

City of Galveston



P. O. Box 779 / Galveston, Texas 77553-0779

January 25, 2018

To: Brian Maxwell, City Manager
Hon. Mayor and City Council Members

From: Michael Loftin, Assistant City Manager Finance and Mehran Jadidi, Assistant City Attorney

RE: Consider for action approving the inter-local agreement between City of Galveston and the Treasure Island Municipal Utility District to supply potable water to Treasure Island and to authorize the City Manager to execute the agreement.

I. Background

- A. The city receives treated water from the Thomas Mackey Water Treatment Plant operated by the Gulf Coast Water Authority.
- B. The contract between the City of Galveston and Treasure Island Municipal Utility District City expired in June 2011. The contract continued during the lapsed time under the same operating terms and conditions.
- C. For 2017, Treasure Island bought 1.49 million cubic feet of water, paying the city \$60,700 for that amount.
- D. Treasure Island Municipal Utility District agrees to pay Galveston a price for such supply services at the commercial rate as decided by the Galveston City Council, for each water supply meter.
- E. The new contract was reviewed and approved by City of Galveston City Attorney's Office.
- F. Previously, City Council cited concerns about the length of the proposed agreement. In order to allay those concerns, the City and the MUD have proposed a new agreement with a ten year term, with a mutual option to extend the term by another ten years.

II. Current Situation

The City is currently supplying approximately 1.4 million cubic feet of water annually to the Treasure Island MUD. Treasure Island MUD provides all right -of-ways, water lines, water meters, pumps and other facilities necessary for Treasury Island MUD to receive water from the City and distribute such water to Treasure Island MUD'S retail system. Galveston has determined it is in the best interest of Galveston to continue supplying public water to the Treasure Island MUD.

III. Issues

- 1. Cost – To be determined by water usage.
- 2. Timing – Immediately.
- 3. Term – ten years from date hereof.
- 4. Impact or ramifications –Both parties to remain in compliance with any required state regulations.

IV. Recommendation

Approve authorizing the City Manager to execute an inter-local agreement with Treasure Island MUD.

VI. Fiscal Impact Report

Requested by:

Michael W. Loftin,
Assistant City Manager of Finance

Revenue Source:

Metered water services