



# WHOLESALE WATER AGREEMENT

RS-25-059

April 15, 2025

# Background

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- ❑ TWU has requested wholesale potable water service from the City of Killeen.
- ❑ The City has capacity to supply water through its 36-inch water transmission line in Bell County.
- ❑ Agreement allows for the sale of up to 1.5 million gallons/day.
- ❑ Approved by Bell County WCID No. 1 per existing supply contract.

# Key Agreement Terms

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- ❑ One-time \$1,000,000 connection fee, due within 30 days of substantial completion (the point at which either of the two proposed pipelines is connected and water can flow from the Point of Delivery to the End Point).
- ❑ \$10,000/month payments during Phase-In Period.
- ❑ \$4.00 per 1,000 gallons billed monthly after Phase-In Period.
- ❑ Rate increases allowed annually with 60-day notice.
- ❑ TWU may terminate if rate increases by more than 10%.
- ❑ The contract term is 10 years with the option for one additional 10-year renewal.

# Responsibilities

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## City of Killeen:

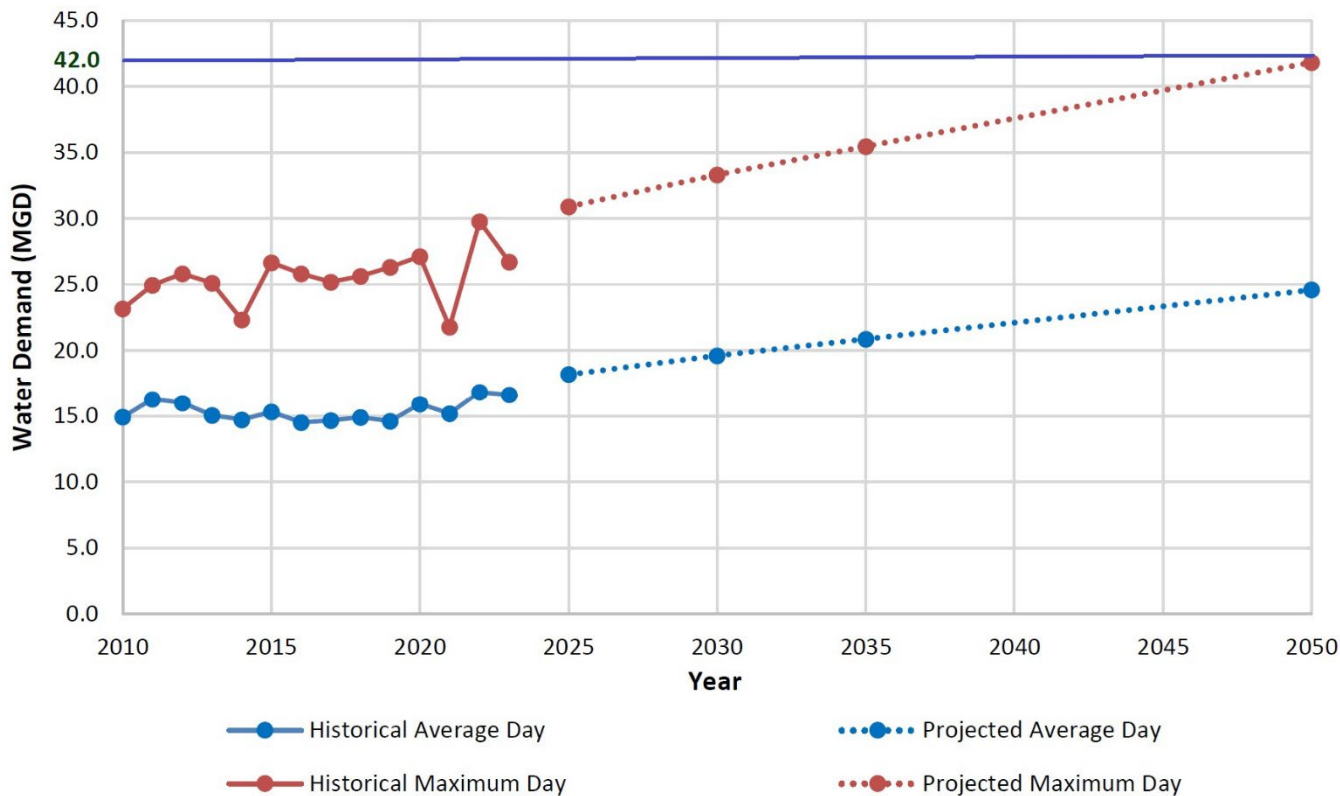
- ❑ Deliver water at existing system pressure.
- ❑ Provide water of same quality as retail customers.
- ❑ Maintain primary meter.

## Texas Water Utilities, L.P.:

- ❑ Construct and connect 12-inch water lines.
- ❑ Pay all connection and delivery costs.
- ❑ Adopt and enforce the City's water conservation and drought contingency plans.
- ❑ Obtain Certificate of Convenience and Necessity (CCN).

# Historical and Projected Water Demands

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# Financial Impact

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- First Year Revenue: \$1,000,000 one-time connection fee, and \$10,000 per month during the Phase-In Period, which continues until residential water demand reaches the equivalent of \$10,000/month at the contractual rate of \$4.00 per 1,000 gallons.
- Future years: \$4.00 per 1,000 gallons delivered, with expected monthly revenue of \$10,000 or more depending on consumption.

# Long-Term Financial Impact

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	Monthly	Annual
Volume	18,000 kgal	219,000 kgal
Revenue (@ \$4.00/kgal)	\$72,000	\$876,000
City's Cost (@ \$0.86/kgal)	\$15,480	\$188,340
Net Revenue	\$56,520	\$687,660



Daily Average Volume: 600,000 gallons (600 kgal)



2025 WCID Rate = \$0.86 per 1,000 gallons

# What Does 1.5 Million Gallons Look Like?

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75,000 bathtubs full of water



30,000,000 toilet flushes (assuming 0.05 gallons per modern low-flow flush)



2,500 average backyard swimming pools (approx. 20,000 gallons each)



Enough to supply about 7,500 households for one day  
(average household use: ~200 gallons/day)

# Recommendation

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Staff recommends adoption of the resolution authorizing the City Manager to execute the Wholesale Water Agreement with Texas Water Utilities, L.P., and to take all actions necessary to implement the agreement.