

CITY OF AUSTWELL

ORDINANCE NO. 2026-003-WWTP

AN ORDINANCE OF THE CITY OF AUSTWELL, TEXAS, ESTABLISHING A WASTEWATER TREATMENT PLANT DEBT SERVICE RATE; CREATING AND REQUIRING SEGREGATION OF A WASTEWATER DEBT SERVICE ACCOUNT; REQUIRING THAT ALL FUNDS COLLECTED THROUGH THE DEBT SERVICE RATE BE USED SOLELY FOR PAYMENT OF THE CITY'S LOAN TO COMMUNITIES UNLIMITED FOR THE DESIGN, ACQUISITION, CONSTRUCTION, INSTALLATION, AND RELATED COSTS OF A NEW WASTEWATER TREATMENT PLANT; REQUIRING THE DEBT SERVICE OBLIGATION TO APPEAR AS A LINE ITEM IN EACH ANNUAL CITY BUDGET UNTIL THE DEBT IS RETIRED; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEALER; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Austwell is authorized under Texas Water Code Section 13.042 to set water utility rates that cover reasonable operating and maintenance costs for a city owned water and / or wastewater utilities; and

WHEREAS, the wastewater treatment plant serving the City of Austwell ("City") has been in service for more than twenty years; and

WHEREAS, the plant is constructed of metal, and the interior of the tanks has corroded to the point that repair is not possible; and

WHEREAS, the current condition of the wastewater treatment plant tanks represents a hazard to the community and jeopardizes the ability of the City to cost-effectively process wastewater; and

WHEREAS, under current conditions, the City may be unable to achieve renewal of its five-year wastewater treatment and discharge permit; and

WHEREAS, identifying the necessity of replacement and beginning the process of replacement will help insulate the City from potential fines and liability resulting from catastrophic failure of the existing plant and may negate the need for declaration of a wastewater emergency; and

WHEREAS, replacement of the wastewater treatment plant is the only method to ensure the City's continued ability to process wastewater, obtain a Texas Commission on Environmental Quality discharge permit, maintain the health of the City's General Fund, and avert a potential unauthorized discharge or spill at the wastewater treatment plant; and

WHEREAS, the cost of a new package wastewater treatment plant is beyond the ability of the City's General Fund to purchase outright or to service the debt created by replacement at current funding levels; and

WHEREAS, the City of Austwell, working under an interlocal agreement with the Nueces River Authority, has adopted a plan to finance and design/build a replacement wastewater treatment plant while operating the existing plant until completion of the new plant; and

WHEREAS, the City intends to fund the replacement wastewater treatment plant through a loan from Communities Unlimited; and

WHEREAS, the City previously adopted a debt service rate in furtherance of the replacement wastewater treatment plant via proclamation on **February 13, 2025**; and

WHEREAS, the City Council finds that the wastewater debt service rate established below is fair, just, and reasonable and is necessary to ensure adequate and efficient wastewater service under Texas Water Code Section 13.042; and

WHEREAS, the City Council finds that it is necessary, reasonable, and in the public interest to establish a dedicated wastewater debt service rate and segregated interest and sinking account to ensure repayment of the Communities Unlimited loan and protection of the City's wastewater service, public health, and financial stability under Texas Local Government Code Section 552.001

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTWELL, TEXAS:

Section 1. Findings Incorporated.

The findings and recitals set forth above are hereby adopted by the City Council as true and correct legislative findings and are incorporated into this Ordinance for all purposes.

Section 2. Establishment of Wastewater Treatment Plant Debt Service Rate.

The City hereby establishes and adopts a wastewater treatment plant debt service rate in the amount of **Sixty-Five Dollars (\$65.00) per month per utility customer, including any customer added to the system after the initiation of the fee.**

This debt service rate shall be effective **January 1, 2026**, and shall continue until the debt incurred for the wastewater treatment plant replacement project is fully retired. This debt service rate is a continuation of the fee previously established by proclamation on **February 23, 2025**.

