



CITY OF  
**CORPUS CHRISTI**

**AGENDA MEMORANDUM**

Action Item for the City Council Meeting January 13, 2026  
Second Reading January 27, 2026

**DATE:** January 13, 2026

**TO:** Peter Zanoni, City Manager

**FROM:** Nicholas J. Winkelmann P.E. Interim Chief Operating Officer  
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Ordinance authorizing an agreement for the Provision and Sale of Recycled Water from the Greenwood Wastewater Treatment Plant to Valero Refining – Texas, L.P.

**CAPTION:**

Ordinance authorizing the City Manager to execute a 30-year Agreement for the Provision and Sale of Recycled Water between the City of Corpus Christi and Valero Refining – Texas, L.P., establishing delivery rights, pricing, infrastructure responsibilities, and regulatory compliance requirements for the provision of up to 8 million gallons per day of Type II reclaimed water from the Greenwood Wastewater Treatment Plant.

**SUMMARY:**

Valero Refining is undertaking significant capital improvements to enable long-term use of recycled wastewater for industrial cooling operations. This agreement formalizes the City's commitment to deliver reclaimed water from the Greenwood Wastewater Treatment Plant (GWWTP), supporting industrial water conservation, reducing demand on potable and raw water supplies, and advancing regional water-supply resiliency.

**BACKGROUND AND FINDINGS:**

The City of Corpus Christi holds TCEQ Authorization No. R10401003, which permits the production and delivery of Type II reclaimed water for industrial uses, including cooling tower operations. Valero has reviewed the authorization and intends to transition a significant portion of its industrial water demand to recycled wastewater, reducing reliance on potable and raw water supplies. This shift supports long-term regional water-supply resiliency and aligns with the City's strategic goals for conservation and sustainable industrial growth.

Under the proposed agreement, the City will initially make available up to 3 million gallons per day (mgd) of recycled water from the Greenwood Wastewater Treatment Plant (GWWTP), with the ability to supplement flows using treated effluent transported from the Oso Wastewater Treatment Plant. Valero plans to expand its use to 8 mgd ("Phase II Quantity") following completion of major infrastructure investments. The City will use commercially reasonable efforts

to make the Phase II Quantity available within five years. If the expanded volume is not available within that timeframe, the agreement provides for a prorated monthly credit to Valero, capped at \$5 million, reflecting Valero's substantial capital investment.

Valero will design, construct, and fund a 24-inch transmission pipeline, a 10-million-gallon storage tank at GWTP, and associated right-of-way within three years of signing this agreement. Upon completion, these assets will be dedicated to the City, expanding the City's long-term recycled-water delivery capacity. In recognition of this contribution, the standard reservation fee for securing recycled-water capacity is waived for three years, with extensions available if construction timelines are mutually adjusted.

Valero will pay the City's raw water cost adjustment rate for metered recycled water, consistent with City ordinance, and will reimburse the City for chemicals, electricity, and mutually agreed-upon treatment processes associated with producing and delivering the water. Valero will also pay its proportional share of operation and maintenance costs for shared delivery infrastructure, with annual itemized reporting and audit rights.

The agreement establishes priority rights for Valero due to the economic importance of its refinery operations and its investment in City-owned infrastructure. If recycled-water supplies are constrained, the City must curtail other recycled-water users before reducing Valero's allocation, except for irrigation necessary to maintain City assets. The agreement also clarifies that recycled-water use by industrial customers reduces demand on potable and raw water supplies, providing drought-resiliency benefits. Accordingly, Valero's recycled-water use will be fully exempt from treated-water restrictions under the City's drought contingency plan permitted by law.

Recycled water delivered under the agreement must meet Type II quality standards, and the City will pursue additional performance targets for phosphates, turbidity, and chlorine using treatment processes funded by Valero. The agreement includes provisions for sampling, quality verification, suspension of service if minimum standards cannot be met, and cooperative problem-solving if influent conditions change.

The agreement term is 30 years from the Delivery Commencement Date, with mutual extension options and five-year compliance reviews to ensure alignment with evolving regulatory requirements.

#### **ALTERNATIVES:**

The alternative would be for the city not to enter into an agreement with Valero Refining-Texas, L.P. and continue selling just treated water.

#### **FISCAL IMPACT:**

There is no fiscal impact to Corpus Christi Water in FY 2026. Under the terms of the agreement, reclaimed water deliveries to Valero are expected to begin within three years. The projected initial transition from 3 mgd of treated water sales to recycled water sales, based on the current rate structure, would result in an estimated revenue loss of approximately \$4,752,300. If this transition were to occur today, the corresponding effect on customer bills would be an estimated monthly increase of \$0.30 for an average Inside City Limit Residential customer using 6,000 gallons a month, \$0.12 for an Inside City Limit Commercial customer using a 2" meter and 20,000 gallons a month, and \$47,700 for an Outside City Limit Large Volume customer using a 10" meter and 90,000,000 gallons a month. The phase II transition of up to 8 mgd of treated water sales to recycled water sales, based on current rate structure would result in an estimated revenue loss of approximately \$12,672,800. If this transition were to occur today, the corresponding effect on customer bills would be an estimated monthly increase of \$0.80 for an average Inside City Limit Residential customer using 6,000 gallons a month, \$0.32 for an Inside City Limit Commercial customer using a 2" meter and 20,000 gallons a month, and \$127,200 for an Outside City Limit Large Volume customer using a 10" meter and 90,000,000 gallons a month.

**FUNDING DETAIL:**

N/A

**RECOMMENDATION:**

Staff recommends the approval of the ordinance to authorizing an agreement for the Provision and Sale of Recycled Water from the Greenwood Wastewater Treatment Plant to Valero Refining – Texas, L.P.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
Agreement for the Provision and Sale of Recycled