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**CONTRACT FOR WHOLESALE  
WATER AND WASTEWATER**

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## CONTRACT FOR WHOLESALE WATER AND WASTEWATER

THE STATE OF TEXAS     §  
                                      §                   KNOW ALL BY THESE PRESENTS:  
COUNTY OF TRAVIS     §

This CONTRACT for WHOLESALE WATER and WHOLESALE WASTEWATER (this “Contract”) is made and entered into by the of City of Austin, Texas (“Austin”), a Texas home-rule municipal corporation, and Shady Hollow Municipal Utility District (“District”), a Texas municipal utility district operating under the authority of chapters 49 and 54 of the Texas Water Code, to be performed by the parties commencing on March 26, 2021. (the “Effective Date”).

### RECITALS:

WHEREAS, Austin, through its municipally owned utility, Austin Water, owns and operates (1) potable water treatment and distribution facilities, and (2) publicly owned treatment works comprised of facilities for the collection, transportation, and treatment of domestic wastewater; and

WHEREAS, the District owns and operates a retail water supply system and a retail wastewater collection system; and

WHEREAS, the District has requested that Austin (1) provide the District a supply of potable water, and (2) take and treat the domestic wastewater collected by the District’s wastewater system; and

WHEREAS, Austin has determined that as of the Effective Date, Austin Water has the facilities and capacity necessary to (1) provide an amount of potable water to District, and (2) receive and treat an amount of wastewater from District’s wastewater system; and

WHEREAS, the parties desire to enter into a wholesale Contract to set out terms and conditions for (1) Austin’s delivery of potable water to the District’s water distribution system set out in Part 1 below (*Agreement for Wholesale Water*), and (2) the District’s delivery to Austin, and Austin’s receipt and treatment of, an amount of domestic wastewater from the District’s wastewater system set out in Part 2 below (*Agreement for Wholesale Wastewater*).

NOW, THEREFORE, in consideration of the foregoing premises and the mutual undertakings herein contained, the parties agree as follows:

### PART 1. AGREEMENT FOR WHOLESALE WATER

Austin agrees to supply potable water to District and District agrees to take potable water from Austin in accordance with the terms in this Part 1. The parties acknowledge and agree that the

covenants, rights, obligations, and duties of the parties within this Part 1 regarding Wholesale Water, along with Part 3 of this Contract (*Miscellaneous Provisions Applicable to Parts 1 and 2*), form the Agreement for Wholesale Water and are severable and independent from the covenants, rights, obligations, and duties agreed to in Part 2 of this Contract.

#### **Article 1.01. Definitions**

The following terms used in this Part shall have the meanings set out below:

**Austin's System:** means all water treatment, transmission, and distribution facilities, lines, mains, reservoirs, and pump stations; residential, commercial, and industrial connections; and any other parts or components that comprise the public water system of Austin.

**Capital Recovery Fee:** means a charge as established by Austin and assessed on each service unit of new development pursuant to the Austin City Code as authorized and in accordance with Chapter 395 of the Texas Local Government Code.

**Commission:** means the Texas Commission on Environmental Quality or its successor agency.

**Connection:** means a single-family residential unit, or each commercial or industrial establishment to which drinking water is supplied from District's System.

**Deduct Meter:** means a meter measuring the volume of potable water passing through District's System returning to Austin's System necessary for Austin to provide service to customers beyond District's System that cannot readily be provided service directly from Austin's System. The volume measured from Deduct Meters is subtracted from the volume measured at Points of Delivery in order to calculate the volume provided to the District under this Part.

**Default:** means the omission or failure of a party to perform their contractual duty under this Part.

**Director:** means the Director of Austin Water or the Director's authorized designee.

**District's System:** means the lines, reservoirs, pump stations, mains, residential, commercial, and industrial connections and any other parts or components that comprise the public water system of the District.

**District's Service Area:** means the area that as of the Effective Date is comprised of: (1) the District's geographical boundary, (2) the area certificated by the State of Texas for the District's provision of retail water service, and (3) the area that is receiving retail water service under a valid and binding contract with the District. The District's Service Area is depicted for ease of reference on Exhibit A-1 ("Map of District's Water Service Area"), attached and incorporated herein.

**Master Meter:** means a water meter that serves more than one residential, commercial, or industrial customer.

**New Development:** means the subdivision of land, the construction, reconstruction,

redevelopment, conversion, structural alteration, relocation, or enlargement of any structure, or any use or extension of the use of land, that increases the number of service units for water service.

**Point of Delivery:** means each point designated and approved under this Part at which the District may draw water from Austin's System for distribution within District's System.

**Retail Water Service or Retail Service:** means the provision of potable water service by District directly to water customer where the customer is charged rates and fees by District.

**Water:** means potable water meeting the requirements of the Commission for human consumption and other domestic uses.

#### **Article 1.02. Delivery of Water**

**1.02.01. Maximum Volume and Rate of Flow.** Austin agrees to sell to District and District agrees to buy from Austin potable water to be drawn by District on an as needed basis limited to the following maximum volumes:

- (a) The District may not draw more than 180,521,454 gallons during any 365-day rolling period ("Annual Maximum");
- (b) The District may not draw more than 29,176,000 gallons during any calendar month ("Monthly Maximum").

If Austin determines that the District has drawn more than its Annual Maximum or its Monthly Maximum, Austin may elect in its sole discretion to: (1) suspend the supply of water to District, (2) terminate this Part, or (3) add a draw exceedance surcharge equal to two times the excess volume drawn multiplied by the then-effective volumetric rate plus an amount equal to two times the fixed monthly charge.

**1.02.02. District Source for Raw Water.** Upon the advance written notice by Austin to District, the District agrees to acquire and convey to Austin, at District's sole cost and expense, raw water necessary to satisfy all or a portion of the volume of treated water Austin has agreed to deliver under this Part. The conversion rate of raw water to treated water will be determined by Austin. Notice by Austin to the District must be no less than 180 days in advance of the date District must provide the supply of raw water to Austin. The District agrees that its source of raw water will be surface water procured by a firm water contract with the Lower Colorado River Authority, delivered to Austin, the diversion point being at one or more of Austin's major intake structures on Lake Travis or Lake Austin operating and permitted at the time of the notice to District, approved by the Director and the Lower Colorado River Authority. The District agrees to obtain the Director's advance written consent to the terms and conditions of District's rights to and diversion of raw water. The District will remain responsible for reporting usage and other reporting obligations required by the Lower Colorado River Authority. Effective on the date the District's raw water is delivered to Austin in accordance with this section, the Director agrees to reduce the rate, or in Director's sole discretion, apply a monthly credit necessary to reduce the amount paid by the District by that amount attributable to Austin's cost and expense for supplying

raw water necessary to supply water to the District under this Part.

**1.02.03. Manner of Delivery.** During the term of this Part, the District shall provide Retail Water Service to connections within the District's Service Area by means of District's System connected to Austin's System. Austin shall not provide Retail Water Service to any connections within the District's Service Area.

**1.02.04. Water Capital Recovery Fees.** The parties agree that the assessment and collection of Austin's Capital Recovery Fee within the District's Service Area is authorized by Texas Local Government Code, Section 395.011(c). District shall collect, on behalf of Austin, Austin's Capital Recovery Fee from its customers for each service unit of New Development connected to District's System in the District's Service Area at the time District's connection is made.

The amount of the Capital Recovery Fee is an amount calculated per service unit determined in accordance with the provisions of the Austin City Code and under its authority and in accordance with Chapter 395 of the Texas Local Government Code, published and made available to the public. The amount collected by District, on behalf of Austin, shall be the amount of Austin's Capital Recovery Fee in effect at the time a connection of a new service unit is made. The number of service units for which the fee is charged shall be calculated in accordance with Chapter 25-9 of the Austin City Code.

By the 15<sup>th</sup> of each month, the District agrees to remit to Austin all Capital Recovery Fees collected together with a report of all new water connections made within the prior calendar month. The report shall also contain the service address, meter size, date of connection, and amount remitted for each new connection within each monthly period to the Director. The District shall not retain any portion of Austin's Capital Recovery Fee collected.

For each calendar year, the District will forward to Austin an annual report containing the following data not later than February 15th of the following year: actual number of District connections and associated service units by number and meter size of accounts using wholesale water from Austin's System as of the end of the calendar year for which report is made; the District retail rates charged to each of the District's customer classes; and total gallons of water billed to the District customers.

**1.02.05. Points of Delivery.** The Points of Delivery, two master meters, are located at 10908½ Brodie Lane. The Points of Delivery may be changed at any time by agreement in writing between the Director and the District's authorized representative. If the District requests a change in the Points of Delivery, the District shall bear the expense of changing such Points of Delivery.

Prior to changing any Points of Delivery to Austin's System, the District shall submit a written request to the Director for approval of the Point of Delivery accompanied by an engineering report and plans, prepared by a registered professional engineer and approved by the District, which detail the proposed new and the terminated Points of Delivery, the area to be served, the design, size, location and configuration of meters to be installed, and other pertinent information requested by Austin.

**1.02.06. Backflow Prevention.** The District has installed a backflow prevention assembly, as prescribed by Austin, on all existing Points of Delivery from Austin's System. All approved Points of Delivery must have a backflow prevention assembly installed at the time of construction at the District's expense. District agrees to use an air gap or an Austin approved Reduced Pressure Zone device to prevent a cross contamination to Austin's System, in accordance with Austin's standards.

The District shall be solely responsible for adopting and enforcing appropriate regulations for the control and elimination of cross-connections and conditions of backflow and back siphonage within District's System in accordance with applicable federal, state and local laws and regulations.

### **Article 1.03. Compliance with State and Local Law**

**1.03.01. Legal Lots Required.** The District shall not sell taps or otherwise permit the connection of water service to any customer within the District's Service Area unless the property is exempt from or in compliance with the provisions of Chapter 212, Texas Local Government Code.

**1.03.02. No Service Outside District; Enlargement of District Boundaries or Service Area.** The District agrees that it shall not construct or install water facilities to serve areas outside the District's Service Area, nor sell, resell, or deliver water to areas outside the District's Service Area.

**1.03.03. Curtailment and Conservation Restrictions.** Austin's performance of its obligations under this Part is subject to and limited by Austin's available water supply and the capabilities of its systems for water treatment and transportation. Austin shall have the right to curtail or ration the supply of water delivered to the District in times of limited water supplies or high system demand, provided such extreme discretionary action is exercised without discrimination among other similarly situated wholesale water purchasers. Austin agrees to provide written notice, in advance if practicable, to the District when exercising its right to curtail or ration under this section.

