



City of League City, TX

300 West Walker
League City TX 77573

Text File

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Title

Consider and take action on a resolution approving the Third Amended and Restated Water Supply Contract between Gulf Coast Water Authority (GCWA) and City of League City, Texas for the replacement and capacity upgrade of the 42-inch Southeast Transmission Line (SETL) and the acquisition of 20,000,000 gallons per day (MGD) of untreated raw water capacity (Director of Public Works)

..Background:

Approval of this resolution will authorize the Third Amended and Restated Water Supply Contract between GCWA and the City of League City (COLC) which adds language addressing contractual obligations between GCWA and the City of Houston (COH), on behalf of the COLC, for the replacement and capacity upgrade of the existing 42-inch SETL from the Southeast Water Purification Plant (SEWPP) to the City's State Highway 3 Booster Pump Station (SH3 BPS) located in Webster, Texas, and also addresses contractual obligations for the Untreated Water Reservation Contract for 20 MGD of raw water capacity from COH.

Through GCWA, League City is a co-participant in the operation and maintenance of the existing 42-inch water line connecting League City to COH's SEWPP located just north of Ellington Field. This line was constructed in 1971 and has exceeded its' expected service life, experiencing multiple failures in recent years and needing replacement before it fails catastrophically. Exhibit B titled "Water Supply Contract" references the SETL Agreement between GCWA and COH. This is the last in a series of agreements that addresses the replacement and capacity upgrade of this critical water line that currently supplies 70 percent of League City's surface water supply.

The total cost of the SETL Project is shared between seven (7) co-participants with League City's proportionate share being approximately 44 percent of the project total. Estimated cost and schedule are as follows:

Total Estimated Project Cost:

- Design, ROW, and Technical Services - \$23.2 million
- Construction - \$94.6 million

COLC's Estimated Project Cost Share:

- Design, ROW, and Technical Services - \$10.1 million
- Construction - \$42.5 million

Current Proposed Completion Schedule:

- Design, ROW, and Technical Services - FY19 & FY20
- Construction - FY21, FY22, & FY23

The second key point of the subject amendment is the Untreated Water Reservation Contract between COH and GCWA, on behalf of COLC (Exhibit C titled "Water Supply Contract"). This contract secures 20 MGD of raw water capacity required per the 2018 Long Range Water Master Plan to ensure sustainable surface water supply for the City's future growth through ultimate build-out. The acquisition of raw water capacity provides source water needed for the future 20 MGD expansion of the SEWPP. This proposed expansion is projected to occur within the next five to ten years or as development dictates and will be at the sole cost of COLC. Today's cost estimate for the expansion is approximately \$100 million dollars.

Reservation fee requirements:

League City is responsible to pay 10 percent of COH's raw water rate until the completion of SETL and the future SEWPP expansion. When complete, the reservation fee will increase to 25 percent of the aforementioned terms:

- Reservation fee at 10 percent - $\$0.072 \times 20,000,000 \text{ gallons} / 1,000 \times 365 = \$530,000$ annually
- Reservation fee at 25 percent - $\$0.12 \times 20,000,000 \text{ gallons} / 1,000 \times 365 = \$876,000$ annually

Lastly, the proposed amendment formalizes a long-standing cost sharing agreement between COLC and GCWA for the respective 80/20 percent costs necessary for the condition assessment and rehabilitation/replacement of the 42-inch/39-inch water line between the City's SH3 BPS and GCWA's Calder Rd Meter Station. The cost share applies to the end of service life and not to general maintenance of the water line. The subject water line segment serves as an emergency interconnect for GCWA's Galveston County customers.

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Exhibit A - Third Amended and Restated Water Supply Contract with GCWA

FUNDING

{X} Funding as outlined in the FY2020-2024 CIP for Project WT1502 and noted in the Water Supply Contract Amendment Council Workshops slides presented 9/24/2019, is as follows:

Funding Sources - \$59.81 million

- Paid from Water CRF funds - \$1.06 million
- Remaining Water CRF funds programmed - \$13.88 million
- Prior Bond funds programmed - \$4.23 million
- Bonds to sell in future years - \$40.64 million

Funding for the Raw Water Agreement will be paid annually from Water Operating Budget- Water Contract Purchases account 10207300-53910. The calculation is as follows:

Funding for Raw Water Agreement

FY2020: $\$0.072 \times 20,000,000 \text{ gallons} / 1,000 \times 365 = \$530,000$

\$530,000 will be an annual payment until plant expansion is complete, which is anticipated in FY2024, then payment will become the following:

$\$0.12 \times 20,000,000 \text{ gallons} / 1,000 \times 365 = \$876,000$

STRATEGIC PLANNING

{X} Addresses Strategic Planning Critical Success Factor #1: Develop and Maintain City Infrastructure