

Notice of Meeting of the City Council of the City of Georgetown, Texas August 9, 2023

The Georgetown City Council will meet on August 9, 2023 at 4:00 PM at Council and Court Building, 510 W. 9th Street.

The City of Georgetown is committed to compliance with the Americans with Disabilities Act (ADA). If you require assistance in participating at a public meeting due to a disability, as defined under the ADA, reasonable assistance, adaptations, or accommodations will be provided upon request. Please contact the City Secretary's Office, at least three (3) days prior to the scheduled meeting date, at (512) 930-3652 or City Hall at 808 Martin Luther King Jr. Street, Georgetown, TX 78626 for additional information; TTY users route through Relay Texas at 711.

Agenda Notice

Regular Session

1.a Groundwater Reservation Agreement

Consideration and possible action to authorize the Mayor to execute a Groundwater Reservation Agreement to reserve a minimum of 35,000 and a maximum of 70,000 acre feet of groundwater and to authorize the City Manager to negotiate a Groundwater Supply Agreement for future approval by the City Council -- David Morgan, City Manager

Adjournment

Certificate of Posting

I, Robyn Densmore, City Secretary for the City of Georgetown, Texas, do hereby certify that this Notice of Meeting was posted at City Hall, 808 Martin Luther King Jr. Street, Georgetown, TX 78626, a place readily accessible to the general public as required by law, on the ____ day of _____, 2023, at _____, and remained so posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Robyn Densmore, City Secretary

City of Georgetown, Texas
City Council
August 9, 2023

SUBJECT:

Groundwater Reservation Agreement

SUGGESTED ACTION:

Consideration and possible action to authorize the Mayor to execute a Groundwater Reservation Agreement to reserve a minimum of 35,000 and a maximum of 70,000 acre feet of groundwater and to authorize the City Manager to negotiate a Groundwater Supply Agreement for future approval by the City Council -- David Morgan, City Manager

ITEM SUMMARY:

As part of the City's Integrated Water Resource Plan, the City has identified a potential new potable water supply of at least 35,000 and up to 70,000 acre-feet per year which would be made available at a delivery point or points located in Williamson County via to be constructed transmission pipeline infrastructure. This water supply would be permitted by the Groundwater Supplier and ultimately delivered to the City of Georgetown for agricultural, industrial, commercial, municipal, and public water supply use. The proposed Groundwater Reservation Agreement would reserve a minimum of 35,000 and up to 70,000 acre feet per year for a term of two years while the City and the Groundwater Supplier negotiate a comprehensive Water Supply Agreement to provide for the long-term delivery of the groundwater as well as other related terms.

FINANCIAL IMPACT:

SUBMITTED BY:

Robyn Densmore, City Secretary

ATTACHMENTS:

[Groundwater Reservation Contract.pdf](#)

Groundwater Reservation Agreement

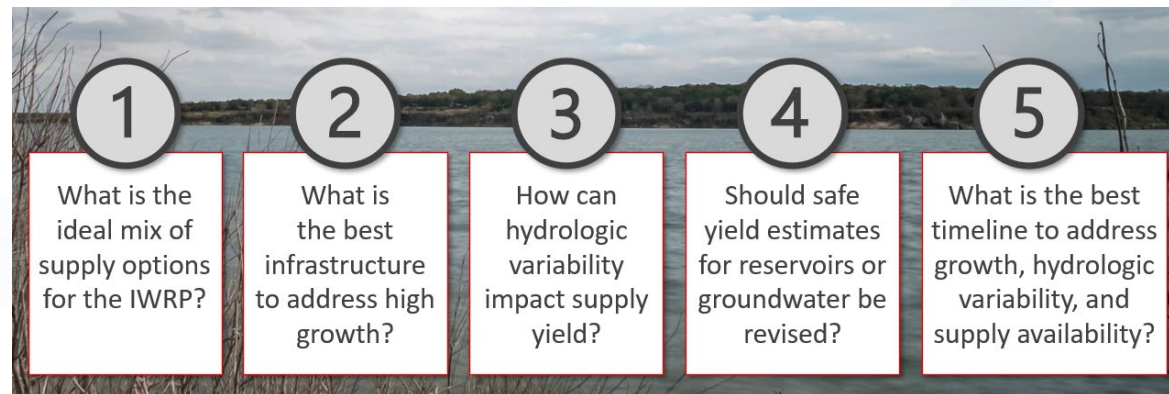
City Council Meeting 8.9.2023

Agenda – Groundwater Reservation Agreement

- Background – Integrated Water Resource Plan
- Background – Process
- Groundwater Reservation Agreement
- Next Steps/Timing

