

MEMORANDUM

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

From: Rick Cortes, Assistant City Manager

Subject: Springs Hill Water Supply Contract

Date: May 15, 2014

The Springs Hills Water Supply Corporation has advised the City of Seguin of its desire to obtain up to 500 acre feet of potable water on an annual basis; allowing the Corporation to supplement its existing water supply sources.

Upon receipt of this request, City Staff determined that the City's Water System and sources of supply have capacity to produce, treat, and deliver water in excess of Seguin's immediate needs, and its needs in the foreseeable future and that Seguin may deliver water to the Springs Hill during the term of this Contract.

Please note that the City's water resources which will be utilized pursuant to this agreement are from the City's Surface Water Rights. The City of Seguin is allotted 7,000 acre feet of surface water; through Calendar years 2009 to 2013, the City experienced a high use of surface water of 3257 acre-feet, to a low use of 2725 acre-feet. The average usage of surface water during this period was approximately 2809 acre-feet. Based on this determination, Staff is recommending the approval of the agreement. Highlights of the agreement are as follow:

- Contract is for a firm supply of 500 acre-feet of water per year.
- Contract will be a "take or pay" agreement.
- Point of Delivery will be along Highway 123 just south of Cordova Road in front of the H & P property.
- Springs Hill will be responsible to cover costs to oversize new line being built from Continental to H & P.
- Springs Hill will be responsible for construction of a line and delivery point from the terminus of the present Springs Hill line to the new Seguin line.
- City shall deliver up to 500,000 gallons per day (approximately 347 gallons/minute) with a maximum instantaneous rate not to exceed 750gpm, which is more than 1.5 times the 500,000 gallon per day rate.

- Springs Hill will be responsible for costs of metering and SCADA equipment.
- Rate = \$3.50 per 1,000 gallons can be adjusted annually, but limited to 5% increase in any given year.
- Term of contract is 15 years.
- Term is renewable for another 15 years.

Staff will be available to answer any questions at the May 20th, 2014 Council Meeting.