

CITY OF CORPUS CHRISTI

CORPUS CHRISTI WATER

TO: Peter Zandoni, City Manager

FROM: Nicholas Winkelmann, P.E., Chief Operating Officer 

COPY: Mayor & City Council

SUBJECT: WATER SUPPLY UPDATE NO. 64

DATE: July 10, 2026

Corpus Christi Water (CCW) continues to advance multiple water projects to add new water supply sources. The strategic goal is to develop a diversified water supply portfolio comprising groundwater, wastewater reuse, seawater, and surface water.

Groundwater

Evangeline Groundwater Project

The San Patricio County Groundwater Conservation District (SPGCD) has retained Judge York for the Contested case hearing for the drilling and transport permits that were submitted by the Evangeline Laguna. The SPGCD has yet to provide any scheduling details regarding the next steps for the contested case process.

Engineering and construction work on this project continues to progress by both Pape Dawson Engineers (Pape) and Garney Construction (Garney). Deliveries of the required High-Density Polyethylene (HDPE) and Polyvinyl Chloride (PVC) water line piping continue, with 2,756 linear feet (LF) delivered this week. As of July 10, 152,600 LF of HDPE and PVC water line have been delivered to the site, and 10,105 LF of pipeline has been installed. The installation of 36" HDPE will begin next week with the mobilization of the second pipe installation crew. Additionally, deliveries of long-lead materials such as valves, piping, fittings, and well casing are ongoing.

On July 1, Pape Dawson submitted their 100% design documents to CCW for review. A review meeting with City and CCW staff is scheduled for this month to complete the design process.

Due to permitting delays, water is not expected to be supplied in 2026. If permits are obtained by August 1, then the delivery of water would be projected to begin in January 2027. The schedule will continue to be updated as more details become available from the SPGCD. The next board meeting for the SPGCD is scheduled for July 24.

The total expenditure for this project to date, including professional services, construction services, legal, and administration, is \$66,366,733.

On February 17, the Council approved the purchase of groundwater rights at Li Ranch. The closing condition requires the seller to obtain permits for production, drilling, and transportation. Hydrogeologists have identified potential well locations, and the site has been surveyed. This information will be provided to the seller to initiate the well drilling permit application process.

Nueces Groundwater Program

Progress of the Nueces Groundwater Program continues with test drilling, geophysical logging, and other infrastructure improvements. A request was made to the Corpus Christi Aquifer Storage and Recovery Conservation District (CCASRCD) to spread the approved production across an additional well in the Western Wellfield. No additional production request was made. The purpose of the request is to enable the City to optimize wellfield operations, increase system reliability, and optimize pumping distribution across available wells. This management strategy is designed to optimize the hydrogeologic efficiency of the wellfield. At the June 26 board meeting, the decision to consolidate the production permit was deferred. Interim approvals were granted to facilitate ongoing construction of additional wells.

The Eastern and Western Wellfields continue to operate in accordance with the water monitoring protocols established in the bed and banks permit. Over the past seven days, the production from the Nueces Groundwater Program has been 07/09 9.8 million gallons (MG), 07/08 11.9 MG, 07/07 9.7 MG, 07/06 12.2 MG, 0705 13.3 MG, 0704 12.9 MG, 0703 14.8 MG.

The permanent pumping assembly for the ninth well in the Western Wellfield was installed this week, with startup scheduled for this weekend. The design of the pumping assembly for the tenth well has been completed so materials can be procured. The pumping performance test for the eleventh well is expected to start on Monday, with water quality testing to follow.

Test holes and geophysical logs have been completed for multiple well locations on the Ed Rachal property. Well designs for two of the wells will be completed and finalized today, allowing procurement of production screens.

Nueces Electric Cooperative is making steady progress on infrastructure enhancements to provide permanent power to the Western Wellfield. The infrastructure upgrades along FM 624 are projected to be finalized by the end of July. All improvements are essential to support the operation of twelve wells with a reliable, permanent electric supply.

CCW continues to work with its hydrogeologist to gather data, update models, and enhance infrastructure to ensure effective monitoring of water levels and quality. The infrastructure work includes adding more monitoring wells and subsidence monitoring stations. The information will support the preparation of reports and annual groundwater production forecasts, in accordance with the requirements of the groundwater district and state agencies. Future model runs will be conducted as City staff receive updated data, enabling more realistic production scenarios. The water supply diversification strategy includes this program, which will supplement other sources during intermittent periods.

As of today, the current expenditure for the Eastern Wellfield Project is \$18,704,353, and for the Western Wellfield Project is \$35,673,750. The Texas Water Development Board approved the \$30,000,000 grant on January 21.