Integrated Water Resource Plan

- Plan for achieving long-term water supply reliability and resiliency under demand growth for various supply options
 - Evaluates the volume needed from and timing for each supply option out to 2070
 - Identifies and evaluates potential water supply portfolios that the City can implement
 - Provides additional planning to ensure consistency with water/wastewater master plans
- Answers questions



Integrated Water Resource Plan

Systems Approach: Address Multiple Water Resources Challenges



Increased Water Demands



Finite Fresh Water Sources



Increasing Regulations



Longer Droughts

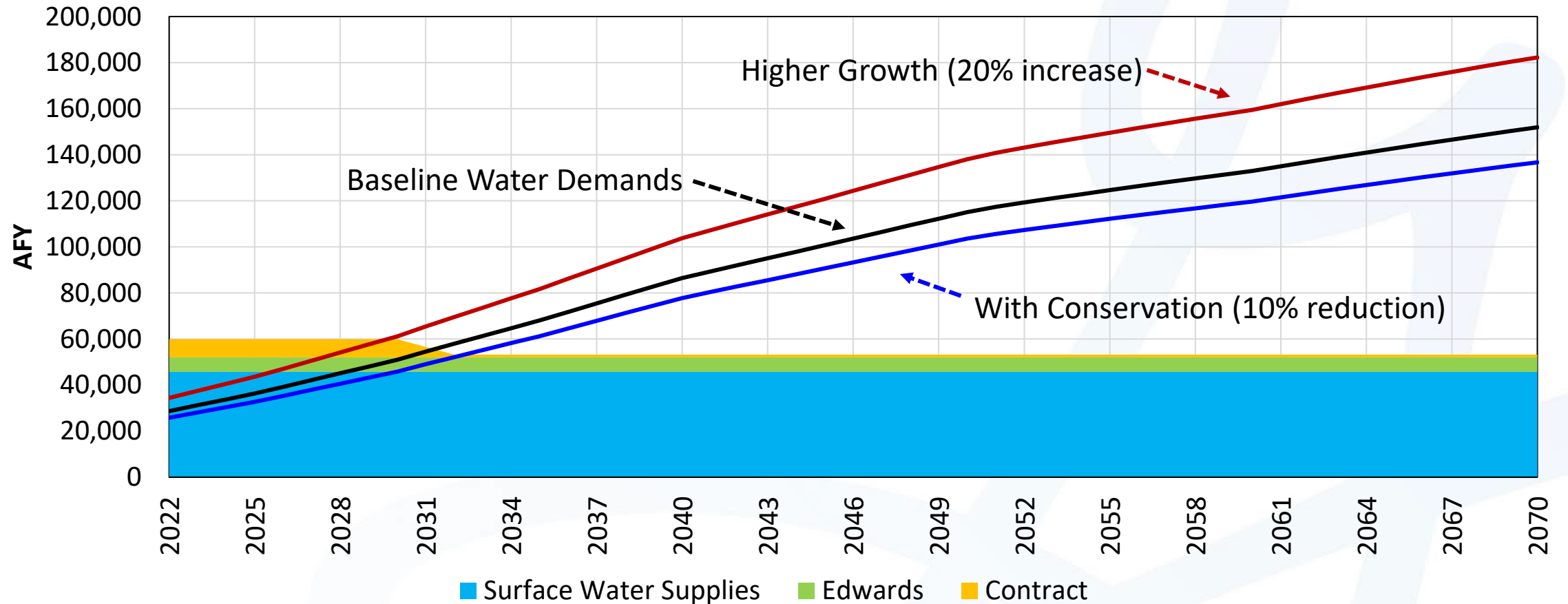


Rising Cost of Infrastructure



Complex IGA's

Background - Integrated Water Resource Plan-12/2022



Gap of up to 99,000 acre feet at 2070

Summary– Cumulative need and IWRP

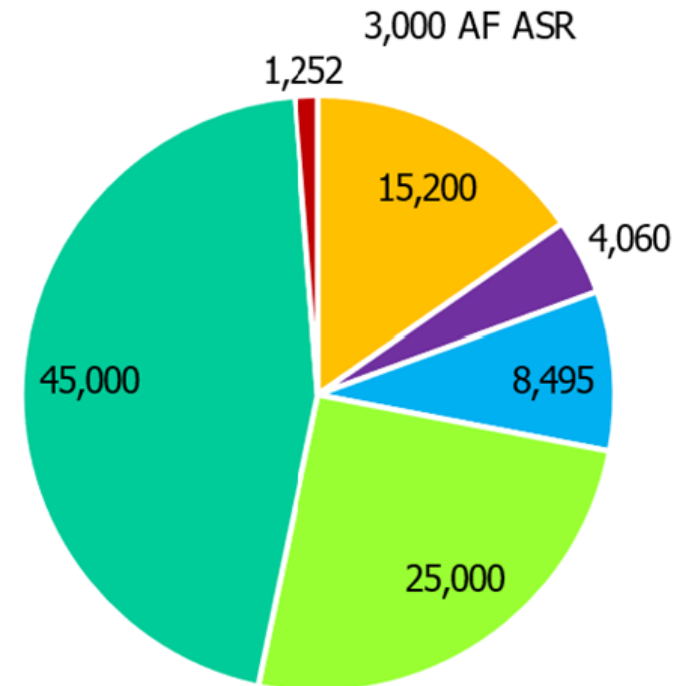
- Growth factors:
- Currently at 67,660 connections/LUE's
 - 4 years of growth in past two years
 - 2023 YTD show reduced growth
 - Density higher than previous plans
- Continued high 6-9 % growth 2025-2030
- 5-6% 2031- 2041
- Continued growth at 1.5% to 3% until 2070
- Includes growth within the 440 square miles of Certificate of Convenience and Necessity up to 2070
- 10,000 AF needed by 2030
 - BRA, regional partners, conservation
- 20,000 AF by 2034
 - BRA, regional partners, conservation
 - New supply, Aquifer Storage and Recovery
- 50,000 AF by 2041
 - BRA, regional partners, conservation
 - New supply, ASR, possible treatment of effluent to potable
- 60,000 AF by 2044
- 70,000 AF by 2047
- 80,000 AF by 2052

Integrated Water Resource Plan – Future Supplies

Future Supplies

- ASR Used (AF)
- Reclaimed Volume Used (AF)
- New GW Volume Used (AF)
- Regional Groundwater Volume Used (AF)
- Hosston Used (AF)
- Conservation (AF)

GW1: All Supplies online (AS)



Regional Water Planning – Partnered Regionally

- Round Rock issued Request for Information for future resiliency needs
- Brazos River Authority Request for Proposals (Spring 2022)
 - To provide additional groundwater sources to support Williamson County
 - BRA has been providing updates to staff and Mayor
 - Negotiations have not moved forward to an agreement at this point

Private entities partnering for water supply