Section 3. Separate Line Item on Utility Bills.

The wastewater treatment plant debt service rate shall be shown as a separate line item and charge on each applicable utility bill.

This charge shall be separate and distinct from the Operation and Maintenance rate or charge of the utility bill.

Section 4. Creation and Segregation of Wastewater Debt Service Interest and Sinking Account.

All funds collected through the wastewater treatment plant debt service rate shall be deposited into a separate debt service interest and sinking account maintained apart from the City's General Fund.

The account shall be used for the purpose of servicing debt created by the design, acquisition, construction, installation, and related costs of a new wastewater treatment plant.

Section 5. Restriction on Use of Debt Service Account Funds.

All funds deposited into the wastewater debt service interest and sinking account shall be used solely for payment of the City's loan to **Communities Unlimited** related to the replacement wastewater treatment plant.

No funds collected through the wastewater treatment plant debt service rate may be transferred to, commingled with, or used for unrelated General Fund expenses, utility operation and maintenance expenses, discretionary expenditures, or any purpose other than repayment of the Communities Unlimited loan and directly related debt service obligations, unless otherwise required by law.

Section 6. Annual Budget Line Item Required.

Beginning with the first annual budget adopted after the effective date of this Ordinance, and continuing each fiscal year thereafter until the Communities Unlimited loan is fully paid and the debt is retired, the City shall include the wastewater treatment plant debt service obligation as a separate line item in the City's annual budget.

The budget line item shall identify the separate debt service interest and sinking account, the projected revenues from the monthly debt service rate, and the anticipated payment obligation to Communities Unlimited for the applicable fiscal year.

Section 7. Duration of Charge.

The wastewater treatment plant debt service rate shall remain in effect until the debt associated with the Communities Unlimited loan for the replacement wastewater treatment plant is fully retired.

Upon full retirement of the debt, the City Council shall review the continued necessity of the charge and take appropriate action to discontinue, amend, or otherwise address the debt service rate in accordance with applicable law.

Section 8. Administration.

The Mayor, City Secretary, and other appropriate City officials are authorized and directed to take all actions reasonably necessary to implement this Ordinance, including billing, collection,

accounting, budgeting, depositing, reporting, and payment procedures consistent with this Ordinance.

Section 9. Repealer.

All ordinances, resolutions, policies, or parts thereof in conflict with this Ordinance are hereby repealed to the extent of such conflict only.

Section 10. Severability.

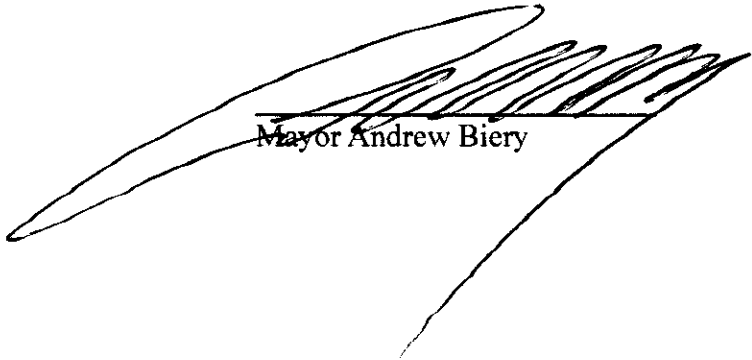
If any section, subsection, sentence, clause, phrase, or provision of this Ordinance is held invalid, illegal, or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the remaining portions of this Ordinance, which shall remain in full force and effect.

Section 11. Effective Date.

This Ordinance shall take effect immediately upon its passage and approval, and the wastewater treatment plant debt service rate established herein shall begin to be charged effective **January 1, 2026.**

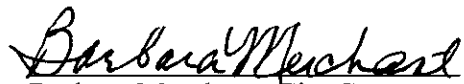
PASSED, APPROVED AND ADOPTED, This 9th day of June, 2026.

THE CITY OF AUSTWELL



Mayor Andrew Biery

ATTEST:


Barbara Merchant, City Secretary