

City of Wimberley

City Administrator

MEMORANDUM

TO: Mayor and Council

FROM: Shawn Cox, City Administrator

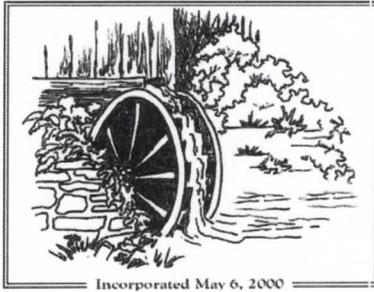
DATE: November 29, 2018

SUBJECT: Council Requested Submittals to TWDB

Attached are the additional documents that were submitted to the Texas Water Development Board (TWDB) in conjunction with the City's requested change in project scope. We are working to put these on the City's webpage (those documents which are not privileged). Additionally, I am working with the TWDB on what they have released so that we can upload those documents as well. Their versions may have been redacted, and I want to make sure we are consistent.

Attached

- TWDB-Wimberley Change of Scope Request
- TWDB-Wimberley Project Update 8-30-18
- TWDB City-Aqua Option Presentation
- TWDB-Wimberley Letter Aqua as Sole Source
- Proposed Amendment to Reclaimed Water Agreement
- Release of Funds Schedule Revised 11-15-18
- Revised Budget 11-15-18
- Sufficiency of Funds Letter Draft 11-15-18



City of Wimberley

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Susan Jagers, *Mayor* Gary Barchfeld, *Mayor Pro-tem, Place 4*

Mike McCullough, *Place 1* Craig Fore, *Place 2*

Allison Davis, *Place 3* Patricia Cantu Kelly, *Place 5*

September 12, 2018

Mr. Dain Larsen
Texas Water Development Board
P.O. Box 13231
1700 N. Congress Ave.
Austin, TX 787141-3231

Re: City of Wimberley
TWDB Project No. 73653

Dear Mr. Larsen:

The purpose of this letter is to request a modification of the scope of the above referenced project. On August 28, 2018, the City Council of Wimberley voted 4-1 (plus the support of the Mayor) to change the scope of the project. The current scope consists of two components: construction of a collection system ("Collection System") to primarily serve downtown Wimberley, and construction of a wastewater treatment plant that also includes a storage tank and irrigation system (collectively "Plant"). The Council voted to stop construction of the Plant and instead enter into an agreement with Aqua Texas, the regional wastewater treatment provider, to process the City's wastewater at Aqua's existing plant in Wimberley. It should be noted that Aqua currently serves north Wimberley. The City would continue construction of the City-owned Collection System and connect to Aqua's system.

Please find included with this letter:

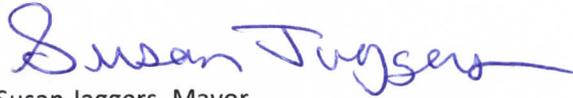
- Project Update – including revised project description, budget, schedule and map
- TWDB Presentation – provides additional background and other relevant information
- A copy of the proposed Aqua agreement, which is substantially complete
- A letter from the City describing Aqua as being a sole source vendor
- Proposed amendment to the City's reclaimed water agreement

A key reason for the change in scope is financial. This includes concerns over the project cost, sufficiency of funds, annual operating expenses, and the ability of the users to repay the revenue bonds. A key element to this change is that under the proposed agreement Aqua will upgrade its existing plant from Type 2 effluent to Type 1 effluent, benefiting not only the City, but the entire Wimberley Valley. Aqua will make such Type 1 effluent available to the City of Wimberley at no cost. Under this agreement, the City will be a wholesale customer of Aqua and the Collection System users would be retail customers of the City. Another important reason for this scope change is environmental. The City Plant would have operated under a TCEQ permit allowing effluent discharge into Deer Creek, which feeds the Blanco River. Aqua's existing plant operates under a land application permit with no discharge allowed.

City of Wimberley

We would be glad to meet with you and your team to further explain the situation and answer any questions. We look forward to hearing and working with you to accomplish this change. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan Jagers". The signature is fluid and cursive, with a long horizontal stroke at the end.

Susan Jagers, Mayor



City of Wimberley

CITY OF WIMBERLEY
CENTRAL WASTEWATER PROJECT
PROJECT UPDATE

The City of Wimberley is pursuing the construction of a wastewater system to serve the wastewater management needs of its citizens in the Central Wimberley area. Construction has begun on the project under two separate contracts. The City desires to make changes to the project. The reason for this proposed change is the result of an economic analysis of the cost of the project, sufficiency of funds, operating costs, and customer rates and revenues available to service the revenue bonds. The following is an update of the project as proposed.

1. Revised Project Description

- a. The City Council voted on August 28th, 2018 to cancel the contract for the construction of the wastewater treatment plant. That project had included the following items:
 - i. Construction of a new wastewater treatment plant. New membrane bioreactor wastewater treatment plant with design capacity of 75,000 gallons per day to treat the influent from the new collection system mentioned above as well as wastewater flows from the existing Deer Creek nursing home. The new wastewater treatment plant was to include equalization, nitrification/denitrification basins, MBR treatment, UV disinfection, odor control, and 500,000 gallons of reclaimed water storage.
 - ii. Construction of a new reclaimed water system. System was to include irrigation system for the Blue Hole Park recreational fields (approximately 12 acres). Reclaimed effluent from the wastewater treatment plant was to be pumped to the adjacent fields in order to maintain grass and ornamental landscaping. However, the City also has a discharge permit into Deer Creek, which feeds into the Blanco River, when irrigation is not possible and the storage tank is full.
- b. The City intends to add the following items to the construction effort:
 - i. Construction of a force main extension under Cypress Creek to allow the force main to be connected to the Aqua Texas collection system so that flows can be conveyed to the Aqua Texas wastewater plant for treatment.
- c. The City intends to make the following modifications to the collection system to accommodate these changes.
 - i. The location of the lift station has been moved to a site completely out of the most recent proposed 100-year flood plain. Delivering the wastewater to the Aqua Texas system instead of a new wastewater treatment plant will result in lower head conditions.
 - ii. The length of the force main will be reduced.
 - iii. The force main from the end of Blue Hole Lane to the existing Deer Creek lift station will be constructed as a 3" force main instead of a 6" and flow will be reversed so

that flow from the existing Deer Creek lift station can also be conveyed to Aqua Texas for treatment.

- iv. Instead of numerous service lines crossing RR 12, parallel collection lines will be constructed on each side of the roadway.

2. Revised Budget

- a. The budget for the collection system contract is revised to \$3,762,822. See Attachment A for details.
- b. The overall revised budget is shown in Attachment B.

3. Revised Project Schedule

- a. See Attachment C for a revised schedule.

4. Revised Project Map

- a. A revised project map is shown in Attachment D.

EXHIBIT A
CITY OF WIMBERLEY, TEXAS
COLLECTION SYSTEM PROJECT BUDGET UPDATE
July 30, 2018

| Bid Item | Unit | Description | Original Quantity | Estimated Quantity | New Unit Price | Original Total | New Total |
|------------------------|------|---|-------------------|--------------------|----------------|------------------------|------------------------|
| Gravity | | | | | | | |
| 510-AWW 6" Dia. | LF | Pipe, 6" Dia. PVC Type (all depths), including Excavation and Backfill | 6650 | 7860 | 140 | \$ 931,000.00 | \$ 1,100,400.00 |
| 510-AWW 8" Dia. | LF | Pipe, 8" Dia. PVC Type (all depths), including Excavation and Backfill | 4050 | 4260 | 190 | \$ 769,500.00 | \$ 809,400.00 |
| 509S-1 | LF | Trench Excavation Safety Protective Systems (all depths over 5') | 12300 | 13640 | 2.2 | \$ 27,060.00 | \$ 30,008.00 |
| 506S MWW | EA | Standard Pre-cast Manhole w/Pre-cast Base, 4' Dia. | 45 | 44 | 8500 | \$ 382,500.00 | \$ 374,000.00 |
| 506S EDMWW | LF | Extra Depth of Manhole, 4' Dia. | 233 | 235 | 440 | \$ 102,520.00 | \$ 103,400.00 |
| 506S DWW | EA | Drop Manhole w/Pre-Cast Base, 4' Dia. | 12 | 12 | 6600 | \$ 79,200.00 | \$ 79,200.00 |
| 506S EDM DWW | LF | Extra Depth of Drop Manhole, 4' Dia. | 80 | 80 | 275 | \$ 22,000.00 | \$ 22,000.00 |
| 510-HR 6" Dia. | LF | Cement Stabilized Backfill, 6" Dia. | 65 | 65 | 66 | \$ 4,290.00 | \$ 4,290.00 |
| 510-HR 8" Dia. | LF | Cement Stabilized Backfill, 8" Dia. | 30 | 30 | 66 | \$ 1,980.00 | \$ 1,980.00 |
| 510-HR 4' Dia. | EA | Cement Stabilized Backfill, 4' Dia. Manhole | 10 | 10 | 7700 | \$ 77,000.00 | \$ 77,000.00 |
| 510-AR 6" Dia. | LF | 150 PSI Pressure Class Pipe, 6" Dia | 375 | 375 | 82 | \$ 30,750.00 | \$ 30,750.00 |
| 510-AR 8" Dia. | LF | 150 PSI Pressure Class Pipe, 8" Dia | 1050 | 1050 | 92 | \$ 96,600.00 | \$ 96,600.00 |
| 510-SSSC-WW 4" Dia | EA | 4" Dia. Short Sanitary Sewer Connection (1'-100') | 39 | 39 | 1900 | \$ 74,100.00 | \$ 74,100.00 |
| 510-MSSC-WW 4" Dia | EA | 4" Dia. Medium Sanitary Sewer Connection (101'-200') | 69 | 69 | 2300 | \$ 158,700.00 | \$ 158,700.00 |
| 510-LSSC-WW 4" Dia | EA | 4" Dia. Long Sanitary Sewer Connection (201'-300') | 11 | 11 | 2900 | \$ 31,900.00 | \$ 31,900.00 |
| Force Main Line | | | | | | | |
| SP-002 | LS | Ranch Road Pump Station, Valve Vault, & Electrical | 1 | 1 | 360000 | \$ 360,000.00 | \$ 360,000.00 |
| 511-A6 | EA | Valves, Plug Valve, 6" Dia. | 3 | 3 | 2750 | \$ 8,250.00 | \$ 8,250.00 |
| 510-AR 6" Dia. | LF | Pipe 6" Dia. PVC Type (all depths), including Excavation and Backfill | 4100 | 3540 | 77 | \$ 315,700.00 | \$ 272,580.00 |
| 509S-1 | LF | Trench Excavation Safety Protective Systems, (all depths over 5') | 3900 | 3370 | 2.2 | \$ 8,580.00 | \$ 7,414.00 |
| 510-AR 1.5" Dia. | LF | Pipe 1.5" Dia. PVC Type (all depths), including Excavation and Backfill | 1000 | 500 | 27.5 | \$ 27,500.00 | \$ 13,750.00 |
| 510-SSL-WW 1.25" Dia | EA | 1.25" Dia. Sanitary Sewer Lateral | 7 | 7 | 1100 | \$ 7,700.00 | \$ 7,700.00 |
| SP-003 | EA | Residential Grinder Pump Station | 7 | 7 | 12000 | \$ 84,000.00 | \$ 84,000.00 |
| SP-003a | EA | Grinder Pump Station Electrical Allowance | 7 | 7 | 2200 | \$ 15,400.00 | \$ 15,400.00 |
| New Item | LF | Pipe 3" Dia. PVC Type (all depths), including Excavation and Backfill | | 1350 | 50 | \$ - | \$ 67,500.00 |
| Bnew Item | LF | Pipe 6" Dia. HDPE Direction Drill | | 600 | 200 | \$ - | \$ 120,000.00 |
| Totals | | | | | | \$ 3,616,230.00 | \$ 3,762,822.00 |

THESE DOCUMENTS ARE FOR TEXAS WATER DEVELOPMENT BOARD REVIEW ONLY
AND ARE NOT INTENDED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.