Brackish Groundwater Reverse Osmosis Treatment Project

Garver Engineering continues designing the conveyance line, with engineering work at 90%. This portion of the project will convey water from the Western Wellfield to the O.N. Stevens Water Treatment Plant (ONSWTP) without using the Nueces River. This work will be carried out in five distinct construction packages. One package is complete, and the remaining packages are nearing completion. The contractor for the initial phase of this line is under contract and scheduled to begin next week. Three additional contracts associated with the conveyance line are expected to be executed within the next couple of weeks. A pump station will be constructed at the Western Wellfield to complete the conveyance of groundwater to the Brackish Reverse Osmosis plant. The conveyance line and well field pump station are expected to be online by the end of December 2026.

Garver Engineering is working to complete the full design package for the Brackish Reverse Osmosis Plant and all required infrastructure at ONSWTP. Aqualia is providing its design drawings for the treatment equipment to be incorporated into the full design package. The design package, including the required electrical improvements, is currently 60% complete. The overall plant permitting package required for the Texas Commission on Environmental Quality (TCEQ) is expected to be completed in August.

CCW, Garver Engineering, and Intera met this week to discuss the design of the proposed injection well for this project. Subsequent meetings with TCEQ are to be scheduled to further discuss this permitting process.

The expected water delivery via the Brackish Reverse Osmosis process, using the Brackish Groundwater Reverse Osmosis treatment equipment provided by Aqualia, is 3.91 MGD in February/March 2027, 5.3 MGD in May 2027, 5.3 MGD in September 2027, and 6.7 MGD in March 2028, for a total of 21.3 MGD.

The current expenditure for this project is \$18,357,139.

Seven Seas Water Group

Seven Seas holds an option on approximately 5,000 acres of land and aims to secure additional properties if the project proves feasible. Seven Seas has finalized a contract to drill a test well on the site, which is critical for conducting an aquifer test and a hydrogeologic study of the region. The driller contracted by Seven Seas has begun mobilization this week. The test well and testing are expected to be completed by the end of July. Hydraulic and water testing analysis will be conducted in August.

CCW will conduct a hydraulic review of the water system to determine how water produced by this facility could be integrated into the overall distribution system.

Wastewater Reuse

Reclaimed Water Infrastructure Project

This project involves delivering reclaimed water from the Oso Wastewater Treatment Plant to the Greenwood Wastewater Treatment Plant. The infrastructure includes 10.5 miles of 36-inch force main, pump stations, electrical systems, and other mechanical appurtenances. All required TxDOT permits have been obtained, and construction is expected to begin within the next month.

This project is part of the larger Wastewater Reuse Initiative, which will deliver approximately 11 million gallons per day (MGD) of reclaimed water to various entities as contracted. The GMP for total construction, including the reclaimed water transmission main, pump station, wet well, and related infrastructure, is \$107,531,622. The final phase of this project is expected to be completed in mid-2027.

The current expenditure for this project is \$2,297,982.

Valero plans to use 3 MGD in the initial phase of its project, expanding to up to 8 MGD in subsequent phases. Valero has begun construction, including a pipeline bore under I-37. To date, contractors have installed 20,000 LF of twenty-four-inch pipe. The complete conveyance line is approximately nine miles long. The 10-million-gallon ground storage tank is 60% designed. Valero is expected to begin using effluent water later this year.

Flint Hills Resources (FHR) is progressing quickly on its construction schedule and aims to begin using the effluent water within the next few months. Construction activities by FHR at the Allison Wastewater Treatment Plant remain ongoing. FHR anticipates starting at 1 MGD and increasing to 3 MGD in later phases. FHR is expected to begin utilizing effluent water later this year.

Ongoing discussions with other stakeholders are progressing on future effluent supply agreements and potential end users.

Seawater

Inner Harbor Seawater Desalination

On June 2, City staff presented a contract proposal with the Corpus Christi Desal Partners (CCDP) for review. At the meeting, Council approved a motion to postpone the decision until September 1, 2026, though the impact of this delay on the preliminary guaranteed maximum price (pGMP) remains uncertain.

The timeline for the upcoming project loan milestones was reviewed at the recent Council meeting. The City plans to request a restructuring of the SWIFT Loan to adjust key milestone timelines due to the delay. The request was formally submitted to the Texas Water Development Board (TWDB) on June 18, 2026. The next TWDB meeting is scheduled for July 23. It is currently unknown whether this request will be on the agenda.

