



Meeting Date:	<u>September 22, 2026</u>	Agenda Type:	<u>Consent Items For Action</u>
From:	<u>Doug Clifton</u> Water Operations Manager	Reviewed by:	<u>Jason Theurer</u> Director of Water Operations and Compliance
Submitted by:	<u>Mark Steelman</u> Chief Operating Officer	Approved by:	<u>Ryan Kelso</u> Chief Executive Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute a Professional Services Agreement with Utilis Inc., dba Asterra, for Satellite Leak Detection Services for an Initial One-Year Term in the Amount of \$145,000.00, with up to Four Additional One-Year Renewals for a Total Contract Amount Not to Exceed \$725,000.00

BACKGROUND

Over the last five years, New Braunfels Utilities ("NBU") has contracted with Utilis Inc., dba Asterra ("Asterra") for satellite leak detection across the NBU water system (the "Services"). Using satellite imagery and proprietary software, Asterra scans the entire system four times per year, identifying leaks — including ones conventional inspection wouldn't catch — before they cause greater water loss or infrastructure damage.

Over the past five years, the program identified 4,461 points of interest, resulting in 862 confirmed leaks addressed and an estimated 24,880,661 gallons saved, worth \$281,400.28 in combined water production and lost wholesale revenue savings. The five-year cost, including NBU's in-house crew time, is \$1,249,851.20 for twenty (20) system-wide scans. By comparison, returning to NBU's legacy acoustic-logger program (one system-wide scan every five (5) years) would cost an estimated \$2,944,226.00 over five (5) years — \$1,694,374.80 more for a fraction of the coverage.

The program supports NBU's Infrastructure and Technology goal of maintaining an Infrastructure Leakage Index at or below 3.0 and reflects NBU's commitment to water conservation.

NBU seeks a new one-year agreement with Asterra (August 1, 2026 – July 31, 2027), with automatic renewal for four (4) successive one-year terms, providing (i) additional satellite report data, (ii) data analysis services, and (iii) targeted-area reports for field-based leak detection (the "Agreement").

Asterra is the sole-source provider, holding a patented algorithm for its leak detection process. Section 252.022(a)(7) of the Texas Local Government Code exempts sole-source items from competitive bidding, and this Agreement qualifies.

NBU staff requests that the Board of Trustees approve a Professional Services Agreement with Asterra. This item is presented because the Agreement exceeds \$250,000.00.

FINANCIAL IMPACT

The total financial impact for the Professional Services Agreement with Asterra is \$725,000.00, with a not-to-exceed amount of \$145,000.00 for the initial contract term and \$145,000.00 for each of the additional four (4) one-year terms for the Services. The Agreement is budgeted within the NBU Board-approved Operations and Maintenance Budget (“O&M Budget”) for Fiscal Year 2027 through Fiscal Year 2031.

LINK TO STRATEGIC PLAN

Infrastructure and Technology

Stewardship

EXHIBITS

1. Professional Services Agreement with Utilis Inc., dba Asterra