ATTACHMENT B

TWDB-1201
Revised 11/22/2010

| City of Wimberley - Project # 73653 - Part D2 | | | | | | |
|---|---------------------|---------------------|---------------------|--------------------|------------------|--------------------|
| Uses | TWDB Funds Series 1 | TWDB Funds Series 2 | TWDB Funds Series 3 | Total TWDB Cost | Other Funds | Total Cost |
| Construction | | | | | | |
| Construction | \$0 | \$3,762,822 | \$0 | \$3,762,822 | \$0 | \$3,762,822 |
| Subtotal Construction | \$0 | \$3,762,822 | \$0 | \$3,762,822 | \$0 | \$3,762,822 |
| Basic Engineering Fees | | | | | | |
| Planning + | \$126,000 | \$0 | \$0 | \$126,000 | \$0 | \$126,000 |
| Design | \$225,582 | \$25,000 | \$0 | \$250,582 | \$0 | \$250,582 |
| Construction Engineering | \$0 | \$77,575 | \$0 | \$77,575 | \$0 | \$77,575 |
| Basic Engineering Other ** | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Basic Engineering Fees | \$351,582 | \$102,575 | \$0 | \$454,157 | \$0 | \$454,157 |
| Special Services | | | | | | |
| Application | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Environmental | \$15,000 | \$0 | \$0 | \$15,000 | \$0 | \$15,000 |
| Water Conservation Plan | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| I/I Studies/Sewer Evaluation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Surveying | \$55,000 | \$0 | \$0 | \$55,000 | \$0 | \$55,000 |
| Geotechnical | \$37,500 | \$0 | \$0 | \$37,500 | \$0 | \$37,500 |
| Testing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Permits | \$35,000 | \$0 | \$0 | \$35,000 | \$0 | \$35,000 |
| Inspection | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| O&M Manual | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Project Management (by engineer) | \$0 | \$175,000 | \$0 | \$175,000 | \$0 | \$175,000 |
| Pilot Testing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Water Distribution Modeling | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Special Services Other ** | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Special Services | \$142,500 | \$175,000 | \$0 | \$317,500 | \$0 | \$317,500 |
| Other | | | | | | |
| Administration | \$6,611 | \$0 | \$0 | \$6,611 | \$0 | \$6,611 |
| Land/Easements Acquisition | \$0 | \$0 | \$0 | \$0 | \$44,000 | \$44,000 |
| Water Rights Purchase (If Applicable) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Capacity Buy-in (If Applicable) | \$0 | \$300,000 | \$0 | \$300,000 | \$0 | \$300,000 |
| Project Legal Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other ** | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Other Services | \$6,611 | \$300,000 | \$0 | \$306,611 | \$44,000 | \$350,611 |
| Fiscal Services | | | | | | |
| Financial Advisor | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bond Counsel | \$0 | \$0 | \$0 | \$0 | \$68,950 | \$68,950 |
| Issuance Cost | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bond Insurance/Surety | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fiscal/Legal | \$40,000 | \$0 | \$0 | \$40,000 | \$0 | \$40,000 |
| Capitalized Interest | \$0 | \$170,847 | \$0 | \$170,847 | \$0 | \$170,847 |
| Bond Reserve Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Loan Origination Fee | \$11,807 | \$95,452 | \$0 | \$107,259 | \$0 | \$107,259 |
| Debt Reserve | \$0 | \$237,902 | \$0 | \$237,902 | \$0 | \$237,902 |
| Subtotal Fiscal Services | \$51,807 | \$504,201 | \$0 | \$556,008 | \$68,950 | \$624,958 |
| Contingency | | | | | | |
| Contingency | \$97,500 | \$653,407 | \$0 | \$750,907 | \$0 | \$750,907 |
| Subtotal Contingency | \$97,500 | \$653,407 | \$0 | \$750,907 | \$0 | \$750,907 |
| TOTAL COSTS | \$650,000 | \$5,498,005 | \$0 | \$6,148,005 | \$112,950 | \$6,260,955 |

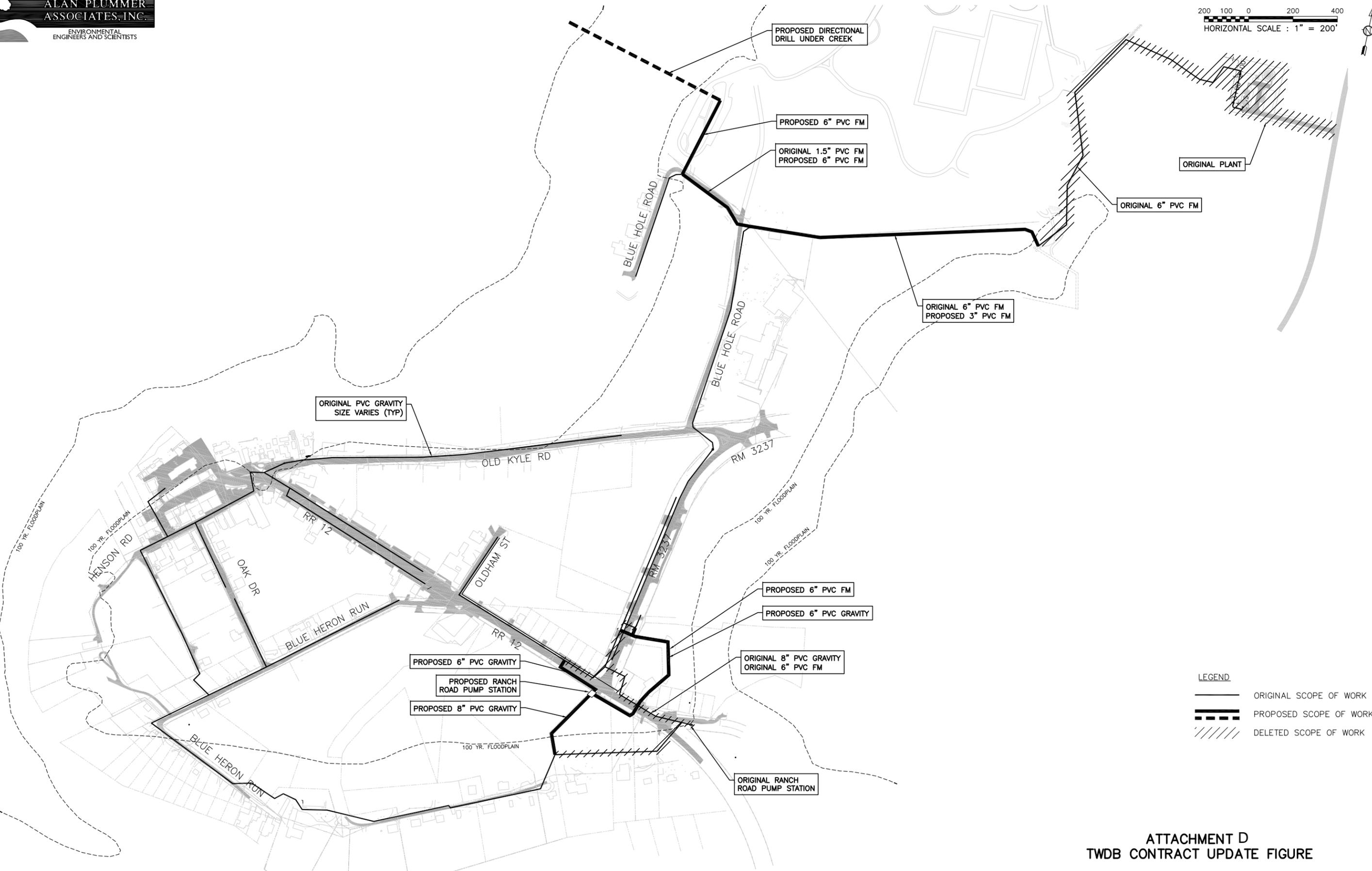
Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

| | | | |
|-----------------------------|--|---|---|
| Category A | | | 0 |
| Category B | | | 0 |
| Category C | | | 0 |
| Category D | | | 0 |
| Total Planning Costs | | 0 | 0 |

Attachment C
City of Wimberley
Schedule Update
30-Aug-18

| Phase | Start Date | End Date |
|--------------------------|-------------------|-----------------|
| <i>Collection System</i> | 4/5/2018 | 4/5/2019 |

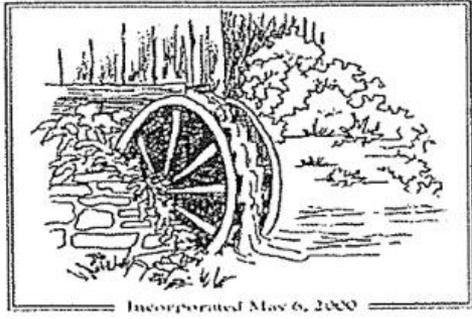


LEGEND

- ORIGINAL SCOPE OF WORK
- PROPOSED SCOPE OF WORK
- DELETED SCOPE OF WORK

**ATTACHMENT D
 TWDB CONTRACT UPDATE FIGURE**

TEXAS REGISTERED ENGINEERING FIRM F-13
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Wimberley Wastewater System

**TWDB Presentation
September 12, 2018**

Request to Modify Project Scope

- **Modification Request**

- Continue with City constructed and owned collection system
- Eliminate the sewer plant at Blue Hole Park
- Enter into Agreement with Aqua Texas to process City wastewater
- Aqua will make Type 1 effluent available to the City

- **Financial Concerns**

- Project costs
- Sufficiency of funds
- Annual operating expenses
- Ability to repay revenue bonds

- **Environmental Concerns**

- City owned plant has discharge permit into Deer Creek/Blanco River
- Aqua Texas existing plant has a land application permit – no discharge

TWDB Loan – Risks and Issues

- TWDB Observations in Approved Funding Request
 - Risk Score – 2C (second lowest)
 - Small customer base relative to debt
 - Reliance on significant service agreement payments from City general fund and/or high system customer rates
- Update
 - Initial capital cost significantly higher
 - Initial customer base will be smaller – smaller count, opt outs for easement concessions, deferrals for recent septic installations (8 years), significantly lower volumes (20%)
 - Annual estimated plant operating costs updated and are significantly higher
- City/Aqua Option
 - Lower initial capital costs reduces project risk with adequate funding
 - Significantly lower annual operating costs and reduced long-term financial risk of City owned plant improves repayment capability through lower customer rates and/or less reliance on service agreement payments
 - Better fulfills TWDB mission of maintaining the viability of the state's natural resources, health, and economic development

Project Cost Summary – Old Scope

| | Original Budget | Current Estimate | Variance |
|------------------------------------|---------------------|---------------------|---------------------|
| Collection System | \$ 2,259,000 | \$ 3,616,230 | \$ 1,357,230 |
| Treatment Plant | 1,365,100 | 3,068,900 | 1,703,800 |
| Total Construction Costs | \$ 3,624,100 | \$ 6,685,130 | \$ 3,061,030 |
| Contingency Funds | 512,998 | 479,521 | (33,477) |
| Bond Reserve and Origination Fee | 343,636 | 333,354 | (10,282) |
| Subtotal | \$ 4,480,734 | \$ 7,498,005 | \$ 3,017,271 |
| Bond Counsel and Financial Advisor | 46,310 | 68,950 | |
| Project Administration | - | 175,000 | |
| Construction Administration | - | 77,575 | |
| EDA Administration | - | 25,000 | |
| Other | 30,000 | - | |
| Construction Interest (2 years) | 232,271 | 170,847 | |
| Total Other Costs | \$ 308,581 | \$ 517,372 | \$ 208,791 |
| Total Project Cost | \$ 4,789,315 | \$ 8,015,377 | \$ 3,226,062 |
| Percentage Over Budget | | | 67% |

This is the original \$5.5 million budget that existed on April 19, 2017, the date the bids were opened. However, the original reclaimed water line back to town in that budget was removed from the scope, reducing it to \$4.8 million. The above shows the current cost estimate compared to that adjusted budget. Almost all of the \$3.2 increase is attributable to the bid amounts (and awarded contracts and change orders) being significantly higher than expected.

