



AGENDA MEMORANDUM

First Reading for the City Council Meeting of January 10, 2023
Second Reading for the City Council Meeting of January 24, 2023

DATE: December 8, 2022

TO: Peter Zaroni, City Manager

FROM: Michael Murphy, Chief Operations Officer for Corpus Christi Water
michaelmur@cctexas.com
(361) 826-3556

Final settlement to provide reimbursement for backflow prevention program

CAPTION:

Ordinance appropriating \$1,300,000 from the settlement of State of Texas and City of Corpus Christi v. Valero Marketing and Supply Company and Ergon Asphalt and Emulsion, Inc., which was previously approved by City council on September 21, 2021, and which may only be used for a backflow prevention program in accordance with the settlement documents; and amending the operating budget.

SUMMARY:

Resulting from Cause No. D-1-GN-21-006395 State of Texas and City of Corpus Christi V. Valero Marketing and Supply Company and Ergon Asphalt and Emulsions, Inc. is an agreed final judgement. The judgement requires the City of Corpus Christi to achieve the objectives set forth in Attachment A of the agreement which is titled *City of Corpus Christi Backflow Prevention Compliance Project*. To achieve these objectives, the agreement provides funding of \$1,300,000. These funds will be deposited into a trust fund from which the city will request disbursement.

BACKGROUND AND FINDINGS:

Corpus Christi Water has provided a work plan to utilize the settlement funds. The work plan is in full accordance with the established conditions and has been approved within the Agreed Final Judgement. As per the agreement, funding will be utilized for training, an inspection database, customer service inspections, backflow equipment, test kits, and storage of the equipment. CCW has identified vendors and service providers to meet the requirements of this agreement as the funding must be utilized within 365 days of the execution date.

ALTERNATIVES:

The City of Corpus Christi would not be in compliance with the final settlement.

FISCAL IMPACT:

The Backflow Prevention Compliance Project is the City's obligation in the final settlement agreement. The Project will be reimbursed through funds held in Escrow by TexPool deposited by Valero and Ergon as part of the final judgment.

Funding Detail:

Fund:	1052 Water Grants
Organization/Activity:	806023L
Mission Element:	063
Project # (CIP Only) :	n/a
Account:	various

RECOMMENDATION:

Staff recommends approval of the settlement agreement.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Agreed Final Judgement
Presentation