**1.03.04. Temporary Curtailment of Service for Maintenance, Capital Replacement or Emergency Operations.** Austin shall have the right at all times to curtail water service hereunder in the event of a required maintenance operation, replacement of capital facilities, or emergency for a reasonable period necessary to complete such maintenance operations or capital replacement, effect emergency repairs, or otherwise respond to emergency conditions necessitating the temporary suspension of water service or decreased volume or pressure. For any curtailment other than one caused by an emergency, Austin, if possible, will give at least 72 hours electronic notice to the District. In the event of an emergency curtailment, Austin will give electronic notice as soon as is reasonably practical.

**1.03.05. Cooperation During Maintenance or Emergency.** The District shall cooperate with Austin during periods of emergency or required maintenance or replacement of equipment and, if necessary, the District shall, at its sole expense, discontinue, cycle, test, inspect, or otherwise operate and maintain District's System in a manner determined by Austin and District representatives to be necessary to the safe and efficient completion of such operations.

**1.03.06. Water Conservation Requirements.** The District agrees to adopt and enforce requirements applicable to its retail customers that are at least as strict as Austin's water conservation ordinances and rules, including Austin's emergency and peak day water management provisions in Austin City Code. In the event that an applicable provision of Austin's code or rules is amended, Austin will give written notice to the District of the amendment in order to allow the District to conform its requirements not later than three months after notice. This requirement in this section is in addition to any obligation in state law to adopt and enforce water use and conservation policies, procedures, or programs. The parties agree that District's failure to meet state law regarding use and conservation measures is a breach of this Part.

**1.03.07. Surcharge Provision.** If Austin determines that the District is in default due to its failure to adopt or enforce water conservation measures, Austin may charge the District and the District agrees to pay Austin a monthly water conservation surcharge equal to 25% of Austin's wholesale billing for that billing period to the District for as long as District remains out of compliance. Before imposing a water conservation surcharge, Austin agrees to provide written notice of its determination of District's failure. The District will have 30 days from the date of the notice to cure the failure. Collection of the water conservation surcharge shall be cumulative of other remedies available to Austin for default or noncompliance with the terms of this Part. In addition to a water conservation surcharge, Austin may charge a drought declaration surcharge. Austin will bill effective on the next monthly billing cycle following Austin's declaration of Stage 3 or Stage 4 drought water restrictions and continuing until the declaration is withdrawn, a Drought Rate Surcharge equal to: Stage 3 Volume Rate of \$1.00 per 1,000 gallons and Stage 4 Volume Rate of \$3.00 per 1,000 gallons.

**1.03.08. Testing and Reporting.** The District agrees that it is responsible for its own regulatory testing of District's System and the reporting to various regulatory entities on issues such as, but not limited to, total coliform testing, byproducts testing, and annual consumer confidence reports to its retail customers.

**1.03.09. Water Line Breaks.** The District shall notify Austin of any water line breaks inside the District's Service Area. The District is responsible for timely providing notice to Federal, State, and local government officials regarding water line breaks.

#### **Article 1.04. Water Rates, Charges, and Billing**

**1.04.01. Wholesale Water Rates.** The District agrees to pay Austin for the water it draws from Austin's System at the rates shown on Exhibit B-1 ("Water Rates"), attached and incorporated herein. The District has reviewed the rates and accepts the rates as fair and reasonable for the term of this Part. Austin may immediately terminate this Part at any time after the Effective Date in the event District contests or challenges, or supports or assists any third party to contest or challenge,



the fairness, justness, or reasonableness of the rates and charges agreed to be paid by District for receiving potable water under this Part.

**1.04.02. District Water Rates and Charges.** The District shall fix and collect rates and charges for Retail Water Service to its customers that are sufficient, together with any other revenues available to the District, to produce the amount necessary to operate, repair, and maintain District's System and pay for the water supplied by Austin. The District is responsible for ensuring that its rates and charges are set, billed, and collected in accordance with applicable law.

**1.04.03. Deduct Metering.** Deduct Meters measure the volume of water passing through District's System, not serving District customers, delivered by Austin for serving multiple Austin retail customers. The location and number of Deduct Meters may be changed at any time by agreement in writing between the Director and the District's authorized representative. The parties acknowledge that as of the Effective Date, there are no Deduct Meters. If Austin requests an addition or change in Deduct Meters, Austin shall bear the expense of adding or changing such Deduct Meters. If the District requests an addition or change in Deduct Meters, the District shall bear the expense of adding or changing such Deduct Meters. The parties agree that Deduct Meters are the property of Austin and that District will provide Austin access to Deduct Meters as well as any properly executed documentation and evidence that Austin determines is necessary to evidence rights of access and ownership.

**1.04.04. Billing and Payment.** Austin agrees to regularly send a bill to the District, no more often than once per month. The bill will set forth the volume of water delivered to the District as determined by Austin's periodic reading of the master meters at the Points of Delivery and Deduct Meters. Each bill will include a due date and the total amount owed to Austin based on the metered volume of water delivered multiplied by the rate in Exhibit B-1, plus the base rate for that month. The District shall pay the total amount owed to Austin within 30 days of District's receipt of the bill. A payment is past due, and the District is in default of this Part, if payment in full is not made to Austin within 30 days of receipt of the bill. A five percent (5%) late charge will be applied to past due payments.

**1.04.05. Effect of Default for Non-Payment.** If the District fails to make payment of the delinquent billing within 30 days from the date of transmittal of a written notice of delinquency from Austin, then Austin may, in its sole discretion, elect to (a) suspend delivery of water to the District until payment is made, (b) terminate the remaining term of this Part, or (c) pursue such other and further remedies as Austin shall deem appropriate.

**1.04.06. Obligation of District.** The parties agree that the District's obligation under this Part to make payments to Austin for water service in any fiscal year are a current expense for that fiscal year payable solely from the revenues of District's System for that fiscal year.

#### **Article 1.05. Master Meters**

**1.05.01. Master Meters Required.** All water consumed by the District shall be measured by master meters of a design, size, location and configuration approved by the Director and the District's engineer.

**1.05.02. Master Meter Installations.** A master meter and related facilities, including a meter loop, a meter house or pit and appurtenances required for properly measuring the quantity of water delivered to the District shall be installed at each agreed Point of Delivery. The District, at its own expense, shall purchase and install the meter, and provide the meter loop and the meter house or pit and appurtenances unless such expense is related to Austin's desire to change the Point of Delivery, in which event Austin shall bear such expense. Austin shall sell the master meters to the District and, following the installation, inspection, and acceptance of same, the Metering Facilities shall be the property of Austin for all purposes hereunder.

Austin shall operate and maintain the master meters and related equipment and appurtenances and shall:

- (a) calibrate the metering equipment annually and more frequently upon request by District provided, however, that the additional cost of calibrating the metering equipment shall be borne by District if requested more frequently than once every twelve months; or
- (b) if the meter size is 2-inch or smaller, replace the master meter, at Austin's cost, every five years.

Any meter registering within American Water Works Association, or its successor, standards for that type and size of meter shall be deemed to be accurate. If any meter fails to register accurately for any period, the District agrees that it will pay Austin, and Austin will bill, for the higher of the volume: (1) drawn by the District for the an equivalent period of time immediately preceding the determination of inaccuracy, (2) drawn by the District for the same period in the preceding year, or (3) the cumulative volume drawn by all District's customers for the period in question. Austin agrees to read the metering equipment at least once for each monthly billing cycle.

#### **Article 1.06. Construction of Facilities**

**1.06.01. Construction by the District.** Unless otherwise agreed in writing, the District shall be solely responsible for design, engineering, financing, construction, installation, inspection, operation, maintenance, repair, and replacement of all District's System for the transmission and delivery of water within the District's Service Area.

**1.06.02. No Private Lines; Reselling of Water.** The District shall ensure that there are no privately owned water lines, mains, or appurtenances installed, maintained, or utilized in the public right-of-way within the District's Service Area. The District shall not permit a third party to resell potable water provided by Austin, even if mixed with other water sources.

**1.06.03. Approval of Plans and Specifications.** The Metering Facility shall be constructed or installed to Austin's standards and design criteria and in accordance with plans and specifications approved by Austin, the Commission, and any other agency having jurisdiction thereof.

All plans and specifications for the Metering Facility to be constructed by the District shall be

subject to review and approval of the Director prior to commencement of construction, which approval will not be unreasonably withheld or delayed. The Director will review and approve or disapprove any plans submitted under this section within 30 calendar days of submittal. Upon request by the Director, the District shall timely submit all documents that are needed for the review and approval of plans and specifications. If any plans are not approved, the Director will provide written comments to the District specifying in detail the changes that will be required for approval of the plans and specifications. The District agrees not to advertise for bids until approval from the Director has been secured with respect to the plans and specifications.

If after approval of the plans and specifications for particular Metering Facility by Austin, the District fails to enter a construction contract for those facilities within two years, the District must resubmit the plans and specifications for review and approval by the Director to assure their conformity with Austin's then current specifications, and current laws, ordinances, and regulations. If such plans and specifications do not conform to the then existing standards, then, upon the request of the Director, the District agrees to revise the plans and specifications to meet Austin's standards before commencement of construction.

All water infrastructure within District's System shall be constructed or installed in accordance with plans and specifications approved by District, the Commission, the Texas Department of State Health Services, and any other agency having jurisdiction thereof.

**1.06.04. Inspection by Austin.** Austin may, but is not obligated to, inspect all phases of the construction and installation of each Metering Facility and may charge the District fees for the inspections of the Metering Facility. Inspection fees for the Metering Facility shall be determined in accordance with applicable Austin ordinances as such ordinances may be amended from time to time. The District agrees to convey ownership of each Metering Facility to Austin.

**1.06.05. Notification of Commencement of Construction.** After all required approvals for construction of a Metering Facility is obtained but prior to commencement of construction, the District shall provide written notice to the Director of the date on which construction of the facilities is scheduled to commence to allow Austin to assign an inspector.

**1.06.06. As-Built or Record Drawings Upon Completion of Construction.** Upon completion of construction of a Metering Facility or any portion thereof, the District shall within 14 days provide, at District's expense, to the Director as-built drawings or record drawings of each such completed project.

