

# Temporary Untreated Raw Water Sales Contract with Formosa Plastics Corporation

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# MRP I and II Water Sources



## Lake Texana/LNRA

MRP I

Contract Minimum Amount Take or Pay: 31,440 acre-ft.

Interruptible A (if available): 4,500 acre-ft.

Interruptible B (if available): 7,500 acre-ft.



## Colorado River

MRP II

Run of the River Water Rights: 35,000 acre-ft.

# Background

- Formosa owns and operates a petrochemical manufacturing facility in Point Comfort, Texas, and requires untreated raw water for facility operations
- Formosa and the City both purchase water from the Lavaca-Navidad River Authority (LNRA)
- The City has a Water Delivery and Conveyance Contract with LNRA for up to 31,440 acre-feet of firm, untreated raw water from Lake Texana, on an annual basis
  - City's existing contract also allows LNRA to provide interruptible water of 10,000- and 7,000-acre feet if LNRA deems it available
- Formosa has agreed to make available to the City a portion of their unused, untreated raw water available under its contract with LNRA
  - Previously, the City had a similar agreement with Formosa, making water available from its contract in 2011 and 2012

# Purpose

- Water made available from this agreement will provide additional supply for the City in the event contractual interruptible water is not available from LNRA.
- Contract also provides for situations if there are periods of water unavailability from the Lower Colorado River due to drought and/or low flow conditions
- Schedule 4 pumping of the Mary Rhodes Pipeline (MRP) was initiated on March 24, 2025
- If interruptible water from the LNRA contract is not available, this additional water from Formosa will be needed to allow for the MRP to operate at Schedule 4 for much of the remainder of the year

# Contract Summary

Authorizes City Manager or designee to execute a temporary untreated raw water sales contract with Formosa Plastics Corporation, Texas (Formosa).

- City of Corpus Christi (City) could purchase up to 10,000 acre-feet of untreated raw water from Formosa
- Price: \$900 per acre-foot or \$2.76 per 1,000 gallons
- The first 2500 acre-feet each year will be incurred at a Take-or-pay quantity
- Cost for additional water will be incurred as used
- Contract ends December 31, 2025
- Option to extend for one additional year

# Fiscal Impact

To Corpus Christi Water for FY 2025 is an amount of \$4,500,000.00 with funding available through the Water Fund.

CCW will utilize half of the FY25 budgeted operating transfer to CIP to fund the water purchase.

The transfer shortfall will be replaced by savings identified in the capital improvement annual close-out process.

# Staff Recommendation

Staff recommends approval of the resolution authorizing a temporary untreated raw water sales contract with Formosa Plastics Corporation.



Thank you!

