



## AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting October 29, 2019  
Second Reading Ordinance for the City Council Meeting November 12, 2019

**DATE:** October 18, 2019  
**TO:** Peter Zaroni, City Manager  
**FROM:** Mark Van Vleck, Assistant City Manager  
[markvv@cctexas.com](mailto:markvv@cctexas.com)  
(361) 826-3235

Beeville Water Supply Agreement – Second Addendum and Adjusted Outstanding Balance

### **CAPTION:**

Ordinance authorizing the execution of the Second Addendum to the Water Supply Agreement with the Beeville Water Supply District, subject to release of all claims by Beeville Water Supply District and City of Beeville against the City of Corpus Christi and subject to withdrawal of all administrative proceedings filed by Beeville Water Supply District and City of Beeville against the City of Corpus Christi in the Public Utility Commission of Texas and subject to payment of all amounts determined by the City Manager to be owed pursuant to the existing contract between the parties after waiver of \$162,809.85 of Future Water Resources Reserve Fund charges that were contested and withheld by said District and authorizing the City Manager to make the aforesaid waiver.

### **SUMMARY:**

This ordinance authorizes the City Manager to execute the Second Addendum to the Water Supply Agreement with the Beeville Water Supply District. The City of Beeville is subject to making a payment of an adjusted outstanding balance of \$255,201.30 by October 31, 2019.

### **BACKGROUND AND FINDINGS:**

The Beeville Water Supply District of which the City of Beeville is a utility customer has underpaid on their City of Corpus Christi raw water account from March 2017 through September 2019 and currently owes the City of Corpus Christi \$418,011.15. Of that amount, \$162,809.85 represents the five-cent fee and \$255,201.30 represents sums withheld for water received.

City staff is recommending that City Council approve that the City of Corpus Christi can waive \$162,809.85 of the past due amount and that the City of Corpus Christi provide technical assistance to Beeville in the desilting at Beeville's intake if the following actions are taken:

- Pay \$255,201.30 by October 31, 2019;
- Pay current invoice and all future invoices in full by their due dates;

- Withdraw the Beeville Water Supply District and City of Beeville's appeal of wholesale water rate to the Public Utilities Commission; and
- Agree to amend the Water Supply Agreement with terms as contained in the City's proposed Second Addendum. Listed below is a summary of the terms of the Second Addendum:
  - Provides that the City will provide Beeville at least 60 days' notice of proposed change in price;
  - Specifies that the cost for water includes five cents per thousand-gallon charge for creating or maintaining a future water resources reserve fund from which to pay water supply development costs, which charge is subject to potential increase but not exceeding the cumulative increase in the consumer price index;
  - Identifies that the composite cost calculation includes the costs for existing regional water supply facilities such as Lake Texana Pipeline, Lavaca Navidad River Authority Pump Station and Mary Rhodes Phase II Pipeline;
  - Clarifies that if a water supply development or protection project involves use of the future water resources reserve fund, then the costs for the project paid with such revenues shall not be included in the calculation of the composite cost rate or the published rate;
  - Replaces the prior "Rationing of Water" section with terms consistent with the City's Water Conservation and Drought Management Plan measures;
  - Adds language for the City to provide non-engineering technical assistance to BWSD's development of requests for proposals for water intake facilities work;
  - Adds requested statements that the future water resources reserve fund will be expended on projects that develop additional water supplies or lower the cost of the raw water.

**ALTERNATIVES:**

An alternative is to request that the Beeville Water Supply District pay the entire outstanding balance of \$418,011.15. A second alternative is to cancel our contract with the Beeville Water Supply District.

**FISCAL IMPACT:**

If City Council approves waiving \$162,809.85 the City of Corpus Christi will receive \$255,201.30 by October 31, 2019.

**Funding Detail:**

Fund:	4041 – Raw Water Supply Development Fund
Organization/Activity:	30000
Mission Element:	888 Revenue
Project # (CIP Only):	N/A
Account:	324845
Amount:	-\$418,011.15

**RECOMMENDATION:**

City staff recommends that City Council approves the execution of the Second Addendum to the Water Supply Agreement with the Beeville Water Supply District. In addition, City staff recommends that City Council waives \$162,809.85, making the total amount owed to the City of Corpus Christi to \$255,201.30.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance