



## **AGENDA MEMORANDUM**

First Reading for the City Council Meeting of October 7, 2025  
Second Reading for the City Council Meeting of November 18, 2025

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**DATE:** October 7, 2025

**TO:** Peter Zanoni, City Manager

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<b>Amendment to Landfill Gas and Lease Agreement</b>
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### **CAPTION:**

Ordinance authorizing an amendment to the 30-year ground lease Landfill Gas and Lease Agreement with Corpus Christi Renewables, LLC (CCR) for payment to the City to install and maintain the transmission pipeline from El Centro Landfill to Cefe Venezuela Landfill; to charge CCR a fee for construction of the pipeline up to \$1,208,000.00; to set an annual fee for operation of the pipeline; and to allow CCR to utilize the Cefe Venezuela Landfill gas facility to process gas from El Centro Landfill; and generate additional revenue; and providing for publication and an effective date. (28-day delay required between readings).

### **SUMMARY:**

This ordinance authorizes an amendment to the existing agreement with CCR and will allow CCR to process landfill gas from the privately-owned El Centro Landfill at the City's Cefe Valenzuela gas plant facility. The City's Gas Department will construct and install the pipeline from El Centro to Cefe Valenzuela. The amendment would generate new revenue for the City from two sources: a one-time pipeline construction fee of up to \$1,208,000 and ongoing operational fees estimated at approximately \$246,000 annually.

### **BACKGROUND AND FINDINGS:**

Landfill gas (LFG) contains methane, a valuable commodity, and the City is required to manage the gas to stay in compliance with EPA air regulations. Before having agreement with CCR, LFG was flared for destruction and the process was costly with no economic benefit. On January 24, 2023, City Council approved a 30-year agreement with CCR to convert landfill gas from the City's Cefe Valenzuela Landfill into renewable natural gas. This gas is then sold to a local natural gas pipeline,

with the City receiving a royalty on the sales.

The proposed amendment expands this agreement to include gas from the El Centro Landfill. The City's Cefe Valenzuela gas plant facility has the excess capacity to process this additional gas without compromising the City's own gas collection.

The amendment to the agreement with CCR offers significant financial and environmental benefits to the City and Coastal Bend area. The Solid Waste and Gas departments have evaluated this proposal and recommend its approval based on the following:

- **New Revenue Streams:** The amendment would create new revenue for the City through:
  - **Pipeline Construction Fee:** CCR will pay the City's Gas Department up to \$1,208,000 for the installation of a new pipeline to transport gas from El Centro to the Cefe Valenzuela facility. CCR will supply the materials at CCR's cost and the Gas Department will cover cost of construction and installation under normal operations budget. CCR's payment schedule is outline in the contract amendment. The City will retain ownership of the pipeline upon completion.
  - **Annual Operational Fees:** The Solid Waste Department will charge CCR a fee for using the Cefe Valenzuela gas plant and the City's Gas Department will charge a fee for the ongoing operation and maintenance of the new pipeline. Combined, annual revenue is estimated to be approximately \$246,000.
- **Environmental Benefits:** According to the EPA "Landfill Methane Outreach Program", by capturing and converting additional landfill gas, the project reduces greenhouse gas emissions and provides more renewable natural gas.

#### **Procurement Detail:**

The original agreement was awarded to CCR through a competitive Request for Proposal (RFP) process (RFP 3940) in which twelve firms submitted proposals. A committee of City staff from multiple departments evaluated the proposals, and CCR was selected based on its extensive experience in developing and operating similar high-BTU landfill gas facilities. The company has over 20 years of experience and has completed ten high-BTU Landfill projects, including the operation of the LFG collection system projects, including seven were developed in Texas.

#### **ALTERNATIVES:**

The alternative is to reject this amendment and lose economic benefits for the City and environmental benefits for the Coastal Bend.

#### **FISCAL IMPACT:**

The amendment would generate new revenue for the City from two sources: a one-time pipeline construction fee of up to \$1,208,000 and ongoing operational fees estimated at approximately \$246,000 annually.

#### **FUNDING DETAIL:**

Fund:	4130 Gas Fund
Organization/Activity:	34130 Gas Construction
Department:	11 Gas Department
Project # (CIP Only):	n/a
Account:	343710 Contribution to Aid Construction
Amount:	\$1,208,000.00

Fund: 4130 Gas Fund  
Organization/Activity: 34000 Gas Administration  
Department: 11 Gas Department  
Project # (CIP Only): n/a  
Account: 324201 Transmission Fees  
Amount: \$73,000.00

Fund: 1020 General Fund  
Organization/Activity: 12506 Cefe Valenzuela  
Department: 31 Solid Waste Services  
Project # (CIP Only): n/a  
Account: 343500 Oil and Gas Leases/sales  
Amount: \$50,000.00

Total Amount: \$1,331,000.00

**RECOMMENDATION:**

Staff recommends approval of this amendment as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
Amendment to Landfill Gas and Lease Agreement  
Presentation