

Agenda Item Details

Meeting	May 20, 2025 - Bryan City Council Second Regular Meeting
Category	6. Statutory (Automatic Approval) Agenda - This agenda consists of items previously approved by Council action such as adoption of items that are part of an approved budget or capital improvement projects, first and only readings of ordinances, interlocal agreements, or action that is required by law or delegated to the City Manager. Items may be removed from the statutory agenda for separate consideration at the request of two Councilmembers.
Subject	D. Consider approving a Retail Water Service Area Agreement with Wellborn Special Utility District for an amount not to exceed \$258,400
Type	Action (Statutory)
Preferred Date	May 20, 2025
Absolute Date	May 20, 2025
Fiscal Impact	Yes
Dollar Amount	258,400.00
Budgeted	No
Budget Source	Water Fund Balance
Goals	Economic Development Infrastructure Service

Summary:

In an effort to facilitate growth in and around the RELLIS Campus in northwest Bryan, staff negotiated an agreement with Wellborn Special Utility District (SUD) to purchase water service area (Water CCN (Certificate of Convenience and Necessity)). Staff identified approximately 4,800 acres as shown in Exhibit B as the "Joint Planning Area" to which this Agreement will be applicable. The specific transfer area identified in the agreement to be transferred immediately is the 323 acre tract located at SH47 and SH21 known as the Luza Tract as shown in Exhibit A. The timeframe for this Agreement is five years. The cost per acre for the CCN service area is set in year one at \$800 per acre. The cost of the CCN service area adjusts on an annual basis based on the CPI (Consumer Price Index).

No later than thirty (30) days from the approval of this Agreement by both parties, both Bryan and Wellborn SUD agree to jointly file this Agreement with the PUC pursuant to Texas Water Code § 13.248. No later than thirty (30) days after the Effective Date, Wellborn SUD shall submit a request to the United States Department of Agriculture, Rural Utilities Service ("RUS") requesting consent or non-objection by RUS to the transfer of the Transfer Area as contemplated by this Agreement (the "RUS Approval"). Bryan shall pay Wellborn SUD the Transfer Area Compensation Amount (\$258,400) not later than thirty (30) days after receipt by Bryan of a copy of the RUS Approval.

The Parties identified the CCN area shown as the "Joint Planning Area" on Exhibit "B" whereby they agree to cooperate on retail water service planning, with the intent that Bryan will design infrastructure to become the primary retail water supplier, and in doing so will work to relieve Wellborn SUD of its future service obligations in the area. At any time during the Term, Bryan may provide written notice to Wellborn SUD that it desires a transfer of the Wellborn SUD Water CCN for all or a portion of the Joint Planning Area (each a "Transfer Notice"). However, any such notice must include the entirety of every requested tract of land, without reducing any tract size, or seeking the CCN area on only a portion of a tract, in an effort to shortchange the amount of payment due to Wellborn SUD. Following Wellborn SUD's receipt of a Transfer Notice, the Parties agree to cooperate regarding the CCN transfer, including 1) preparation of a CCN transfer agreement, or amendment to this Agreement; 2) providing compensation to Wellborn SUD using the (adjusted) Base Compensation Amount; and 3) following the terms and procedures used by the Parties for the Transfer Area as to the basis for each transfer initiated by a Transfer Notice.

If at any time during the Term, Bryan provides a Transfer Notice that includes any existing Wellborn SUD customer or if Bryan has provided Transfer Notices that, when added to the Transfer Area, cumulatively request the transfer of the Wellborn SUD Water CCN for 75% or more of the area of the Joint Planning Area, then (in either case) the Parties shall cooperate to prepare a Customer Transition Plan, as part of the subject CCN transfer. The Customer Transition Plan shall set forth the timing and basis for Bryan to assume the retail service obligations from Wellborn SUD for all customers in the Joint Planning Area, and the amount of the mutually agreed compensation to Wellborn SUD for the loss of such customers and facilities. The additional compensation amount shall not be less than One Thousand Dollars (\$1000) per residential customer equivalent (based on a 5/8 inch meter). Currently, 49 customers with 5/8 inch meters north of SH21 exist.

For the proposed transfer area (323 acres), the developer has agreed to reimburse the City for the purchase of the CCN area. This reimbursement may require a future agreement between the City and the Developer.

Staff recommends the City Council approve the proposed Agreement as presented to facilitate growth and future development around the RELLIS Campus and the northwest area of Bryan.

Staff Analysis and Recommendation:

Staff recommends the City Council approve the retail water service area agreement between Bryan and Wellborn SUD. This proposed Agreement will be the framework for which up to approximately 4,800 acres and 49 existing customers could be transferred to the City of Bryan for water service.

Options:

1. Approve the Agreement
2. Approve the Agreement with modifications, which may require consideration at a future meeting
3. Do not approve the Agreement

Attachments:

1. Retail Water Service Area Agreement
2. Exhibit A
3. Exhibit B

[Bryan Wellborn Service Area Agreement - _05_13_25.pdf \(137 KB\)](#)

[ExhibitA.pdf \(308 KB\)](#)

[ExhibitB.pdf \(535 KB\)](#)