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City May Acquire Chisholm Trail Water District

The City of Georgetown and the Chisholm Trail Special Utility District have taken the first steps toward an acquisition of Chisholm Trail water district by the City's water utility. Following executive session at their December 13 meeting, the Georgetown city council approved a motion that authorizes City staff to work on the details of an acquisition agreement. Two days later, the board of directors for the Chisholm Trail Special Utility District took action authorizing district staff to work on the agreement.

Chisholm Trail and the City have been in discussion for several months about possible options after the exceptional drought conditions this year led to restrictive water use limits for Chisholm Trail customers. A number of the district's customers, including residents from the Shady Oaks subdivision on Texas 195, attended city council meetings this summer to request a transfer of water service provider from Chisholm Trail to the City.

The first step in the potential acquisition is a feasibility study and inter-local agreement between the City and Chisholm Trail, delineating the transfer of assets and responsibilities for each entity. The terms of the agreement would require approval by the city council and the Chisholm Trail SUD board of directors. An acquisition may also entail regulatory approval from the Texas Commission on Environmental Quality and/or the Texas Water Development Board. The feasibility process would likely take four to six months to complete.

The City of Georgetown serves about 22,000 water customers in a 70 square-mile service area that includes Georgetown and surrounding areas. Chisholm Trail SUD serves about 6,300 water customers in a 377 square-mile service area that extends northwest from Georgetown into Bell and Burnet counties. About two-thirds of those customers are in or near the City of Georgetown extra-territorial jurisdiction, which includes unincorporated areas up to two miles beyond city limits.

Given the ongoing drought and the mandatory water use restrictions for customers, the board of directors for Chisholm Trail SUD hired an outside consultant earlier this year to review the district's water system operations and to provide options. After a thirty-day review, John Hatchel with Texas First Group presented four options at the board meeting on December 15. According to Hatchel, the best alternative is to dissolve the district and transfer assets to the City. "It takes the district out of continuously searching for water and treatment, and it assures quality service and dependable water." Hatchel said this option appears to be a "win-win" for both the City and Chisholm Trail customers.

Addressing the Chisholm Trail board at their December 15 meeting, Jim Briggs, assistant city manager for the City, said that the city council had authorized City staff to explore the feasibility of the acquisition. Benefits to the City include improved service to residents in the City's ETJ, including many areas that could be annexed in the future, and the provision of sufficient water capacity for development in high-growth corridors such as Williams Drive, Texas 29, and Texas 195.

Marcus Canipe, vice president of the Chisholm Trail Board of Directors, also spoke in favor of the agreement. "While Chisholm Trail has built its infrastructure over the last eight years to conform to urban requirements, it doesn't have the taxing authority and organizational structure Georgetown can offer. [This] would be very beneficial to our customers, and the economy of scale could help hold down the costs to the customers," said Canipe.

The Chisholm Trail board also took action at the meeting to form a due diligence committee consisting of district board member Ed Pastor, General Manager Jennifer McKnight, and Tony Corbett, the district's legal counsel. The committee will work with the City and keep the board informed throughout the due diligence process. The Chisholm Trail board also allocated \$100,000 in funding for the feasibility study and requested that staff develop an inter-local agreement with the City allow the City to provide water service to residents of the Shady Oaks subdivision by May 2012.

In addition to their water customers, Chisholm Trail SUD provides wastewater service to about 600 customers. Georgetown Utility Systems, the City's combined utility operation, serves water customers as well as 20,000 wastewater customers and 23,000 electric customers.

For more information about the City of Georgetown's water utility, go to water.georgetown.org. For details about Chisholm Trail Special Utility District, go to ctsud.org.