On June 30, the City Council did not approve City staff proceeding with the completion and submission of a grant application for the Bureau of Reclamation WaterSmart program. The application deadline is August 26. The Bureau of Reclamation had approved the Inner Harbor project as feasible and eligible for the grant.

Spheros Environmental submitted a draft far-field model report to CCW. Under the original work plan, Plummer and Associates, the City's consultant, will conduct an independent technical review of the report. The report is expected to be finalized by the end of July. Once finalized, it will be posted on the website for public access.

This week, City and CCW staff met with Dr. Wetz and Dr. Herzka, along with Dr. Stanzel, the executive director of the Coastal Bend Bays and Estuaries. During the meeting, staff was informed that the Coastal Bend Bays and Estuaries group will submit a plan to review the far-field modeling data, including analysis from a contracted modeler. The data is expected to be provided to the Coastal Bend Bays and Estuaries on Monday, July 13. Once this review plan and approach are provided, the timeline will be shared.

Previous documents regarding current and prior modeling and aquatic life assessments are available on the project page at www.securingswater.corpuschristitx.gov.

NRA - Harbor Island Seawater Desalination Project

On July 7, City staff and CCW met with the Nueces River Authority (NRA) and two of its design engineers, LAN and HDR, to discuss the project and review the preliminary design concepts for the pumping system and conveyance line. As a result of this meeting, CCW and its engineering team will analyze the alignment to identify the optimal connection point. Additionally, CCW will conduct hydraulic modeling and other analyses to complete preliminary engineering assessments, providing insights into the costs associated with the City's portion of the project.

NRA stated that their development partner, IDE, is currently advancing the project design from pre-design to 30%. They are also preparing a Class 4 construction estimate to identify the potential cost of treating water at this facility. This work is planned to be completed in 90 to 120 days.

A stakeholder group for the project has also been formed, which will include representatives from each entity participating in the project through the development fee. The group's intent is to provide an opportunity for the NRA to share updates and direct information with its project partners. The project currently has an anticipated plant cost of \$6.2B.

On June 17, TCEQ approved the final water rights permit for Harbor Island. Although an approved 50 MGD discharge permit already exists, the plan is to forgo it and instead use the TCEQ draft offshore discharge permit for the plant, which is expected to receive full approval by the end of the calendar year. A modification to one of the General Land Office's issued permits has also been requested.

Barney Davis Seawater Desalination Project

The City is working with CPS Energy to schedule a meeting with the new interim CEO, Mr. Frank Amaraz. The meeting is intended to confirm prior discussions with CPS Energy and to further discuss next steps for pursuing seawater desalination at the Barney Davis site. Per CPS Energy staff, the meeting is expected to take place in three weeks.

CCW will be finalizing a contract with HDR to support strategic planning for the Barney Davis Seawater Desalination project. This includes coordinating with CPS Energy and preparing to proceed under a public-private partnership (P3) arrangement. Additionally, RSAH2O is providing professional services associated with the further review of a Public Utilities Agency (PUA).

CC Polymer (Aquatech)

CCW, City staff, and Aquatech met five times to review the project scope, timelines, operational strategies, and the letter of intent. Aquatech will establish a Special Purpose Vehicle (SPV) for this project. This entity will, in turn, issue construction and operational contracts to Aquatech.

During this week's meeting, Aquatech reviewed the timeline in detail. Key components of this timeline, which are initiated upon execution of a water sale agreement, include the following:

- Six months maximum for the establishment of the SPV, and the Financial Investment Decision to start after the execution of the water sale agreement
- Twelve months for the build-out of the plant and the construction of the potable water infrastructure after the Final Investment Decision, with the ability to provide 9.4 MGD
- Six additional months for the ability to provide a total of 12.5 MGD
- Eighteen additional months for the ability to provide a total of 14 MGD

Following the completion of the Final Investment Decision, construction activities will work in parallel.

City staff was informed that no modifications are required to the existing TCEQ intake and discharge permit. However, a TCEQ permit will be required for plant operation as a potable water supply. Additionally, to increase capacity by 5-6 MGD, a modification to the water-right (consumptive-use) permit will be required. Aquatech proposes a 25-year agreement.

CCW is currently modeling the connection point and the integration of this additional water into the distribution system.

The draft non-binding letter of intent has been received and is expected to be executed by the City early next week.

Surface Water

Western Reservoirs (Lake Corpus Christi and Choke Canyon Reservoir)

As of today, Lake Corpus Christi is at 34.3% capacity as compared to 21.4% one year ago.

Choke Canyon Reservoir is at 8.2% capacity as compared to 13.0% one year ago.

