

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	54614	Agenda Number	2.
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Meeting Date:	2/4/2016	Department:	Austin Water Utility
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Subject

Authorize execution of a termination agreement with the Onion Creek Golf Group, LP in an amount not to exceed \$648,213 relating to prior contracts for providing treated effluent to the Onion Creek Golf Course.

Amount and Source of Funding

Funding is available in the Fiscal Year 2015-2016 Operating Budget of Austin Water.

Fiscal Note

A fiscal note is not required.

Purchasing Language:

Prior Council Action: May 23, 2002- Authorization to purchase wastewater facilities.

For More Information: Bart Jennings, 512-972-0118; Denise Avery, 512-972-0104

Council Committee,
Boards and
Commission Action:

MBE / WBE:

Related Items:

Additional Backup Information

In 2002, the City acquired the Onion Creek Wastewater Treatment Plant (WWTP) from the Onion Creek Wastewater Corporation in order to provide City retail wastewater service to the Onion Creek subdivision and adjacent tracts of land. Under an agreement for handling the WWTP's discharge, the treated effluent produced from the WWTP was piped to holding ponds on the Onion Creek golf course, now owned by Onion Creek Golf Group, LP (OCGG). Historically, the golf course drew its irrigation water from the holding ponds, supplemented with a groundwater well permitted by the Barton Springs Edwards Aquifer Conservation District (BSEACD).

The City's 2002 purchase of the WWTP was contingent on a treated effluent supply agreement (Agreement) obligating the City to continue providing, and the golf course to continue taking, treated effluent produced from the WWTP through 2027.

During the floods that occurred on October 31, 2013 in the Onion Creek area, the WWTP was severely damaged and rendered inoperable. The City notified the OCGG that the WWTP was unable to supply the treated effluent. Despite the WWTP being taken out of service, Austin Water was able to continue treating wastewater that had previously

been treated at the WWTP without interruption in service. Planning for operational redundancy and eventual decommissioning of the WWTP, in 2010 Austin Water constructed an interceptor to allow the wastewater intended for the WWTP to be diverted to the Onion Creek Tunnel. Wastewater previously treated at the WWTP is now being treated at the South Austin Regional Wastewater Treatment Plant.

Although Austin Water staff explored options for restoring delivery of treated effluent to the golf course's holding ponds, including (1) permitting and rebuilding the WWTP, and (2) connecting the golf course to Austin Water's reclaimed water system, all options were determined to be prohibitively expensive.

OCCG developed an additional source for its irrigation supply needs by drilling a new well in the Trinity Aquifer. OCCG and Austin Water have come to a mutually agreeable proposal for resolution. Accordingly, Austin Water proposes terminating the Agreement by executing a termination agreement that provides:

1. The City will pay an amount to OCCG for costs incurred by OCCG to develop its new well in the Trinity Aquifer (\$920,837.20 for well completion costs) less any outstanding utility charges due to the City from OCCG (currently \$272,624.20).
2. The City and OCCG will terminate the Agreement, including any remaining obligations within the related purchase agreement, mutually releasing one another from any remaining obligations.
3. OCCG will amend its BSEACD groundwater permit to reduce its permitted withdrawals by $\frac{1}{2}$ the current allowance.