

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.

Be it ordained by the City Council of the City of Corpus Christi, Texas:

Section 1. The City Manager is authorized to execute 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. The City Manager is authorized to make the aforesaid waiver.

That the foregoing ordinance was read for the first time and passed to its second reading on this the _____ day of _____, 2019, by the following vote:

Joe McComb	_____	Michael Hunter	_____
Roland Barrera	_____	Ben Molina	_____
Rudy Garza	_____	Everett Roy	_____
Paulette M. Guajardo	_____	Greg Smith	_____
Gil Hernandez	_____		

That the foregoing ordinance was read for the second time and passed finally on this the _____ day of _____ 2019, by the following vote:

Joe McComb	_____	Michael Hunter	_____
Roland Barrera	_____	Ben Molina	_____
Rudy Garza	_____	Everett Roy	_____
Paulette M. Guajardo	_____	Greg Smith	_____
Gil Hernandez	_____		

PASSED AND APPROVED on this the _____ day of _____, 2019.

ATTEST:

Rebecca Huerta
City Secretary

Joe McComb
Mayor

SECOND ADDENDUM TO WATER CONTRACT

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF NUECES §

WHEREAS, pursuant to one water sales contract between the City of Corpus Christi and the Beeville Water Supply District, hereinafter referred to as Corpus Christi (or City) and BWSD, respectively, said contract dated March 4, 1982 (the “Water Supply Agreement”) Corpus Christi agreed to sell water for municipal purposes to BWSD according to the alternate price structures stipulated therein; and

WHEREAS, Corpus Christi and BWSD agreed to amend certain section of the Water Supply Agreement pursuant to an agreement captioned “Addendum to Water Contract” approved by the Corpus Christi city council on May 17, 1988; and

WHEREAS, due to changes in conditions and circumstances of the parties and to clarify the intentions of the parties, it is the desire of the parties to amend the Water Supply Agreement, as amended by the Addendum to Water Contract.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties, BWSD and Corpus Christi hereby agree to amend said Water Supply Agreement, as amended by the Addendum to Water Contract, as follows:

I.

That Section 6., entitled Price, page 4 of the Water Supply Agreement, shall be deleted in its entirety and a new Section 6 shall be substituted therefor to hereafter read as follows:

6. Price:

(A) The price to be charged for untreated water sold by City to BWSD will be whichever of the two is the lower:

1. The most recent published untreated or raw water cost adjustment calculated as set forth by Ordinance adopted by the governing body of Corpus Christi.
2. The “composite cost of untreated water” as defined in Section 7 hereof, or similar calculation that recognizes all cost elements for providing a water supply applicable to all water customers, and approved by the appropriate state agency.

(B) When City intends to increase the price for untreated water sold by City to BWSD, the City will provide the BWSD notice of the proposed change and all information necessary for BWSD to evaluate the proposed price at least sixty days before the change is to take effect. BWSD shall give good faith consideration to the proposed new price and shall attempt to provide the City with its comments on the proposed change not later than thirty (30) days before the proposed change is to take effect. The City shall provide BWSD with any additional information relating to

the change in price requested by BWSO within ten business days after receipt of the request and shall give good faith consideration to BWSO's comments. City may institute the new price provided City gave BWSO notice of the price increase as provided in this subsection. BWSO's failure to submit comments or the submittal of comments relating to the price increase does not waive any right that BWSO may have to challenge the price increase. BWSO shall be charged and timely pay for the water at the new price; however, such payment does not waive any right that BWSO may have to file legal challenge of the price increase with court or agency of appropriate jurisdiction.

(C) The price charged for untreated water sold by City to BWSO shall include a five cents per thousand gallon charge for creating or maintaining a future water resources reserve fund from which to pay water supply development costs that develop additional water supplies or lower the cost of raw water. Said charge is subject to potential increase not exceeding the cumulative increase in the consumer price index.

II.

