REQUEST FOR PROPOSALS

Sealed RFPs will be received for:

Brackish Groundwater Reverse Osmosis Treatment Facility

City of Three Rivers

Request for Proposals
Osmosis Treatment Brackish Groundwater Reverse

Cover Letter

July 09, 2026

Re: Request for Proposals – Brackish Groundwater Reverse Osmosis Treatment Facility

Notice is hereby given that the City Council of Three Rivers, Texas, is seeking a qualified firm to design, build, own, operate, and maintain a Brackish Groundwater Reverse Osmosis Water Treatment Facility for Alternate Groundwater Delivery including associated groundwater production, transmission, treatment, storage, concentrate management and potable water delivery infrastructure.

Respondents receiving a "Request for Proposal" or reading the announcement in the newspaper are advised that the RFP documents can be obtained on the City of Three Rivers' website at gothreerivers.com or by emailing Thomas Salazar, City Administrator, at tsalazar@citytrtx.com.

RFP responses received after the deadline will not be considered. The City shall evaluate the RFP based on the ability to meet specifications, delivery schedule, experience, and other factors identified within the RFP solicitation. Any questions in reference to the RFP may be directed to Thomas Salazar, City Administrator, at tsalazar@citytrtx.com no later than Tuesday, July 21, 2026, at 3:00 P.M. CDT.

The deadline for submission of RFPs is Friday, July 24, 2026, at 11:00 A.M. CDT. Via email to Thomas Salazar at tsalazar@citytrtx.com.

The City of Three Rivers reserves the right to refuse and reject any or all responses, waive any or all formalities or technicalities, accept the response or portions of the response determined to be the best and most advantageous to the City, and hold the responses for a period of 120 days without taking action. The City of Three Rivers reserves the right to accept responses from more than one firm determined to be the best option for the City. Respondents are required to hold their responses firm for the same period.

City of Three Rivers

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Introduction

The City Council of Three Rivers, Texas, is seeking a qualified firm to design, build, own, operate, and maintain a Brackish Groundwater Reverse Osmosis Water Treatment Facility for Alternate Groundwater Delivery including associated groundwater production, transmission, treatment, storage, concentrate management and potable water delivery infrastructure.

The City is seeking a single, fully integrated provider ("Developer") to deliver a complete water supply solution under a Design-Build-Finance-Operate-Maintain (DBFOM) structure, which will be contracted under a long-term Water Purchase Agreement ("WPA") structured as a take-or-pay contract.

The selected Developer will be responsible for all aspects of the Project, including:

1. Exploration and drilling of all required test well(s)
2. Hydrogeologic evaluation and wellfield development
3. Design and construction of a reverse osmosis (RO) treatment facility, including obtaining all regulatory approvals for the proposed treatment facility, including, but not limited to Step 1/2 RO exception approvals, other required exception approvals, plan approvals, concentration-time (CT) disinfection study approvals, and final Texas Commission on Environmental Quality (TCEQ) approvals to allow transmission of production water to distribution
4. Procure power supply from AEP and Electric Retailer
    a. (see https://www.aeptexas.com/business/builders/)
5. Concentrate (brine) management and disposal
6. Obtain all permits related to groundwater production and disposal of the treatment facility waste stream (if routing of treatment facility waste to the City's existing wastewater system is not feasible)
7. Integration with the City's existing water system including the evaluation of corrosivity and blending (corrosion study required by TCEQ)
8. Long-term operations and maintenance (25 years)

At the conclusion of the contract term, ownership of the facility will either transfer to the City, or an option to extend the WPA with the selected Developer will be considered.

Background

The City is pursuing development of alternative local water supply sources, with brackish groundwater desalination identified as a viable and scalable option. While the City recognizes that this project is not a "quick-fix" or short-term solution to the pending water supply shortage, time is of the essence and the City has targeted a 2-year timeline (July 2029 or earlier) for the brackish supply to be permitting, online and available to its customers.

The City's objectives include:

- Water Supply Reliability: Establish a locally controlled, drought-resilient supply
- Cost Stability: Reduce exposure to wholesale rate volatility
- Operational Flexibility: Enable blending and optimization of multiple sources
- Risk Transfer: Shift development, performance, and operational risks to a qualified private partner

The City's preliminary analysis indicates that a 2.5 MGD brackish groundwater desalination plant, operated as a take-or-pay contract and scalable for future growth, could best serve the City. Final sizing and capacity of the facility will be determined during the preliminary design phase of the project and in collaboration with the City.

Public-Private Partner Developer Approach

The City intends to implement this Project using a Developer-led, P3 delivery model under which:

- The Developer will finance, design, construct, own, operate, and maintain the facility on the City Site and any additional Developer owned or leased property. In the event that the Developer owns or leases property for the project, the Developer shall grant a utility access agreement to the City during the term of the WPA. At the end of the initial term of the WPA, the City may elect to extend the term of the WPA or the assets will transfer to City.
- The City will purchase treated water under a long-term take-or-pay Water Purchase Agreement (WPA)
- The Developer will bear key risks, including:
    - Property acquisition (for any property required above and beyond that already offered for use in this RFP)
    - Pre-development cost and timing (see below description)
    - Development and construction cost and timing
    - Hydrogeologic uncertainty (quantity & quality)
    - Treatment process configuration and performance
    - Treatment Facility waste and waste residuals disposal
    - All necessary permitting and regulatory approvals required for the proposed wells, treatment facility, and offsite infrastructure needed for a complete, in-place, and operational water supply system
    - Operational performance
    - Power supply for the facility
    - Labor, materials, spare parts, and other necessary operating costs

Public-Private Partner Developer Approach Cont'd

This structure is intended to ensure value for money, risk transfer, and long-term performance accountability. The Developer shall be responsible for delivering a complete, fully operational water supply system meeting all contractual performance requirements at Commercial Operation Date (COD), including all testing, commissioning and accepted performance testing, and regulatory approvals. The Developer shall be responsible for all costs associated with design, construction, permitting, procurement, operation, power, and compliance of the Project, except as expressly provided otherwise in the final WPA.

Project Delivery Model

The Project will be delivered under a DBFOM (Design-Build-Finance-Operate-Maintain) structure, including:

- Private financing by the Developer
- Long-term operations (25 years)
- Take-or-pay Water Purchase Agreement
- Either transfer of facility ownership to the City at contract end or extension of the WPA, at the City's election

Phase 1 – Test Well & Hydrogeologic Evaluation

- Drill test well(s)
- Conduct pump testing
- Perform comprehensive water quality analysis
- Develop aquifer model and yield projections
- Recommend wellfield design

Phase 2 – Design & Permitting

- Design wells, RO treatment facility, and infrastructure
- Prepare approved corrosion control studies accounting for verifying the production of stable, slightly-scale forming finished water supply scenarios, including, but not limited to:
- Option No. 1 – Sole supply from the proposed WPA treatment facility
- Option No. 2 – Blending of the WPA finished water with COTR finished water at a Project Team agreed upon minimum WPA blend rate
- Option No. 3 - Blending of the WPA finished water with COTR finished water at a Project Team agreed upon maximum WPA blend rate
- Achieve the finished water quality parameters acceptable to TCEQ and agreed upon by the City, OA, and Developer following acceptance of the corrosion control studies noted above
- Develop an approved treatment facility waste management solution
- Obtain all required permits and regulatory approvals (including but not limited to TCEQ exceptions/plan submittal approvals and permits, groundwater conservation district, discharge/injection, City required construction/occupancy permits

Phase 3 – Construction

- Construct wellfield and treatment facility
  Construct pipelines and interconnections
  Construct waste disposal system
  Expand or provide additional storage as necessary
  Ensure all facilities and infrastructure are designed to withstand hurricane conditions.
  Provision for power backup

To address these risks, the City is pursuing development of alternative local water supply sources, with brackish groundwater desalination identified as a viable and scalable option. While the City recognizes that this project is not a "quick-fix" or short-term solution to the pending water supply shortage, time is of the essence and the City would has targeted a 2-year timeline (June 2028 or earlier) for the brackish supply to be permitting, online and available to its customers.

