



AGENDA MEMORANDUM

Action Item for the City Council Meeting of December 14, 2021

DATE: December 9, 2021

TO: Peter Zanoni, City Manager

FROM: Michael Murphy, Chief Operations Officer for Water Utilities
michaelmur@cctexas.com
(361) 826-3556

Resolution authorizing the City Manager to negotiate a final real estate term sheet(s) for a seawater desalination treatment plant(s)

CAPTION:

Resolution authorizing the City Manager to negotiate a final real estate term sheet necessary to acquire real property interests at or near the Inner Harbor Nueces Bay Boulevard and the La Quinta Channel for seawater desalination and treatment plant(s) from Flint Hills Resources Corpus Christi, LLC and Occidental Chemical Corporation, respectively.

SUMMARY

This resolution authorizes the City Manager to complete the final negotiations regarding a real estate term sheet to acquire real property at or near the Inner Harbor Nueces Bay Boulevard and La Quinta Ship Channel seawater desalination sites. The final real estate term sheets will then be presented to City Council.

BACKGROUND AND FINDINGS:

The City of Corpus Christi is the regional water supplier serving the Coastal Bend, which includes all major municipalities and industrial water customers in Nueces and San Patricio counties. After the 2011-2013 drought of record, a group was formed to investigate a potential source for an uninterrupted water supply. The group evaluated various water supply options and ultimately focused their efforts on seawater desalination.

From this work, the City of Corpus Christi Seawater Desalination Project began. A key feature of the City's project is the production of potable water. The City of Corpus Christi then moved forward to develop the funding mechanisms necessary to secure a drought-proof water supply project. Funding for the seawater desalination drought-proof water supply project would come from the Texas Water Development Board (TWDB), State Water

Implementation Fund for Texas (SWIFT) in the form of a low interest loan for 222 million dollars.

The City of Corpus Christi seawater desalination project team then developed 21 potential sites. These sites were evaluated and ranked using several screening criteria such as social, water quality, access to power and environmental criteria. Candidate sites were then narrowed down to two preferred sites. One site located near the Inner Harbor in Nueces county and the other located on the La Quinta Ship Channel in San Patricio County.

The seawater Desalination team then begin discussion with the two landowners (Flint Hills Resources and Occidental Chemical Corporation) regarding the purchasing of land and permanent right of way easements for the diversion and treatment of seawater for water supply purposes. Funding for the land acquisition will come from the \$11.4 million dollar tranche associated with the \$222 million SWIFT loan.

The City Manager will complete the final necessary term sheet negotiations with both landowners to acquire the real property needed to construct a seawater desalination diversion and treatment plant. Future City Council action will be required to enter into a real estate contract for one or both site locations.

ALTERNATIVES:

The alternative to not accepting the resolution is that the next major project step will not be met such as the AEP power infrastructure study and the USACE permitting. Staff will also need to continue to defer the TWDB loan for construction, which could jeopardize funding of the project.

FISCAL IMPACT:

There is no fiscal impact regarding the resolution authorizing the City Manager to negotiate final real estate term sheet(s) for a Seawater Desalination treatment plant.

RECOMMENDATION:

Staff recommends approval of the resolution to authorize the City Manager to negotiate a final real estate term sheet necessary to acquire real property at or near the Inner Harbor and La Quinta Channel seawater desalination treatment plant sites.

LIST OF SUPPORTING DOCUMENTS:

Inner Harbor and La Quinta Channel Site Map
Resolution – Negotiation for Purchase of Desal Property