**1.06.07. District to Obtain Easements.** The District shall be responsible for obtaining any easements or rights-of-way necessary for the construction and placement of District System or for construction and placement of those components of Austin's System located in District's Service Area necessary to ensure Austin's provision of potable water to District. Austin shall be responsible for obtaining any easements or rights-of-way necessary for the construction of facilities of Austin's System outside of the District's Service Area. The form and content of easements for any Metering Facility to be dedicated to Austin under this Part shall be subject to review and approval by the Director and the City Attorney of Austin or his designee before final acceptance of such facilities by Austin, which approval will not be unreasonably withheld or

delayed.

**1.06.08. Right of Entry.** During the term of this Part, Austin shall have the right of entry and access at all times to facilities comprising or connected to District's System for any purpose related to supplying wholesale potable water or activities preparatory or incident hereto, to inspect District's System, to investigate the source of operational or maintenance problems, or for preventative purposes intended to detect, minimize, or avert operational or maintenance problems.

**1.06.09. Operation and Maintenance.** Austin shall be responsible for operation and maintenance of Austin's System constructed for the purpose of transporting water to the District or its customers. Unless otherwise agreed in writing, the District shall be responsible for operation, maintenance, and leakage of water of District's System constructed for transportation and delivery of water to its retail customers whether within or outside the District.

#### **Article 1.07. Service Area and Limitations on Service**

**1.07.01. Limitation of Service Area.** The District acknowledges that, as the provider of water service to other properties in this region, Austin must retain the ability to plan, fund and operate Austin's System needed to serve not only the District but all other customers of Austin's water system, and that the expansion of customer service areas by any customer without the consent of Austin detrimentally affects the capability of Austin to plan, fund, and operate Austin's System for the benefit of all Austin water customers. Accordingly, the parties agree to the following:

- (a) This Part is for a maximum amount of potable water. The District may not draw more water than the maximum nor may it deliver potable water provided by Austin under this Part beyond the District's Service Area;
- (b) If the District provides water service outside the District's Service Area, Austin may terminate this Part;
- (c) The District may not connect any customer that the District knows provides water service directly or indirectly to another person or entity outside the District's Service Area. The District will immediately terminate the service of any such customer once it discovers any such connection; and
- (d) The District will notify Austin within three business days if the District receives a request to serve outside of the District's Service Area.

**1.07.02. Consideration for Wholesale Water.** The District acknowledges that Austin has entered into this Part based in part on the District's agreement to limit its water service to the District's Service Area, limit its draw of water in accordance with Section 1.02.01, adopt and enforce ordinances and a water conservation program that meet or exceed the requirements of Austin and the Commission, provide wastewater billing information, and the payment of capital recovery fees.

**1.07.03. Reciprocal Service Covenant.** Austin and the District agree that, upon the request of

the other, temporary water service will be provided to retail customers along or adjacent to the jurisdictional boundary of the requesting entity until the requesting entity is able to construct its lines and mains necessary to serve such customers, provided that:

- (a) the non-requesting entity has lines and mains within a reasonable distance and is capable of providing such retail service;
- (b) the non-requesting entity agrees to provide such retail service on a temporary basis;
- (c) provision of such retail service will not result in a need for substantial construction or diminution in retail service to its own customers;
- (d) the non-requesting entity providing temporary retail service may place such limitations on the level and geographic scope of such temporary retail service as is deemed in the best interest of such non-requesting entity;
- (e) the customer receiving such retail service agrees to accept the same from the non-requesting entity and pay applicable fees, costs and charges necessary to extend such temporary retail service; and
- (f) the provision of such temporary retail service does not violate applicable law, the provisions of any agreement respecting the provision of utility service to the area, or the provisions of any certificate of convenience and public necessity respecting utility service area boundaries.

#### **Article 1.08. Term, Expiration, and Termination**

**1.08.01. Term.** Upon execution by the authorized representatives of Austin and District, this Part shall take effect on the Effective Date of this Contract and shall continue in effect for a period of five (5) years. Accordingly, on the fifth anniversary of the Effective Date ("Expiration Date"), this Part shall expire and terminate automatically unless earlier terminated in accordance with the provisions hereof or unless extended in accordance with the provisions of section 1.08.02. Austin will not deliver any water to District on or after the Expiration Date. In advance of the Expiration Date and no less than 180-days prior to the Expiration Date, District will prepare and submit plans and specification to Austin for Director's approval that disconnect all Points of Delivery. Austin shall not be responsible for any costs and expenses of the District related, directly or indirectly, to disconnecting District's Points of Delivery or securing an alternate source of water.

**1.08.02. Five Year Term Extensions.** The District may request up to five additional 5-year extensions to this Part. Whether the District may receive a 5-year extension is subject to the following conditions: (1) the District must not have been in default of this Part without having timely cured the default in accordance with section 1.08.04, and (2) the District must provide advance written notice requesting an extension no more than 12 months but no less than 180 days prior to the expiration of the then-current 5-year term. Within ninety days of receiving District's extension request, Austin will provide the District a schedule of rates and charges to be effective for the requested 5-year extension period, along with a cost of service study supporting any



increase to the rates and charges over those in effect during the then current 5-year term. Unless the authorized representatives for the District and Austin execute by a signed written instrument a 5-year extension prior to the Expiration Date, this Part expires on the Expiration Date and Austin has no further obligations under this Part.

**1.08.03. Termination.** Without prejudice to any provision hereof setting forth terms for automatic expiration or expiration in the event of default by the District, this Part may also be terminated by mutual agreement of the parties, or at the option of either party, by providing 12 months advance written notice to the other party. If either party elects to terminate this Part by providing 12 months advance written notice, the District shall exercise reasonable diligence to timely secure an alternative supply of potable water prior to the effective date of such termination. In the event of termination hereunder for any reason, Austin shall not be responsible for any costs and expenses of the District related, directly or indirectly, to securing an alternative source of potable water.

**1.08.04. Default.** This provision is in addition to all other default provisions in this Part. In the event that one party believes that the other party is in default of any of the provisions in this Part, the non-defaulting party will make written demand to cure to the defaulting party and give the defaulting party up to 30 calendar days to cure the default or, if the curative action cannot reasonably be completed within 30 days, the defaulting party will commence the curative action within 30 days and thereafter diligently pursue the curative action to completion. This period must pass before the non-defaulting party may initiate any remedies available to the non-defaulting party due to such default. The non-defaulting party shall mitigate direct or consequential damages arising from any default to the extent reasonably possible under the circumstances. The parties agree that they will use their best efforts to resolve any disputes and may engage in non-binding arbitration or other alternative dispute resolution methods as recommended by the laws of the State of Texas before initiating any lawsuit to enforce their rights under this Part. Nothing in this Part shall be construed to limit either party's right to recover damages or to seek other appropriate curative remedies if a breach of contract action is filed by a non-defaulting party to this Part. Nonpayment by the District for water drawn is not a default for which cure is available under this Section.

**1.08.05. Changes in Law Affecting the Rights of a Party.** Either party may terminate this Part on 30 days written notice to the other party if the other party directly sponsors, requests, lobbies for, or secures the adoption of state or federal legislation that impairs, undermines, restricts, eliminates, or otherwise adversely affects the party's rights under this Part.

Offering comments or analyses with regard to legislation or rules of a government agency adverse to the rights of a party is not grounds for termination. Upon the adoption of any change in Texas law modifying or declaring the effect of this section unlawful, this Part will terminate and expire automatically, immediately, and without the action of either party.

A party shall provide the other party a true copy of any petition, application, or other instrument affecting this Part, whether directly or indirectly, within twenty-four hours of filing in the Texas Commission on Environmental Quality or the Public Utility Commission of Texas or other court or agency of competent jurisdiction.

## **Article 1.09. Force Majeure**

**1.09.01. Force Majeure.** In the event that either party is rendered unable by force majeure to carry out any of its obligations under this Part, whether in whole or in part, then the obligations of that party, to the extent affected by the force majeure, shall be suspended during the continuance of the inability, provided, however, that due diligence is exercised to resume performance at the earliest practicable time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party. The cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, criminal conduct or sabotage, acts of the public enemy, orders 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 of government and civil disturbances, explosions, breakage, or accidents to equipment, pipelines, or canals, partial or complete failure of water supply, and any other inability of either party, whether similar to those enumerated or otherwise, that are not within the control of the party claiming their ability and that could not have been avoided by the exercise of due diligence. It is understood and agreed that the settlement of strikes, lockouts and other industrial or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or other industrial or labor disturbances by acceding to the demands of the opposing party if the settlement is unfavorable to it in the judgment of the party having the difficulty. Force majeure shall relieve Austin from liability to the District or any water customer of the District for failure to provide water service due to an inability covered by this section. Force majeure shall not relieve the District of its obligation to make payment to Austin as provided in this Part.

## **PART 2. AGREEMENT FOR WHOLESALE WASTEWATER**

Austin agrees to accept wastewater from District and District agrees to deliver wastewater to Austin in accordance with the terms in this Part 2. The covenants, rights, obligations, and duties of this Part 2 regarding Wholesale Wastewater that, the parties acknowledge and agree, along with Part 3 of this Contract (*Miscellaneous Provisions Applicable to Parts 1 and 2*) form the Agreement for Wholesale Wastewater, are severable and independent from the covenants, rights, obligations, and duties agreed to in Part 1 of this Contract.

### **Article 2.01. Definitions**

The following terms used in this Part shall have the meanings set out below:

**Austin's System:** means the publicly owned treatment works owned and operated by Austin consisting of equipment and facilities for collecting, treating, and transporting wastewater, including but not limited to force mains, wastewater collection lines, lift stations, treatment plants, and sludge beds.

**BOD (Biochemical Oxygen Demand):** means the quantity of oxygen consumed in the biochemical oxidation of organic matter as determined by standard laboratory procedures for five days at 20 degrees Centigrade and expressed as a concentration in milligrams per liter.

**Capital Recovery Fee:** means a charge established by Austin and assessed on each service unit of new development pursuant to the Austin City Code as authorized and in accordance with Chapter 395 of the Texas Local Government Code.

**COD (Chemical Oxygen Demand):** means the oxygen equivalent of the organic matter content of a sample susceptible to oxidation by a strong chemical oxidant as determined by standard laboratory procedures and expressed as a concentration in milligrams per liter.

**Commission:** means the Texas Commission on Environmental Quality or its successor agency.

**Connecting Facilities:** means all wastewater facilities, including but not limited to, lift stations and wastewater mains, constructed by District at the Points of Entry into Austin's System which will be owned and operated by District.

**Default:** means the omission or failure of a party to perform a duty under this Part.

**Director:** means the Director of Austin Water or authorized designee.

**District's System:** means the wastewater collection system owned and operated by District consisting of equipment and facilities for collecting and transporting wastewater, including but not limited to force mains, wastewater collection lines, and lift stations.

