



## MEMORANDUM

**To:** Mayor and City Council

**From:** Ken Griffin, P.E., Director of Engineering and Public Works

**Date:** October 10, 2017

**Reference:** **Renewal of Wholesale Treated Water Contract with the City of Dallas**

**2030:** Special Place to Live – Ensure Well-Maintained Neighborhoods, Public Infrastructure, Including Streets, Alleys, Utilities and Fences

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### General Information:

- The current Wholesale Treated Water Contract was approved by Council in November 1987.
- The current Wholesale Treated Water Contract expires on November 18, 2017.
- The proposed Wholesale Treated Water Contract is for 30 years, until November 2047.

### Introduction:

The original contract to obtain water from the City of Dallas was executed between the City of Coppell and the Trinity River Authority (TRA) on July 21, 1972. TRA already had a contract with Dallas to purchase water and Coppell needed a water supply to supplement its well system. However, Coppell was not financially able to sell bonds to build the necessary infrastructure, so TRA sold bonds to build the infrastructure and then resold Dallas water to Coppell through their contract with Dallas.

It was recognized in the late 80's that the 1972 contract with TRA would not be adequate long term to supply water to Coppell. Therefore, Coppell entered into a separate water contract with Dallas on November 18, 1987. The 1987 contract did not replace the 1972 TRA contract, it only supplemented it.

On February 1, 1995, the City of Coppell paid off the balance of the original 1972 TRA bonds. At that time, TRA deeded the infrastructure and land to the City of Coppell. This effectively ended the original 1972 TRA contract.

Since the 1987 contract with Dallas, there have been three Supplemental Agreements and one Memorandum of Agreement.

### Analysis:

The proposed Wholesale Treated Water Contract is very similar in information and structure as the 1987 Contract. The changes are in the following areas: 1) Article 1 – Definitions; 2) Section 3.3 –

Demand Schedule; 3) Section 4.11 – Liability, Loss of Water; 4) Section 7.5 – Late Payment; 5) Article 8 – Curtailment, Water Conservation, and Drought Contingency Plans; and 6) Section 9.3 – Rights to Water and Return Flows. Also, the Memorandum of Agreement is included as Exhibit A, Supplemental Agreement #1 is no longer needed, Supplemental Agreement #2 is included as Exhibit E and Supplemental Agreement #3 is included as Exhibit F.

- 1) Definitions: The 1987 Contract did not have a definitions section. The proposed contract includes a listing of all definitions as Article 1.
- 2) Section 3.3: The 1987 contract, in Section 2, discusses demand and changes in demand. Specifically, Section 2.5 gives general guidelines on notification to Dallas if there is an anticipated change in demand. The proposed contract, in Section 3.3, provides detailed guidelines that every five years the customer city must reaffirm or update their demand schedule for the upcoming five years.
- 3) Section 4.11: The 1987 contract, in Section 3, covers all aspects of Article 4 in the proposed contract, except for 4.11. The proposed contract, in Section 4.11, clearly states that Dallas is only responsible for water loss up to the meter at the delivery point. After the treated water passes through the meter, any accounting for water loss is the responsibility of the customer city. Our delivery point is at the Village Parkway Pump Station near the northeast corner of MacArthur and Sandy Lake.
- 4) Section 7.5: The 1987 contract does not address late payment fees. The proposed contract, in Section 7.5, provides detail on when late fees will be assessed and the interest rate of the late fee.
- 5) Article 8: The 1987 contract, in Section 8, provides general information that the customer city will develop a water conservation plan. The proposed contract, in Article 8, provides detailed information and references to state law about the water conservation plan and what it must address.
- 6) Section 9.3: The 1987 contract, in Section 6, provides information about the resale of water outside the Coppell city limits. The proposed contract, in Section 9.3, adds language that even when the customer city purchases water from Dallas, they do not acquire water rights to do with the water as they please. The purchase of water from Dallas is strictly a pass through from Dallas to Coppell to the end user. I'm unsure why this was added, but it should have no impact on how we use the water purchased from Dallas.

Overall the proposed contract is not a substantial change from the 1987 contract. The timeline is such that once Coppell approves the proposed contract, it will be sent back to Dallas for their approval on October 25, 2017. It will become effective on November 18, 2017 and expire on November 18, 2047.

**Legal Review:** The proposed contract was sent to our attorney on August 22, 2017 and no comments were provided.

**Fiscal Impact:** There is no fiscal impact with the renewal of this contract. The process for the setting of rates is outlined in Article 7 of the proposed contract.

**Recommendation:**

The Engineering Department recommends approval of the renewal of the Wholesale Treated Water Contract with the City of Dallas and will be available to answer any questions at the Council meeting.