



AGENDA MEMORANDUM

Future Item for the City Council Meeting of April 18, 2017

Action Item for the City Council Meeting of April 25, 2017

DATE: April 10, 2017

TO: Margie C. Rose, City Manager

From: Mark Van Vleck, Assistant City Manager, Public Works, Utilities & Transportation

Thru: Dan Grimsbo, Utilities Executive Director Interim
Clarence L. Wittwer, Director of Water
Esteban Ramos, Water Resource Manager

<p>Resolution of Support for the City of Corpus Christi Application for State Water Implementation Fund for Texas</p>
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CAPTION:

Resolution requesting financial assistance from the Texas Water Development Board for payment of costs of studying, evaluating, determining feasibility of, and undertaking preliminary design work relating to a Seawater Desalination project; authorizing City staff and consultants to coordinate the submission of the application to the Texas Water Development Board for funding from the State Water Implementation Fund for Texas; and other matters in connection therewith.

PURPOSE:

The City of Corpus Christi is working in a collaborative effort with a stakeholder group to evaluate the feasibility of developing a drought-proof seawater desalination water supply. The purpose of the present financial assistance application is to complete the planning phase of this initiative.

The State Water Implementation Fund for Texas is a financial assistance program administered by the Texas Water Development Board and accessed by local governments across the State of Texas. Texas Water Development Board financings provide affordable, state financial assistance for projects in the state water plan. The program helps communities develop cost-effective water supplies by providing low-interest loans, extended repayment terms, deferral of loan repayments, and incremental repurchase terms.

The City is now seeking authorization to submit an application to the Texas Water Development Board for financial assistance (in the form of the Texas Water Development Board deferred loan) in an amount not to exceed \$2,750,000.

BACKGROUND AND FINDINGS:

A collaborative effort was undertaken in Corpus Christi by a diverse stakeholder group to evaluate the feasibility of developing a drought-proof seawater desalination water supply for industrial use. During Phase I of the project, the efforts resulted in the definition and selection of a preferred prospective Industrial Seawater Desalination project. However, there are several fundamental activities that needed additional definition and concurrence prior to initiating of Phase II, the actual project's procurement and implementation. The purpose of the present financial assistance application is to complete the planning phase of this initiative and includes the following components:

- Establish a cost allocation methodology and water utility rate framework for the desalination project;
- Determine the legal, administrative, financial and technical requirements for a local government corporation (LGC) to act as the project agency; evaluate organizational options and assist with designation of a Project LGC;
- Prepare and execute the agreements necessary to support the LGC's role as the project agency;
- Adopt a project procurement methodology;
- Secure funding for the project's late-exit and procurement activities during the 2018 SWIFT funding cycle;
- Examine concentrate management strategies for seawater desalination;
- Select and assist in securing a desalination facility site;
- Develop a Desalinated Water Infrastructure Integration Plan; and,
- Prepare and initiate implementation of a Source Water Characterization Plan;
- Provide outreach to assist in the implementation of desalination activities in Corpus Christi.

ALTERNATIVES:

n/a

OTHER CONSIDERATIONS:

n/a

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

- Bond Counsel
- City Attorney's Office
- Financial Services
- Utilities Department

FINANCIAL IMPACT:

X Not Applicable ☐ Operating Expense ☐ Revenue ☐ CIP

Fiscal Year: 2016-2017	Current Year	Future Years	TOTALS
Line Item Budget			
Encumbered / Expended Amount			
This item			
BALANCE			

Fund(s):

COMMENTS:

n/a

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution