

**Notice of Meeting for the
Georgetown Water Utility Board
of the City of Georgetown
August 13, 2020 at 2:00 PM
at Virtual**

The City of Georgetown is committed to compliance with the Americans with Disabilities Act (ADA). If you require assistance in participating at a public meeting due to a disability, as defined under the ADA, reasonable assistance, adaptations, or accommodations will be provided upon request. Please contact the City Secretary's Office, at least three (3) days prior to the scheduled meeting date, at (512) 930-3652 or City Hall at 808 Martin Luther King Jr. Street, Georgetown, TX 78626 for additional information; TTY users route through Relay Texas at 711.

“Consistent with Governor Greg Abbott’s suspension of various provisions of the Open Meetings Act, effective August 1, 2020 and until further notice, to reduce the chance of COVID-19 transmission, all City of Georgetown Advisory Board meetings will be held virtually. Public comment will be allowed via teleconference; no one will be allowed to appear in person.

To participate, please copy and paste the following weblink into your browser:

Weblink:

Join Zoom Meeting

[https://georgetowntx.zoom.us/j/96239591724?](https://georgetowntx.zoom.us/j/96239591724?pwd=S2xwMmx2UFFBL0UrZlhTVEEvTlIZUT09)

pwd=S2xwMmx2UFFBL0UrZlhTVEEvTlIZUT09

Meeting ID: 962 3959 1724

Passcode: 241971

Call Toll-free:

(833)548-0276

(833)548-0282

(877)853-5257

(888)475-4499

Meeting ID: 962 3959 1724

Citizen comments are accepted in three different formats:

- 1. Submit written comments to tina.davis@georgetown.org by 10:00 AM on the date of the meeting and the Recording Secretary will read your comments into the recording during the item that is being discussed.**

2. **Log onto the meeting at the link above and “raise your hand” during the item**
3. **Use your home/mobile phone to call the toll-free number**
To join a Zoom meeting, click on the link provided and join as an attendee. You will be asked to enter your name and email address (this is so we can identify you when you are called upon). To speak on an item, click on the “Raise your Hand” option at the bottom of the Zoom meeting webpage once that item has opened. When you are called upon by the Recording Secretary, your device will be remotely un-muted by the Administrator and you may speak for three minutes. Please state your name clearly, and when your time is over, your device will be muted again.

Use of profanity, threatening language, slanderous remarks or threats of harm are not allowed and will result in you being immediately removed from the meeting.”

Regular Session

(This Regular Session may, at any time, be recessed to convene an Executive Session for any purpose authorized by the Open Meetings Act, Texas Government Code 551.)

- A Call to Order.
The Board may, at any time, recess the Regular Session to convene in Executive Session at the request of the Chair, a Board Member, the City Manager, Assistant City Manager, Director of Water Utilities, City Council Member, or legal counsel for any purpose authorized by the Open Meetings Act, Texas Government Code Chapter 551, and are subject to action in the Regular Session that follows.
- B Discussion on how this virtual conference will be conducted, to include options for public comments and how the public may address the Commission - Glenn Dishong, Director of Water Utilities
- C Review and possible action to approve the minutes from the July 2020 Water Board meeting - Board Liaison
- D Director's Reports
- E Consideration and possible recommendation to approve a Resolution regarding the **refinancing of Williamson County Regional Raw Water Line Debt, inclusion of ION Generation project in said debt and re-issuance of the Williamson County Regional Raw Water Line Agreement** - Chelsea Solomon, Control Center Director
- F Water utility rates, conservation and current rate study – Mayra Cantu, Management Analyst
- G Consideration and possible recommendation to approve renewal no. 4 of contract no. SCON-2000171 with Brenntag Southwest, Inc. for purchase and delivery of various chemicals for Water and Wastewater treatment, not to exceed \$379,026.83 – Mike Welch, Treatment and Regulatory Manager.
- H Consideration and possible recommendation to approve renewal #2 of contract number 18-0039-GC with Brenntag Southwest, Inc. for purchase and delivery of sodium hypochlorite for Water and Wastewater treatment, in the amount of \$309,931.50 – Mike Welch, Treatment and Regulatory Manager.

Adjournment

Certificate of Posting

I, Robyn Densmore, City Secretary for the City of Georgetown, Texas, do hereby certify that this Notice of Meeting was posted at City Hall, 808 Martin Luther King Jr. Street, Georgetown, TX 78626, a place readily accessible to the general public as required by law, on the _____ day of _____, 2020, at _____, and remained so posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Robyn Densmore, City Secretary

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Call to Order.

The Board may, at any time, recess the Regular Session to convene in Executive Session at the request of the Chair, a Board Member, the City Manager, Assistant City Manager, Director of Water Utilities, City Council Member, or legal counsel for any purpose authorized by the Open Meetings Act, Texas Government Code Chapter 551, and are subject to action in the Regular Session that follows.

ITEM SUMMARY:

Call to Order - Thomas Glab, Board Chair

FINANCIAL IMPACT:

.

SUBMITTED BY:

Thomas Glab, Board Chair

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Discussion on how this virtual conference will be conducted, to include options for public comments and how the public may address the Commission - Glenn Dishong, Director of Water Utilities

ITEM SUMMARY:

Discussion on how this virtual conference will be conducted, to include options for public comments and how the public may address the Commission - Glenn Dishong, Director of Water Utilities

FINANCIAL IMPACT:

.

SUBMITTED BY:

Glenn Dishong, Director of Water Utilities

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Review and possible action to approve the minutes from the July 2020 Water Board meeting - Board Liaison

ITEM SUMMARY:

Board to review, revise and/or approve the minutes from the July 2020 Water Board meeting

FINANCIAL IMPACT:

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SUBMITTED BY:

Board Liaison

ATTACHMENTS:

Description		Type
	GUWAB Minutes 7.9.2020	Backup Material

**Minutes of the Meeting for the
Georgetown Water Utility Board
Thursday, July 9, 2020 at 2:00 PM
at Georgetown Public Library, 402 W. 8th Street, Georgetown, TX, 78626**

Board Members Present: Thomas Glab, Board Chair; Michael Morrison, Stuart Garner, Steve Fought (via telecommunication)

Board Members Absent: Scott Macmurdo

Staff Present: David Morgan, City Manager; Laurie Brewer, Assistant City Manager, Glenn Dishong, Director of Water Utilities; Leticia Zavala-Jones, Customer Care Director; Wesley Wright, System Engineering Director, Michael Hallmark, Project Manager; Laura Wilkins, Executive Assistant

Others Present - Via Teleconference: Steve Moffitt, Schneider Engineering; Shams Siddiqi, Crescent Power, Inc.

REGULAR SESSION

- A. Call to Order at 2:02 PM – By Glab
- B. Director’s Report – by Dishong with Financials by Brewer. Questions on the following:
 - 1. Question regarding a \$399,500.00 “transfer out” on the quarterly financial statement:
Answered by Brewer that we will get that information out to the Board.
 - 2. Question about the top 10 water users in the City. Answered by Zavala-Jones that we will get that data to the board.
 - 3. Question about what is the % of inside City-limits and Outside City-limits customers?
Answered by Zavala-Jones that we will get that data to the board.
 - 4. Question about the number of sewer customers on High-Strength Rate? Answered by Zavala-Jones that we will get that data to the board.

Various other questions and discussion – No Action

- C. Publish Wishing to Address the Board – NONE
- D. Minutes – **Motion** by Morrison, **seconded** by Garner to approve the minutes as presented.
APPROVED 4-1-0 (Macmurdo absent)

ADJOURNMENT

Motion by Morrison, **second** by Garner to adjourn the meeting. **APPROVED** 4-1-0 (Macmurdo absent)

Meeting Adjourned at 3:55 PM by Glab

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Director's Reports

ITEM SUMMARY:

Updates From Water Utility Directors

FINANCIAL IMPACT:

.

SUBMITTED BY:

Glenn Dishong, Director of Water Utilities

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Consideration and possible recommendation to approve a Resolution regarding the **refinancing of Williamson County Regional Raw Water Line Debt, inclusion of ION Generation project in said debt and re-issuance of the Williamson County Regional Raw Water Line Agreement** - Chelsea Solomon, Control Center Director

ITEM SUMMARY:

Resolution allows BRA to proceed with refinancing of debt including issuance of bonds related to the Williamson County Regional Raw Water Line of which the City of Georgetown is a party to an agreement for repayment of such debt. The BRA will be including in the debt issuance a Copper Ion Generator project to mitigate Zebra Mussels. The refunding savings will offset the cost of the Copper Ion Generator project. The Williamson County Regional Raw Water Line Agreement has been redone to add this project, and clean up previous contracts and amendments removing items that no longer apply. This agreement will replace all other BRA WCRRWL contracts and amendments. The City Attorney's office has reviewed this agreement.

FINANCIAL IMPACT:

The refinancing of WCRRWL debt will reduce payments by the City of up to \$97,367 over the next 10 years.

SUBMITTED BY:

Chelsea Solomon, Control Center Manager

ATTACHMENTS:

	Description	Type
☐	McCall Parkhurst and Horton Letter	Backup Material
☐	Cert for Resolution NO> 08139-G	Backup Material
☐	General Cert of Georgetown	Backup Material
☐	Closing Cert	Backup Material
☐	Amended & Restated WILCO Reg Raw Water Line Agreement	Backup Material

July 29, 2020

VIA OVERNIGHT MAIL

Mr. Glenn Dishong
Utility Director
City of Georgetown
300-1 Industrial Avenue
P.O. Box 409
Georgetown, Texas 78627-0409

Re: Brazos River Authority Contract Revenue Refunding and Improvement Bonds,
Series 2020 (Williamson County Regional Raw Water Line Project)

Dear Mr. Dishong:

As bond counsel for the Brazos River Authority, I am in the process of coordinating the required documentation for the sale of the captioned bonds and the submission of the required transcript of proceedings to the Texas Attorney General for review. I am enclosing the following relative documents for your review and execution:

1. CERTIFICATE FOR RESOLUTION. Enclosed is one complete copy of the Resolution and the Certificate to same along with five (5) copies of the Certificate signature page which I ask the Mayor and City Secretary to SIGN AND SEAL where indicated, but DO NOT DATE.
2. GENERAL CERTIFICATE OF GEORGETOWN. Enclosed is one complete copy of the General Certificate along with five (5) copies of the signature page to same which I ask the City Manager and City Secretary to SIGN AND DATE where indicated.
3. CLOSING CERTIFICATE. Enclosed is one complete copy of the Closing Certificate along with five (5) copies of the signature page to same which I ask the City Manager and City Secretary to SIGN where indicated, but DO NOT DATE.
4. AMENDED AND RESTATED PROJECT AGREEMENT. Enclosed is one complete copy of the Amended and Restate Project Agreement along with five (5) copies of the signature page to same which I ask the Mayor and City Secretary to SIGN where indicated.

After execution, please return all copies to me at the Dallas address listed below by no later than **Monday, August 31, 2020**. Thank you for your help. If you should have any questions, please contact me by phone at (512) 590-1950 or by email at rscgura@mphlegal.com. With best wishes, I am

Very truly yours,

McCall, Parkhurst & Horton L.L.P.

By:


Rodolfo "Rudy" Segura Jr

RS:cm
Enclosures
0259.163

CERTIFICATE FOR RESOLUTION NO. 081319-G

We, the undersigned Mayor and City Secretary of the City of Georgetown, Texas, hereby certify as follows:

1. The City Council of said City convened in Regular Session on the 11th day of August, 2020, at the scheduled meeting place thereof, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Dale Ross, Mayor
Mary Calixtro, Councilmember District 1
Vacant, Councilmember District 2
Mike Triggs, Councilmember District 3
Stephen Fought, Councilmember District 4
Kevin Pitts, Councilmember District 5
Rachael Jonrowe, Councilmember District 6
Tommy Gonzalez, Councilmember District 7

and all of said persons were present, except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Resolution entitled

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GEORGETOWN, TEXAS REGARDING FINANCING OF WILLIAMSON COUNTY REGIONAL RAW WATER LINE; AUTHORIZING THE MAYOR, CITY MANAGER, AND CITY SECRETARY TO TAKE APPROPRIATE ACTIONS; AND DECLARING AN EFFECTIVE DATE

was duly introduced for consideration and passage. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

AYES: ____

NOES: ____

ABSTENTIONS: ____

2. A true, full and correct copy of the aforesaid Resolution passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Resolution has been duly recorded in the official minutes of said City Council; the above and foregoing paragraph is a true and correct excerpt from said minutes of said meeting pertaining to the passage of said Resolution; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Resolution, were the duly chosen, qualified and acting members of said City Council as indicated therein; each of said officers and member was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Resolution would be introduced and considered for passage at said meeting; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Tex. Gov't Code Ann. ch. 551.

3. That the Mayor (or Mayor Pro-Tem) of said City has approved and hereby approves the aforesaid Resolution; that the Mayor (or Mayor Pro-Tem) and the City Secretary of said City have duly signed said Resolution; and that the Mayor (or Mayor Pro-Tem) and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Resolution for all purposes.

SIGNED AND SEALED THE ____ DAY OF _____, 2020.

ATTEST:

Mayor

City Secretary

(SEAL)

SIGNATURE PAGE TO CERTIFICATE FOR RESOLUTION NO. _____

RESOLUTION NO: _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GEORGETOWN, TEXAS REGARDING FINANCING OF WILLIAMSON COUNTY REGIONAL RAW WATER LINE; AUTHORIZING THE MAYOR, CITY MANAGER, AND CITY SECRETARY TO TAKE APPROPRIATE ACTIONS; AND DECLARING AN EFFECTIVE DATE

WHEREAS, Brazos River Authority (the "Authority") is an agency and political subdivision of the State of Texas, duly created and lawfully operating under Chapter 8502, Texas Special District Local Laws Code, as amended (the "Authority Act"), all pursuant to and in furtherance of the purposes of Article XVI, Section 59 of the Constitution of Texas; and

WHEREAS, pursuant to separate and individual contracts heretofore executed between the Authority, on one part, and the City of Georgetown ("Georgetown"), the City of Round Rock ("Round Rock"), and Brushy Creek Municipal Utility District ("Brushy Creek") (Georgetown, Round Rock and Brushy Creek are collectively referred to as the "Participants"), the Authority has contracted to make available to such parties water from Lake Stillhouse Hollow and to divert water from Lake Stillhouse Hollow to Lake Georgetown; and

WHEREAS, the Authority and Participants have previously entered into the "Williamson County Regional Raw Water Line Agreement", dated as of June 30, 1986, as amended by a multitude of amendatory and supplemental agreements thereto (collectively, the "Project Agreements"), which Project Agreements provide for the Authority to design, construct and operate facilities for transporting water from Lake Stillhouse Hollow committed to Participants to Lake Georgetown (the "Project") for diversion by them for municipal purposes; and

WHEREAS, the Authority and Participants have determined it is beneficial and in the best interests of the Participants to amend and restate such Project Agreements and to issue the hereinafter authorized bonds (the "Bonds") in order to refund the Brazos River Authority Contract Revenue and Improvement Bonds, Series 2011 (Williamson County Regional Raw Water Line Project) (the "Refunded Obligations") and to fund a Copper Ion Generator Project (defined below); and

WHEREAS, in order to clearly establish, authorize, ratify and confirm the contractual arrangements entered into by the Authority and the Participants and all actions taken by Georgetown in reliance on the Project Agreements, it is deemed to be appropriate to adopt this resolution.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GEORGETOWN:

SECTION 1. That the City Council of Georgetown hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct.

SECTION 2. That the Amended and Restated Williamson County Regional Raw Water Line Agreement between the Authority and the Participants (the "A&R Project Agreement"), in the form presented to the City Council at this meeting, is hereby approved with such changes or

modifications as may be approved by the City Manager, and the Mayor and City Secretary of the City are hereby authorized and directed to execute said agreement in the name of and on behalf of the City. With respect to the Project Agreements to which Georgetown is a party and the A&R Project Agreement, the actions of the City Council in authorizing the execution thereof, the authorization of, and the execution of such agreements by officers, officials and employees of Georgetown and all actions taken by Georgetown in reliance upon and pursuant to such agreements are hereby authorized, ratified and confirmed in all respects concurrently with the adoption of this resolution.

SECTION 3. That the Mayor, City Manager and City Secretary of Georgetown are hereby authorized and directed to execute, deliver and take all actions necessary and appropriate relating to the issuance of Bonds by the Authority for the purpose of refunding the Refunded Obligations and funding the Copper Ion Generator Project (as defined in the A&R Project Agreement”), including without limitation the execution and delivery of a General Certificate and a Closing Certificate relating to the Bonds, in substantially the forms presented to the City Council at the meeting at which this resolution has been adopted, with such changes as may be required by the Texas Attorney General or the underwriters of said Bonds, and furnishing such certificates and other documentation as may be required by the Texas Attorney General or the underwriters of said Bonds.

SECTION 4. That this resolution shall take effect immediately upon passage and all ordinances, orders and resolutions in conflict herewith are repealed to the extent of any such conflict.

RESOLVED this _____ day of _____, 2020.

Attest:

THE CITY OF GEORGETOWN:

Robyn Densmore

By: Dale Ross

APPROVED AS TO FORM:

Skye Masson
City Attorney

3. That the Mayor (or Mayor Pro-Tem) of said City has approved and hereby approves the aforesaid Resolution; that the Mayor (or Mayor Pro-Tem) and the City Secretary of said City have duly signed said Resolution; and that the Mayor (or Mayor Pro-Tem) and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Resolution for all purposes.

SIGNED AND SEALED THE **DO NOT DATE** _____, 2020.

ATTEST:

Mayor

City Secretary

(SEAL)

SIGNATURE PAGE TO CERTIFICATE FOR RESOLUTION NO. _____

GENERAL CERTIFICATE OF GEORGETOWN

THE STATE OF TEXAS	§
COUNTY OF WILLIAMSON	§
CITY OF GEORGETOWN	§

We, the undersigned City Manager and City Secretary of the City of Georgetown, Texas (the "Participant") hereby certify as follows:

1. That this certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of the proposed Brazos River Authority Contract Revenue Refunding and Improvement Bonds, Series 2020 (Williamson County Regional Raw Water Line Project)(the "Bonds"), authorized by a resolution adopted by the Board of Directors of the Brazos River Authority (the "Authority") on July 27, 2020, as amended (the "Bond Resolution").

2. That said Participant is a duly incorporated Home Rule City, operating and existing under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of said Participant, which Charter has not been changed or amended since the passage of the ordinance authorizing the most recently issued Series of outstanding obligations of the Participant which have been approved by the Attorney General of Texas.

3. That the statements and information set forth in the Official Statement pertaining to the Participant and the Bonds, and particularly the Participant's operating statements, debt service requirements, revenues, taxable values, rates for water and sewer services (which rates have been set by official action of the Participant and are now in effect), and other information set forth therein are true and correct in all material respects.

4. That the A&R Project Agreement (as defined in the Bond Resolution), between the Authority and the Participant, has been duly authorized by the Participant and properly executed by duly authorized officials of the Participant.

5. That the A&R Project Agreement, between the Authority and the Participant, is still in full force and effect, has not been amended or rescinded, there is no litigation pending relating to the A&R Project Agreement or the authority of the Participant to enter into the A&R Project Agreement and no default exists in connection therewith.

[The balance of this page is intentionally left blank.]

SIGNED _____

CITY OF GEORGETOWN

City Manager

City Secretary

General Certificate of City of Georgetown, Texas
relating to
Brazos River Authority Contract Revenue Refunding and Improvement Bonds, Series 2020
(Williamson County Regional Raw Water Line Project)

DO NOT DATE

SIGNED

CITY OF GEORGETOWN

City Manager

City Secretary

General Certificate of City of Georgetown, Texas
relating to
Brazos River Authority Contract Revenue Refunding and Improvement Bonds, Series 2020
(Williamson County Regional Raw Water Line Project)

CLOSING CERTIFICATE

THE STATE OF TEXAS \$
COUNTY OF WILLIAMSON \$
CITY OF GEORGETOWN \$

We, the undersigned City Manager and City Secretary of the City of Georgetown, Texas (the "Participant") hereby certify as follows:

1. That this certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of the proposed Brazos River Authority Contract Revenue Refunding and Improvement Bonds, Series 2020 (Williamson County Regional Raw Water Line Project), authorized by a resolution adopted by the Board of Directors of the Brazos River Authority on July 27, 2020, as amended (the "Bonds").

2. That capitalized terms used herein shall have the meanings set forth in the Notice of Sale and Bidding Instructions, Official Bid Form, and Preliminary Official Statement dated as of August 31, 2020 (the "Agreement").

3. That (i) the Participant has not received notice of any litigation, nor to our knowledge, is any litigation pending or threatened, in any court to restrain or enjoin the issuance or delivery of the Bonds, the establishment of the rates, fees and other charges relating to the Project (including the Participant's monthly charges) or the other authorized purposes of the Participant, the lien on and pledge of the Net Revenues pledged to the payment of the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Bond Resolution, the A&R Project Agreement, the Participant's official approving and authorizing actions, or the Agreement, or contesting the authority of the Issuer to issue the Bonds, or contesting the authorization of the Bonds, the Bond Resolution, the Agreement, the A&R Project Agreement, or the Participant's official approving and authorizing actions, or contesting in any way the accuracy, completeness, or fairness of the Preliminary Official Statement or the Official Statement, or that would otherwise adversely affect in a material manner the operations or the financial condition of the Participant; (ii) to the best of our knowledge, no event affecting the Participant has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the representations and warranties of the Participant contained in any certificate and document delivered by the Participant pursuant to the provisions of the Agreement, are true and correct on and as of the date of the Closing as though such representations and warranties were made on and as of the date of the Closing; (iv) the A&R Project Agreement has been duly approved, executed and delivered by the Participant and, with respect to the Participant, the A&R Project Agreement and the obligations of the Participant thereunder (including the obligation to provide certain information in accordance with the Rule) remains in full force and effect and has not been rescinded; (v) during the last five years, the Participant has complied in all material respects with its continuing disclosure agreements, if any, pursuant to the Rule, except as otherwise described in the Official Statement; (vi) all agreements or conditions to be performed or complied with by the Participant under the Agreement to effect delivery of the Bonds on or prior to the date of Closing have been performed or complied with; and (vii) there has not been any materially adverse change in the operations or financial condition of the Participant since the date of the Official Statement.

SIGNED this

CITY OF GEORGETOWN

City Manager

City Secretary

Closing Certificate of City of Georgetown, Texas
relating to
Brazos River Authority Contract Revenue Refunding and Improvement Bonds, Series 2020
(Williamson County Regional Raw Water Line Project)

SIG

DO NOT DATE

CITY OF GEORGETOWN

City Manager

 _____
City Secretary

Closing Certificate of City of Georgetown, Texas
relating to
Brazos River Authority Contract Revenue Refunding and Improvement Bonds, Series 2020
(Williamson County Regional Raw Water Line Project)

AMENDED AND RESTATED
WILLIAMSON COUNTY REGIONAL RAW WATER LINE AGREEMENT

BETWEEN

BRAZOS RIVER AUTHORITY

AND

CITY OF GEORGETOWN, CITY OF ROUND ROCK
AND BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

August 13, 2020

INDEX

1. RECITALS..... 1

2. DEFINITIONS..... 4

3. OPERATION OF PROJECT 8

4. BONDS 8

5. PAYMENT 8

6. INVESTMENT OF FUNDS 10

7. METERS 11

8. PROJECTION INFORMATION 11

9. ADDITIONAL PARTICIPANTS 12

10. GENERAL PROVISIONS..... 13

11. FUTURE IMPROVEMENT PROJECTS. 20

12. AMENDMENT OF PROJECT AGREEMENTS 20

THIS CONTRACT IS SUBJECT TO ARBITRATION UNDER THE
TEXAS ARBITRATION ACT

AMENDED AND RESTATED WILLIAMSON COUNTY REGIONAL RAW WATER LINE
AGREEMENT

THIS AMENDED AND RESTATED WILLIAMSON COUNTY REGIONAL RAW WATER LINE AGREEMENT ("Agreement") is made and entered into by and between BRAZOS RIVER AUTHORITY, and CITY OF GEORGETOWN, CITY OF ROUND ROCK and BRUSHY CREEK MUNICIPAL UTILITY DISTRICT.

1. RECITALS. Authority is authorized to store water in and to divert water from Lake Georgetown and Lake Stillhouse Hollow. The other parties to this Agreement supply water in various areas in Williamson County, Texas, for municipal use. Authority has contracted with each such other party to make available to such party water from Lake Stillhouse Hollow. Such other parties are so located that it is desirable from the standpoint of cost that each should divert the surface water which it needs for municipal supply from Lake Georgetown rather than from Lake Stillhouse Hollow. The purpose of this Agreement is to provide for Authority to operate and maintain facilities for transporting water from Lake Stillhouse Hollow committed to the other parties to this Agreement under the contracts mentioned above to Lake Georgetown for diversion by them from Lake Georgetown.

WHEREAS, pursuant to separate and individual contracts heretofore executed between the Authority, on one part, and the City of Georgetown ("Georgetown"), the City of Round Rock ("Round Rock"), Jonah Water Special Utility District (formerly Jonah Water Supply Corporation)("Jonah"), Brushy Creek Municipal Utility District ("Brushy Creek") and Chisholm Trail Special Utility District ("Chisholm Trail")(collectively, Georgetown, Round Rock, Jonah, Brushy Creek and Chisholm Trail are herein referred to as the "Former Participants"), individually on their part, the Authority has contracted to make available to such parties water (which contracts are defined in the Original Agreement (hereinafter defined) as the "Stillhouse Supply Agreements" and in the Brushy Creek Agreement (as hereinafter defined) and Chisholm Trail Agreement (as hereinafter defined) as the "Supply Agreements"); and

WHEREAS, the Former Participants were so located that it became desirable from the standpoint of cost that each should divert the surface water which each needs for municipal supply purposes from Lake Georgetown or points between Lake Stillhouse Hollow and Lake Georgetown, rather than from Lake Stillhouse Hollow; and

WHEREAS, the Authority, Georgetown, Round Rock and Jonah entered into the "Williamson County Regional Raw Water Line Agreement" (the "Original Agreement"), dated as of June 30, 1986, for the purpose of providing for the Authority to design, construct and operate facilities for transporting water from Lake Stillhouse Hollow committed to Georgetown, Round Rock and Jonah to Lake Georgetown (the "Project") for diversion by them for municipal purposes; and

WHEREAS, subsequent to execution of the Original Agreement, the Authority, Georgetown, Round Rock and Jonah entered into "Amendment No. 1 to Williamson County Regional Raw Water Line Agreement" ("Amendment No. 1"), dated as of January 9, 1997 and "Second Amendment to Williamson County Regional Raw Water Line Agreement" ("Amendment No. 2"), dated as of March 23, 1999; and

WHEREAS, Section 15 of the Original Agreement provides that the Authority may provide service from the Project to parties other than Georgetown, Round Rock and Jonah, provided that certain conditions are met; and

WHEREAS, such conditions having been met, the Authority entered into separate agreements with Brushy Creek called the "Participation Agreement with Respect to Williamson County Raw Water Line" ("Brushy Creek Agreement"), dated as of October 1, 1998 and subsequently with Chisholm Trail called the "Chisholm Trail Participation Agreement with Respect to Williamson County Raw Water Line" ("Chisholm Trail Agreement"), dated as of March 15, 1999, respectively; and

WHEREAS, upon determining that the Texas Water Development Board ("TWDB") would agree to pay for and acquire an undivided interest in the Project to be held for later acquisition by Authority as usage of Project increased, thus reducing the interim costs to the Former Participants pending their full need for the transportation capacity of the Project, the Authority and the Former Participants entered into the "Supplemental Agreement Respecting Williamson County Raw Water Line" ("Supplemental Agreement"),

dated as of May 20, 1999; and

WHEREAS, in order to accommodate the differences in the timing of water transportation needs and associated costs of the Project of the Former Participants, Authority and the Former Participants entered into the “Amendment of Agreements Respecting Construction and Operation of Williamson County Raw Water Line” (“Amendment of Multiple Agreements”), dated as of April 17, 2000; and

WHEREAS, in order to avoid ambiguity in the Project Agreements due to the changes in the Stillhouse Supply Agreements and Supply Agreements, the Authority entered into separate agreements with the Former Participants called the “Third Amendment of Agreements Among Customers” (“Amendment No. 3”) to modify the definition of “Stillhouse Supply Agreements” as defined in the Original Agreement and modified in Amendment No. 2, and “Supply Agreements” as defined in the Brushy Creek Agreement and Chisholm Trail Agreement; and

WHEREAS, the Authority entered into separate agreements with the Former Participants called the “Fourth Amendment of Agreements Among Customers” (“Amendment No. 4”), each dated as of September 23, 2010, in order to provide for payment of additional pumping capacity at the intake structure and to approve the issuance of additional Bonds by Authority; and

WHEREAS, collectively, the Original Agreement, Amendment No. 1, Amendment No. 2, Brushy Creek Agreement, Chisholm Trail Agreement, Supplemental Agreement, Amendment of Multiple Agreements, Amendment No. 3, and Amendment No. 4 are referred to as the “Project Agreements”; and

WHEREAS, effective September 12, 2014, the assets and liabilities of Chisholm Trail were acquired and conveyed to Georgetown, including the Chisholm Trail Agreement; and

WHEREAS, on August 26, 2014, the City Council of Georgetown approved an “Asset Purchase and Sale Agreement”, dated October 24, 2014, with Jonah in which Georgetown acquired Jonah’s water rights in and ownership of the Project; and

WHEREAS, the remaining participants to the Project, being Georgetown, Round Rock, and Brushy Creek, are hereinafter referred to as the “Participants”, and it has become desirable to amend and restate the Project Agreements in order to consolidate the terms of all of said Project Agreements into a single,

comprehensive document that will replace and supersede the existing Project Agreements, to remove obsolete provisions contained in the Project Agreements, and to make other changes thereto, for the convenience of the Authority and of the Participants; and

WHEREAS, in each Bond Resolution (hereinafter defined), the Authority reserved the right to amend or modify the Project Agreements, in whole or in part, in any respect and to add or delete, or change the obligations of, any of the Participants with respect thereto, as may be deemed necessary or appropriate by the Authority; provided, however, that Authority covenanted that it would not consent or agree to any amendment to the Project Agreements which would (a) reduce the amounts payable thereunder for Capital Costs, (b) extend the time of such payments, (c) adversely affect the pledge of Net Revenues, (d) adversely affect the then outstanding ratings of the Bonds issued by Recognized Investment Rating Firms or (e) which would in any manner impair or adversely affect the rights of the owners of the Parity Bonds, if any, to payment thereof from the sources, and at the times, places and in the manner set forth herein.

2. DEFINITIONS.

(a) "Additional Participants" means Participants other than those who are parties to this Agreement.

(b) "Agreement" means this Amended and Restated Williamson County Regional Raw Water Line Agreement, made by and among the Authority and each of the Participants.

(c) "Authority" means Brazos River Authority, a river authority established by a statute enacted by the Legislature of the State of Texas.

(d) "Board" means the Authority's Board of Directors.

(e) "Bonds" means revenue bonds or other obligations (whether one or more issues) issued by Authority to obtain funds for use in the design, construction, expansion, improvement, completion, repair, replacement and/or acquisition of Project or any undivided interest therein or to obtain funds for use in reimbursement of expenditures theretofore made by it for design and/or construction of Project or issued by Authority and delivered to TWDB in payment for undivided interests in Project acquired from TWDB, and

bonds or other obligations issued for the purpose of refunding Bonds previously issued or obligations previously incurred for such purposes.

(f) "Bond Resolution" means any resolution of Board authorizing the issuance of Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted.

(g) "Brushy Creek" means Brushy Creek Municipal Utility District, a municipal utility district established under the laws of Texas and operating pursuant to Chapters 49 and 54 of the Texas Water Code, as amended.

(h) "Capital Cost" means all sums of money which are required by the terms of a Bond Resolution to be paid to or on behalf of holders of Bonds or other obligations or to be paid into any reserve fund or sinking fund established by a Bond Resolution or which are required or permitted by the terms of any agreement between Authority and TWDB to be paid by Authority to TWDB as interest on or principal of amounts owing by Authority to TWDB on account of expenditures made by TWDB for acquisition of undivided interests in Project or as rental for use of any undivided interest therein owned by TWDB or as consideration for or on account of the acquisition by Authority of any undivided interest or interests in Project at any time owned by TWDB.

(i) "Copper Ion Generator Project" means the planning, engineering, design, acquisition of equipment, construction, and installation of a copper ion generator at the Project's water intake structure on Lake Stillhouse Hollow.

(j) "Corps" means the United States Army Corps of Engineers.

(k) "Debt Service" means the amounts of money required to pay Capital Costs plus fees, charges and cost such as those of paying agents, registrars and trustees which are incurred incident to the handling and servicing of Bonds or other obligations.

(l) "Financial Advisor" shall mean Specialized Public Finance Inc., Authority's financial advisor or its successor.

(m) "First Construction Issue" shall mean the first issue of Bonds made after April 17, 2000.

(n) "Fiscal Year" means the fiscal year of Authority, which is September 1 through August 31.

(o) "Future Improvement Project" shall have the meaning assigned said term in Section 11 hereof.

(p) "Georgetown" means the City of Georgetown, Williamson County, Texas.

(q) "Lake Georgetown" means Lake Georgetown constructed by the Corps on the North San Gabriel River in Williamson County, Texas.

(r) "Lake Stillhouse Hollow" means Lake Stillhouse Hollow constructed by the Corps on the Lampasas River in Bell County, Texas.

(s) "Maintenance and Operation Expense" means all costs of repairs and replacements of Project for which no special fund is created and all costs of maintenance and operation of Project including (for greater certainty but without limiting the generality of the foregoing) supervision, engineering, accounting, auditing and payments made by Authority in satisfaction of judgements resulting from claims not covered by Authority's insurance, legal expense, energy costs and any other labor, supplies, insurance, services and equipment necessary for the proper operation of the Project plus any additional direct cost(s) or expense(s) which may be imposed on Authority in connection with the fulfillment of its obligations under this Agreement by taxation or as the result of regulations or requirements lawfully imposed by the State of Texas, the United States or any state or federal agency subsequent to the execution of this Agreement plus an amount determined annually by Authority's certified public accountants to be appropriate to cover Authority's expenses of supervision and administration attributable to the obligation under this Agreement and an appropriate part of its unallocated general and administration expense. In making such determination, Authority's accountants shall utilize generally accepted accounting principles to allocate a percentage of unallocated expenses which is generally equivalent to the percentage of expenses incurred by Authority under this Agreement as compared to the overall expenses of Authority.

(t) "Monthly Charges" means the amount of the charge to be made monthly to Authority by each Participant for the services to be provided by Authority under this Agreement.

(u) "Participants" means Georgetown, Round Rock and Brushy Creek and parties who may

become Additional Participants under the provisions of Paragraph 9, below.

(v) "Project" means the Williamson County Regional Raw Water Line, consisting of the facilities initially constructed to transport raw water from Lake Stillhouse Hollow to Lake Georgetown, as such facilities have been augmented by the Phase II Pump Project (as such term is defined in Amendment No. 4 to the Original Agreement), and as such facilities may be further augmented by any Future Improvement Project including the Phase III Pump Project and the Copper Ion Generator Project.

(w) "Repair and Replacement Fund" means the fund established by the Authority, the monies from which will be used for major repairs and replacements to the Project, for extraordinary or non-recurring expenses not budgeted as Maintenance and Operation Expense and for Maintenance and Operations Expenses in excess of the amounts budgeted.

(x) "Repair and Replacement Repayment" means the portion of the Monthly Charge required or necessary during such month to replenish and maintain the Repair and Replacement Fund.

(y) "Round Rock" means the City of Round Rock, Williamson County, Texas.

(z) "Stillhouse Supply Agreements" means the contracts for water supplied by the Authority from the Brazos River Authority water supply system which will be diverted from Lake Stillhouse Hollow and transported through the Project. The parties hereto acknowledge that the Authority may supply water under the Stillhouse Supply Agreements from multiple and varied Brazos River Authority water supply sources.

(aa) "TWDB" means Texas Water Development Board, an agency of the State of Texas, created pursuant to Article 3, Section 49-c of the Texas Constitution and operating according to Chapters 6, 15-17 of the Texas Water Code.

(bb) "Phase III Pump Project" means the planning, engineering, design, acquisition, equipment, construction, and installation of pumps to meet the ultimate design capacity of the intake structure on Lake Stillhouse Hollow, any associated appurtenances necessary to operate and maintain such pumps, any necessary structural improvements to the intake structure, and any other activities or purchases requested by the Participants to insure continued operations of the Project, including, but not limited to, spare parts for

existing pumps or additional backup pumps.

3. OPERATION OF PROJECT. Authority agrees that Authority shall operate the Project to deliver water agreed to be made available from Lake Stillhouse Hollow under Stillhouse Supply Agreements to Lake Georgetown and will make such water available to Participants for diversion from Lake Georgetown.

4. BONDS. The Authority may issue additional Bonds from time to time as necessary to maintain and improve the Project. From the proceeds of Bonds issued to obtain funds for the initial construction of the Project, Authority has established a Repair and Replacement Fund in the amount of \$500,000.00. The Bond Resolution providing for the issuance of such Additional Bonds may provide that such funds may be used for any Project-related purpose at the sole discretion of the Board. Upon final payment of all Bonds, the funds in the Repair and Replacement Fund shall be used for Project capital repair and replacement costs, to be replenished according to the requirements set forth elsewhere in this Agreement.

5. PAYMENT. (a) Each Participant shall pay to Authority a Monthly Charge each month during the term of this Agreement. The Monthly Charges to be paid by all Participants shall be the total of the amounts necessary to pay Debt Service, Maintenance and Operation Expenses and any Repair and Replacement Repayment payable during such month, plus a management fee described in subparagraph 5(e), below as compensation to Authority for managing the Project for the benefit of the Participants.

(b)

(i) The Debt Service part of the Monthly Charge paid by each Participant each month shall be an amount which, when multiplied by the number of months between the dates on which the last and the next installments of Debt Service are payable by Authority, will result in a product which shall be 1/6 of the Participant's share of the next scheduled semi-annual Debt Service payments or the Participant's share of 1/12 of the next annual Debt Service payments, adjusted for any excess/shortage in the Debt Service Fund from the previous year. Such amount shall be sufficient to produce the Participant's share of the amount of money which will be needed by Authority to pay the next installment of Debt Service when due.

- (ii) Except as hereinafter provided, each Participant's share of the Debt Service part of the Monthly Charge for each month shall be a percentage of the total Debt Service part of all Monthly Charges for such month based on the percentage of the total amounts of water available to all Participants under Stillhouse Supply Agreements that is available to such Participant. The amounts of water available to each Participant each year and the percentages which the individual amounts represent of the total available under the Stillhouse Supply Agreements are as set forth in the following table:

<u>PARTICIPANT</u>	<u>WATER (acre-</u> <u>feet per</u> <u>year)</u>	<u>PERCENTAGES (%)</u>
Georgetown	38,987	63.79
Round Rock	18,134	29.67
Brushy Creek	4,000	6.54
<u>Total</u>	<u>61,122</u>	<u>100.00</u>

(c) The Board shall on or before July 31 of each year prepare a budget in which it estimates the amount of Maintenance and Operation Expense to be incurred during the next following Fiscal Year. The monthly Maintenance and Operation Expense part of the Monthly Charges for each Fiscal Year shall be that amount of money which, when multiplied by 12, shall equal the amount of Maintenance and Operation Expense budgeted by the Board for such Fiscal Year, adjusted upward or downward for any deviation in the amount of Maintenance and Operation Expense actually incurred in the preceding Fiscal Year over or under the amount budgeted by Board. The Maintenance and Operation Expense will be allocated among Participants on the basis of the amount of water, expressed in acre-feet, withdrawn by each Participant from Lake Georgetown pursuant to the Stillhouse Supply Agreements during the preceding twelve (12) month period ending June 30.