Project Cost Summary – New Reduced Scope

| | City Option | City / Aqua Option | | Variance |
|------------------------------------|---------------------|---------------------|---|-----------------------|
| Collection System | \$ 3,616,230 | \$ 3,616,230 | T | |
| Treatment Plant | 3,068,900 | - | | |
| Terminate Treatment Plant Contract | | TBD | C | TBD |
| Modifications to Collection System | | 146,592 | T | |
| Engineering Design | | 25,000 | T | |
| Aqua Impact Fee (one time) | | 300,000 | T | |
| Reclaimed Water Line System | | - | | |
| Total Construction Costs | \$ 6,685,130 | \$ 4,087,822 | | \$ (2,597,308) |
| Contingency Funds | 7.2% 479,521 | 271,699 | T | (207,822) |
| Bond Reserve and Origination Fee | 333,354 | 333,354 | T | - |
| Subtotal | \$ 7,498,005 | \$ 4,692,875 | | \$ (2,805,130) |
| Bond Counsel and Financial Advisor | 68,950 | 68,950 | C | |
| Project Administration | 175,000 | 175,000 | T | |
| Construction Administration | 77,575 | 77,575 | T | |
| EDA Administration | 25,000 | 25,000 | C | |
| Construction Interest (2 years) | 170,847 | 170,847 | T | |
| Total Other | \$ 517,372 | \$ 517,372 | | \$ - |
| Total Project Cost | \$ 8,015,377 | \$ 5,210,247 | | \$ (2,805,130) |

| | | |
|---|------------------|---|
| TWDB | 5,116,297 | T |
| City Reserves | 93,950 | C |
| Total Project Cost by Funding Source | 5,210,247 | |

| | |
|-------------------------|------------------|
| TWDB Loan Amount | 5,498,005 |
|-------------------------|------------------|

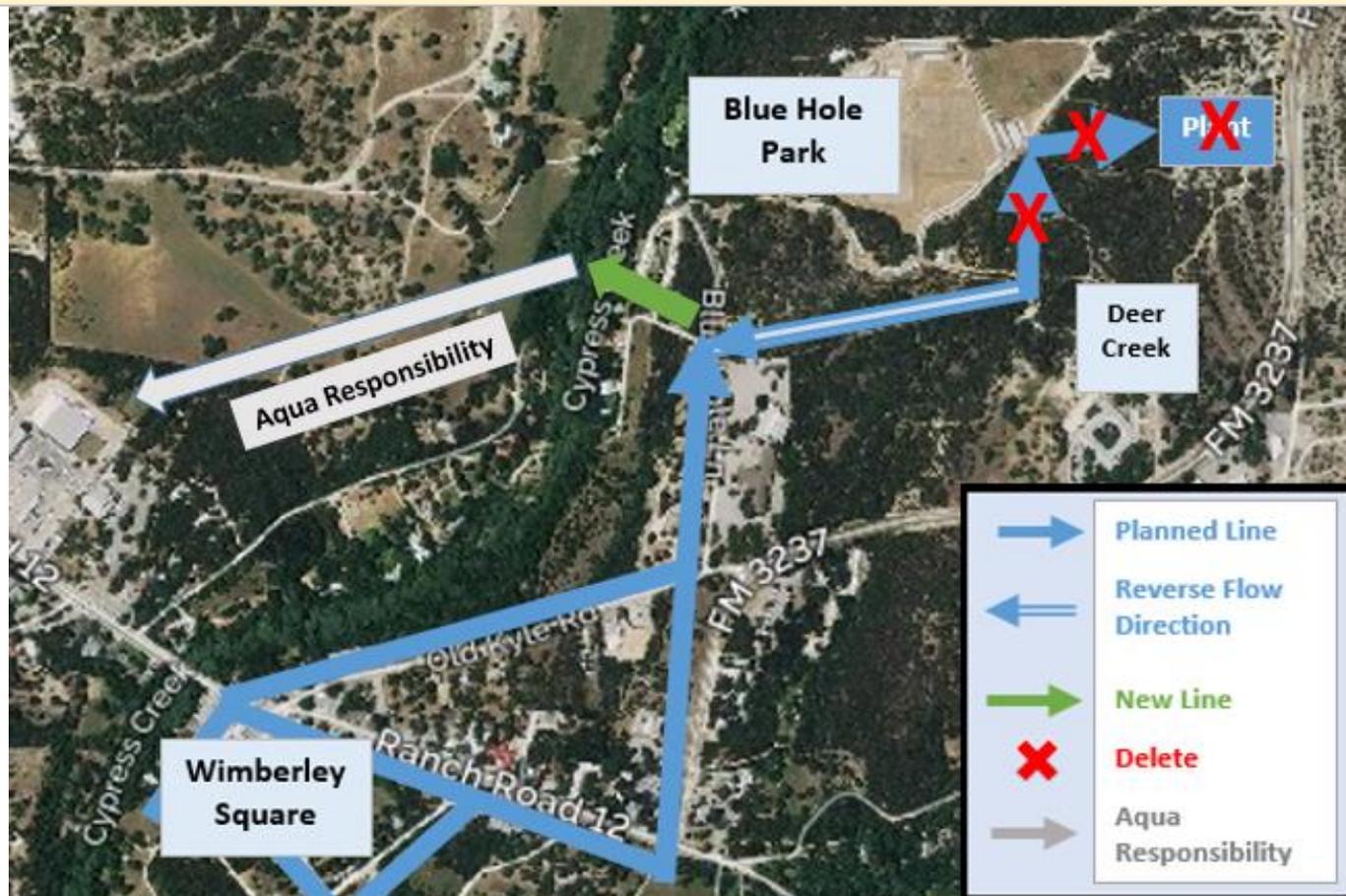
| | |
|--|----------------|
| Excess TWDB Funds | 381,708 |
| Contingency Funds Above | 271,699 |
| Total Excess TWDB Funds + Contingency Funds | 653,407 |

Description of City/Aqua Option

- City builds, owns and maintains the Collection System
- City of Wimberley remains the retail provider to its customers
- Sewer Plant (with discharge permit) is not built at Blue Hole Park
- Wastewater is sent to Aqua for processing at their no-discharge plant
- City becomes wholesale customer of Aqua
- Aqua cost is \$4,398 per month (\$52,776 per year)
- One time impact fee of \$300,000
- Additional Collection System capital cost approximately \$150,000 to tap into Aqua's system
- Aqua upgrades its plant from Type 2 to Type 1 effluent because of this Agreement, benefiting the entire Wimberley Valley
- Type 1 effluent will be made available from Aqua to the City at no cost – However, City will defer constructing reclaimed water line

City/Aqua Option - System Design Change

Under this Option, the design change is relatively minor. The collection system as engineered continues to be built as planned in the downtown area. However, after entering the Park, the sewer line will tap into an Aqua line for them to transport and process – and no plant will be built in the Park. The **Green Arrow** represents the minor addition. No Sewer Plant in the Park with discharge permit into the Blanco River.



Economic Consideration – Customer Base

One significant consideration in the economics of this project has been the small customer base with low volumes combined with a high initial capital cost and high annual operating costs.

The challenge has been for the project to be made affordable to both the City and the Sewer Customers, which are initially estimated to number approximately 100 properties in the central business district.

The following table illustrates the current water volumes and their distribution.

| <u>Ranking</u> | <u>Gallons</u> | | | <u>%</u> |
|----------------|----------------|----------------|-----------------|-------------|
| | <u>Per Mo.</u> | <u>Per Day</u> | <u>Per User</u> | |
| Top 1 | 302,356 | 9,939 | 9,939 | 36% |
| Next 9 | 246,955 | 8,118 | 902 | 30% |
| Next 10 | 113,303 | 3,725 | 372 | 14% |
| Remaining 80 | 169,444 | 5,570 | 70 | 20% |
| Total | 832,058 | 27,352 | 274 | 100% |

| <u>Cumulative</u> | |
|-------------------|-----|
| Top 1 | 36% |
| Top 10 | 66% |
| Top 20 | 80% |
| Bottom 80 | 20% |

Source: Wimberley Water Supply Corporation. 12 months ended June 2018
Residential properties use winter averaging

Who Pays for Sewer System?

This project is being financed with \$5.3 million in TWDB Revenue Bonds. By definition, Revenue Bond debt service, as well as annual operating expenses of the system, are to be repaid by the Users. In the City's case, and throughout this process, the Users have been identified as:

- Downtown Sewer Customers (approximately 100 in number)
- Blue Hole Park for Reclaimed Water (City Subsidy)

Here is the "formula" for determining how much the Sewer Customers must pay. Actual numbers are on the following page.

$$\begin{aligned} & \text{Expected Annual Operating Costs (variable)} \\ & + \text{Debt Service on TWDB Loan (already fixed)} \\ & = \text{Total Revenue Requirements} \\ & - \text{Revenue from City for Reclaimed Water} \\ & = \text{Revenue Required from Sewer Customers} \end{aligned}$$

Revenue Requirement Comparisons

- Substituting Aqua fees for Plant costs, total operating costs are significantly less under the City/Aqua Option - by \$161,473 per year
- The Blue Hole Reclaimed Water payment as a City Subsidy still assumed at \$200,000
- The resulting revenue requirement for Sewer Customer is reduced from \$274,89 to \$112,816
- Rate comparisons are shown on the next page

| | City Option | City / Aqua Option | Variance |
|--|-------------------|--------------------|---------------------|
| Operating Costs | \$ 233,749 | \$ 72,276 | \$ (161,473) |
| Debt Service (TWDB Loan) | 240,540 | 240,540 | - |
| Total Revenue Required | \$ 474,289 | \$ 312,816 | \$ (161,473) |
| Blue Hole Reclaimed Water (Subsidy) | \$ (200,000) | \$ (200,000) | \$ - |
| Sewer Customer Revenue Required | \$ 274,289 | \$ 112,816 | \$ (161,473) |

 2.4X

Key Observations

- Total Cost Difference over 30 years is over \$4 million
- Assuming Customers benefit for entire difference: City rates are 2.4 X City/Aqua rates
- Or there can be some combination of the City and Customers sharing in cost savings

Customer Rates – Comparison of Options

City/Aqua Option provides opportunity to lower sewer customer rates, reduce the City Subsidy, or some combination of both

| Revenue Requirements | City Option | City/Aqua Option | Reduce City Subsidy | |
|--|-------------------|-------------------|---------------------|-------------------|
| | | | by \$50,000 | by \$100,000 |
| Sewer Customers (approx 100 customers) | \$ 274,289 | \$ 112,816 | \$ 162,816 | \$ 212,816 |
| Blue Hole Reclaimed Water (Subsidy) | 200,000 | 200,000 | 150,000 | 100,000 |
| Total Revenue Required | \$ 474,289 | \$ 312,816 | \$ 312,816 | \$ 312,816 |

| Rates Per Unit | City Option | City/Aqua Option | Reduce City Subsidy by \$50,000 | Reduce City Subsidy by \$100,000 |
|--|-------------|------------------|---------------------------------|----------------------------------|
| Base Rate - Per LUE | \$ 35.00 | \$ 35.00 | \$ 35.00 | \$ 35.00 |
| Volume Rate - Per thousand gallons | \$ 16.19 | \$ 0.46 | \$ 5.33 | \$ 10.20 |
| Capital Recovery Fee - Per LUE (over 8 yrs - \$26.04/mo) | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 |

| Examples | Typical | Mo. Gallons | Monthly Bill | Monthly Bill | Monthly Bill | Monthly Bill |
|--|------------------|-------------|--------------|--------------|--------------|--------------|
| Monthly Sewer Bills at Various Volumes (Water Usage) | Small Business | 2,000 | \$ 93 | \$ 62 | \$ 72 | \$ 81 |
| | Residential | 4,000 | \$ 126 | \$ 63 | \$ 82 | \$ 102 |
| | | 9,000 | \$ 207 | \$ 65 | \$ 109 | \$ 153 |
| | Small Restaurant | 15,000 | \$ 345 | \$ 109 | \$ 182 | \$ 255 |
| | | 30,000 | \$ 689 | \$ 217 | \$ 363 | \$ 509 |
| | Large Restaurant | 50,000 | \$ 1,149 | \$ 362 | \$ 606 | \$ 849 |
| | Deer Creek | 300,000 | \$ 6,024 | \$ 1,305 | \$ 2,766 | \$ 4,227 |

Above illustrates City Subsidy could be reduced and still achieve lower rates. Subsidy could be reduced to \$39,000 and still have same City Option rates.

