

**CITY OF CORPUS CHRISTI
CORPUS CHRISTI WATER**

TO: Peter Zanoni, City Manager
FROM: Nicholas Winkelmann, P.E., Chief Operating Officer
COPY: Mayor & City Council
SUBJECT: WATER SUPPLY UPDATE NO. 58
DATE: May 29, 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

On April 28, the San Patricio Groundwater Conservation District (SPGCD) convened a preliminary hearing to review protests related to Evangeline Laguna LP (Evangeline) well drilling and transport permits. Administrative Law Judge Alicia Franklin York (Judge) presided over the hearing, which included testimony from legal and technical experts representing the protesting parties and Evangeline. On May 15, the Judge issued an opinion finding standing for all Protestants and recommending that the requested contested case be granted as to all permit applications, including 22 drilling permits and transport permit for The City of Sinton and the St. Paul Water Supply Corporation. Additionally, Mr. Charles Ring was granted standing to protest the transport permit. Mr. Ring has removed his request for consideration in an additional protest of the drilling permits.

As the opinion indicates, sufficient testimony was presented to recommend a full contested case hearing for the Protestants. SPGCD has determined that Judge York will also preside over the contested case hearing. The City anticipates that the next steps in this process will be communicated to the parties in the near future.

On April 2, a request was submitted to the SPGCD to issue emergency drilling and transport permits for eleven wells. The eleven wells identified in the request are the farthest from the Protestants' well locations. It is expected that the board will consider Evangeline Laguna's request for emergency drilling permits at the next board meeting. The next board meeting of the SPGCD has yet to be scheduled.

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Additional well permit applications have also been filed with the SPGCD from both Steel Dynamics and the San Patricio Municipal Water District (SPMWD). It is likely that a public hearing for these permits will also be scheduled.

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. As of today, 72,688 linear feet of HDPE and PVC water line have been delivered to the site. The total amount of water line required for the project is 113,000 linear feet. City staff met with one of the two selected drilling contractors this week to discuss potential schedule impacts resulting from the permitting delays.

Site work continues to prepare construction pads and facilitate pipeline installation. Crews have cleared 38,200 feet of right-of-way, enabling pipeline installation to commence. Two additional pipeline crews are scheduled to mobilize within the next 45 days to accelerate pipeline installation. AEP is scheduled to deliver power to the first four wells by August 1.

The delivery date for water for this project will be adjusted once the City has more information on the SPGCD's timeline for the next steps.

The total expenditure for this project to date, including professional services, construction services, legal, and administration, is \$46,312,279.

On February 17, the Council approved the purchase of groundwater rights at the Li Ranch. A condition for closing the deal is that the seller obtain permits for production, drilling, and transportation. Hydrogeologists have identified potential well locations, and the site has been surveyed with these locations in mind. This information will be provided to the seller so that they can begin the well drilling permit application process.

Nueces Groundwater Program

As of today, the current expenditure for the Eastern Well Field Project is \$18,521,619, and for the Western Well Field Project is \$28,488,932. The Texas Water Development Board approved the \$30,000,000 grant on January 21.

Production from the wells in the Nueces County Groundwater Program continues to comply with the water monitoring plan specified in the Bed and Banks permits. The system includes sixteen fully operational wells: eight powered by natural gas generators, five by permanent electric power, and three by temporary diesel-electric generators.

Test pumping and water quality sampling for the ninth well of the Western Well field have concluded. Production screen installation on the tenth well will be completed this week. Crews will then continue with well development, test pumping, and water quality testing next week. Test drilling for well design and material procurement continues on the additional planned wells.

Production of wells from the Nueces Groundwater Program was temporarily halted over the weekend due to precipitation from weather events. The runoff between the Wesley Seale Dam and

the Calallen barrier caused a significant rise in river water levels. Well operations resumed on Monday, May 25, but were paused again on Wednesday morning, May 27. The program will restart once excess water no longer flows over the Calallen barrier and/or when water is needed for additional supply.

Brackish Groundwater Reverse Osmosis Treatment Project

Garver Engineering continues designing the conveyance line, with the 75% submittal expected within a week. City staff continue meeting with local contractors to discuss construction. Delivery of pipe materials for the conveyance line has begun for both the 36" HDPE water line and the 3" fiber-optic conduit. These materials are being delivered to the ON Stevens Water Treatment Plant for staging. As of today, 1,872 linear feet of HDPE pipe have been delivered.

The initial construction package for the conveyance line is approximately 90% complete, with City staff finalizing comments. The comprehensive Phase 1 package will be delivered to the contractor by mid-June. As materials are already arriving, construction is anticipated to commence shortly after the full set of plans is provided. The project will be executed through four distinct construction packages.

Two 500,000-gallon ground storage tanks have been procured for installation at the O.N. Stevens Water Treatment Plant (ONSWTP), which will be a required component of the Brackish Reverse Osmosis treatment system. Additionally, a 3,000,000-gallon ground storage tank has been secured for the pump station at the Western Well Field. CCW Engineering has completed the design of the pump equipment for these pump stations, and the pumps have been approved for manufacturing.