Phase 4 – Blending & Integration

- Develop blending and corrosion control strategy scenarios with COTR supply – to be approved by City prior to continuing design
- Ensure compliance with TCEQ requirements
- Address corrosivity, scaling, disinfection conformance with City distribution disinfection strategy and disinfection byproducts (DBPs)

Phase 5 – Operations

- Operate for 25 years
- Maintain performance guarantees (production capacity availability, TCEQ compliance)
- Meet water quality standards

Phase 6 – Treatment Facility Waste Management

- Proposers may evaluate and propose disposal alternatives and cost projections via:
  - City wastewater system; or
  - Injection well; or
  - Other viable methods

Developer shall be solely responsible for the selection, design, permitting, construction, operation, and compliance of the waste management system, including all regulatory risks associated therewith. Developer shall provide projected flow and mass balance calculations to identify anticipated contaminant constituent levels in the various waste streams for the City's review and approval to verify acceptability of disposal method, especially in the case of the potential disposal alternative to the City's existing wastewater system. Developer shall not cause a negative effect on biological performance or on the structural and/or equipment condition of the City's existing wastewater system infrastructure (both collection and treatment) through the potential use of the City's wastewater system as a desalination treatment facility waste disposal method.

Commercial and Contractual Framework

Pre-Development Period

The Proposer selected by the City through this RFP procurement shall undertake the following activities in order to finalize pricing and terms for the WPA

- Draft and negotiate the WPA with the City
- Conduct all activities necessary to advance the development and construction costs to such a level that the Proposer can commit to firm pricing terms for the WPA
- Drill one or more test wells and perform hydrogeologic evaluation

All costs incurred by the Proposer during the Pre-Development Period shall be funded by the Proposer.

During the Pre-Development Period, the City shall reasonably cooperate with the Proposer and provide access to the City Site. If mutually acceptable pricing and terms for the WPA are not established, or if the City terminates the Pre-Development Period at its sole discretion, then the Proposer and the City shall cease further development of the Project without compensation or reimbursement to the Proposer.

WPA Period

The WPA shall provide the contractual basis for the design, construction, financing, operations, and maintenance of the Project. Key terms of the WPA shall include:

- Commitment by the City to a take-or-pay obligation for the term of the WPA, expected to be the construction period plus an additional 25 years
- Provision of the City Site to the Proposer for the term of the WPA (either directly through the WPA or through a separate site lease)
- A firm commercial operations date (COD) with penalties for delay
- No payment obligations of the City prior to COD
- Electricity cost pricing in which the Proposer commits to energy efficiency (kWh per kgal of product water) and the City pays for allowed energy consumption at then-current electricity price levels
- Firm pricing on capital and other operational costs, with the potential for escalation of non-electricity operational and capital maintenance costs and at a mutually accepted index
- Mutually acceptable force majeure conditions excusing the Proposer's delivery of product water
- Transfer of the Project to the City at end-of-term in compliance with the return conditions or extension of the term, at the City's election
- Early buy-out option running to the City at a pre-established buyout cost on or after the tenth anniversary of commercial operations
- Other customary terms for a WPA

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Proposal Format/Requirements

Receipt of Proposals - The submitted proposals must be received by the City Administrator's Office prior to the time and date specified. Proposals that do not contain all requires information may be rejected.

Proposal Requirements

The Proposals must be submitted containing the following documents. Four hard copies and a USB drive with the proposal shall be submitted.

1. **Proposal Cover**. Outside cover should be titled "RFP—Brackish Groundwater Desal P3".

2. **Cover letter.** Provide a cover letter signed by an authorized representative of the Proposer.

   The cover letter shall include:
   - A clear statement of the Proposer's interest in the Project
   - Confirmation of the Proposer's ability to deliver the Project under the requested contract structure
   - Identification of the Developer entity and key team members, including major subcontractors and partners
   - Identification of the Project Manager and primary point of contact
   - A statement acknowledging review of the RFP requirements and willingness to enter into a WPA
   - Confirmation that the terms summarized under "COMMERCIAL AND CONTRACTUAL FRAMEWORK" are accepted by the Proposer, or identification of any terms that are not accepted
   - A statement acknowledging the City's targeted timeframe and how it compares with Proposer's planned timeframe
   - A statement acknowledging any issued addenda prior to the RFP submittal due date

   The letter shall be concise, formal, and demonstrate the Proposer's commitment and capability to successfully deliver the Project.

3. **Proposer Team Experience and Qualifications.** The Proposer must demonstrate that it has the organizational capability and experience to successfully deliver a developer-led brackish groundwater desalination project, including financing, permitting, design, construction, and long-term operations.

   The Proposer (or lead entity) must have operated continuously for a minimum of five (5) years, preferably in United States, and demonstrate that it has provided services similar in scope and complexity to this Project.

