



## MEMORANDUM

**TO:** Mayor and City Council

**FROM:** Kenneth M. Griffin, P.E., Director of Engineering/Public Works

**DATE:** May 22, 2012

**REF:** **Consider approval of Supplemental Agreement No. 3 to the Treated Water Contract between the City of Coppell and the City of Dallas; and authorizing the City Manager to sign and execute any necessary documents.**

For many years now, the City of Coppell has been involved in the development of property within the City of Dallas surrounding North Lake. After working through numerous legal issues, an agreement was signed in 2008 between the City of Coppell and Cypress Waters Land A, Ltd. This agreement allowed for the purchase of certain portions of the property by the City of Coppell and denoted several other areas of Coppell's responsibility for future development. In 2009, the Omnibus Amendment to the Contract of Purchase and Sell In Lieu of Eminent Domain; Settlement Agreement; and Northlake Water Supply Planning Agreement, was executed by the City of Coppell and Cypress Waters Land A, Ltd.

A part of the Omnibus Amendment includes the City of Coppell providing interim water service to the first phase development of Cypress Waters. The interim water service is to be discontinued once the first phase is complete and the City of Dallas water service is in service. The Omnibus Amendment further states that the connection will remain in place as an emergency interlocal connection between the City of Coppell and the City of Dallas. Because the Omnibus Agreement was only between the City of Coppell and Cypress Waters Land A, Ltd., the next step in the process is to work with the City of Dallas to prepare a Supplemental Agreement for the City of Coppell to provide water to land within the City of Dallas, for a limited time.

The City of Coppell purchases water from the City of Dallas. That water then goes through our storage tanks and pump station, near the intersection of Sandy Lake Road and MacArthur Blvd., into the distribution lines and the elevated tanks in Coppell. This Supplemental Agreement will allow Cypress Waters to connect to an existing 16-inch water line in South Belt Line Road for the purchase of taking water from the system that has previously been purchased from Dallas. It is important to note that this is only an interim water connection for construction purposes only for the First Phase.

The process of drafting an agreement between the City of Coppell and the City of Dallas began in April 2011. Since that time, there have been numerous variations of the Supplemental Agreement which is officially referred to as Supplemental Agreement No. 3 to the Treated Water Contract, between the City of Coppell and the City of Dallas. On May 3, 2012, representatives from Dallas and Coppell were able to resolve all outstanding issues associated with the proposed Supplemental Agreement. The most recent changes to the agreement were in Sections 6 and 7. Section 6 specifically states that the water is only construction water and is only provided during the construction of the First Phase. It also states that prior to a Certificate of Occupancy (CO) being issued by Dallas for any dwelling unit that Dallas must have an onsite water supply, separate from Coppell, in service. Once that first CO is issued, then Coppell no longer has the responsibility to provide interim construction water, even if the First Phase is still under construction.

Section 7 states that the interconnection between the Coppell and Dallas water supply will only be used in the future for “emergency use.” Note that the connection, while not in service after a CO has been issued for the first dwelling unit, will still be in place. So while the connection will remain in place, it will only be utilized in the event of a catastrophic failure. A catastrophic failure could be any number of things where either City has lost the ability to provide water that would be necessary for health, safety or fire protection issues. Paragraph 7 specifically states that a catastrophic failure is not deemed to be created by the fact that the City of Dallas does not have a water system in place at such time as they are requesting their first CO for a dwelling unit.

The City of Dallas has previously approved the Supplemental Agreement. Also, the construction of the onsite City of Dallas pump station, water storage tank, and distribution lines is currently underway on the Northlake property.

Staff recommends approval of Supplemental Agreement No. 3 to the Treated Water Contract between the City of Coppell and City of Dallas and will be available to answer any questions at the Council meeting.