**District's Service Area:** means the area that as of the Effective Date set forth in Part 3 is comprised of: (1) the District's geographical boundary, (2) the area certificated by the State of Texas for the District's provision of retail domestic wastewater collection, and (3) the area that is receiving retail wastewater service under a valid and binding contract with the District. The District's Service Area is depicted for ease of reference on Exhibit A-2 ("Map of District's Wastewater Service Area"), attached and incorporated herein.

**Domestic Wastewater:** means wastewater that originates primarily from kitchen, bathroom, and laundry sources, including waste from food preparation, dishwashing, garbage grinding, toilets, baths, showers, and sinks of a residential dwelling. Domestic wastewater may contain commercial or industrial wastewater contributions.

**EPA:** means the United States Environmental Protection Agency.

**Industrial Waste:** means that term as defined in Austin City Code Chapter 15-10.

**Infiltration:** means water other than wastewater that enters District's System from the ground through defective pipes, pipe joints, connections, or manholes.

**Inflow:** means water other than wastewater that enters District's System from sources such as roof



leaders, cellar/foundation drains, yard drains, area drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewers, and catch basins. Inflow does not include infiltration.

**Interference:** means an inhibition or disruption of Austin's System, treatment processes, or operations that causes or contributes to a violation of any requirement of Austin's wastewater discharge permit(s).

**Living Unit Equivalent or LUE:** means that unit of measurement representing the average daily wastewater flow from a residential dwelling, or 245 gallons of flow daily. Austin will be solely responsible for designating the number of LUEs associated with any commercial or industrial customer in accordance with its design criteria.

**New Development:** means the subdivision of land, the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure, or any use or extension of the use of land, that increases the number of service units for water service.

**Point of Entry:** means each manhole in Austin's System designated by Austin at which wastewater will pass from District's System into Austin's System.

**Pretreatment Requirements:** means the processes required of District or any person discharging wastewater into District's System that control, limit, or prohibit pollutants or concentrations of pollutants described in this Part and that comply with Chapter 15-10 of the Austin City Code, Commission rules and regulations, and rules and regulations of the federal Environmental Protection Agency.

**Prohibited Waste:** means those substances prohibited from being discharged into District's System or Austin's System.

**Regulatory Requirements:** the requirements and provisions of all local, state, or federal law, and the permits, rules, orders, and regulations issued or adopted pursuant to that authority by any local, state, or federal agency having jurisdiction.

**Retail Wastewater Service:** means the provision of domestic wastewater service directly to the end-use customer who is charged rates and fees by the retail wastewater service provider for taking and treating customer's domestic wastewater.

**Total Suspended Solids or TSS:** means the amount of solids expressed in milligrams per liter (mg/l) that float on the surface of or in suspension in water, sewage, industrial waste, or other liquid that are removable by laboratory filtering following standard methods.

**Wastewater:** means liquid or water borne waste, including, without limitation, sewage, industrial waste or other wastes, whether separate or commingled.

#### **Article 2.02. Agreement to Take Domestic Wastewater**

**2.02.01. Maximum Level of Wholesale Service.** 2.02.01. Maximum Level of Wholesale Service. Austin agrees to accept domestic wastewater generated by the District and delivered by means of the Connecting Facilities to the Points of Entry provided the combined flow of wastewater received by District from all Points of Entry does not exceed any of the following maximum flow rates:

- (1) a daily average of 265 gallons per minute (gpm) as determined for any monthly billing period;
- (2) during a 24-hour period of dry weather, an instantaneous flow of 851 gpm; or
- (3) during a 24-hour period within which there is measurable local rainfall, an instantaneous flow of the lesser of (a) 1,338 gpm, or (b) 5 times the daily average flow rate during the most recent monthly billing period.

If Austin determines that the District is exceeding any maximum flow rate set forth in this section, Austin may elect in its sole discretion to: (1) suspend the District's delivery to and Austin's receipt of wastewater from District, (2) terminate this Part, or (3) add an exceedance surcharge of \$50,000 to the District's next bill.

**2.02.02. Wholesale Service Commitment Not Transferable.** Austin's commitment to take domestic wastewater from District is solely with District and may not be assigned or transferred by District in whole or in part.

**2.02.03. Curtailment of Service.** District agrees that if Austin curtails its retail wastewater services or curtails its receipt of wastewater from other entities with a wholesale wastewater contract, Austin may impose a like curtailment on Austin's receipt of District's domestic wastewater. Austin will impose such curtailments in a nondiscriminatory manner. The parties agree that they will not construe this Part to prohibit Austin from curtailing service completely in the event of a maintenance operation or emergency for a reasonable period necessary to complete such maintenance operations or repairs or respond to an emergency circumstance.

### **Article 2.03. Compliance with State and Local Law**

**2.03.01. Legal Lots Required.** The District shall not sell wastewater taps or connect District's System to any property within the District's Service Area unless the property is exempt from or in compliance with the provisions of Chapter 212, Texas Local Government Code.

**2.03.02. No Service Outside District; Enlargement of District Boundaries or Service Area.** The District agrees that it shall not construct or install wastewater collection facilities to serve areas outside the District's Service Area, nor sell, resell, or deliver wastewater collection services to areas outside the District's Service Area.

**2.03.03. Cooperation During Maintenance or Emergency.** The District will cooperate with Austin during periods of emergency or required maintenance. If necessary, upon prior notice sufficient to allow District to notify its customers, District will operate and maintain its lift stations

or other equipment at its expense in a manner reasonably determined by the Director to be necessary to the safe and efficient completion of repairs or the replacement of facilities, the restoration of service, and the protection of the public health, safety, and welfare. District may be required to discontinue use of, cycle, test, inspect, or otherwise operate and maintain its lift stations or other equipment in a manner determined by the Director to be necessary, safe, and efficient.

**2.03.04. Testing and Reporting.** The District agrees that it is responsible for its own regulatory testing of District's System and reporting to the applicable local, state, and federal regulatory entities.

#### **Article 2.04. Rates, Charges, and Billing**

**2.04.01. Wastewater Rates.** The District agrees to pay Austin for receiving District's wastewater at the rates shown on Exhibit B-2 (titled "Wholesale Wastewater Rates"), attached and incorporated herein. The District has reviewed the rates and accepts the rates as fair and reasonable for the term of this Part. Austin may immediately terminate this Part at any time after the Effective Date in the event District contests or challenges, or supports or assists any third party to contest or challenge, the fairness, justness, or reasonableness of the rates and charges agreed to be paid by District under this Part.

**2.04.02. Billing and Payment.** Austin agrees to regularly send a bill to the District, no more often than once per month. Each bill will include a due date and the total amount owed to Austin for the volume of wastewater delivered to Austin's System by District multiplied by the volumetric rate, plus the base rate for that month, both shown on Exhibit B-2, attached and incorporated herein. The volume billed is the actual amount of flow measured at Austin's wastewater flow meters located at the Points of Entry. If at any time Austin's wastewater flow meters are offline Austin will bill for volume by using average water usage during the winter months averaging period calculated by using volume of water consumed by District's retail customers. Austin may use records including, but not limited to, wholesale water meter reads, District customer water consumption records, and wastewater flow meters, and if water consumption is used to establish billed volume, will adjust the volume to account for Infiltration and Inflow in accordance with Section 2.04.05. For a District wastewater customer for which there are no reliable water consumption records available, the volume billed will be the monthly average use of Austin's retail customers of the same rate classification.

The District shall pay the total amount owed to Austin within 30 days of District's receipt of the bill. A payment is past due, and the District is in default of this Part, if payment in full is not made to Austin within 30 days of receipt of the bill. A five percent (5%) late charge will be applied to past due payments.

**2.04.03. Effect of Default for Non-Payment.** If the District fails to make payment of the delinquent billing within 30 days from the date of transmittal of a written notice of delinquency from Austin, then Austin may, in its sole discretion, elect to (a) suspend delivery of water to the District until payment is made, (b) terminate the remaining term of this Part, or (c) pursue such other and further remedies as Austin shall deem appropriate.

**2.04.04. Wastewater Capital Recovery Fees.** The parties agree that the assessment and collection of Austin's Capital Recovery Fee within the District's Service Area is authorized by Chapter 395 of the Texas Local Government Code. District shall collect, on behalf of Austin, Austin's Capital Recovery Fee from its customers for each service unit of New Development connected to District's System in the District's Service Area at the time District's connection is made.

The amount of the Capital Recovery Fee is an amount calculated per service unit determined in accordance with the provisions of the Austin City Code and under its authority and in accordance with Chapter 395 of the Texas Local Government Code, published and made available to the public. The amount collected by District, on behalf of Austin, shall be the amount of Austin's Capital Recovery Fee in effect at the time a connection of a new service unit is made.

By the 15th of each month, the District agrees to remit to Austin all Capital Recovery Fees collected together with a report of all new wastewater connections made within the prior calendar month. The report shall also contain the service address, lateral size, date of connection, and amount remitted for each new connection within each monthly period to the Director. The District shall not retain any portion of Austin's Capital Recovery Fee collected.

For each calendar year, the District will forward to Austin an annual report containing the following data not later than February 15th of the following year: actual number of District connections and associated service units by number of accounts being transmitted to Austin's System as of the end of the calendar year for which report is made; the District retail rates charged to each of the District's customer classes; and total gallons of water billed to the District customers.

**2.04.05. Charge for Infiltration and Inflow.** This section applies only if some or all of District's billed wastewater volumes are determined by the amount of water used. The District acknowledges that Infiltration and Inflow entering Austin System from the District must be transmitted and treated whether or not its source is revenue producing for the District. District agrees to pay for Infiltration and Inflow without abatement in the same manner and cost as other wastewater entering Austin's System from District's System. Unless the District performs a comprehensive Inflow and Infiltration study confirming a lesser volume of Infiltration and Inflow comprises the wastewater flowing from District's System into Austin's System, the parties agree that eleven percent (11%) of the volume of wastewater District is delivering to Austin's System is Infiltration and Inflow, an amount of wastewater that is not measurable by water consumption records of the District's customers or water meters. Therefore, if Austin uses volume of water to calculate wastewater flows for billing, District agrees pay for a volume of wastewater that is 1.11 times the volume of water used to calculate billed wastewater flows.

