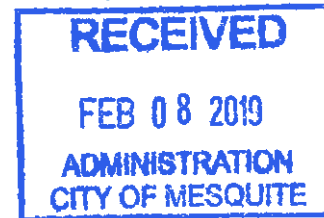




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February 1, 2019



Mr. Cliff Keheley
City Manager
City of Mesquite
1515 North Galloway
Mesquite, Texas 75185

Re: Regional Wastewater System and Upper East Fork Interceptor System – Melissa
Request for Membership

Dear Mr. Keheley:

The City of Melissa (Melissa or the City) has requested to become a Member of the Regional Wastewater System (RWWS) and the Upper East Fork Interceptor System (UEFIS) operated by the North Texas Municipal Water District (NTMWD or District). Review by NTMWD staff indicates the approval of this request would be in accordance with District policies consistent with the responsibilities of the District to provide regional wastewater collection and treatment services in the East Fork (Trinity River) basin. Following is a brief report on the request for membership.

CITY OF MELISSA

The City of Mesquite is a Member of the RWWS. Melissa is an existing customer of the RWWS and the UEFIS, the system that transports raw wastewater from the City to NTMWD facilities for treatment. Melissa is located north of the City of McKinney within the Wilson Creek basin within Collin County. Melissa had a population of approximately 9,580 in 2018 and is projected to grow to approximately 91,000 over the next 20 years.

The wastewater generated by Melissa is conveyed through the UEFIS, and treated at NTMWD's Wilson Creek Regional Wastewater Treatment Plant (RWWTP) within the RWWS. In fiscal year 2018 (FY2018) the annual average daily flow from Melissa was 0.82 million gallons per day (MGD), which is projected to increase to 10 MGD over the next 20 years. Current flows are less than one percent of the total contributing into the RWWS.

An evaluation was performed and a report drafted in February 2015 (updated in December 2018) to review the feasibility of including Melissa as a member of the two systems. This evaluation, funded by Melissa, developed the projected flows for the next ten years, and concluded that no additional NTMWD facilities are required to be upgraded or constructed to handle Melissa's projected flows during the planning period.

PROPOSED MEMBER CONTRACT

Through the Customer Contract, Melissa is being charged a 20% higher rate than members of the systems. Provided membership is approved by NTMWD's Board of Directors, the recommended contract terms will include an adjustment to Melissa's minimum flows to address this 20% surcharge that will result in annual charges no less than Melissa's current charges at the customer rate.

The recommended minimum flows for Melissa will be 20% higher than the actual flows observed in FY2018 (301,456,000 gallons). As Melissa grows, the actual flow would eventually reach and surpass this minimum flow, and Melissa would be charged in accordance with terms identical to other members of the RWWS and UEFIS. The proposed contract would also require that Melissa develop and implement a Capacity Management Operations and Maintenance Plan (CMOM Plan) similar to other members.

REVIEW OF REQUEST

In addition to reviewing the District Policy, NTMWD staff reviewed the following factors in support of Melissa's membership request:

- Melissa has been an existing Customer of the District's RWWS for over 30 years.
- Melissa has been supportive of and understands the benefits of the District's regional services. NTMWD's largest operating facility, the 121 Regional Disposal Facility (RDF) that provides landfill operations for several NTMWD Member Cities, encompasses over 1,400 acres within the City Limits of Melissa.
- Melissa coordinated efforts with NTMWD in 2017 and extended City sewer service to serve the 121 RDF. This allowed gravity sewer service for the leachate produced at the landfill, which will reduce NTMWD operating costs by approximately \$500,000 per year through the elimination of off-site trucking costs.
- Current average daily flows from the City of Melissa are less than one percent of the total system flow. With growth projections, this number will increase to approximately 6.8% after 20 years.
- The addition of Melissa as a member of the two systems will increase the number of cities who bear the fiscal responsibility for the debt of the systems.

SUMMARY

NTMWD staff has reviewed and is in support of the City of Melissa's request to become a member of the RWWS and the UEFIS. Prior to action by NTMWD's Board and in accordance with contract requirements, a hearing will be held on this matter. NTMWD will conduct the hearing on March 1, 2019 at 11:00 a.m. at the NTMWD Administration Building, 501 E. Brown St. in Wylie. Members are welcome to attend. This letter is being provided to all current members of the RWWS and UEFIS to make you aware of the request and solicit input regarding the request.

NTMWD requests your response to Melissa's request for membership. As indicated above, a hearing on this matter will be held on March 1, 2019, but it would be helpful if you could provide a response no later than February 22, 2019. If you need additional information or have any questions, please contact R.J. Muraski of this office at (972) 442-5405.

Sincerely,


THOMAS W. KULA
Executive Director

TWK/RJM/sh