- (d) The Repair and Replacement Repayment part of the Monthly Charge shall be payable only

when expenditures from the Repair and Replacement Fund shall have reduced the amount of money in that fund below \$500,000.00. Each expenditure from the Repair and Replacement Fund shall be paid back into the Repair and Replacement Fund in not more than thirty-six (36) equal monthly payments, starting with the beginning of the Fiscal Year after such expenditure is made. The Repair and Replacement Repayment part of the Monthly Charge during any Fiscal Year shall be the sum of the monthly payments into the Repair and Replacement Fund required during such Fiscal Year pursuant to the provisions of the sentence next preceding. The Repair and Replacement Repayment part of the Monthly Charge shall be allocated among Participants on the same basis as the Debt Service is allocated under the provisions of subparagraph (b) above.

(c) Each Participant shall pay a portion of the total management fee due to Authority in each month in which such Participant is obligated to pay a Monthly Charge. The amount of the management fee payable by a Participant in any month in which such Participant is obligated to pay a management fee shall be equal to five one-hundredths (0.05) of the amounts such Participant is obligated to pay in such month to pay its share of Maintenance and Operation Expense, plus five one-thousandths (0.005) of the sum of the amounts such Participant is obligated to pay in such month to pay its share of Debt Service and Repair and Replacement Payment.

(f) The Monthly Charge for any month shall be payable on or before the 10th day of each month (the "due date").

(g) The Monthly Charge shall be payable at the central office of the Authority, Waco, McLennan County, Texas.

(h) Each Monthly Charge not paid before the due date shall bear interest at the lesser of the highest lawful rate or 18% per annum from the due date until the date paid.

(i) On or before each July 31 while this Agreement remains in force, Authority shall certify to each Participant the amount of its Monthly Charge for the next succeeding Fiscal Year.

6. INVESTMENT OF FUNDS. Pending expenditure, all proceeds of Bonds, including sums on deposit in funds required to be established under the terms of a Bond Resolution, shall be kept invested

in revenue producing investments which Authority is permitted by law to make, with the objective of producing the maximum revenue which can be produced without impairing the exemption of interest on Bonds from federal income tax or the availability of such funds for expenditure by Authority as needed in the fulfillment of its obligations hereunder. The earnings on such investments shall be used to pay Debt Service and reduce the Debt Service part of the Monthly Charges to the Participants, except that to the extent necessary, such earnings may be used to complete construction of the improvement project, or phase or component thereof, for which the respective series of Bonds was issued.

7. METERS. Each Participant shall install, operate and maintain or arrange for the installation, operation and maintenance of a meter which will accurately measure and record the amount of water withdrawn by the Participant from Lake Georgetown. Authority shall have the right to read such meter once each month in the presence of Participant's representative. The meter is to be tested and calibrated for accuracy once each year at Participant's expense and a report of such test and calibration shall be furnished to Authority. If questions regarding the accuracy of the meter arise, Authority may demand testing in addition to the annual test, above required. If, as a result of any such additional test, the meter is found to be inaccurate in excess of 2%, Participant shall pay for the test and for having the meter promptly calibrated for accuracy. If the meter is found to be within 2% tolerance, Authority shall pay for the testing. Adjustments for inaccuracies discovered in metering as a result of any test shall be computed based upon an agreed period of adjustment or if agreement cannot be reached, the shorter of a period beginning 60 days prior to the date of the test or a period covering one-half of the time since the last previous test. Participant shall provide daily use records reflecting withdrawals from Lake Georgetown to Authority by the 10th day of the month following the month of withdrawal.

8. PROJECTION INFORMATION.

On or before November 1 of each year during which Project is being operated by Authority on such date, each Participant shall supply to Authority a written estimate of the amounts and times of withdrawals from Project and/or Lake Georgetown which it anticipates that it will make or request during the calendar year beginning on the next following January 1.

9. ADDITIONAL PARTICIPANTS. Authority may allow parties other than those who are listed as Participants under this Agreement to become Participants provided that service to be made available to such Additional Participants shall not interfere with or diminish Authority's ability to fulfill its obligations under this Agreement to the Participants which are parties to this Agreement and provided further that the provision of service to such Additional Participants shall not cause the Monthly Charges to any Participant which is a party to this Agreement at any time while this Agreement remains in force to be greater than it would have been if service to such Additional Participants had not been provided. In the event that Authority does provide service to Additional Participants, the Maintenance and Operation Expense part of the Monthly Charge and the Repair and Replacement Repayment part of the Monthly Charge becoming payable after service to such Additional Participants begin, shall be allocated as if the Additional Participants had been Participants under this Agreement. The Debt Service part of the Monthly Charge shall be allocated as if the Additional Participants had been Participants under this Agreement and as if the water supplied to them were being supplied under the Stillhouse Supply Agreements, with the amounts of water to be supplied and the percentages set forth in the table contained in subparagraph 5(b), above, being appropriately adjusted. The foregoing provisions with reference to allocations after service to such Additional Participants shall be modified during the initial years of service to such Additional Participants in order to prevent injustice to the Participants resulting from the fact of their payments of Debt Service part of the Monthly Charges for the period during which such Additional Participants shall not have participated in the payment of the Debt Service (if this shall occur) will have created the then present ability of Authority to provide service to the Additional Participants from the Project. The modification will be as follows:

(a) Each Additional Participant shall pay to Authority a sum of money, hereinafter called "Equity Payment", plus interest on the unpaid balance of such sum from the date on which such Additional Participant and Authority enter into a contract providing that Authority will supply service from Project to such Additional Participant, with the amount of the Equity Payment in each case to be determined by the Board, in its sole discretion, as being appropriate to prevent injustice to Participants.

(b) The Equity Payment and interest thereon shall be payable in not more than sixty (60)

consecutive monthly installments, the first such installment to be payable with the first Monthly Charge required to be paid by such Additional Participant and with one additional installment to be payable with the payment of each Monthly Charge which thereafter becomes payable by such Additional Participant, until paid in full. The amount of each installment shall be:

- (i) A fraction of the Equity Payment, the numerator of which shall be one and the denominator shall be the number of months over which the Equity Payment is to be amortized; plus
 - (ii) Accrued interest on the Equity Payment.
- (c) During each Fiscal Year in which there remains an unpaid balance of Equity Payment, interest shall be payable on the unpaid balance at the rate of the lessor of:
- (i) The base rate of interest, whether charged or not, established TexPool, or any successor thereto, on June 1 of the Fiscal Year preceding the fiscal year during which such rate is payable, plus two percent (2.00%) per annum; or
 - (ii) The highest lawful rate.
- (d) On or before August 1 of each year immediately preceding September 1 on which a Fiscal Year during which an Additional Participant shall be required to make Equity Payments shall begin, Authority shall notify such Additional Participant of the interest rate to be payable during such Fiscal Year on the unpaid balance of the Equity Payment and the amount of each installment which such Additional Participant shall be required to pay against the Equity Payment during such Fiscal Year.
- (e) Equity Payments received by Authority shall be applied as received to reduce pro rata the next subsequent Debt Service part of the Monthly Charge allocable to each Participant based on each Participant's pro rata share of the Debt Service part of the Monthly Charge.

10. GENERAL PROVISIONS.

- (a) The term of this Agreement shall continue in force and effect for so long as any Bonds or bonds issued to refund same are outstanding and unpaid. The term of this Agreement having expired, upon cessation of use of Project by all Participants, all lands and personal property constituting a part of Project

shall be considered as having been purchased by the Participants by payments made hereunder, and thereafter shall be owned by Participants as tenants-in-common with their respective interest to be in proportion to their obligations to make payments with respect to Debt Service under Paragraph 5, above.

(b) All notices and communications provided for herein shall be in writing and shall be either delivered or mailed to Authority or Participants, and if mailed, shall be sent certified mail, return receipt requested, postage prepaid, addressed as follows:

(i) If to Authority –

General Manager
Brazos River Authority
P.O. Box 7555
4400 Cobbs Drive
Waco, Texas 76714-7555

(ii) If to Georgetown –

City Manager
City of Georgetown
P.O. Box 409
Georgetown, Texas 78627

(iii) If to Round Rock

City Manager
City of Round Rock
214 East Main Street
Round Rock, Texas 78664

(iv) If to Brushy Creek

General Manager
Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, Texas 78681

(c) It is recognized by the parties that payments made to Authority by Participants hereunder shall be the only resource of Authority for the payment of Maintenance and Operation Expense and Debt Service. It is further recognized that in order for Authority to be able to sell Bonds most advantageously, it is necessary that prospective purchasers of Bonds have assurance that each Participant is unconditionally obligated to pay its allocated part of the Debt Service. Therefore, it is agreed by each Participant that it will

pay its allocated share of the Debt Service part of the Monthly Charges required under Subparagraph 5(b), above, whether or not it ever receives or continues to receive water available to it from the Authority water supply system at Lake Stillhouse Hollow under the Stillhouse Supply Agreements in Lake Georgetown as a result of operation of the Project. Further, each Participant agrees that should any Participant become bankrupt or otherwise financially unable to pay its allocated portion of the Debt Service Charges, the amount due from such bankrupt or otherwise financially unable Participant shall be allocated among the other Participants and paid by them pro rata on the basis of the part of the Debt Service part of the Monthly Charge allocated to each Participant under the provisions of subparagraph 5, above.

(d) This agreement shall be subject to all valid rules or regulations and laws applicable hereto passed or promulgated by the United States of America, the State of Texas or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them. Any tax or fee required to be paid by Authority on account of ownership or operation of Project shall be considered a part of Maintenance and Operation Expense.

(e) Authority shall not have the right to demand payment by any Participant of any obligation undertaken by or imposed upon any of them by virtue of this Agreement from funds raised or to be raised by taxation. The obligation of each Participant under this Agreement shall never be construed to be a debt of any of such kind as to require any such Participant under the Constitution and laws of the State of Texas to levy or collect a tax to discharge such obligation. Payments due by each Participant shall be made from the revenues of its water system. Each of such Participants represents and covenants to Authority that all payments to be made hereunder by it shall constitute "operating expenses" of its water system as authorized by statute. Each Participant further represents that the services to be provided by Project are absolutely necessary and essential to the present and future operation of its water distribution system and that Project constitutes the only reasonable method for obtaining the ability to transport water from Lake Stillhouse Hollow to Lake Georgetown and, accordingly, all payments required by this Agreement to be made by Participant shall constitute reasonable and necessary operating expenses of each Participant's water distribution system, with the effect that the obligation to make such payments from revenues of Participant's

water distribution system shall have priority over any obligation to make any payments from such revenues of principal, interest, or otherwise, with respect to all bonds or other obligations hereafter issued by Participant, except any other contract under which Participant is required to make payments which constitute operation and maintenance expenses of Participant. Participant may not obtain the services or facilities project under this Agreement to transport water from Lake Stillhouse Hollow to Lake Georgetown from any other source than Authority without Authority's advance written consent.

(f) Each Participant agrees to fix and collect such rates and charges for water supplied through its water distribution system as will make possible the prompt payment of all expenses of operating and maintaining its water distribution system, including all monetary obligations to Authority incurred hereunder, and the prompt payment of the principal of and interest on its obligations payable from the revenues of its water distribution system.

(g) If by reason of force majeure, any party hereto shall be rendered unable, wholly or in part to carry out its obligations under this Agreement, then such party shall give notice and full particulars of such force majeure in writing to Authority if such party is a Participant or to each Participant if such party is Authority within reasonable time after occurrence of the event or cause relied on, and the obligations of the party giving such notice, insofar as they are affected by such force majeure, shall be suspended during the continuance of the inability thus claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. 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, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints by government, civil disturbances, explosions, breakages, or accidents to machinery, pipelines, pumps or other facilities, partial or entire failure of water supply or any other cause beyond the reasonable control of such party. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require settlement

of strikes and lockouts by acceding to demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. The provisions of this Subparagraph 16(g) notwithstanding force majeure shall not relieve any Participant of its obligations to make any payments to Authority as its share of the Debt Service as required under the provisions of subparagraph 5(a), above.

(h) Authority shall maintain financial records respecting its construction and operation of Project in accordance with the procedures used by it in maintaining records of its affairs which are audited annually by its certified public accountants. All such records and Authority's annual statement shall be available for inspection by any Participant at any reasonable time during business hours. Each Participant shall submit to Authority or its designee an annual audit of its affairs prepared by an independent certified public accountant or an independent firm of certified public accountants.

(i) Authority agrees that while this Agreement remains in force it will, for the purpose of assuring proper maintenance, operation, repair and replacement of Project from time to time, employ an independent engineer or engineering firm or corporation having favorable repute for skill and experience in such work and will, at all appropriate times, cause such consulting engineer to submit and give necessary or desirable advice and recommendations concerning operations, renewals, replacements, extensions, betterments, and improvements of the Project to the end that the Project shall be operated and maintained in the most efficient and satisfactory manner. Further, Authority shall cause the consulting engineer to make in writing a full survey, review and report of the physical condition of Project once every five (5) years, commencing five (5) years from the date when the Project becomes operational. A copy of such survey, review and report shall be available to any Participant at any reasonable time during business hours. Authority further agrees that it will cause such consulting engineer to include as part of the above report, such engineer's recommendations and advice as to the proper maintenance, repair and operation of the Project, including findings as to whether or not properties of the Project have been maintained in good repair and sound operating condition; the extension, improvements, renewals and replacements which should be made during the ensuing five (5) years; and the amounts and types of insurance which should be carried by Authority on the Project.

(j) In event of default by any Participant in making payments required of Participant under this Agreement, Authority may, at its option, terminate this Agreement and Stillhouse Supply Agreements with such Participant or it may recover amounts agreed to be paid by such Participant by appropriate legal action. Should other Participants be required to make increased payments to Authority pursuant to Subparagraph 16(c), above, on account of failure of defaulting Participant to make payments to Authority, Authority shall exercise the options to cancel provided in the preceding sentence. In the event of exercise by Authority of such options to cancel, the rights of the Participant with respect to which such options are exercised shall be made available to the other Participants who are willing to assumed the obligations of the cancelled Participant under this Agreement and under Stillhouse Supply Agreements pro rata on the basis of the percentages of total water available to each under Subparagraph 5(a), above.

(k) Any waiver at any time by any party of its rights with respect to default under this Agreement or with respect to any other matter arising in connection with this Agreement shall not be deemed the waiver with respect to any subsequent default or matter.

(l) Nothing contained in this Agreement shall be construed in any manner to abridge, limit or deprive any party hereto of any means which it would otherwise have of enforcing any remedy, in law or in equity, for breach of any of the provisions hereof, provided, however, that this provision shall not be deemed to eliminate or diminish the right of any party to arbitration and to enforcement of arbitration awards under subparagraph (h), above.

(m) This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, provided, however, that no assignment shall have the effect of relieving the party making such assignment of any liability hereunder. All assignments are subject to Authority approval, which approval shall not be unreasonably withheld.

(n) As between Authority on the one hand and each Participant on the other, each shall protect and save the other harmless from any loss or damage to persons or property occasioned on its own side of points of delivery of water into Lake Georgetown or in connection with apparatus or appurtenances including pumps, transmission lines and conduits operated by it, except as to loss or damage caused by the negligence

of the other party, its agents, servants, or employees and except as to injury or death of employees of the other party.

(o) It is recognized by the parties that default by Authority in its obligations hereunder can result in injury to Participants which cannot be compensated by damages. Therefore, the remedy of specific performance shall be available to Participants and each of them for enforcement of Authority's obligations hereunder.

(p) It is the intent of the parties to this Agreement to provide to the maximum extent practical for the conservation of water. Each Participant agrees that as a condition of this Agreement that it shall maintain and operate its facilities in a manner which will prevent unnecessary waste of water. Authority agrees that it will maintain and operate Project in a manner that will prevent unnecessary waste of water.

(q) Circulation of copies of this Agreement among Participants to obtain the signatures of all Participants on the same copies hereof would be inconvenient and result in delay. Therefore, this Agreement has been prepared in multiple copies with four copies being prepared for signature on behalf of Authority, on the one hand, and on behalf of each Participant, alone, on the other hand. When all copies have been signed on behalf of Authority and of each Participant, Authority shall give written notice of such fact to all Participants and this Agreement shall thereupon become effective. Authority shall receive possession of one fully executed copy of this Agreement, and each Participant shall receive possession of one fully-executed copy of this Agreement, resulting in a total of four originally executed copies. The Agreement, when it becomes effective, shall be binding on Authority and all Participants and subject to enforcement by any party against any other.

(r) This Agreement shall not prevent a Participant from selling or transferring its interest hereunder to Authority in the future as a part of a regional water supply agreement by which the Participant purchases a substitute water supply from Authority. It is understood, however, that Authority's willingness and ability to undertake such an arrangement in the future is contingent upon its ability to undertake such obligations without impairing bond obligations or its obligations to other Participants.

(s) Notwithstanding any provision of this Agreement to the contrary, Participants agree that

Central Texas Water Supply Corporation and its successors in interest may use and continue to use intake structure in connection with the operation of its water treatment plant constructed in the vicinity of Lake Stillhouse Hollow after termination of this Agreement for so long as it or its successors shall operate such plant and intake structure continues to be useful in such operation. Authority may contract with to allow such use.

11. FUTURE IMPROVEMENT PROJECTS. The Participants acknowledge the need for additional improvements to the Project, both to maintain the operation of the Project and to increase or expand the capabilities of the Project, including without limitation the Copper Ion Generation Project and the Phase III Pump Project (collectively, "Future Improvement Projects"). Accordingly, the Participants agree that the Authority shall provide for the engineering, design, construction, and financing of any Future Improvement Project upon approval by all Participants.

All costs of any Future Improvement Project shall be the responsibility of the Participants. Costs of Future Improvement Projects shall be allocated to each Participant in proportion to the percentage of system water available to that Participant under the Stillhouse Supply Agreements, as reflected in Section 5(b) above.

12. AMENDMENT OF PROJECT AGREEMENTS. Upon the execution of this Agreement by the Authority and by each of the Participants, the Project Agreements described in the preambles hereof, including the Original Agreement, Amendment No. 1, Amendment No. 2, Brushy Creek Agreement, Chisholm Trail Agreement, Supplemental Agreement, Amendment of Multiple Agreements, Amendment No. 3, and Amendment No. 4, shall be and are hereby deemed to be amended, superseded, and replaced in their entirety by this Agreement, and the respective rights, duties, and obligations of the Authority and the Participants under said Project Agreements shall thereafter be determined, exercised and enforced solely pursuant to this Agreement. In the event of any conflict between the provisions of any of the Project Agreements and this Agreement, the terms of this Agreement shall control.

Dated this the _____ day of _____, 2020.

BRAZOS RIVER AUTHORITY

By _____
David Collinsworth,
General Manager

ATTEST:

Assistant Secretary

“Authority”

Dated this the _____ day of _____, 2020.

CITY OF GEORGETOWN

BY _____
Mayor

ATTEST:

City Secretary

“Participant”

Dated this the ____ day of _____, 2020.

CITY OF ROUND ROCK

BY _____
Mayor

ATTEST:

City Secretary

“Participant”

Dat **DO NOT DATE** _____, 2020.

CITY OF GEORGETOWN

BY _____
Mayor

ATTEST:

City Secretary

“Participant”

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Water utility rates, conservation and current rate study – Mayra Cantu, Management Analyst

ITEM SUMMARY:

Presentation and discussion regarding water utility rates, conservation, and current rate study

FINANCIAL IMPACT:

.

SUBMITTED BY:

Mayra Cantu, Management Analyst

ATTACHMENTS:

Description		Type
☐	Water Services-Water Rate Study	Backup Material
☐	Fiscal and Budgetary Policy - 2018 Final	Backup Material
☐	2018 WWS Rate Study	Backup Material
☐	Water Utility Advisory Board Presentation Aug 13th Final	Backup Material
☐	Water Utility Advisory Board Rate Schedule Aug.Final	Backup Material

Water Services

Brief History and Looking Forward

OVERVIEW

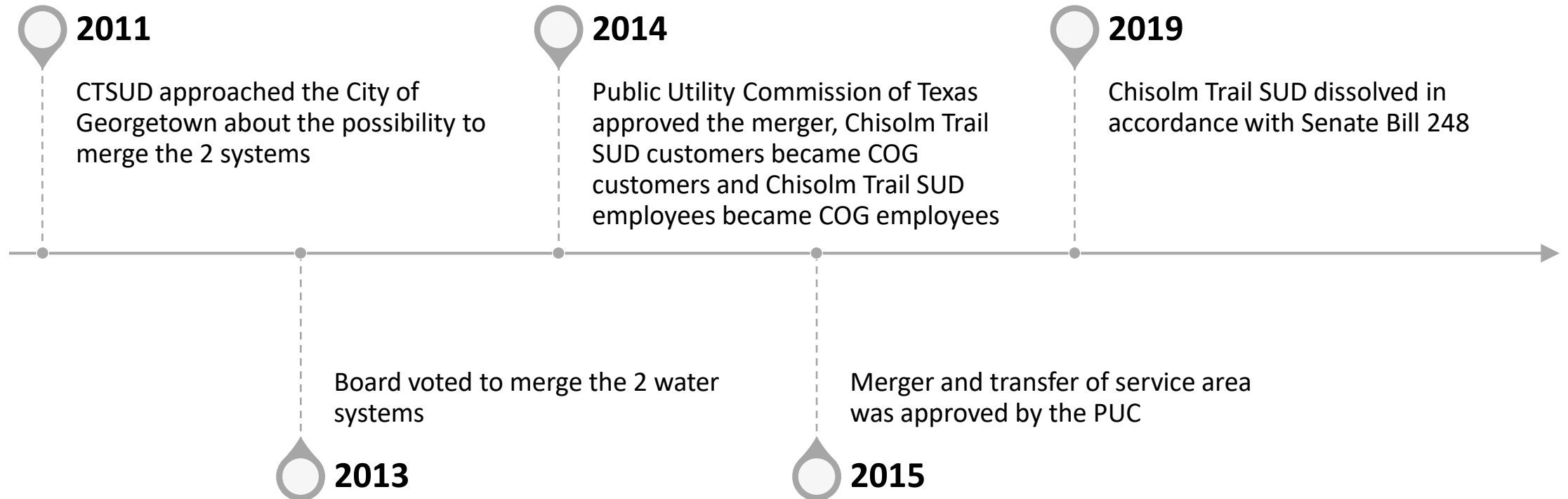
- Policy
- Background
- 2018 Rate Study
- Water Planning
- Capital Improvement Projects

FISCAL AND BUDGETARY POLICY

- A rate study will be conducted every 3 years to review rate methodology and ensure revenues will meet future needs. All enterprise rates will be based on standardized cost of service methodologies and conservation goals.
- Working capital reserves should be 25% or ninety (90) days of operating expenses, net debt service and long-term water contract costs.
- Also we are required by policy to have 90 days contingency for operating costs
- Bond Coverage Ratio – 1.5x coverage of self-supported debt
- Last rate study was in 2018

BACKGROUND-

Chisolm Trail Special Utility District



CUSTOMERS

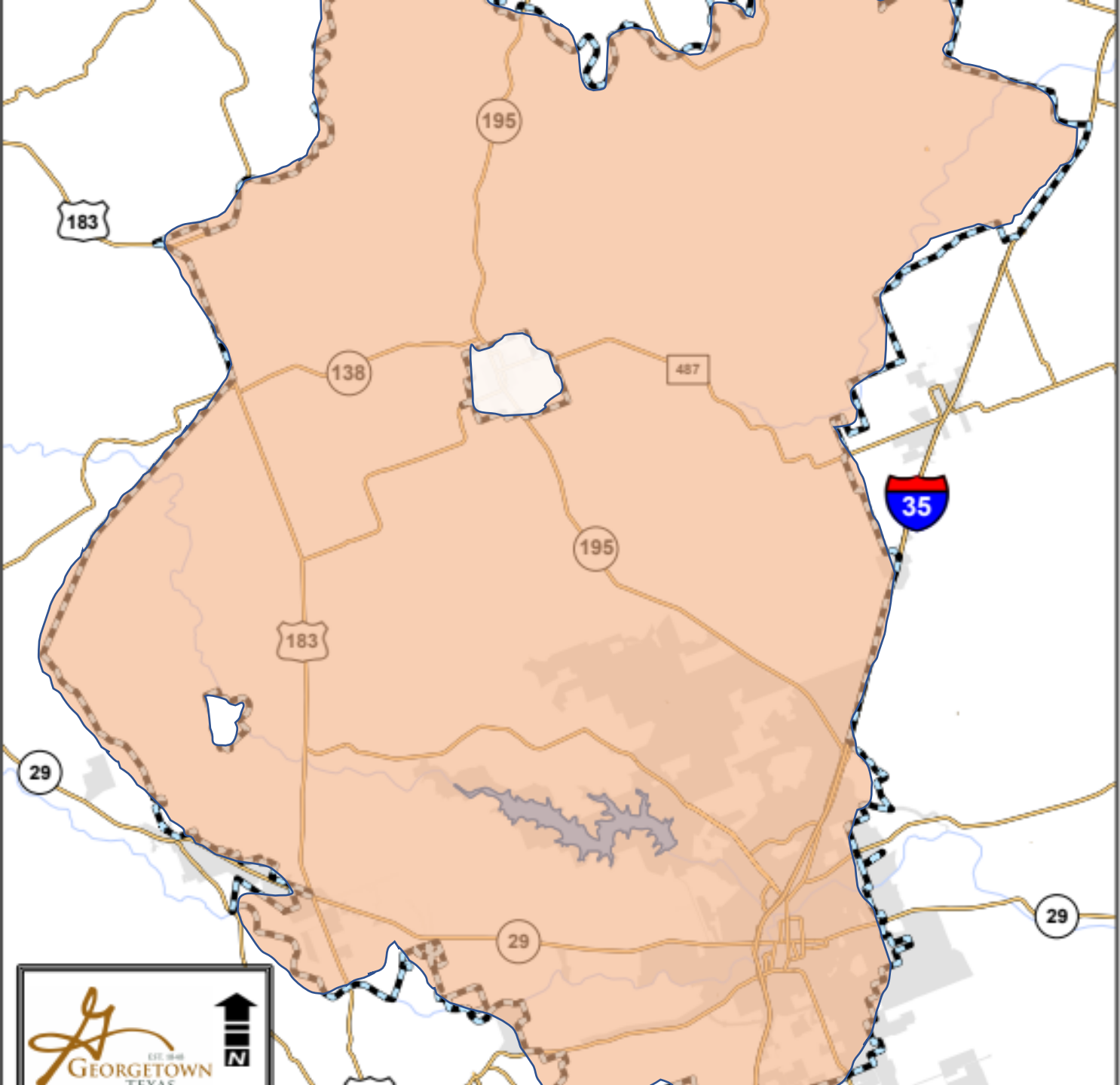
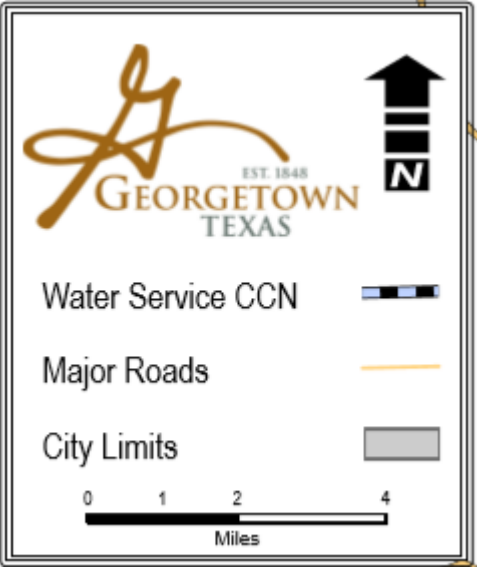
Prior to CTSUD

- 23,500 customers
- ~75 square miles of utility coverage

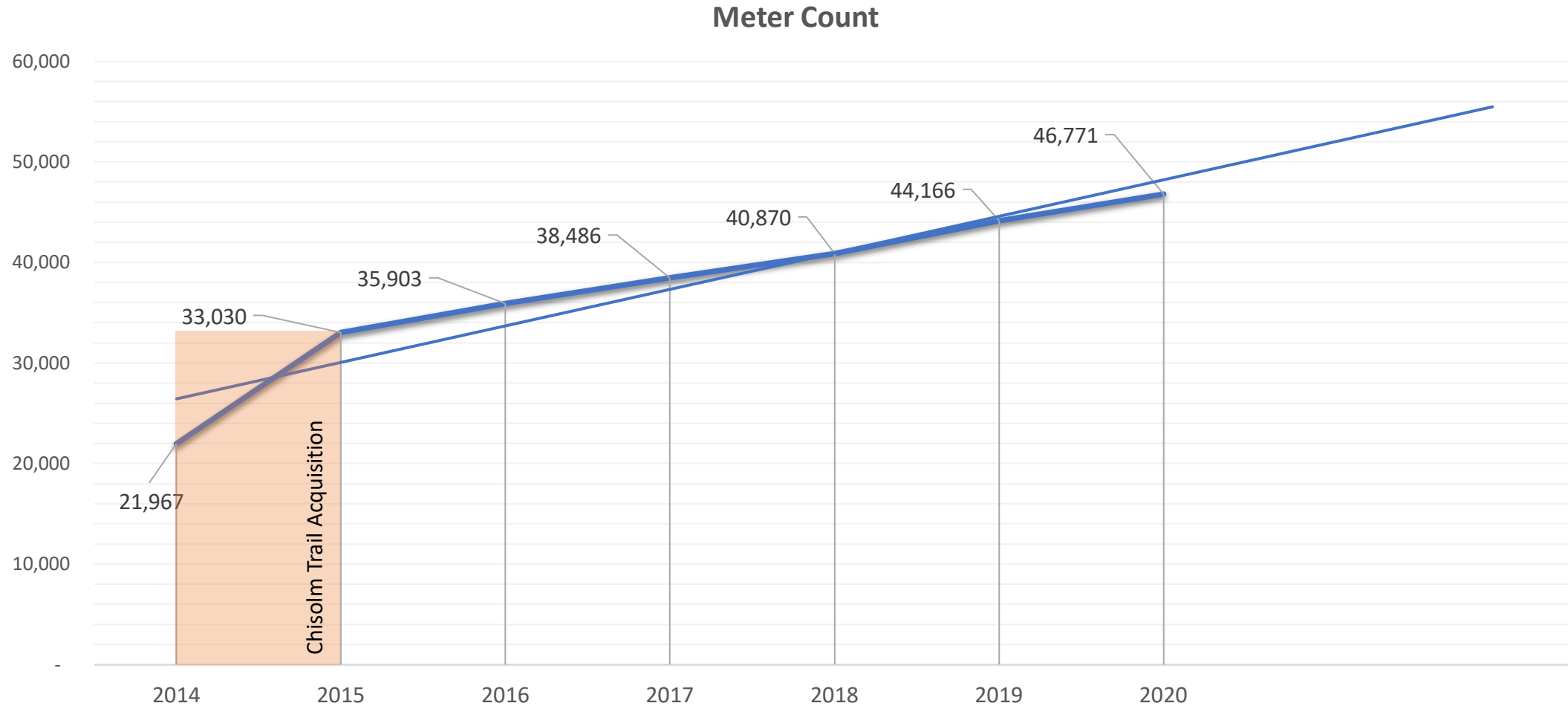
CTSUD Acquired

- Gained 7,633 customers
- Gained 375 square miles of utility coverage

WATER UTILITY COVERAGE



TRENDS



- On average ~3,000 number of new connects per year

CONSERVATION AND WATER PLANNING

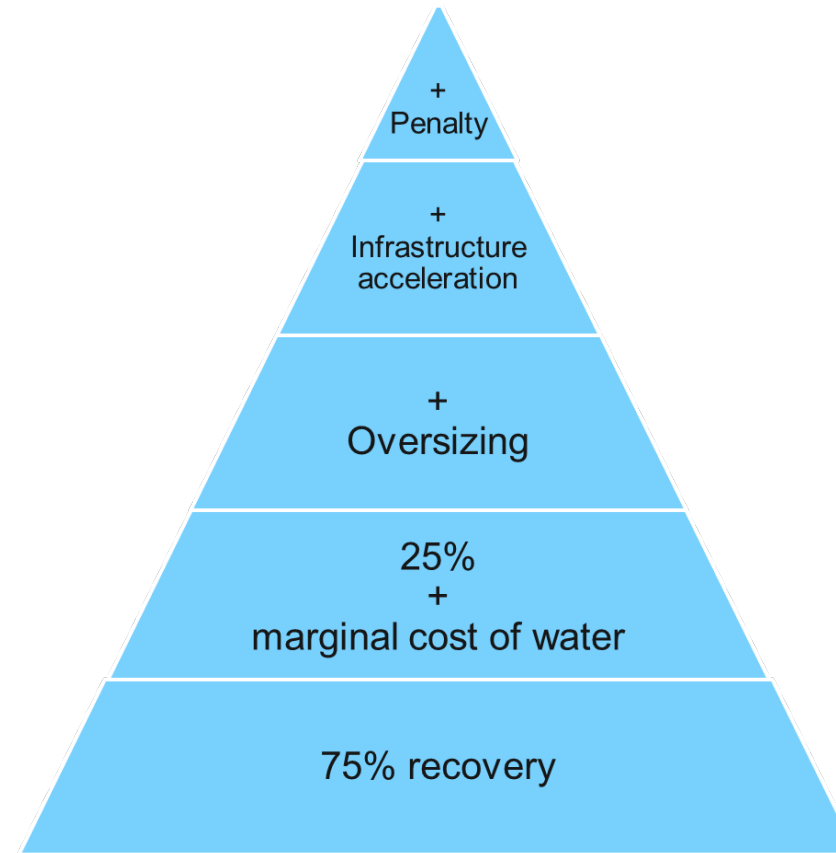
WATER RATE OVERVIEW

- **Considerations and Inputs**

- Advancement of CIP Plan
- Promote efficient water use via tiers

- **Water Rate Breakdown**

- Base Charges
 - 75% of fixed costs recovered in base rate
- Volumetric Charges
 - 25% of fixed costs recovered in first tier
 - Second through fourth tiers covers
 - Oversizing and acceleration
 - Conservation initiatives
 - Fifth tier for excessive use



CURRENT RATES – WATER RESIDENTIAL

- **Base Rates** (effective 01/01/2014)

- ¾ inch meter
 - \$23.00 inside city
 - \$27.50 outside city

- **Volumetric Rates** (effective 01/01/19)*Cost is per 1,000 gallons

(1,000 gallons)	Volumetric Rate
0-10	\$1.75
11-20	\$2.40
21-40	\$4.00
41-60	\$6.50
61 and above	\$8.50

CURRENT RATES – WATER NON-RESIDENTIAL

Non-Residential Volumetric Water Rates (effective 01/01/19)*Cost is per 1,000 gallons				
	Meter Size	Tier 1 Rate	Tier 2 Rate	Tier 2 Threshold
Small Commercial	<2"	\$2.40	\$6.50	300,001 gallons
Large Commercial	2"	\$2.40	\$6.50	600,001 gallons
Large Commercial	3"	\$2.40	\$6.50	900,001 gallons
Large Commercial	4"	\$2.40	\$6.50	4,000,001 gallons
Large Commercial	6"	\$2.40	\$6.50	6,000,001 gallons
Large Commercial	8"	\$2.40	\$6.50	8,000,001 gallons
Manufacturing	<8"	\$2.40		
Municipal Interruptible		\$2.40		
Restaurant		\$2.40		
Evaporative Cooling		\$2.40		
Fire Flow		\$2.40		
Irrigation Only		\$4.00	\$8.50	500,001 gallons

CURRENT RATES – WASTEWATER

Wastewater Rate Schedule (effective October 1st, 2019)

	Customer Charge Inside (per month)	Volumetric Chg (per 1000 gals)	Customer Charge Out (per month)	Volumetric Chg (per 1000 gals)
Residential Service Single family / Domestic use only	\$32.00*	N/A	\$36.75*	N/A
Small Commercial Service 4" sewer line / 3/4" wtr mtr / 10 fixtures or less / must be requested in writing	\$32.00	N/A	\$36.75	N/A
Commercial Service 6" or smaller sewer line	\$48.40	\$2.75	\$55.65	\$3.15
Large Commercial Service 8" or larger sewer line	\$85.95	\$2.75	\$98.85	\$3.15
High Strength Commercial BOD over 250 / food processing or high level of oil or chemicals in the discharge	\$48.40	\$4.50	\$55.65	\$5.20
Multi-Family Service Residential housing with three or more individual dwelling units per water meter	\$114.95	\$2.75	\$132.20	\$3.15

*Residential low-income discount of 20% is available to customers who can provide us with verifiable proof of participation in the Medicaid Program by a permanent resident in the household.

