 the City and the Shady Hollow Municipal Utility District (the "District"), previously known as the Southwest Travis County Municipal Utility District No. 1, entered into an agreement for the City to provide wholesale drinking water service to the District. The parties entered into a subsequent agreement for the City to provide wholesale wastewater service in October 1993, with an amendment executed in April 1996.

In accordance with the SPA, in April 2018 the City began providing retail water and wastewater service to approximately 1,400 former District customers who had been previously receiving wholesale water and wastewater service from the City. This April 2018 conversion also involved the transfer of the ownership of the District's water and wastewater facilities to the City.

The proposed agreement will provide for the return of the ownership of these facilities back to the District. The District will reimburse the City \$714,387 for costs incurred by the City for maintenance, repairs and upgrades. As a prerequisite to this asset transfer the District must obtain all required licenses, permits, or approvals, and comply with any other requirements under state or local laws, necessary for the District to own and operate the water and wastewater system being transferred by this agreement.