Key Conclusions

A decision to implement the City/Aqua option will result in the following benefits to the City of Wimberley:

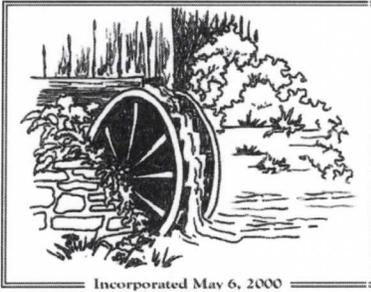
- Overall wastewater project goals will be met:
 - Collection/processing of wastewater for downtown Wimberley
 - No discharge into the Blanco River
 - Type 1 effluent available to the City and other Wimberley Valley Users
- Overall wastewater project cost will be lower by \$2.8 million (less plant contract termination TBD)
- Annual operating expenses will be lower by \$161,000; saving the City and/or Customers over \$4 million over a 30-year period
- Customer rates will be 2.4 times higher under the City option vs City/Aqua (or City has option to share in cost savings)

Other Key Benefits

- City of Wimberley retains CCN and local control for responsible downtown growth
- Avoids potential plant spills of wastewater and odor pollution in the park
- Avoids discharge of wastewater effluent into the Blanco River, or excess runoff into Cypress Creek, thereby preserving their natural state for the future
- Makes Type 1 effluent available to the Wimberley Valley that will help reduce the need to pull water out of our already stressed aquifers
- Eliminates the financial burden and risks of maintaining a plant, keeping it current with changing environmental standards, unexpected shutdowns and replacement at end of life

- Why the City Chose the City/Aqua Option (which defers the reclaimed water line)
- Not the City Option (which included a reclaimed water line now)
- Environmental and Financial Costs Too High

| City Plant Plan for Blue Hole | Long-Term Environmental and Financial Costs and Risks |
|---|---|
| <ul style="list-style-type: none"> ◆ Provide effluent from a new sewer plant located in Blue Hole Park primarily to irrigate two soccer fields in the Park ◆ The plant is allowed under its permit to Discharge into the Blanco River when storage is full and no irrigation is needed <ul style="list-style-type: none"> ◆ Inadequate effluent storage ◆ Inadequate irrigable acreage ◆ Alternate effluent disposal costly ◆ Desired watering plan for Park not achieved due to excessive watering requirements to dispose of effluent | <p><u>Environmental Risks</u></p> <ul style="list-style-type: none"> ◆ Discharge of sewer effluent into the Blanco River and environmental consequences ◆ Risk of excess effluent into Cypress Creek due to over irrigation ◆ Aquifer contamination from discharge ◆ Unsightly sewer plant with a 500,000 gallon storage tank at Blue Hole Park ◆ Potential for environmentally catastrophic sewer plant spills in Blue Hole Park or the Blanco River ◆ Sewer plant odor issues in Blue Hole ◆ No upgrade of Aqua's plant to Type 1 that would benefit entire Wimberley Valley ◆ No Type 1 effluent available for other users in the Valley - such as new WISD school as well as Blue Hole Park in the future ◆ TCEQ requires expansion plans when plant reaches 75% of capacity - 56,250 gpd ◆ Opens the door to even higher levels of discharge with City growth <p><u>Financial Costs</u></p> <ul style="list-style-type: none"> ◆ Higher annual costs by owning/operating a plant - \$ millions over time ◆ Lost opportunity to make sewer customer rates significantly more affordable and/or reduce necessary City subsidy ◆ Potential for costly sewer plant spills ◆ Costs and risks of maintaining a plant in working order and in environmental compliance for decades ◆ The need to plan for incurring cost to replace the sewer plant at its end of life, which may be as soon as 20 or 25 years - \$ millions more |



City of Wimberley

221 Stillwater, P.O. Box 2027, Wimberley, Texas 78676
(512) 847-0025 Fax (512) 847-0422 www.cityofwimberley.com

Susan Jagers, *Mayor* Gary Barchfeld, *Mayor Pro-tem, Place 4*

Mike McCullough, *Place 1* Craig Fore, *Place 2*

Allison Davis, *Place 3* Patricia Cantu Kelly, *Place 5*

September 12, 2018

Mr. Dain Larsen
Texas Water Development Board
P.O. Box 13231
1700 N. Congress Ave.
Austin, TX 787141-3231

Re: City of Wimberley
TWDB Project No. 73653

Dear Mr. Larsen:

In connection with the City's request to modify the scope of the above referenced project, the following outlines the competitive bidding exemption related to the City negotiating and entering into an agreement with Aqua Utilities, Inc. D/B/A Aqua Texas ("Aqua"). Under this agreement, the City would be a wholesale customer of Aqua and obtain wastewater treatment services from them for wastewater collected by the City's new collection system.

Texas Local Government Code Section 252.022. General Exemptions.

- (a) This chapter does not apply for an expenditure for:
 - (7) a procurement of items that are available from only one source, including:
 - (C) gas, water, and other utility services

Aqua is the regional provider of wastewater services and currently provides service to north Wimberley and other areas in the Wimberley Valley. It owns and operates a wastewater treatment plant in Wimberley under TCEQ Permit No. WQ0013989001. Aqua is the only qualified source of such utility services in this area.

Sincerely,

A handwritten signature in blue ink that reads "Susan Jagers".

Susan Jagers, Mayor

AGREEMENT FOR WHOLESALE WASTEWATER SERVICE BETWEEN
CITY OF WIMBERLEY, TEXAS, AND AQUA TEXAS

This Agreement (this "Agreement") is made and entered into as of _____, 2018, by and between the CITY OF WIMBERLEY, TEXAS, a Texas general law Type A municipal corporation ("City"), and AQUA UTILITIES, INC. D/B/A AQUA TEXAS, a Texas corporation ("Aqua"), hereinafter collectively referred to as the "Parties."

WHEREAS, Aqua has provided at its own expense, and now owns, operates and maintains facilities for treating domestic wastewater for its retail sewer utility customers in and in close proximity to the City; and

WHEREAS, the City shall maintain all rights and service abilities under their Certificate of Convenience and Necessity No. 20936 ("CCN") allowed under Chapter 13 of the Texas Water Code and does not transfer such CCN to Aqua under this Agreement; and

WHEREAS, the City is constructing and will own, operate, and maintain at the City's expense a wastewater collection system and use that system to furnish wastewater service to the City's customers within its City Service Area; and

WHEREAS, it is deemed to be in the best interest of both Aqua and the City that the Parties enter into a mutually satisfactory agreement by means of which the City may obtain from Aqua wastewater treatment services at a mutually agreed upon wholesale rate; and

WHEREAS, by the execution of this Agreement, neither Aqua nor the City will surrender any of their respective rights to the ownership and operation of their present or future wastewater collection and treatment facilities, which includes the City's and Aqua's respective CCNs;

NOW, THEREFORE, KNOW ALL BY THESE PRESENTS that for and in consideration of the mutual covenants, promises and agreements contained herein, Aqua and the City hereby covenant and agree as follows:

ARTICLE 1. Definitions

Capitalized terms used in this Agreement shall have the meanings provided for them below, unless otherwise defined or the context clearly requires otherwise.

Aqua System. The Aqua wastewater treatment and collection system that will be used to provide wholesale wastewater services to the City System through the Point of Connection as provided herein.

Calendar Day. The period from midnight of one day to 11:59 PM of the next day.

City Service Area. The areas inside the City's Certificate of Convenience and Necessity No. 20936 boundaries shown on **Exhibit A**, and such other areas as may be identified therein or added pursuant to Section 2.2.

City System. All City sewer mains and collection facilities on the City's side of the Point of Connection.

Domestic Wastewater. Wastewater which originates primarily from kitchen, bathroom, and laundry sources, including waste from food preparation, dishwashing, garbage grinding, toilets, baths, showers, and sinks of a residential dwelling. Domestic wastewater may contain commercial or industrial contributions. Bulk quantities of food or food scraps not previously processed by a grinder or similar garbage disposal unit and grease and oils, except as incidental waste in process or wash water, used in or resulting from food preparation by customers engaged in the preparation and/or processing of food for other than domestic consumption for sale to the public is not domestic wastewater. Neither storm waters or run off waters are domestic wastewater. Further, for purposes of this Agreement, wastewater that exceeds the limits specified in **Exhibit B** (Allowable Influent Limits) is not domestic wastewater.

Emergency. A situation, event or condition created by unforeseeable mechanical failure, unprecedented high rate of treated wastewater usage, or circumstances beyond the Parties' reasonable control.

Permit. The TCEQ-issued domestic wastewater water quality permit under which the Aqua System wastewater treatment plant operates.

Point of Connection. The point through which wastewater is delivered by the City System to the Aqua System for collection and treatment, as shown in **Exhibit A**.

PUC. The Public Utility Commission of Texas or its successor agency.

TCEQ. The Texas Commission on Environmental Quality or its successor agency.

ARTICLE 2. Delivery/Collection of Wastewater

2.1 Delivery; collection line. Aqua agrees to furnish and sell to the City, to accommodate the City's customers, wholesale domestic wastewater treatment services meeting all applicable governmental standards, for wastewater delivered at the City Point of Connection shown in **Exhibit A**. The wastewater shall be delivered through the Point of Connection as provided herein, it being understood that the City will collect the wastewater from its customers, who shall be retail customers of the City. The City will notify Aqua at least semi-annually of its anticipated current and future wastewater treatment requirements.

2.2 Acceptance and Payment. The City agrees to deliver, and Aqua agrees to accept, wastewater at the Point of Connection up to an average of 75,000 gallons per day

measured on a calendar month basis. The City agrees to pay for the treatment of such domestic wastewater delivered in accordance with the terms and conditions of this Agreement. Domestic wastewater delivered by the City shall become the property of Aqua at the Point of Connection, but title to and responsibility for any substance delivered by the City at the Point of Connection that is not domestic wastewater shall remain with the City. Aqua reserves the right, within its sole discretion, to regulate the flow rate of effluent at the Aqua System wastewater treatment plant, the time of day the flow of wastewater is taken or shut off at the Point of Connection, and receipt of wastewater from the City System as needed to maintain Permit compliance so long as such flow regulation does not render the City System out of compliance with applicable regulatory requirements. Aqua will coordinate such events with the City to cause minimal disruption to the City System. The Parties will coordinate the construction and operation of their respective facilities to address flow rate regulation needs prior to the Aqua System accepting wastewater from the City System.