WATER PLANNING

- **Water Resources Planning**

- Supply
 - Surface Water
 - Ground Water
 - Conservation
- Infrastructure
 - Lake Georgetown
 - BRA Pipeline
 - Wells
- State Water Plan
 - Updated every 5 years
 - 50-year planning horizon

- **System Capacity Planning**

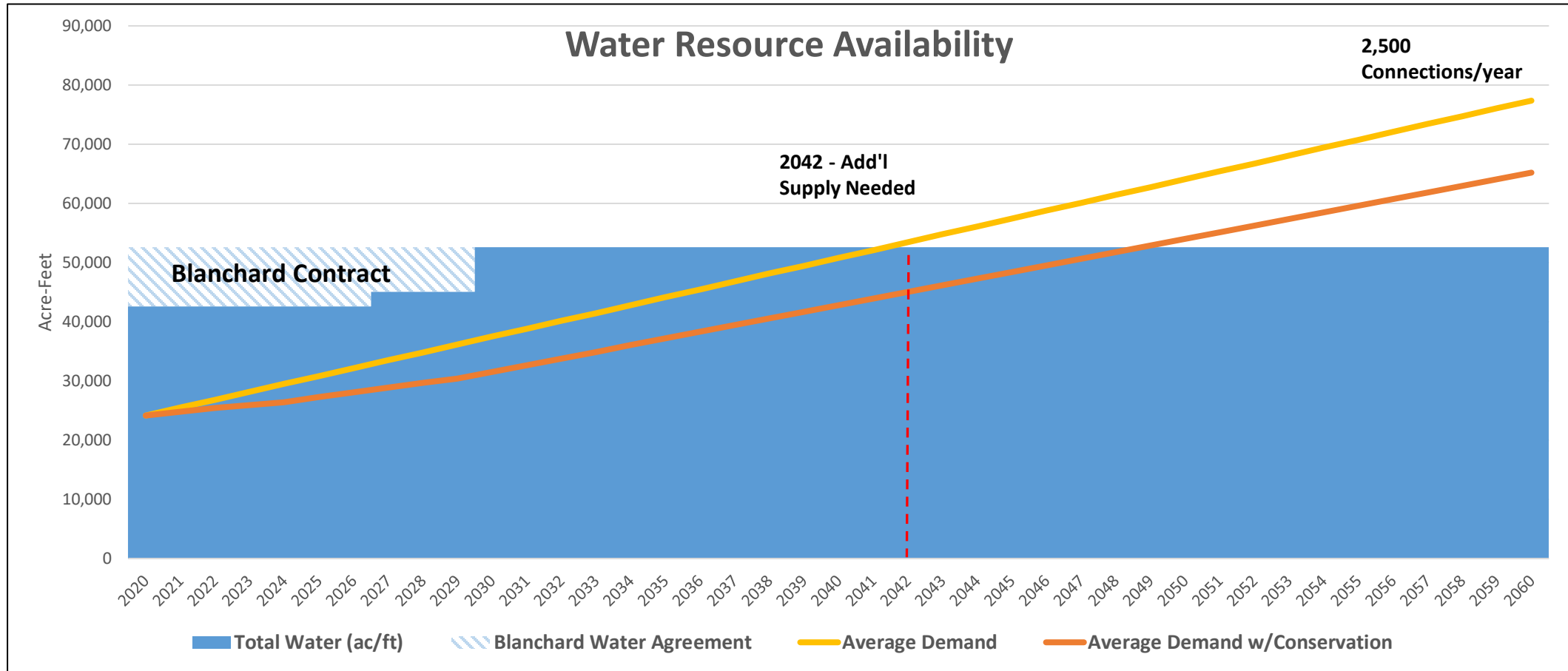
- Priorities
 - Domestic use
 - Fire flow
 - Outdoor use
- Infrastructure
 - Treatment Plants
 - Pumps
 - Water Lines
 - Storage Tanks
- Water Master Plan
 - Updated every 5 years
 - 20-year planning horizon
 - Outlines CIP needs

WATER PLANNING

- **Current Resources and Capacity**

- Water Supply – 53,795 ac/ft of raw water
 - Surface Supply - 45,707 ac/ft
 - Lake Georgetown – 6,720 ac/ft
 - Lake Stillhouse Hollow – 38,987 ac/ft
 - Groundwater Supply – 6,888 ac/ft (Edwards Aquifer)
- Water Treatment Capacity – 47mgd
 - Lake WTP – 28.6mgd
 - Park WTP – 6.2mgd
 - Southside WTP – 3.2mgd
 - Domel WTP – 3.0mgd
 - Round Rock Interconnection – 3.0mgd
 - (Additional 3mgd available w/ infrastructure improvements)

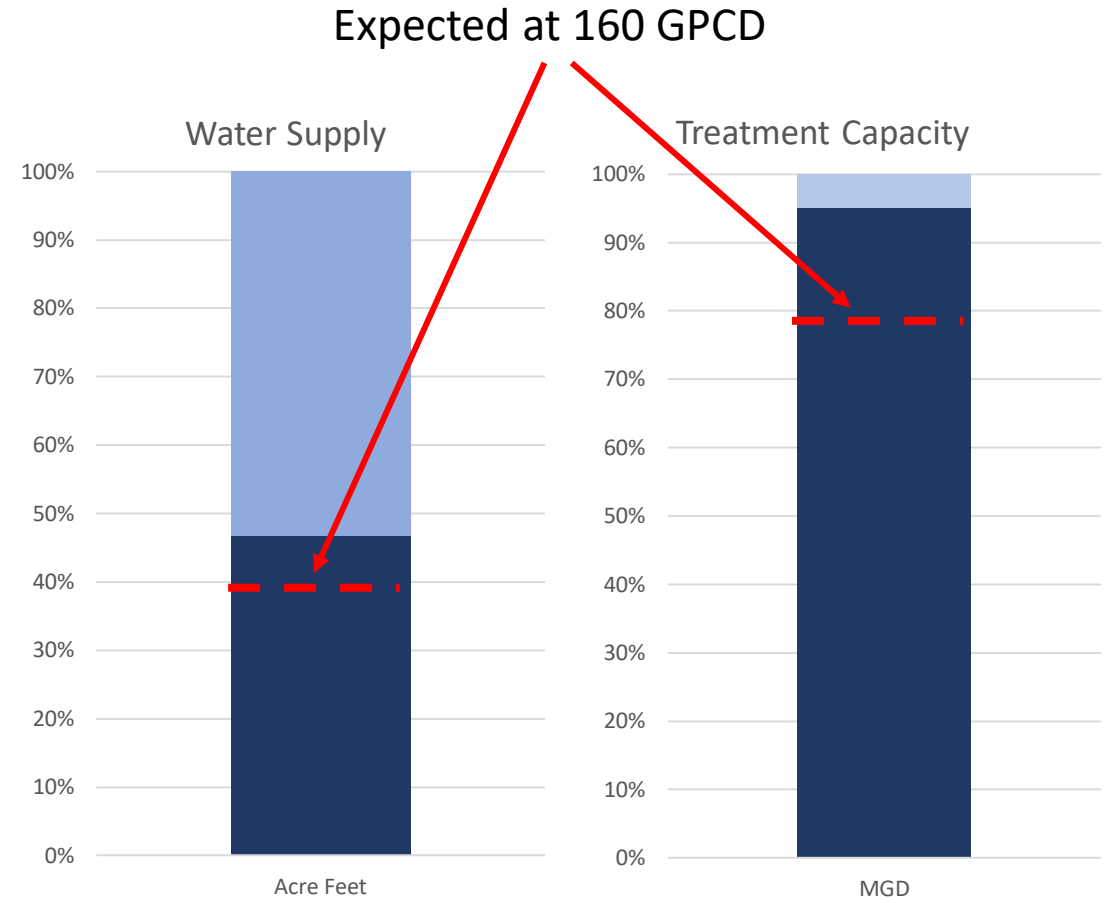
WATER PLANNING



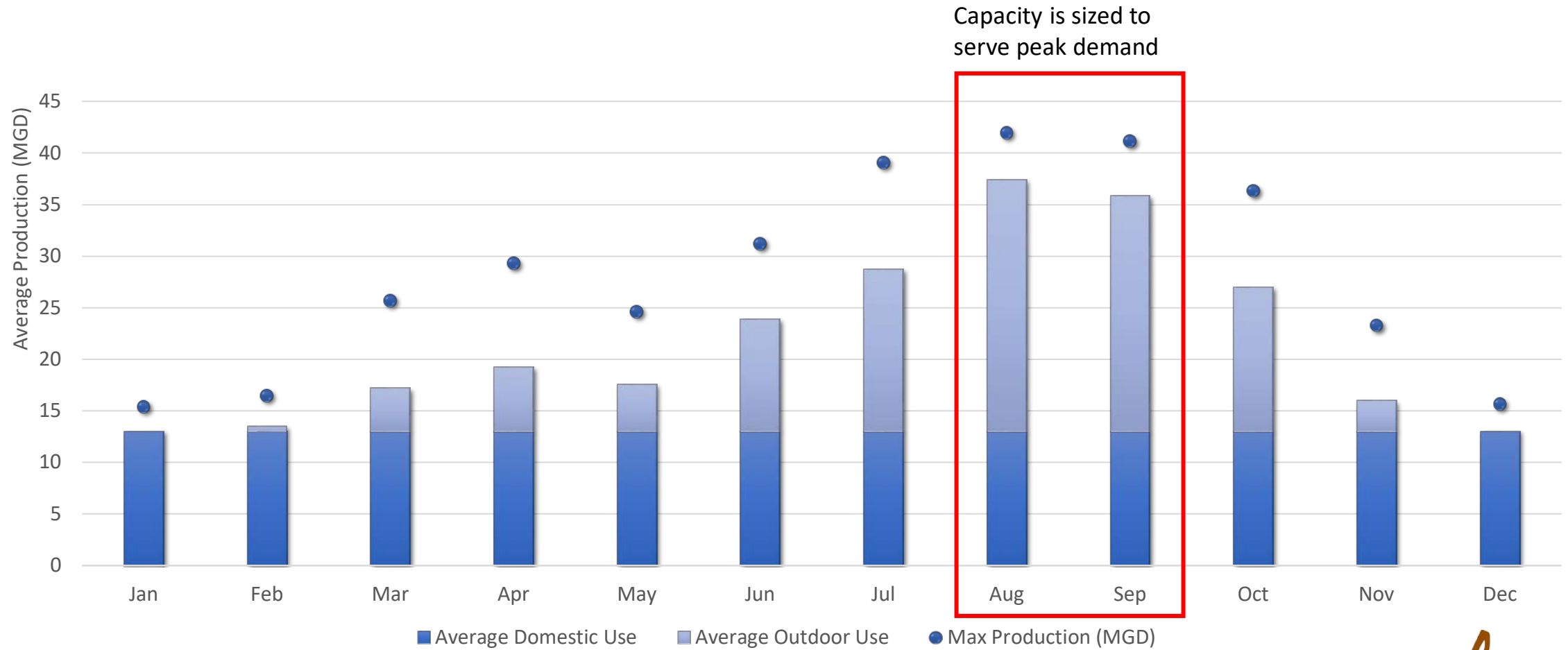
WATER USE TRENDS

- **Summer Impacts**

- Continued to see high growth
 - Nearly 3,300 new metered water connections / 7.95% growth
- High temperatures through September prolonged high use
- Entered into Drought Contingency Plan
 - Treatment capacity threshold met

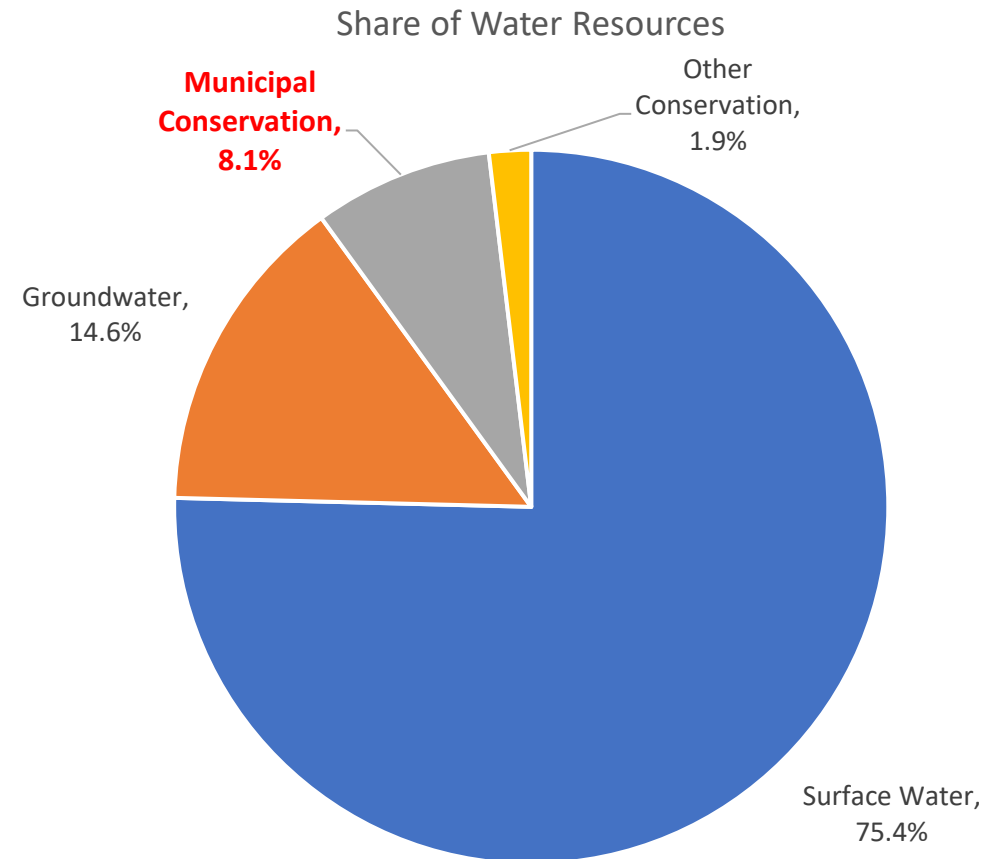


WATER USE TRENDS



Water Conservation in Georgetown

- **Conservation is a source of future water supply.**
 - More cost-effective than developing new surface or groundwater resources.
 - TWDB projects by 2030, 8.1% of new water resources in Williamson County will come from conservation efforts.
 - Long term we need to use less water per person than we do today.



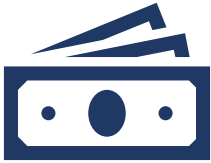
2018 WATER RATE STUDY

2018 RATE STUDY

- **Key Issues Identified**

- Descending Financial Performance
 - Rates will not keep up with costs without adjustments
- Wholesale Supplier Cost Increases
- Rapid Growth, Capital Projects and New Debt Service
 - \$195M in Capital Project needs between FY 2019 and FY 2023

2018 RECOMMENDATIONS



REVENUE SUFFICIENCY

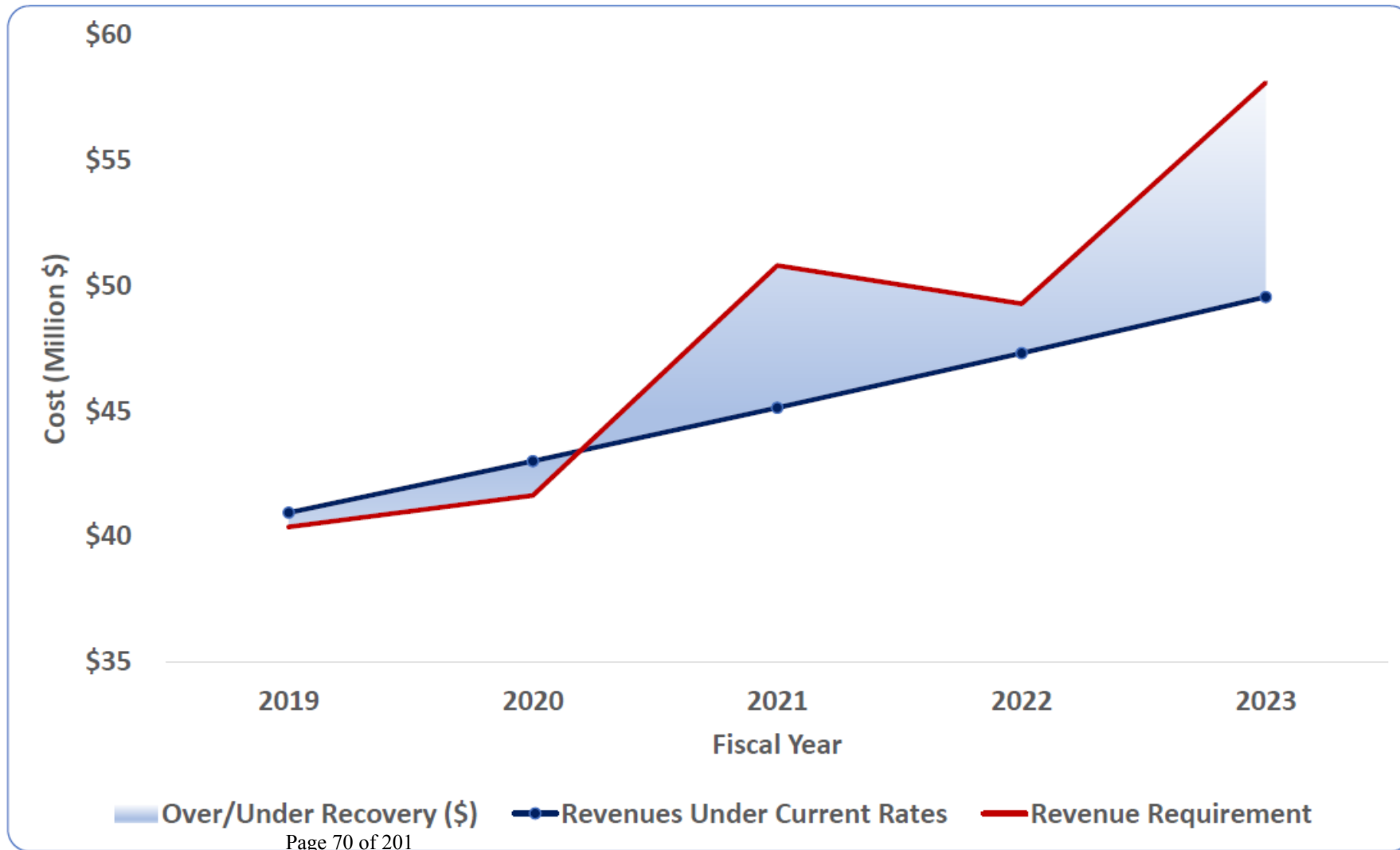


MINIMIZE RATE SHOCK TO
CUSTOMERS BY PHASING IN RATES



POTENTIAL RATE DESIGN
ALTERNATIVES

2018 COMBINED REVENUE PERFORMANCE – CURRENT RATES



2018 PROPOSED RATE INCREASES

	2019	2020	2021	2022	2023
Water	-	-	13.00%	-	15.38%
Wastewater	4.40%	-	12.50%	-	16.67%

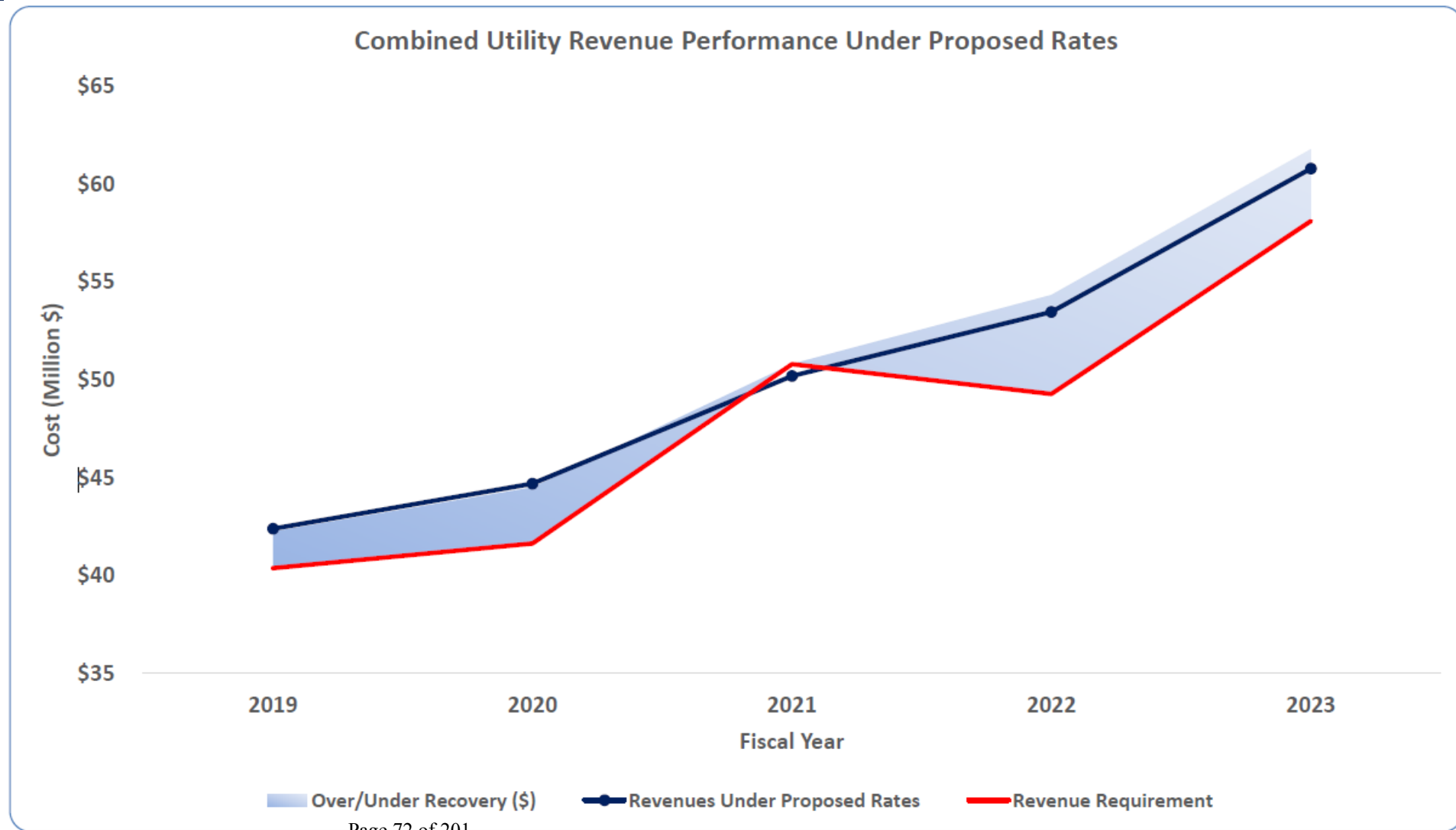
- **Water**

- Rate increases adjust both minimum and volumetric rates across all customer classes by the % above
- Proposed Rate Design changes effective FY 2019 yields an estimated 17% increase in rate revenues
 - Irrigation Block
 - Base Rate multipliers
 - Possibly offset with behavior changes

- **Wastewater**

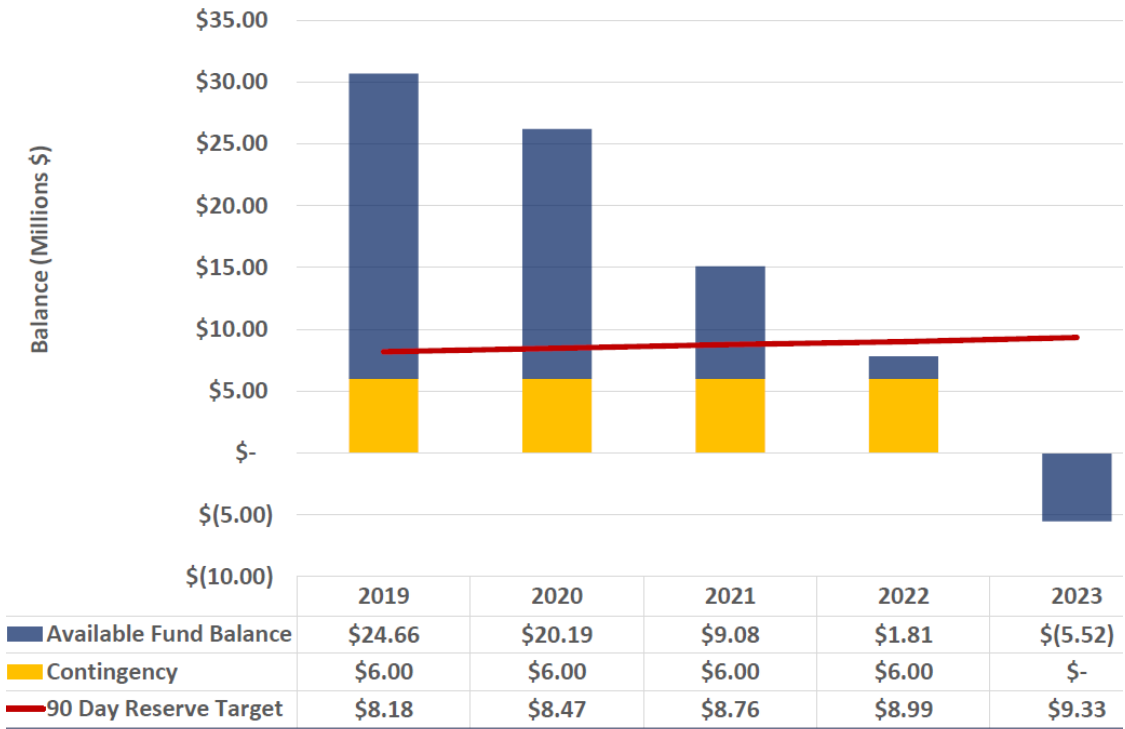
- Rate increases adjust both minimum and volumetric rates across all customer classes by the % above

2018 COMBINED REVENUE PERFORMANCE – PROPOSED RATES

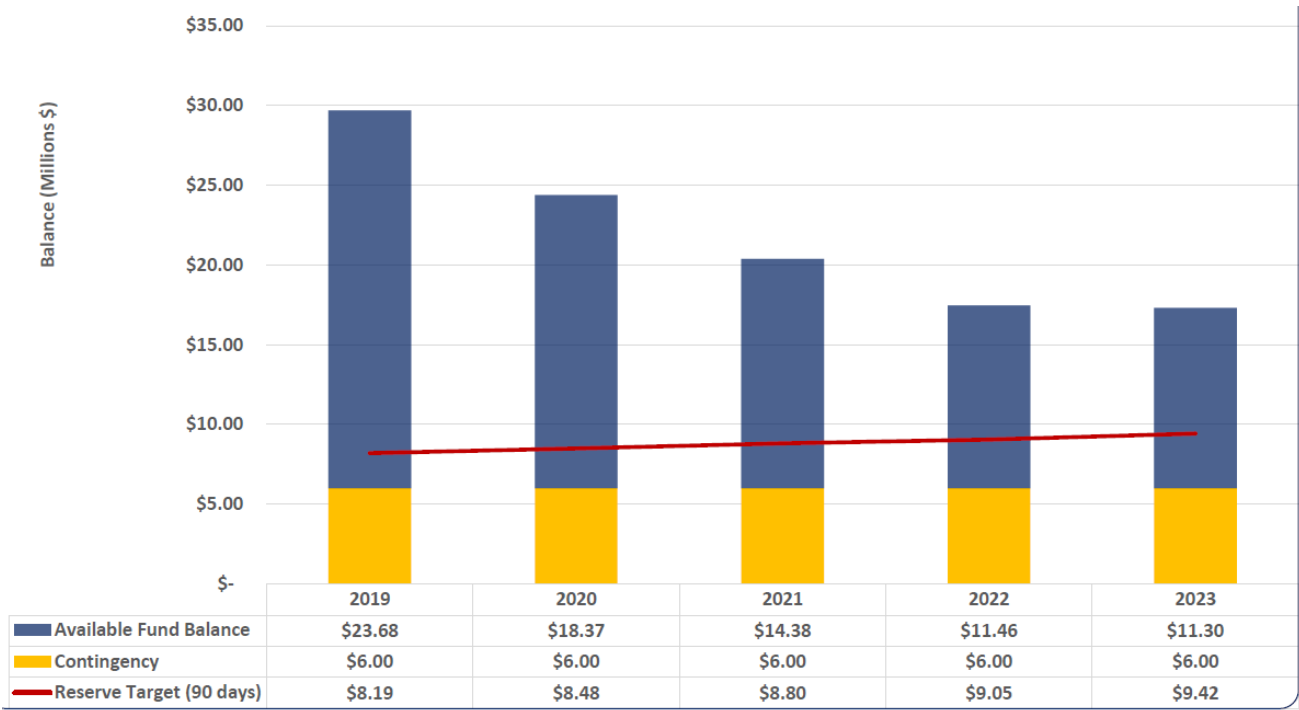


2018 COMBINEED FUND PERFORMANCE- CURRENT RATES VS. PROPOSED RATES

2018 Current Rates



2018 Proposed Rates



WATER PROPOSED FIXED RATE DESIGN METER EQUIVALENCIES

Meter Size	Current	Proposed Charge	Turbine Factors
5/8"	\$15.50	\$15.50	0.674
3/4"	\$23.00	\$23.00	1.000
1"	\$38.50	\$38.50	1.674
1 ½"	\$76.50	\$76.50	3.326
2"	\$122.50	\$153.34	6.667
3"	\$245.50	\$368.00	16.000
4"	\$383.50	\$644.00	28.000
6"	\$766.50	\$1,410.00	61.304
8"	\$1226.50	\$2,450.00	106.522

Residential Volumetric Rates remain unchanged

WATER PROPOSED VOLUMETRIC RATE DESIGN COMMERCIAL (LESS THAN 3")

Small Commercial (<2" Meter)	Current	Proposed (FY 2019)
0 – 300,000 gallons	\$2.40	\$2.40
300,001 + gallons	\$2.40	\$6.50
Large Commercial (2" Meter)	Current	Proposed (FY 2019)
0 – 600,000 gallons	\$2.40	\$2.40
600,001 + gallons	\$2.40	\$6.50
Large Commercial (3" Meter)	Current	Proposed (FY 2019)
0 – 900,000 gallons	\$2.40	\$2.40
900,001 + gallons	\$2.40	\$6.50

WATER PROPOSED VOLUMETRIC RATE DESIGN

COMMERCIAL (4", 6", 8")

Commercial (4" Meter)	Current	Proposed (FY 2019)
0 – 4,000,000 gallons	\$2.40	\$2.40
4,000,001 + gallons	\$2.40	\$6.50
Commercial (6" Meter)	Current	Proposed (FY 2019)
0 – 6,000,000 gallons	\$2.40	\$2.40
6,000,001 + gallons	\$2.40	\$6.50
Commercial (8" Meter)	Current	Proposed (FY 2019)
0 – 8,000,000 gallons	\$2.40	\$2.40
8,000,001 + gallons	\$2.40	\$6.50
Industrial**	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$2.40

***Potential Industrial class for one customer*

2018 WASTEWATER PROPOSED FIXED RATES

	Current	2019	2020	2021	2022	2023
Residential	\$30.65	\$32.00	\$32.00	\$36.00	\$36.00	\$42.00
Small Commercial	\$30.65	\$32.00	\$32.00	\$36.00	\$36.00	\$42.00

*No Volumetric rates on these customers

2018 WASTEWATER PROPOSED FIXED AND VOLUMETRIC RATES

		Current	2019	2020	2021	2022	2023
Commercial	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
Large Commercial	Fixed	\$82.30	\$85.92	\$85.92	\$96.67	\$96.67	\$112.78
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
High Strength Commercial	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$3.70	\$4.46	\$4.46	\$5.02	\$5.02	\$5.86
Multi-Family	Fixed	\$110.10	\$114.95	\$114.95	\$129.32	\$129.32	\$150.87
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
Evaporation Cooler	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61

2018 Implementations

- The residential rate structure was not affected and did not change.
- The monthly charges for the commercial rate structures increased for meters greater than 1.5 inches.
- Irrigation rate tiers (blocks) were added to commercial customers to recover peak increases related to commercial irrigation usage.
- The non-potable rate increased to \$1.25 per 1,000 gallons and the rate for meters on fire hydrant connections for non-irrigation water use increased to \$8.50 per 1,000 gallons.
- These rates became effective in January 2019.
- Previous adjustments were in 2014.

LOOKING FORWARD

- **Water Conservation**
- **Water Treatment Capacity**
- **Maintaining the Utility**
 - Infrastructure and increased operating costs
- **Increase in cost of water contracts**
 - Every 3 years or so new rates are implemented

PREPARING FOR 2020 AND BEYOND

- **Current Projects**

- Sun City 2 MG Water EST - Complete
- Braun 3.5 MG Water EST - Complete
- Ronald Reagan 30" Water Line - Complete
- Cedar Breaks to Pastor Dedicated 24" Water Line – Substantially Complete
- Lake WTP Raw Water Intake & Pump Station Improvements – Complete
- Pastor Pump Station – Substantially Complete
- West loop 24" Waterline Improvements – Substantially Complete
- Round Rock Interconnect – 1 MGD – Complete
- Leander Customer Transfer 1200 customers +/- 1.5 MGD

- **Future Projects**

- 2020
 - Lake 980 High Service Pump Station
- 2021
 - CR 255 Water Line
 - Leander Interconnect 3 MGD
 - Shell Road Water line
 - South West Bypass Water Line Improvements
- 2022
 - Round Rock Interconnect – 3 MGD
 - North Lake Water Treatment Plant Exp – 8.8 MGD
- 2025
 - South Lake Water Treatment Plant – 22 MGD

BRA INITIATIVES

Aquifer Storage and Recovery Study

- Ph 1-Assessment
 - Seasonal Utilization
 - Long term water Supply
 - Available reservoir
 - Recharge Availability
 - Hydrogeologic review
 - Water quality Compatibility
- Ph 2 – Conceptual Scenarios
 - Planning level costs and ranking vs traditional water supply
- *Ph 3 – Pilot Testing*
- *Ph 4 – Exploratory Well drilling*
- *Ph 5 – Design and Permitting*
- *Ph 6 - Implementation*

Groundwater Resource Study

- Opportunities previously marketed by various groups
- BRA Collaboration between BRA, Georgetown, Round Rock
- Development of additional water resource regional and long-term solutions
- Williamson county 2070, <162,000 acft/yr>
 - Georgetown (65,467) acreft/yr
 - Round Rock (16,566) acreft/yr
- Future Phases implementation of long-term water supply solutions

CIP COSTS-WATER

Water	FY2021	FY2022	FY2023	FY2024	FY2025	Beyond 5 Years	Total
Tank Rehabilitation	750,000						750,000
Hoover Pump Station	2,750,000	0	0	0	0	0	2,750,000
Hoover Pump Station	1,150,000	0	0	0	0	0	1,150,000
Hoover Pump Station	2,200,000	0	0	0	0	0	2,200,000
Miscellaneous Line Upgrades	250,000	250,000	250,000	250,000	0	250,000	1,250,000
Tank Maintenance	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
South Lake Plant Transmission West (W23-01)	1,250,000	0	0	12,000,000	0	0	13,250,000
Water Oak 24" Waterline	3,500,000	0	0	0	0	0	3,500,000
Southwest Bypass Water Line	1,500,000						1,500,000
Southwest Bypass Water Line	300,000						300,000
Southside Water Treatment Plant Rehabilitation	1,750,000						1,750,000
Southside Water Treatment Plant Rehabilitation	500,000						500,000
Hoover Pump Station	750,000						750,000
Carriage Oaks Transmission	0	0	0	0	0	2,000,000	2,000,000
CR 200 Line Impr (CO-1)	0	0	0	0	0	500,000	500,000
CR 200 Line Impr (CO-1)	0	0	0	0	0	3,000,000	3,000,000
CR262 Waterline	0	0	0	0	0	3,000,000	3,000,000
Aviation Drive	2,300,000						2,300,000
Round Rock Supply Line	3,200,000	0	0	0	0	0	3,200,000
Round Rock Elevated Storage Tank	3,500,000	0	0	0	0	0	3,500,000
Round Rock Supply Pump Station	2,500,000	0	0	0	0	0	2,500,000
S. Lake WTP (2018)	0	8,000,000	62,000,000	0	0	0	70,000,000
South Lake Plant Transmission East (W23-02)	0	0	600,000	4,000,000	0	0	4,600,000
Total	28,650,000	8,750,000	63,350,000	16,750,000	500,000	9,250,000	127,250,000

CIP COSTS-WASTEWATER

Waste Water	FY2021	FY2022	FY2023	FY2024	FY2025	Beyond 5 Years	Total
EARZ	1,500,000	1,500,000	1,500,000	1,500,000		1,500,000	7,500,000
Lift Station Upgrades	550,000	550,000	550,000	550,000	550,000	550,000	3,300,000
Cimarron Hills Wastewater Treatment Plant Expansion	600,000	0	0	0	0	0	600,000
Interceptor Lift Station Removal & Gravity Main	0	1,500,000	0	0	0	0	1,500,000
Interceptor Lift Station Removal & Gravity Main	0	1,000,000	0	0	0	0	1,000,000
Interceptor Lift Station Removal & Gravity Main	0	0	6,000,000	0	0	0	6,000,000
Cimarron Hills Wastewater Treatment Plant Expansion	0	4,000,000	0	0	0	0	4,000,000
Northlands Wastewater Treatment Plant	0	0	0	0	0	14,000,000	14,000,000
Northlands Wastewater Treatment Plant	0	0	0	0	250,000	0	250,000
San Gabriel Int. (SGI-2)	0	32,500,000	0	0	0	0	32,500,000
Waste Water Treatment Plant Expansion (Pecan/Mankins)	0	0	0	0	0	4,000,000	4,000,000
Waste Water Treatment Plant Expansion (Pecan/Mankins)	0	0	0	0	0	37,500,000	37,500,000
Wolf Ranch Expansion and Force Main	0	1,700,000	0	0	0	0	1,700,000
Wolf Ranch Expansion and Force Main	0	0	4,200,000	0		0	4,200,000
Total	2,650,000	42,750,000	12,250,000	2,050,000	800,000	57,550,000	118,050,000

CHANGES

- **Transfer of customers to Leander ~ 1,200 accounts**
- **FY22 - Liberty Hill Customer Transfer ~ up to 3,500 accounts**

QUESTIONS?

Fiscal and Budgetary Policy

Adopted: September 12, 2017

Contents

I. PURPOSE.....	2
II. FUND STRUCTURE AND BASIS OF BUDGETING	2
III. OPERATING BUDGET	3
IV. REVENUE MANAGEMENT	6
V. EXPENDITURE MANAGEMENT	9
VI. STAFFING AND COMPENSATION	13
VII. FUND BALANCE POLICIES	14
VIII. LONG-TERM LIABILITY RESERVES	15
IX. BUDGET CONTINGENCY PLAN	15
X. CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET	16
XI. CAPITAL MAINTENANCE AND REPLACEMENT	17
XII. ACCOUNTING, AUDITING AND FINANCIAL REPORTING.....	19
XIII. ASSET MANAGEMENT	20
XIV. DEBT MANAGEMENT	22
XV. OTHER FUNDING ALTERNATIVES	25
XVI. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS.....	26
XVII. INTERNAL CONTROLS	29

I. PURPOSE

The City of Georgetown is committed to financial management through integrity, prudent stewardship, planning, accountability, full disclosure and communication. The broad purpose of the Fiscal and Budgetary Policies is to enable the City and its related component units, including the Georgetown Transportation Enhancement Corporation (GTEC) and the Georgetown Economic Development Corporation (GEDCO), to achieve and maintain a long-term stable and positive financial condition, and provide guidelines for the day-to-day planning and operations of the City's financial affairs.

Policy scope generally spans areas of accounting, operational and capital budgeting, revenue and expenditure management, financial reporting, internal controls, investment and asset management, debt management and forecasting. This is done in order to:

- A. Demonstrate to the citizens of Georgetown, the investment community, and the bond rating agencies that the City is committed to a strong fiscal operation;
- B. Provide precedents for future policy-makers and financial managers on common financial goals and strategies;
- C. Fairly present and fully disclose the financial position of the City in conformity to generally accepted accounting principles (GAAP); and
- D. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code and other legal mandates.

These policies will be reviewed and updated annually as part of the budget preparation process.

II. FUND STRUCTURE AND BASIS OF BUDGETING

The budgeted funds for the City of Georgetown include:

Governmental Funds:

General Fund which accounts for all financial resources except those required to be accounted for in another fund, and include basic governmental services, such as Street Maintenance, Planning and Development, Police, Fire, Parks, as well as Solid Waste Management.

Special Revenue Funds (SRF) account for specific revenues that are legally restricted for specified purposes. The City currently budgets 26 SRF Funds and includes Tourism, Parkland Dedication, Library Donations, Animal Services Donations, and Street Maintenance Sales Tax.

Debt Service Fund is used to account for the payment of general long-term debt principal and interest.

Capital Project Funds are used to account for the acquisition or construction of major capital facilities other than those financed by enterprise activities.

Proprietary Funds:

Internal Service Funds account for goods or services provided by one internal department to another. The City uses this system to recognize cost for fleet replacement and maintenance, facility maintenance, computer replacement and maintenance and employee health insurance costs.

Enterprise Funds include the City's "business like" activities including all the utility funds and the airport.

Basis of Accounting and Basis of Budgeting

The City accounts and budgets for all **Governmental Funds** using the modified accrual basis of accounting. This basis means that revenue is recognized in the accounting period in which it becomes available and measurable, while expenditures are recognized in the accounting period in which they are incurred. Because the appropriated budget is used as the basis for control and comparison of budgeted and actual amounts, the basis for preparing the budget is the same as the basis of accounting. Exceptions to the modified accrual basis of accounting include:

- Encumbrances, which are treated as expenditures in the year they are encumbered, not when expended
- Grants, which are considered revenue when awarded, not received
- Principal and interest on long-term debt, which are recognized when paid.

General government funds include the General Fund, special revenue funds, debt service fund and general capital project funds.

