



Legislation Text

File #: CON 21-013, **Version:** 1

Consideration of and action on the contract for raw water from the City of Houston.

Summary: The City of Houston (Houston) supplies untreated water to the City of Deer Park Water Treatment Plant. This water is treated and distributed to the city. The current contract with Houston expired in December 2020. At the December 15, 2020 Council meeting, City Council approved the application to be submitted for a new contract with Houston. After multiple reviews and a request for revision from Houston, our application has been approved and the contract created.

This contract is set to expire December 31, 2035, providing 7 MGD (million gallons per day) to the City. The water rate the City pays Houston is the Untreated Contract rate, currently \$0.85 per 1,000 gallons, but is subject to change by Houston City Council. There are clauses that allow Houston to reduce the amount of water if we do not take 75% of the 7MGD over a 9 month period and to charge a surcharge for water taken over 10% more than our contract. Additionally, The City meets contract requirements to report water loss, have a conservation plan, and a drought contingency plan.

Fiscal/Budgetary Impact:

This contract guarantees a contract rate for the long-term use of untreated water from the City of Houston. Approval of the contract keeps the City of Deer Park under the "Contracted Water Rate" of \$0.85 per 1,000 gallons (as of September 1, 2021). Non approval of the contract results in a rate for "Untreated Water Sales No Contract Standard Rate for volume from 1,000 to 10,000,000 gallons, per 1,000 gallons" of \$1.8946 per 1,000 gallons.

Staff recommends accepting the contract from the City of Houston.