**2.04.06. District Rates and Charges.** During the term of this Part, the District shall fix and collect rates and charges for Retail Wastewater Service to its customers that are sufficient, together with any other revenues available to the District, to produce the amount necessary to operate, repair, and maintain District's System and pay Austin in accordance with the terms of this Part. The District is responsible for ensuring that its rates and charges are set, billed, and collected in accordance with applicable law.

**2.04.07. Obligation of District.** The parties agree that the District's obligation under this Part to make payments to Austin for water service in any fiscal year are a current expense for that fiscal year payable solely from the revenues of District's System for that fiscal year.

#### **Article 2.05. Construction of Facilities**

**2.05.01. Construction by the District.** Unless otherwise agreed in writing, the District shall be solely responsible for design, engineering, financing, construction, installation, inspection, operation, maintenance, repair, and replacement of facilities comprising District's System.

**2.05.02. Approval of Plans and Specifications.** The Connecting Facilities shall be constructed or installed to Austin's standards and design criteria and in accordance with plans and specifications approved by Austin, the Commission, and any other agency having jurisdiction thereof.

All plans and specifications for the Connecting Facilities to be constructed by the District shall be subject to review and approval of the Director prior to commencement of construction, which approval will not be unreasonably withheld or delayed. The Director will review and approve or disapprove any plans submitted within 30 calendar days of submittal. Upon request by the Director, the District shall timely submit all documents that are needed for the review and approval of plans and specifications. If any plans are not approved, the Director will provide written comments to the District specifying in detail the changes that will be required for approval of the plans and specifications. The District agrees not to advertise for bids until approval from the Director has been secured with respect to the plans and specifications.

If after approval of the plans and specifications for particular Connecting Facilities by Austin, the District fails to enter a construction contract for those facilities within two years, the District must resubmit the plans and specifications for review and approval by the Director to assure their conformity with Austin's then current specifications, and current laws, ordinances, and regulations. If such plans and specifications do not conform to the then existing standards, then, upon the request of the Director, the District agrees to revise the plans and specifications to meet Austin's standards before commencement of construction.

All domestic wastewater collection and transmission infrastructure within District's System shall be constructed or installed in accordance with plans and specifications approved by District, the Commission, and any other agency having jurisdiction.

**2.05.03. Inspection by Austin.** Austin may, but is not obligated to, inspect all phases of the construction and installation of Connecting Facilities and may charge the District fees for the inspections of the Connecting Facilities. Inspection fees for the Connecting Facilities shall be determined in accordance with applicable Austin ordinances as such ordinances may be amended from time to time. The District agrees to dedicate, transfer, and convey ownership of all Connecting Facilities to Austin.

**2.05.04. Notification of Commencement of Construction.** After all required approvals for construction of a Connecting Facility is obtained but prior to commencement of construction, the

District shall provide written notice to the Director of the date on which construction of the facility is scheduled to commence to allow Austin to assign an inspector.

**2.05.05. As-Built or Record Drawings Upon Completion of Construction.** Upon completion of construction of a Connecting Facilities or any portion thereof, the District shall within 14 days provide, at District's expense, to the Director as-built drawings or record drawings of each such completed project.

**2.05.06. District to Obtain Easements.** The District shall be responsible for obtaining any easements or rights-of-way necessary for the construction and placement of District's System or for construction and placement of those components of Austin's System located in District's Service Area necessary to ensure Austin's performance under this Part. Austin shall be responsible for obtaining any easements or rights-of-way necessary for the construction of facilities of Austin's System outside of the District's Service Area. The form and content of easements for any Connecting Facilities to be dedicated to Austin shall be subject to review and approval by the Director and the Austin City Attorney before final acceptance of such facilities by Austin, which approval will not be unreasonably withheld or delayed.

**2.05.07. Right of Entry.** During the term of this Part, Austin shall have the right of entry and access at all times to facilities comprising or connected to District's System for any purpose related to supplying wholesale potable water or activities preparatory or incident hereto, to inspect District's System, to investigate the source of operational or maintenance problems, or for preventative purposes intended to detect, minimize, or avert operational or maintenance problems.

**2.05.08. Operation and Maintenance.** Austin shall be responsible for operation and maintenance of Austin's System constructed for the purpose of receiving wastewater flows from the District. Unless otherwise agreed in writing, the District shall be responsible for the operation and maintenance of District's System constructed for the collection of wastewater from District's retail customers whether within or outside District's Service Area.

## **Article 2.06. Service Area and Limitations on Service**

**2.06.01. Limitation of Service Area.** The District acknowledges that, as the provider of wastewater service to other properties in the region, Austin must retain the ability to plan, fund and operate Austin's System needed to serve not only the District but all other customers of the Austin's System, and that the expansion of customer service areas by any customer without the consent of Austin detrimentally affects the capability of Austin to plan, fund, and operate Austin's System for the benefit of all Austin customers. Accordingly, the parties agree to the following:

- (a) This amount of wastewater from District that will be accepted by Austin under this Part is a maximum and that any amount above that maximum will not be accepted by Austin. The District may not deliver and Austin will not accept more than the maximum amount nor may District deliver wastewater to Austin under this Part from any source generating wastewater outside the District's Service Area;
- (b) Prior to the District planning the construction, installation, repair, or replacement of any element of District's System that has the potential to increase the amount or flow rate of

wastewater delivered into Austin's System, District will submit such plans to Austin for Director's review and approval;

- (b) If the District collects and transmits wastewater from any source outside the District's Service Area, Austin may terminate this Part;
- (c) The District may not connect any customer that collects wastewater directly or indirectly from another person or entity outside the District's Service Area. The District will immediately terminate the service of any such customer once it discovers any such connection; and
- (d) The District will notify Austin within three business days if the District receives a request to serve a wastewater customer outside of the District's Service Area.

**2.06.02. Consideration for Taking Wholesale Wastewater.** The District acknowledges that Austin has entered into this Part based in part on the District's agreement to limit the amount of wastewater generated and delivered to Austin's System from the District's Service Area, to limit its peak wastewater flows into Austin's System, provide billing information, and the payment of capital recovery fees.

**2.06.03. Reciprocal Service Covenant.** Austin and the District agree that, upon the request of the other, temporary wastewater service will be provided to retail customers along or adjacent to the jurisdictional boundary of the requesting entity until the requesting entity is able to construct its lines and facilities necessary to serve such customers, provided that:

- (a) the non-requesting entity has lines and facilities within a reasonable distance and is capable of providing such retail service;
- (b) the non-requesting entity agrees to provide such retail service on a temporary basis;
- (c) provision of such retail service will not result in a need for substantial construction or diminution in retail service to its own customers;
- (d) the non-requesting entity providing temporary retail service may place such limitations on the level and geographic scope of such temporary retail service as is deemed in the best interest of such non-requesting entity;
- (e) the customer receiving such retail service agrees to accept the same from the non-requesting entity and pay applicable fees, costs and charges necessary to extend such temporary retail service; and
- (f) the provision of such temporary retail service does not violate applicable law, the provisions of any agreement respecting the provision of utility service to the area, or the provisions of any certificate of convenience and public necessity respecting utility service area boundaries.

## **Article 2.07. Wastewater Quality**



**2.07.01. Condition of Wastewater Delivered.** District agrees to operate and maintain District's System in a manner that ensures that District delivers wastewater to Austin's System that complies with the requirements in Chapter 15-10 of the Austin City Code and that is noncorrosive and otherwise noninjurious to the publicly owned treatment works or any part of Austin's System. If wastewater delivered from District's System to Austin's System fails to meet the standards in Chapter 15-10 of the Austin City Code, the District agrees to perform pretreatment of wastewater or modify the operation of District's System in a manner and by a date certain that the Director determines, in the Director's sole discretion, is necessary to render the delivered wastewater compliant with Chapter 15-10 of the Austin City Code and noncorrosive and noninjurious to Austin's System. District further agrees to ensure that the wastewater delivered to Austin's System will meet or exceed the Austin's standards and that the Director may set appropriate limits for dissolved oxygen, sulfides, or other substances in the event such limits are reasonably deemed by the Director to be necessary to protect Austin's System and the receiving waters of Austin's System as related to wastewater flows from the District's System.

District agrees to pay for all damage and the cost of repair to Austin's System caused by the composition, quantity, or quality of wastewater delivered by District to Austin's System. If Austin notifies District in writing that the quality of wastewater delivered to Austin's System does not comply with this section, Austin may require additional treatment or chemical facilities to be added to District's System to ensure that Austin's System is not damaged or impaired and to ensure that the above-referenced wastewater quality parameters are met. District agrees to design, construct, and install, at its sole expense and in a timely manner, the additional facilities requested by Austin. District will be responsible for the operation and maintenance costs for the additional facilities under this section. The parties agree that surcharge amounts that are due and payable under this Part may be requested by Austin, and if so must be timely remitted by District, during the design and construction of the additional facilities required under this Section.

In addition to other remedies, if District fails to implement measures required for protection of Austin's System, Austin may take one or more of the following actions:

- (a) require District to divert its wastewater flow to another system other than Austin's System;
- (b) require District to implement an operation and maintenance plan to ensure that flows received from District are noncorrosive or otherwise noninjurious to Austin's System;
- (c) bill District for Austin's costs incurred to repair or recondition facilities within Austin's System;
- (d) bill District for Austin's costs incurred to add chemicals or other pretreatment processes to wastewater delivered by District that Austin determines are necessary to protect Austin's System or the receiving waters of Austin's System;
- (e) file suit to recover for any and all damages to Austin's System caused by such failure on the part of District; or



- (f) seek such other and further relief at law or in equity.

**2.07.02. Industrial Discharges and Prohibited Wastes.** District acknowledges that Austin has the authority under federal and state law to establish:

- (a) limits and prohibitions on types and quantities of discharges entering Austin's System;
- (b) pretreatment, permitting, monitoring, and other requirements for persons who discharge prohibited substances that may flow from the District's System to Austin's System; and
- (c) measures to protect Austin's System, including, without limitation, any portion of the sanitary sewer and any body of water receiving discharge of wastewater effluent the source of which is, in part, District's System

District shall require all persons discharging wastewater containing industrial waste or other prohibited waste to District's System to obtain, comply with, and keep current a wastewater permit, or equivalent, from District providing, at a minimum, information in the nature and detail required by the District's pretreatment regulations and Chapter 15-10 of the Austin City Code. Such permit shall require persons discharging prohibited waste to abate prohibited substances from their waste stream and conform such discharges to regulatory requirements and District's regulations respecting the discharge of industrial waste and other prohibited waste.

