



PUBLIC WORKS

To: Mayor and Town Council

From: Chuck Ewings, Assistant Town Manager

Through: Mario Canizares, Town Manager

**Re: Amendment to Participating Member Contract
Upper Trinity Regional Water District**

Town Council Meeting – March 26, 2024

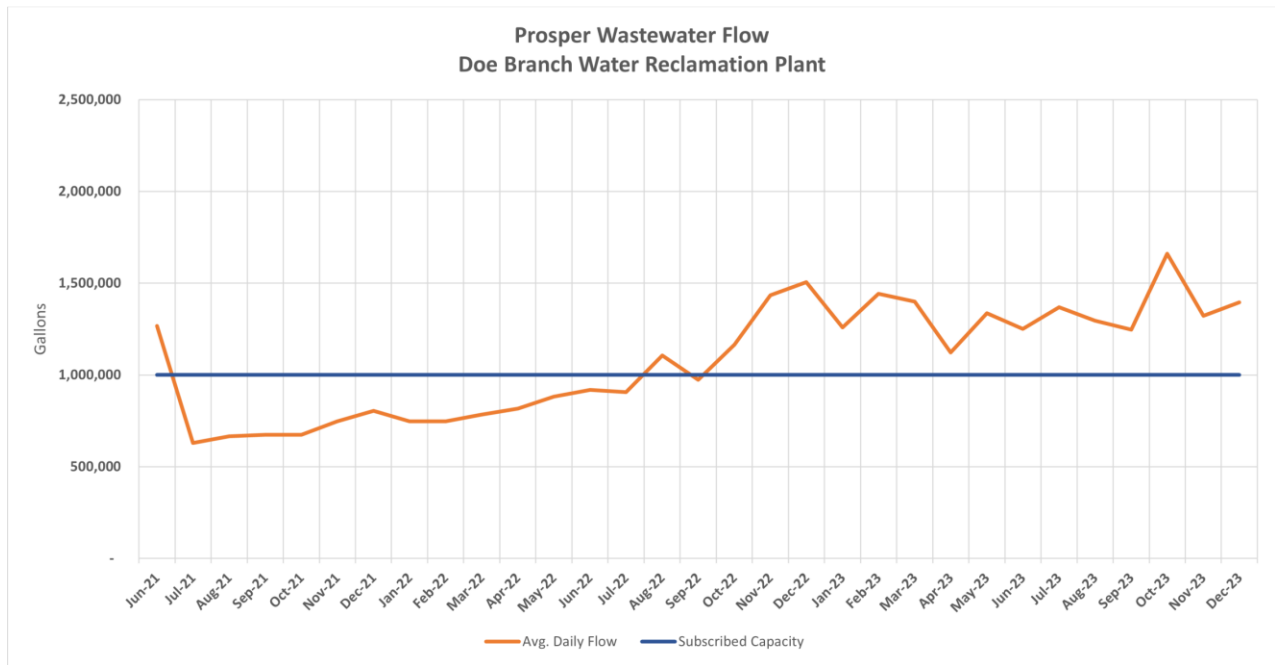
Strategic Visioning Priority: 1. Acceleration of Infrastructure

Agenda Item:

Consider and act upon authorizing the Town Manager to execute an Amendment to Participating Member Contract between the Upper Trinity Regional Water District, and the Town of Prosper, Texas, related to subscribing for additional wastewater treatment capacity associated with the expansion of the Doe Branch Water Reclamation Plant.

Description of Agenda Item:

The Town of Prosper currently subscribes to wastewater treatment provided by Upper Trinity Regional Water District at its Doe Branch Water Reclamation Plant (DBWRP) located southwest of Prosper in Little Elm. The Town is one of four customers utilizing the plant, including the City of Celina, Elm Creek SUD, and Mustang SUD. Due to the increase in wastewater flows associated with additional development, the Town of Prosper and City of Celina are seeking additional capacity through the expansion of the referenced plant. Current projections anticipate the Town of Prosper will require an additional 3.0 MGD of capacity by 2030. The first phase of the existing plant was completed in 2016 and provided a capacity of 2.0 MGD, of which, the Town of Prosper subscribed to the current 1.0 MGD provided. The plant was further expanded to add an additional 2.0 MGD of capacity in 2021 and the Town of Prosper did not need to participate in that expansion. This proposed amendment includes increasing the subscription to 1.125 MGD, adding existing common-to-all capacity that is available. Since September of 2022, the Town has exceeded its subscription and has been averaging approximately 1.3 MGD of flows to DBWRP.



