

Interlocal Agreement between City of San Marcos and City of Kyle for Water Sharing

This agreement documents the mutual understanding between and among the City of San Marcos (San Marcos) and the City of Kyle (Kyle) under which San Marcos commits and makes available its Edwards Aquifer water permitted by the Edwards Aquifer Authority (EAA) to Kyle on a temporary basis via Kyle's existing facilities and four wells associated with Kyle's EAA permits.

Background

San Marcos and Kyle each possess EAA permits. Due to growth that Central Texas is currently facing, Kyle anticipates the need for additional water during the EAA permit period for years 2027-2028. This additional water will prevent Kyle from exceeding permitted capacity. This permitting period dates January 1, 2027, to December 31, 2028.

San Marcos has supplies above and beyond their current needs within the EAA permit. San Marcos is willing to commit and make available water to Kyle from their existing water portfolio of EAA-permitted water supply.

Agreements

In consideration of the mutual covenants contained in this agreement, the parties agree as follows:

- A. Effective January 1, 2027, Kyle will reimburse San Marcos for EAA capacity necessary for Kyle to meet EAA permitting capacity restrictions put in place during the EAA permitting years 2027-28.
- B. Minimum Monthly Payment Amount. By entering into this Agreement, and effective on the date of last signature to this interlocal, Kyle will pay to SMTXU a minimum monthly amount equivalent to usage of 223,186 gallons per day, at the initial billing rate of \$3.41 per 1,000 gallons, for a total of \$22,832 per month, regardless of the actual amount of EAA water used by Kyle each month.
- C. Kyle will meet or exceed San Marcos drought restrictions throughout the duration of this agreement. The 500-acre ft. will be subject to EAA drought stage reductions and the City of Kyle is responsible for any penalties. This will be based on actual restrictions and not stage of drought.
- D. Initial Billing Rate. The initial rate to be paid by Kyle for EAA Water under this Agreement shall be \$3.41 per 1,000 gallons of EAA water used by Kyle.
- E. Billing and Payment. At the end of each calendar month, San Marcos shall determine the quantity of water consumed by Kyle and furnish Kyle with an itemized monthly billing statement showing the quantity of EAA water supplied in 1,000-gallon increments and the payment amounts due based upon the minimum purchased quantity and the applicable

billing rate. On or before the 25th day following the date of the billing statement, Kyle shall pay to San Marcos the amount due for such previous month as stated therein. After that due date, interest shall accrue on all bills at the maximum rate allowed by law. In the event Kyle fails to pay any charges when due and payable, San Marcos may give written notice of such delinquency to Kyle. If all bills due and unpaid, including interest thereon, are not paid within 45 days after delivery of such notice, then Kyle agrees that San Marcos shall be authorized, at its option, to institute suit to collect any amounts due and unpaid, together with interest thereon and reasonable attorneys' fees and further agrees that San Marcos may, at its option, discontinue delivering water covered by this Agreement to Kyle until all amounts due and unpaid are paid in full with interest thereon as herein specified.

- F. Collection of Fees. Kyle agrees to establish, charge, and collect sufficient rates, fees, and charges from its customers to make all payments required under this Agreement.
- G. Force Majeure. Under no circumstances shall San Marcos be required, for the purpose of meeting the supply obligations under this Agreement, to secure water from sources other than currently available and contracted for by San Marcos.
- H. Water shared under this agreement will be withdrawn solely at Kyle's existing EAA Well Nos W100-896, W100-897, W100-898 & W105-960. The maximum total annual amount that may be pumped then under this agreement is 500 acre-feet. Kyle will operate and meter its groundwater withdrawals throughout the term of this agreement to ensure that the limit on the total annual water amount pumped then utilized is not exceeded.
- I. No later than January 10, 2027 - March 10, 2029, Kyle shall provide San Marcos daily meter readings for their EAA well usage for San Marcos's use to determine invoice amounts. These meter readings shall clearly report (1) the volume of Edwards water pumped under the authorization in Kyle's EAA permits and (2) the volume pumped under the authorization of San Marcos's permit and covered in this agreement.
- J. San Marcos will work with Kyle to request and secure all necessary authorizations from EAA to allow the transfer contemplated in this agreement. All application fees for transfers will be paid by Kyle.
- K. Title to all water pumped by Kyle at their EAA well will be in Kyle's name.
- L. A maximum of 500 acre-feet per year is available for pumping and use by Kyle, regardless as to whether Kyle's wells and infrastructure can produce and transmit this additional quantity of water.
- M. This agreement is intended be an enforceable agreement to satisfy the requirements of 30 TAC §290.45(f) for Kyle's water system for the years 2027-2028.
- N. This agreement will take effect on the date it is signed by San Marcos and Kyle, and it will expire on January 1, 2029.

Agreed to and accepted:

City of San Marcos

By: Stephanie Reyes, City Manager

Date

City of Kyle

By: Byran Langley, City Manager

Date