That Section 7., entitled Composite Cost of Untreated Water, as restated by the Addendum to Water Contract pages 1-2, shall be deleted in its entirety and a new Section 7 shall be substituted therefor to hereafter read as follows:

7. Composite Cost of Untreated Water: The rate for the composite cost of untreated water shall be calculated on the first day of January of each year and shall be calculated on the basis of City's previous fiscal year and the total water withdrawn during the City's previous fiscal year. The components of the cost of untreated water are as follows:

(A) Wesley Seale Costs: all actual costs (city fiscal year), emergency costs, debt service and capital expenditures;

(B) Choke Canyon Costs: all actual costs (city fiscal year), emergency expenditures, debt service and capital expenditures;

(C) Water Supply Development or Protection: consultants' studies, reports, investigations, legal fees and court costs and any other costs resulting from the development or protection of the water supply;

(D) Other existing and future regional supply facilities:

1. Other existing regional water supply facilities: all actual costs (city fiscal year), emergency costs, debt service and capital expenditures of the following existing regional water supply facilities: Lake Texana Pipeline, LNRA Pump Station, and Mary Rhodes II Pipeline.

2. Future regional water supply facilities, the tax subsidy, if any: the cost element defined and set forth in Section 18 of the Water Supply Agreement, if any, and subject to all of the provisions of Section 18.

(E) Administrative costs: 25 percent of the costs of operational expenses of the offices of the Director of Water Utilities and Water Superintendent and general city administration costs allocated to the Water Division (fiscal year ~~annual~~-expenditures);

(F) The total of all of the above costs shall be credited with any income from rental or lease operations of the supply facilities and the net shall be divided by the total supply system withdrawals (fiscal year).

(G) Revenues received to establish and maintain a future water resources reserve fund that are attributable to the composite cost component described above as the Water Supply Development or Protection component are to develop additional water supplies or lower the cost of raw water. If a water supply development or protection project involves use of such revenues from this fund, then the costs for the project paid with such revenues shall not be included in the calculation of the composite cost rate as described in this Section 7, or in the published rate as described in Section 6.

III.

That Section 10., entitled “Maintenance and Operation of Facilities”, page 6 of the Water Supply Agreement, shall be amended by the addition of the underlined text:

10. Maintenance and Operation of Facilities: The water intake facility and related improvements constructed by BWSD shall be maintained, operated, and repaired by BWSD subject to provisions herein contained. City shall have the right to require BWSD to maintain the facilities on City property or easements in a manner comparable to the level of maintenance at similar City facilities. City staff may provide non-engineering technical assistance as determined to be reasonable by the City Manager to assist BWSD in review of BWSD’s development of the BWSD requests for proposals for any water intake improvements.

IV.

That Section 20., entitled Rationing of Water, page 3 of the Addendum to Water Contract shall be amended by replacing Section 20 in its entirety as follows.

~~20. Rationing of Water: BWSD and City agree to the following stages in reduction of raw water consumption by BWSD as the City Manager of City declares the various water shortage conditions to be in force in accordance with Section 55-151 of the Corpus Christi City Code:~~

~~A. Condition I—drought possibility—BWSD shall reduce its average raw water consumption by 10%.~~

~~B. Condition II—drought watch—BWSD shall reduce its average raw water consumption by 30%.~~

~~C. Condition III—drought warning—BWSD shall reduce its average raw water consumption by 75%.~~

~~D. Condition IV—drought emergency—BWSD shall cease taking raw water, and shall be released from the fixed minimum obligation under Section 8 (B).~~

~~For purposes of calculating the ‘average raw water consumption,’ that term is defined as the amount of water used per month averaged over the previous three years. During periods of reduced raw water consumption by BWSD, it shall have the option to impose its water conservation and rationing regulations on its customers. It may elect to supplement its intake of raw water from Lake Corpus Christi with its own source of well water.~~

~~—During period BWSD is taking no raw water from City but is producing a surplus of water from its own wells, BWSD may, if requested by City, pump water back into Lake Corpus Christi through its existing twenty four inch supply line. The cost of such water to be charged to City will be based on actual operation and maintenance costs of the wells used and the pipeline.~~

“20. Water Conservation and Drought Management Plan Measures.

a. BWSD agrees that during the term of this contract, it shall have in effect a water conservation and drought management plan consistent with the City’s water conservation and drought management plan.

b. To the extent that any State regulatory agency requires rationing of water in a manner stricter than that imposed by the City, BWSD will comply with such stricter method of rationing water.

c. BWSD shall furnish a copy of any ordinances, orders, or rules adopted by it or its customers that is adopted to implement the required restrictions, surcharges, or rationing measures.

d. The failure of BWSD to comply with this Section of the contract is a default for which the Contract may be terminated by the City upon thirty days’ notice of default.”