



DATA SHEET
Agenda Item No. 14.

Meeting Date: February 1, 2018

Agenda Item:

Receive report from Policy Review Committee and consider request of the Town of Northlake to reinstate the Town's membership in the District.

Placement:	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Individual Consideration	<input type="checkbox"/> Executive Session
Vote:	<input checked="" type="checkbox"/> Non-Weighted	<input type="checkbox"/> Weighted Capital	
Recommending Department: Board Officers & Policy Review Committee			

Background:

At the December meeting, the Board received a request from the Town of Northlake for reinstatement of its membership in the District. Northlake was one of the founding Members of Upper Trinity. However, in March 1993, at Northlake's request, the Town's membership was terminated by mutual agreement. During the Board meeting last month, Northlake's Mayor Peter Dewing, made a presentation in support of the Town's request. The Town's request for membership was referred by President Kevin Mercer to the Policy Review Committee for its review and recommendation.

The Policy Review Committee has met and developed a recommendation (enclosed) for the Board's consideration. The Committee's recommendation highlights several important observations about the merits of Northlake's request. The Committee's recommendation was reviewed by the Board Officers. On a consensus basis, the Officers recommend approval, subject to Northlake executing a Participating Member contract for participation in the Regional Treated Water System.

Financial:

Subject to successful negotiation of a Participating Member contract, the Town would owe approximately \$13,992 in back dues and fees to catch up to date for the period since 1993.

Recommendation:

A consensus of the Policy Review Committee and the Board Officers are convinced that Northlake's membership will be beneficial for Upper Trinity and its regional programs. Therefore, they recommend approving the enclosed resolution related to the reinstatement of Northlake's membership in the District, and authorizing District staff to prepare a mutually agreed membership contract for Northlake's participation in the Regional Treated Water System, according to the terms and conditions set forth in the Resolution. That recommendation is subject to certain stipulations, including a requirement that Northlake commit to use of Upper Trinity water for at least two thirds of the Town's future water supply needs.

Enclosures:

1. Copy of Memorandum from Policy Review Committee
2. Resolution Regarding Reinstatement of Northlake's Membership in the District.

Submitted By: Board Officers & Policy Review Committee

Date: January 26, 2018



MEMORANDUM

TO: Board of Directors

FROM: Policy Review Committee
Virginia Blevins, Committee Chair, City of Justin
Gary Calmes, City of Krum
Cody Collier, City of Corinth
Troy Norton, City of Argyle
Kevin Mercer, DCFWSD No. 7
Ken Parr, Town of Flower Mound

DATE: January 26, 2018

SUBJECT: **Town of Northlake. Request to Reinstate Membership**

On December 7, 2017, the Board of Directors received a request from the Town of Northlake to reinstate the Town's membership in the District. The Board referred the request to the Policy Review Committee for evaluation and recommendation.

The Committee has evaluated Northlake's request from the perspective of, "What would be best for the District over the future years. Would Northlake as a Member contribute to the standing and success of the District?" In other words, could Northlake make a more effective contribution to the District as a Member, than as a Customer?

Northlake was a founding member of the District. However, in March 1993, at the Town's request, Northlake's membership was terminated by mutual agreement. In 2007, Northlake petitioned the District for reinstatement of its membership. The Board, at the time, denied the request stating that Northlake was seeking service for a relatively small portion of the Town - - and would be better suited as a Customer. However, President Mercer stated then that Northlake should have the ability to come back if the situation changes.

The situation has changed. Northlake entered into a Participating Customer Contract in December 2010, subscribing to 0.3 mgd initially in the Regional Treated Water System (the "System"). Northlake has steadily increased its contracted capacity to meet its growing water demand. Northlake's current contracted capacity is 1.3 mgd; and, is expected to need additional water as development continues. The Town has established two Points of Delivery to serve its retail customers - - one on each side of IH35W. According to the Town, Northlake anticipates that it will secure the majority (at least two thirds) of its future water supply from the District. Current percentage is approximately 60%.

Attached is a copy of the resolution adopted by the Town Council requesting "reinstatement of its membership in the Upper Trinity Regional Water District." The Town indicates, based on announced and pending developments that it's "destined to play a vital role in western growth of the UTRWD System." The resolution also states, "the Town Council believes that Northlake can make a significant contribution to the success of UTRWD." This latter point is important in considering any entity for membership to the District.

As expressed in the Committee's report in 2007 regarding the Town of Prosper's request for reinstatement, we believe that the following standard should be applied to consideration of membership, particularly for entities who previously were Members of the District.

Recognizing the comprehensive nature of Upper Trinity's present membership, any consideration of new members should be reserved to cases of exceptional merit. Consideration should be limited to those entities who have been consistently supportive of Upper Trinity; and, to those entities whose membership would contribute in some special way: (1) to the success of Upper Trinity's regional programs, and (2) to the standing and reputation of Upper Trinity as a regional agency.