Proprietary Funds, which include the enterprise and internal service funds are accounted and budgeted using the full-accrual basis of accounting. Under this method, revenues are recognized when they are earned and measurable, while expenses are recognized when they are incurred regardless of timing or related cash flows. The basis for preparing the budget is the same as the basis of accounting except for principal payments on long-term debt and capital outlay which are treated as budgeted expenses. Exceptions include:

- Depreciation which is not budgeted
- Non-budgeted accruals such as compensated absences.

III. OPERATING BUDGET

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The operating budget is the City's annual financial operating plan. The annual budget includes all of the operating departments of the General Fund, proprietary funds, debt service funds, special revenue funds, and capital improvement funds of the City.

- A. **Form of Government** – The Charter (Section 1.03) established a "Council-Manager Government" wherein the City vests power in the City Council to "enact legislation, adopt budgets, determine policies, and appoint the City Manager who shall execute the laws and administer the government of the City."
- B. **Comprehensive Plan** – The Charter (Section 1.08) requires that the City Council "establish comprehensive planning as a continuous and ongoing governmental function in order to promote and strengthen the existing

role, processes and powers of the City of Georgetown.” The current comprehensive plan is the 2030 Plan adopted in 2006.

- C. **Preparation** – The *Charter (Section 6.02)* requires “a proposed budget prepared by the City Manager and submitted to the City Council at least thirty days prior to the end of the fiscal year. The budget shall be adopted not later than the twenty-seventh day of the last month of the fiscal year. No budget will be adopted or appropriations made unless the total estimated revenues, income and funds available shall be equal to or in excess of such budget or appropriations, except otherwise provided.”

1. **Proposed Budget** – A proposed budget shall be prepared by the City Manager with participation of all of the City’s Directors within the provision of the *Charter* and the 2030 Plan.
 - a. The budget shall include four basic segments for review and evaluation:
 - Revenue
 - Personnel Costs
 - Operations and Maintenance Costs
 - Capital and other non-project Costs
 - b. The budget review process will include City Council participation in the development of each segment and allow for resident participation in the process, and will allow for sufficient time to address policy and fiscal issues by the City Council.
 - c. A copy of the proposed and approved budgets will be filed with the City Secretary when it is submitted to the City Council and will be available on the City’s website.
2. **Adoption** – Upon finalization of the budget appropriations, the City Council will hold a public hearing, and subsequently adopt by Ordinance the final budget as amended. The budget will be effective for the fiscal year beginning October 1st.

The Annual Budget document will be submitted annually to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Distinguished Budget Presentation Award.

- D. **Balanced Budget** – The goal of the City is to adopt and maintain a balanced operating budget using sustainable funding sources that are expected to continue to be available in subsequent fiscal years. Excess balances in operating funds from previous fiscal years shall remain in the fund in which they were appropriated until either such excess balances are proposed and adopted pursuant to *Section III. C. Preparation* of this policy; until they are used to reduce outstanding debt obligations of the City; or both.

The *Charter (Section 6.04)* requires that an operating deficit created in any fiscal year shall be paid off and discharged during the following year. In practice, deficit has been interpreted to mean City funds as a whole. The City Council may choose from time to time to allow individual funds to have a negative balance as long as Operating Reserve requirements for the City as a whole are maintained.

- E. **Planning** – The budget process will be coordinated so that major policy issues are identified prior to the budget approval date. This will allow City Council adequate time for consideration of appropriate decisions and analysis of financial impacts.

- F. **Reporting** – Summary financial reports will be presented to the City Council quarterly. These reports will be in a format appropriate to enable the City Council to understand the overall budget and financial status.
- G. **Control and Accountability** – Each Director, appointed by the City Manager, will be responsible for the administration of his/her departmental budget. This includes accomplishing the Goals and Objectives adopted as part of the budget and monitoring each department budget for compliance with spending limitations. Directors may transfer funds up to \$20,000 within the operations and maintenance or capital line items within a departmental budget category without additional approval. All transfers from or to the Personnel line items require approval of the Finance Director and City Manager. All other transfers of appropriation or budget amendments require either City Council or City Manager approval as outlined in *Section III.H Budget Amendments* and *Section V.C.4 Use of Excess Salary Savings*.
- H. **Budget Amendments** – The *Charter (Section 6.04)* provides a method to amend for budget amendments and emergency appropriations. The City Council may authorize with a majority plus one vote, an emergency expenditure as an amendment to the original budget. This may be done in cases of grave public necessity to meet an unusual and unforeseen condition that was not known at the time the budget was adopted. In practice, this has been interpreted to include revenue-related expenses within the enterprise funds and timing differences on capital improvement projects. The following criteria will be used in evaluation of budget amendments:
- Is the request necessary?
 - Why was the item not budgeted in the normal budget process?
 - Why can't a transfer be done within the Division to remedy the condition?

The Finance Director must certify availability of revenues or funding sources prior to adoption.

The City will amend the budget at year end, if needed, for revenue based expenditures that exceeded budgeted amounts due to increased revenue and recognize any grant funded expenditures for grants received after the budget was adopted or last amended. The City will also amend the budget if necessary for any capital project timing adjustments from prior year, as well as, any other known adjustments needed and approved at that time.

- I. **Contingency Appropriations** – The budget may include contingency appropriations within designated operating department budgets. These funds are used to offset expenditures for unexpected maintenance or other unanticipated expenses that might occur during the year. Currently, the City maintains contingency appropriations for insurance deductibles, unexpected legal expenses and equipment repairs.
- J. **Use of Unanticipated and Unappropriated General Fund Balances** – Within 90 days after fiscal year end, staff will report the projected General Fund balance to Council. In the event that unexpected, unbudgeted amounts are determined to be available in the General Fund after year end, these funds may be used for any of the following purposes, as approved by the City Council:
1. to fund capital projects;
 2. to fund equipment purchases in lieu of issuing debt;

3. to reduce outstanding City debt, including bonded indebtedness and unfunded pension liabilities;
4. to fund contingent liabilities such as the benefit payout reserve, cemetery trust fund, and similar obligations of the City;
5. to take other steps to reduce property tax rates or mitigate any future increases;
6. to hold those funds in reserve for future commitments or contingencies that may be pending, and/or;
7. to fund an Economic Uncertainty Reserve of annual General Fund operating expenditures according to *Section XVI, A, 2, b, Economic Uncertainty Reserve*.

IV. REVENUE MANAGEMENT

A. **Characteristics** – The City will strive for the following optimum characteristics in its revenue system:

1. **Simplicity** – The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs for the taxpayer or service recipient.
2. **Certainty** – A knowledge and understanding of revenue sources increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budget.
3. **Equity** – The City shall make every effort to maintain equity in its revenue system; i.e., the City should seek to minimize or eliminate all forms of subsidization between entities, funds, services, utilities, and customer classes, and ensure an on-going return on investment for the City.
 - a. The City will make every effort to recognize the benefit that City tax payers contribute to City programs and services.
 - b. The annual Parks and Recreation residential membership rates are established at 75% of non-residential rates plus or minus 10% at the discretion of the Parks and Recreation Director in keeping with the targeted market cost recovery.
4. **Revenue Adequacy** – The City should require there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

Overall Operational Cost Recovery for Parks and Recreation for the Recreation and Tennis Centers is targeted to be between 50 – 60%, with some variance in individual programs.

5. **Realistic and Conservative Estimates** – Revenues will be estimated realistically, and conservatively, taking into account the volatile nature of various revenue streams.
6. **Administration** – The benefits of a revenue source should exceed the cost of levying and collecting that revenue.

7. Diversification and Stability – A diversified revenue system with a stable source of income shall be maintained. This will help avoid instabilities in two particular revenue sources due to factors such as fluctuations in the economy and variations in the weather.

B. Other Considerations – The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

1. Cost/Benefit of Incentives for Economic Development – The City will use due caution in the analysis of any incentives that are used to encourage development. A cost/benefit (fiscal impact) analysis will be performed as part of the evaluation.
2. Non-Recurring Revenues – One-time or non-recurring revenues should not be used to finance current ongoing operations.
3. Sustainable Revenues – “Sustainable” means revenue that is consistently available year after year, and includes revenues realized subsequent to adopted projections.
4. Property Tax Revenues – All real and business personal property located within the City will be valued at 100% of the fair market value for any given year based on the current appraisal supplied by the Williamson Central Appraisal District.

Conservative budgeted revenue estimates result in a projected ninety-eight percent (98%) budgeted collection rate for current ad valorem taxes. Two percent (2%) of the current ad valorem taxes will be projected as the budget for delinquent ad valorem tax collection. For budgeting purposes, the City will forecast the proposed property tax rate using the effective maintenance & operations (M&O) rate plus the interest & sinking (I&S) rate needed to fund tax supported debt service. Increases to the M&O rate will be deliberated and determined by the City Council.

5. Interest Income – Interest earned from investments will be distributed to the funds in accordance with the equity balance of the fund from which the monies were provided to be invested.
6. User-Based Fees and Service Charges – For services associated with a user fee or charge, the direct or indirect costs of that service will be offset by a fee where possible. The City will review fees and charges no less than once every two years to ensure that fees provide adequate coverage for the cost of services. The City Council will determine how much of the cost of a service should be recovered by fees and charges.
7. Enterprise Fund Rates – The City will review and adopt utility rates as needed to generate revenues required to fully cover operating expenses, meet the legal requirements of all applicable bond covenants, and provide for an adequate level of working capital. Utility rates will be reviewed annually as part of the budget process. A rate study will be conducted every 3 years to review rate methodology and ensure revenues will meet future needs. All utility rates will be based on standardized “cost of service” methodologies.
 - **Water Rates** will recognize at least 75% of the “fixed” cost of service, including debt payments and ROI costs, within the monthly “base charge” determined by meter size. “Volumetric charge” will recognize the balance of fixed costs not included in the base rate, plus all variable costs associated with procuring and treating water.

- **Wastewater Rates** are “flat and equal” for all residential customers based on the cost of providing services. Commercial customer rates are varied depending on size and specifications of each commercial customer.
- **Electric Rates** include 100% of fixed costs within the base rate, with all variable costs included in the kWh rate.
- **Stormwater Drainage Fees** are based on a mathematical calculation using impervious cover and applied in compliance with State Law.

A restricted **Power Contract Credit Reserve** has been established to provide financial assurances to the City’s wholesale power contract providers as fiscal surety against any potential risk on the City’s behalf and will be maintained as “restricted” fund balance on the City’s financial statements.

A **Rate Stabilization Reserve (RSR) Account** has been established in the Electric Fund to offset and mitigate potential impacts to customer rates due to increased fuel costs or other external factors that may negatively impact Electric Rates. The Rate Stabilization Reserve (RSR) may provide funding for:

- Deferring or minimizing the rate impact of future cost increases
- Costs associated with providing additional power supply
- Filling contractual obligations
- Balancing of annual power costs

RSR funds will be monitored monthly to ensure the electric rate is being managed per the Policy. Increases to RSR are made through the Power Cost Adjustment rate as determined by the fund, at the recommendation of the General Manager for Utilities.

8. **Internal Cost Recovery Fees** – Additionally, enterprise activity rates will include transfers to and receive credits from other funds as follows:
 - a. **General and Administrative Charges** – Administrative costs should be charged to all funds for services of general overhead, such as administration, finance, customer billing, legal and other costs as appropriate. These charges will be determined through an indirect cost allocation following accepted practices and procedures and reviewed annually by the City’s external auditors.
 - b. **Payment for Return on Investment** – The intent of this transfer is to provide a benefit to the citizens for the ownership of the various utility operations they own. For all utilities except for Electric:
 - *In-Lieu-of-Franchise-Fee*. This transfer, currently 3% of operating revenues generated inside the City, is consistent with the franchise rates charged to investor owned utilities franchised to operate within the City.
 - *Return on Investment*. The return on investment (ROI) transfer for In-City utility customers is currently calculated at 7% of operating revenues for all utilities. ROI for water and sewer

customers outside the City is 10% of operating revenues. There is no ROI calculated on solid waste revenues.

The Franchise and Return on Investment for the Electric Utility is derived from the base rate and kWh sold. The base rate revenue is multiplied by 7% for all customers. For customers inside the City, a \$0.0102 charge per kWh, equivalent to the 3% and 7% paid by other utility customers, will be included in the cost per kWh. For customers outside the City, a \$0.007253 charge per kWh, equivalent to the 7% ROI paid by utilities, will be included in the cost.

9. Intergovernmental Revenues – All potential grants will be examined for matching requirements and must be approved by the City Council prior to making application of the grant. It must be clearly understood that operational requirements (on-going costs) set up as a result of a grant program could be discontinued once the term and conditions of the program have been completed.
10. Revenue Monitoring – Received revenues will be regularly compared to budgeted revenues and variances will be investigated, and any abnormalities will be included in the quarterly report to the City Council.

V. EXPENDITURE MANAGEMENT

- A. Appropriations – The point of budget control is at the department level budget for all funds. The *Charter (Section 6.03)* provides that any transfer of appropriation between funds must be approved by the City Council and that the City Manager, without City Council approval, is authorized to transfer appropriations among departments, within the same operational division and fund. The City Manager may also authorize transfer of salary adjustment monies between funds that are budgeted in a citywide account.
- B. Expenditure Monitoring – Expenditures and encumbrances will be regularly compared to budget, variances will be investigated, and any abnormalities will be included in the quarterly report to the City Council. Projected year-end expenditures will be reported in the annual budget.
- C. Personnel Costs – Costs related to salaries and benefits are budgeted at 100% total costs, assuming open positions are filled throughout the fiscal year. New positions that are added during the budget process may have staggered hire dates with appropriate costs reflected in the budget.
 1. Vacancy Factor – Funds with Personnel Budgets greater than \$4 million will include a vacancy factor of at least 1% of total fund salaries and related benefits (retirement, FICA, Medicare) to offset salary savings within the budget. The vacancy factor will be budgeted as a negative expense within the fund. This factor will be reduced throughout the year as vacant positions are recognized within the department budget.

Compliance Status – General Fund and Joint Services Fund FY2018 in compliance.

2. Benefit Payout Reserve – The City will establish a benefit payout reserve equal to 15% of the accrued benefit liability for employees in the General and Joint Services Funds who are currently eligible to retire. Only terminating employee benefit expenses may be paid from this reserve. This reserve shall be funded as an offset to the vacancy factor.

Compliance Status – Benefit payout reserve FY2018 in compliance.

3. Position Control – The annual budget includes a set number of positions within departments when approved and adopted by City Council. Additional positions cannot be added without approval of the City Council. The City Manager may approve the transfer of authorized positions between departments if funds are available within the department.
 4. Use of Excess Salary Savings – Departmental savings generated due to open positions or other salary line item savings cannot be spent by the department unless previously approved by the City Manager and validated by Finance as “excess funds.”
- D. **Special Purpose Funding** – In order to support community assistance programs, the City designates specific funding for special purposes, including Social Services, Children’s Programs, and Public Art. The City reserves the ability to cap this special purpose funding when necessitated by budget contingency or compliance issues, such as revenue shortfalls, or other reasons as determined by City Council.
1. Strategic Partnerships for Community Services – The City of Georgetown values partnerships with organizations that are committed to addressing our communities’ greatest public challenges and has identified key priorities in the following areas:
 - Public Safety
 - Transportation
 - Housing
 - Parks & Recreation
 - Veteran Services
 - Safety Net

The City has targeted funding for these programs to be \$5.00 per capita, which may be adjusted to offset the effects of general inflation based upon Consumer Price Index. If previous funding levels are higher than the targeted amount, and to avoid significant reductions in levels of funding, the City Council shall seek to attain this target chiefly through population growth. These funds will be allocated and paid according to the City Council’s guidelines for such programs.

Compliance Status – FY2018 in compliance.

2. Public Art Funding – The City will annually allocate funding for Public Art on a year to year basis depending on the availability of funds in an amount to be determined at the discretion of the City Manager. Funding priority will be given to projects that include a matching donation, including contributions from local organizations and sponsors. Any unspent funds will accumulate and be reallocated in the following budget year. Disbursement of these funds will be determined by the City Council at the recommendation of the City’s Arts & Culture Advisory Board.

Every effort will be made to include public art funding in future City facilities whose primary purpose is for public use. These projects will include a reasonable allowance for public art that fits the scope and purpose of the building so long that it does not negatively impact the project cost beyond the original budget. In the event there is cost savings in the construction of City Facilities, the City Council may consider utilizing that savings on the purchase of public art for the facility.

- E. **Purchasing** – The City will maintain and regularly review a written Purchasing Policy. All City purchases of goods or services will be made in accordance with the City’s Charter, current Purchasing Policy and with State law.

The following table shows a summary of requirements for purchases of goods and services.

Dollar Limits:	Procurements:	Requirements:
Under \$3,000	Under the small purchase limit	No competitive bids and City credit cards may be used.
\$3,000 up to \$49,999	Within informal bid limit	A minimum of three informal competitive bids required unless exempted; Historically Underutilized Business (HUB) requirements apply in accordance with state law.
\$50,000 and above	In excess of the informal bid limit	Formal solicitations, which includes public notices, required unless exempted. Advisory board review and recommendation <i>may</i> be required. Council approval required.

Common exemptions to the formal solicitation process include the procurement of professional services, the purchase of goods or services from a sole source provider, and purchases for public health emergencies.

In addition to the above, all purchases must be approved according to preapproved limits within each department as directed and approved by the City Manager.

- F. **Contracts and Change Orders** – Contracts and related change orders must follow the City Purchasing Policies and State Law. In accordance with State Law, change orders are limited to 25% of the total contract amount. Change orders greater than \$50,000 require the same advisory board review and Council approvals as the original contracts.
- G. **Prompt Payment** – All invoices approved for payment by the proper City authorities shall be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all purchase discounts, when possible.
- H. **Risk Management** – The City will pursue every opportunity to provide for the Public’s and City employees’ safety and to manage its risks. The goal shall be to minimize the risk of loss of resources through liability claims with an emphasis on safety programs.
- I. **Retirement Benefits** – Proposals to revise benefits administered and provided by the Texas Municipal Retirement System shall include a written description, and, detailed and summary numerical assessments of the changes that would result from the proposed benefit revision.

1. The numerical assessments shall include the following:

- a. The estimated change to the TMRS contribution rate that would result from the proposed change in benefits, expressed as a percentage of employee pay and as an annual dollar amount to the General Fund and to each City fund.
 - b. The estimated change to the City's unfunded pension liability, expressed as a dollar amount.
 - c. The estimated change to the City's actuarial funding ratio.
2. The description and numerical assessments must be provided to the City Council at least 72 hours prior to consideration and approval, and must be read aloud to the Council prior to Council consideration.
 3. The estimated changes to the City's contribution rate and the unfunded pension liability presented pursuant to the section must be based on information provided by the TMRS actuary or by a professional actuary authorized by the TMRS to provide such information.
 4. Proposals to revise TMRS benefits must be voted on individually as part of the City Council's legislative agenda.
 5. The City will amortize any unfunded actuarial liability (UAAL) over a period not to exceed the amortization period used by the TMRS actuary. The City may amortize its UAAL more quickly by making contributions to TMRS in excess of the rate specified by TMRS.
 6. The City may elect to pay a higher contribution rate than required by the TMRS, to reduce the City's unfunded pension liability. Such payment will be approved and authorized by the City Council as part of the City's annual budget process.

J. Retirement Cost-of-Living Adjustment

1. Within 60 days of when the TMRS annual funding update becomes available each year, staff will review and prepare a summary of costs and options for potential cost-of-living adjustment (COLA) for City of Georgetown retirees.
2. Consistent with state statutes governing the Texas Municipal Retirement System, the City may provide an automatic COLA for members of the TMRS who are retired from the City of Georgetown and receiving a monthly retirement benefit from the TMRS.
3. The City Council may adjust the COLA provided to city retirees based upon the funding level of the City's pension plan, as calculated by the TMRS, as follows:

When the funding level of the City's pension plan is	The COLA should be
Less than 70.0%	Zero
70.0% to 79.9%	0.3% of CPI
80.0% to 89.9%	0.5% of CPI
90.0% and greater	0.7% of CPI

4. Adjustments made pursuant to subsection b. should reflect the effect of the prospective change in the COLA on the funding level of the City's pension plan.

- K. **Deferred Compensation Benefits** – In addition to the retirement benefit administered by the TMRS, the City will sponsor a Deferred Compensation 457 plan, which is a supplementary individual retirement savings plan. The City will encourage employee participation in this plan.

VI. STAFFING AND COMPENSATION

City Council and Management recognize the importance of attracting, hiring, developing, and retaining the best people, and compensating them for the value they create. Our outstanding and innovative City employees work diligently to bring the Vision of Council to life and deliver exceptional services to our customers while exemplifying our Core Values. The following programs are subject to available funding in the annual operating budget.

- A. **Adequate Staffing** – Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Workload allocation alternatives will be explored before adding additional staff.
- B. **Competitive Compensation** – In order to maintain a competitive pay scale, the City has implemented a ***Competitive Employee Compensation Maintenance Program*** to address competitive market factors and other issues impacting compensation. The program consists of:
 1. **Annual Pay Plan Review** – To ensure the City's pay system is accurate and competitive within the market, the City will review its pay plans annually for any potential market adjustments necessary to maintain the City's competitive pay plans.
 2. **Pay for Performance** – Each year the City will fund performance based pay adjustments for regular non-public safety personnel. This merit-based program aids in retaining quality employees by rewarding their performance. Pay for Performance adjustments are based on the employee's most recently completed performance evaluation.
 3. **Public Safety Steps** – Each year the City will fund anniversary step increases for public safety sworn personnel consistent with public safety pay scale design.

C. **Self-Insurance Program** – The City is committed to providing quality healthcare insurance that offers the most flexibility in health benefits and options to its employees. In order to provide the most cost effective solution, the City has determined that establishing a self-funded health insurance plan offers the greatest opportunity to mitigate future cost increases while offering quality health care services to its employees. The City has established a mechanism to manage the accounts and payments associated with this program. Per GASB Statement No. 66, such funding should be accounted for as an Internal Service Fund (ISF).

1. **Employee Health Insurance ISF** – This fund contains premium contributions from employees and budgeted health insurance contributions included in the City’s annual budget process. To maintain stable revenue to this fund, and to clearly set expenditure expectations for departments, any budgeted appropriations for employee health insurance that are unused at the end of each fiscal year will be transferred back to the self-insurance fund.
2. **Self-Insurance Reserves** – Annually through the budget process, staff and the City’s Health Benefit Consultant firm will evaluate and recommend to Council the appropriate funding levels for both a rate stabilization reserve as well as an incurred but not reported (IBNR) reserve.

Compliance Status – Both reserves FY2018 in compliance.

3. **Employee Premiums** – Annual premiums will be recommended to City Council through a collaborative process between the City’s Employee Benefit Committee and external Health Benefits consulting firm using historical data and other analytic analysis.

VII. FUND BALANCE POLICIES

The City’s Fund Balance is the accumulated difference between assets and liabilities within **governmental funds**, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council. This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54.

The City’s Fund Balance will report up to five components:

- A. **Non-spendable Fund Balance** – includes inherently non-spendable assets that will never convert to cash, as well as assets that will not convert to cash soon enough to affect the current financial period. Assets included in this category are prepaid items, inventory and non-financial assets held for resale.
- B. **Restricted Fund Balance** – represents the portion of fund balance that is subject to legal restrictions, such as grants or hotel/motel tax and bond proceeds.
- C. **Committed Fund Balance** – describes the portion of fund balance that is constrained by limitations that the City Council has imposed upon itself, and remains binding unless the City Council removes the limitation.
- D. **Assigned Fund Balance** – is that portion of fund balance that reflects the City’s *intended* use of the resource and is established in a less formal method by the City for that designated purpose.
- E. **Unassigned Fund Balance** – represents funds that cannot be properly classified in one of the other four categories.

VIII. LONG-TERM LIABILITY RESERVES

The City of Georgetown recognizes certain long-term unfunded commitments and contingencies that will require substantial funding at some point in the future. The City is committed to addressing these commitments in a fiscally prudent method by acknowledging their future financial impacts and developing strategies and designated reserve funds to mitigate those future impacts.

- A. ***The Finance Director will maintain a list of unfunded liabilities.*** The list will be included in the quarterly financial report to Council.

IX. BUDGET CONTINGENCY PLAN

This policy is designed to establish general guidelines for managing revenue shortfalls resulting from local and national economic downturns that adversely affect the City's revenue streams.

- A. **Immediate Action** – Once a budgetary shortfall is projected, the City Manager will take the necessary actions to offset any revenue shortfall with a reduction in current expenses. The City Manager may:

- Freeze all new hire and vacant positions except those deemed to be a necessity.
- Review all planned capital expenditures.
- Delay all "non-essential" spending or equipment replacement purchases.

The City Manager shall report in a timely manner to the City Council the projected shortfall and the actions taken to resolve it.

- B. **Further Action** – If the actions identified in subsection A are insufficient to offset the projected revenue deficit for the current fiscal year, the City Council may approve the following actions, in the order listed:

1. Apply unspent, unobligated surplus funds from prior fiscal years to fund one-time costs in the current fiscal year budget.
2. Authorize the use of the General Fund Economic Uncertainty Reserve pursuant to *Section XVI.A.2.b. Economic Uncertainty Reserve*.
3. Notwithstanding *Section XVI.A.2.a. Base Level Reserve* of this policy, authorize a reduction in the unobligated fund balance in the General Fund, pursuant to *Section XVI.A.2.a. Base Level Reserve* of this policy, from 90 to 75 days.
4. Direct other reductions in services, including workforce reductions.

- C. **Replenish Fund Balance** – As soon as practical, without placing undue strain on City services, the City Council shall increase the unobligated fund balance in the General Fund, up to the 90-day amount required in *Section XVI.A.2.a. Base Level Reserve* of this policy and shall restore the General Fund Economic Uncertainty Reserve as required in *Section XVI.A.2.b* of this policy.

X. CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

The City's goal is to maintain City facilities and infrastructure in order to provide excellent services to the customers within the community, meet growth related needs, and comply with all state and federal regulations.

A. **Preparation** – The City annually updates and adopts a five-year Capital Improvement Program (CIP) schedule as part of the operating budget adoption process. The plan is reviewed and adjusted annually as needed, and year one is adopted as the current year capital budget. The capital budget will include all capital projects, capital resources, and estimated operational impacts.

- Needed capital improvements are identified through system models, repair and maintenance records and growth demands.
- Economic development projects that have capital infrastructure needs must be reviewed and approved for funding by the City no later than March 1 to be included in the annual CIP process. Any economic development project approved for funding after March 1 will be included in the following year CIP process unless otherwise authorized by City Council.
- A team approach will be used to prioritize CIP projects, whereby City staff from all operational areas provide input and ideas relating to each project and its effect on operations.
- Citizen involvement and participation will be solicited in formulating the capital budget through neighborhood meetings, public hearings and other forums.
- Capital infrastructure necessary to meet the requirements of the City's Annexation Plan will be identified separately within the CIP plan, so that funding alternatives can be developed if needed.

Prior to Council adoption, the following Advisory Boards will review the Capital Projects budget:

Georgetown Utility Systems Advisory Board (GUS)	Georgetown Transportation Advisory Board (GTAB)	General Government and Finance Advisory Board (GGAF)	Parks Advisory Board
Electric Water Wastewater	Streets Stormwater Drainage Airport	Facilities Other General Government Capital	Parks and Recreation

B. **Control** – All capital project expenditures must be appropriated in the capital budget. Availability of resources must be identified and then reviewed by the Finance Division before any CIP contract is presented to the City Council for approval.

Prior to presentation to Council, the following Advisory Boards will review:

Georgetown Utility Systems Advisory Board (GUS)	Georgetown Transportation Advisory Board (GTAB)	General Government and Finance Advisory Board (GGAF)
All utility contracts and other utility expenses greater than \$50,000	All Transportation, Stormwater Drainage and Airport expenditures and contracts greater than \$50,000	All General Government non-routine contracts and expenditures greater than \$50,000

- C. **Financing Programs** – Where applicable, assessments, impact fees, pro rata charges, or other fees should be used to fund capital projects which have a primary benefit to specific identifiable property owners.

Recognizing that long-term debt is usually a more expensive financing method, alternative-financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives equal or exceeding the average life of the debt issue.

Short-term financing including Capital Leasing and other tax-supported obligations can be used to fund vehicles, computers and other operating equipment provided the impact to the tax rate is minimal.

Caution should be used in replacing assets with short-term, tax-supported obligations due to the repetitive nature of the replacements. The total amount of I & S (interest and sinking) portion of the tax rate dedicated to fund short-term debt for equipment replacement will not exceed \$0.04.

XI. CAPITAL MAINTENANCE AND REPLACEMENT

The City recognizes that deferred maintenance increases future capital costs. Therefore, a portion of all individual funds with infrastructure should be budgeted each year to maintain the quality within each system.

- A. **Infrastructure Maintenance** — On-going maintenance and major repair costs are included as capital expense within the departmental operating budgets. These costs are generally considered system repairs and are not capitalized for accounting purposes. They include such items as park and recreation facility repairs, street seal coat, water line repairs and other general system maintenance.
- B. **Modified Approach — Pavement Condition Index (PCI)** — Governmental Accounting Standards Board Statement # 34 provides for an alternative approach to depreciation for measuring the value of infrastructure assets and the related costs incurred to maintain their service life at a locally established minimum standard. The City has elected to implement this modified approach in maintaining its non-enterprise fund infrastructure assets. In order to adopt this alternative method, the City has implemented an asset management system that determines if the minimum standards are being maintained. This measurement system will be updated at least every 3 years. The City has elected to use this alternative method for reporting its street infrastructure assets.

The City uses the CarteGraph PavementView Pavement Management Information System to track the condition levels of each of the street sections. The condition of the pavement is based on the following factors:

- Type of Distress
- Amount of Distress
- Severity of Distress
- Deduct Values (function of first three)

The Pavement Condition Index (PCI) is a measurement scale is based upon a condition index ranging from zero for a failed pavement to 100 for pavement with perfect condition. The condition index is used to classify pavement in the following conditions:

PCI	Rating
100 – 85	Good
85 – 45	Fair
45 – 0	Poor

The City’s administrative policy is to achieve an average PCI level of 85. An 85 PCI is considered maintaining the streets in a “good” condition. Staff will prepare a street maintenance budget that meets this target for Council’s consideration during the budget process. The PCI level as of 2014 was 87.30.

C. **Internal Service Funds Capital Maintenance & Replacement** – The City currently utilizes internal service funds to maintain and replace existing assets. Assessments are made to the using funds for the use of equipment currently in use and to be purchased during the year. In this way, suitable funds are available for the purchase of operational assets without the issuance of debt.

1. **Fleet Maintenance and Replacement** – The City has a major investment in its fleet of cars, trucks, tractors, and other equipment. The City will anticipate replacing existing equipment, as necessary and will establish charges that are assigned to the using departments to account for the cost of that replacement. Vehicle maintenance is also allocated in this manner.
2. **Technology** – It is the policy of the City to plan and fund the maintenance and replacement of its computer network and other technology systems. A reserve will be established within the ISF for replacement of major systems and will be funded over time through excess revenues within the Fund. While cash funding is preferred, major IT systems and projects may require debt that is amortized over a shorter useful life appropriate for the software or hardware.

Compliance Status – IT replacement reserve FY2018 in compliance.

3. **Facilities Maintenance** – The City has established an on-going maintenance program, which includes major repairs, equipment, as well as contracts for maintaining City facilities. The City has anticipated a useful life of such equipment and established a means of charging those costs to the various departments in order to recognize the City’s continuing costs of maintaining its facilities. Determination for facility repairs is based on useful life of the various elements of each facility. A proportional cost for each element is expensed within the budget for capital replacement. An additional unscheduled repair reserve equal to 10% value of annual internal service funding is also budgeted.

Compliance Status – Facilities repair reserve FY2018 in compliance.

D. **Departmental Capital Maintenance & Replacement** – The City also utilizes department capital maintenance and replacement schedules for specialized assets and equipment necessary to provide services.

1. **Parks and Recreation** – As part of the City’s on-going maintenance program, the City also recognizes the need to regularly maintain and replace grounds, equipment and facilities that are part of the City’s Parks and Recreation system. Separate replacement and maintenance schedules will be maintained for these items including, but not limited to, playground equipment, buildings, sport courts, trees and grounds, and restroom facilities. The City’s goal is to provide level on-going funding to ensure safe, well-maintained facilities for its citizens.
2. **Public Safety Equipment** – As part of the City’s on-going maintenance program, the City also recognizes the need to regularly maintain and replace specialized equipment in Police and Fire. Separate replacement and maintenance schedules will be maintained for these items including but not limited to for Fire: SCBA’s and other firefighting equipment and protective gear; and for Police: bullet proof vests, armaments and other tactical equipment. The City’s goal is to provide level on-going funding to ensure proper protection for employees and citizens.

E. **Surplus Property**

1. From time to time it is necessary to dispose of certain vehicles or equipment that have been procured with City funds and used in City services. Individual surplus property items with expected sales value in excess of \$50,000 must be approved by the City Council prior to disposition.
2. City staff will maintain reports and records of all surplus property dispositions in accordance with good internal controls.

XII. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

- A. **Accounting** – The City is solely responsible for the recording and reporting of its financial affairs, both internally and externally. The Finance Director is responsible for establishing the structure for the City’s Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City’s financial position.
- B. **General Government and Finance Advisory Board (GGAF)** – The City may establish a subcommittee consisting of at least 2 City Council members and not more than 3 citizens that may meet monthly to provide additional oversight to the City’s Finance operations. This subcommittee will also review general government items that are not reviewed by another City advisory board before being presented to City Council. The City’s Finance Director will be the liaison for this subcommittee.
- C. **Audit of Accounts** – In accordance with the *Charter*, an independent audit of the City accounts will be performed every year. The auditor is retained by and is accountable directly to the City Council. The auditing firm will serve for up to 5 years, at which time, the City will re-bid these services and changing firms if deemed necessary by GGAF and City Council.

- D. **External Reporting** – Upon completion and acceptance of the annual audit by the City’s auditors, the City shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City Council within 180 calendar days of the City’s fiscal year end. The CAFR shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and shall be presented annually to the Government Finance Officer Association (GFOA) for evaluation and consideration for the Certificate of Achievement in Financial Reporting.
- E. **Internal Reporting** – The Finance Department will prepare internal financial reports, sufficient to plan, monitor and control the City’s financial affairs.

XIII. ASSET MANAGEMENT

- A. **Cash Management and Investments** – The City Council has formally approved a separate Investment Policy for the City of Georgetown that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code. This policy is reviewed annually by the City Council and applies to all financial assets held by the City and applies to all entities (component units) included in the City’s Comprehensive Annual Financial Report (CAFR) and/or managed by the City.
 1. **Statement of Cash Management Philosophy** – The City shall maintain a comprehensive cash management program to include the effective collection of all accounts receivable, the prompt deposit of receipts to the City’s depository, the payment of obligations, and the prudent investment of idle funds in accordance with this policy.
 2. **Objectives** – The City’s investment program will be conducted as to accomplish the following listed in priority order:
 - Safety of the principal invested
 - Liquidity and availability of cash to pay obligations when due
 - Ensure public trust through responsible actions as custodians of public funds
 - Maximize earnings (yield) to the greatest extent possible consistent with the City’s investment policy.
 3. **Safekeeping and Custody** – Investments may only be purchased through brokers/dealers who meet the criteria detailed in the investment policy, which also addresses internal controls related to investments.
 4. **Standard of Care and Reporting** – Investment will be made with judgment and care, always considering the safety of principal to be invested and the probable income to be derived. The Finance Director is responsible for the overall management of the City’s investment program and ensures all investments are made in compliance with the investment policy. An investment report, providing both summary and detailed information, will be presented to the City Council quarterly.
 5. **Authorized Investments** – The City can currently invest in the following:
 - Certificates of Deposit
 - U.S. Treasury and Agency securities
 - Investment Pools that meet the requirements of the PFIA

- No-load Money Market Mutual Funds
- Fully collateralized Repurchase Agreements
- Obligations of Municipal Issuers in Texas rated not less than A or its equivalent
- Other investments as approved by City Council and not prohibited by law.

B. **Fixed Assets** – These assets will be reasonably safeguarded and properly accounted for, and prudently insured.

1. **Capitalization Criteria** – For purposes of budgeting and accounting classification, the following criteria must be met in order to be capitalized:
 - The asset owned by the City
 - The expected useful life of the asset must be longer than one year, or extend the life of an identifiable existing asset by more than one year
 - The original cost of the asset must be at least \$5,000
 - The asset must be tangible
 - On-going repairs and general maintenance are not capitalized.
2. **New Purchases** – All costs associated with bringing the asset into working order will be capitalized as part of the asset cost. This will include startup costs, engineering or consultant type fees as part of the asset cost once the decision or commitment to purchase the asset is made. The cost of land acquired should include all related costs associated with its purchase.
3. **Improvements and Replacement** – Improvements will be capitalized when they extend the original life of an asset or when they make the asset more valuable than it was originally. The replacement of assets components will normally be expensed unless they are a significant nature and meet all the capitalization criteria.
4. **Contributed Capital** – Infrastructure assets received from developers or as a result of annexation will be recorded as equity contributions when they are received.
5. **Distributions Systems** – All costs associated with public domain assets, such as streets and utility distribution lines will be capitalized in accordance with the capitalization policy. Costs should include engineering, construction and other related costs including right of way acquisition.
6. **Reporting and Inventory** – The Finance Division will maintain the permanent records of the City's fixed assets, including description, cost, department of responsibility, date of acquisition, depreciation and expected useful life. Periodically, random sampling at the department level will be performed to inventory fixed assets assigned to that department. Responsibility for safeguarding the City's fixed assets lies with the department supervisor or manager whose department has been assigned the asset.

XIV. DEBT MANAGEMENT

The City of Georgetown recognizes the primary purpose of capital facilities is to provide services to the community. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements. In meeting demand for additional services, the City will strive to balance the needs between debt financing and “pay as you go” methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City’s long-range financial condition.

The City will issue debt only for the purpose of acquiring or constructing capital assets for the general benefit of its citizens and to allow it to fulfill its various purposes as a city.

A Debt Condition Update report will be provided annually.

- A. **Usage of Debt** – Long-term debt financing will be considered for non-continuous capital improvements of which future citizens will be benefited. Alternatives for financing will be explored prior to debt issuance and include, but not limited to:

- Grants
- Use of Reserve Funds
- Use of Current Revenues
- Contributions from developers and others
- Leases
- Impact Fees

When the City utilizes long-term financing, it will ensure that the debt is soundly financed by conservatively projecting revenue sources that will be used to pay the debt. It will not finance the improvement over a period greater than the useful life of the improvement and it will determine that the cost benefit of the improvement, including interest costs, is positive to the community.

The City may utilize the benefits of short-term debt financing to purchase operating equipment provided the debt doesn’t extend past the useful life of the asset and the potential impact to the tax rate is within policy guidelines. The I & S (interest and sinking) portion of the tax rate cannot exceed \$0.04 for short-term debt (3-10 years).

B. **Types of Debt**

1. **General Obligation Bonds (GO’s)** – General obligation bonds must be authorized by a vote of the citizens of Georgetown. They are used only to fund capital assets of the general government and are not to be used to fund operating needs of the City. The City’s ad valorem taxing authority backs general obligation bonds. Conditions for issuance of general obligation debt include:
 - When the project will have a significant impact on the tax rate;
 - When the project may be controversial even though it is routine in nature; or

- When the project falls outside the normal bounds of projects the City has typically done.

For debt programs that include multiple projects that will be issued over multiple years at the discretion of the City Council, the City may approve a ***Contract with the Voters*** to manage future property tax rate impacts. The Contract with the Voters will be included in educational information for all applicable GO Bond elections, and will include a maximum **annual** tax rate increase and a cumulative total per bond authorization maximum tax rate increase. The City will include these impacts in its annual Debt Condition report.

