

To: Mayor and City Council Members  
Douglas Faseler, City Manager

From: Rick Cortes, Assistant City Manager

Subject: Resolution authorizing entering into a Tri-Lateral Agreement between the City of Schertz, City of Seguin, and the Schertz Seguin Local Government Corporation relating to the Water Sales; declaring an effective date

Date: March 15, 2018

Staff is requesting authorization to enter into a tri-lateral agreement between the City of Seguin, City of Schertz, and the Schertz Seguin Local Water Corporation providing the following:

Schertz and Seguin may each enter into contracts to supply water to third party wholesalers and/or other persons who currently do not have a contract with the SSLGC, provided each utility has the proportionate capacity of water available to satisfy the requirements of the proposed contract, together with the requirements of the city entering into such contract. Prior to entering into such contract, Schertz or Seguin, as appropriate will provide SSLGC the amount of water anticipated to be sold so that the can be verified and the corresponding sales can be calculated into future rate setting by SSLGC.

Should any third party wholesaler and/or other person with an existing water supply contract with SSLGC require additional SSLGC water and SSLGC has the capacity to supply the additional water, SSLGC will enter into such an agreement and not Schertz or Seguin individually.

SSLGC will fund the cost of installing a secondary delivery point from the SSLGC's impact fees provided by the Cities of Schertz and Seguin. The Parties acknowledge the current balance of such funds are sufficient to pay the cost of installation, but should the amount of funds be inadequate, then Schertz will pay for the installation costs of the point of delivery in excess of the funds available to SSLGC in the impact fee fund.

Schertz and Seguin agree that each City, as well as the SSLGC, is allowed to share or use any available proportionate allocations of the other city's 50% share of the groundwater produced from the existing wells located in Gonzales County producing water from the Carrizo until that availability does not exist. The Cities and SSLGC shall be notified as early as possible that using more than a member City's allocation may be necessary so that all Parties can plan accordingly.

Staff recommends approval and is available to answer any questions at your convenience.