It is expected that the conveyance line and well field pump station will be online by the end of December 2026.

Design work proceeds on discharge options for the Reverse Osmosis Plant, including evaporative ponds, an injection well, and surface discharge. Initial discussions with TCEQ have been held to address permits for the treatment plant, conveyance line, and discharge methods. Preliminary engineering efforts for the injection well design remain underway.

CCW is working with AEP and HDR on the electrical service and upgrades required at the ONSWTP for the pumping equipment and the reverse osmosis treatment process. AEP has confirmed that power is available to support the phased implementation and startup of the treatment equipment. The phased implementation will align with the delivery of the reverse osmosis treatment units.

The expected water delivery via the Brackish Reverse Osmosis process 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 \$13,987,500.00

Seven Seas Water Group

On May 5, Council authorized City staff to negotiate with the Seven Seas Water Group (Seven Seas) on a brackish reverse osmosis project in Nueces County.

CCW previously engaged with the Seven Seas Water Group (Seven Seas) to explore a potential project. 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 is also in the process of finalizing 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.

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

Wastewater Reuse

Reclaimed Water Infrastructure Project

On May 12, Council approved a Construction Manager at Risk (CMAR). The CMAR contractor will work closely with design engineer Ardurra to expedite construction of a conveyance line connecting Oso WWTP to Greenwood WWTP. This project aims to support the use of approximately 10 MGD as part of the broader Wastewater Reuse Project. The contract is scheduled for execution within the next week.

Ardurra has completed 60% of the design, with the remaining 40% estimated to be completed by June 26. Work is ongoing to identify potential land and easement acquisitions for the pipeline and pump station at the Oso WWTP. City staff met with TAMUCC representatives to further discuss the additional property required at the Oso WWTP to accommodate the new pump station. The first phase of this project will begin before the full engineering plans are completed.

Ongoing discussions with other entities are in progress regarding future effluent contracts and potential end users. Council has approved agreements with Valero and Flint Hills Resources (FHR). Both companies are actively working to enhance their delivery schedules to minimize potable water usage as soon as possible. Valero plans to use 3 MGD in the first phase of its project and up to 8 MGD in the second phase. Flint Hills Resources anticipates 1 MGD in the initial phase and up to 3 MGD in the subsequent phase. Both companies are committed to expediting their project timelines to enable the use of wastewater effluent in their operations.

Seawater

Inner Harbor Seawater Desalination

City staff have worked with the Corpus Christi Desal Partners (CCDP) to finalize a contract to present for Council consideration on June 2, 2026. The scope of the contract includes engineering services to 60% design, construction, and operation of a demonstration plant, coordination of the

demonstration plant with TCEQ, and development of a Guaranteed Maximum Price (GMP). The value of this contract is \$78,610,000. CCDP anticipates that this work will take approximately 12 months from the date of contract execution. The established preliminary guaranteed maximum price (pGMP) for the entire project is set at \$978,770,000.

CCW and City staff continue to meet with the Texas Water Development Board (TWDB) to provide project status updates and outline the requirements for the approved SWIFT Loan. Next steps include preparing draft schedules in June, finalizing finance agreements by September, and disbursing bond funds later in the year, contingent upon an affirmative vote on the contract with CCDP scheduled for June 2. If a negative vote occurs, CCW and City staff will collaborate with TWDB to determine subsequent actions and assess the possibility of loan defeasance.

On May 15, the Bureau of Reclamation informed CCW that the City will receive a formal memo endorsing the review team's recommendation to approve the feasibility study for the Inner Harbor project. This official communication advances the grant application process to the next stage to secure funding. City staff is actively working with the Bureau of Reclamation regarding this potential grant.

The Far Field Advisory Committee convened its eighth meeting on May 28. During the session, the modeling contractor, Spheros, delivered the final analysis of the model results, incorporating committee input, and completed multiple model runs related to the bay system.

The modeler's conclusions, presented at the meeting, are as follows:

- 3D far-field modeling shows that the introduction of desalination discharge into the Inner Harbor may increase daily stratification locally by up to 2 ppt
- Changes to stratification events dissipate due to tides and other environmental conditions over a time scale of 2 weeks to 1 month
- Outside of Inner Harbor and Corpus Christi Channel stratification changes are generally less than 0.5 ppt
- Dissolved Oxygen was not modeled in this study; however, these findings suggest the risk of desalination discharge exacerbating dissolved oxygen deficits in areas outside of the Corpus Christi Channel and Inner Harbor appears to be minimal

At the June 2 Council meeting, the Far Field Model Results are scheduled to be presented to Council. Additionally, Council will consider the CCDP and the owner's representative contracts for approval.

NRA - Harbor Island Seawater Desalination Project

The NRA evaluation committee continues to review the qualifications of the project's development partner. IDE Technologies was selected as the development partner for this project at the board meeting this week.

LAN continues engineering work on the conveyance line. The pre-approval process with Water Utility Contractors has begun, focusing on the construction of the conveyance line and pump stations. CCW is scheduling a meeting with LAN to discuss the alignment of the conveyance line and the potential connection point.

