



Meeting Date: June 25, 2026 **Agenda Type:** Consent Items for Action

From: Michael G. Short, P.E. **Reviewed by:** Michael G. Short, P.E.
Director of Engineering Director of Engineering

Submitted by: Mark Steelman **Approved by:** Ryan Kelso
Chief Operations Officer Chief Executive Officer

RECOMMENDED ACTION: Authorize the CEO or His Designee to Negotiate and Execute an Interlocal Agreement Between New Braunfels Utilities and Comal County Water Improvement District No. 3 Master District for Wastewater Billing Services

BACKGROUND

On January 27, 2022, the New Braunfels Utilities (“NBU”) Board of Trustees approved a Utility Construction Cost Sharing Agreement (the “Original Agreement”) with Southstar at Mayfair, MNB Real Estate Investments, LLC, Southstar at Mayfair Developer, LLC, and Beaverhead NB, LLC (collectively, the “Developer”) to define the responsibilities of NBU and the Developer regarding new development construction. Also, within the Original Agreement, NBU agreed to provide, among other things, water utility services to lots, each held by a utility account holder, within that certain tract of real property located in Comal County, Texas, known as the Mayfair Development (the “Property”).

Comal County Water Improvement District No. 3 Master District (“WID 3M”) is a political subdivision of the State of Texas organized under Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code. The Property is located within the boundaries of WID 3M and is subject to its jurisdiction. WID 3M needs to provide temporary retail wastewater treatment services to lots within the Property until certain NBU wastewater infrastructure becomes operational and NBU assumes responsibility for the provision of such wastewater services within the Property, consistent with the terms of the Original Agreement.

Because WID 3M is providing wastewater service only on a temporary basis, it has requested that NBU consider assisting in reducing the administrative burden on utility account holders within the Property by issuing a single utility bill for both water and wastewater services, with NBU collecting wastewater charges on behalf of WID 3M.

In June 2026, NBU and WID 3M developed an Interlocal Agreement (“ILA”) to streamline utility billing for the Property. The ILA establishes NBU’s responsibilities for billing, allocation of payments, reporting, and quarterly transfers of wastewater revenues, as well as WID 3M’s obligation to reimburse NBU for associated administrative costs.

Staff recommends approval of the ILA between NBU and WID 3M to streamline utility billing for the Property. The ILA authorizes NBU to issue a single combined bill for water and wastewater services, allocate and remit wastewater revenues to WID 3M, and recover administrative costs associated with providing these billing services. This item is being presented to the Board because it creates an interlocal agreement and establishes new billing responsibilities and financial obligations between NBU and WID 3M, all of which require Board approval.

FINANCIAL IMPACT

The financial impact of the Interlocal Agreement (“ILA”) is minimal. The ILA does not increase NBU’s costs, as WID 3M is responsible for reimbursing NBU for all administrative expenses associated with providing wastewater billing services. In addition, the ILA mitigates NBU’s financial risk by ensuring that NBU has no responsibility for collecting delinquent wastewater payments and by limiting NBU’s obligations to the temporary service period and a defined 90-day transition period.

LINK TO STRATEGIC PLAN

Customers and Community

Financial Excellence

Stewardship

EXHIBITS

1. Interlocal Agreement between New Braunfels Utilities and Comal County Water Improvement District No. 3 Master District for Wastewater Billing Services