2.3 Operations. Aqua is entitled at any and all times to install, repair, maintain, and replace any equipment or devices in the Aqua System. In the event of service interruptions, Aqua shall make every reasonable effort to expedite the restoration of service in a timely manner, and shall not unreasonably interrupt, withhold or delay service to the City or favor other Aqua customers, retail or wholesale, nor shall Aqua be required to favor the City over other Aqua customers, retail or wholesale. The City agrees to operate and maintain its wastewater system in good condition, to promptly repair any leaks or breaks therein, and to undertake such actions as may be required to control unreasonable infiltration water or inflow water into the City System.

2.4 Quality of Delivered Wastewater. The quality of the wastewater delivered by the City at the Point of Connection for treatment by Aqua shall be domestic wastewater as defined herein. Aqua shall monitor the quality of the wastewater received from the City System at the Point of Connection and the quality of wastewater received from Aqua's retail sewer utility connections within the Aqua System. If there is sufficient evidence showing that wastewater from the City System at the Point of Connection is not domestic wastewater or does not meet the water quality criteria authorized for treatment under the Permit and receipt of such wastewater by Aqua has caused the Aqua System wastewater treatment plant to become non-compliant with the Permit, the Parties will negotiate and agree to a reasonable sum to reimburse Aqua for costs to bring the Aqua System wastewater treatment plant back into compliance and the City shall bear all costs associated with correcting the quality of its delivered wastewater so that it conforms to the definition of domestic wastewater in this Agreement; otherwise, Aqua shall bear such costs. Aqua shall at all times bear responsibility for Permit compliance and will immediately inform the City of any concerns Aqua may have about wastewater received from the City System at the Point of Connection so that corrective measures may be implemented by the City, if necessary. Aqua shall provide the City with reasonable notice prior to Aqua conducting any sampling in response to such concerns in order to provide the City with the opportunity to conduct split sampling with Aqua. A condition

for this Agreement shall be the City's adoption and enforcement of a City ordinance or regulation acceptable to Aqua that specifies the quality of wastewater the City will accept from the City's commercial or industrial customers into the City System prior to the City commencing wastewater delivery to the Aqua System at the Point of Connection. The City will permit Aqua the opportunity to review and provide comments to the City before enacting any such City ordinance or regulation.

ARTICLE 3. Billing

3.1 Billing. Aqua shall send the City an invoice each month for Aqua's wholesale wastewater services provided to the City during the prior month for each month this Agreement is in effect.

3.2 Rates. Wastewater treatment supplied hereunder shall be billed to the City at the same flat monthly wholesale rate for the first five years that this Agreement is in effect. Initially, that flat monthly wholesale rate shall be \$4,398.43 per month for 50,000 gallons per day (measured on the average daily volume during a calendar month). This rate is the current Aqua Southwest Region Sewer Utility Tariff rate for a six-inch meter size applicable to retail customers of the Aqua System outside municipalities. If the City exceeds 50,000 gallons per day (measured on the average daily volume during a calendar month), the flat monthly wholesale rate shall be adjusted for such month to the rate of \$7,037.49 per month. This is the current Aqua Southwest Region Sewer Utility Tariff rate for an eight-inch meter size applicable to retail customers of the Aqua System outside municipalities. After the first five years, Aqua may either increase or lower the flat monthly wholesale rates charged to the City or keep them the same. However, the wholesale rate shall not exceed the Aqua System retail sewer utility service rate applicable outside municipalities that would apply to the City's connection according to the volume benchmarks set forth above if the City's connection were an Aqua System commercial/non-residential retail sewer utility service connection.

3.3 Wholesale Service Connection Fee; Other Connection Costs. Within 60 days of executing this Agreement, the City shall pay Aqua a one-time wholesale service connection fee of \$300,000.00. Aqua may apply these funds toward the additional facilities needed to implement this agreement at its sole discretion to be determined after such facilities are completed. To connect the Aqua System with the City System, Aqua shall design, construct, and install at its sole expense a force main to the Point of Connection from Aqua's existing lift station located on Emergency Lane near the Wimberley H-E-B located at 14501 Ranch Road 12, Wimberley, TX 78676 which Aqua may also use for future retail customer connections. This force main will be sized at a minimum according to the City's engineered plans for the City System as those plans exist on the date of this Agreement. The City shall design, construct, and install at its sole expense all facilities that may be necessary to extend the City System to the Point of Connection, interconnect the City System with the Aqua System, and deliver City System wastewater to the Aqua System in accordance with this Agreement. Aqua has also agreed to upgrade the Aqua System wastewater treatment plant at Aqua's sole expense so that

Aqua's treated effluent qualifies as Type 1 reclaimed water in accordance with TCEQ rules. The Parties agree that Aqua's force main construction, or construction of any other facilities necessary for Aqua to accept wastewater from the City System for treatment, need not be complete until the City System is substantially complete. The Parties shall work together to coordinate construction timing.

3.4 Payment. Payment for wholesale wastewater service shall be due and payable monthly by the City to Aqua and is overdue on the 31st day after the date the City receives an invoice for such services from Aqua.

ARTICLE 4. Effective Date

The effective date and time of this Agreement for all purposes is the date first written above.

ARTICLE 5. Term

This Agreement expires on _____ 1, 2043, unless terminated earlier in accordance with this Agreement. It may be renewed on terms mutually agreeable to the Parties, and shall be automatically renewed for additional one year terms unless one Party notifies the others in writing of its intent not to renew at least 90 days prior to expiration of the current or renewal term.

ARTICLE 6. TCEQ Wastewater Facilities Approval

The facilities used by both Parties to comply with the terms of this Agreement shall be approved by the TCEQ during the life of this Agreement. If, at any time, the City System is not approved by the TCEQ, there shall not be any direct physical connection between the Aqua System and the City System.

ARTICLE 7. No Other Wastewater Customers

The City agrees that it will not provide wastewater to Aqua for treatment hereunder from any other person or entity outside of the City Service Area without the express written consent of Aqua, which consent shall not be unreasonably withheld. Aqua neither recognizes nor approves any such existing agreements entered into by the City with other governmental or corporate entities outside of the City Service Area, unless expressly approved in writing.

ARTICLE 8. Breach, Termination and Other Remedies

8.1 Termination by Mutual Consent. This Agreement may be terminated in whole or in part by the mutual consent of the City and Aqua. However, if the City elects to discontinue wholesale wastewater treatment services from Aqua within five years from the date the City first provides wastewater to Aqua for treatment through the Point of Connection, the City shall pay Aqua the sum of \$275,000.00 as liquidated damages. The

Parties agree that quantifying Aqua losses arising from such a City decision is inherently difficult given that this project involves a significant capital outlay by Aqua for facilities designed primarily to accept wastewater for treatment from the City System. If the City decides to cease sending wastewater to Aqua for treatment within the first five years, the newly built Aqua facilities could be underutilized and Aqua would not receive the monthly payments anticipated from the City agreed to herein. Thus, Aqua would likely experience financial loss, even though the nature and full amount of such losses are uncertain. The agreed upon sum is not a penalty, but a reasonable measure of damages anticipated to occur based upon the Parties' experience and given the nature of such losses that may result from a City decision to discontinue wholesale wastewater treatment service from Aqua within the first five years.

8.2 Termination for Material Breach. Notwithstanding anything in this Agreement to the contrary, any material breach by either Party to perform any of its duties or obligations under this Agreement, or to faithfully keep and perform any of the terms, conditions and provisions of this Agreement, shall be cause for termination of this Agreement by the non-breaching Party in the manner set forth in this Section. Upon such breach, the non-breaching Party may notify the breaching Party of the non-breaching Party's intention to terminate this Agreement if the breaching Party fails to cure such breach within 90 days from the date of the notice. The notice must include a reasonable description of the breach. The non-breaching Party shall notify the breaching Party in writing upon acceptance of the cure of any breach. If by the 90th day the breaching Party fails or refuses to cure such breach pursuant to the terms and conditions of this Agreement, then the non-breaching Party shall have the right to terminate this Agreement with six months additional notice to the breaching Party.

8.3 Termination for Repeated Material Breach. Upon a third material breach within a twelve- month time period of a similar nature by a Party and irrespective of any cure of such material breach, the non-breaching Party may, after a two-year notice to the breaching Party, terminate this Agreement. That notice must be provided within 90 days after the repeated breach that is the basis for the termination. The repeated material breach cannot be caused in whole or in part by the other Party.

8.4 Material Breach. The following breach, default or failure to perform a duty or obligation under this Agreement is a material breach:

- (a) Failure to pay any bill, charge, or fee as required by this Agreement;
- (b) Making any connection to the Aqua System at any point except the Point of Connection without expressed permission from Aqua;
- (c) Failure to correct any potentially hazardous connection after notice delivered by certified mail; or

- (d) Failure by Aqua to provide adequate wastewater treatment by not meeting the City's needs herein unless the failure is caused by the City.

All other breaches are deemed to be non-material.

8.5 Effect of Termination. Upon termination of this Agreement under this Article, all rights, powers, and privileges of the City and Aqua under this Agreement shall cease and terminate, and neither Party shall make any claim of any kind whatsoever against the other Party, its agents or representatives, by reason of termination or any act incident to termination, if the terminating Party acted reasonably and the termination was not unreasonable, or arbitrary and capricious. If this Agreement is not renewed before it expires, and the Parties are negotiating in good faith regarding the provisions of a new agreement, then the Parties may extend the date for termination, in writing signed by both Parties. If this Agreement is not renewed, or if the Agreement is terminated by one of the Parties pursuant to this Article, then this Agreement requires the City to develop alternative or replacement wastewater treatment options for the City System before the expiration or termination of this Agreement; this requirement may be enforced by the equitable remedy of specific performance, sought by court order, in addition to any other legal or equitable remedy as may be provided by law. No continuation of the service obligation exists or will be implied after expiration or termination.

8.6 No Waiver. Any failure by either Party to terminate this Agreement, or the acceptance by either Party of any benefits under this Agreement, for any period of time after a material breach, default or failure by the City or by Aqua shall not be determined to be a waiver by Aqua or the City of any rights to terminate this Agreement for any subsequent material breach, default or failure.

8.7 Goods and Services. The City and Aqua agree that this Agreement constitutes an agreement for providing goods and services by Aqua to the City and is subject to the provisions of Subchapter I of Chapter 271, Texas Local Government Code, as amended, and any successor statute(s). In accordance with Sections 271.152 and 271.153 thereof, the City hereby waives any constitutional, statutory or common law right to sovereign or governmental immunity from liability or suit and expressly consents to be sued and liable as described in said statutes, but only as to Aqua and this Agreement. City does not waive any additional rights under Texas Local Government Code Sections 271.155-157.

ARTICLE 9. Ownership and Liability

9.1 No Joint Venture. No provision of this Agreement shall be construed to create any type of joint or equity ownership of any property, any partnership or joint venture, nor shall same create any other rights or liabilities and City payments (whether past, present, or future) shall not be construed as granting the City partial ownership of, pre-paid capacity in, or equity in the Aqua System.

9.2 Liabilities. Liabilities for damages arising from the proper treatment, transportation and delivery for all domestic wastewater hereunder shall remain with the City to the Point of Connection and, upon passing through the meter, liability for such damages shall pass to Aqua. Liabilities for any substance delivered by the City at the Point of Connection which is not domestic wastewater as defined in this Agreement shall at all times remain with the City and shall not pass to Aqua. Each Party agrees to save, release and hold harmless the other Party from all claims, demands, and causes of action which may be asserted by anyone on account of the quality, collection, transportation and delivery while domestic wastewater is in the control of such Party. This covenant is not made for the benefit of any third party. Aqua takes the responsibility as between the Parties for the proper treatment, quality, collection, transportation, and delivery of all such domestic wastewater provided by City to the Point of Connection, but does not take responsibility as between the Parties for any other substance delivered at the Point of Connection by the City.

