



## **AGENDA MEMORANDUM**

Future Item for the City Council Meeting of May 23, 2017  
Action Item for the City Council Meeting of May 30, 2017 (Tabled to June 13, 2017)

**DATE:** May 23, 2017  
**TO:** Margie C. Rose, City Manager  
**THROUGH:** Mark Van Vleck, Assistant City Manager  
**FROM:** Dan Grimsbo, Interim Executive Director of Utilities  
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Approving an Extension to the Agreement  
with Valero Refining – Texas, L.P. for recycled water

### **CAPTION:**

Motion authorizing the City Manager or designee to execute a Sixty-day Extension to the Agreement for Exclusive Reservation of Recycled Water with Valero Refining – Texas, L.P. (Valero) for 4 million gallons per day (mgd).

### **PURPOSE:**

To obtain Council's review and approval; for the Sixty-day Extension to the Agreement for Exclusive Reservation of recycled water with Valero Refining.

### **BACKGROUND AND FINDINGS:**

In 2013, Valero expressed an interest in exploring the possibility of receiving and using the City's recycled water for cooling tower and other industrial use applications at both of its local Refineries doing business as the Valero Corpus Christi West Refinery and the Valero Corpus Christi East Refinery.

On December 17, 2013, the City of Corpus Christi and Valero Refining-Texas, L.P., entered into an Agreement for Exclusive Reservation of Recycled Water, out of the Broadway Wastewater Treatment Plant, with a term of nine months, with an option to extend the Reservation Agreement for an additional three month period.

During the initial reservation agreement term, Valero expressed preference to use the recycled water from the Greenwood Wastewater Treatment Plant (GWWTP) in lieu of the recycled water from the Broadway Wastewater Treatment Plant (BWWTP). The agreement was amended twice and extended most recently in December 2015 for additional periods which will expire on June 16, 2017.

A short-term extension to the reservation agreement totaling an additional 60 days is presented for City Council consideration to allow time for the adoption of Wastewater Management Plan by

City Council at which time a longer-term agreement could be put in place.

Under the terms of this Extension to the Agreement for Exclusive Reservation, the City agrees not to enter into any other agreement or reservation for treated wastewater effluent that would in any way restrict the City's ability to furnish Valero the 4.0 MGD of treated wastewater effluent subject to this extension.

**ALTERNATIVES:**

1. Authorize the Extension to the Agreement as proposed.
2. Request changes to the proposed Extension to the Agreement.
3. Deny authority to execute the Extension to the Agreement.
4. Deny authority to execute the Amendment and Extension to the Agreement and direct staff to issue an RFP for Industrial use of the City's recycled water.

**OTHER CONSIDERATIONS:**

The city's wastewater treatment plants produce recycled water that is classified as Type II reclaimed water. TCEQ has granted the City certain authority to deliver its recycled water for the Type II uses allowed under Chapter 210 of the Texas Administrative Code (TAC).

Some of the City's golf course and cemetery customers use the City's recycled water for the Type II-allowable use of irrigating their golf courses and cemeteries. Although the law also allows for the use of Type II for cooling towers and other industrial applications, none of the City's Industrial district customers are using the City's recycled water at this time.

**CONFORMITY TO CITY POLICY:**

This item conforms to City policy to obtain Council's approval and authority to grant an interest in real property or the city asset of water, which is considered to be a real property-like asset. For our purposes here, the term water as used in this section includes treated wastewater, also known as "effluent", or "recycled water".

An industrial water customer's use of the City's recycled water for allowable industrial uses is consistent with the City's water conservation policies.

**EMERGENCY / NON-EMERGENCY:**

Non-emergency.

**DEPARTMENTAL CLEARANCES:**

Legal

**FINANCIAL IMPACT:**

☐ Operating      ☒ Revenue      ☐ Capital      ☐ Not applicable

<b>Fiscal Year: 2015-2016</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s): Water

**Comments:**

**RECOMMENDATION:**

Approval of the Reservation as proposed.

**LIST OF SUPPORTING DOCUMENTS:**

Agreement for Exclusive Reservation of Recycled Water approved December 17, 2013  
(First) Amendment and Extension to the Agreement approved December 16, 2014  
(Second) Amendment and Extension to the Agreement approved December 15, 2015  
Extension to the Agreement for Exclusive Reservation of Recycled Water Between Valero  
Refining-Texas, L.P. and City of Corpus Christi