   Relevant Project Experience. Provide detailed descriptions of projects of similar scope and complexity, including:

   - Brackish groundwater desalination facilities
   - Reverse osmosis (RO) or other viable desalination treatment systems

Proposal Requirements Cont'd

Relevant Project Experience Cont'd

- Wellfield development and groundwater supply projects
- Treatment facility waste disposal
- DBFOM/P3 water infrastructure projects
- Long-term operations and maintenance of desalination water treatment facilities

Key Team Members

Provide resumes and qualifications for all key personnel, including:

- Project Executive
- Project Manager
- Lead Treatment Process Engineer and/or Lead Desalination Engineer, if different
- Hydrogeologist / Wellfield Specialist
- Construction Manager
- Commissioning Manager
- Operations Manager
- Anticipated Chief Operator (if known)
- Financial Lead

Technical and Operational Capabilities

Describe the Proposer's capabilities in:

- Brackish groundwater desalination system design and optimization
- Wellfield development and groundwater management
- Desalination treatment facility waste management
- Long-term operation of brackish groundwater desalination facilities
- Asset management and lifecycle maintenance
- Regulatory compliance (such as TCEQ, groundwater districts)

Pricing Proposal

Provide pricing in accordance with the RFP requirements, including:

- Test well program pricing (firm), if recommended by the Proposer
- Scenario-based water pricing ($/1,000 gallons)
- Proposed pricing formula
- Identification of key pricing assumptions
- Maximum not-to-exceed water price
- Proposed return on investment for the Proposer
- Potential electrical load curtailment revenue sharing

Project Schedule

Provide a detailed project schedule including:

- Test well program, if recommended by the Proposer
- Design and permitting
- Construction
- Commissioning and performance testing validation / Owner acceptance
- Commercial operation date (COD)
- Identify key milestones and critical path elements

References

Provide a minimum of three (3) references for similar projects, including:

- Organization name
- Contact name, title, phone number, and email
- Project description
- Contract value
- Dates of service
- Description of services provided

Award of Contract Evaluation Criteria

The City will award the WPA to the Proposer whose proposal is determined to offer the best value to the City, in accordance with applicable provisions of the Texas Local Government Code governing Competitive Sealed Proposals.

In determining best value, the City will consider the evaluation factors set forth in this RFP, including price and other relevant factors. The relative importance of each factor is identified below:

Cost / Pricing Structure (45%)

Evaluation will include, but not be limited to, test well pricing (if recommended by the Proposer), scenario-based water pricing, proposed pricing formula, and the overall long-term cost to the City. For evaluation purposes, Scenario B (6,000 mg/L Total Dissolved Solids [TDS]) shall be used as the primary basis for price comparison.

Relevant Experience and Schedule Adherence of Firm (30%)

Experience with brackish groundwater development, reverse osmosis (and/or other viable desalination technologies) desalination, DBFOM/P3 project delivery, and long-term operation of comparable brackish groundwater desalination facilities. Proposed schedule and experience delivering projects on time.

Financial Capacity and Insurance (25%)

Demonstrated financial capability to design, build, finance, operate, and maintain the Project, including proposed financing approach, financial strength, and ability to meet insurance requirements.

Each proposal will be evaluated and scored based on the criteria above. The City may utilize a selection committee to review, evaluate, and rank proposals.

The City reserves the right to:

- Reject any or all proposals
- Waive minor informalities or irregularities in the proposals received
- Request written clarifications or additional information from any Proposer
- Conduct interviews or request presentations from some or all Proposers
- Request Best and Final Offers (BAFOs)

Following evaluation, the City will rank the Proposers and enter into negotiations with the highest-ranked Proposer. If the City is unable to negotiate a contract with the selected Proposer at a price and terms the City determines to be fair and reasonable, the City shall, formally and in writing, end negotiations with that Proposer and proceed to the next highest-ranked Proposer.

Nothing in this RFP obligates the City to award a contract, and the City reserves the right to cancel this solicitation at any time.

Terms and Conditions

General Conditions

The City further reserves the right to:

- Cancel this solicitation at any time
- Modify the scope of the Project
- Issue addenda to this RFP
- Negotiate with any Proposer as permitted by law

Issuance of this RFP does not commit the City to award any contract or to pay any costs or expenses incurred in the preparation of a proposal.

Competitive Sealed Proposal Process

This procurement is being conducted in accordance with the Competitive Sealed Proposal (CSP) provisions of the Texas Local Government Code.

