



AGENDA MEMORANDUM

Future Item for the City Council Meeting of March 19, 2013

Action Item for the City Council Meeting of March 26, 2013

DATE: February 14, 2013

TO: Ronald L. Olson, City Manager

FROM: Gustavo Gonzalez, Director of Water Operations
GustavoGo@cctexas.com
361-826-1874

Renewal of Treated Water Supply Contract with Violet Water Supply Corporation

CAPTION:

Motion authorizing the City Manager or designee to execute a contract to supply Violet Water Supply Corporation (Violet) with treated water for up to 10,000,000 gallons per month for a term of 40 years.

PURPOSE:

To obtain authority to enter into a 40-year contract with Violet Water Supply Corporation to provide up to 10,000,000 gallons of potable water per month.

BACKGROUND AND FINDINGS:

Violet is a large-volume customer which diverts and uses treated water for resale to municipal and industrial customers. The new contract would be in effect for 40 years. The quantity of water will not exceed 10,000,000 gallons per month.

Violet will be charged the Resale Treated Water Rates established by city ordinance.

Violet approached the City and requested that the City enter into this agreement so that Violet can pledge the agreement for a loan and grant from the United States Department of Agriculture.

Violet plans to use the loan and grant to install the lines and necessary appurtenances to extend water service to areas within Violet's certificated area as set forth in its Certificate of Convenience and Necessity issued by the Texas Water Commission.

The issuance of the loan as well as the grant is contingent on Violet entering into an agreement with the City of Corpus Christi to obtain a fresh supply of potable water for it to sell to its municipal and industrial customers for 40 years.

ALTERNATIVES:

Do not provide authority to enter into the agreement as proposed.

OTHER CONSIDERATIONS:

Not applicable.

CONFORMITY TO CITY POLICY:

Contract requires City Council approval.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Water and Legal Departments.

FINANCIAL IMPACT:

Operating

Revenue

Capital

X Not applicable

Fiscal Year: 2011-2012	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s): Water

Comments: None.

RECOMMENDATION:

Staff recommends and requests the approval of this contract.

LIST OF SUPPORTING DOCUMENTS:

Contract