If District does not have a pretreatment program approved by the EPA and Commission, District agrees to adopt and strictly enforce policies, rules, and regulations at least as stringent as those adopted by Austin requiring District customers to comply with the provisions of all regulatory requirements regarding the pretreatment, monitoring, and discharge of prohibited waste. District represents and warrants that as of the Effective Date of this Contract, the District and its customers are in compliance with all regulatory requirements.

District agrees to seek injunctive or other appropriate relief to prohibit wastewater discharges that District becomes aware will damage or pass through Austin's System without adequate treatment, interfere with the treatment system, or will otherwise pose an imminent danger to public health or when the specific person or industry is not taking steps to implement an approved pretreatment system.

District agrees to provide Austin copies of all monitoring data and pretreatment enforcement actions by District for each fiscal quarter no later than 30 days after the close of each fiscal quarter.

The parties agree that they will not construe this Part to limit, modify, restrict, or otherwise alter Austin's authority to enforce Austin's City Code or rules and regulations governing the pretreatment, monitoring, and discharge of wastewater containing industrial waste or other prohibited waste.

**2.07.03. Plan Review, Sampling, and Testing.** District agrees that Austin shall have the right, at its option and expense, to sample wastewater discharges within District's System at the site of

discharge, Points of Entry, or other locations as Austin requires for the purpose of determining a source, type, composition, or strength of wastewater flowing through District's System or a given discharge into District's System.

District shall make necessary arrangements and provide assistance to Austin in obtaining lawful access to sampling points within areas served by District.

District agrees that any of its individual customers found in violation of allowable discharges, or any of its individual customers who refuse access for the purpose of sampling, may be disconnected from District's System and Austin's System in accordance with applicable regulations of District or Austin.

In addition to other samples taken and tests made on an as required basis, Austin shall regularly take twenty-four hour composite samples of wastewater discharges at Points of Entry no less frequently than semiannually. Cost of sampling and testing at the Point of Entry shall be borne by Austin.

District, however, may request Austin to perform sampling, tests, analyses, and investigations within areas served by District pursuant to a separate interlocal agreement.

District shall be provided with a copy of the results of each sample test within 30 days of the sample date.

Unless otherwise stipulated in the wastewater discharge permit issued by Austin to District, all samples shall be collected and analyzed in accordance with the methods approved by EPA as set forth in Title 40, Code of Federal Regulations, Part 136, as amended.

The District agrees that it is solely responsible for reviewing of all plumbing plans and inspecting all plumbing work for customers connecting to District's System. The District also agrees that review of pretreatment plans is an integral part of the overall plumbing plan review. The District shall provide copies of all pretreatment plan reviews conducted by District, or its consultants, on behalf of customers discharging industrial waste to District's System within 30 calendar days of each review. If the District does not have the capacity to perform pretreatment plumbing plan reviews or inspections, the District may request that Austin perform that function as a contractor for District under a separate interlocal agreement between the parties. This Part does not establish any duties or obligations for Austin to perform pretreatment plumbing reviews or inspections for the District.

**2.07.04. Surcharge for Excess Strength Wastewater.** If Austin determines that the District is delivering wastewater that contains an excessive amount of BOD, TSS, or COD, an additional surcharge will be assessed against the District and billed accordingly by Austin, not as a penalty, but as an additional charge for handling and treatment of wastewater of abnormal or excess strength discharged by District into Austin's System. The surcharge is in addition to other fees and charges. For any billing period in which Austin's sampling measurements show the excess, Austin will assess and bill District a surcharge for each of the following: (1) for each mg/l of BOD in excess of 200 mg/l; (2) for each mg/l of TSS in excess of 200 mg/l; and (3) for each mg/l of

COD in excess of 450 mg/l. The excess strength determination will be based on a minimum of two (2) days' average data or as otherwise provided in Chapter 15-10 of the Austin City Code.

District shall pay Austin for concentrations of BOD and TSS exceeding 200 mg/l and for COD concentrations exceeding 450 mg/l at the rate provided in the prevailing ordinances of Austin, subject to increase or decrease without formal amendment of this Part, as such ordinances might be amended from time to time. The industrial waste surcharge will be calculated and billed to District each month in accordance with the formula set forth in Section 2.07.05.

**2.07.05. Computation of Surcharge.** For excess strength wastewater having a COD concentration of 2.25 or more times than that of the BOD concentration, the surcharge will be based on the COD category in lieu of the BOD category. The computations of the surcharge shall be based on the following formula:

$$S = V \times 8.34 (A [BOD -200] + B [SS -200])$$

or

$$S = V \times 8.34 (C [COD -450] + B [SS -200])$$

- S - Surcharge in dollars that will appear on District's monthly bill.
- V - Wastewater actually billed during the billing period or the wastewater average in millions of gallons.
- 8.34 - Pounds per gallon of water.
- A - Unit charge in dollars per pound of BOD.
- BOD - BOD strength in milligrams per liter (mg/l) by weight.
- 200 - Normal BOD strength in milligrams per liter (mg/l) by weight.
- B - Unit charge in dollars per pound for Suspended Solids (SS).
- SS - Suspended solids concentration in milligrams per liter (mg/l) by weight.
- 200 - Normal SS strength in milligrams per liter (mg/l) by weight.
- C - Unit charge in dollars per pound for COD.
- COD - COD strength in milligrams per liter (mg/l) by weight.
- 450 - Normal COD strength in milligrams per liter (mg/l) by weight.

## **Article 2.08. Standards for Connections to District System**

**2.08.01. District Prevention of Infiltration and Inflow.** District agrees to manage and maintain District's System in a manner that minimizes infiltration and inflow to District's System. At a minimum, District agrees to:

- (a) regularly televise and smoke test District's System no less frequently than every five years;
- (b) conduct a Sanitary Sewer Evaluation Study (SSES) of its wastewater collection system within twenty-four months of the Effective Date of this Contract;

- (c) provide Austin a copy of any findings and reports on the condition of District's System, including those required under (a) and (b) of this section, within 30 days of completion;
- (d) repair identified leaks or cracks within 180 days of testing that confirms the need for line repair or replacement necessary to reduce inflow;
- (e) promptly repair or replace damaged or missing manhole covers; and
- (f) adopt and enforce rules and regulations that prohibit District's customers from discharging drainage water, as defined in Chapter 15-10 of Austin City Code, into District's System.

**2.08.02. Construction and Testing Criteria for District Sewer Connections.** District agrees that all sewer connections to District's System will be constructed with a permanent type material, carefully bedded to prevent over-stressing of the material, and utilize a joint that will provide a permanent water-tight connection. District agrees to ensure that all connections will pass an air test performed in accordance with applicable American Society for Testing and Materials Standards and will be done under the supervision of District's authorized representative in accordance with regulatory requirements.

District agrees that the physical connection of each service line to District's System will be the responsibility of District and will not be left to the discretion of the plumber or contractor unless that plumber or contractor is under the direct supervision of, or whose work is inspected by, District's authorized representative. District agrees that all future trunk sewer lines added to District's System will be built in accordance with appropriate Commission approved design criteria, including infiltration/exfiltration limitations, and that representative sections of each new line will be air tested or tested for infiltration/exfiltration at the time of installation.

District agrees that it will maintain strict supervision and maintenance of District's System to prevent connections such as roof drains or any other means by which surface drainage can enter local wastewater facilities and then discharge to Austin's System.

Connections made to the District's System after the Effective Date will be made using only materials permitted by applicable codes and development criteria. The District will inspect all connections to District's System to ensure compliance with District's rules and regulations.

A failure on the part of District to provide and enforce such regulations governing connections to District's System will constitute sufficient grounds for Austin to restrict or limit wastewater flows to such extent Austin deems reasonably necessary in order to protect Austin's System from damage or excessive flows after (i) notice to District in writing of the specific violation, and (ii) failure of District within 30 days to correct such violation or, if the violation is of a nature that it cannot be corrected within 30 days, to begin to correct such violation and to diligently pursue such curative action.

#### **Article 2.09. Liability for Damages**

**2.09.01. Liability.** Liability for damages to third persons arising from the collection, transportation, delivery, and disposal of all wastewater discharged will remain with District to the Points of Entry. Beyond the Points of Entry, District is liable for damage to Austin's System or to third persons arising from the delivery of prohibited wastes or wastewater that is corrosive or otherwise damaging to Austin's System or to persons or property. With the exception of incompatible wastes or the delivery by District of prohibited wastes or wastewater that is corrosive or otherwise injurious to Austin's System or to persons or property, upon passing through the Points of Entry, liability for damages to third persons will pass to Austin. Incompatible wastes are substances not amenable to wastewater treatment processes and that will damage or interfere with the operation of the publicly owned treatment works or any portion of Austin's System, including interference with the use or disposal of municipal sludge, as well as pollutants that will pass through the treatment works unchanged by the treatment processes.

#### **Article 2.10. Right of Entry**

**2.10.01. Right of Entry.** In cooperation with and after notice to District, Austin shall have the right of entry and access to the Connecting Facilities at all times in order to inspect those facilities, to investigate the source of operational or maintenance problems, for preventive purposes intended to detect, minimize, or avert operational or maintenance problems, or for any other purpose reasonably related to either party's performance of this Part. District shall make all arrangements reasonably required to provide such access, provided that Austin gives at least one (1) working day's advance notice. In the event of an emergency, notice will be provided as soon as reasonably practicable under the circumstances by telephone to a District representative describing Austin's need for emergency access. This Part does not otherwise affect or in any way limit Austin's access for inspections necessary to comply with a provision of federal or state law, Austin's EPA-required program governing the pretreatment, monitoring, and discharge of industrial waste, or an industrial waste discharge permit issued by Austin to District or any other permittee.

#### **Article 2.11. District to Provide Data**

**2.11.01. Annual Customer Report.** No later than the 15<sup>th</sup> day of every February, District will provide Austin a report containing the following information for the previous calendar year that is current as of December 31<sup>st</sup> of the previous calendar year:

- (a) the number of District System's retail wastewater connections and associated LUEs;
- (b) number of new wastewater connections made during the calendar year, and associated LUEs made, classified by number and meter size;
- (c) if business, commercial, or industrial connections were made, a description of the operations believed to be conducted on the premises, the volume of flow anticipated, and a copy of any District industrial waste discharge permit issued to such premises;

- (d) the District's retail rates charged to each of District's customer classes; and
- (e) the total amount of water provided to District's customers.

**2.11.02. Updates on Customer Information.** Upon Austin's reasonable request, District agrees to update the customer information provided in Section 2.11.01 within thirty (30) days of the request.