TCEQ issued a draft intake and discharge permit for this facility. A public meeting on the discharge permit was held on May 27.

Barney Davis Seawater Desalination Project

On March 17, the Council approved a motion authorizing City staff to work with CPS Energy in exploring options for establishing a seawater desalination treatment plant adjacent to the Barney Davis Power Plant. On April 24, City staff met with CPS Energy representatives to reaffirm CPS Energy's commitment to coordinate with the City on a seawater desalination project at the Barney Davis Power Plant. A subsequent meeting with CPS representatives is scheduled for the week of June 1 to discuss potential next steps and the possibility of forming a Public Utility Association.

CC Polymer (Aquatech)

On March 24, the Council approved a motion authorizing City staff to negotiate a water supply agreement with Aquatech, which has agreed with CC Polymers to complete the plant, install the necessary infrastructure, and obtain all required permits to operate the existing desalination facility and to sell water to the City.

CCW, City staff, and Aquatech met on May 7 to discuss the project. During this meeting, Aquatech advised that 8 MGD of the 9.4 MGD capacity would be available one year after contract execution and financial closure, with an additional 5 to 6 MGD accessible two years later. City staff were informed that no permit modifications would be needed for the current TCEQ intake and discharge permit. However, a TCEQ permit will be required for the plant to operate as a potable water supply facility.

Aquatech provided a letter of intent this week to detail their project approach. This information will be reviewed, and a follow-up meeting with the Aquatech representatives will be scheduled during the week of June 1.

Additional Seawater Desalination Project

On May 5, Axe H2O presented to the Council a proposal for a potential seawater desalination plant on the south side of Corpus Christi. CCW and City staff have been in contact with Axe H2O representatives and are awaiting additional information to evaluate the contractual terms and the feasibility of their proposed business concept. This information has not yet been provided by Axe H2O.

Surface Water

Western Reservoirs (Lake Corpus Christi and Choke Canyon Reservoir)

As of today, Lake Corpus Christi is at 19% capacity, with 48,726 acre-feet of water stored. Choke Canyon Reservoir is at 7.9% capacity, with 52,567 acre-feet of water stored.

Lake Texana

As of today, the Lavaca Navidad River Authority (LNRA) reports that Lake Texana's reservoir is 100% full, compared with 79% at this time last year. LNRA also informed CCW that it is reviewing its current Drought Contingency Plan to potentially modify it for the next calendar 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.

Water Conservation Advisory Committee

The Water Conservation Advisory Committee met on April 24 for a final review of the updated plan. The completed plan was presented and approved at the Council meeting on May 19. The revised plan will be finalized to post on the website over the next one to two weeks.

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 March 16, witnesses for the OCL ratepayers filed direct testimony, collectively proposing adjustments of \$39,900,000 in 2024 and \$36,800,000 in 2025. 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. The process will continue according to the current schedule detailed below.

May 1, 2026

PUC Staff provided Direct Testimony on the recommended revenue requirement.

[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
 - June 17, 2026** Prehearing Conference (via videoconference)
 - June 24-26, 2026** Hearing on the Merits (via videoconference)
 - July 10, 2026** Initial Briefs
 - July 24, 2026** Reply Briefs
- [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.

Community Engagement

- June 3, 2026** Community Input Session at CCPD Police Training Academy, 6:00 p.m.

Projected Delivery of New Water Sources

The Evangeline project will be updated once the City has greater certainty about SPGCD timeline and next steps. CCW expects the reuse estimates to improve, but City staff must first verify additional information before estimated delivery dates can be adjusted.

2026 Projected Delivery of Additional Water (MGD)														
Source	Project	J	F	M	A	M	J	J	A	S	O	N	D	Total
Groundwater	WWF River Delivery			6	4	3	4							17
Groundwater	ERF Property (WWF Extension)						4	3	2					9
Groundwater	Evangeline	<i>To be determined depending upon further communication from the SPGD</i>										4	1	5
Reuse	FHR										1			1
Total														32

2027 Project Delivery of Additional Water (MGD)														
Source	Project	J	F	M	A	M	J	J	A	S	O	N	D	Total
Groundwater	Evangeline	2	1	1	2	1	1	2	1	1	2	1	1	16
Reuse	FHR												1	1
Reuse	Valero	3												3
Total														20

2028 Project Delivery of Additional Water (MGD)
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Source	Project	J	F	M	A	M	J	J	A	S	O	N	D	Total
Groundwater	Evangeline	2	1											3
Reuse	Valero	5												5
Reuse	Additional Customers	6												6
Total														14

Notes:

- 1) Western Well Field (WWF)
- 2) The projected delivery for each of our new water supply sources will be updated weekly as various factors influence the completion and partial completion of each project.
- 3) EWF and WWF daily production is dependent upon adherence to the operating protocol established by the bed & banks permit.
- 4) Evangeline Production estimates will be updated once there is more certainty of the timeline for the next steps in the permitting process.
- 5) Well Production is dependent upon results from pumping and aquifer testing
- 6) Reuse is an offset of the potable water demand