



City of Killeen

Legislation Text

File #: RS-23-136, **Version:** 1

Consider a memorandum/resolution authorizing the Restated and Amended Water Disposal Contract with WCID #1 to include the City of Harker Heights as a customer.

DATE: September 5, 2023

TO: Kent Cagle, City Manager

FROM: Jeffery Reynolds, Executive Director of Public Works

SUBJECT: Restated and Amended Wastewater Disposal Contract with WCID #1

BACKGROUND AND FINDINGS:

The City of Killeen originally entered into a wastewater treatment contract with Bell County Water Control and Improvement District No. 1 ("WCID #1" or "District") in 1968 ("1968 Agreement"). Over the years, this contract has been amended eight times for various reasons. The Restated and Amended Waste Disposal Contract proposes changes relating to the addition of the City of Harker Heights as a customer of the district with a contractual right to discharge waste into the sanitary sewer system ("System").

In the 1968 Agreement, the District agreed to operate the System initially for the sole benefit of the City and the United States of America (Fort Cavazos). However, the District retained the right to contract with other parties to render waste disposal services from the operation of the System with the approval of the City and to enlarge the size and capacity of the System for the use and benefit of other parties.

The District and the City have determined it is best for the parties to amend and restate the 1968 Agreement to (i) provide for the addition of the City of Harker Heights as a customer of the District with a contractual right to discharge waste into the System and (ii) modify certain provisions relating to (a) maximum discharge quantities for the City and Harker Heights, (b) the price of service, and (c) the allocation of existing and future debt service on debt obligations issued or incurred by the District for the construction or improvement of System facilities.

The District and the City are authorized to enter into this contract pursuant to the Texas Constitution and laws of the State of Texas, including, Chapter 791, Texas Government Code, as amended, and Chapter 30, Texas Water Code, as amended.

The District and the City have agreed to contract in such a manner that the City will make sufficient payments to the District to (i) pay the City's proportionate share of the operation and maintenance expenses of the System, (ii) pay the City's proportionate share of the principal of and interest on debt obligations of the District heretofore and hereafter issued or incurred to borrow funds to acquire, construct and improve the System, and (iii) establish and maintain necessary reserve and contingency funds.

THE ALTERNATIVES CONSIDERED:

1. Do not authorize the Restated and Amended Water Disposal Contract with WCID #1.
2. Authorize the Restated and Amended Water Disposal Contract with WCID #1.

Which alternative is recommended? Why?

Alternative two is recommended to meet the need for wastewater disposal as required by Texas Commission on Environmental Quality (TCEQ).

CONFORMITY TO CITY POLICY:

Restated and amended waste disposal contract with WCID #1 conforms to all City policies regarding contracted services.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

With the execution of a waste disposal contract between Harker Heights and the District, the City of Killeen would be relieved of all outstanding debt associated with the South Plant which is currently \$12,637,305.54 (remaining principal and interest on bonds). In addition, the City of Killeen would receive a one-time payment of \$1,039,777.46 from Harker Heights. The total of \$13,677,083 is the net present value as calculated by NewGen, LLC. NewGen, LLC was hired to conduct a study to determine the cost for Harker Heights to participate in the South Plant.

Is this a one-time or recurring expenditure?

One-time payment to be received from Harker Heights and save annual recurring debt payments to WCID for the 2014 debt issue from FY 2024 to FY 2028

Is this expenditure budgeted?

Yes, funds are budgeted in Water & Sewer Fund in account 550-3415-437.50-97 for debt service requirements to WCID. Savings would be \$3,023,770 in FY 2024.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

Authorize the City Manager, or his designee, to execute the Restated and Amended Water Disposal Contract

with WCID #1 to remain in compliance with TCEQ regulations regarding wastewater disposal.

DEPARTMENTAL CLEARANCES:

Public Works
City Attorney
Finance

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Map
Aerial