## **Article 2.12. Term, Expiration, and Termination**

**2.12.01. Term.** Upon execution by the authorized representatives of Austin and District, this Part shall take effect on the Effective Date of this Contract and shall continue in effect for a period of five (5) years. Accordingly, on the fifth anniversary of the Effective Date ("Expiration Date"), this Part shall expire and terminate automatically unless earlier terminated in accordance with the provisions hereof or unless extended in accordance with the provisions of section 2.12.02. Austin will not accept any wastewater from District on or after the Expiration Date. In advance of the Expiration Date and no less than 180-days prior to the Expiration Date, District will prepare and submit plans and specification to Austin for Director's approval that disconnect all Points of Entry. Austin shall not be responsible for any costs and expenses of the District related, directly or indirectly, to disconnecting District's Points of Entry or securing an alternate source for taking and treating District's wastewater.

**2.12.02. Five Year Term Extensions.** The District may request up to five additional 5-year extensions to this Part. Whether the District may receive a 5-year extension is subject to the following conditions: (1) the District must not have been in default of this Part without having timely cured the default in accordance with section 2.12.04, and (2) the District must provide advance written notice requesting an extension no more than 12 months but no less than 180 days prior to the expiration of the then-current 5-year term. Within ninety days of receiving District's extension request, Austin will provide the District a schedule of rates and charges to be effective for the requested 5-year extension period, along with a cost of service study supporting any increase to the rates and charges over those in effect during the then current 5-year term. Unless the authorized representatives for the District and Austin execute by a signed written instrument a 5-year extension prior to the Expiration Date, this Part expires on the Expiration Date and Austin has no further obligations under this Part.

**2.12.03. Termination.** Without prejudice to any provision hereof setting forth terms for automatic expiration or expiration in the event of default by the District, this Part may also be terminated by mutual agreement of the parties, or at the option of either party, by providing 12 months advance written notice to the other party. If either party elects to terminate this Part by providing 12 months advance written notice, the District shall exercise reasonable diligence to timely secure an alternative source that will take and treat District's wastewater prior to the effective date of such termination. In the event of termination hereunder for any reason, Austin shall not be responsible for any costs and expenses of the District related, directly or indirectly, to securing an alternate source for taking and treating District's wastewater.

**2.12.04. Default.** This provision is in addition to all other default provisions in this Part. In the

event that one party believes that the other party is in default of any of the provisions in this Part, the non-defaulting party will make written demand to cure to the defaulting party and give the defaulting party up to 30 calendar days to cure the default or, if the curative action cannot reasonably be completed within 30 days, the defaulting party will commence the curative action within 30 days and thereafter diligently pursue the curative action to completion. This period must pass before the non-defaulting party may initiate any remedies available to the non-defaulting party due to such default. The non-defaulting party shall mitigate direct or consequential damages arising from any default to the extent reasonably possible under the circumstances. The parties agree that they will use their best efforts to resolve any disputes and may engage in non-binding arbitration or other alternative dispute resolution methods as recommended by the laws of the State of Texas before initiating any lawsuit to enforce their rights under this Part. Nothing in this Part shall be construed to limit either party's right to recover damages or to seek other appropriate curative remedies if a breach of contract action is filed by a non-defaulting party. Nonpayment by the District is not a default for which cure is available under this section.

**2.12.05. Changes in Law Affecting the Rights of a Party.** Either party may terminate this Part on 30 days written notice to the other party if, during the term of this Part, the other party directly sponsors, requests, lobbies for, or secures the adoption of state or federal legislation that impairs, undermines, restricts, eliminates, or otherwise adversely affects the rights of the adversely affected party under this Part.

Offering comments or analyses with regard to legislation or rules of a government agency adverse to the rights of a party to this Part is not grounds for termination. Upon the adoption of any change in Texas law modifying or declaring the effect of this Section unlawful, this Part will terminate and expire automatically, immediately, and without the action of either party.

A party shall provide the other party a true copy of any petition, application or other instrument affecting this Part, whether directly or indirectly, within twenty-four hours of filing in the Texas Commission on Environmental Quality or the Public Utility Commission of Texas or other court or agency of competent jurisdiction.

#### **Article 2.13. Force Majeure**

**2.13.01. Effect of Force Majeure.** In the event that either party is rendered unable by force majeure to carry out any of its obligations under this Part, whether in whole or in part, then the obligations of that party, to the extent affected by the force majeure, shall be suspended during the continuance of the inability, provided, however, that due diligence is exercised to resume performance at the earliest practicable time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party. The cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, criminal conduct or sabotage, acts of the public enemy, orders 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 of government and civil disturbances, explosions, breakage, or accidents to equipment, pipelines, or canals, partial



or complete failure of water supply, and any other inability of either party, whether similar to those enumerated or otherwise, that are not within the control of the party claiming their ability and that could not have been avoided by the exercise of due diligence. It is understood and agreed that the settlement of strikes, lockouts and other industrial or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or other industrial or labor disturbances by acceding to the demands of the opposing party if the settlement is unfavorable to it in the judgment of the party having the difficulty. Force majeure shall relieve Austin from liability to the District or any customer of the District resulting from failure to take District's wastewater due to an inability covered by this section. Force majeure shall not relieve the District of its obligation to make payment to Austin as provided in this Part.

### **PART 3. MISCELLANEOUS PROVISIONS APPLICABLE TO PARTS 1 AND 2**

#### **Article 3.01. General Provisions**

**3.01.01. Notices.** Any notice required or permitted to be delivered under this Contract shall be forwarded via hand-delivery or the United States Postal Service, postage prepaid, to the addresses shown below:

City of Austin  
P.O. Box 1088  
Austin, Texas 78767-8828  
Attn: Director Austin Water

Shady Hollow MUD  
6000 Congress Ave Ste. 2100  
Austin, TX 78701  
Attn: Zachariah T. Evans.

**3.01.02. Address Change Procedure.** The addresses of the parties shall, until changed as provided, be as shown above. The parties shall have the right at any time to change their respective addresses by giving written notice of same to the other party.

**3.01.03. Interlocal Cooperation.** Austin and the District agree to cooperate with each other at all times in order to promote the efficient performance of their duties and obligations under this Contract.

**3.01.04. Provision of Data, Documents.** The District agrees to timely provide to Austin at the District's expense all data, records, plans, specifications, or other documents or information necessary or incidental to the provision of water to the District hereunder.

**3.01.05. Provision of Further Documents.** The District and Austin agree to execute and deliver instruments necessary to effectuate the purposes and intent of this Contract and perform such other acts as are reasonably necessary.

**3.01.06. Severability.** The provisions of this Contract are severable, and if any part of this Contract is ever held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract shall remain in effect and this Contract shall be construed as if the invalidated portion is prospectively not a part of the Contract.



**3.01.07. Entire Agreement.** This Contract, including any exhibits attached hereto and made a part hereof by reference for all purposes, constitutes the entire agreement between the parties relative to the subject matter of this Contract and supersedes all prior or contemporaneous agreements, representations, covenants, or warranties, whether oral or in writing, respecting the subject matter hereof.

**3.01.08. District's Material Representations, Acknowledgements, and Agreements.** In order to induce Austin to execute this Contract, District makes the following material representations, acknowledgments, and agreements:

- (a) The mutually agreed promises of Austin and District were reached at arms-length by two parties of equal bargaining power;
- (b) There is no prior or contemporaneous resolution or ordinance of Austin nor a prior or contemporaneous agreement between District and Austin that requires District to purchase wholesale utilities from Austin as a condition for Austin's consent to the creation of the District;
- (c) The rates and charges comprising the consideration paid by District are charged pursuant to this Contract and may only be modified in writing signed by an authorized representative of both District and Austin;
- (d) District has the authority and financial ability to develop or acquire alternative sources for the wholesale utilities purchased from Austin under this Contract in an amount necessary to serve District's retail customers by means that are not a detriment to the environment;
- (e) Austin's provision of wholesale utilities to District encourages a regional approach to resource management;
- (f) The rates and charges District agrees to pay pursuant to this Contract are required for Austin to be able to continue to provide wholesale utilities based on Austin's financial integrity and operational capability;
- (g) The rates and charges District agrees to pay pursuant to this Contract create no impairment on District's ability to continue to provide service to its retail utility customers based on District's financial integrity and operational capability; and
- (h) If District requests review by the Public Utility Commission of Texas, files an appeal, or if the Public Utility Commission of Texas on its own motion requests a review or files an appeal, of the rates, charges or other terms of this Contract, Austin will recover its reasonable and necessary costs to respond or defend the review or appeal by charging those costs to District on District's bill for the services under this Contract.

**3.01.09. Compliance with Filing Requirements.** Austin agrees to file a copy of this Contract with the Public Utility Commission of Texas and the Texas Commission on Environmental Quality

in compliance applicable State law.

**3.01.11. Indemnity.** The District agrees to hold Austin harmless from any and all liability or claims or demands whatsoever for personal injury, real or personal property damage, or other loss, penalty, or expense arising directly or indirectly from the performance of this Contract. Liability for damages to third persons arising from Austin's performance of this Contract shall remain with the District.

**3.01.12. Amendment.** No amendment of this Contract shall be effective unless it is executed by the authorized representatives of Austin and the District.

**3.01.13. Independent Contractor.** Austin shall have the status of an independent contractor hereunder and shall be solely responsible for the proper direction of its employees hereunder and Austin's employees shall not be considered employees or borrowed servants of the District for any reason.

The District shall have the status of an independent contractor hereunder and shall be solely responsible for the proper direction of its employees hereunder and the District's employees shall not be considered employees or borrowed servants of Austin for any reason.

**3.01.14. No Third Party Beneficiary.** This Contract shall be construed as an interlocal contract respecting the performance of governmental services and nothing herein shall be construed to confer any right, privilege, or benefit on any person or entity not a party hereto or otherwise creates any vested right or third party beneficiary relationship.

**3.01.15. Governing Law.** This Contract shall be construed under the laws of the State of Texas and all obligations of the parties are deemed performable in Travis County, Texas.

**3.01.16. Venue.** Venue for any suit arising under this Contract shall be in Travis County.

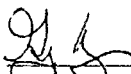
**3.01.17. Assignment.** Neither party may assign its rights and obligations hereunder without the prior written consent of the other.

