



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 3
AGENDA DATE: Thu 08/26/2004
PAGE: 1 of 2**

SUBJECT: Authorize negotiation and execution of an agreement to terminate the current Agreement For Wholesale Water Service between the City of Austin and Northridge Water Supply Corporation and to enter into a new agreement with Northridge Water Supply Corporation, Travis County, Williamson County, and the Texas Water Development Board setting forth terms regarding the transfer of the water service area and water utility system of Northridge Water Supply Corporation to City of Austin and providing for City retail water service to the former Northridge Water Supply Corporation service area.

AMOUNT & SOURCE OF FUNDING: Funding in an amount not to exceed \$70,000 will be included in the Proposed Fiscal Year 2004-2005 Operating Budget of the Austin Water Utility, for the extension of City water infrastructure to the current boundary of Northridge Water Supply Corporation.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Austin Water Utility
DEPARTMENT:

**DIRECTOR'S
AUTHORIZATION:** Chris Lippe

FOR MORE INFORMATION CONTACT: Bart Jennings, 972-0118; Laura Wiley, 972-0104

PRIOR COUNCIL ACTION: October 28, 1999 and August 3, 2000

BOARD AND COMMISSION ACTION: Recommended by the Water and Wastewater Commission

PURCHASING: N/A

MBE / WBE: N/A

Northridge Water Supply Corporation (Northridge) has a Certificate of Convenience and Necessity (CCN) for the provision of retail water to approximately 126 connections located in Travis and Williamson counties adjacent to FM 1325 and SH 45 entirely within the City of Austin's (Austin) Extraterritorial Jurisdiction.

In the fall of 1999, Northridge experienced problems with its wells and requested temporary emergency provision of water from Austin who then obtained water through the City of Round Rock's (Round Rock) nearby fire hydrant. The Austin City Council also approved an extension of Austin 16" water main at Austin's expense (approximately \$146,000) to facilitate Northridge's efforts to obtain wholesale water from Austin. In August 2000, the Austin City Council approved a further extension of Austin's water infrastructure with Northridge agreeing to repay Austin over a 7-year period (approximately \$70,000 to \$90,000). Austin infrastructure was to be extended upon Northridge's commencement of Northridge internal water system improvements necessary to accept wholesale water from Austin. In September 2002, Austin executed a wholesale water agreement with Northridge. To date, Northridge has not commenced its internal water infrastructure improvements; Northridge has not initiated wholesale water service from Austin; and Round Rock's fire hydrant continues to provide water to Northridge.

Over the past six months, representatives from the Travis County Commissioners Court and Texas Water Development Board (TWDB) discussed with the Austin Water Utility TWDB's concern of the long-term management of Northridge and Northridge's repayment potential of a TWDB loan. After multiple



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 3
AGENDA DATE: Thu 08/26/2004
PAGE: 2 of 2**

discussions, the parties developed a proposed plan that includes:

1. TWDB would fund the necessary water improvements to replace all existing infrastructure within Northridge with new infrastructure built to Austin standards and specifications. The design includes, but is not limited to, mains being placed in county rights-of-way, new service lines and meters being placed in front of each occupied lot, and appropriately sized infrastructure to allow for fire protection. Additionally, all existing Northridge water storage tanks and pumps would be decommissioned and removed.
2. The loan component of the grant/loan program would be repaid from other identified funding or grants in order for Northridge to convey to Austin, at no cost and without debt, the new water infrastructure. Each customer within Northridge would become a retail customer of Austin and would pay outside city retail rates and fees. Austin would not charge its water capital recovery fee for any existing water connections. Water capital recovery fees would be applicable to any new water connections or requests for increased size of existing water meters. Austin would provide future water service in accordance with its service extension policies.
3. Northridge would file an application to decertify its water CCN area and take the necessary actions to dissolve Northridge as a corporation. The wholesale water contract between Austin and Northridge would be terminated.
4. Northridge would model and design its water infrastructure improvements. Northridge would construct the infrastructure in accordance with Austin approved plans. Northridge would pay Austin inspection and other associated development and tap fees.
5. Austin would design and construct the extension of its water infrastructure to the northwest corner of Northridge at Austin's cost (up to \$70,000).
6. Travis and Williamson County will verify and document that each septic system within Northridge is operating properly and would fund or ensure completion of any necessary repairs for failing or problematic septic systems. Landowners would continue to be responsible for the ownership, operation, and maintenance of their septic systems. Austin would provide centralized wastewater service through its service extension policies and would not fund any extension of centralized wastewater service to replace Northridge existing septic systems.
7. Travis and Williamson County will repave all roads within Northridge after the construction of the water improvements.

Staff recommends that City Council authorize negotiation and execution of an agreement to terminate the existing wholesale water service agreement with Northridge Water Supply Corporation and authorize negotiation and execution of an agreement with Northridge Water Supply Corporation, Travis County, Williamson County and Texas Water Development Board to implement the proposed arrangement described above.

No. 080404-F

**WATER AND WASTEWATER COMMISSION RESOLUTION
AUTHORIZING THE CITY MANAGER TO TERMINATE THE AGREEMENT FOR WHOLESALE
WATER SERVICE BETWEEN THE CITY OF AUSTIN AND NORTHRIDGE WATER SUPPLY
CORPORATION; AND NEGOTIATE AND EXECUTE AN AGREEMENT WITH NORTHRIDGE
WATER SUPPLY CORPORATION, TRAVIS COUNTY, WILLIAMSON COUNTY, AND THE TEXAS
WATER DEVELOPMENT BOARD REGARDING THE TRANSFER OF THE WATER SERVICE AREA
AND ASSETS FROM NORTHRIDGE WATER SUPPLY CORPORATION TO CITY OF AUSTIN FOR
THE PROVISION OF RETAIL WATER SERVICE TO THE SERVICE AREA
AUGUST 4, 2004
REGULAR MEETING
VOTE: 7-0-1-1**

Motion made by: Kirfinan
Commissioners Consenting: Chan, Lee, Raun, Pool, Coleman, Frieze
Commissioners Dissenting:
Commissioners Abstaining: Miller
Commissioners Absent: Warner

The Water and Wastewater Commission recommends the Council approve a resolution authorizing the City Manager to terminate the Agreement for Wholesale Water Service between the City of Austin and Northridge Water Supply Corporation; and negotiate and execute an agreement with Northridge Water Supply Corporation, Travis County, Williamson County, and the Texas Water Development Board regarding the transfer of the water service area and assets from Northridge Water Supply Corporation to City of Austin for the provision of retail water service to the service area.

Commissioner Miller abstained because he is not certain that the Utility is correct in failing to obtain reimbursement or partial reimbursement for its 1999 expenses for extension of water main (\$146,000.) and future design and construction of infrastructure (\$70,000).


Chien Lee, Vice-Chairperson
Water and Wastewater Commission

8-4-04
Date