ARTICLE 10. Force Majeure

11.1 Notice and Suspension. If by any reason of force majeure either Party shall be rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation of the City to make payments required under the terms hereof, then if such Parties shall give notice and full particulars of such force majeure in writing to the other Party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the Party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Party shall endeavor to remove or overcome such inability with all reasonable dispatch.

11.2 Definition. The term "force majeure," as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply or the City or Aqua Systems, and inability on the part of City to deliver wastewater to the Aqua System hereunder or Aqua to receive and treat wastewater from the City hereunder on account of any other cause not reasonably in the control of the Party claiming such inability.

ARTICLE 12. Notices

12.1 Required Notice. Any notice or other communication that is required, given or provided for under this Agreement shall be in writing, and addressed as follows:

To Aqua: Aqua Utilities, Inc. d/b/a Aqua Texas
 Attn: President

1106 Clayton Lane, Suite 400W
Austin, Texas 78723

To City: City of Wimberley, Texas
Attn: Mayor
P.O. Box 2027 (Mailing Address)
221 Stillwater (Physical Location)
Wimberley, TX 78676

12.2 Delivery and Receipt. Notice shall be either (a) delivered personally, (b) sent by United States certified mail, postage prepaid, return receipt requested, or (c) placed in the custody of a nationally recognized overnight carrier for next day delivery. Notice shall be deemed given when received if delivered personally or sent via telecopy or facsimile transmission with written confirmation of receipt; two days after mail or deposit. Each Party shall provide notice in writing of any change in its address.

ARTICLE 13. Reclaimed Water

13.1 Type 1 Reclaimed Water. As part of this Agreement, Aqua agrees to upgrade the Aqua System wastewater treatment plant at Aqua's sole expense so that Aqua's treated effluent qualifies as Type 1 reclaimed water in accordance with TCEQ rules. Aqua further agrees, for as long as this Agreement is in effect, to make this Type 1 reclaimed water available to the City at no cost based on the gallons of wastewater treated by Aqua for the City System up to 75,000 gallons per day unless there is mutual agreement to provide more. The Parties agree to work in good faith to develop a more detailed written agreement specifically governing the design, construction, and installation of facilities needed by the Parties for the delivery, storage, and use of such Type 1 reclaimed water by the City.

13.2 City Wastewater to be Measured. Aqua agrees to install a meter to measure the volume of wastewater received from the City System at the Point of Connection. Aqua also agrees to install a meter for the purpose of measuring reclaimed water delivered to the City subject to any requirements related to same in the Parties' separate more detailed reclaimed water use agreement.

13.3 Reclaimed Water Use Permit. The Parties acknowledge that a TCEQ permit under 30 Tex. Admin. Code ("TAC"), Chapter 210 will be required for Aqua to make the Type 1 reclaimed water from the Aqua System wastewater treatment plant available to the City for beneficial reuse and for the City to use same. The Parties agree to work in good faith to develop a more detailed written agreement specifically governing the delivery, storage, and use of such Type 1 reclaimed water prior to making application for the TCEQ Chapter 210 permit. If for any reason not within Aqua's control the TCEQ Chapter 210 permit application is denied, Aqua shall not be required to provide Type 1 reclaimed water to the City under this Agreement. However, the Parties shall work in good faith to support a TCEQ Chapter 210 application.

ARTICLE 14. Miscellaneous

14.1 Subject to Laws and Permits. This Agreement is subject to all applicable Federal and State laws and any applicable permits, amendments, orders, or regulations of any State or Federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, order, rule or regulation in any forum having jurisdiction except as described herein with respect to Subchapter I of Chapter 271, Texas Local Government Code, as amended, and any successor statute(s). The City agrees to abide by any changes in this Agreement made necessary by any new, amended, or revised state or federal regulation; however, the Parties may not enact rules or laws that conflict with this Agreement.

14.2 Entry on the City's Premises. The City shall allow any duly authorized employee of Aqua who presents proper credentials to access any premises located within the City Service Area or served by the City as may be necessary for the purpose of inspections and observation, measurements, sampling and testing and/or auditing, in accordance with the provisions of this Agreement. The City may elect to accompany the Aqua representative. To the extent permitted by law, Aqua agrees to be responsible to the City for any damage or injury to person or property caused by the negligence of such duly authorized employee while such employee is in the course and scope of their employment.

14.3 Assignment. Neither Party may assign this Agreement without the prior written consent of the other. However, notwithstanding the foregoing, Aqua shall be entitled to assign its interest in this Agreement without need for prior consent if such assignment is performed to consolidate ownership of Aqua's wastewater facility assets with those of an affiliated entity with commonality of ownership (e.g., Aqua Texas, Inc. d/b/a Aqua Texas).

14.4 No Waiver. No waiver by either Party of any term or condition of this Agreement, or failure to give notice of any breach, shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

14.5 VENUE. THE PARTIES AGREE THAT THIS AGREEMENT IS PERFORMABLE IN HAYS COUNTY, TEXAS, AND THAT THE COURTS OF HAYS COUNTY ARE A PROPER FORUM FOR THE DETERMINATION OF ANY DISPUTE ARISING UNDER THIS AGREEMENT.

14.6 Construction. As used in this Agreement, the term "including" means "including without limitation," the words "shall" and "will" are mandatory and the word "may" is permissive, and the term "days" means calendar days, not business days. Wherever required by the context, the singular shall include the plural, and the plural shall include the singular.

14.7 Severability. If any term or provision in this Agreement is held to be invalid or unenforceable by any legislative act or court of competent jurisdiction, and the extent of such invalidity or unenforceability does not cause substantial deviation from the underlying intent of the parties as expressed in this Agreement, then such invalid or unenforceable provision shall be deemed severed from this Agreement without invalidating the remainder of this Agreement, and a new provision shall be deemed substituted in lieu of the provision severed, which new provision shall, to the extent possible, accomplish the intent of the parties as evidenced by the provision severed, and without affecting any other term or provision in this Agreement.

14.7 Counterparts. This Agreement may be executed in any number of counterparts and any signatory hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all signatories. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

14.8 Exhibits. All exhibits attached to this Agreement are incorporated into this Agreement by reference, for all intents and purposes of this Agreement, as follows:

Exhibit A City Service Area and mutually agreed Point of Connection on the Effective Date

Exhibit B Allowable Influent Limits

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN TESTIMONY WHEREOF, intending to be legally bound, the Parties have duly executed this Agreement on the date first written.

CITY OF WIMBERLEY, TEXAS

Susan Jagers, Mayor

ATTEST

Secretary

AQUA UTILITIES, INC. D/B/A AQUA TEXAS

By: _____

Robert Laughman, President

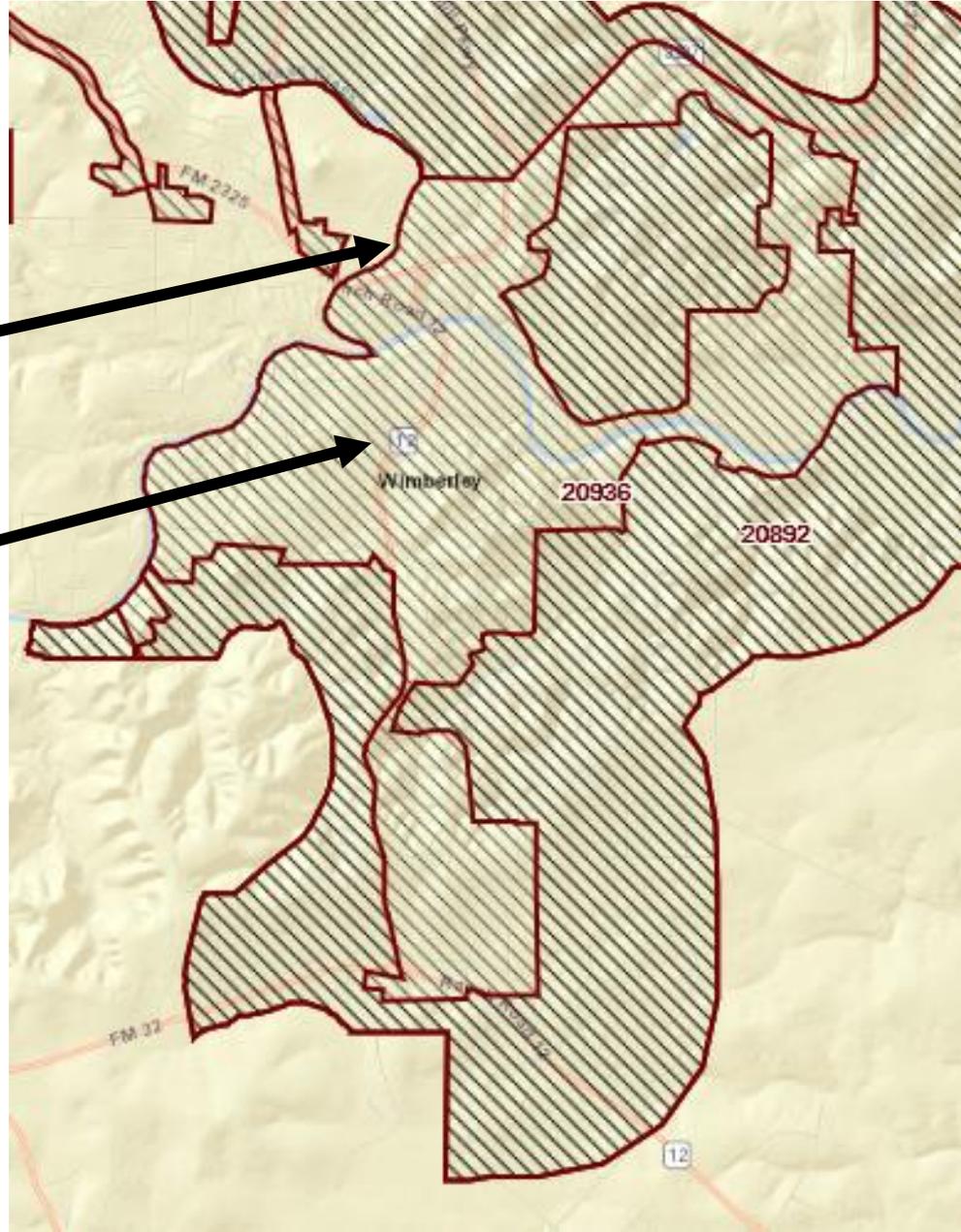
ATTEST

By: _____

Name: _____

Title: _____

Exhibit A
City Service Area
Point of Connection



Point of Connection

City Service Area -
Wimberley's Certificate
of Convenience and
Necessity (CCN) No.
20936 is shown in the
marked contiguous area

