



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 9, 2014
Action Item for the City Council Meeting of December 16, 2014

DATE: November 7, 2014
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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826-1874

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 an 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 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, 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 has 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).

Valero requests an amendment to the reservation agreement to use the Greenwood Wastewater Treatment Plant recycled water in lieu of the Broadway Wastewater Treatment Plant recycled water. Valero also requests an additional nine months extension of the reservation agreement with one three-month extension period (to allow a period of time for evaluation, equipment pilot testing, pipeline right of way development, and project design).

In consideration of this amendment, Valero would pay the City a sum of \$100,000.00 (one hundred thousand dollars) for a nine-month extension period. In addition, this agreement may be extended for an additional three-month period for which Valero would pay a sum of \$75,000.00 (seventy five thousand dollars) to the City.

Under the terms of this 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. Before the expiration of this Amendment to the Reservation Agreement, Valero will inform the City, in writing, if it intends to enter into a recycled water agreement(s) for either or both of its local refineries.

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 confirms to City's 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:

X Operating

X Revenue

Capital

Not applicable

FY: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item		\$100,000		\$100,000
BALANCE				

Fund(s): Water

Comments:

RECOMMENDATION:

Approval of the Reservation as proposed.

LIST OF SUPPORTING DOCUMENTS:

Amendment and Extension to the Agreement
Agreement for Exclusive Reservation of Recycled Water
Three months extension agreement