- Several example of similar successful groundwater projects
 - San Antonio Water System (SAWS) Project Vista Ridge (EPCOR)
 - City of Hutto - Heart of Texas Water
 - Samsung (private) – Alcoa Sandow Lakes water (EPCOR)
 - Alliance Water (Buda, San Marcos, Kyle)
 - 130 Project - Manville WSC, Manor, and private utilities owned by Southwest Water Company (EPCOR)
- EPCOR as a partner specifically:
 - Experience and resources necessary to meet contract obligations
 - Permitting in place with groundwater district
 - Ability to construct much faster than City or BRA

Background – Current Negotiations

- City reached out to EPCOR Utilities late in 2022 due to their experience
 - Manages utilities in Canada, as well as Arizona, New Mexico and Texas
 - Experience building/operating Vista Ridge project appx 140 miles of infrastructure from Burleson county to San Antonio Water Supply
 - Currently constructing Samsung project appx 25 miles of infrastructure from Milam County to Taylor
- Epcor has partnered with property owner in Robertson County
 - 39,399 acre feet per year of groundwater available
 - Opportunity for the City to reserve water rights in the Carrizo Wilcox aquifer, Robertson County
 - This reservation agreement does not deliver water - EPCOR would hold these water rights for city's use until the future Water Supply Agreement terminates
 - Would lead to a Water Supply Agreement that outlines infrastructure and cost to bring treated water to Georgetown chosen point of delivery
 - Expected 2 year negotiation time

Structure of water reservation agreement

- EPCOR and City have been working since Fall 2022 on a potential public private partnership (P3) to deliver groundwater from the Carrizo Wilcox (Simsboro) from Robertson County to a delivery point to be chosen by the City
- City would execute two agreements
 - **Reservation Agreement NOW** – City pays to lock in the rights to the water while the Water Supply agreement is negotiated
 - **Water Supply agreement FUTURE** – in next two years– outlines the details of delivery of water to the City, including water leases, easements, operations, treatment, maintenance and delivery infrastructure costs at a time to be agreed upon. The City would pay for delivery of the water at the agreed upon amount and price (whether the city uses the water or not “take or pay”).