The City Council will carefully manage the ***unissued GO Bond authorization*** through annual review of related projects to ensure full disclosure on future timing of projects included in the bond package. Timing of authorized projects and related bond issuance will be included in the Annual Budget and published on the City's website. Any changes to this schedule require specific Council authorization.

2. Revenue Bonds – Revenue bonds will be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements of the necessary improvement to provide service expansion. The average life of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issue, and will generally be limited to no more than twenty (20) years. An exception can be made for plant expansions or related system expansions whose useful life is in excess of 30 years. A cost benefit analysis will be done to fully disclose the impacts of extending debt beyond 20 years.
3. Certificates of Obligation, Contract Obligations (CO's) – Certificates of obligation or contract obligations may be used to fund capital requirements that are not otherwise funded by general obligation or revenue bonds. Debt service for CO's may be either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both. Typically, the City may issue CO's when the following conditions are met:
 - When the proposed debt will have minimal impact on future effective property tax rates;
 - When the projects to be funded are within the normal bounds of City capital requirements, such as for roads, parks, various infrastructure and City facilities and equipment; and
 - When the average life of the obligation does not exceed the useful life of the asset(s) to be funded by the issue.

Certificates of obligation will be the least preferred method of financing and will be used with prudent care and judgment by the City Council. Every effort will be made to ensure public participation in decisions relating to debt financing.

4. Self-supporting General Obligation Debt – Refers to certificates of obligation issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes. The annual debt requirements are not included in the property tax calculation. Both the Airport and Stormwater Drainage funds will issue this type of debt. In addition, the Electric and Water Services Funds can utilize this method of funding non-system capital assets. The City also issues debt on behalf of the Georgetown Transportation Enhancement Corporation (GTEC) and the Georgetown Economic

Development Corporation (GEDCO) whom then pledge 4A and 4B sales tax revenue for the repayment of that debt.

5. Internal borrowing between City Funds – The City can authorize use of existing long-term reserves as “loans” between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. The loan will be repaid within ten (10) years. The loan will be considered an investment of working capital reserves by the lending fund.
 6. Other Short-term Borrowing – The City may authorize the issuance of Public Property Finance Contractual Obligations (PPFCO) which is short-term obligations for the acquisition of personal public property, such as equipment. PPFCOs are payable from either ad valorem taxes or another dedicated revenue stream. Each issuance will be assessed to ensure cost effectiveness and the repayment schedule will not exceed the useful life of the asset. Multiple equipment acquisitions can be grouped in a single PPFCO issue in order to develop economies of scale.
- C. Method of Sale – The City will use a competitive bidding process in the sale of bonds unless conditions in the bond market or the nature of the issue warrant a negotiated bid. In such situations, the City will publicly present the reasons for the negotiated sale. The City will rely on the recommendation of the financial advisor in the selection of the underwriter or direct purchaser. The financial advisor must meet all licensing requirements and comply with all Municipal Securities Rulemaking Board (MSRB) regulations. The City’s financial advisor will not act as the underwriter on any City bond issue.
- D. Disclosure – Full disclosure of operating costs along with capital costs will be made to the bond rating agencies and other users of financial information. The City staff, with assistance of the financial advisor and bond counsel, will prepare the necessary materials for presentation to the rating agencies and will aid in the production of the Preliminary Official Statements. The City will take responsibility for the accuracy of all financial information released.
- E. Federal Requirements – The City will maintain written procedures to follow post issuance compliance rules, arbitrage rebate and other Federal requirements.
- Post issuance tax compliance rules will include records retention, arbitrage rebate, use of proceeds, and
 - Continuing disclosure requirements under SEC Rule 15c2-12, MSRB standards, or as may be required by bond covenants or related agreements.
- F. Debt Structuring – The City will issue bonds with an average life of twenty (20) years or less, not to exceed the useful life of the asset acquired. The structure should approximate level debt service unless operational matters dictate otherwise. Market factors, such as the effects of tax-exempt designations, the cost of early redemption options and the like, will be given consideration during the structuring of long term debt instruments. Exceptions to the 20 year average life include debt issues for major system expansions, such as water, sewer or electric plants, in which case the City may issue debt greater than 20 years since the average life of the asset exceeds 30 years. A cost benefit analysis indicating the impacts of extending debt beyond 20 years will be completed.
- G. Debt Coverage Ratio – Refers to the number of times the current combined debt service requirements or payments would be covered by the current operating revenues net of on-going operating expenses of the City’s combined utilities (Electric, Water, and Wastewater). The City will maintain a minimum debt service

coverage ratio of 1.5 times for these utilities as a whole. The bond ordinances allow the City to forego a debt reserve fund for its utility debt if the coverage is maintained at 1.35 times or better. A coverage ratio of 1.5 times will also be required for all funds issuing self-supporting debt.

Compliance Status – Debt coverage ratio FY2018 in compliance.

- H. **Bond Reimbursement Resolutions** – The City may utilize bond reimbursements as a tool to manage its debt issues, due to arbitrage requirements and project timing. In so doing, the City uses its capital reserve "cash" to delay bond issues until such time when issuance is favorable and beneficial to the City.

The City Council may authorize a bond reimbursement resolution for General Capital projects that have a direct impact on the City's ad valorem tax rate when the bonds will be issued within the term of the existing City Council. In the event of unexpected circumstances that delay the timing of projects, or market conditions that prohibit financially sound debt issuance, the approved project can be postponed and considered by a future council until circumstantial issues can be resolved.

The City Council may also authorize revenue bond reimbursements for approved utility and other self-supporting capital projects within legislative limits. Currently revenue bonds must be issued within 18 months after an eligible bond funded project is begun.

The total outstanding bond reimbursements may not exceed the total amount of the City's reserve funds.

XV. OTHER FUNDING ALTERNATIVES

When at all possible, the City will research alternative funding opportunities prior to issuing debt or increasing user-related fees.

- A. **Grants** – All potential grants will be examined for any matching requirements and the source of those requirements identified. A grant funding worksheet, reviewed by Finance, that clearly identifies funding sources, outcomes and other relevant information will be presented and approved by the City Council prior to any grant application being submitted. It must be clearly understood that any resulting operation requirements of the grant could be discontinued once the term and conditions of the project have been terminated. The City Council must authorize acceptance of any grant funding.
- B. **Use of Reserve Funds** – The City may authorize the use of reserve funds to potentially delay or eliminate a proposed bond issue. This may occur due to higher than anticipated fund balances in prior years, thus eliminating or reducing the need for debt proceeds, or postpone a bond issue until market conditions are more beneficial or timing of the related capital improvements does not correspond with the planned bond issue. Reserve funds used in this manner are replenished upon issuance of the proposed debt.
- C. **Developer Contributions** – The City will require developers who negatively impact the City's utility capital plans offset those impacts. These policies are further defined within the City's utility line extension policy and other development regulations.
- D. **Leases** – The City may authorize the use of lease financing for certain operating equipment when it is determined that the cost benefit of such an arrangement is advantageous to the City.

- E. **Impact Fees** – The City will impose impact fees as allowable under state law for both water and wastewater services. These fees will be calculated in accordance with statute and reviewed at least every three years. All fees collected will fund projects identified within the Fee study and as required by state laws.

XVI. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

The City of Georgetown will maintain budgeted minimum reserves in the ending working capital/fund balances to provide a secure, healthy financial base for the City in the event of a natural disaster or other emergency, allow stability of City operations should revenues fall short of budgeted projections and provide available resources to implement budgeted expenditures without regard to actual timing of cash flows into the City.

- A. **Operational Coverage** – The City’s goal is to maintain operations coverage of 1.0 (one), such that operating revenues will at least equal or exceed current operating expenditures. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums as stated below.

1. **Operating Reserves** – The City will maintain reserves at a minimum of seventy-five (75) days (20.83%) of net budgeted operating expenditures. Net budgeted operating expenditure is defined as total budgeted expenditures less interfund transfers and charges, general debt service (tax supported), direct cost for purchased power and payments from third party grant monies. The amount of these funds are allocated within the following operating funds and using the following guidelines to maintain the fund balance, working capital and retained earnings (reserves) of the various operating funds at levels sufficient to protect the City’s creditworthiness, as well as, its financial position from unforeseeable emergencies.

Compliance Status – Total reserves FY2018 in compliance.

2. **General Fund** – The fund balance reserve in the General Fund should equal ninety (90) days or 25% of annual budgeted General Fund operating expenditures. Reserves are allocated as follows:
 - a. Base Level Reserve – will equal ninety (90) days of current year budgeted operating expenditures which will be designated for emergency use only. If the Base Level Reserve is used during the fiscal year, the balance must return to the ninety (90) day requirement within the following fiscal year’s adopted budget.

Compliance Status – General Fund Reserve FY2018 in compliance.

- b. Economic Uncertainty Reserve – will equal up to 6% of current year budgeted operating expenditures. The reserve will be designated to temporarily offset a decline in any General Fund revenue source during the current fiscal year or in planning the future budget year. The reserve may be used when growth in any General Fund revenue source from one fiscal year to the next is below zero. The reserve will be available to support only existing programs approved in a prior fiscal year. Used funds shall be restored up to the 6% reserve as soon as practical.

Compliance Status – General Fund Reserve FY2018 at 2%.

3. **Tourism Fund** – A minimum sixty days (60) or 16.67% of operating expenditures will be reserved within the fund balance. These funds are designated to be used to offset any potential revenue

shortfall that occurs during the fiscal year and should be replenished in the following fiscal year's budget.

Compliance Status – Tourism Fund Reserve FY2018 in compliance.

4. Water Services Fund – Working capital reserves should be 25% or ninety (90) days of operating expenses, net debt service and long-term water contract costs. These reserves are designated to be used to offset potential revenue shortfalls or fund unexpected or emergency expenses that occur during the fiscal year. These reserves should be replenished in the following budget cycle.

Compliance Status – Water Fund Reserve FY2018 in compliance.

5. Stormwater Drainage Fund – \$250,000 for unforeseen emergencies or other potential revenue shortfalls.

Compliance Status – Stormwater Fund Reserve FY2018 in compliance.

6. Electric Fund – The remaining balance to meet the citywide requirement of seventy-five (75) days of reserve funds will be maintained within this fund. It can be used for unforeseen emergencies and expenditures. The Rate Stabilization Account and the Power Contract Credit Reserve are not included in this Contingency Reserve.

Compliance Status – Electric Fund Reserve FY2018 in compliance.

7. Airport Fund – A contingency reserve of 75 days of operating expenses will be maintained in the fund. The 75 day reserve will represent all operating expenses minus fuel costs and any transfers.

Compliance Status – Airport Fund Reserve FY2018 in compliance.

For all other non-enterprise funds, the fund balance is an indication of the balance of each particular fund at a specific time. The ultimate goal of each such fund is to have expended the fund balance at the conclusion of the activity for which the fund was established.

Reserve requirements will be calculated as part of the annual budget process and any additional required funds to be added to the reserve balances will be appropriated within the budget.

Funds in excess of the minimum reserves within each fund may be expended for City purposes at the will of the City Council once it has been determined that use of the excess will not endanger reserve requirements in future years. This action requires an amendment to the City's Annual Budget and is outlined in *Section III. J. Use of Unanticipated and Unappropriated General Fund Balances.*

- B. Liabilities and Receivables – Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice. Accounts Receivable procedures will target collection for a maximum of 30 days of service. The Finance Director is authorized to write-off non-collectible, non-utility accounts that are delinquent for more than 180 days, and utility accounts delinquent more than 180 days, provided proper delinquency procedures have been followed, and include this information in the annual report to the City Council.

- C. **Capital Project Funds** – Every effort will be made for all monies within the Capital Project Funds to be expended in a timely manner preferably within thirty-six (36) months of receipt. The fund balance will be invested and income generated will offset increases in construction costs or other costs associated with the project. Capital project funds are intended to be expended totally, with any unexpected excess to be transferred to the Debt Service fund to service project-related debt service.
- D. **General Debt Service Funds** – Revenues within this fund are stable, based on property tax revenues. Balances are maintained to meet contingencies and to make certain that the next year's debt service payments may be met in a timely manner. Fund balance should not fall below 45 days annual debt service requirements, in accordance with IRS guidelines.

Compliance Status – Debt Fund Reserve FY2018 in compliance.

- E. **Investment of Reserve Funds** – The reserve funds will be invested in accordance with the City's investment policy. Existing non-cash investment would be exempt through retirement of the investment.
- F. **Ratios/Trend Analysis** – Ratios and significant balances will be incorporated into both the mid-year and annual reports to the City Council. This information will provide users with meaningful data to identify major trends of the City's financial condition through analytical procedures. The following ratios/balances will be used as key financial indicators:

• Fund Balance/Equity: FB/E	Assets - liabilities AL (Acceptable level) minimum reserve requirement
• Working Capital: CA - CL	Current assets less current liabilities AL minimum reserve requirement
• Current Ratio: CA/CL	Current assets divided by current liabilities AL > 1.00
• Quick Ratio: Liquid CA/CL	"Liquid" current assets divided by current liabilities AL > 1.00
• Debt/Assessed AV Taxes: D/AV	Debt divided by assessed Ad Valorem value AL < 5
• Debt Ratio: CL +LTL/TA	Current liabilities plus long-term liabilities divided by total assets AL < 1
• Enterprise Operating Coverage: OR/OE	Operating revenue divided by operating expense AL > 1.25
• Times Coverage Ratio: (OR-OE)/DSV	Operating revenue less operating expense divided by annual debt service AL > 1.5

The City will develop minimum/maximum levels for the above ratios/balances through analyzing of City historical trends and future projections. These ratios will also be compared to other similar or regional municipalities for further analysis.

XVII. INTERNAL CONTROLS

- A. **Written Procedures** – Wherever possible, written procedures will be established and maintained by the Finance Director for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.
- B. **Internal Audit Program** – An internal audit program will be maintained by the Finance Director to ensure compliance with City policies and procedures and to prevent the potential for fraud.
 1. Departmental Audits – departmental processes will be reviewed to ensure dual control of City assets and identify the opportunity for fraud potential, as well as, to ensure that departmental internal procedures are documented and updated as needed.
 2. Employees or Transaction Review – Programs to be audited include Petty Cash, City Credit Card accounts, time entry, and travel. All discrepancies will be identified, and the employee's Director will be notified. The City Manager will also be notified depending on the seriousness of the infraction.
 3. The Finance Director and City Manager will present an annual audit plan to the General Government and Finance board. Results of all internal audits will be provided to the GGAF and City Council at year-end.
- C. **Directors Responsibility** – Each Director is responsible for ensuring that good internal controls are followed throughout their department, that all Finance Division directives are implemented and that all independent auditor internal control recommendations are addressed. Departments will develop and periodically update written internal control procedures.



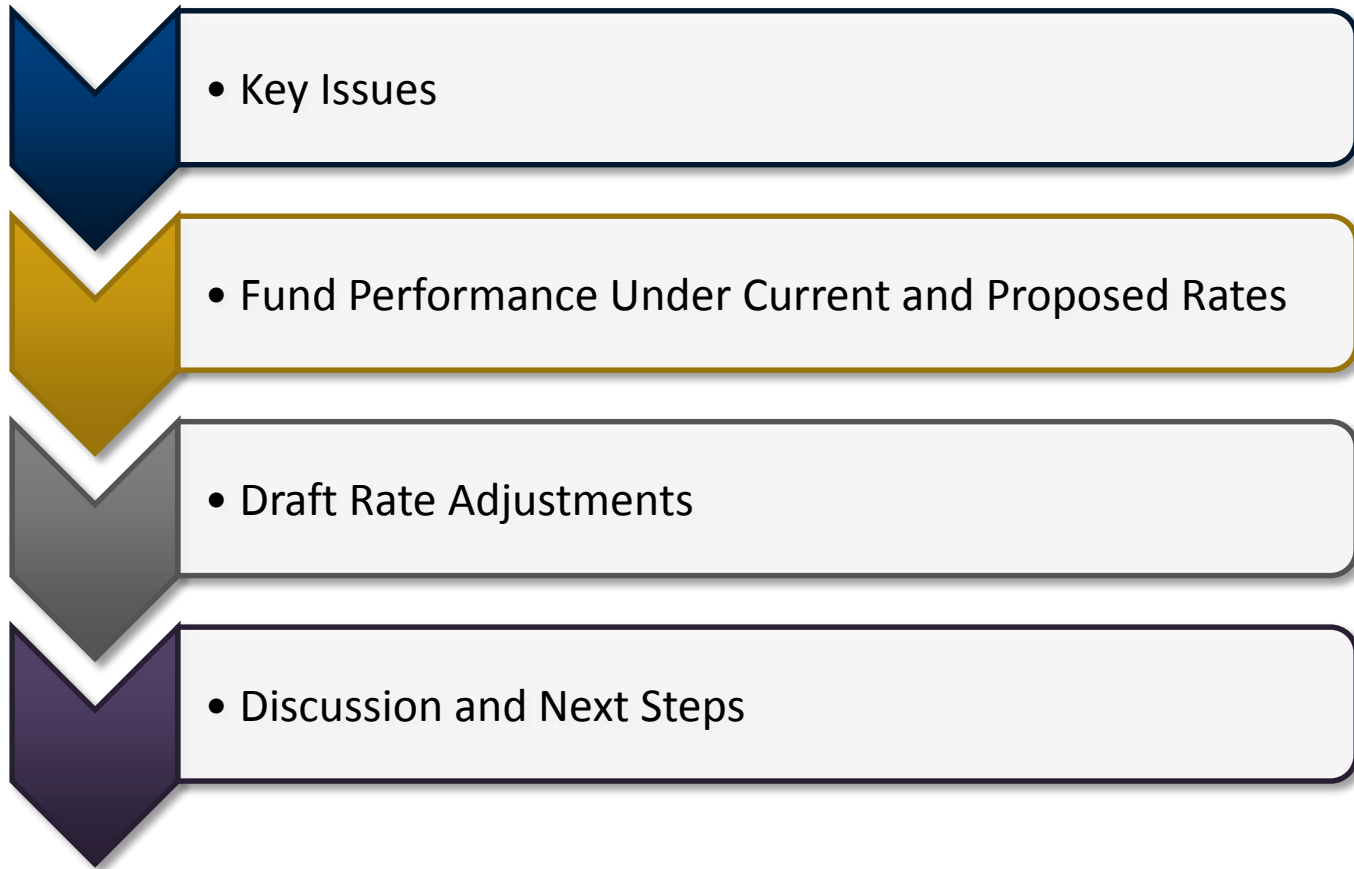
Georgetown City Council Workshop

June 26, 2018

Georgetown Water, Wastewater and Reuse Rate Study Update



Agenda





Current Fund Performance

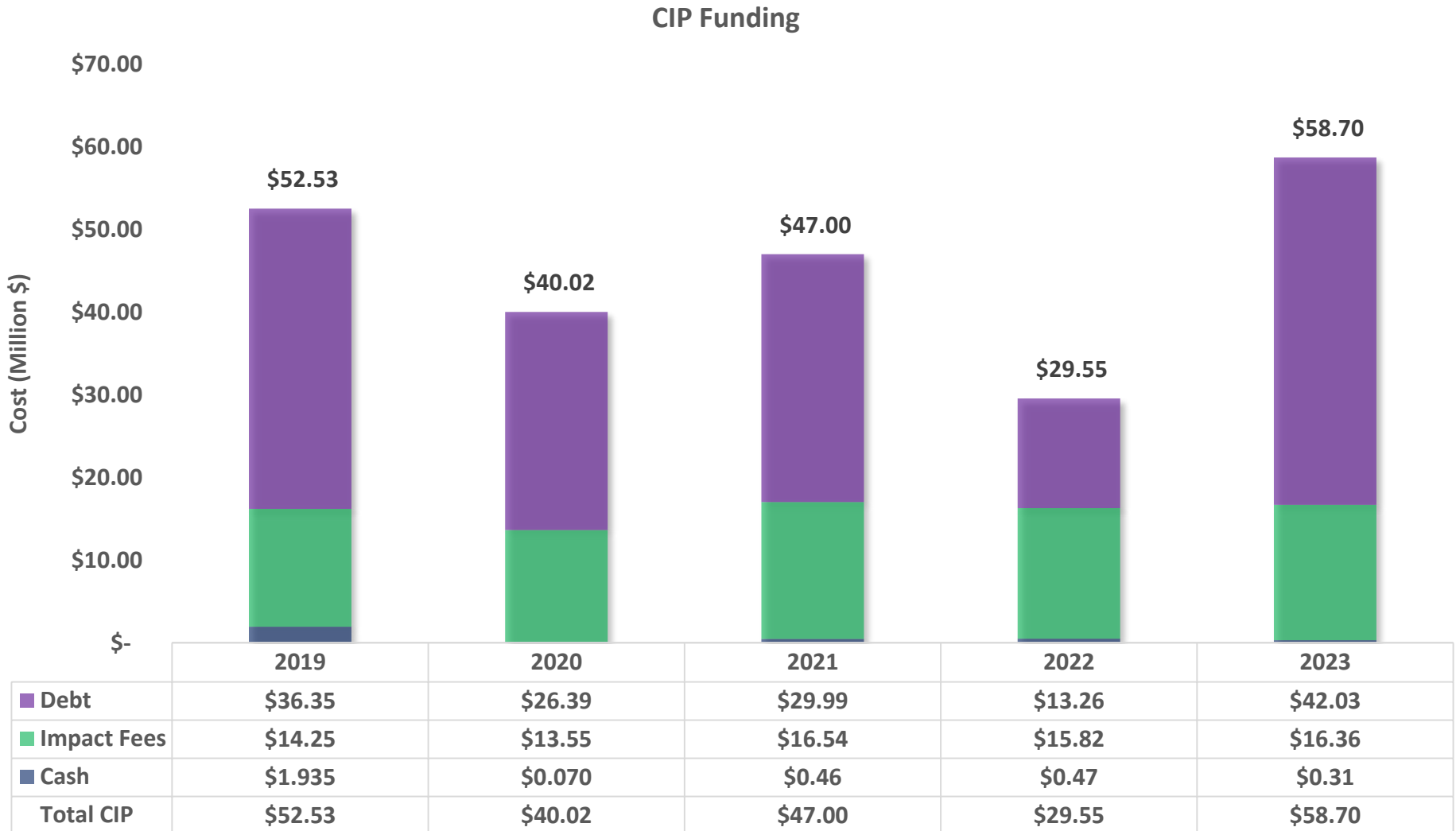
NewGen
Strategies & Solutions

Key Issues

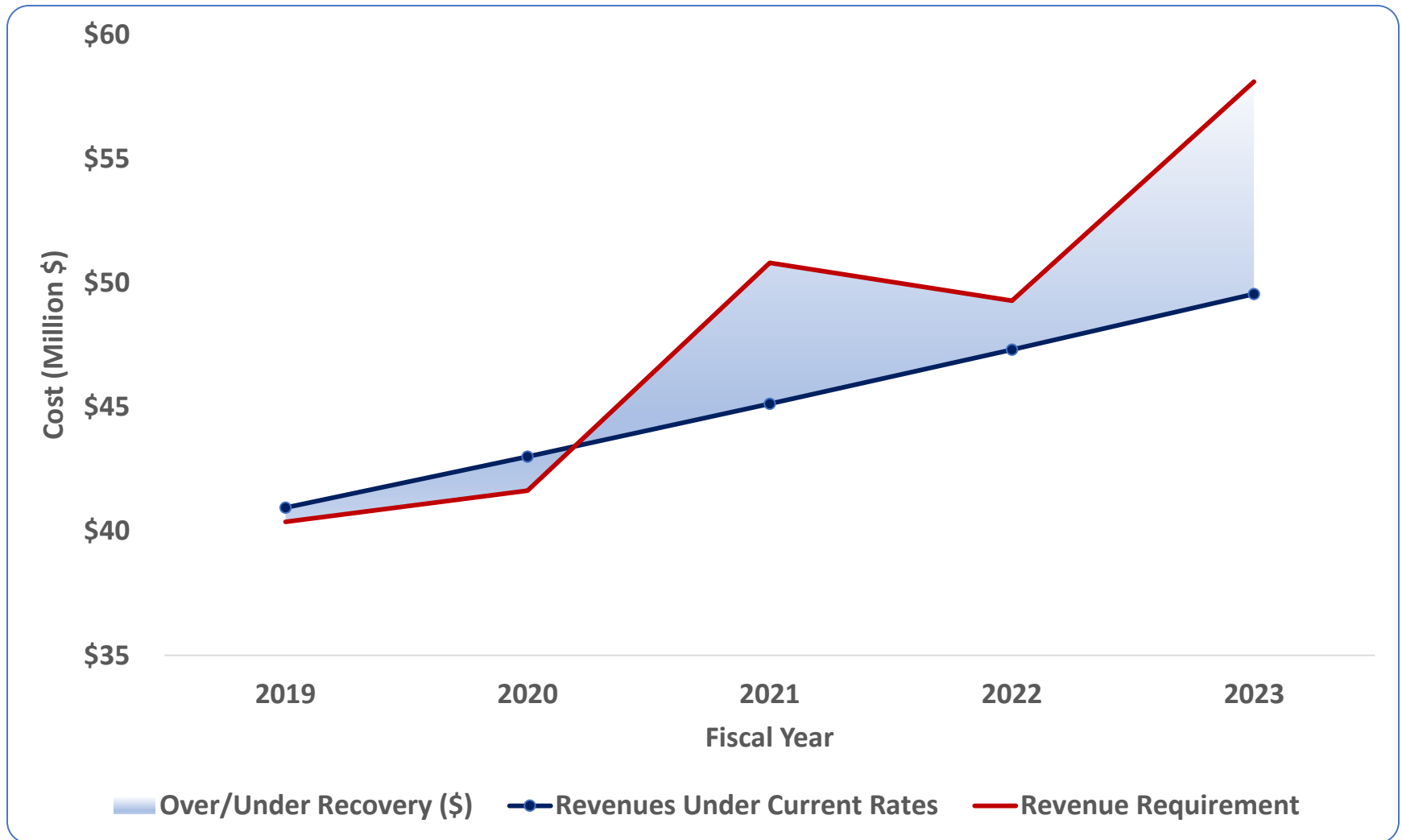
- Descending Financial Performance
 - Rates will not keep up with costs without adjustments
- Wholesale Supplier Cost Increases
- Rapid Growth, Capital Projects and New Debt Service
 - \$195M in Capital Project needs between FY 2019 and FY 2023

CIP Funding Forecast

Water & Wastewater Combined

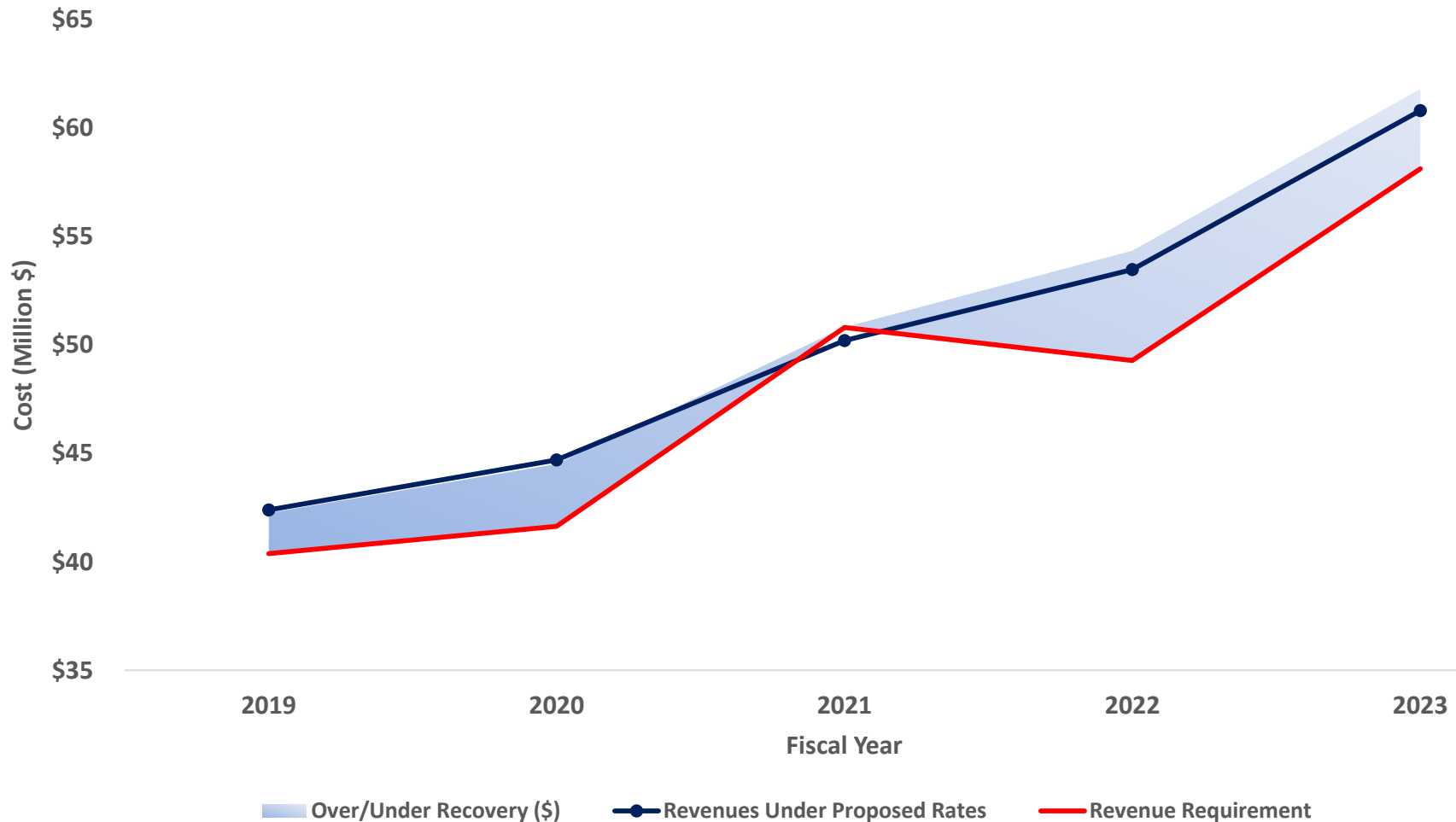


Combined Revenue Performance – Current Rates

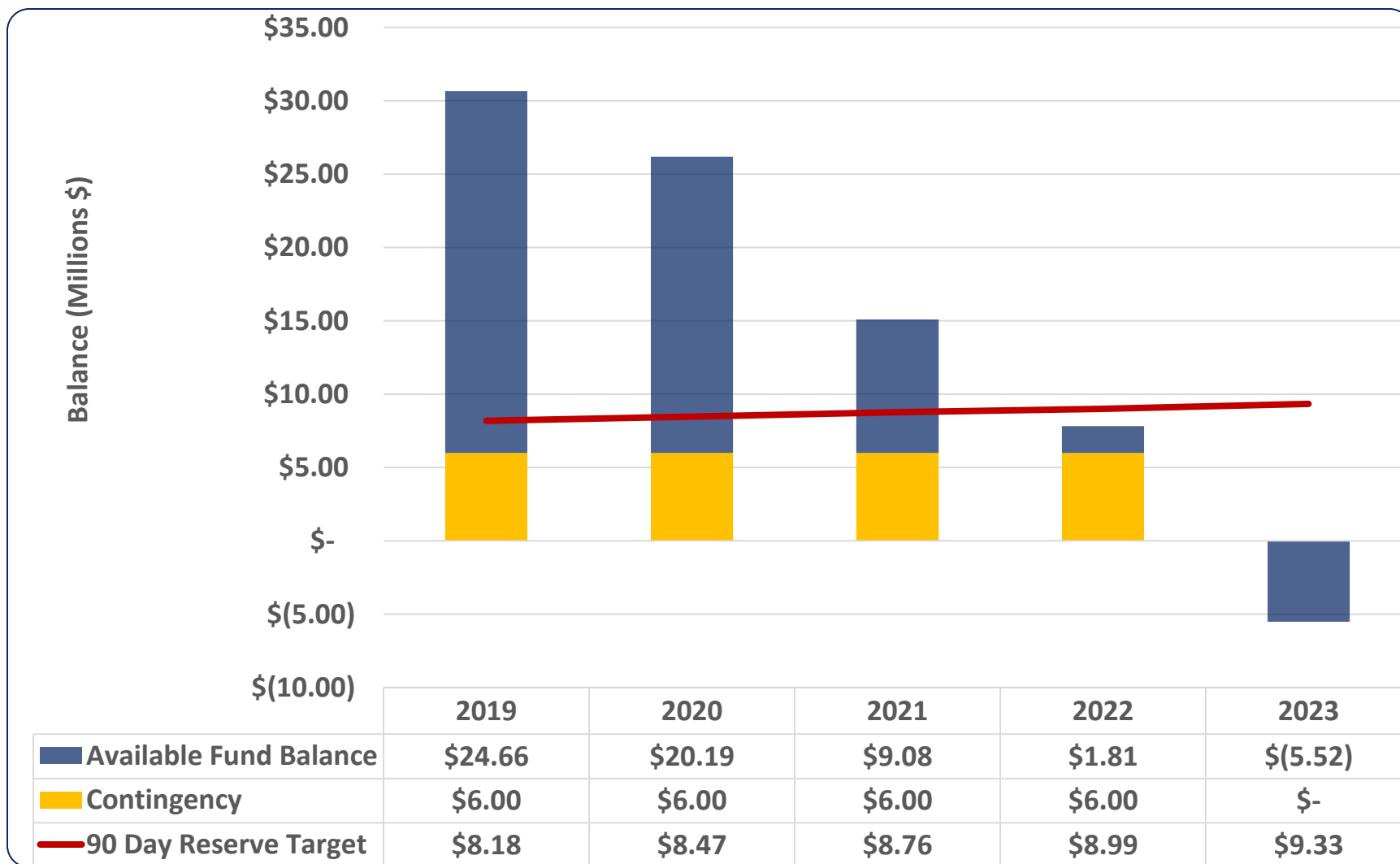


Combined Revenue Performance – Proposed Rates

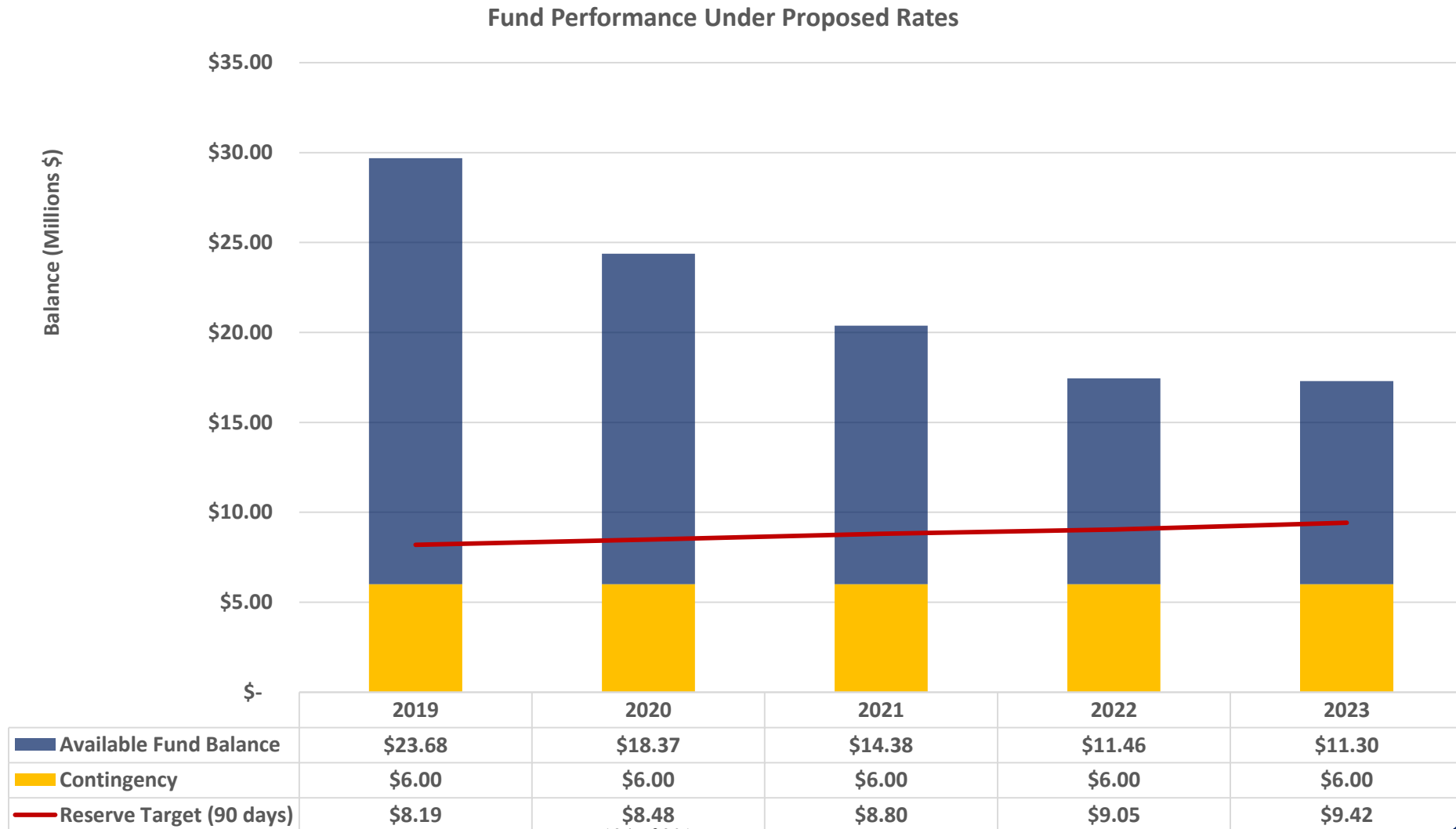
Combined Utility Revenue Performance Under Proposed Rates



Combined Fund Performance (Ending Balance) – Current Rates



Combined Fund Performance (Ending Balance) – Proposed Rates





Overview of Recommendations

Revenue and Rate-Setting Objectives

1. Revenue sufficiency
2. Minimize rate shock to customers by phasing in rates and utilizing combined fund performance
3. Potential rate design alternatives

Proposed Rate Increases

	2019	2020	2021	2022	2023
Water	-	-	13.00%	-	15.38%
Wastewater	4.40%	-	12.50%	-	16.67%

- **Water**

- Rate increases adjust both minimum and volumetric rates across all customer classes by the % above
- ***Proposed Rate Design changes effective FY 2019 yields an estimated 17% increase in rate revenues***
 - *Irrigation Block*
 - *Base Rate multipliers*
 - *Possibly offset with behavior changes*

- **Wastewater**

- Rate increases adjust both minimum and volumetric rates across all customer classes by the % above

Water Proposed Fixed Rate Design

Meter Equivalencies

Meter Size	Current	Proposed Charge	Turbine Factors
5/8"	\$15.50	\$15.50	0.674
3/4"	\$23.00	\$23.00	1.000
1"	\$38.50	\$38.50	1.674
1 1/2"	\$76.50	\$76.50	3.326
2"	\$122.50	\$153.34	6.667
3"	\$245.50	\$368.00	16.000
4"	\$383.50	\$644.00	28.000
6"	\$766.50	\$1,410.00	61.304
8"	\$1226.50	\$2,450.00	106.522

Residential Volumetric Rates remain unchanged

Water Proposed Volumetric Rate Design Commercial (less than 3")

