



## AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of August 30, 2022  
Second Reading Ordinance for the City Council Meeting of September 6, 2022

**DATE:** August 1, 2022  
**TO:** Peter Zaroni, City Manager  
**FROM:** Michael Murphy, Chief Operating Officer, CC Water  
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Ordinance adjusting treated water rates for public agency wholesale customers

### **CAPTION:**

Ordinance amending Section 55-50(a)(2)(e) of the Corpus Christi Code of Ordinances regarding Resale Treated Water Rates to wholesale customers outside of City limits; and establishing an effective date of January 1, 2023.

### **PURPOSE:**

To amend the Code of Ordinances for the revision of treated rates for public agency customers that are under contract for one-year rate adjustments.

### **BACKGROUND AND FINDINGS:**

The City of Corpus Christi has treated water and/or raw water supply agreements with area public agencies including South Texas Water Authority (STWA), San Patricio Municipal Water District (SPMWD), Nueces County Water Control and Improvement District No. 4 (NCWID#4), and the Violet Water Supply Corporation (Violet WSC). These Public Agency for Resale (PAR) customers are considered wholesale customers as they serve communities outside the city limits of Corpus Christi.

According to these agreements, the raw water cost adjustment (RWCA) as well as treated water rates will be calculated on an annual basis. The PAR customers are provided a summary of proposed rate changes and rate model to review and request additional information prior to City Council action. The PAR customers have voiced no opposition to the rate adjustments included in this ordinance.

The price to be charged for treated water sold to the noted public agencies is the published rate for water service established by this ordinance, including the PAR treated water volume rates for water delivered through City-owned facilities. These rates, effective January 1, 2023, have increased minimally for SPMD and STWA because of true-ups for under-recovery of actuals to budgeted amounts in FY2021. The rate for NCWID#4 and Violet WSC has decreased slightly due to lower network expenditures budgeted in FY2022 than actuals in FY2021.

The FY 2022-2023 budget includes estimates of revenues generated from the proposed rates necessary to cover existing operating costs and/or fund specific projects.

**ALTERNATIVES:**

N/A

**FINANCIAL IMPACT:**

Revenues generated from the proposed rates cover the cost of service to provide treated water to PAR customers and have been included in the FY23 Water Fund operating budget. These rates, effective January 1, 2023, have increased minimally because of the annual true-up for under-recovery of actual to budgeted amounts in FY2021. Annual demand for PAR customers have been adjusted for take-or-pay agreements effective January and June 2023.

<u>Revenues</u>	<u>FY22</u>	<u>FY23</u>
Raw Water - PAR customers	\$17,750,000	\$12,900,000
Treated Water – PAR customers	\$ 7,500,000	\$ 7,465,000

**RECOMMENDATION:**

Staff recommends approval of the Ordinance as submitted.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance

Exhibit A – Summary of Rate Adjustments