The Committee offers the following important observations about the merits of Northlake's recent request.

- **Standing and Reputation.** Northlake is destined to be an important Town. It has a great location in the southwest corner of Denton County, alongside IH35W and State Highway 114, spanning the distance from the City of Denton to City of Fort Worth. Northlake will have influence in important ways. As a Member of the District, Northlake - - with its size, location, and high development standards - - will bring a positive element to the District's stature. Northlake can be expected to help the District reach its goals in the region - - better as a Member than as a Customer.
- **Boundary Protector.** The boundaries of the District include all of Denton County plus any incorporated territory of a Member entity that is partially outside Denton County. Without Northlake as a Member, it exposes a strategic portion of Denton County to the actions or programs of others that may not contribute to the efficiency or effectiveness of the District. Accordingly, Northlake's membership would help bolster the District's service area in the south and western sectors.
- **Cooperation.** At the invitation of Northlake's Mayor Dewing and the Town Council, the District is participating in the oversize of a key water pipeline in the Town, which oversize can help facilitate the extension of regional service to the Town of Ponder and others. In addition, Northlake was very instrumental and assisted the District in obtaining the necessary easements to complete the southwest pipeline and the pump station site in the Canyon Falls development.
- **The Watershed.** Northlake is currently a Supporting Partner in Upper Trinity Conservation Trust's Watershed Partners Program; and, has adopted NCTCOG's integrated Stormwater Management principals as part of its local development code. As a Member, Northlake will be able to make the District's Watershed Protection Program even more robust.
- **Financial.** Northlake's bond rating (for general obligation bonds) was recently up-rated to AA-. If the Town becomes as prominent as expected, the District's reputation in the market place (bonds) will benefit from Northlake's membership and their participation on the governing body.

Based on these observations, the Policy Review Committee commends to the Officers and to the Board its recommendation that Northlake's membership in the District be reinstated subject to

Northlake paying its Member fees from 1993 to date (\$13,992, and the parties executing a mutually agreed member contract for Northlake's participation in the System. It is further recommended that the Board consider, as a condition of a Member contract, that Northlake commit to serving at least two thirds of its service area using water from the System, and that Northlake will continue to fully support the Lake Ralph Hall water supply project.

Respectfully submitted,

Policy Review Committee

Cc: Thomas E. Taylor, Executive Director

Enclosure: Resolution Adopted by the Town Council of Northlake Requesting Restoration of Northlake's Membership in Upper Trinity Regional Water District.

**Town of Northlake
Resolution No. 17-34**

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF NORTHLAKE, TEXAS, REQUESTING CONSIDERATION BY THE UPPER TRINITY REGIONAL WATER DISTRICT BOARD OF DIRECTORS FOR RESTORATION OF NORTHLAKE'S MEMBERSHIP IN THE DISTRICT.

WHEREAS, the Town of Northlake was a founding Member of Upper Trinity Regional Water District, having been a Member from November 1990 to March 4, 1993; and

WHEREAS, in the fog of local politics, the Town failed to fully appreciate the vital regional mission of Upper Trinity, causing Northlake to drop its membership in 1993; and

WHEREAS, the Town Council of the Town of Northlake recognizes that the Upper Trinity Regional Water District (UTRWD) serves a crucial role in the economy and vitality of Northlake, the region and Denton County; and

WHEREAS, as a Customer of the Regional Treated Water System, Northlake is destined to play a vital role in western growth of the UTRWD System; and

WHEREAS, the Town Council believes that Northlake can make a significant contribution to the success of UTRWD if its role as a Participating Member were reinstated; and

WHEREAS, the Town Council understands that reinstatement of Northlake's Membership would be at the sole discretion of the UTRWD Board of Directors; and

WHEREAS, the Town of Northlake's boundaries are wholly within Denton County; and

WHEREAS, the Town of Northlake provides water retail service to residents, new development and other customers as a regular governmental enterprise function; and

WHEREAS, the Upper Trinity Regional Water District currently supplies wholesale water to Northlake in its upper pressure plane to approximately 7,500 retail customers; and

WHEREAS, with future growth, the Town of Northlake anticipates that its participation in the Regional Treated Water System will exceed 50,000 retail customers; and

WHEREAS, the Town of Northlake has been a Wholesale Customer of UTRWD since 2010 and a partner in the Upper Trinity Conservation Trust since 2012; and

WHEREAS, the Mayor and Town Council extended an Invitation to UTRWD to participate in the oversize of a key water main in the Town as a joint regional initiative, which oversize water main can help facilitate extension of regional service to the City of Ponder and others; and

WHEREAS, the Town Council of the Town of Northlake desires to gain reinstatement of its membership in the Upper Trinity Regional Water District, and that the Town would again have the right to appoint a representative to the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Northlake, Texas:

SECTION 1.