In 2020, UTRWD reviewed the flow trends and began planning for another expansion to accommodate the growth occurring in Prosper and Celina and requested an increase in permitted treatment capacity from the Texas Commission of Environmental Quality (TCEQ) from 5.5 MGD to 20 MGD, which was approved in June of 2021. UTRWD began planning for an 8.0 MGD plant expansion soon after and entered into a design agreement with Carollo Engineering to begin preliminary engineering in September 2022. Initial construction estimates for the plant expansion were provided in January 2023 in the amount of \$136M (not including design and project management fees) with the cost to be shared between three participants, the Town of Prosper, the City of Celina, and Mustang SUD. In September of 2023, Mustang SUD decided not to participate in the expansion leaving the cost of the expansion to be divided between Prosper and Celina.

After 30% completion of the plans, new estimates were provided with the construction estimate increasing to \$186,446,408, adding design and project management fees increases the total estimate to \$209,892,554. The factors leading to the increase are related to having a more detailed design with fewer assumptions, changes in regulatory standards, utilizing current costs rather than historical indexes, and inflationary pressures in the region.

The proposed amendment to the contract with UTRWD provides additional treatment capacity totaling 3.125 MGD, with 125,000 of existing capacity being provided immediately. The additional 3.0 MGD will be available as part of the 8.0 MGD expansion that will begin construction later this year, and result in the Town's total subscribed capacity in the DBWRP being 4.125 MGD. The City of Celina plans to subscribe to 4.0 MGD and the remaining 1.0 MGD will be common-to-all capacity and available to any customer wishing to subscribe to all or some of it.

An interceptor line to accommodate the additional flow will be also required to be constructed. The line will be constructed generally adjacent to the current interceptor line. The total construction estimates for the line, including design and project management costs, is \$32,506,655.

The amendment states that Town staff will be able to review the plans as they are completed, and we will coordinate with UTRWD to identify savings as each phase of the design is complete. UTRWD wishes to begin construction of the plant expansion this Fall.

Budget Impact:

The total project cost for the 8.0 MGD of additional capacity at DBWRP, including the expansion and interceptor line, is estimated to be \$242,399,209. Of that Prosper would participate in 50% of the cost with the City of Celina for a total estimated cost of \$121,199,604.50 for each community. Estimated costs are provided in Exhibit A of the proposed amendment.

The Town of Prosper CIP budget identifies up to \$68,602,367.26 consisting of \$6,102,367.26 of federal ARPA funds, \$55M planned for the plant expansion, and \$7.5M planned for the interceptor project. ARPA funds have been transferred for the project and the proposed amendment projects two payments of \$31,250,000 in November 2024 and November 2025. The future payments would utilize certificates of obligation or revenue bonds. The funding schedule is provided in Exhibit B of the proposed amendment.

The remaining balance and payment schedule will be determined after final costs are provided and may include the Town or Prosper issuance and /or UTRWD issuance.

Legal Obligations and Review:

Terrence Welch of Brown & Hofmeister, L.L.P., has reviewed the Amendment as to form and legality.

Attached Documents:

1. Amendment to Participating Member Contract

Town Staff Recommendation:

Town staff recommends that the Town Council authorize the Town Manager an Amendment to Participating Member Contract between the Upper Trinity Regional Water District, and the Town of Prosper, Texas, related to subscribing for additional wastewater treatment capacity associated with the expansion of the Doe Branch Water Reclamation Plant.

Proposed Motion:

I move to authorize the Town Manager to execute an Amendment to Participating Member Contract between the Upper Trinity Regional Water District, and the Town of Prosper, Texas, related to subscribing for additional wastewater treatment capacity associated with the expansion of the Doe Branch Water Reclamation Plant.