Small Commercial (<2" Meter)	Current	Proposed (FY 2019)
0 – 300,000 gallons	\$2.40	\$2.40
300,001 + gallons	\$2.40	\$6.50
Large Commercial (2" Meter)	Current	Proposed (FY 2019)
0 – 600,000 gallons	\$2.40	\$2.40
600,001 + gallons	\$2.40	\$6.50
Large Commercial (3" Meter)	Current	Proposed (FY 2019)
0 – 900,000 gallons	\$2.40	\$2.40
900,001 + gallons	\$2.40	\$6.50

Water Proposed Volumetric Rate Design Commercial (4", 6", 8")

Commercial (4" Meter)	Current	Proposed (FY 2019)
0 – 4,000,000 gallons	\$2.40	\$2.40
4,000,001 + gallons	\$2.40	\$6.50
Commercial (6" Meter)	Current	Proposed (FY 2019)
0 – 6,000,000 gallons	\$2.40	\$2.40
6,000,001 + gallons	\$2.40	\$6.50
Commercial (8" Meter)	Current	Proposed (FY 2019)
0 – 8,000,000 gallons	\$2.40	\$2.40
8,000,001 + gallons	\$2.40	\$6.50
Industrial**	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$2.40

****Potential Industrial class for one customer**

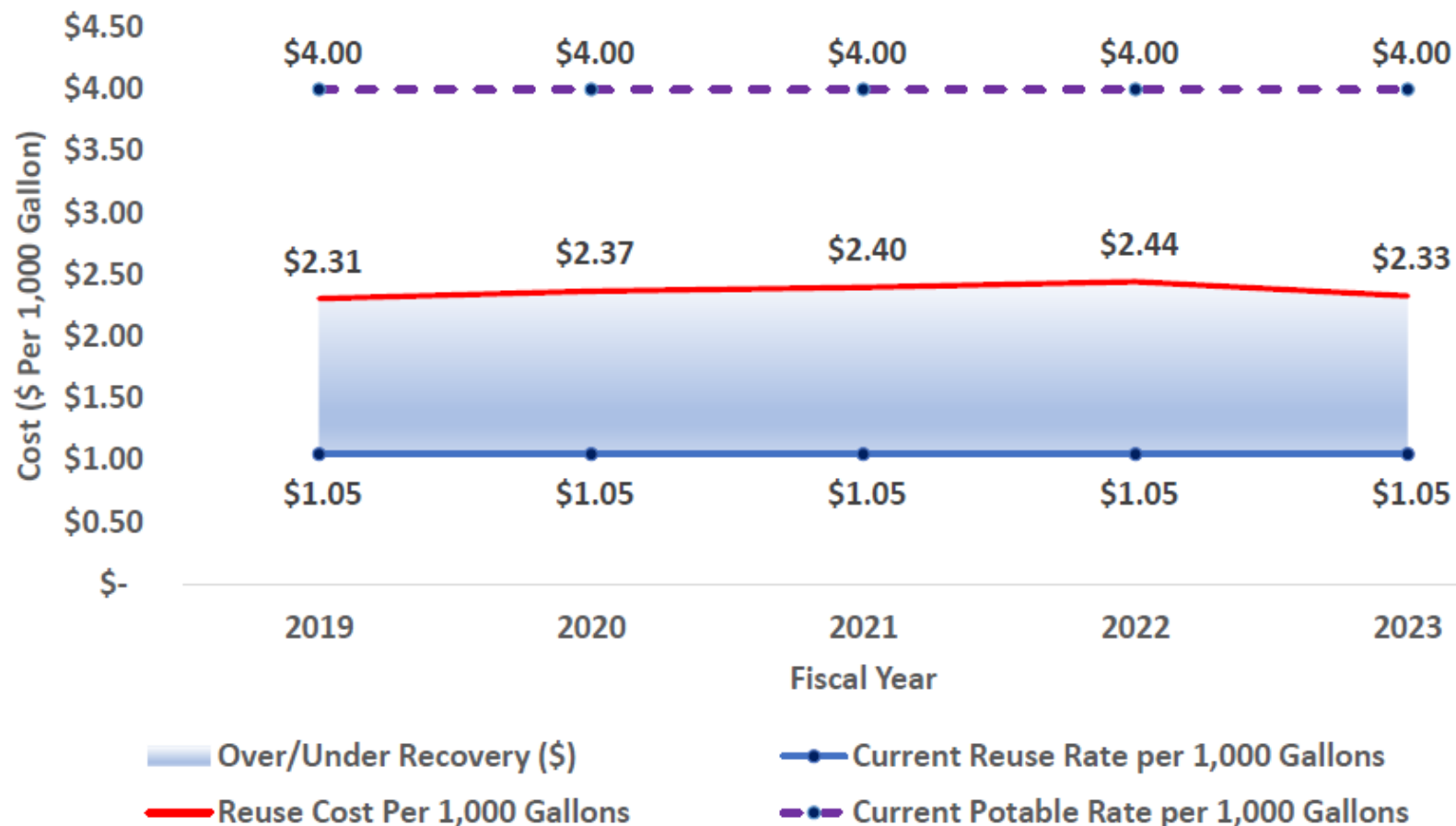
Water Proposed Volumetric Rate Design

Commercial Irrigation Meters

Commercial Irrigation	Current	Proposed (FY 2019)
0 – 500,000 gallons	\$4.00	\$4.00
500,001 + gallons	\$4.00	\$8.50

Reuse Irrigation	Current	Proposed (FY 2019)
0+	1.05	1.25

Reuse Revenue Requirement - Current Rates (per 1,000 Gallons)



* Based on normal consumption patterns and estimated usage

** Revenue shortfall made up by Wastewater utility

Water Proposed Volumetric Rate Design

Parks/Restaurants/Fire Hydrants

Municipal Interruptible (Parks)	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$2.40

*Parks department has multiple agreements with commercial customers to subsidize their water use. Expected impact to Parks from commercial rate changes is \$7K-\$8K per year

Restaurants	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$2.40

Fire Hydrants	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$8.50

Wastewater Proposed Fixed Rates

	Current	2019	2020	2021	2022	2023
Residential	\$30.65	\$32.00	\$32.00	\$36.00	\$36.00	\$42.00
Small Commercial	\$30.65	\$32.00	\$32.00	\$36.00	\$36.00	\$42.00

*No Volumetric rates on these customers

Wastewater Proposed Fixed and Volumetric Rates

		Current	2019	2020	2021	2022	2023
Commercial	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
Large Commercial	Fixed	\$82.30	\$85.92	\$85.92	\$96.67	\$96.67	\$112.78
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
High Strength Commercial	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$3.70	\$4.46	\$4.46	\$5.02	\$5.02	\$5.86
Multi-Family	Fixed	\$110.10	\$114.95	\$114.95	\$129.32	\$129.32	\$150.87
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
Evaporation Cooler	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61



Next Steps, Bill and Rate Design Impact, and Rate Comparisons

Customer Bill Impact - Residential

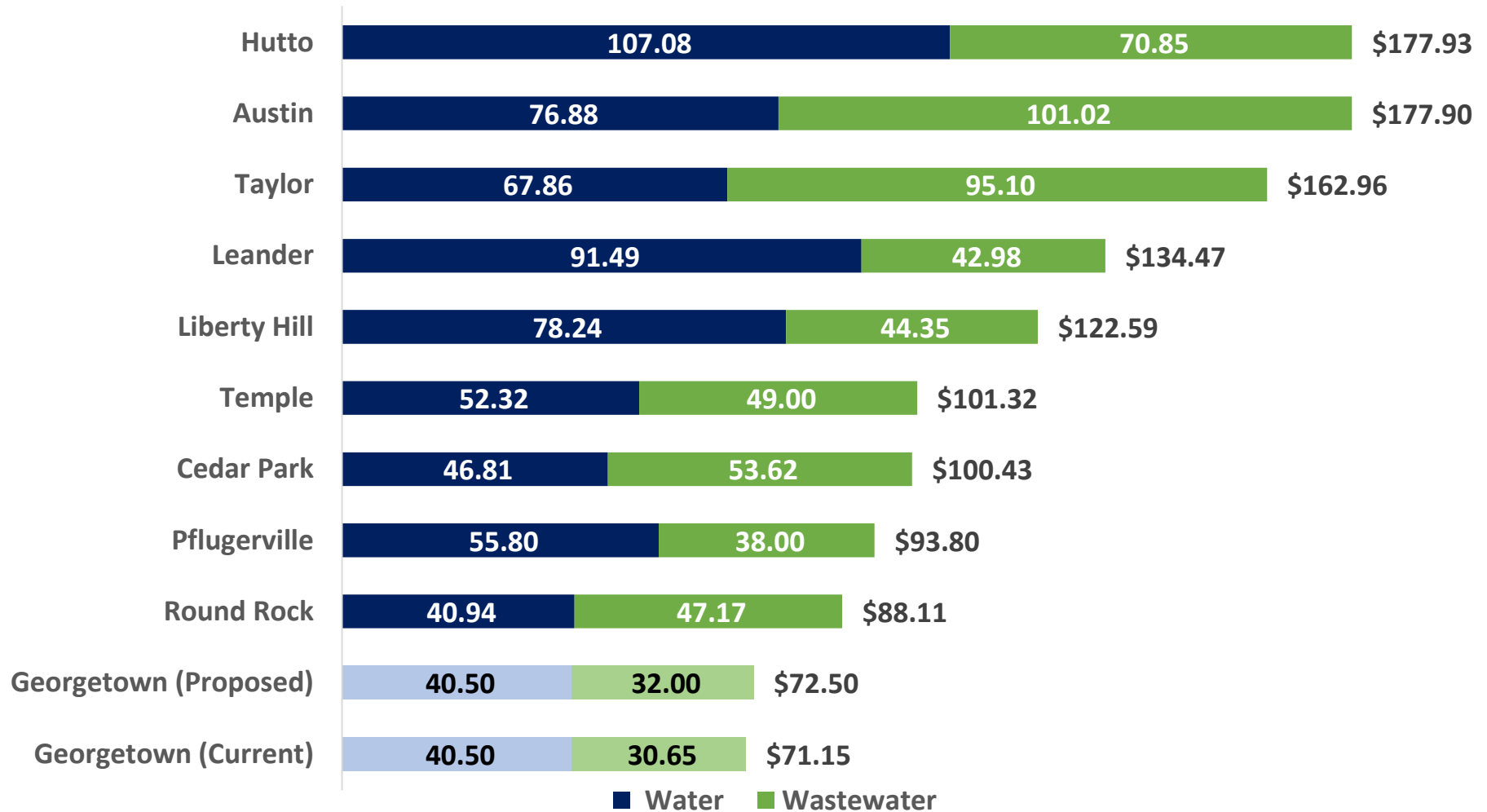
Residential	Current	2019	2020	2021	2022	2023
Water (3/4")	\$40.50	\$40.50	\$40.50	\$45.77	\$45.77	\$52.81
Wastewater	<u>\$30.65</u>	<u>\$32.00</u>	<u>\$32.00</u>	<u>\$36.00</u>	<u>\$36.00</u>	<u>\$42.00</u>
Total	\$71.15	\$72.50	\$72.50	\$81.77	\$81.77	\$94.81
Variance(\$)		\$1.35	-	\$9.27	-	\$13.04
Variance (%)		1.90%	-	12.78%	-	15.95%

*10,000 Gallons

Residential	Current	2019	2020	2021	2022	2023
Water (3/4")	\$64.50	\$64.50	\$64.50	\$72.89	\$72.89	\$84.10
Wastewater	<u>\$30.65</u>	<u>\$32.00</u>	<u>\$32.00</u>	<u>\$36.00</u>	<u>\$36.00</u>	<u>\$42.00</u>
Total	\$95.15	\$96.50	\$96.50	\$108.89	\$108.89	\$126.10
Variance(\$)		\$1.35	-	\$12.39	-	\$17.21
Variance (%)		1.42%	-	12.83%	-	15.81%

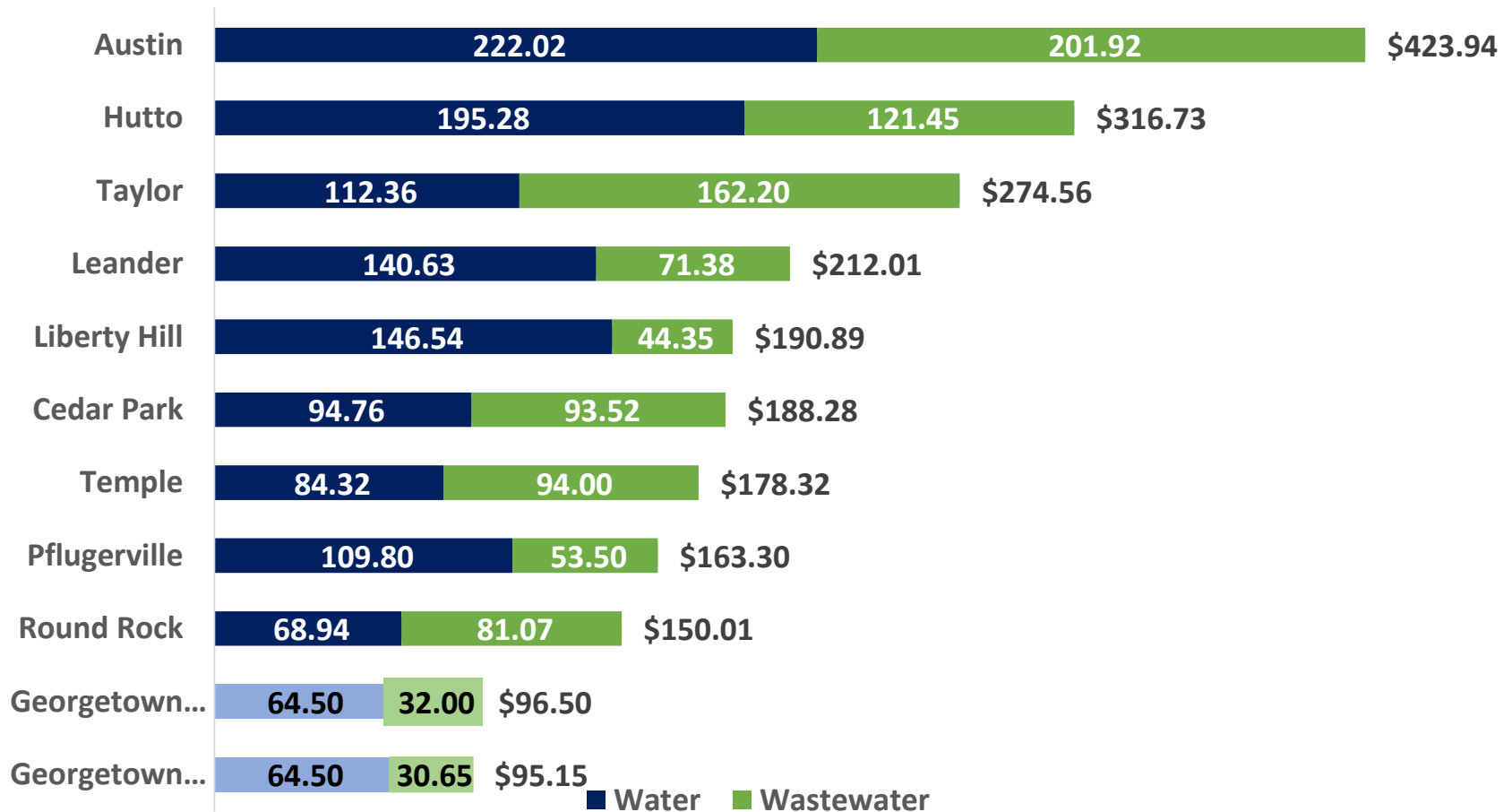
*20,000 Gallons

Total Residential Monthly Bill Comparison (10,000 gallons)



* Source: Bill calculated based on lowest meter size obtained from each entity's website as of 05/07/2018

Total Residential Monthly Bill Comparison (20,000 gallons)



* Source: Bill calculated based on lowest meter size obtained from each entity's website as of 05/07/2018

Next Steps

- Need to Increase Revenues
 - Seeking Council direction on rate changes to be effective January 1, 2019
- Council will review proposed rate changes as part of the proposed budget, and during ordinance readings
- Rates Studies continued every 3 years



Questions and Discussion

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August 13th, 2020

DRAFT RESULTS AND RECOMMENDATIONS WATER AND WASTEWATER COST OF SERVICE AND RATE DESIGN STUDY



AGENDA

PROJECT TEAM & RESOURCES

METHODOLOGY

DRAFT STUDY RESULTS

QUESTIONS

Project Team & Resources

NEWGEN STRATEGIES AND SOLUTIONS (NEWGEN)

Management and economic consulting company specializing in municipalities and municipal utilities.



NewGen applies our expertise and delivers high impact solutions through our diverse and integrated market perspectives, resulting in effective decision-making and implementation



NEWGEN PROJECT TEAM



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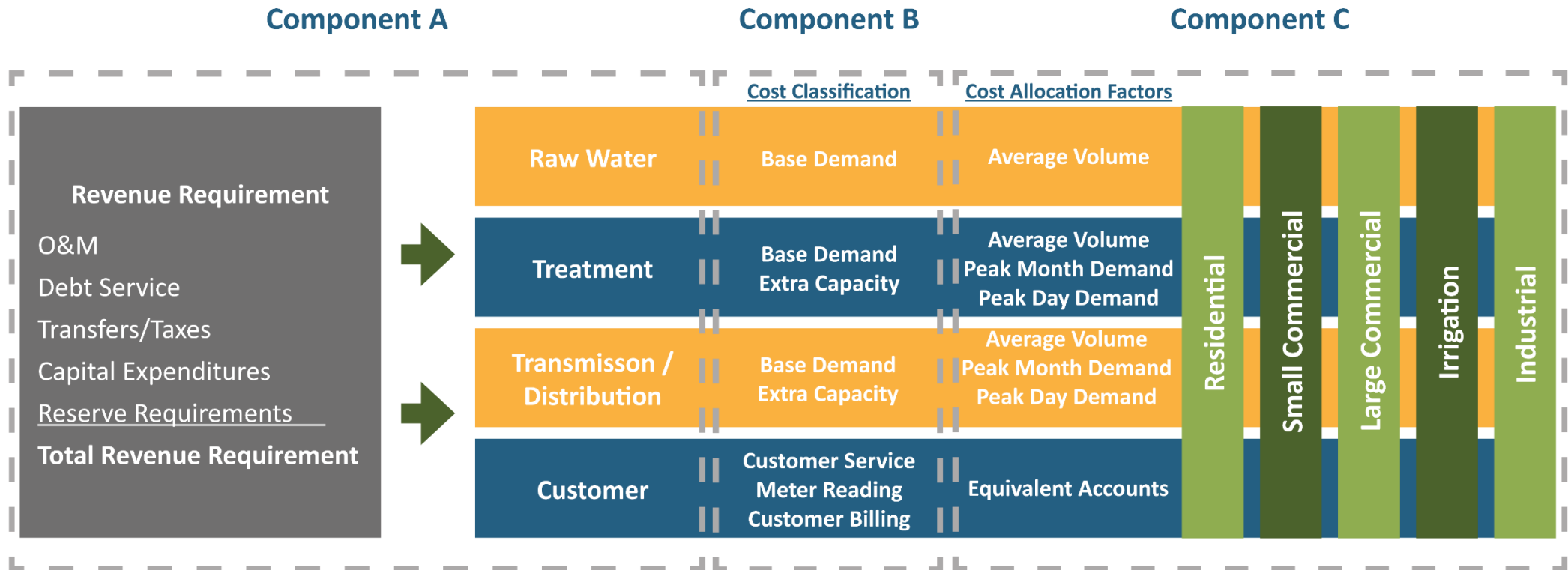
Study Methodology

WHAT IS A COST OF SERVICE STUDY?

- An analysis to equitably allocate the revenue requirements to the various customer classes of service to the utility
- Do cost differences exist between the types of customers served?
 - Facility requirements
 - Usage characteristics
- Test Year (FY 2021)



COST OF SERVICE – WATER



Note: For illustrative purposes only. Functions and allocators may change to align with utility operations/services.

POLICY OBJECTIVES

Implementation	Equity	Customer	Conservation	Financial
Administrative Burden	Interclass	Affordability	Average-Day Savings	Revenue Sufficiency
Public Understanding	Intraclass	Economic Development	Peak-Season Savings	Revenue Stability
Political Acceptance	Intergenerational	Rate Shock / Volatility	Peak-Day Savings	Rate Stability
Implementation Risk	Inside/Outside	Understandability of Rates/Bill	Sustainability	Rate Predictability
Legal Defensibility	Industry Standards	Perception of Equity	Compliance	Financial Risk

CURRENT RATES

WATER – BASE RATES

Base Rates	Inside City	Outside City
5/8" Meter	\$ 15.50	\$ 18.50
3/4" Meter	23.00	27.50
1" Meter	38.50	46.00
1 1/2" Meter	76.50	91.50
2" Meter	153.50	183.50
3" Meter	368.00	440.00
4" Meter	644.00	770.00
6" Meter	1,140.00	1,686.00
8" Meter	2,450.00	2,929.50

Source: City of Georgetown (<https://qus.georgetown.org/customercare/rates/>)

CURRENT RATES

WATER – RESIDENTIAL VOLUMETRIC RATES

Volumetric Rates	Inside/Outside City
0 – 10,000 gallons	\$ 1.75
10,001 – 20,000 gallons	2.40
20,001 – 40,000 gallons	4.00
40,001 – 60,000 gallons	6.50
60,001+ gallons	8.50

Source: City of Georgetown (<https://qus.georgetown.org/customercare/rates/>)

CURRENT RATES

WATER – NON-RESIDENTIAL VOLUMETRIC RATES

Customer Class	Meter Size	Tier 1 Rate	Tier 2 Rate	Tier 2 Threshold
Small Commercial	<2"	\$2.40	\$6.50	300,001 gallons
Large Commercial	2"	\$2.40	\$6.50	600,001 gallons
Large Commercial	3"	\$2.40	\$6.50	900,001 gallons
Large Commercial	4"	\$2.40	\$6.50	4M gallons
Large Commercial	6"	\$2.40	\$6.50	6M gallons
Large Commercial	8"	\$2.40	\$6.50	8M gallons
Manufacturing	<8"	\$2.40		
Municipal Interruptible		\$2.40		
Restaurant		\$2.40		
Evaporative Cooling		\$2.40		
Fire Flow		\$2.40		
Irrigation Only		\$4.00	\$8.50	500,001 gallons

Source: City of Georgetown (<https://qus.georgetown.org/customer-care/rates/>)

CURRENT RATES

WASTEWATER

Customer Class	Base Charge (Inside)	Volume Charge (Inside)	Base Charge (Outside)	Volume Charge (Outside)
Residential (Single Family/Domestic)	\$ 32.00	N/A	\$ 36.75	N/A
Small Commercial (4" Sewer Line/ 3/4" Water Meter)	\$ 32.00	N/A	\$ 36.75	N/A
Commercial (<6" Sewer Line)	\$48.40	\$2.75	\$55.65	\$3.15
Commercial (>8" Sewer Line)	\$85.95	\$2.75	\$98.85	\$3.15
High Strength Commercial (>250 BOD/Food Processing)	\$48.40	\$4.50	\$55.65	\$5.20
Multi-Family Service (>3 Residential Units per Water Meter)	\$114.95	\$2.75	\$132.20	\$3.15

Source: City of Georgetown (<https://qus.georgetown.org/customer-care/rates/>)

FUTURE CONSIDERATIONS

- Postponements to next FY due to timing and data limitations
 - Cash-Needs/Utility Basis Hybrid Revenue Requirement approach to determine Outside City rate differential
 - Breakdown by asset type (water vs wastewater) for asset and depreciation details not readily available
 - System-wide cash needs approach for FY 2021; Explore Utility-Basis option in FY 2022
- Wastewater Cost of Service rates specific to Biological Oxygen Demand (BOD) and Total Suspended Solids (TSS)
 - City not currently doing grab samples, will revisit in FY 2022 update after identifying and monitoring high strength wastewater customers

Draft Study Results

KEY DRIVERS

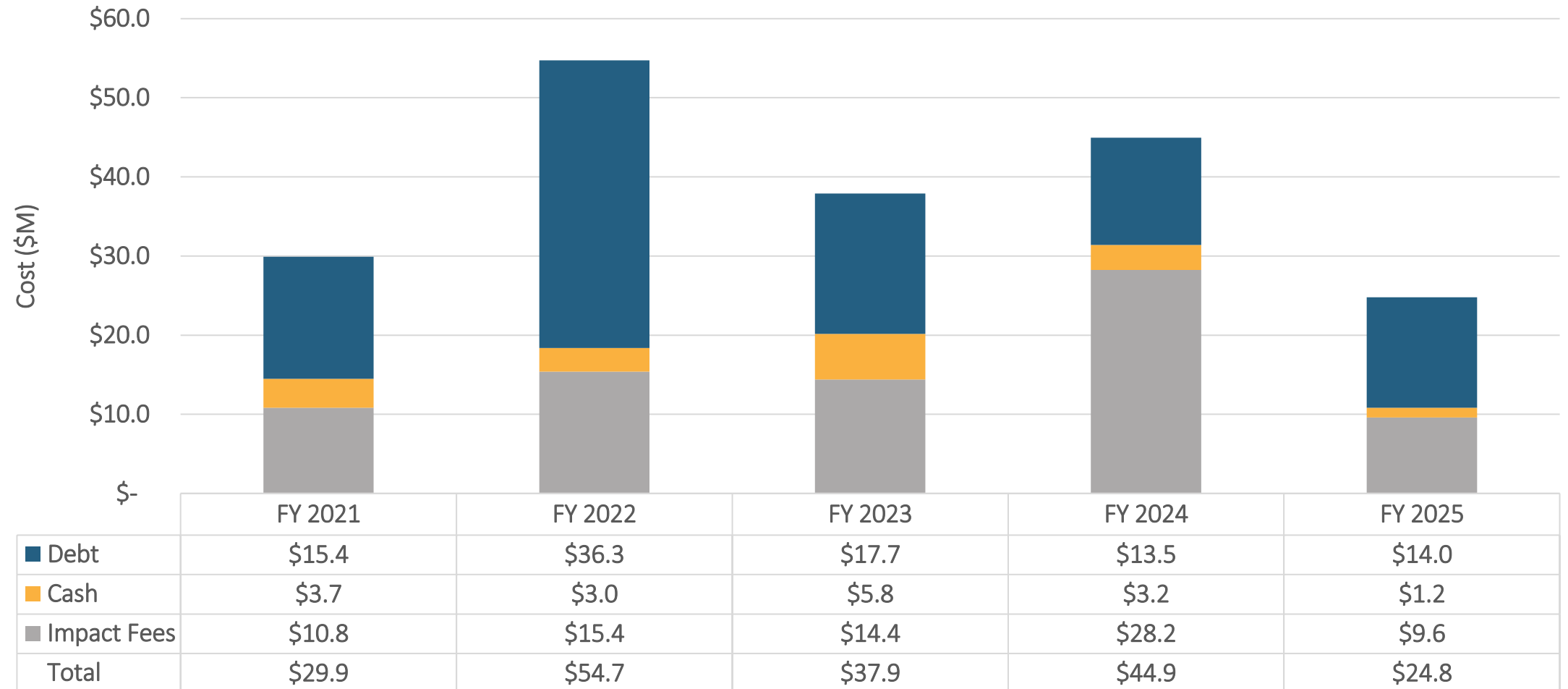
FY 2021 COST OF SERVICE

FY 2021 – FY 2025 DECISION PACKAGES

KEY DRIVERS FOR FY 2021 AND BEYOND

- Residential Customer Growth
 - 2,800 Annual Water Accounts
 - 1,300 Annual Wastewater Accounts
- Long-Term Capital Needs
 - Approximately \$192.24M in Water/Wastewater Capital Needs (FY 2021 – FY 2025)
 - \$97.01M Debt Funded
 - \$16.78M Cash Funded
 - \$78.45M Impact Fee Funded
- New Program Operations & Maintenance
 - Future costs associated with growth

LONG-TERM CAPITAL FUNDING FORECAST



LONG-TERM CAPITAL PROJECT HIGHLIGHTS

Water

FY	Project Description	Cost (\$M)
21	RR Elevated Storage Tank	\$ 3.5M
	RR Supply Line	\$ 3.2M
	Hoover Pump Station	\$ 2.8M
22	S. Lake WTP	\$ 8.0M
23 - 25	S. Lake WTP (\$21M/year)	\$ 62.0M

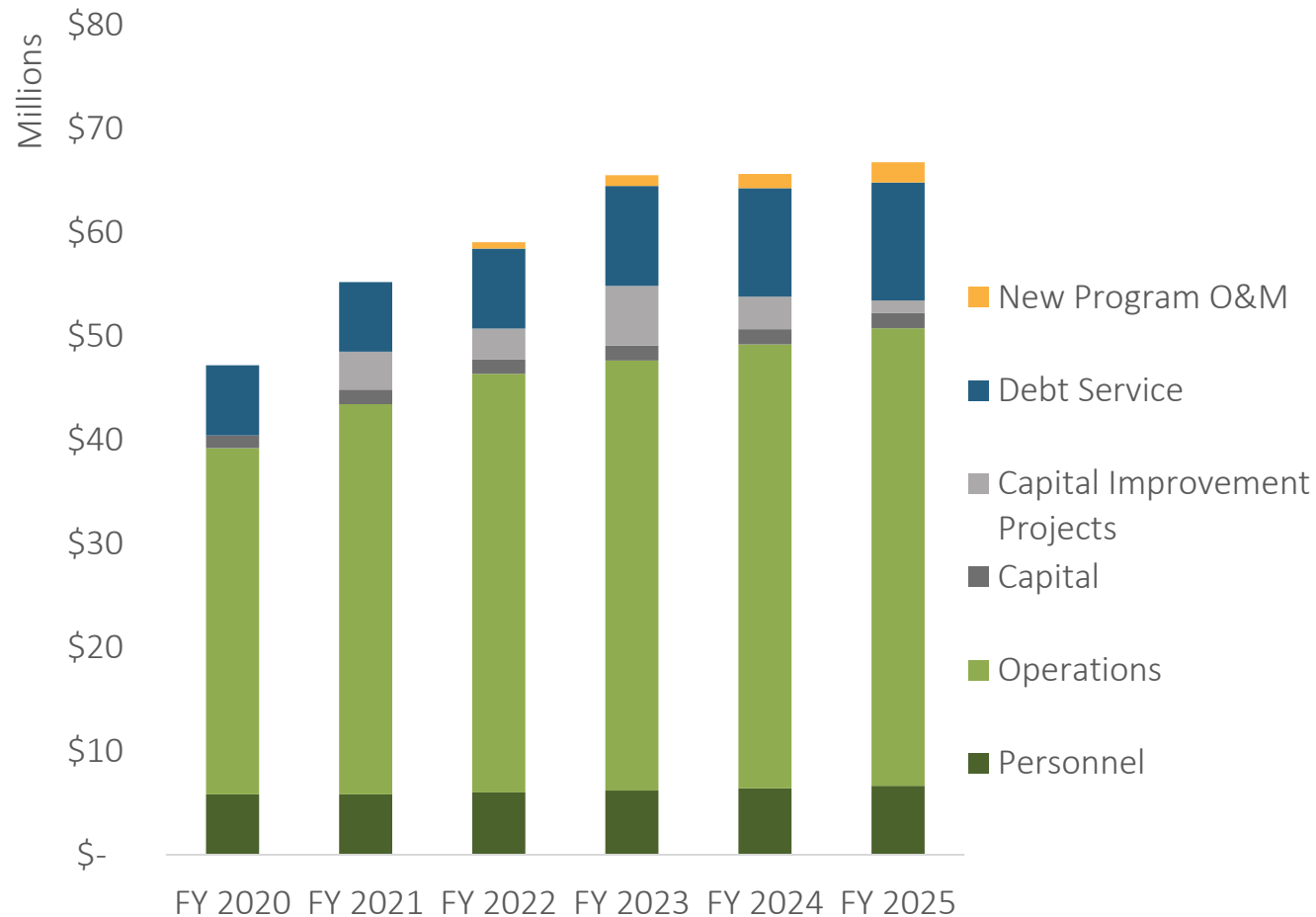
Wastewater

FY	Project Description	Cost (\$M)
21 - 25	EARZ (\$1.5M/year)	\$6.0M
22	San Gabriel Interceptor	\$32.5M
23	Interceptor LS Removal & Gravity Main	\$6.0M

NEW PROGRAM OPERATIONS & MAINTENANCE

- Recurring future annual costs associated with new growth (FY 2022 – FY 2025)
 - New Positions (~114K/year)
 - Utility Support Manager
 - Control Center Supervisor
 - Water Services Tech
 - I&C Tech
 - Plant Supervisor
 - New Vehicles (~140K/year)

TOTAL EXPENSES FORECAST



Debt Service:

Existing and Projected Total P&I

Capital Improvement Projects:

Cash-Funded Long-Term Capital

Capital:

Cash-Funded Short-Term Capital Outlays

Operations:

Supplies and Maintenance Transfers

Allocations (Joint Svc, AMR, General)

REVENUE REQUIREMENT FORECAST



FY 2021 COST OF SERVICE

PEAK TO AVERAGE BY CUSTOMER CLASS

<i>Per Utility Billing Data Extract (Oct 2018 – Sep 2019)</i>		Base/Extra Calculation			
Profile Assignment	Peaking Ratio	Avg MGD	Max MGD	Extra	Customer
<u>Inside/Outside City</u>					
Residential (incl Builder)	2.08	11.977	24.966	12.989	41,450
Small Commercial	1.39	0.562	0.780	0.218	1,013
Large Commercial	1.26	1.502	1.898	0.396	274
Government	2.06	0.328	0.676	0.348	158
Irrigation	2.11	1.079	2.280	1.201	634
Total System	1.98	15.448	30.600	15.152	43,529
<u>Inside/Outside City</u>					
Residential (incl Builder)		77.5%	81.6%	85.7%	95.2%
Small Commercial		3.6%	2.5%	1.4%	2.3%
Large Commercial		9.7%	6.2%	2.6%	0.6%
Government		2.1%	2.2%	2.3%	0.4%
Irrigation		7.0%	7.4%	7.9%	1.5%
Total System		100.0%	100.0%	100.0%	100.0%

FY 2021 COST OF SERVICE REVENUE REQUIREMENT ALLOCATION

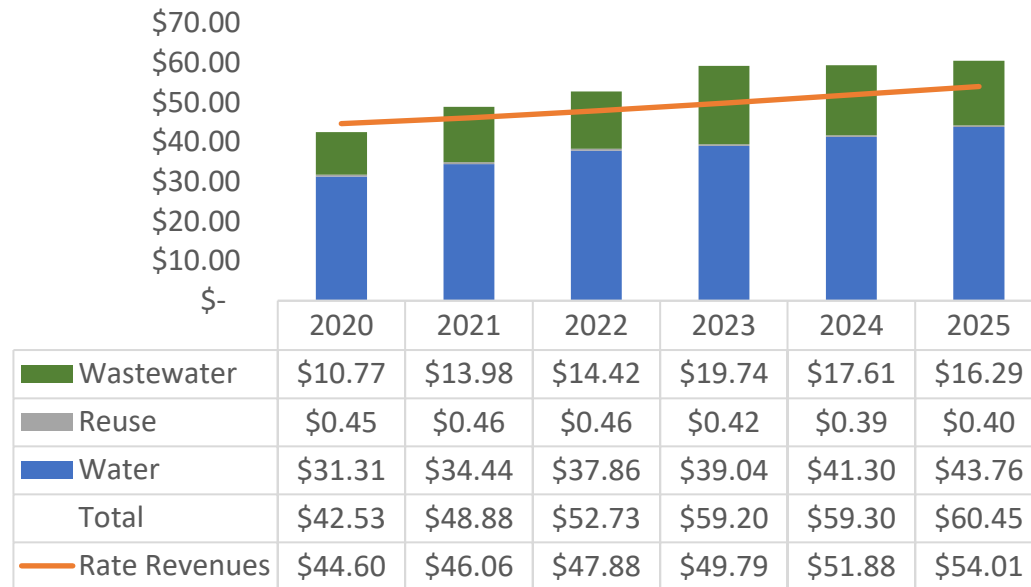
Profile Assignment	Peaking Ratio	Allocation of Revenue Requirement (\$M)				Current Revenues (\$M)	Variance (\$M)	Variance (%)
		Base	Extra	Customer	Total			
<i>Inside/Outside City</i>								
Residential (incl Builder)	2.08	\$ 13.39	13.70	1.14	28.22	25.88	(2.34)	-8.3%
Small Commercial	1.39	0.63	0.23	0.03	0.89	0.98	0.09	10.1%
Large Commercial	1.26	1.68	0.42	0.01	2.10	2.37	0.27	12.9%
Government	2.06	0.37	0.37	0.00	0.74	0.68	(0.06)	-8.2%
Irrigation	2.11	1.21	1.27	0.02	2.49	2.80	0.31	12.6%
Total System	1.98	\$ 17.27	\$ 15.98	\$ 1.19	\$ 34.44	\$ 32.71	\$ (1.73)	-5.0%

- Residential and Government customer classes currently paying less than class cost of service
 - **Residential:** Estimated \$2.34M or 8.3% increase in Residential revenues to meet revenue requirement in FY 2021
 - **Government:** Estimated \$0.06M or 8.2% increase in Government revenues to meet revenue requirement in FY 2021

FINANCIAL OBJECTIVES

- Goals for Combined Utility (Water/Wastewater):
 - Overall Revenue Sufficient
 - Meet target financial policies
- Current Fiscal Policies:
 - Debt Service Coverage: **1.50x**
 - Debt Service Coverage is a reflection of a utility's ability to pay its debt
 - Days Cash on Hand: **90 Days**
 - Water Monthly Base Charge Fixed Cost of Service Recovery: **75%**
 - *"Water Rates will recognize at least **75%** of the fixed cost of service, including debt payments and ROI costs, within the monthly base charge determined by meter size."*
 - *Per Fiscal and Budgetary Policy adopted September 24, 2019*

PROJECTED COMBINED UTILITY PERFORMANCE UNDER CURRENT REVENUES



- Combined utility estimated to not recover revenue required as early as **FY 2021**

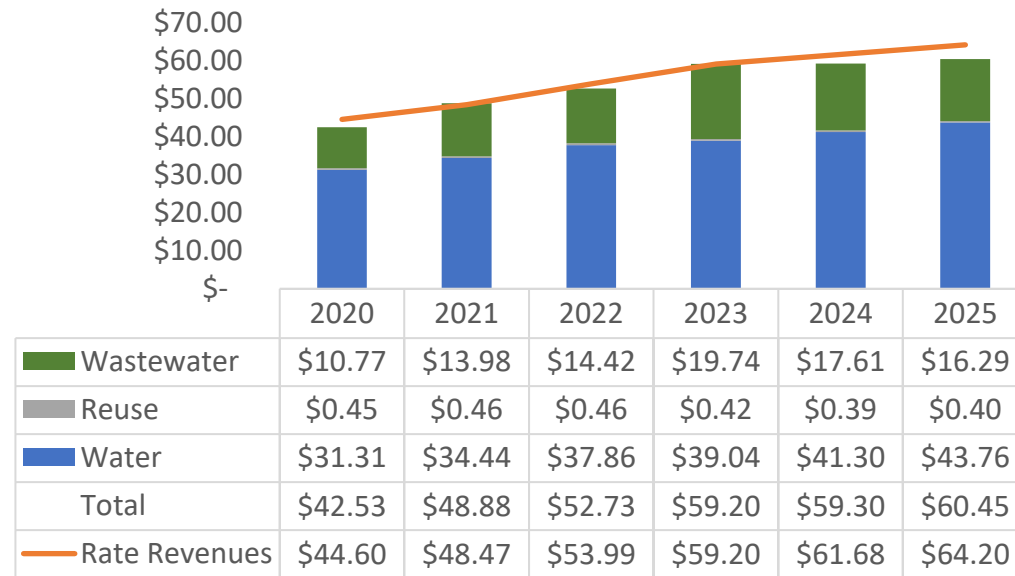
- Days Cash on Hand reserves drop below 90 Days as early as **FY 2024**