Exhibit A
Point of Connection



Exhibit A
Point of Connection

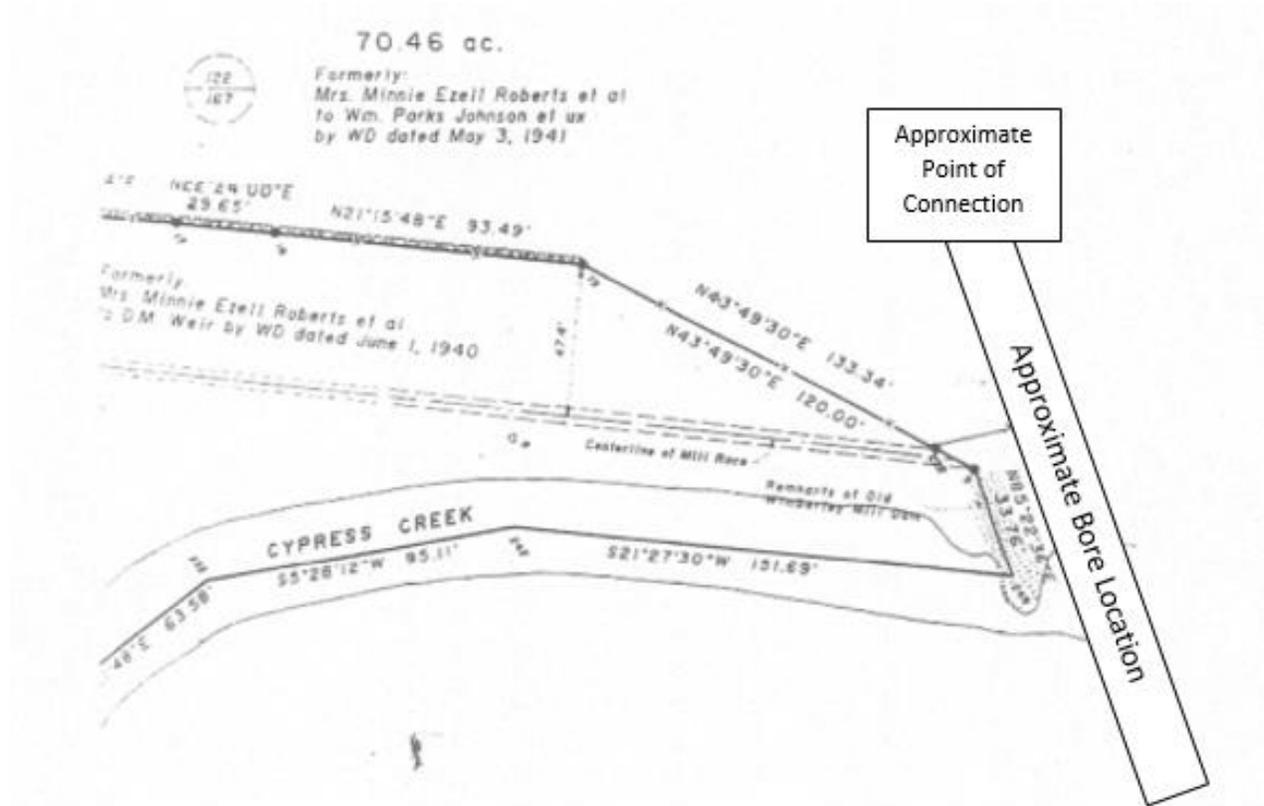


Exhibit B: Allowable Influent Limits

| Maximum Allowable Limits (Grab Sample) | Maximum Allowable Limits (Composite Sample) | | |
|---|--|-------|-------|
| BOD5 (mg/l)..... | 250 | ..... | 250 |
| TSS (mg/l)..... | 200 | ..... | 200 |
| Oil & Grease (mg/l)..... | 50 | ..... | 50 |
| COD (mg/l)..... | 500 | ..... | 500 |
| Ammonia..... | 50 | ..... | 50 |
| pH..... | 6-10 | ..... | N/A |
| Temperature (F)..... | 113 | ..... | N/A |
| Arsenic (mg/l)..... | 0.3 | ..... | 0.2 |
| Barium (mg/l)..... | 2.0 | ..... | 1.0 |
| Boron (mg/l)..... | 4.0 | ..... | 2.0 |
| Cadmium (mg/l)..... | 0.2 | ..... | 0.1 |
| Chromium (mg/l)..... | 3.0 | ..... | 1.0 |
| Copper (mg/l)..... | 2.0 | ..... | 1.0 |
| Lead (mg/l)..... | 1.5 | ..... | 1.0 |
| Manganese (mg/l)..... | 3.0 | ..... | 2.0 |
| Mercury (mg/l)..... | 0.01 | ..... | 0.005 |
| Nickel (mg/l)..... | 2.0 | ..... | 2.0 |
| Selenium (mg/l)..... | 0.2 | ..... | 0.1 |
| Silver (mg/l)..... | 0.2 | ..... | 0.1 |
| Zinc (mg/l)..... | 2.0 | ..... | 2.0 |

Proposed amendment to the Agreement

INTRADEPARTMENTAL AGREEMENT REGARDING THE PURCHASE OF RECLAIMED WATER

WHEREAS, the City of Wimberley ("City") has applied for and obtained a Texas Water Development Board Clean Water State Revolving Fund loan for the construction of a wastewater system to serve central Wimberley; and

WHEREAS, as part of the condition of the loan, the City's Parks Department is required to purchase reclaimed water from the City's Public Works Department's ~~wastewater treatment plant~~ that will be used to irrigate land within the Blue Hole Park; and

WHEREAS, the City's Parks Department has agreed to pay the City's Public Works Department up to \$200,000 per year for access to and use of the reclaimed water.

WHEREAS, City Council finds that purchase of the reclaimed water by the City's Parks Department is in the best interest of the City and will benefit the health, safety, and welfare of the City;

NOW, THEREFORE, THE DEPARTMENTS OF THE CITY AGREE AS FOLLOWS:

ARTICLE 1. DEFINITIONS.

Beneficial use – An economic use of wastewater in accordance with the purposes, applicable requirements, and quality criteria of Chapter 210 of the TCEQ rules, and which takes the place of potable and/or raw water that could otherwise be needed from another source. The use of reclaimed water in a quantity either less than or the economically optimal amount may be considered a beneficial use as long as it does not constitute a nuisance.

Chapter 210 of the TCEQ rules – Chapter 210 of Title 30 of the Texas Administrative Code as amended from time to time by the TCEQ.

Executive Director – The executive director of the TCEQ, or any authorized individual designated to act for the executive director.

Nuisance – As defined by the ordinances of the City, and including any distribution, storage, or use of reclaimed water, in such concentration and of such duration that is or may tend to be injurious to or which adversely affects human health or welfare, animal life, vegetation, or property, or which interferes with the normal use and enjoyment of animal life, vegetation, or property.

Party or Parties – The City's Parks Department and the City's Public Works Department.

Points of Delivery – Locations in which the reclaimed water is delivered by the City to the User and the points in which the User takes control of and responsibility for the reclaimed water.

Provider – The City's Public Works Department.

Reclaimed water – Domestic or municipal wastewater that has been treated to a quality suitable for a beneficial use, pursuant to the provisions of Chapter 210 of Title 30 of the Texas Administrative Code and other applicable rules and permits.

Service Area – The area where User may use the reclaimed water for beneficial use, which shall be defined prior to the delivery of reclaimed water to the User.

User – The City's Parks Department.

TCEQ – The Texas Commission on Environmental Quality and any predecessor agencies.

ARTICLE 2: TRANSFER AND USE OF RECLAIMED WATER

2.01 Except as provided in section 2.02, and upon written approval by the Executive Director of the TCEQ as provided in section 3.01, the Provider shall provide to User at the Points of Delivery reclaimed water.

2.02 User shall use the reclaimed water for the irrigation of the City's parks, including but not limited to the Blue Hole Regional Park.

2.03. Use of the reclaimed water by the User is limited to the Service Area.

2.04 Reclaimed water transferred from the Provider to User shall be done on a demand only basis during times when the reclaimed water can be beneficially used as provided by this Contract. User may refuse delivery of the reclaimed water at any time that the reclaimed water cannot be beneficially used by User, will cause a nuisance, or will cause User to violate Chapter 210 of the TCEQ rules.

2.05 All reclaimed water delivered through the User shall be metered through one or more meters at the Points of Delivery that will be installed, operated, and maintained by the Provider. User agrees to pay the Provider for the installation and maintenance of the meter(s). It will be the duty of each Party to this Contract to notify the other Party in the event any Party becomes aware that the meter(s) is registering inaccurately or malfunctioning. The User has the right to request that the meter be tested at any time. The Provider will make reasonable efforts to test the meter within 48 hours of the request. The User will have the right to witness meter tests. If the User requests a meter test, payment for meter calibration and testing under this section will be the responsibility of the User.

2.06 The Provider has the right to inspect the Service Area, Points of Delivery, meters, storage facilities for the reclaimed water, the use of the reclaimed water by the User, and the records maintained by the User in accordance with this Contract.

2.07 The User shall pay the Provider up to \$200,000 per year for access to and use of the reclaimed water even if the User does not or cannot use the reclaimed water. The fee for access

to and use of the reclaimed water shall be paid to the Provider in twelve (12) equal installments, and is due to the Provider on the first day of each month. The payments for access to and use of the reclaimed water shall commence on the closing of the Texas Water Development Board Clean Water State Revolving Fund loan for the construction of a wastewater system to serve central Wimberley.

ARTICLE 3: NOTICE TO AND APPROVAL FROM TCEQ

3.01 The Provider's obligation to provide the reclaimed water to User is contingent upon the City obtaining written approval from the Executive Director of the TCEQ and no reclaimed water will be provided to User unless and until the City obtains such approval. Notwithstanding the foregoing, the User is obligated to pay the Provider under section 2.07 prior to the Provider obtaining written approval from the Executive Director.

system

3.02 Upon completion of the construction of the City's wastewater treatment plant, the City, on behalf of the Provider, shall notify the Executive Director of the Provider's intent to provide reclaimed water to User for the purposes described in this Contract.

3.03 If the City obtains approval to provide the reclaimed water to User as provided in this Contract, within thirty (30) days after receipt the approval or the completion of the facilities necessary to deliver the reclaimed water, whichever is later, the Provider shall begin delivery of the reclaimed water as provided by this Contract.

ARTICLE 4: OBLIGATIONS OF USER

4.01 User shall comply with the provisions contained in an Operation and Maintenance Plan prepared in accordance with Chapter 210 of the TCEQ's rules.

4.02 User shall not change or alter its use of reclaimed water or the method of application to the Service Area of the reclaimed water without prior written consent from the Provider.

4.03 User shall:

- (A) use the reclaimed water in accordance with Chapter 210 of the TCEQ rules;
- (B) comply with the requirements of Chapter 210 of the TCEQ rules; and
- (C) maintain and provide records as required by Section 210.36(a) of the TCEQ rules and shall maintain all records relating to the use of the reclaimed water on site for a period of five years.

4.04 User shall not use the reclaimed water in a manner so as to cause nuisance conditions, as defined by City ordinance or state law, as a result of the distribution, the use, and/or storage of reclaimed water.

4.05 User shall not use the reclaimed water in a way that degrades ground water quality to a degree adversely affecting its actual or potential uses.

ARTICLE 5: EFFECTIVE DATE; TERMINATION OF CONTRACT

5.01 This Contract shall be effective on the date of the last signatory to this Contract.

5.02 This Agreement shall remain in effective until the later of the date the City makes its last payment on its Texas Water Development Board Clean Water State Revolving Fund loan for the construction of a wastewater system to serve central Wimberley, or upon thirty (30) days written notice indicating the Party's intent to terminate this Contract with or without cause.

ARTICLE 6: MISCELLANEOUS PROVISIONS

6.01 Assignability. This Contract shall not be assignable by any Party except with the written consent of the other Party.

6.02 Amendment. This Contract may be amended only by an instrument in writing signed by the parties.

6.03 Necessary Documents and Actions. Each party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Contract.

6.04 Entire Agreement. This Contract constitutes the entire agreement of the Parties and supersedes any prior or contemporaneous oral or written understandings or representations of the Parties regarding the provision of reclaimed water to the User.

6.05 Applicable Law. This Contract will be construed under and in accordance with the laws of the State of Texas.

6.06 Venue. All obligations of the Parties created in this Contract are performable in Hays County, Texas, and venue for any action arising under this Contract will be in Hays County, Texas.

6.7 No Third Party Beneficiaries. Nothing in this Contract, express or implied, is intended to confer upon any person or entity, other than to the Parties, any rights, benefits, or remedies under or by reason of this Contract.

6.08 Duplicate Originals. This Contract may be executed in duplicate originals each of equal dignity.

6.09 Notices. All notices by the Parties shall be provided to the City Administrator of the City.

6.10 Severability. Should any court declare or determine that any provisions of this Contract is invalid or unenforceable under present or future laws, that provision shall be fully severable; this Contract shall be construed and enforced as if the illegal, invalid, or unenforceable provision

had never comprised a part of this Contract and the remaining provisions of this Contract shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Contract. Furthermore, in place of each such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Contract a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

IN WITNESS WHEREOF, each party hereto has signed this Contract or caused this Contract to be signed in its corporate name by its officer thereunto duly authorized.

