



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Ginger Faught, Deputy City Administrator

Council Meeting Date: February 21, 2023

Agenda Item Wording: **Approval of Wholesale Water Services Agreement between West Travis County Public Utility Agency and the City of Dripping Springs for the Cannon Ranch Subdivision**

Agenda Item Requestor: Developer of Cannon Ranch

Summary/Background:

The Wholesale Water for the Cannon Ranch Subdivision is between the West Travis County Public Utility Agency or WTCPUA and the City of Dripping Springs. Through this Contract, the WTCPUA will provide wholesale water to the City, and the City will then supply retail water to the Cannon Ranch subdivision. The City already has a retail water agreement in place for the Cannon Ranch subdivision.

The City and LCRA (predecessor to the WTCPUA entered into a wholesale water supply agreement in 2003 to, among other things, specify which properties would be provided with retail water service from LCRA, the Dripping Springs Water Supply Corporation, and the City of Dripping Springs. The Cannon Ranch Tract is in the City's retail water service area.

The WTCPUA assumed the rights and obligations of LCRA by agreement dated March 19, 2012.

With the Driftwood Tracts, we simply amended the Wholesale Water Supply Agreement between the Lower Colorado River Authority (now the WTCPUA) and the City of Dripping Springs to allow for retail water service to commercial component of the Driftwood Creek Tract Property (see Amendment 7 on this same Agenda). The WTCPUA has decided that instead of having multiple amendments to that Contract, they prefer new wholesale contracts in the form that is being presented to you now.

The original 2003 wholesale agreement contemplated several procedures and processes regarding retail water service that are now either unworkable or undesirable. For example, the wholesale agreement is very specific regarding when the City must obtain a CCN, and the wholesale contract's procedures do not now match the reality of the process. Further, the wholesale contract was very specific about rates and charges to an extent that bound the City in ways

that were not necessary. Finally, the wholesale contract did not specify the precise amount of water that would be made available to the Cannon Ranch Tract development. All of these issues are resolved by this contract for the Cannon Ranch Tract.

This agreement was negotiated over a long period of time, and will likely be the template for future wholesale agreements for developments that will be in the City's retail service area.

This is a wholesale agreement. The City recovers its expenses by billing retail water rates to the Cannon Ranch Tract and its occupants.

**Commission
Recommendations:**

N/A

**Recommended
Council Actions:**

Approve as presented.