



# STAFF REPORT

**MEETING DATE:** January 23, 2024

**TITLE:**

Consider action to approve Resolution No. R-2024-15, of the City Council of the City of Bastrop, Texas, authorizing execution of a Master Agreement between Aqua Water Supply Corporation, and the City of Bastrop, regarding consent to transfer portions of its certificated retail water service area to the City; providing for severability; providing for repeal; and providing an effective date.

**AGENDA ITEM SUBMITTED BY:**

Submitted by: Sylvia Carrillo, ICMA-CM, CPM, City Manager

**BACKGROUND/HISTORY:**

The City's Certificate of Convenience and Necessity (CCN) boundary is issued by the Public Utility Commission of Texas (PUCT), and authorizes a utility to provide water and/or sewer service to a specific service area. The City's water CCN is much smaller than the City's wastewater CCN. Much of our wastewater service area is served by Aqua Water and is part of their water service area.

*"Aqua WSC's CCN (Certificate of Convenience & Necessity) was granted in April 1969. Aqua WSC then began operations in January 1970 when the U.S. Farm and Home Administration extended loans and grants to spur start-up water systems all over the U.S. to provide safe drinking water at reasonable prices to rural areas.... Prior to that time, rural residents in the area often hauled water or used cisterns. There were some scattered community wells, but the quality varied from location to location. Since its earliest days to today, the mission of Aqua WSC is to enhance the quality of life for our members and their families by providing safe, reliable, and sustainable water and wastewater services that meet or exceed state and federal regulatory standards. Aqua WSC is committed to responsible management and preservation of natural resources for today and tomorrow."* <https://www.aquawsc.com/about-us/history/>

As the County and City continue to experience unprecedented growth, Aqua has found it difficult to serve the densities that are developing in its CCN through the expanded development tool called a Municipal Utility Districts (MUDs). Cities such as Bastrop are in a better position to serve denser populations and are often in better negotiating position due to infrastructure capacity. Because MUD agreements often require municipal consent, there is often a development agreement related to annexation at the point of MUD debt expiration.

To create a unified development service area that serves the needs of a growing population, protects the long-term supply of our residents, and protects our natural resources, the City and Aqua are proposing a Master Agreement that would allow the City to serve water in Aqua territory for a one time pass through cost that will be borne by the developer. The current rate is \$8,200 an acre but will be subject to change as annual cost adjustments are made by Aqua and /or the City.

The attached maps show the limits of the City's CCNs and Aqua CCN. The cost would only apply to the development itself and not the entire land leading to the development. The city would also retain right of ownership of the infrastructure once dedicated to the City.

This agreement further creates additional revenue streams for the water utility to assist with other capital projects and keeps downward pressure on the rate structure.

**FISCAL IMPACT:**

Legal fees to complete the agreements. The remainder is a pass through to the developer, who also bears the cost of infrastructure to serve their development.

**RECOMMENDATION:**

Authorize the City Manager to enter into an agreement with Aqua Water Supply Corporation.

**ATTACHMENTS:**

1. Master Service Agreement
2. Map