FY (Targets)	2021	2022	2023	2024	2025
DSC (1.50x)	3.82	3.07	2.44	2.27	2.07
Days Cash (90 Days)	286	218	128	60	6
Fixed COS (75%)	71%	68%	69%	69%	68%

- Water Monthly Base Charge revenues estimated to not recognize Water Fixed Cost of Service as early as **FY 2021**

DECISION PACKAGE #1:

ADJUSTING REVENUES UNDER CURRENT RATE DESIGN

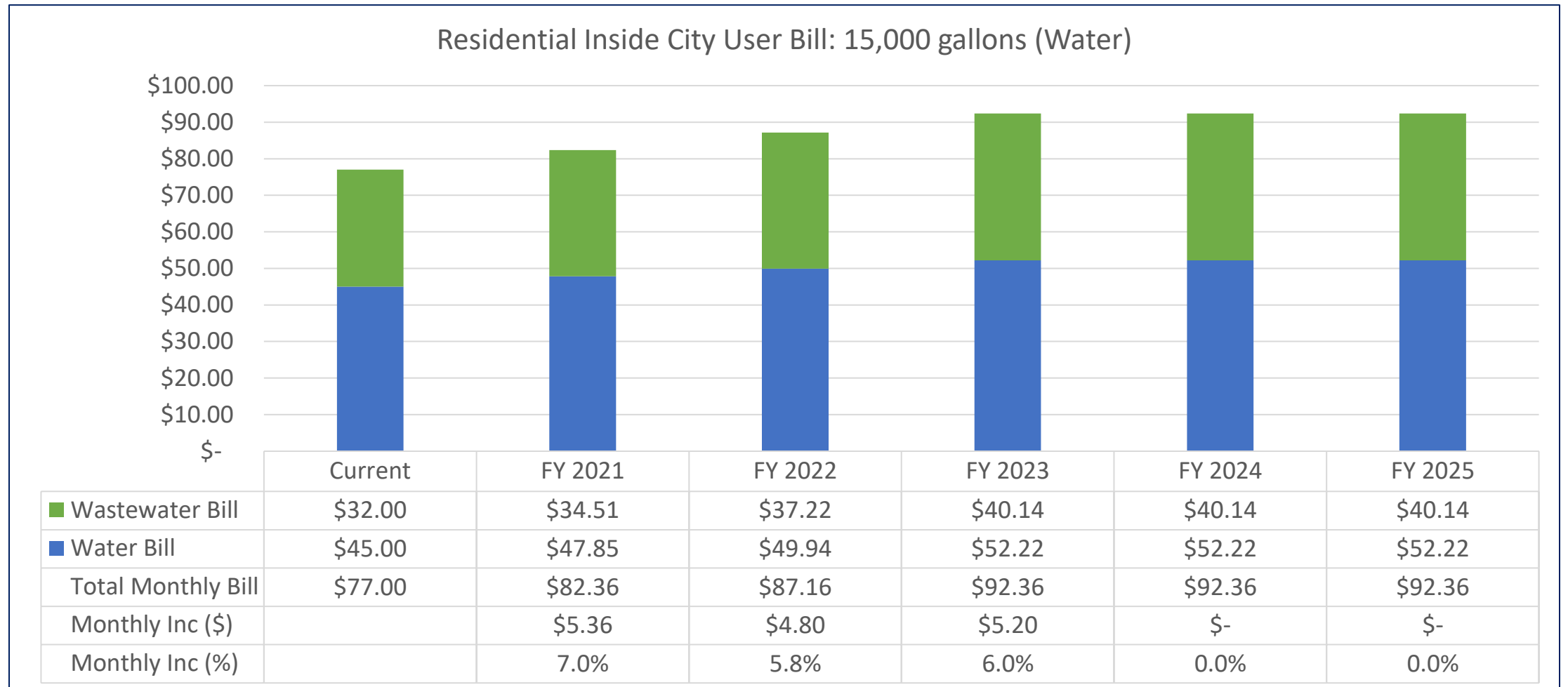


- Revenue adjustments driven by first debt payment for San Gabriel Interceptor (\$32.M) in **FY 2023**
- Water rate adjustments targeting Fixed COS metric and to mitigate significant Wastewater rate increases

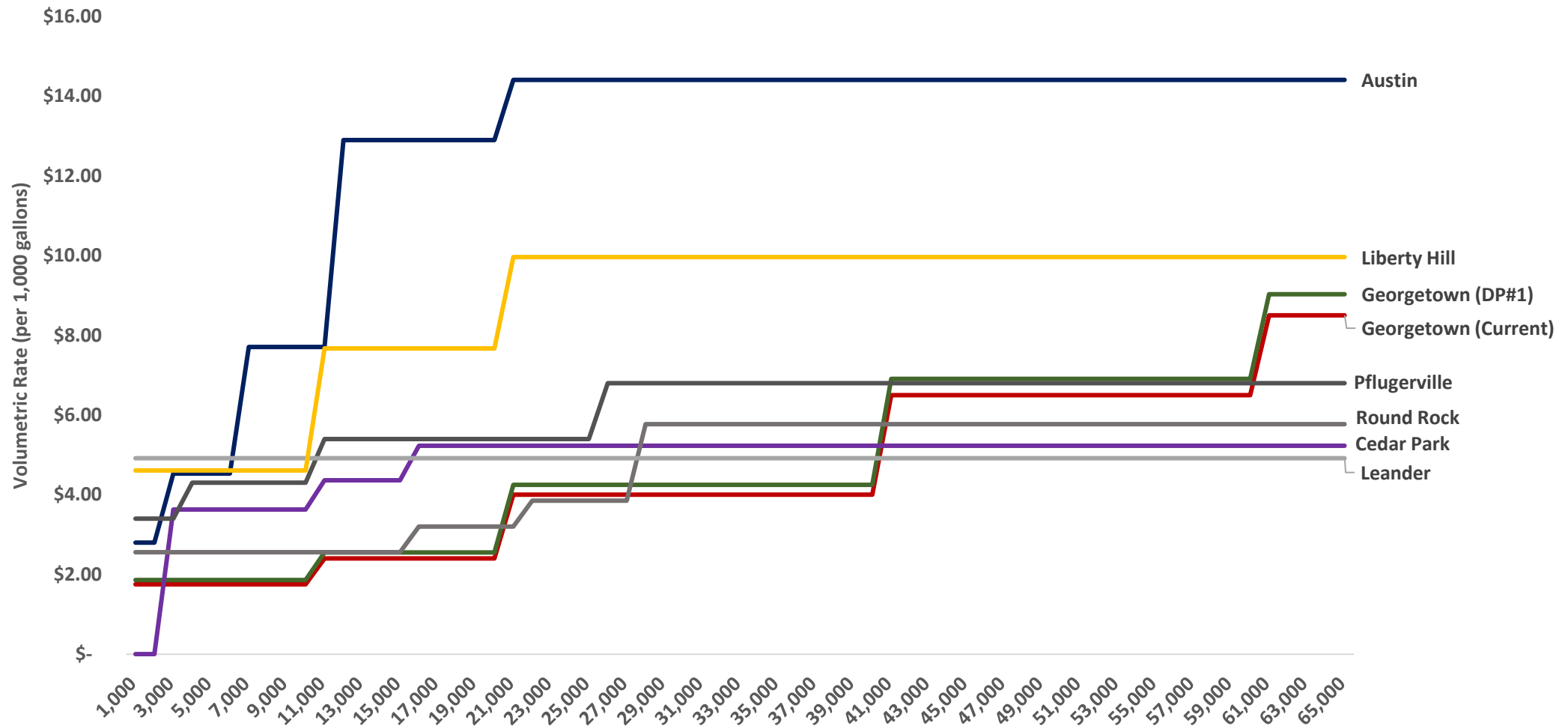
FY (Targets)	2021	2022	2023	2024	2025
DSC (1.50x)	4.20	3.91	3.47	3.25	3.01
Days Cash (90 Days)	310	296	285	294	312
Fixed COS (75%)	75%	76%	81%	80%	79%

Rate Adjustments	2021	2022	2023	2024	2025
Water (All %)	6.45%	4.50%	4.50%	-	-
Wastewater (All %)	7.85%	7.85%	7.85%	-	-

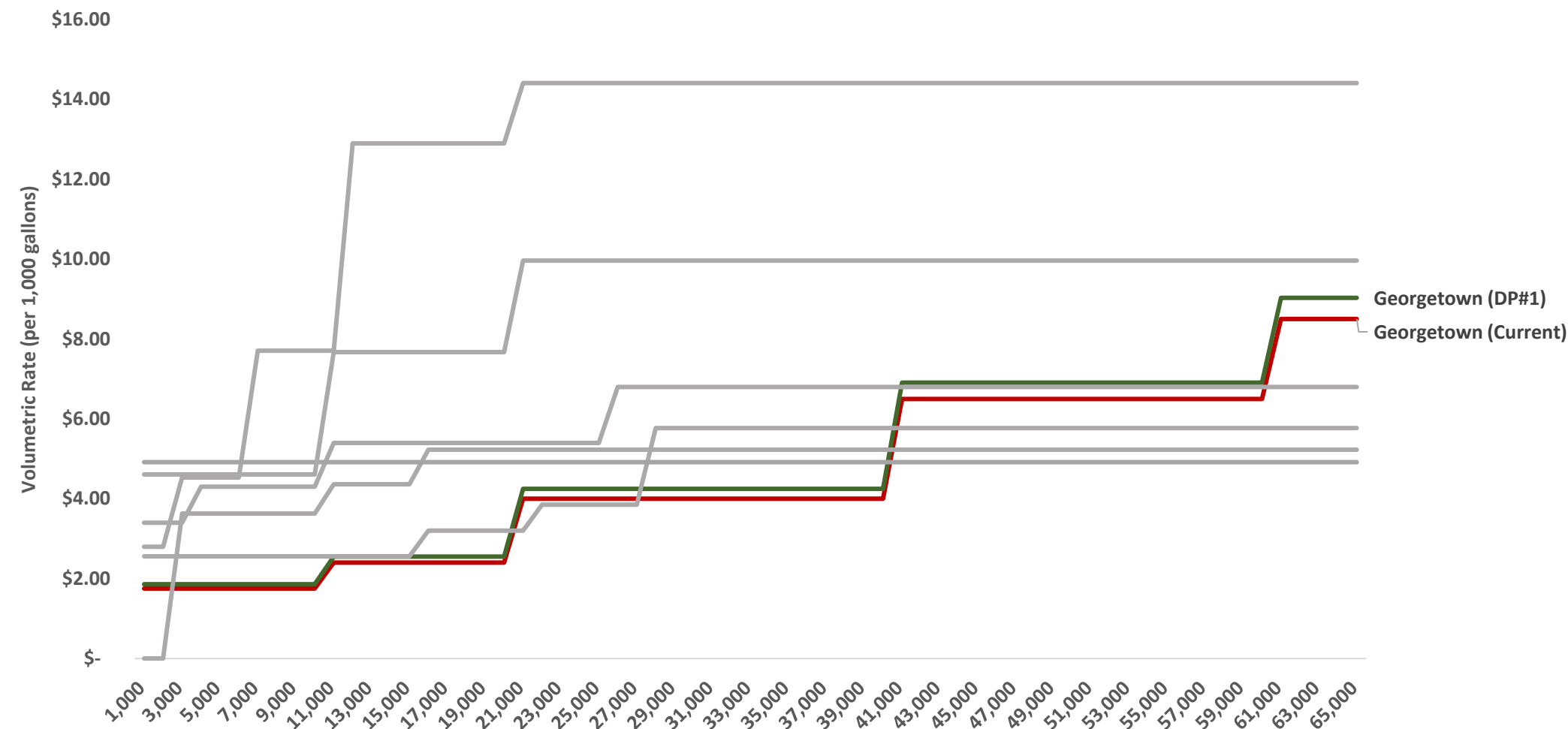
RESIDENTIAL CUSTOMER IMPACT UNDER DECISION PACKAGE #1



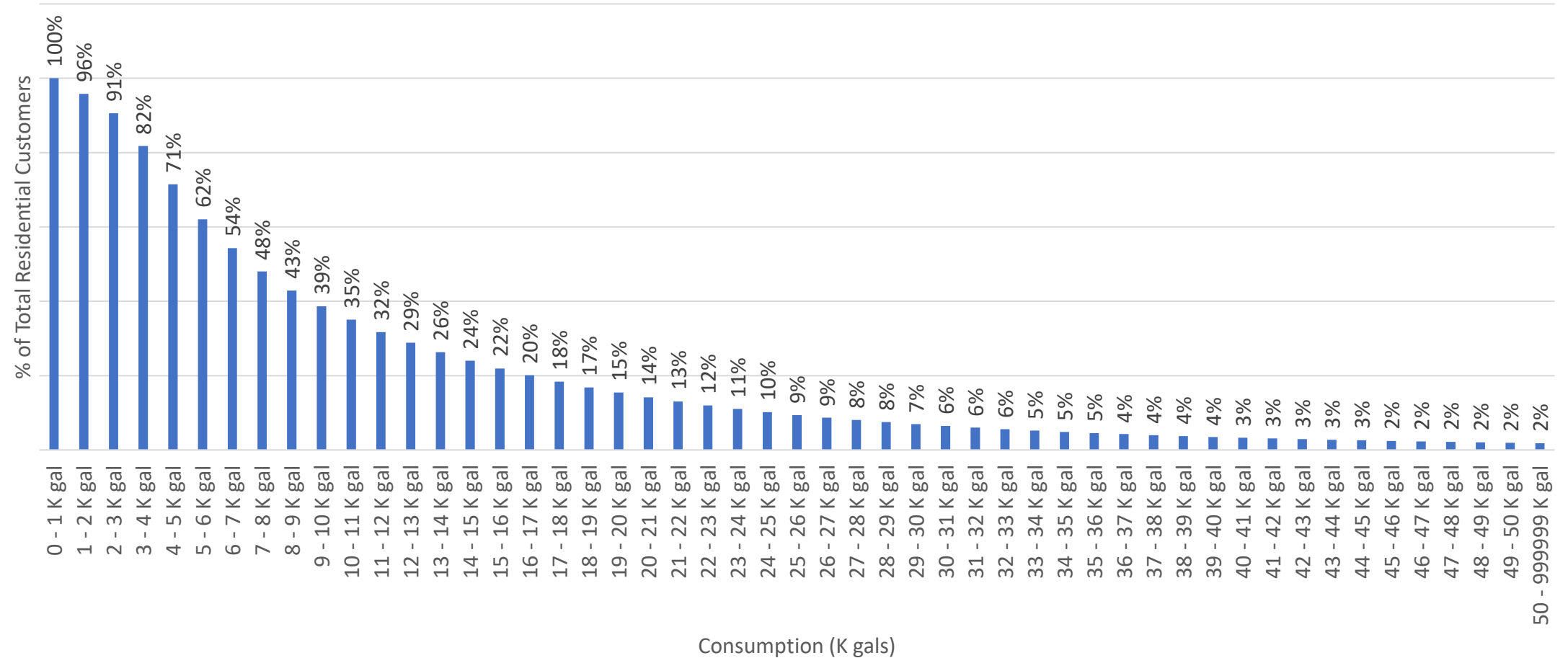
RESIDENTIAL VOLUMETRIC RATE DESIGN



RESIDENTIAL VOLUMETRIC RATE DESIGN



RESIDENTIAL VOLUMETRIC RATE DESIGN CUSTOMER FREQUENCY DISTRIBUTION

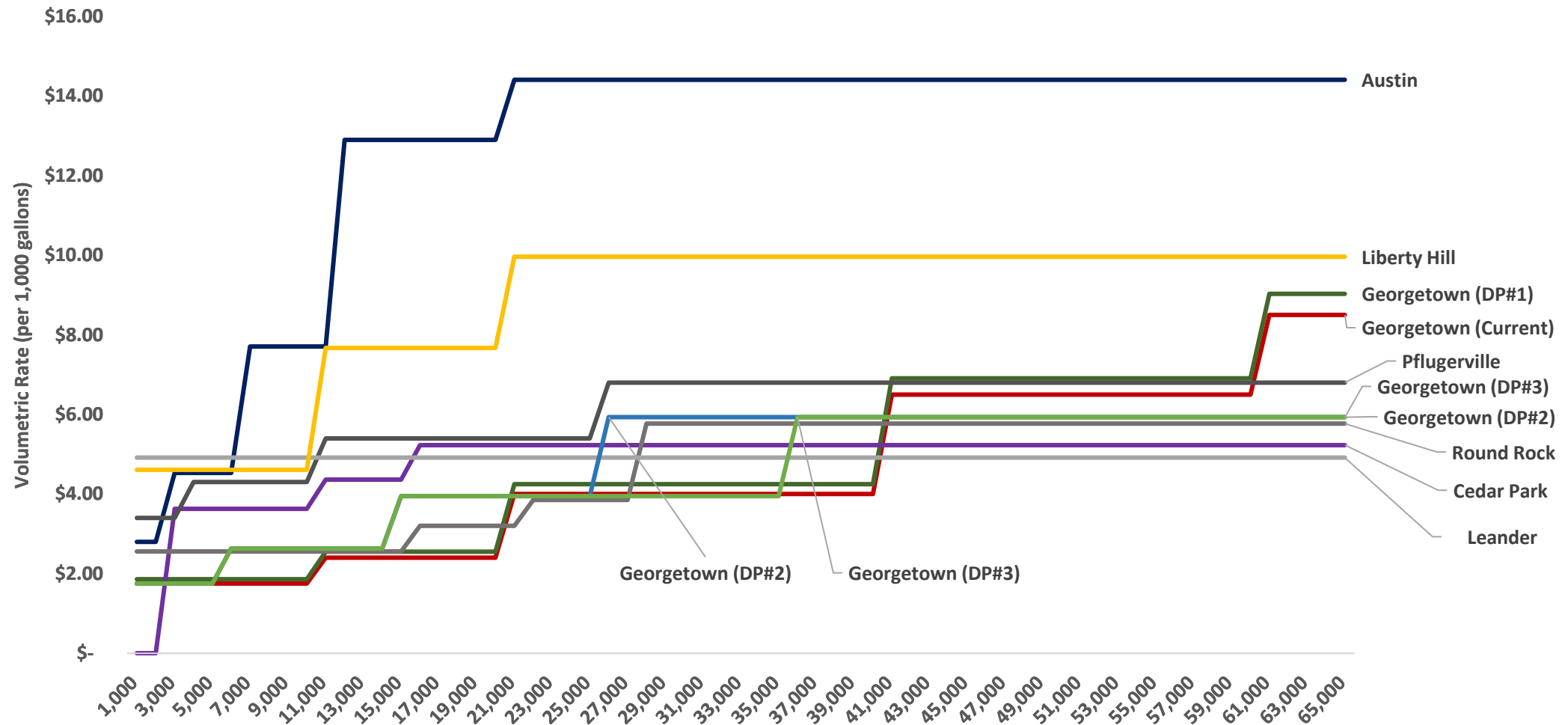


RESIDENTIAL VOLUMETRIC RATE DESIGN

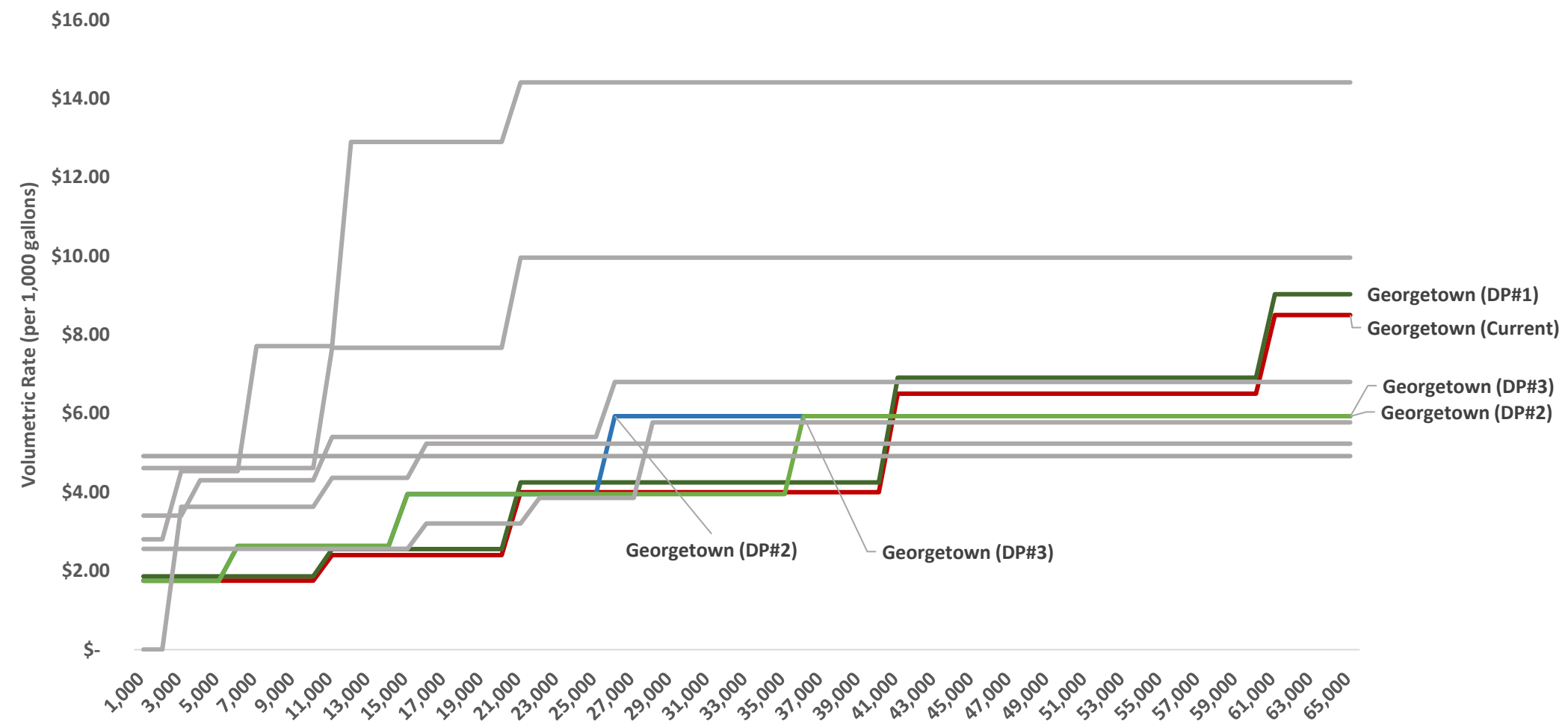
- Based on historical customer usage characteristics and feedback from the City, the following Residential alternatives were determined:

Current Volumetric Tiers (eff. January 1 st , 2019)	Decision Package #2: 25,000+ Gallons	Decision Package #3: 35,000+ Gallons
0 – 10,000 gallons	0 – 5,000 gallons	0 – 5,000 gallons
10,001 – 20,000 gallons	5,001 – 15,000 gallons	5,001 – 15,000 gallons
20,001 – 40,000 gallons	15,001 – 25,000 gallons	15,001 – 35,000 gallons
40,001 – 60,000 gallons	25,001+ gallons	35,001+ gallons
60,001+ gallons		

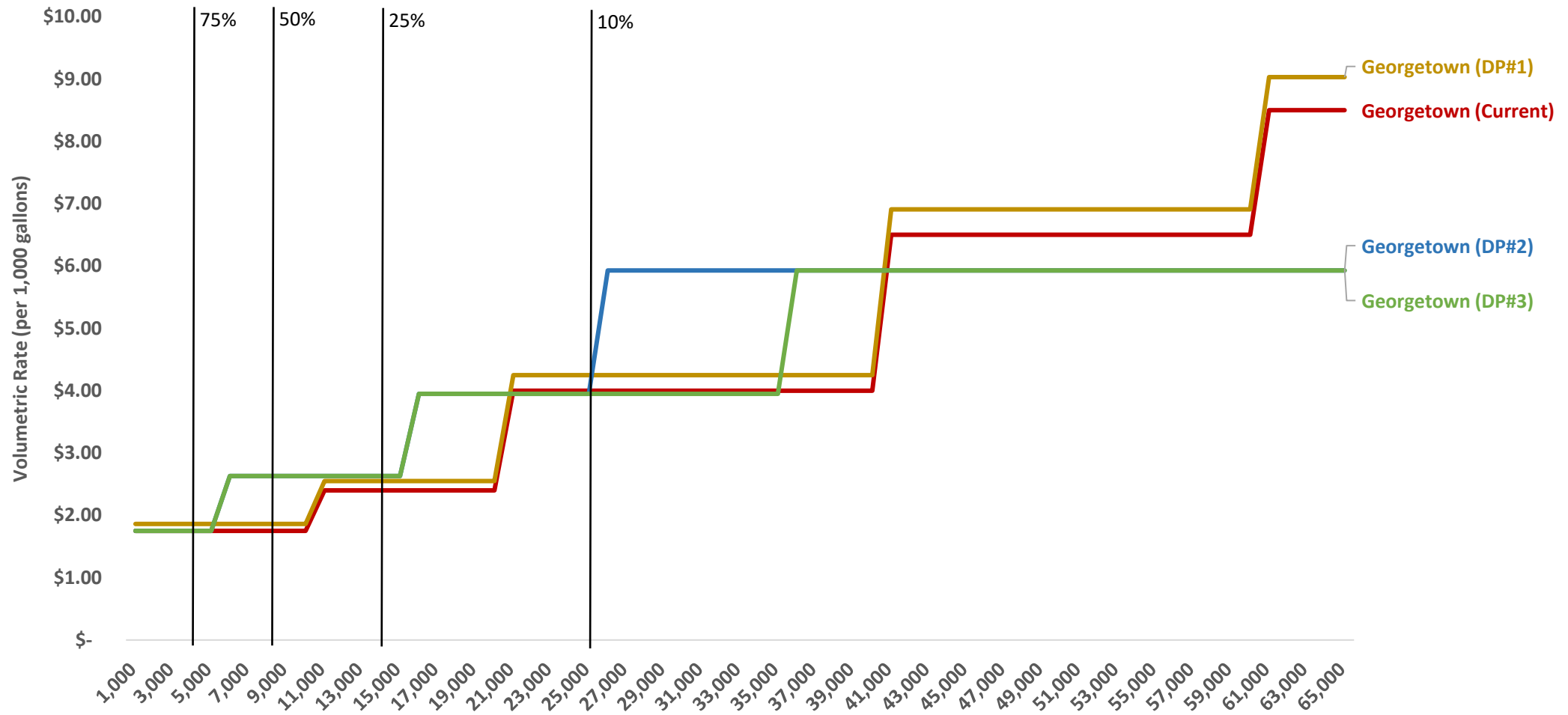
RESIDENTIAL VOLUMETRIC RATE DESIGN



RESIDENTIAL VOLUMETRIC RATE DESIGN

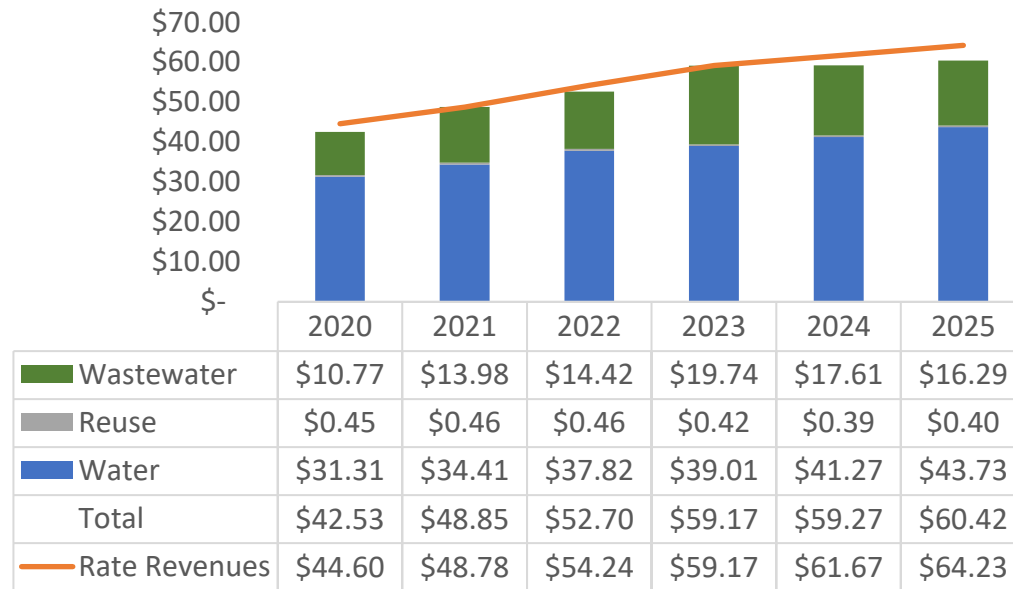


RESIDENTIAL VOLUMETRIC WATER COMPARISON



DECISION PACKAGE #2:

REVISED RESIDENTIAL TIER DESIGN (25,000+ GALLONS)

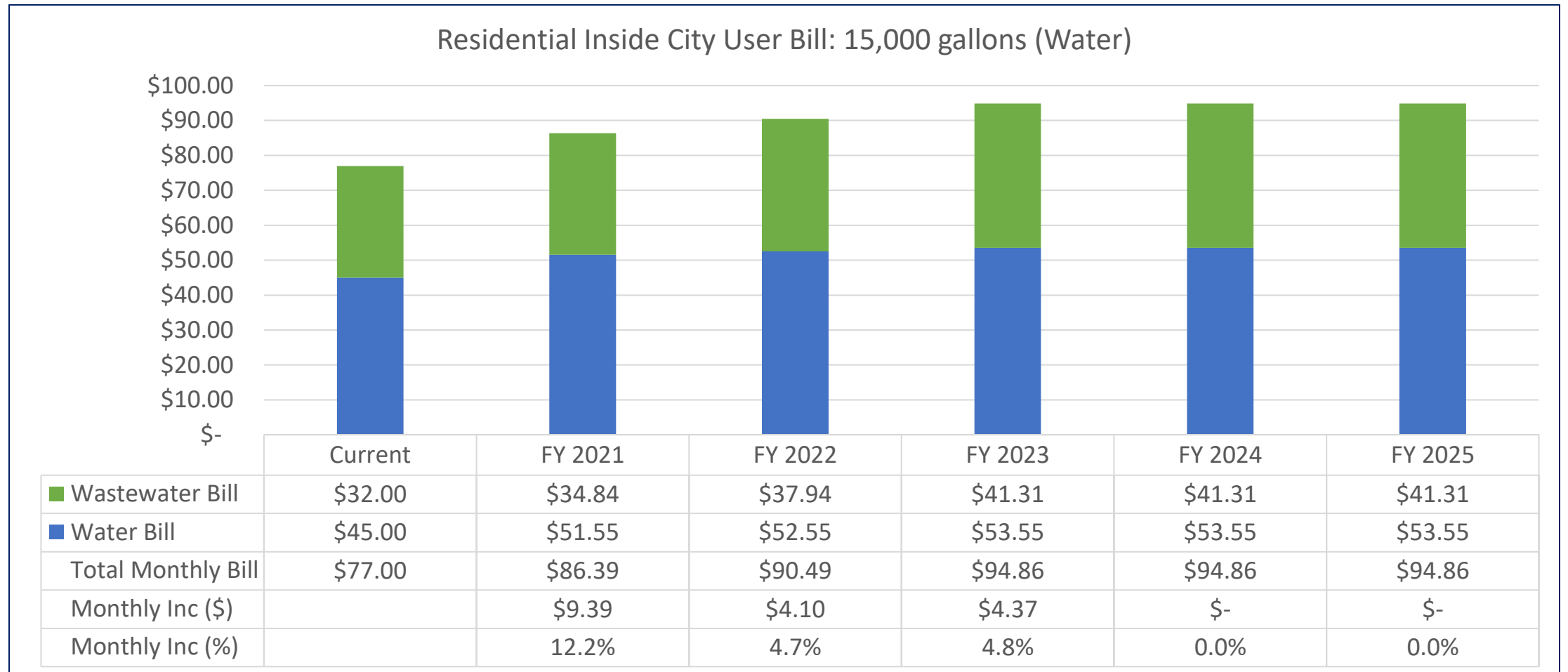


- Revenue adjustments driven by first debt payment for San Gabriel Interceptor (\$32.M) in **FY 2023**
- Water Base rate adjustments targeting Fixed COS metric and to mitigate significant Wastewater rate increases

FY (Targets)	2021	2022	2023	2024	2025
DSC (1.50x)	4.25	3.95	3.47	3.25	3.01
Days Cash (90 Days)	314	302	291	300	318
Fixed COS (75%)	75%	77%	83%	82%	81%

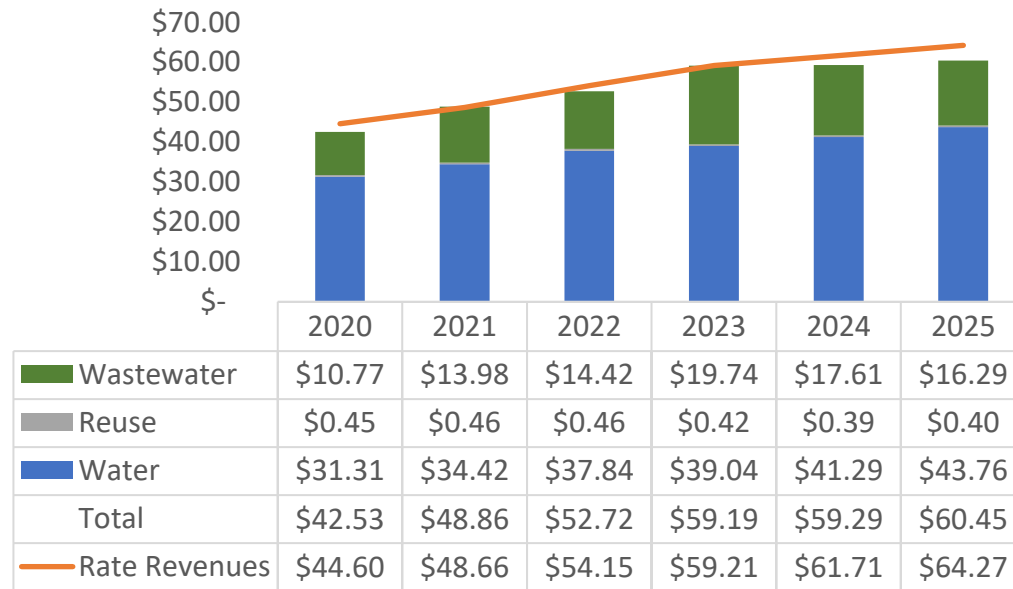
Rate Adjustments	2021	2022	2023	2024	2025
Water (Base \$ Only)	\$1.00	\$1.00	\$1.00	-	-
Water (Volumetric)	Varies	-	-	-	-
Wastewater (All %)	8.89%	8.89%	8.89%	-	-

RESIDENTIAL CUSTOMER IMPACT UNDER DECISION PACKAGE #2



DECISION PACKAGE #3:

REVISED RESIDENTIAL TIER DESIGN (35,000+ GALLONS)

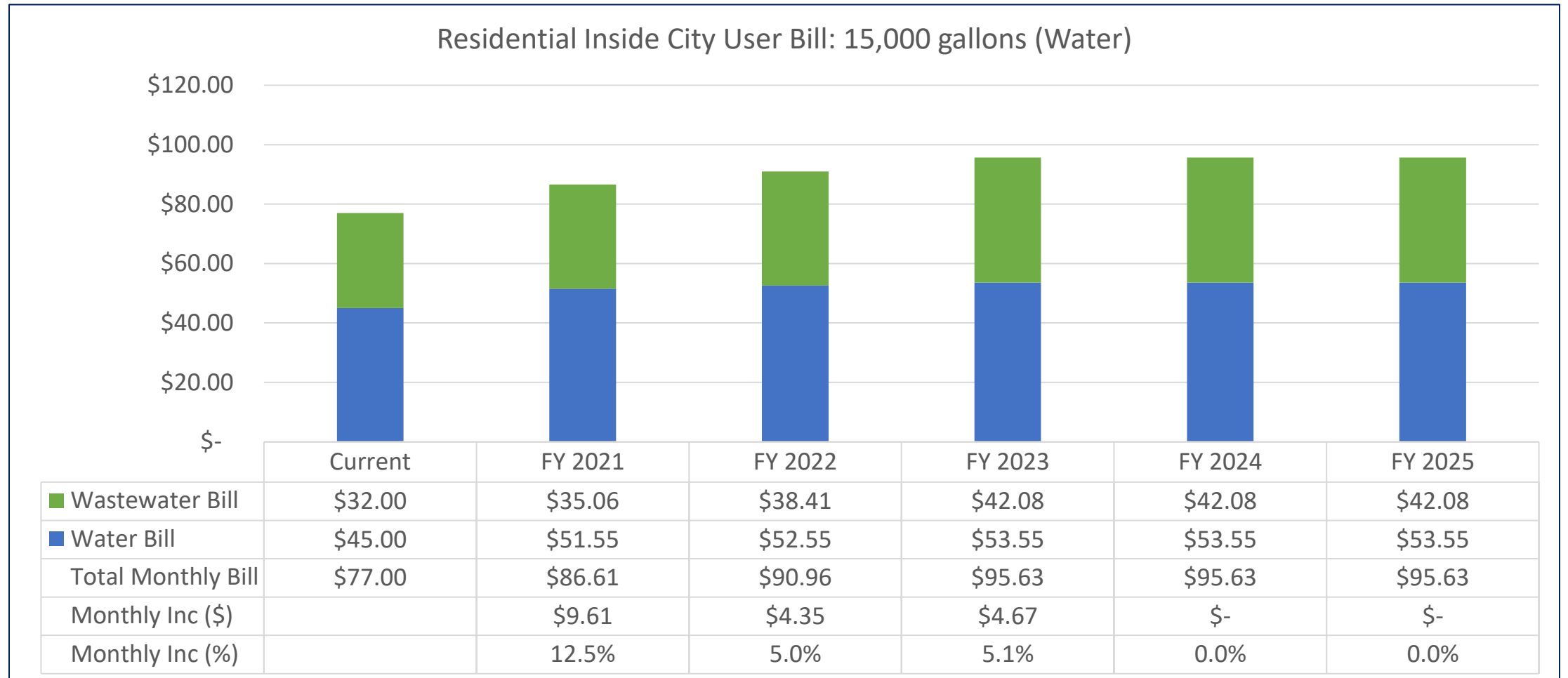


- Revenue adjustments driven by first debt payment for San Gabriel Interceptor (\$32.M) in **FY 2023**
- Water Base rate adjustments targeting Fixed COS metric and to mitigate significant Wastewater rate increases

FY (Targets)	2021	2022	2023	2024	2025
DSC (1.50x)	4.23	3.94	3.47	3.25	3.01
Days Cash (90 Days)	312	299	289	298	316
Fixed COS (75%)	75%	77%	83%	82%	81%