**3.01.18. Duplicate Originals.** This Contract may be executed in duplicate originals, each of equal dignity.

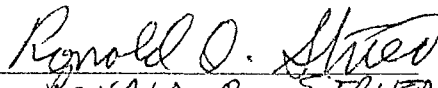
*[signatures on following page]*

IN WITNESS WHEREOF, the authorized representatives of Austin and District have executed this Contract as of the date(s) set forth below.

**CITY OF AUSTIN**

By:   
Name: Greg Meszaros  
Title: Director of Austin Water  
Date: 03/12/2021

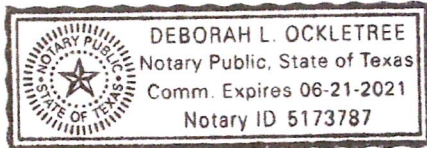
**SHADY HOLLOW MUNICIPAL UTILITY DISTRICT**

By:   
Name: RONALD O. STRIED  
Title: President  
Date: 2/2/2021

THE STATE OF TEXAS )

COUNTY OF TRAVIS )

THIS INSTRUMENT is acknowledged before me on this 12th day of March, 2021 by Greg Meszaros, Director of Austin Water, City of Austin, Texas, a municipal corporation, on behalf of that municipal corporation.



Deborah L. Ockletree

Notary Public, State of Texas

Deborah L. Ockletree

Printed/Typed Name of Notary

My Commission Expires: 6/21/21

THE STATE OF TEXAS )

COUNTY OF TRAVIS )

THIS INSTRUMENT was acknowledged before me on this 2nd day of February, 2021 by Bon Stred, President of the SHADY HOLLOW MUD District.



Charlotte Suzanne McCalla

Notary Public, State of Texas

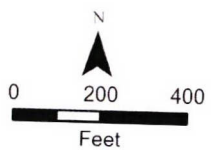
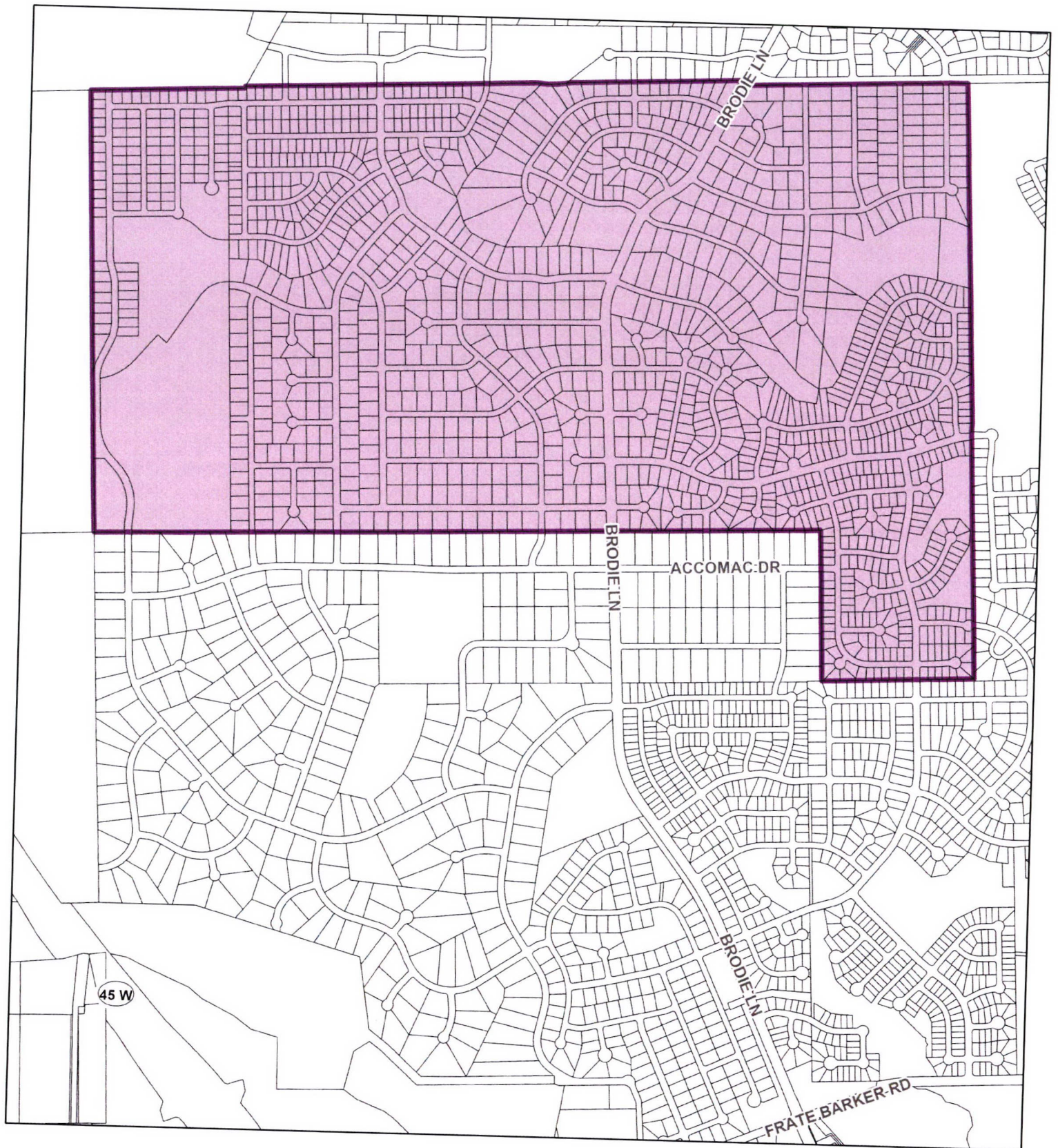
Charlotte Suzanne McCalla

Printed/Typed Name of Notary

My Commission Expires: 8/24/21

**EXHIBIT A-1**  
**Map of District's Water Service Area**





City of Austin  
Austin Water  
January 2021



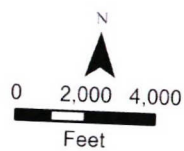
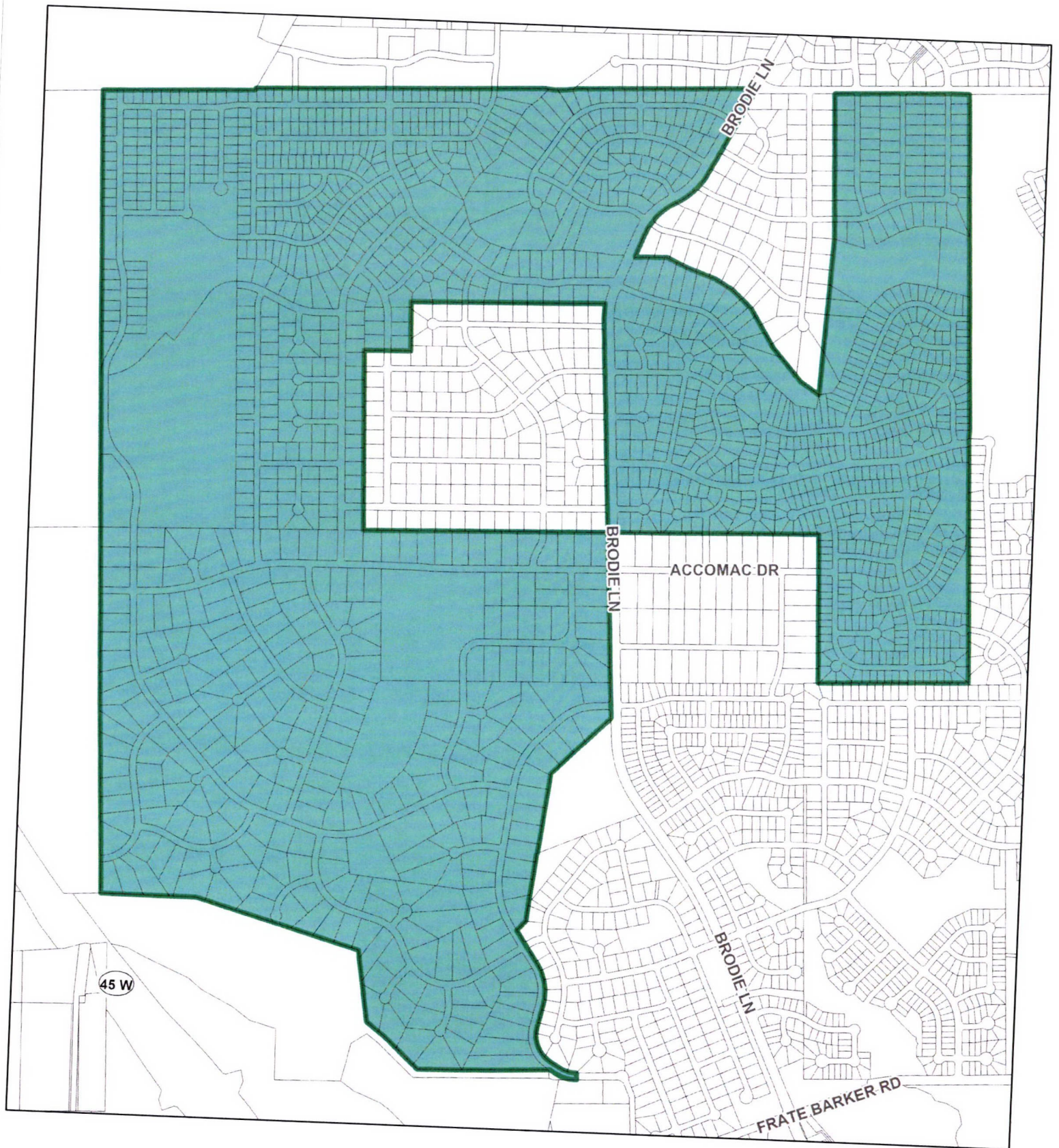
## Exhibit #A-1 MUD Water Service

Produced by GIS Services [7774]

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. This product has been produced by Austin Water for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.

**EXHIBIT A-2**  
**Map of District's Wastewater Service Area**





City of Austin  
Austin Water  
January 2021



## Exhibit #A-2 MUD Wastewater Service

Produced by GIS Services [7774]

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. This product has been produced by Austin Water for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.

**EXHIBIT B-1**  
**Water Rate**

<b>Fixed Monthly Charge</b>	<b>\$7,500.00</b>
<b>Volumetric Charge (per 1000 gallons)</b>	<b>\$5.35</b>

**EXHIBIT B-2**  
**Wastewater Rate**

<b>Fixed Monthly Charge</b>	<b>\$10.30</b>
<b>Volumetric Charge (per 1000 gallons)</b>	<b>\$5.34</b>