



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 8, 2015
Action Item for the City Council Meeting of December 15, 2015

DATE: November 20, 2015
TO: Ronald L. Olson, City Manager
THROUGH: Gustavo Gonzalez, P.E., ACM of Public Works and Utilities
FROM: Mark Van Vleck, P.E., Executive Director of Utilities
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Approving an Amendment and Extension to the Agreement
with Valero Refining – Texas, L.P. for recycled water

CAPTION:

Motion authorizing the City Manager or designee to execute a Second Amendment and Extension to the Agreement for Exclusive Reservation of Recycled Water with Valero Refining – Texas, L.P. (Valero) for 4 million gallons per day (mgd).

PURPOSE:

To obtain Council's review and approval; for the Second Amendment and Extension to the Agreement for Exclusive Reservation of recycled water with Valero Refining.

BACKGROUND AND FINDINGS:

In 2013, Valero expressed an interest in exploring the possibility of receiving and using the City's recycled water for cooling tower and other industrial use applications at both of its local Refineries doing business as the Valero Corpus Christi West Refinery and the Valero Corpus Christi East Refinery.

On December 17, 2013, the City of Corpus Christi and Valero Refining-Texas, L.P., entered into an Agreement for Exclusive Reservation of Recycled Water, out of the Broadway Wastewater Treatment Plant, with a term of nine months, with an option to extend the Reservation Agreement for an additional three month period.

During the initial reservation agreement term, Valero expressed preference to use the recycled water from the Greenwood Wastewater Treatment Plant (GWWTP) in lieu of the recycled water from the Broadway Wastewater Treatment Plant (BWWTP). The agreement was amended and extended in December 2014 for an additional period totaling 12 months.

Valero is requesting a second amendment and extension to the reservation agreement totaling an additional 12 months to allow time to continue evaluation, equipment pilot testing, pipeline right of way development, project design, and discussions regarding possible framework for a

long-term recycled water agreement.

Under the terms of this Second Amendment and Extension to the Agreement for Exclusive Reservation, the City agrees not to enter into any other agreement or reservation for treated wastewater effluent that would in any way restrict the City's ability to furnish Valero the 4.0 MGD of treated wastewater effluent subject to this amendment.

ALTERNATIVES:

1. Authorize the Amendment and Extension to the Agreement as proposed.
2. Request changes to the proposed Amendment and Extension to the Agreement.
3. Deny authority to execute the Amendment and Extension to the Agreement.
4. Deny authority to execute the Amendment and Extension to the Agreement and direct staff to issue an RFP for Industrial use of the City's recycled water.

OTHER CONSIDERATIONS:

The city's wastewater treatment plants produce recycled water that is classified as Type II reclaimed water. TCEQ has granted the City certain authority to deliver its recycled water for the Type II uses allowed under Chapter 210 of the Texas Administrative Code (TAC).

Some of the City's golf course and cemetery customers use the City's recycled water for the Type II-allowable use of irrigating their golf courses and cemeteries. Although the law also allows for the use of Type II for cooling towers and other industrial applications, none of the City's Industrial district customers are using the City's recycled water at this time.

CONFORMITY TO CITY POLICY:

This item conforms to City policy to obtain Council's approval and authority to grant an interest in real property or the city asset of water, which is considered to be a real property-like asset. For our purposes here, the term water as used in this section includes treated wastewater, also known as "effluent", or "recycled water".

An industrial water customer's use of the City's recycled water for allowable industrial uses is consistent with the City's water conservation policies.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Legal

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2015-2016	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s): Water

Comments:

RECOMMENDATION:

Approval of the Reservation as proposed.

LIST OF SUPPORTING DOCUMENTS:

Agreement for Exclusive Reservation of Recycled Water approved December 17 2013
(First) Amendment and Extension to the Agreement approved December 16, 2014
Second Amendment and Extension to the Agreement