

CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

ALL

Item Creation Date: 9/13/2016

20IPB390 – Raw Water Supply Contract – Trinity River Authority

Agenda Item#:

Background:

SUBJECT: Raw Water Supply Contract between the Trinity River Authority of Texas and the City of Houston, Texas.

RECOMMENDATION: It is recommended that City Council adopt an Ordinance approving the Raw Water Supply Contract between the Trinity River Authority of Texas and the City of Houston, Texas.

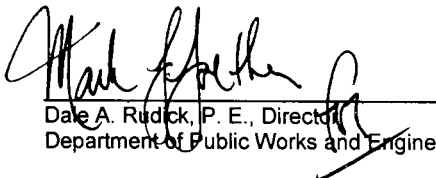
SPECIFIC EXPLANATION: On September 2, 1964, the City of Houston entered into an Agreement with the Trinity River Authority of Texas to share the costs of constructing, operating, and maintaining Lake Livingston reservoir. Trinity River Authority's Certificate of Adjudication No. 08-4248, as amended, and the City's Certificate of Adjudication 08-4261, as amended, authorizes Trinity River Authority and the City respectively to impound, divert, and use water from Lake Livingston. Pursuant to the 1964 Agreement, Trinity River Authority is entitled to 30% of the water in Lake Livingston, and the City is entitled to 70% of the water in Lake Livingston.

The City now desires to purchase from Trinity River Authority, and Trinity River Authority desires to sell to the City, up to 200,000 acre-feet of raw water per year from Trinity River Authority's 30% share of the water in Lake Livingston pursuant to a Raw Water Supply Contract on the following terms and conditions:

1. Beginning in 2017, Trinity River Authority will reserve and sell to Houston up to 200,000 acre-feet of raw water per year in accordance with an established schedule, which the City may accelerate upon written notice to Trinity River Authority.
2. Beginning in 2017, the City will pay Trinity River Authority an "annual reservation charge" equal to 25% of Trinity River Authority's then-current wholesale raw water rate (currently \$95 per acre foot) for all raw water reserved.
3. Beginning in 2040, the City will pay Trinity River Authority an "annual charge for raw water" equal to Trinity River Authority's then-current wholesale raw water rate for all raw water made available to the City on a take or pay basis.
4. To date, Trinity River Authority owes the City approximately \$81,920,429 under the 1964 Agreement for amounts advanced by the City for construction, operation, and maintenance of Lake Livingston. Any amount owed by the City to Trinity River Authority under the Raw Water Supply Contract will be deducted from the amount owed by Trinity River Authority to the City under the 1964 Agreement until Trinity River Authority's liability to Houston is fully paid. This means that the City will not make a cash payment to TRA for some years.
5. The City will have a right of first refusal to purchase an additional 100,000 acre-feet of raw water per year from Trinity River Authority's 30% share of the water in Lake Livingston.
6. The Raw Water Contract will expire in 2066 unless the City exercises its unilateral right to extend the term an additional 50 years upon written notice to Trinity River Authority.

Approval of the Raw Water Supply Contract is requested.

This item was presented to the Transportation, Technology & Infrastructure committee meeting on Monday, November 14, 2016.


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ATTACHMENTS:**Description**

1964 Agreement

Type

Backup Material