



Legislation Details (With Text)

File #:	14-497	Version:	1	Name:	Effluent Purchase Agreement with Apache Corporation
Type:	Presentation	Status:			Agenda Ready
File created:	5/23/2014	In control:			Council Workshop
On agenda:	6/12/2014	Final action:			
Title:	Presentation, possible action, and discussion regarding a reclaimed water supply agreement with Apache Corporation.				
Sponsors:	David Coleman				
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Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion regarding a reclaimed water supply agreement with Apache Corporation.

Relationship to Strategic Goals:

- Core Services and Infrastructure
- Diverse Growing Economy

Recommendation: Staff recommends approval of this reclaimed water supply agreement.
 Summary: Apache Corporation will be drilling and fracking a large number of oil wells in the region immediately east of the Carters Creek Wastewater Treatment Plant. Apache expects these operations will last two years, but may extend for several years beyond that. Apache Corporation's desire is to avoid using potable water for their operations, and have requested to purchase treated wastewater effluent (reclaimed water) from the City.

Staff has negotiated a proposed contract with Apache whereby Apache will pay all costs to construct and operate a pump station adjacent the Carters Creek Plant that will withdraw effluent (reclaimed water) from the final basin of the treatment process, and transport it via pipeline across the Creek to various storage ponds they will construct on private property. The City will provide a firm supply of 3 million gallons per day, which can be increased to 5 if adequate surplus flow exists. Apache will pay \$2.50 per thousand gallons (the City's normal commercial rate for potable water is \$2.49/thousand) and in the two-year initial term of the contract, at the full volume Apache expects to need, this rate is estimated to result in approximately \$5 million of Water Fund revenue.

The contract requires Apache to obtain a Permit from the Texas Commission on Environmental Quality to transport and use Type II Effluent, which has special treatment and handling requirements. City staff has already assisted Apache with the application for these permits, and they are expected to be approved soon.

This contract will be an excellent revenue stream for the City, will promote economic growth in the Brazos Valley, and is an environmentally sound solution for Apache's water needs. The City has full rights to sell this effluent, and the proposed agreement will not hinder any other existing obligations for this water. For these reasons, staff recommends approval.

Budget & Financial Summary: Funds from this agreement will go into the Water Fund.

Reviewed and Approved by Legal: Yes

Attachment: Reclaimed Water Supply Agreement (Available for viewing in the City Secretary's Office)