



## 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 21, 2013

**TO:** Ronald L. Olson, City Manager

**FROM:** Daniel Biles, P.E., Director of Engineering Services  
DanB@cctexas.com  
(361) 826-3729

Gustavo Gonzalez, P.E., Director of Water Operations  
GustavoGo@cctexas.com  
(361) 826-1874

**Execute Contract for Professional Services**  
Water Supply Alternative Funding Strategies

**CAPTION:**

Motion authorizing the City Manager, or designee, to execute a Contract for Professional Services with HDR Engineering, Inc. of Corpus Christi, Texas in the amount of \$80,000.00, for Water Supply Alternative Funding Strategies.

**PURPOSE:**

The purpose of this Agenda Item is to execute the Contract for Professional Services with HDR Engineering, Inc. for Water Supply Alternative Funding Strategies.

**BACKGROUND AND FINDINGS:**

The City of Corpus Christi is facing significant water-related supply and infrastructure challenges arising from various factors, including: generalized growth, booming oil/gas industrial development, increased maritime trade, and potential increased wholesale service demands coupled with continuing, perhaps record drought conditions; low lake levels and reliability concerns increasingly-limited, readily-available excess water supply; aging infrastructure; and regulatory compliance issues.

This has necessitated accelerated considerations of funding and constructing the Mary Rhodes Phase II pipeline project and how those costs might be shared with other parties. Also in recent years, the City has made great strides in addressing various utility planning, capital, and funding issues, including an overhaul and reform of its utility rate structures; enactment of a water supply development rate surcharge and associated reserve fund; formal provision of various levels of operating, contingency, and capital reserve accounts; adoption of various other capital program policies; and bringing the CIP process into timing synchronization with the annual budget process. However even with these actions, a more comprehensive array of funding and financing strategies is likely needed to better manage these significant infrastructure costs and their impact on future ratepayers.

The scope of this project includes: (A) an analysis and contract negotiation support for the Mary Rhodes – Phase II project, and (B) an analysis of strategies to manage capital costs and help minimize impacts on customer rates.

**ALTERNATIVES:**

1. Execute the Contract for Professional Services with HDR Engineering, Inc. as proposed.
2. Do not execute the Contract for Professional Services with HDR Engineering, Inc. as proposed.

**OTHER CONSIDERATIONS:**

Not applicable

**CONFORMITY TO CITY POLICY:**

Conforms to statues regarding FY 2012-2013 Water Operating Budget.

**EMERGENCY / NON-EMERGENCY:**

Non-Emergency

**DEPARTMENTAL CLEARANCES:**

Water Department

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year 2012-2013</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$162,748.76		\$162,748.76
Encumbered / Expended Amount		* 23,748.76		23,748.76
This Item		\$80,000.00		\$80,000.00
Future Anticipated Expenditures This Project			\$6,000.00	\$6,000.00
<b>BALANCE</b>		<b>\$59,000.00</b>	<b>\$6,000.00</b>	<b>\$53,000.00</b>

Fund(s): Water Operating \* The \$80,000 item has been encumbered and is reflected in the Appropriation Expenditure Report.

**Comments:** The Contract for Professional Services will result in the expenditure of an amount not to exceed \$80,000.00.

**RECOMMENDATION:**

City Staff recommends the approval of the Contract for Professional Services with HDR Engineering, Inc.

**LIST OF SUPPORTING DOCUMENTS:**

Project Budget  
Contract