

**Meeting Date** (?) 08/16/2016

**Subject Matter** \* (?) Option Agreement and Groundwater Return Flow Purchase Agreement with Galveston County WCID No. 12  
This must match rolling agenda entry

**Department of Origin** \* WATER SERVICES

**Submitted By** \* Jayson E. Barfknecht

**Type of Meeting** \*  BCD  Special  Regular

**Classification** \*  Public Hearing  Consent  Statutory  Regular

**Ordinance** \*  None  First Read  Second Read  First & Only Read

**Strategic Initiative** \*  Public Safety  Service  
 Economic Development  Infrastructure  
 Quality of Life

**Agenda Item Description** \* Consider authorizing the Mayor to execute a groundwater return flow option agreement and a groundwater return flow purchase agreement between the City of Bryan and Galveston County Water Control Improvement District (WCID) No. 12.

**Summary Statement** \* The City of Bryan has obtained from the Texas Commission on Environmental Quality (TCEQ) authorization to convey its Return Flows down various watercourses in the Brazos River Basin for subsequent diversion and reuse under Water Use Permit No. 5912. This authorization allows Bryan to sell these return flows to a customer downstream of the City's discharge points. Galveston County Water Control Improvement District (WCID) No. 12 has expressed interest in purchasing a portion of this water.

Prior to purchasing this water, Galveston County WCID No. 12 must enter into agreements with other parties to get the water transferred and supplied to them. The option contract provides Galveston County WCID No. 12 a timeframe of 180 days to finalize the terms and conditions with the party that will transfer the water to them. In exchange for this option contract, Galveston County WCID No. 12 will pay the City \$10,000 upon execution of the option contract. Galveston County WCID No. 12 will be considering this contract at its August 8th Board Meeting.

If Galveston County WCID No. 12 is successful in finalizing the terms and conditions for transferring water to them from the third party, Galveston County WCID No. 12 may exercise its option for the Purchase Agreement (attached as Exhibit 1) and making the necessary payments provided for in the agreement.

The Purchase Agreement is a twenty-five (25) year contract for one (1) million gallons per day of return flows, which may be increased to two (2) million gallons per day. The point of delivery for this contract is at the discharge of the City's wastewater treatment plants. The price of the water is 120% of the Brazos River Authority (BRA) system rate. This contract is a take or pay contract and Galveston County's payment is due on the effective date of the contract. For the reservation of the second one (1) million gallons of water, Galveston County WCID No. 12 will pay the City an annual amount of 10% of the BRA rate to reserve that water. Should the City need this water or want to contract this water to a third party, the City shall give Galveston County WCID No. 12 written notice and they shall have thirty (30) days to pay the option on the second one (1) million gallons of water.

With a current BRA system rate of \$74/ac-ft, this contract has the potential to generate approximately \$107,000 per year for the one (1) million gallons of water and the option for the second one (1) million gallons of water.

**Staff Analysis & Recommendation \***

Staff recommends approving this contract. City Council has expressed an interest in selling its return flows to a downstream customer. Galveston County WCID No. 12 is interested in purchasing the water and needs the water to meet the growing demands in its service territory.

**Options \***

(In Suggested Order of Staff Preference)

1. Approve the contract as presented.
2. Approve the contract with modified terms, which may require additional negotiations with Galveston County WCID No. 12. and consideration at a future City Council meeting.
3. Do not approve the contract.

**Funding Source \***

n/a

**Attachments**

GCWCID 12 option and purchase\_agreement.pdf

94.82KB

Please detail attachments and note attachments available for viewing in City Secretary's Office:

1. Option Contract and Purchase contract

**Dept. Head Signature**



JAYSON E. PALFRECHT 08/01/16

**Deputy City Manager Signature**



Hugh R. Walker

**City Manager Signature**



**City Attorney Signature**



Janis K. Hampton