Regional Strategy

- City's water supply area is fairly regional consisting of 440 sq. miles
 - Anticipating future growth needs
 - Changes to the area, either through increased density or through requests to withdraw from the CCN could impact demand
- Anticipate regional requests, such as other cities, for water from this source
 - Reservation agreement deliverables provides a limited time for city to include the requests in the agreed upon take-down/delivery schedule for water
- Agreement allows City to sell short-term (up to 25 years) water to regional partners
 - City will meet with regional partners before completing our annual take down schedule for the future Water Service Agreement

Reservation Agreement – The numbers

- EPCOR and partners currently have 39,399 acre feet of groundwater from the Simsboro formation of the Carrizo-Wilcox aquifer
 - Permitted through the Brazos Valley Groundwater Conservation District to be transported out of County for Municipal and other uses
 - Cost of reservation is \$150/AF = \$5,909,850 annually for 39,399AF prior to water supply agreement
- Acre Feet conversion to Million Gallons per Day
 - 1000 AF = 0.89 MGD appx
 - 39,399 = 35.2 MGD
 - 70,000 = 62.5 MGD

Reservation Agreement – The numbers

- EPCOR and partners are currently pursuing to have an **additional** 30,601 acre feet of groundwater from Carrizo-Wilcox aquifer
 - To be permitted
 - Anticipate 5,000 AF to be available quickly
 - 39,399 AF = \$5,909,850
 - 44,399 AF = \$6,659,850/year for additional 5,000 readily available
 - 70,000 AF = \$10.5M per year/maximum per this contract

Water Fund - Impacts

- Increasing operational and city CIP costs are driving rate increases of 11-13% annually (***not including this contract***)
 - 13% included in the FY24 Budget
- This new reservation agreement will cost \$5.9-\$10.5M annually
- Sources of funding
 - Fund balances in water fund (initially)
 - Developers – for new water service agreements
 - Impact Fees (Capital component for delivery of water)
 - Regional Partners
 - Customers – rates
- Rate studies are underway – expect additional rate increases in second quarter of fiscal year 24 (Jan – March 2024) before 2024 bond rating

Collaboration - Water Services Agreement is the next step

- Due diligence – evaluation of reports, studies, finances and structure
- Project Plan – infrastructure plan, including easements, leases, groundwater production, construction, points of delivery
- Financing Plan – how infrastructure will be funded
 - City to have option to own asset at end of first contract period
- Operation and Maintenance Costs – City will agree to pay EPCOR to manage the asset and deliver water to City in quality and quantity it sets forth

Regulatory Risks that could impact this contract

- Groundwater districts in Texas have a high degree of local control
 - Regulations can shift
- Legislative action
 - Risk will remain that changes at State level increase cost/risk of long-term contract

Outside Team to work with staff

- Technical Team with experience in Water supply and contracting to support evaluation and negotiation
 - Groundwater Experts (Intera – approved by Council 5/9)
 - Lease valuation consultants
 - Financial consultant – Specialized Public Finance (city’s existing consultant)
 - Rates – NewGen (existing water rate consultant for first phase)
 - Engineering – CDM Smith (existing)
 - Legal – Spencer Fane

Summary Plan and Draft Schedule

- Team of Experts Established (30 days) May 2023
- Evaluation of reservation agreement (90 days) May-July 2023
- Council consideration of reservation agreement August 2023
- Discussion with regional partners on needs and contracts August 2023-Jan 2024
- Evaluation and negotiation of water supply agreement (24 mos) August 2023-July 2025
 - Note: regular updates to Council on negotiation
 - Note: will have to have firm delivery requirements in place
 - Note: updates will include updated estimated impact
- Council approval of water supply contract July 2025
- Schedule – in progress, estimating delivery in approximately 4 years

Summary

- Entering into Water Reservation Agreement now:
 - Locks in the opportunity to reserve groundwater and meets IWRP
 - Diversifies water portfolio
 - Water quality is good from the aquifer
 - Provides time to work on funding and impacts
 - Anticipate lengthy negotiation to address risks discussed prior to finalizing Water Service Agreement
- P3 Structure additionally:
 - Moves large CIP project to private sector
 - City's heavy infrastructure work plan limits our ability to accomplish in-house