Award, if any, will be made to the Proposer whose proposal offers the best value to the City, considering the evaluation criteria set forth in this RFP.

The City may conduct discussions, request clarifications, and negotiate with one or more Proposers as permitted by law.

Proposal Submission Requirements

Proposals must be received by the City no later than the date and time specified in this RFP. Proposals received after the deadline will not be considered.

Proposals must be submitted in the format required by this RFP. Failure to provide complete and accurate information may result in disqualification.

The City assumes no responsibility for delays or errors in delivery.

Clarifications and Addenda

All questions regarding this RFP must be submitted in writing to the City by the deadline specified.

Responses to questions and any modifications to this RFP will be issued by written addendum and posted on the City's website. It is the responsibility of each Proposer to review all addenda. Only written addenda issued by the City shall be binding.

Confidentiality and Public Information

All proposals submitted in response to this RFP are subject to the Texas Public Information Act (Chapter 552, Texas Government Code).

Proposers may identify portions of their proposals they consider confidential or proprietary; however, such designation does not guarantee that the information will be withheld from public disclosure.

The City will comply with all applicable laws regarding disclosure and will notify Proposers of any requests for information as required by law.

Conflict of Interest

Proposers must disclose any potential conflicts of interest, including any relationships with City officials, employees, or consultants involved in this Project.

Failure to disclose such information may result in disqualification.

Proposers must comply with all applicable provisions of Chapter 176 of the Texas Local Government Code (Disclosure of Certain Relationships with Local Government Officers).

Non-Collusion

By submitting a proposal, the Proposer certifies that:

- The proposal is genuine and not collusive
- The Proposer has not directly or indirectly induced or solicited any other Proposer to submit a false or sham proposal
- The Proposer has not engaged in any conduct that would restrict competition

Negotiations

Following evaluation, the City will rank Proposers and enter into negotiations with the highest-ranked Proposer.

If the City is unable to negotiate a contract that is fair and reasonable, the City will formally terminate negotiations and proceed to the next highest-ranked Proposer.

Negotiations may include, but are not limited to:

- Technical approach
- Pricing structure
- Risk allocation
- Contract terms and conditions

Contract Award

Any contract award is subject to approval by the Three Rivers City Council. The City reserves the right to award a contract in whole or in part, or to make no award at all.

Cost of Proposal

All costs and expenses incurred by the Proposer in preparing and submitting a proposal, participating in interviews, or participating in negotiations shall be the sole responsibility of the Proposer. The City shall not be liable for any such costs.

Insurance Requirements

The selected Proposer shall provide evidence of insurance meeting the requirements specified in this RFP prior to contract execution. Failure to provide acceptable insurance coverage may result in termination of negotiations or withdrawal of award.

Compliance with Laws

The Proposer shall comply with all applicable federal, state, and local laws, regulations, and ordinances, including but not limited to:

- Texas Local Government Code
- Texas Water Code
- TCEQ regulations
- Groundwater district requirements

Right to Audit

The City reserves the right to audit any records, financial data, or supporting documentation related to the Project, including pricing and performance under any resulting contract.

Ownership of Proposals

All proposals submitted in response to this RFP shall become the property of the City upon receipt. No Guarantee of Quantity. The City does not guarantee any minimum quantity of work or water purchase except as may be expressly provided in a negotiated WPA.

Reservation of Rights

All groundwater rights shall remain the property of the City. The Developer shall have no ownership interest in groundwater resources. The Developer shall bear all risks associated with groundwater availability, quality, and production capacity.

Insurance Requirements

A contract resulting from this RFP will require insurance coverage. A contractor must not commence work under any such agreement until all insurance required herein has been obtained and approved by the City.

Proposer must furnish the City with one (1) copy of Certificates of Insurance with applicable policy endorsements showing the following minimum coverage by an insurance company(s) acceptable to the City. The City must be listed as an additional insured for the General Liability and Auto Liability policies, and a waiver of subrogation is required on all applicable policies. Endorsements must be provided with the Certificate of Insurance. The project name and / or number must be listed in Description Box of the Certificate of insurance.

RFP responses received after the deadline will not be considered. The City shall evaluate the RFP based on the ability to meet specifications, delivery schedule, experience, and other factors identified within the RFP solicitation. Any questions in reference to the RFP may be directed to Thomas Salazar, City Administrator, at tsalazar@citytrtx.com no later than Tuesday, July 21, 2026, at 3:00 P.M. CDT.

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