**CITY OF WIMBERLEY, TEXAS (USER)
WIMBERLEY PARKS DEPARTMENT**



Herschel P. "Mac" McCullough, Mayor of the City of
Wimberley

Date: 8-9-17

**CITY OF WIMBERLEY (PROVIDER)
WIMBERLEY PUBLIC WORKS DEPARTMENT**



Herschel P. "Mac" McCullough, Mayor of the City of
Wimberley

Date: 8-9-17

City of Wimberley
Project No. 73653
Release of Funds Schedule
Actual and Proforma
Revised November 15, 2018

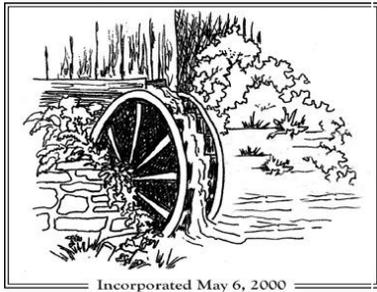
| | <u>Actual</u> | <u>Reallocation Note 1</u> | <u>Proforma</u> |
|--|------------------------|--------------------------------|------------------------|
| TWDB Funds L1000152 | | | |
| Basic Engineering | \$ 456,478.39 | \$ - | \$ 456,478.39 |
| Special Services | 143,760.39 | - | 143,760.39 |
| Loan Origination Fee | 11,807.00 | - | 11,807.00 |
| Administration | 6,611.00 | - | 6,611.00 |
| Total | \$ 618,656.78 | \$ - | \$ 618,656.78 |
| TWDB Funds L1000394 | | | |
| CID 01 - Plant - Black Castle | | | |
| Outlay Request 2 | \$ 293,753.30 | \$ - | \$ 293,753.30 |
| Outlay Request 3 | 51,318.24 | - | 51,318.24 |
| Outlay Request 4 (Note 1) | 366,856.94 | - | 366,856.94 |
| Reallocation to CID 02 | - | (366,856.94) | (366,856.94) |
| Total CID 01 | \$ 711,928.48 | \$ (366,856.94) | \$ 345,071.54 |
| CID 02 - Collection System - Capital Excavation | | | |
| Outlay Request 5 | \$ 840,496.30 | \$ - | \$ 840,496.30 |
| Outlay Request 6 | 176,885.63 | - | 176,885.63 |
| Outlay Request 7 | 262,338.37 | - | 262,338.37 |
| Reallocation from CID 01 | - | 366,856.94 | 366,856.94 |
| Total CID 02 | \$ 1,279,720.30 | \$ 366,856.94 | \$ 1,646,577.24 |
| Other | | | |
| Bond Reserve Fund | \$ 237,902.10 | \$ - | \$ 237,902.10 |
| Issuance Costs | 1,200.00 | - | 1,200.00 |
| Loan Origination Fee | 95,452.00 | - | 95,452.00 |
| Total Other | \$ 334,554.10 | \$ - | \$ 334,554.10 |
| Total | \$ 2,326,202.88 | \$ - | \$ 2,326,202.88 |

Notes

- (1) Outlay Request 4 not paid to CID 01 and not expected to be paid - reallocated to CID 02 on a Proforma basis

City of Wimberley - Project No. 73653
Project Budget - for TWDB Schedule 1201
Revised November 15, 2018

| | TWDB Funds L1000152 | TWDB Funds L1000394 | TWDB Funds L1000502 | TWDB Total | City Funds | Total |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------|-----------------------|------------------|
| Construction | | | | | | |
| Wastewater Plant - CID 01 | - | 345,072 | - | 345,072 | - | 345,072 |
| Collection System - CID 02 | - | 3,710,782 | - | 3,710,782 | - | 3,710,782 |
| Subtotal Construction | - | 4,055,854 | - | 4,055,854 | - | 4,055,854 |
| Basic Engineering | | | | | | |
| Planning | 141,000 | - | - | 141,000 | - | 141,000 |
| Design | 346,821 | 5,157 | - | 351,978 | - | 351,978 |
| Construction | - | 77,575 | - | 77,575 | - | 77,575 |
| Subtotal Basic Engineering | 487,821 | 82,732 | - | 570,553 | - | 570,553 |
| Special Services | | | | | | |
| Environmental | 15,000 | - | - | 15,000 | - | 15,000 |
| Surveying | 55,000 | - | - | 55,000 | - | 55,000 |
| Geotechnical | 37,500 | - | - | 37,500 | - | 37,500 |
| Permits | 36,261 | - | - | 36,261 | - | 36,261 |
| Project Management (by engineer) | - | 175,000 | - | 175,000 | - | 175,000 |
| Subtotal Special Services | 143,761 | 175,000 | - | 318,761 | - | 318,761 |
| Other | | | | | | |
| Administration | 6,611 | - | - | 6,611 | - | 6,611 |
| Easements | - | - | - | - | 44,000 | 44,000 |
| Capacity Buy-In | - | 300,000 | - | 300,000 | - | 300,000 |
| Subtotal Other | 6,611 | 300,000 | - | 306,611 | 44,000 | 350,611 |
| Fiscal Services | | | | | | |
| Financial Advisor | - | - | - | - | 38,690 | 38,690 |
| Bond Counsel | - | - | - | - | 40,760 | 40,760 |
| Fiscal/Legal | - | - | - | - | - | - |
| Capitalized Interest | - | 170,847 | - | 170,847 | - | 170,847 |
| Issuance Costs | - | 1,200 | - | 1,200 | - | 1,200 |
| Loan Origination Fee | 11,807 | 95,452 | - | 107,259 | - | 107,259 |
| Debt Reserve | - | 237,902 | - | 237,902 | - | 237,902 |
| Subtotal Fiscal Services | 11,807 | 505,401 | - | 517,208 | 79,450 | 596,658 |
| Subtotal Before Contingencies | 650,000 | 5,118,987 | - | 5,768,987 | 123,450 | 5,892,437 |
| Contingencies | - | 136,013 | 243,005 | 379,018 | - | 379,018 |
| Total Costs | 650,000 | 5,255,000 | 243,005 | 6,148,005 | 123,450 | 6,271,455 |



City of Wimberley

221 Stillwater, P.O. Box 2027, Wimberley, Texas 78676
 (512) 847-0025 Fax (512) 847-0422 www.cityofwimberley.com

Susan Jagers, *Mayor* Gary Barchfeld, *Mayor Pro-tem, Place 4*

Mike McCullough, *Place 1* Craig Fore, *Place 2*

Allison Davis, *Place 3* Patricia Cantu Kelly, *Place 5*

DRAFT

November 15, 2018

Texas Water Development Board
 P.O. Box 13231
 1700 N. Congress Ave.
 Austin, TX 787141-3231

Attn: Dain Larsen
 Re: City of Wimberley TWDB Project No. 73653
 Wastewater Project Funds Sufficiency Letter

Dear Mr. Larsen:

This is to advise you that the City of Wimberley has sufficient funds available to construct the wastewater collection system project. Funding sources and expenditures are as follows:

| <u>Funding</u> | | <u>Expenditures</u> | |
|--|---------------------------|----------------------------|---------------------------|
| Texas Water Development Board L1000152 | \$ 650,000 | Collection System CID 02 | \$3,710,782 |
| Texas Water Development Board L1000394 | 5,255,000 | Treatment Plant CID 01 | 345,072 |
| Texas Water Development Board L1000502 | 243,005 | Basic Engineering Fees | 570,553 |
| Subtotal | 6,148,005 | Special Services | 318,761 |
| City of Wimberley | 123,450 | Capacity Buy-In | 300,000 |
| | | Administration | 6,611 |
| | | Easements | 44,000 |
| | | Financial Advisor | 38,690 |
| | | Bond Counsel | 40,760 |
| | | Capitalized Interest | 170,847 |
| | | Loan Origination Fees | 107,259 |
| | | Escrow Agent Fees | 1,200 |
| | | Bond Reserve | 237,902 |
| | | Subtotal | 5,892,437 |
| | | Contingency | 379,018 |
| TOTAL | <u>\$6,127,455</u> | TOTAL | <u>\$6,127,455</u> |

Note: Releases for Wastewater Treatment Plant Contract totaled \$711,928. However, due to cancellation of Contract CID 01, unpaid invoices of \$366,857 will not be paid and will be reallocated to Collection System Contract CID 02.

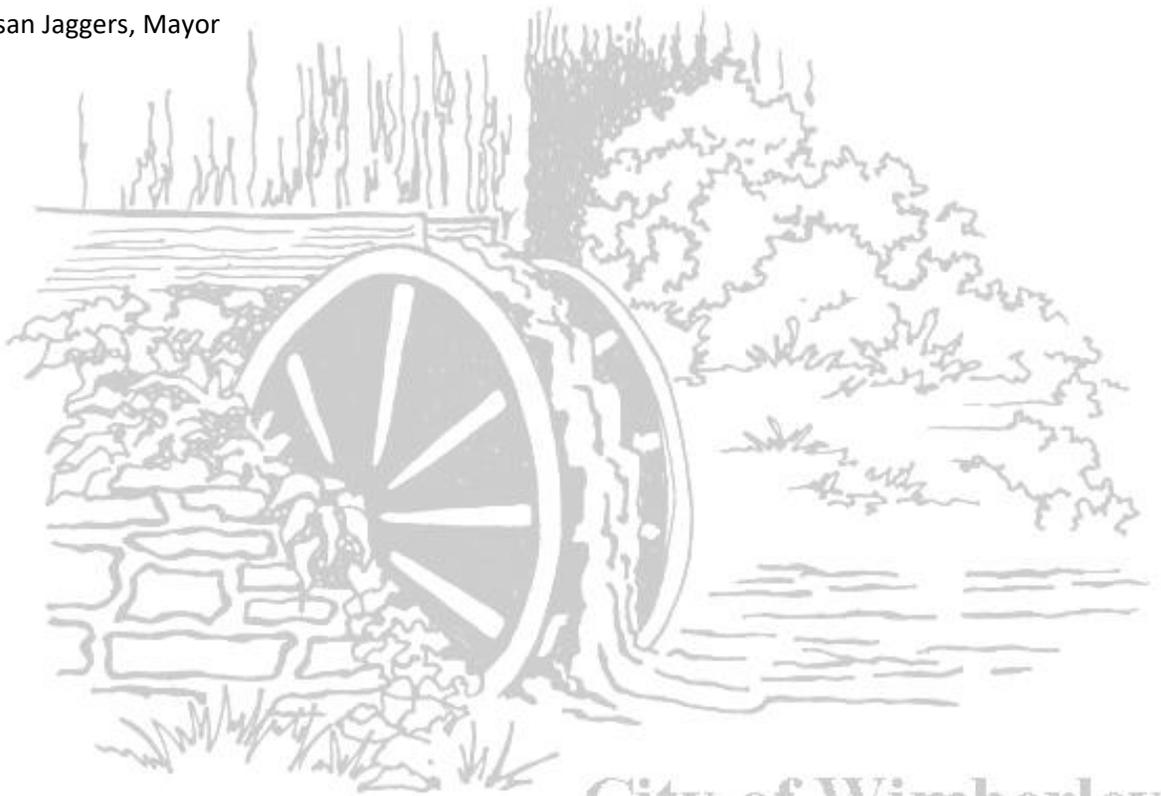
City of Wimberley

The City of Wimberley is committed to the construction of this project and if any unforeseen expenses arise, the City of Wimberley will be responsible for those expenses.

If you should have any questions or need further information, please let me know.

Sincerely,

Susan Jagers, Mayor



City of Wimberley