The combined Western Reservoir capacity is 15.5%, compared with 15.4% a year ago.

Lake Texana

As of today, the Lavaca Navidad River Authority (LNRA) reports that Lake Texana's reservoir is 98% full, compared with 100% at this time last year.

Lower Colorado River

The Lower Colorado River is managed by the Lower Colorado River Authority (LCRA). The City of Corpus Christi holds an annual run-of-river right of 35,000 acre-feet. Currently, there are no notices of potential restrictions from LCRA.

Status of Water Rate Appeals through the Public Utilities Commission (PUC)

In March 2024 and March 2025, Outside-City-Limits (OCL) ratepayers, led by large-volume customers, appealed their water rates to the Texas Public Utility Commission (PUC). The cases were consolidated under PUC Docket 56427. On May 1 and May 8, the PUC Staff filed direct testimony recommending an adjustment of approximately \$6,400,000 to 2024 rates and no adjustment to 2025 rates.

City staff and consultants prepared for the hearing on the merits, which was originally scheduled from June 24 to 26. This week, City staff was informed that the hearing will be postponed at the request of OCL ratepayers. The new date is set for the week of July 13. The rescheduled hearing will involve multiple City staff members, consultants, and legal representatives over three days. The process will continue according to the current schedule detailed below.

May 1, 2026	PUC Staff provided Direct Testimony on the recommended revenue requirement.
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[On March 16, witnesses for the OCL ratepayers filed direct testimony cumulatively proposing adjustments of \$39.9 million in 2024 and \$36.8 million in 2025. On May 1 and May 8, the PUC Staff filed direct testimony recommending approximately \$6.4 million in adjustments for 2024. The PUC Staff recommended no adjustments to 2025 rates.]

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May 1, 2026	PUC Staff provided Direct Testimony on the recommendation for rate-case expense recovery. [PUC Staff recommends full recovery of the City's rate appeal expenses incurred through December 31, 2025, in the amount of \$453,771.]
May 8, 2026	PUC Staff provided Direct Testimony regarding cost allocation and rate design. [The City's attorneys and consultants are reviewing the recommendations.]
May 8, 2026	Objections to PUC Staff Direct Testimony. [None were filed.]
May 15, 2026	Responses to Objections to PUC Staff Direct Testimony
May 18, 2026	Deadline to send discovery on PUC Staff Direct Testimony. [AWCC on behalf of petitioners filed Request for Information to Commission Staff regarding Staff's recommended increase in large volume user minimum from \$24,202 to \$34,417.]
May 22, 2026	City Rebuttal Testimony [City is filing rebuttal testimony of 5 witnesses.]
May 27, 2026	Objections to City Rebuttal Testimony [None have been filed.]
June 3, 2026	Responses to Objections to City Rebuttal Testimony
June 5, 2026	Deadline to take depositions on all parties
June 5, 2026	Deadline to file dispositive motions, if any
June 5, 2026	Deadline to supplement discovery on direct testimonies
June 8, 2026	Deadline to serve discovery on City Rebuttal Testimony
June 12, 2026	Deadline for responses to dispositive motions, if any
June 17, 2026	Submission of Witnesses to be Cross-Examined
June 17, 2026	Deadline for prehearing submissions, including Hearing Exhibits, Witness Lists, and Final Waivers of Cross-Examination
June 17, 2026	Deadline for prehearing filings

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June 17, 2026	Prehearing Conference (via videoconference)
July 13 - 15, 2026	Hearing on the Merits (via videoconference)
August 5, 2026	Initial Briefs – Date to be revised once we have more information from the Hearing on Merits
August 19, 2026	Reply Briefs – Date to be revised once we have more information from the Hearing on Merits. [Including proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs]

The City is using NewGen Strategies & Solutions LLC as its expert witness. Lloyd Gosselink Attorneys at Law represents the City in this matter.

Upcoming Community Engagement

CCW will host the following community engagement events to discuss advancement of new water supply projects and the strategic plan to diversify the water supply portfolio.

Wednesday, July 15	Ethel Eyerly Senior Center, 654 Graham Road District 4 - 6:00 pm to 7:00 pm
Thursday, August 6	Grace United Methodist Church, 14521 Northwest Boulevard District 1- 6:00 pm to 7:00 pm
Wednesday, August 26	Antonio E. Garcia Arts & Education Center, 2021 Agnes St. District 1- 6:00 pm to 7:00 pm
Wednesday, September 16	Lindale Senior Center, 3135 Swantner Drive District 2- 6:00 pm to 7:00 pm