



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78602

Submitted By: Aaron Reed, Public Works Director

Council Meeting Date: 07/18/2023

Agenda Item Wording: Discuss and Consider Approval of a Lease Agreement with AUC Group, LLC. for a Wastewater Plant Expansion at Arrowhead Ranch

Agenda Item Requestor: Aaron Reed

Summary/Background: In May of 2023, the City Council approved the assignment of the lease of a 55,000 gallon per day wastewater plant from Arrowhead Ranch to the City of Dripping Springs. The plant was already operating at greater than 90% capacity, so the City needs to expand the plant per TCEQ rules. This lease agreement will provide the equipment to expand the plant to 125,000 gallons per day.

The cost to lease the plant is \$15,530 monthly (\$186,360 annually) for 60 months. After 60 months the City has the option to purchase the plant for \$435,428.00 or continue leasing the plant at a reduced rate of \$9,700.00 monthly (\$116,400 annually).

There are additional items that will need to be budgeted in FY24 for the plant (Ground storage tank, drip fields, concrete, electric, etc.).

**Commission
Recommendations:**

**Recommended
Council Actions:** Staff recommends approval.

Attachments:

Next Steps/Schedule: