

City of Corpus Christi City Secretary's Office Council Action Request

TO: Rebecca Huerta, City Secretary

FROM: Council Member Carolyn Vaughn, At Large
Council Member Eric Cantu, District 3
Council Member Gil Hernandez, District 5

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CITY SECRETARY'S OFFICE


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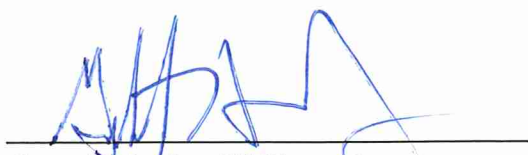
SUBJECT: South Texas Water Authority

ACTION REQUEST:

Per Council Policy 16.d., we are requesting that the following item be placed on the next available City Council agenda, which is June 24, 2025, for discussion and possible action regarding a Memorandum of Understanding (MOU) between the City of Corpus Christi and the South Texas Water Authority.


Council Member Carolyn Vaughn


Council Member Eric Cantu


Council Member Gil Hernandez

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding entered into this the ____ day of June, 2025, by and between the City of Corpus Christi ("City"), a Texas home-rule municipal corporation, whose address is P.O. Box 9277, Corpus Christi, Texas 78469-9277, acting through its duly authorized City Manager, or the City Manager's designee ("City Manager"), which owns a regional water supply system that provides untreated raw water and treated water to municipal and industrial customers, having been issued Texas Commission on Environmental Quality ("TCEQ") Certificate of Convenience and Necessity ("CCN") No. 10554 and South Texas Water Authority ("STWA"), a conservation and reclamation district and political subdivision of the State of Texas, whose address is 2302 East Sage Road, Kingsville, Texas 78363, which owns a water supply distribution system serving water users within the area described in its Certificate of Convenience and Necessity No. 1370035, acting by and through its duly authorized Representative ("District Representative").

WHEREAS, City is a wholesale provider of untreated raw water and treated water to its municipal and industrial customers in the area described in its CCN; and,

WHEREAS, the STWA is a wholesale provider of treated water to its municipal and industrial customers in the area described in its CCN; and,

WHEREAS, STWA is in the process of developing a source of treated water from a brackish water desalination plant; and,

WHEREAS, STWA has entered into a Water Supply Agreement with Seven Seas Water (STWA) USA, LLC (Seven Seas) for Seven Seas to design, permit, construct, finance, and operate a facility for the production and treatment of water to sell up to 3,000,000 million gallons of water per day to STWA; and,

WHEREAS, the area served by the City is experiencing significant draught conditions and as a result City is looking to develop additional sources of water to supplement its existing sources of water; and,

WHEREAS, City is desirous of providing an additional source of water to its municipal and industrial customers by purchasing treated water from STWA; and,

WHEREAS, City and STWA are desirous of entering into a Water Supply Agreement wherein STWA will sell to City, and City will purchase 28,000,000 gallons per day of treated water.

In consideration of the above recitals and the mutual promises, covenants, and agreements in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. The City and STWA will negotiate a Water Supply Agreement ("Agreement") wherein STWA will expand the brackish water desalination plant to be constructed by Seven Seas such that it can sell to City, and City can purchase for resale 28,000,000 gallons of treated water per day.
2. The City and the STWA will negotiate the terms and conditions to be included in the

Agreement to include, but not be limited to the following:

- a. The term of the Agreement.
- b. The use and quantity of water.
- c. The location of the point of delivery between the water delivery system of the City and the water supply delivery system of STWA.
- d. The measurement of the treated water.
- e. The price of the treated water.
- f. How STWA will bill the City.
- g. The City's right to sell to residential and industrial customers.
- h. The effect, if any, on the Treated Water Contract currently existing between the City and STWA.
- i. Remedies in the event of default.
- j. Required regulatory agency approvals.

3. The City and STWA will approve this Memorandum of Understanding on or before June 20, 2025, and will have a Water Supply Agreement approved by the City Council for the City and the Board of Directors of the District on or before August 24, 2025, or this Memorandum of Understanding will no longer be in force and effect.

ACCEPTED and APPROVED on the date set forth above.

CITY OF CORPUS CHRISTI

By _____
Peter Zanoni
City Manager

Approved as to form:

Lisa Aquilar
Assistant City Attorney

SOUTH TEXAS WATER AUTHORITY

By _____
John Marez
Executive Director

Approved as to form:

Charles W. Zahn, Jr.
Attorney for South Texas Water Authority