



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/1/2020

ALL

Item Creation Date: 11/3/2020

HPW - 20WR264R Approval of a New Untreated Water Supply Contract Form and Extension of Existing Untreated Water Supply Contracts to December 31, 2021 Under Certain Conditions

Agenda Item#: 60.

Summary:

ORDINANCE extending the term of the existing untreated water supply contracts between the City of Houston and its untreated water customers set to expire December 31, 2020, under certain conditions; approving the forms of contract for new untreated water supply contracts to be executed by the City of Houston and each of its untreated water customers; authorizing the Mayor to sign the approved untreated water supply contracts between the City of Houston and its untreated water customers in the form approved herein and delegating authority to the Mayor or his designee to amend the contract and modify its content

Background:

SUBJECT: An ordinance extending the term of existing untreated water supply contracts between and City of Houston (City) and its customers, approving a new contract form for untreated water supply contracts and authorizing the Mayor to execute the new untreated water supply contracts in the Council-approved form.

RECOMMENDATION: Approve an ordinance extending the term of existing untreated water supply contracts due to expire on December 31, 2020, approve a new contract form for untreated water supply contracts and authorize the Mayor to execute untreated water supply contracts in the Council-approved form.

SPECIFIC EXPLANATION: The City of Houston provides water to 82 customers through untreated water supply contracts. All existing contracts will expire on December 31, 2020. The City wants to extend the term of the existing contracts for up to one year to allow the City and each customer time to execute new untreated water supply contracts, provided that the customer applies for a new contract before December 31, 2020.

The City Attorney, in conjunction with Houston Public Works, has developed a new form for untreated water supply contracts for Council's approval in order to streamline the contract renewal process. In addition, the new form updates existing policies, establishes new policies that provide for better water management, and maximizes the beneficial use of the City's untreated water supply in accordance with applicable laws.

Toward this end, the new form makes several changes to the existing contracts. First, the amount of water a customer must take each month has been increased from 25% of the contract quantity for each of 18 consecutive months to 75% of the contract quantity for each of 12 consecutive months. Second, the provision for termination of the contract for non-use has been reduced from 18 consecutive months to 12 consecutive months. Third, there is now a reservation option whereby the customer may reserve all or a portion of the contract quantity for up to 3 years upon payment of a reservation fee equal to 25% of the contract rate for years one and two, and 50% of the contract rate for year three. Finally, other additions to the contract are that the customer will be required to have backflow prevention to protect the City's untreated water system, the contract may be terminated for habitual violations of exceeding the contract quantity or peak rate, and the customer will be allowed to terminate the contract upon providing ninety days' notice.

The untreated water contract rate is specified in the City of Houston Code of Ordinances, Section 47-85. The base rate is currently \$0.7461 per thousand gallons. The City collected approximately \$54,062,560.42 in untreated water contract revenue in 2019.

This item was presented to the Transportation, Technology, and Infrastructure (TTI) Committee on October 1, 2020, which commenced a 15-day public comment period that was to end October 21, 2020 but was extended an additional 14 days and closed on November 10, 2020. Customers were notified in October 2020 of the contract expiration, public comment periods, and the requirement to submit an Application for Untreated Water by December 31, 2020.

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11/17/2020

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ATTACHMENTS:

Description

Signed Coversheet
TTI Agenda
Contract Form Draft
Ordinance
Signed Ordinance

Type

Signed Cover sheet
Backup Material
Backup Material
Ordinance/Resolution/Motion
Ordinance/Resolution/Motion