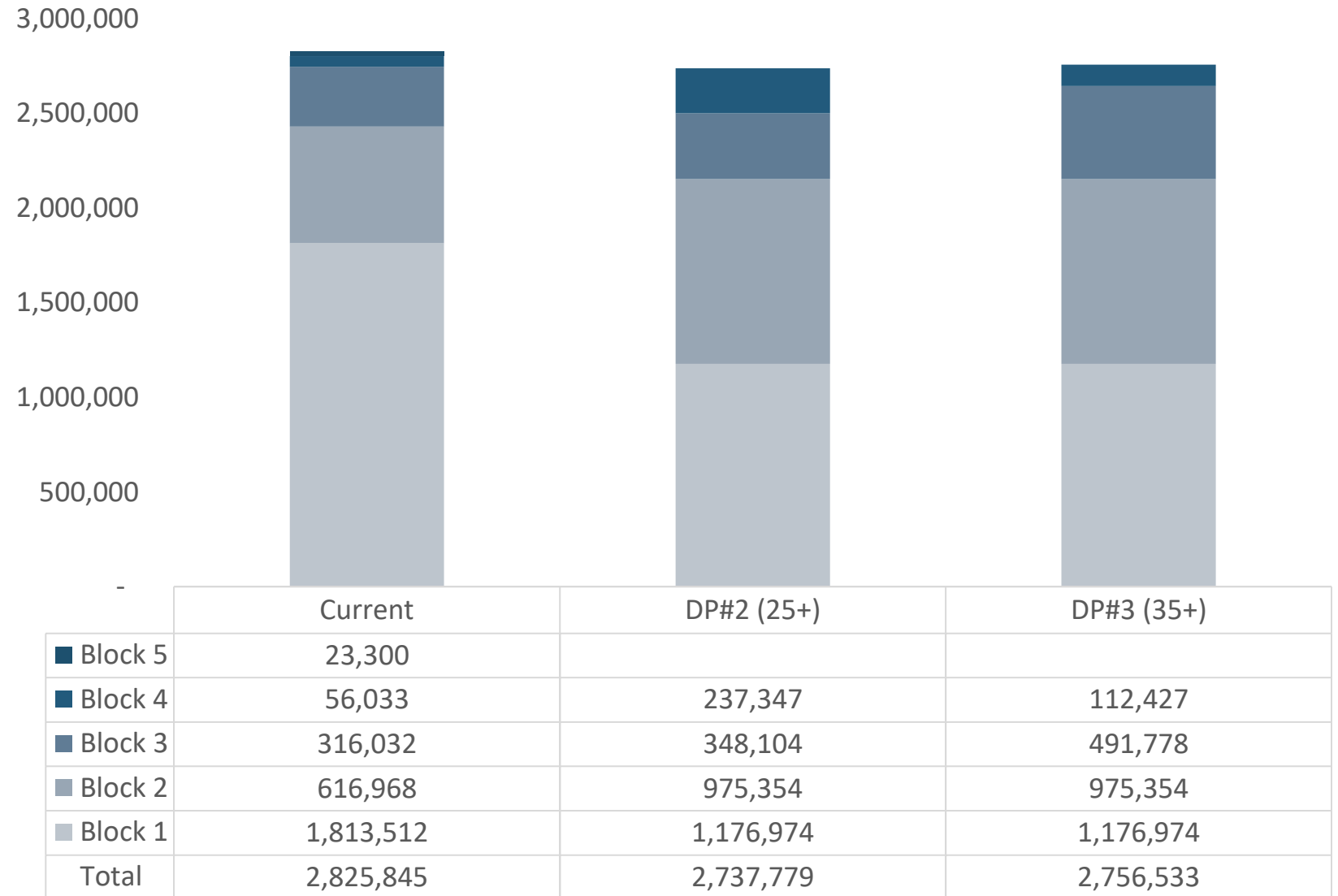
Rate Adjustments	2021	2022	2023	2024	2025
Water (Base \$ Only)	\$1.00	\$1.00	\$1.00	-	-
Water (Volumetric)	Varies	-	-	-	-
Wastewater (All %)	9.55%	9.55%	9.55%	-	-

RESIDENTIAL CUSTOMER IMPACT UNDER DECISION PACKAGE #3



RESIDENTIAL CUSTOMER BEHAVIOR

Estimated FY 2021
Water Usage by Tier
(Kgals)* **



*Assumes Price Elasticity of Demand (10% increase in rates results in a 2% - 6% reduction in consumption)

**Residential Inside/Outside, Builder Inside/Outside

Page 180 of 201

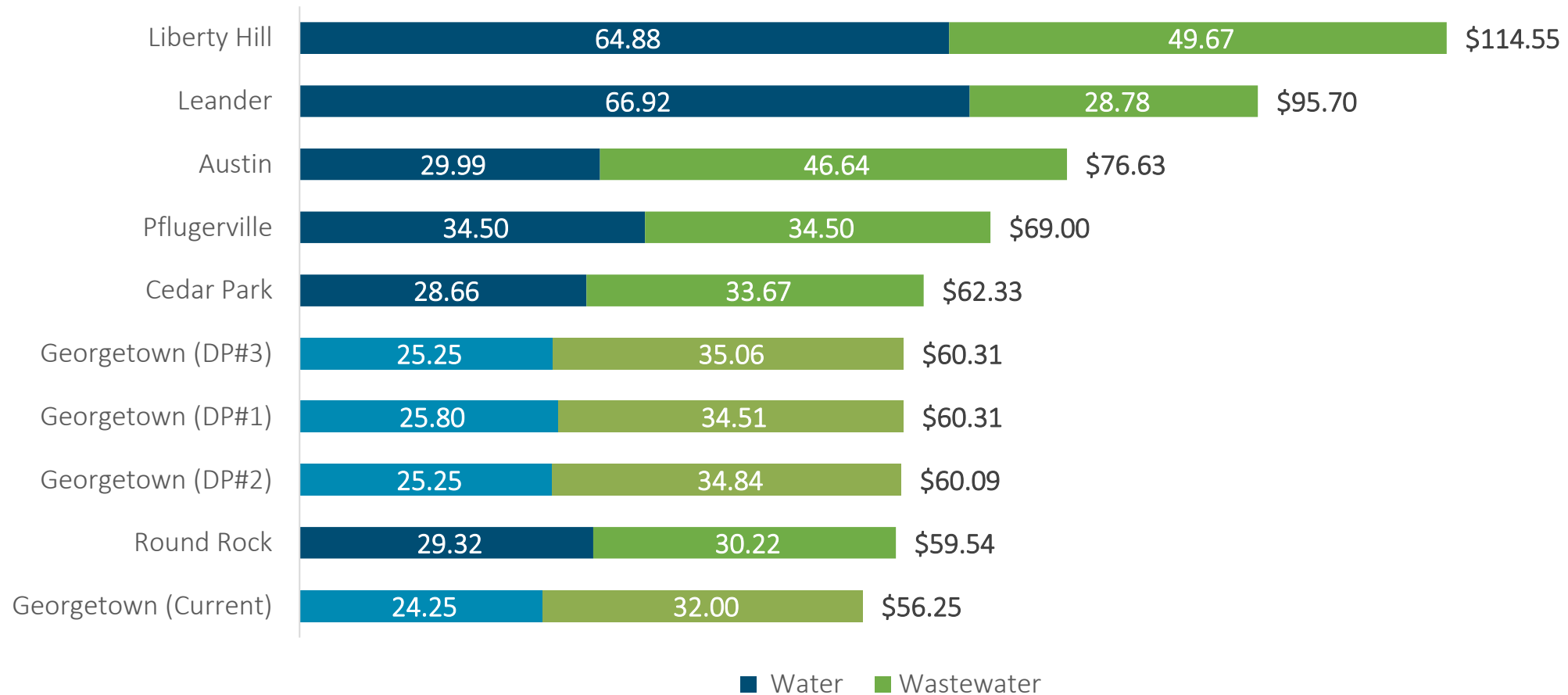
NEWGEN STRATEGIES AND SOLUTIONS, LLC

COMMUNITY RATE COMPARISONS

- Comparisons between communities are very common, but may not tell the whole story
- Each system is unique in geography, age of infrastructure, capital maintenance efforts, and typical usage patterns

REGIONAL BILL COMPARISON

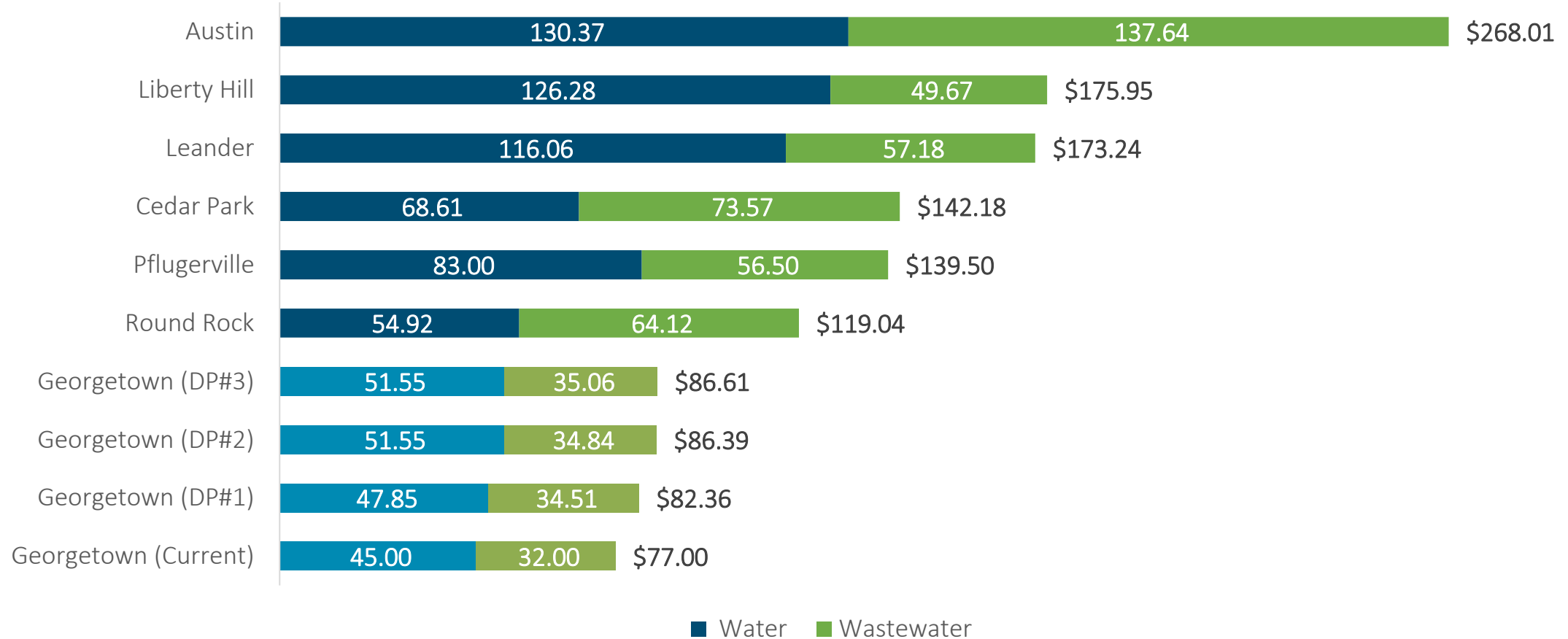
RESIDENTIAL USER BILL (5,000 GALLONS – WATER; FLAT SEWER*)



*The City currently does not charge a variable rate based on billed Sewer flows. Therefore, 5,000 gallons in Sewer flows used for surrounding cities

REGIONAL BILL COMPARISON

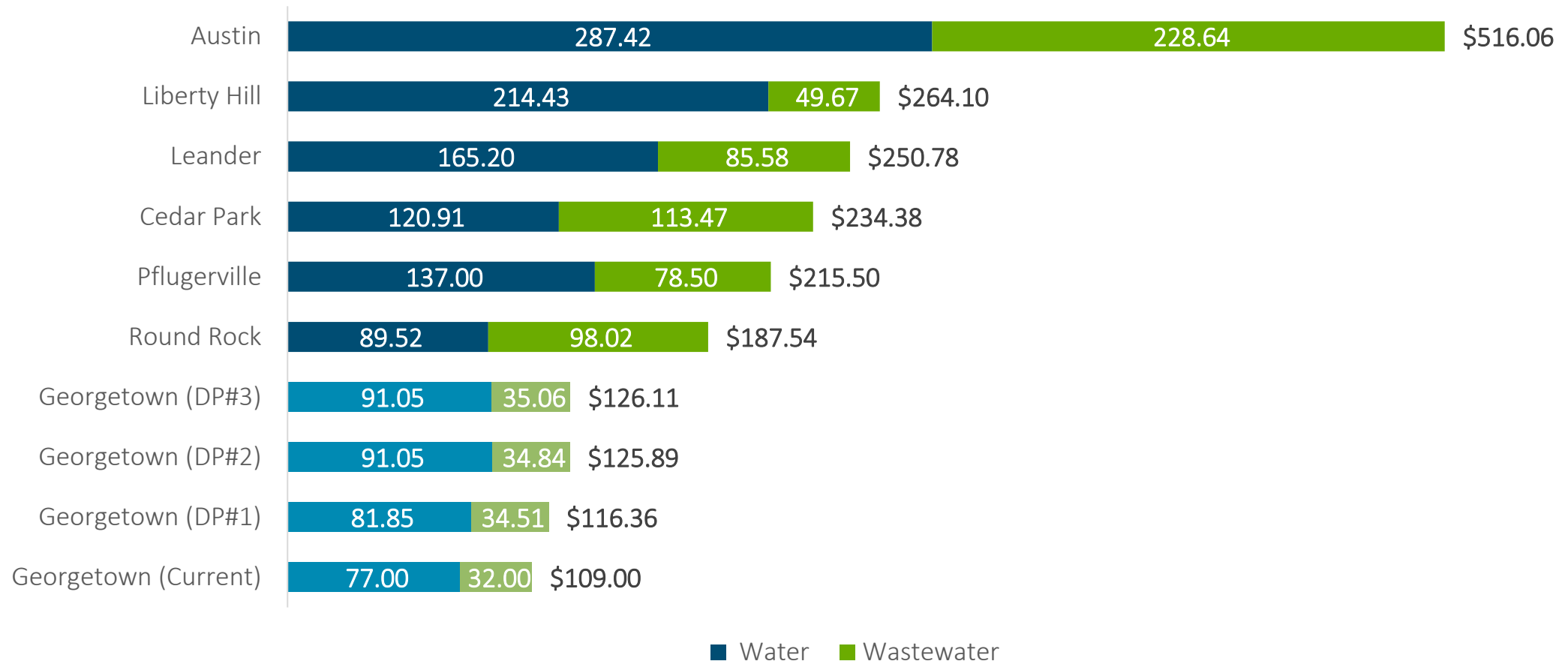
RESIDENTIAL USER BILL (15,000 GALLONS – WATER; FLAT SEWER*)



**The City currently does not charge a variable rate based on billed Sewer flows. Therefore, 15,000 gallons in Sewer flows used for surrounding cities*

REGIONAL BILL COMPARISON

RESIDENTIAL USER BILL (25,000 GALLONS – WATER; FLAT SEWER*)



**The City currently does not charge a variable rate based on billed Sewer flows. Therefore, 25,000 gallons in Sewer flows used for surrounding cities*

CONCLUSIONS

- The Utility Board, in cooperation with the City Council, is empowered to have oversight over the City's Water and Wastewater enterprise
 - Must decide on the best course of action to meet the needs of the enterprise
- Guidance is needed to confirm the financial planning objectives to appropriately chart a path forward



QUESTIONS

NEWGEN STRATEGIES AND SOLUTIONS
275 W. CAMPBELL ROAD, SUITE 440
RICHARDSON, TEXAS 75080

Page 186 of 201

MATTHEW GARRETT, DIRECTOR

(972) 675-7699

MGARRETT@NEWGENSTRATEGIES.NET

MICHAEL SOMMERDORF, SENIOR CONSULTANT

(972) 704-1655

MSOMMERDORF@NEWGENSTRATEGIES.NET

Water Utility Advisory Board
August 13th, 2020

DRAFT

City of Georgetown, Texas Water Rate Comparisons (FY 2021 Rates)

	<u>Current</u>	<u>DP #1</u>	<u>DP #2</u>	<u>DP #3</u>
Base Rates				
<i>Inside City</i>				
5/8"	\$ 15.50	\$ 16.50	\$ 16.50	\$ 16.50
3/4"	23.00	24.50	24.50	24.50
1"	38.50	41.00	41.00	41.00
1 1/2"	76.50	81.45	81.45	81.45
2"	153.50	163.40	163.40	163.40
3"	368.00	391.75	391.75	391.75
4"	644.00	685.55	685.55	685.55
6"	1,410.00	1,501.00	1,501.00	1,501.00
8"	2,450.00	2,608.10	2,608.10	2,608.10
<i>Outside City</i>				
5/8"	\$ 18.50	\$ 19.80	\$ 19.80	\$ 19.80
3/4"	27.50	29.45	29.45	29.45
1"	46.00	49.25	49.25	49.25
1 1/2"	91.50	97.95	97.95	97.95
2"	183.50	196.40	196.40	196.40
3"	440.00	470.95	470.95	470.95
4"	770.00	824.15	824.15	824.15
6"	1,686.00	1,804.50	1,804.50	1,804.50
8"	2,929.50	3,135.40	3,135.40	3,135.40
Volumetric Rates (per 1,000 gallons)				
<i>Residential</i>				
0 - 10,000 gallons	\$ 1.75	\$ 1.90	0 - 5,000 gallons \$ 1.75	0 - 5,000 gallons \$ 1.75
10,001 - 20,000 gallons	2.40	2.55	5,001 - 15,000 gallons 2.65	5,001 - 15,000 gallons 2.65
20,001 - 40,000 gallons	4.00	4.25	15,001 - 25,000 gallons 3.95	15,001 - 35,000 gallons 3.95
40,001 - 60,000 gallons	6.50	6.95	25,000+ gallons 5.95	35,000+ gallons 5.95
60,000+ gallons	8.50	9.05		
<i>Small Commercial (<2")</i>				
0 - 300,000 gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
300,001+ gallons	6.50	6.95	6.50	6.50
<i>Large Commercial (2")</i>				
0 - 600,000 gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
600,001+ gallons	6.50	6.95	6.50	6.50
<i>Large Commercial (3")</i>				
0 - 900,000 gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
900,001+ gallons	6.50	6.95	6.50	6.50
<i>Large Commercial (4")</i>				
0 - 4,000,000 gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
4,000,001+ gallons	6.50	6.95	6.50	6.50
<i>Large Commercial (6")</i>				
0 - 6,000,000 gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
6,000,001+ gallons	6.50	6.50	6.50	6.50
<i>Large Commercial (8")</i>				
0 - 8,000,000 gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
8,000,001+ gallons	6.50	6.95	6.50	6.50
<i>Manufacturing (<8")</i>				
All Gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40

Water Utility Advisory Board
August 13th, 2020

DRAFT

City of Georgetown, Texas
Water Rate Comparisons (FY 2021 Rates)

		<u>Current</u>	<u>DP #1</u>	<u>DP #2</u>	<u>DP #3</u>
<i>Municipal Interruptible</i>	All Gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
<i>Restaurant</i>	All Gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
<i>Evaporative Cooling</i>	All Gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
<i>Fire Flow</i>	All Gallons	\$ 2.40	\$ 2.55	\$ 2.40	\$ 2.40
<i>Irrigation Only</i>	0 - 500,000 gallons	\$ 4.00	\$ 4.30	\$ 4.00	\$ 4.00
	500,001+ gallons	8.50	9.10	8.50	8.50

Water Utility Advisory Board
August 13th, 2020

DRAFT

City of Georgetown, Texas Wastewater Rate Comparisons (FY 2021 Rates)
--

	<u>Current</u>	<u>DP #1</u>	<u>DP #2</u>	<u>DP #3</u>
Base Rates				
<i>Inside City</i>				
Residential				
(Single Family/Domestic)	\$ 32.00	\$ 34.55	\$ 34.85	\$ 35.10
Small Commercial				
(4" Sewer Line/ 3/4" Water Meter)	32.00	34.55	34.85	35.10
Commercial				
(<6" Sewer Line)	48.40	52.20	52.70	53.05
Commercial				
(>8" Sewer Line)	85.95	92.70	93.60	94.20
High Strength Commercial				
(>250 BOD/Food Processing)	48.40	52.20	52.70	53.05
Multi-Family Service				
(>3 Residential Units per Water Meter)	114.95	124.00	125.20	125.95
<i>Outside City</i>				
Residential				
(Single Family/Domestic)	\$ 36.75	\$ 39.70	\$ 40.10	\$ 40.35
Small Commercial				
(4" Sewer Line/ 3/4" Water Meter)	36.75	39.70	40.10	40.35
Commercial				
(<6" Sewer Line)	55.65	60.05	60.65	61.00
Commercial				
(>8" Sewer Line)	98.95	106.65	107.65	108.30
High Strength Commercial				
(>250 BOD/Food Processing)	55.65	60.05	60.65	61.00
Multi-Family Service				
(>3 Residential Units per Water Meter)	132.20	142.60	143.95	144.85
Volumetric Charges (per 1,000 gallons)				
<i>Inside City</i>				
Residential				
(Single Family/Domestic)	\$ -	\$ -	\$ -	\$ -
Small Commercial				
(4" Sewer Line/ 3/4" Water Meter)	2.75	3.00	3.00	3.05
Commercial				
(<6" Sewer Line)	2.75	3.00	3.00	3.05
Commercial				
(>8" Sewer Line)	2.75	3.00	3.00	3.05
High Strength Commercial				
(>250 BOD/Food Processing)	4.50	4.85	4.90	4.95
Multi-Family Service				
(>3 Residential Units per Water Meter)	2.75	3.00	3.00	3.05
<i>Outside City</i>				
Residential				
(Single Family/Domestic)	\$ -	\$ -	\$ -	\$ -
Small Commercial				
(4" Sewer Line/ 3/4" Water Meter)	3.15	3.45	3.45	3.50
Commercial				
(<6" Sewer Line)	3.15	3.45	3.45	3.50
Commercial				
(>8" Sewer Line)	3.15	3.45	3.45	3.50
High Strength Commercial				
(>250 BOD/Food Processing)	5.20	5.60	5.65	5.70
Multi-Family Service				
(>3 Residential Units per Water Meter)	3.15	3.45	3.45	3.50

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Consideration and possible recommendation to approve renewal no. 4 of contract no. SCON-2000171 with Brenntag Southwest, Inc. for purchase and delivery of various chemicals for Water and Wastewater treatment, not to exceed \$379,026.83 – Mike Welch, Treatment and Regulatory Manager.

ITEM SUMMARY:

The purpose of this contract is to provide coagulants, precipitants, polymers, and disinfectants necessary for the complete and regulatory compliant treatment of waters for public drinking, industrial activities, irrigation, and discharge to receiving streams. The term of the contract will be for one year.

SPECIAL CONSIDERATIONS:

This the fourth of four available renewals of an existing contract.

FINANCIAL IMPACT:

Funds for this additional expenditure will impact the Water and Wastewater Treatment Budget.

<u>Fund</u>	<u>FY20 YTD Actual</u>	<u>FY20 Budget</u>	<u>FY21 Budget</u>
Cost Centers - Water and Wastewater Treatment Spend Category - Chemicals	\$477K	\$690K	\$740K

STAFF RECOMMENDATION:

Staff recommends awarding Brenntag Southwest, Inc. \$379,026.83 for chemicals.

ATTACHMENTS:

Pricing – Renewal No. 4
Brenntag Renewal agreement

SUBMITTED BY:

Mike Welch, Regulatory and Treatment Manager

ATTACHMENTS:

Description	Type
□ Pricing – Renewal No. 4	Backup Material
□ Brenntag Renewal agreement	Backup Material

Blanket Purchase Order 3700B003R4 - Brentagg Southwest Inc.
ITB No 201638 - Water and Wastewater Treatment Chemicals

Bid Line Item No. and No. Treatment Plant		Description	Annual Estimated Bid	UOM	Unit Price	New Extended
1	2 - Lake WTP	Aqualum 3004	8000	Gal	\$ 6.2019	\$ 49,615.44
2	3 - Lake WTP	Alum 48%	152216	Gal	\$ 0.6329	\$ 96,344.39
3	4 - Lake WTP	Liquid Ammonium Sulfate	32829	Gal	\$ 0.9463	\$ 31,065.29
4	5 - Lake WTP	Sodium Permanganate	70	Drum	\$ 1,007.2987	\$ 70,510.91
5	7 - Park WTP	Liquid Ammonium Sulfate	12500	Gal	\$ 0.9463	\$ 11,828.45
6	9 - Park WTP	Alum 48%	4810	Gal	\$ 0.6329	\$ 3,044.47
7	10 - South Side WTP	Liquid Ammonium Sulfate	28835	Gal	\$ 0.9463	\$ 27,285.86
8	12 - Domel Ground WTP	Chlorine Gas	160	Each	\$ 102.9000	\$ 16,464.00
9	13 - Domel Ground WTP	Liquid Ammonium Sulfate	6000	Gal	\$ 2.1074	\$ 12,644.57
10	15 - Pecan Branch WWTP	Sodium Hypochlorite	1501	Gal	\$ 1.1235	\$ 1,686.37
11	16 - Pecan Branch WWTP	Alum 48%	39306	Gal	\$ 0.6329	\$ 24,878.55
12	20 - Cimarron Hills WWTP	Sodium Hypochlorite	2035	Gal	\$ 1.1235	\$ 2,286.32
13	21 - Berry Creek WWTP	Sodium Hypochlorite	8690	Gal	\$ 1.1235	\$ 9,763.22
14	22 - Stonewall PS	Chlorine Gas	70	Each	\$ 102.9000	\$ 7,203.00
15	23 - Pastor PS	Chlorine Gas	70	Each	\$ 102.9000	\$ 7,203.00
16	24 - Hoover PS	Chlorine Gas	70	Each	\$ 102.9000	\$ 7,203.00
		Total				\$ 379,026.83

**Renewal No. 4 and Amendment
to the Agreement between
Brenntag Southwest, Inc.
and the
City of Georgetown, Texas**

This is the Fourth Renewal and Amendment (“Fourth Renewal”) of the Agreement between Brenntag Southwest, Inc. (“Brenntag”) and the City of Georgetown, Texas (the “City”) (together, the “Parties”) entered into on October 1, 2016, for Water and Wastewater Treatment Chemicals, Blanket PO No. 3700B003, ITB 2-1638 (“Agreement”).

WHEREAS, on October 1, 2016, the Parties entered into the Agreement; and

WHEREAS, on August 28, 2017, the Parties amended the Agreement; and

WHEREAS, the Agreement included four one-year renewal periods; and

WHEREAS, the Parties renewed the Agreement on October 1, 2017 for a first renewal period, October 31, 2018 for a second renewal period, and on December 10, 2019 for a third renewal period; and

WHEREAS, the Parties desire to renew the Agreement for the fourth renewal period and establish the prices for the water and wastewater treatment chemicals during the fourth renewal period;

NOW THEREFORE, in consideration for the mutual benefits to be derived by the parties from this Fourth Renewal and other good and valuable consideration, the Parties agree as follows:

1. The Parties agree to renew the Agreement for a fourth renewal term which will begin immediately upon the expiration of the current term and will end on September 30, 2021.
2. During the fourth renewal term, the prices shown in **Exhibit A**, attached hereto, shall apply to the water and wastewater treatment chemicals.
3. During the fourth renewal term, the not to exceed amount shall be \$379,026.83.
4. All other terms of the Agreement not inconsistent with this Fourth Renewal shall apply. Except as expressly modified by this Fourth Renewal, the Agreement remains unchanged and in full force and effect, subject to its terms.
5. This Fourth Renewal is effective on the date executed by the City.

BY THE SIGNATURES affixed below, this Fourth Renewal is hereby incorporated into and made a part of the above-referenced Agreement.

[Signature page to follow]

BRENNTAG SOUTHWEST, INC.

By: _____

Printed Name: _____

Title: _____

Date: _____

CITY OF GEORGETOWN

By: _____

Printed Name: _____

Title: _____

Date: _____

ATTEST:

Robyn Densmore, City Secretary

APPROVED AS TO FORM:

James Kachelmeyer, Assistant City Attorney

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

Consideration and possible recommendation to approve renewal #2 of contract number 18-0039-GC with Brenntag Southwest, Inc. for purchase and delivery of sodium hypochlorite for Water and Wastewater treatment, in the amount of \$309,931.50 – Mike Welch, Treatment and Regulatory Manager.

ITEM SUMMARY:

The purpose of this contract is to provide disinfectants necessary for the complete and regulatory compliant treatment of waters for public drinking, industrial activities, irrigation, and discharge to receiving streams. The term of the contract will be for one year and may be renewed upon review and approval of the City.

SPECIAL CONSIDERATIONS:

This is the second of four available renewals on an existing contract.

FINANCIAL IMPACT:

Funds for this additional expenditure will impact the Water and Wastewater Treatment Budget.

<u>Fund</u>	<u>FY20 YTD Actual</u>	<u>FY20 Budget</u>	<u>FY21 Proposed</u>
Cost Centers - Water and Wastewater Treatment Spend Category - Chemicals	\$477K	\$690K	\$740K

STAFF RECOMMENDATION:

Staff recommends awarding Brenntag Southwest, Inc. \$309,931.50 for chemicals.

ATTACHMENTS:

Partially executed Brenntag renewal

SUBMITTED BY:

Mike Welch, Regulatory and Treatment Manager

ATTACHMENTS:

Description	Type
 Partially executed Brenntag renewal	Backup Material

CONTRACT ROUTING FORM

Contract No. 18-0039-GC Project No. _____ Bid No. 201801 RFP No. _____

☐ New Contract ☒ Renewal ☐ Change Order ☐ Amendment ☐ Assignment ☐ Other

NAME OF CONTRACTOR: Brenntag Southwest, Inc.

CONTRACT DESCRIPTION: Sodium Hypochlorite 12.5%

CONTRACT VALUE: \$509,931.50

FUND / COST CENTER _____

GRANT FUNDED: ☒ NO ☐ YES If YES, Grant No. _____

SIGNATURES RECOMMENDING APPROVAL

Nicole Amy
PURCHASING/CONTRACT COORDINATOR

6/15/2020
DATE

[Signature]
LEGAL DEPARTMENT

6/15/20
DATE

DIRECTOR ADMINISTERING CONTRACT
(greater than \$10,000)

DATE _____

APPROVED and EXECUTED

n/a

DIRECTOR ADMINISTERING CONTRACT
(\$10,000 or less)

DATE _____

n/a

CITY MANAGER/ASST CITY MANAGER
(\$50,000 or less)

DATE _____

MAYOR/CITY SECRETARY ATTESTS (if applicable)

DATE _____

FINAL PROCESSING

PURCHASING

DATE _____

for Purchasing Use Only

Insurance Certificates: x
Performance Bond: x
Payment Bond: x
Form 1295: 2020-630329

For City Secretary Use Only

Originals sent to CSO:
Scanned into Laserfiche/Global:
Council Date: _____ Item No.: _____

**Legal - Please sign and send back to Nicole
(department is getting this on a council agenda. Will hold until day of the council meeting)**

COMBACS CONTING FORM

1. Name of the Contractor: _____

2. Name of the Employer: _____

3. Name of the Engineer: _____

4. Name of the Architect: _____

5. Name of the Consultant: _____

6. Name of the Surveyor: _____

7. Name of the Valuer: _____

8. Name of the Quantity Surveyor: _____

9. Name of the Project Manager: _____

10. Name of the Site Manager: _____

11. Name of the Health and Safety Officer: _____

12. Name of the Environmental Officer: _____

13. Name of the Quality Assurance Officer: _____

14. Name of the Risk Management Officer: _____

15. Name of the Communications Officer: _____

16. Name of the Finance Officer: _____

17. Name of the HR Officer: _____

18. Name of the IT Officer: _____

19. Name of the Legal Officer: _____

20. Name of the Compliance Officer: _____

21. Name of the Security Officer: _____

22. Name of the Facilities Officer: _____

23. Name of the Maintenance Officer: _____

24. Name of the Cleaning Officer: _____

25. Name of the Catering Officer: _____

26. Name of the Transport Officer: _____

27. Name of the Parking Officer: _____

28. Name of the Waste Management Officer: _____

29. Name of the Energy Officer: _____

30. Name of the Water Officer: _____

31. Name of the Gas Officer: _____

32. Name of the Electrical Officer: _____

33. Name of the Mechanical Officer: _____

34. Name of the Plumbing Officer: _____

35. Name of the Heating Officer: _____

36. Name of the Cooling Officer: _____

37. Name of the Ventilation Officer: _____

38. Name of the Lighting Officer: _____

39. Name of the Acoustic Officer: _____

40. Name of the Fire Officer: _____

41. Name of the Security Officer: _____

42. Name of the Access Control Officer: _____

43. Name of the CCTV Officer: _____

44. Name of the Alarm Officer: _____

45. Name of the Intercom Officer: _____

46. Name of the Public Address Officer: _____

47. Name of the Signage Officer: _____

48. Name of the Wayfinding Officer: _____

49. Name of the Furniture Officer: _____

50. Name of the Equipment Officer: _____

51. Name of the IT Officer: _____

52. Name of the Network Officer: _____

53. Name of the Systems Officer: _____

54. Name of the Applications Officer: _____

55. Name of the Data Officer: _____

56. Name of the Security Officer: _____

57. Name of the Compliance Officer: _____

58. Name of the Quality Assurance Officer: _____

59. Name of the Risk Management Officer: _____

60. Name of the Communications Officer: _____

61. Name of the Finance Officer: _____

62. Name of the HR Officer: _____

63. Name of the IT Officer: _____

64. Name of the Legal Officer: _____

65. Name of the Compliance Officer: _____

66. Name of the Security Officer: _____

67. Name of the Facilities Officer: _____

68. Name of the Maintenance Officer: _____

69. Name of the Cleaning Officer: _____

70. Name of the Catering Officer: _____

71. Name of the Transport Officer: _____

72. Name of the Parking Officer: _____

73. Name of the Waste Management Officer: _____

74. Name of the Energy Officer: _____

75. Name of the Water Officer: _____

76. Name of the Gas Officer: _____

77. Name of the Electrical Officer: _____

78. Name of the Mechanical Officer: _____

79. Name of the Plumbing Officer: _____

80. Name of the Heating Officer: _____

81. Name of the Cooling Officer: _____

82. Name of the Ventilation Officer: _____

83. Name of the Lighting Officer: _____

84. Name of the Acoustic Officer: _____

85. Name of the Fire Officer: _____

86. Name of the Security Officer: _____

87. Name of the Access Control Officer: _____

88. Name of the CCTV Officer: _____

89. Name of the Alarm Officer: _____

90. Name of the Intercom Officer: _____

91. Name of the Public Address Officer: _____

92. Name of the Signage Officer: _____

93. Name of the Wayfinding Officer: _____

94. Name of the Furniture Officer: _____

95. Name of the Equipment Officer: _____

96. Name of the IT Officer: _____

97. Name of the Network Officer: _____

98. Name of the Systems Officer: _____

99. Name of the Applications Officer: _____

100. Name of the Data Officer: _____

**Renewal No. 2
to the Agreement between
Brenntag Southwest, Inc.
and the
City of Georgetown, Texas**

This Second Renewal ("Second Renewal") is made and entered into by and between the **CITY OF GEORGETOWN**, a Texas Home-Rule Municipal Corporation ("CITY") and **BRENNTAG SOUTHWEST, INC.** ("VENDOR"), (collectively, the "Parties"), which agree as follows:

WHEREAS, the Parties entered into an Agreement on January 23, 2018, Contract No. 18-0039-GC ("Original Agreement") for the provision and delivery of Sodium Hypochlorite 12.5% to five (5) Water and Wastewater Treatment Plants, (the "Services"); and

WHEREAS, the Original Agreement provided an initial term of one (1) year and provided for four (4) additional one (1) year renewal terms; and

WHEREAS, the Parties renewed the Original Agreement for a First Renewal term on on May 28, 2019; and

WHEREAS, the Parties desire to renew the Original Agreement for a Second Renewal Term beginning May 28, 2020;

NOW THEREFORE, in consideration for the mutual benefits to be derived by the Parties from this Second Renewal and other good and valuable consideration, the Parties agree as follows:

1. The Parties agree to renew the Original Agreement for a Second Renewal Term which will begin immediately upon the expiration of the current term and will end on May 28, 2021.
2. During the Second Renewal Term, the not to exceed amount shall be \$309,931.50.
3. All other terms of the Original Agreement not inconsistent with this Second Renewal shall apply. Except as expressly modified by this Second Renewal, the Original Agreement remains unchanged and in full force and effect, subject to its terms.
4. This Second Renewal is effective on the date executed by the CITY.

BY THE SIGNATURES affixed below, this Second Renewal is hereby incorporated into and made a part of the above-referenced Original Agreement.

[Signature page to follow]

Brenntag Southwest, Inc.

CITY OF GEORGETOWN

By: W. Thomas Crain Jr.

By: _____

Printed
Name: W. Thomas Crain, Jr.
Authorized Representative

Dale Ross, Mayor

Date: _____

Title: President

Attest:

Date: June 10, 2020

Robyn Densmore, City Secretary

Approved as to Form:

Skye Masson
Skye Masson, First Assistant City Attorney

EXHIBIT K, consisting of 2 pages, referred to in and part of the Master Services Agreement between Owner and CDM Smith, Inc. ("Engineer") for Professional Services – Task Order Edition dated September 30, 2016.

First Amendment to Task Order No. CDM-20-002-TO

1. Specific Project Data:

- A. Title: 2019-2020 Utility Evaluations
- B. Description: Continue to support improved operational performance in water distribution system hydraulic model, support the City with water distribution system and wastewater collection system utility evaluations and/or ad hoc requests for the period of October 1, 2019 through September 30, 2020.
- C. City of Georgetown Project Number: 8JV
- D. City of Georgetown General Ledger Account No.: 660-9-0580-90-176
- E. City of Georgetown Purchase Order No.: 4000094
- F. Master Services Agreement, Contract Number: 2016-738-MSA

2. Nature of Amendment [*Check those that are applicable and delete those that are inapplicable.*]

- ☒ Additional Services to be performed by Engineer
- ☐ Modifications to Services of Engineer
- ☐ Modifications to Responsibilities of Owner
- ☒ Modifications to Payment to Engineer
- ☐ Modifications to Time(s) for rendering Services
- ☐ Modifications to other terms and conditions of the Task Order

3. Description of Modifications

- A. Engineer shall perform the following Additional Services: Evaluation of additional scenarios that have exceeded the number of evaluations anticipated in the original task order. Additionally, the complexity of the water evaluations has increased with large developments proposed in the Carriage Oaks and Rabbit Hill areas in particular. This has led to a need to make additional updates to the water model to better reflect recent improvements in these areas.
- B. For the Additional Services or the modifications to Services set forth above, Owner shall pay Engineer the following additional or modified compensation: The total contract amount will be increased from \$55,000 to \$100,000.

4. Attachments: None

Terms and Conditions: Owner and Engineer hereby agree to modify the above-referenced Task Order as set forth in this Amendment. All provisions of the Agreement and the Task Order not modified by this or previous Amendments remain in effect. The Effective Date of this Task Order Amendment is _____.

OWNER:

By:

Wayne Reed

Name: Wayne Reed

Title: Assistant City Manager

ENGINEER:

By:

Allen D. Woelke

Name: Allen D. Woelke, P.E.

Title: _____

Engineer License or Firm's

Certificate No.

F-3043

State of:

Texas

APPROVED AS TO FORM:

Skye Masson

Skye Masson
Asst City Attorney

City of Georgetown, Texas
Water Utility Board
August 13, 2020

SUBJECT:

ITEM SUMMARY:

FINANCIAL IMPACT:

.

SUBMITTED BY:

Thomas Glab, Board Chair