The Town Council respectfully requests that the UTRWD Board of Directors favorably consider reinstatement of the Town's membership in the Upper Trinity Regional Water District, with representation on the Board of Directors.

SECTION 2.

The Town of Northlake will promptly pay all applicable membership fees for the period since March 1993.

SECTION 3.

This resolution shall take effect from and after the date of passage.


PASSED, APPROVED AND EFFECTIVE on this 9th day of November 2017



Town of Northlake, Texas


Peter Dewing, Mayor

Attest:


Shirley Rogers, Town Secretary



RESOLUTION

RESOLUTION No. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UPPER TRINITY REGIONAL WATER DISTRICT (“DISTRICT”) TO AUTHORIZE REINSTATEMENT OF THE TOWN OF NORTHLAKE’S (“NORTHLAKE”) MEMBERSHIP IN THE DISTRICT AND AUTHORIZING STAFF TO PREPARE A MEMBERSHIP CONTRACT FOR NORTHLAKE’S PARTICIPATION IN THE REGIONAL TREATED WATER SYSTEM (“SYSTEM”).

WHEREAS, the District is a political subdivision of the State of Texas created by the Texas Legislature in 1989 by the passage of HB 3112 Chapter 1053, Acts of the 71st Legislature of Texas Regular Session 1989 as a conservation and reclamation district under Article 16, Section 59 of the Texas Constitution; and

WHEREAS, the District has proceeded to carry out its legislative purpose of establishing the Regional Treated Water System on a wholesale basis in Denton County and its environs, for members and other customers who provide water utility services on a retail basis; and

WHEREAS, Northlake was one of the founding Members of the District; however, in March 1993, at Northlake’s request, Northlake’s membership in the District was terminated by mutual agreement; and

WHEREAS, Northlake petitioned the District in 2007 for reinstatement of its membership, which request was denied on the basis that Northlake was seeking wholesale water service for only a relatively small area of Northlake; and

WHEREAS, the Board of Directors has established certain guidelines for considering new members; and

WHEREAS, in December 2010, Northlake entered into a Participating Customer contract with the District, with a current subscription of 1.3 MGD of capacity in the System; and

WHEREAS, Northlake recently adopted a resolution requesting that the District reinstate its membership, which request was referred to the Board’s Policy Review Committee (“Committee”) for further review and consideration; and

WHEREAS, growth and development in southwest Denton County continue at a high pace, particularly within Northlake and surrounding areas; and

WHEREAS, Northlake has steadily increased its contracted capacity in the System to meet its growing water demands; and, according to Northlake, Northlake anticipates that it will secure the majority (at least two thirds) of its future water supply from the District; and

WHEREAS, Northlake has established two Points of Delivery in the System to better enable it to serve its retail customers on both sides of IH35W, and for system redundancy and security purposes; and

WHEREAS, at Northlake's invitation, the District is participating in the oversize of a key water pipeline in Northlake, which oversize can help the District facilitate the extension of regional water service to other entities; and

WHEREAS, the Committee reviewed Northlake's request based on the established guidelines and the individual merits of said request, and recommends to the Board of Directors that Northlake's membership in the District be reinstated, which recommendation is included in the attached report from the Committee; and

WHEREAS, the Board of Directors has received the Committee's report and hereby desires to reinstate Northlake's membership subject to reasonable terms and conditions set forth herein.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER TRINITY REGIONAL WATER DISTRICT:

SECTION 1. That all matters stated in the preamble are found to be true and correct and are hereby incorporated into the body of this resolution as if copied in their entity.

SECTION 2. That the Board of Directors has reviewed Northlake's request for reinstatement of its membership in the District, including the Committee's recommendation; and, does hereby authorize reinstatement of Northlake's membership in the District, subject to Northlake executing a Member contract for Northlake's participation in the System, and the additional terms and conditions set forth below, with Northlake's membership becoming effective upon execution of said Member contract.

SECTION 3. That the Board of Directors does hereby set forth the following terms and conditions for the Member contract with Northlake. Northlake is to pay any and all unpaid Member fees from 1993 to date. In addition, Northlake shall commit to securing at least two thirds of the Town's future water supply needs from the District. Further, the contract shall stipulate that Northlake fully supports the District's Lake Ralph Hall water supply project.

SECTION 4. This Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED THIS 1st DAY OF FEBRUARY 2018.

Recommended:

Thomas E. Taylor, Executive Director

Executed:

Kevin Mercer, President

Attest:

Mike Fairfield, Secretary

