


**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. 63
DATE: July 2, 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 potential schedule and next steps for this process should be provided to all parties within the next week.

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 2, 152,801 LF of HDPE and PVC water line have been delivered to the site, and 8,499 LF of pipeline has been installed. One pipe crew and four support crews are on site, with an additional crew expected to mobilize by the end of next week. Approximately 60 crew members, along with various subcontractors, are on site. 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. The schedule will continue to be updated as more details become available from the SPGCD.

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

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 the addition of more monitoring wells and also 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.

Development of the Nueces Groundwater Program continues with test drilling, geophysical logging, and other infrastructure activities on the Extension to the Western well field. Recently, 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 Well Field. No additional production request was made. The purpose of the request is to enable the City to optimize well field operations, increase system reliability, and optimize pumping distribution across available wells. This management strategy is designed to optimize the hydrogeologic efficiency of the well field. 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 permanent pumping assembly for the ninth well in the Western Well Field is scheduled for installation next week. Test pumping and water quality sampling have been completed on the tenth well, while development continues at the eleventh and twelfth wells. The first well in the Western Well Field was returned to service this week after contractors corrected issues associated with a lightning strike.

Water quality monitoring devices in the River were calibrated this week, resulting in production interruptions. The 500 KW natural gas generator at the Eastern Well Field had an operational issue this week. This will be addressed and corrected by the manufacturer's representative.

The Eastern and Western Well Fields continue to operate in accordance with the water monitoring protocols established in the bed and banks permit.

As of today, the current expenditure for the Eastern Well Field Project is \$18,704,353, and for the Western Well Field Project is \$32,205,320. The Texas Water Development Board approved the \$30,000,000 grant on January 21.

Nueces Electric Cooperative is making steady progress on infrastructure enhancements to provide permanent power to the Western Well Field. The infrastructure is targeted for completion at the

end of June, while upgrades along FM 624 are projected to be finalized in mid to late July. These upgrades have been delayed by recent wet weather. All improvements are essential to support the operation of twelve wells with a reliable, permanent electric supply. Please note that this timeline remains dependent on favorable weather for construction.

Brackish Groundwater Reverse Osmosis Treatment Project

Garver Engineering continues designing the conveyance line, with a 90% submittal expected this week. Geotechnical work for the foundation of the three-million-gallon ground storage tank at the Western Well Field is complete. Additionally, the pump equipment for the associated pump station has been ordered.

The conveyance line will be constructed 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 in mid-July. Three additional contracts associated with the conveyance line are expected to be executed within the next couple of weeks. The conveyance line and well field pump station are expected to be online by the end of December 2026.

Infrastructure enhancements at the O.N. Stevens Water Treatment Plant (ONSWTP) are advancing with the completion of design development. A construction contract is in progress for these upgrades, which will be completed prior to equipment delivery. Two 500,000-gallon ground storage tanks have been secured, playing a critical role in the Brackish Reverse Osmosis treatment system. Efforts are also underway to procure long-lead electrical components required for ONSWTP power supply upgrades associated with this project. AEP has confirmed that power capacity is available to support the phased deployment and commissioning of treatment equipment. This implementation plan is aligned with the delivery schedule for the reverse osmosis treatment units.

Discussions on discharge options for the Reverse Osmosis Plant, including evaporative ponds, an injection well, and surface discharge, are progressing. Initial engagement with TCEQ has addressed permitting for the treatment plant, conveyance line, and discharge methods. Preliminary engineering for the injection well design is ongoing with a progress meeting scheduled for next week. The discharge permitting package is expected to be finalized by mid to late July, with the plant permitting package expected to be completed in early August.

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 \$18,357,139.

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.

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 is expected to mobilize to the project site by July 10. 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

On June 30, the Council approved Contract Amendment 1 for the Construction Manager at Risk (CMAR) contract with Reytec. 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.

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.

Ongoing discussions with other stakeholders are progressing on future effluent supply agreements and potential end users. The Council has approved contracts with Valero and Flint Hills Resources (FHR), which together account for approximately 11 MGD of the 16 MGD available. Both entities are working to expedite their delivery schedules to minimize potable water use.

Valero plans to use 3 MGD in the initial phase of its project, expanding to up to 8 MGD in subsequent phases. FHR anticipates starting at 1 MGD and increasing to 3 MGD in later phases. Valero has begun construction, including work on a pipeline bore under I-37. To date, contractors have installed 2,000 LF of twenty-four-inch pipe. Another 4,000 LF of pipe is in progress and expected to be installed by mid-July. The complete conveyance line is approximately nine miles long.

The draft TCEQ permit required for FHR to begin using effluent water from the Allison Wastewater Treatment Plant has been received. 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, with significant progress over the past month.

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 TWDB on June 18, 2026. The next TWDB meeting is scheduled for July 13. 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.

Next week, City and CCW staff will meet with representatives from the Harte Institute and the University of Texas Marine Science Institute to discuss the next steps for evaluating the model. City staff will share model data and simulation results with these organizations. Additionally, CCW staff met with the Coastal Bend Bays and Estuaries organization this past week.

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

NRA - Harbor Island Seawater Desalination Project

City staff and CCW will meet with NRA and LAN on July 7 to review the ongoing design of the pumping system and conveyance line under this contract. LAN acts as the program manager for this segment. CCW and its engineering team will analyze the alignment to identify the optimal connection point. Additionally, CCW will perform hydraulic modeling and other analyses to complete preliminary engineering assessments, providing insights into the costs related to the City's portion of the project.

TCEQ approved the final water rights permit for Harbor Island on June 17. 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.

Barney Davis Seawater Desalination Project

On March 17, the City Council approved a motion authorizing City staff to work with CPS Energy to evaluate 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 partnering on the desalination project at this location. On June 1, a meeting was held to address next steps and the potential formation of a Public Utility Agency. Conversations with CPS Energy about this project site are ongoing.

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 early next week.

Surface Water

Western Reservoirs (Lake Corpus Christi and Choke Canyon Reservoir)

As of today, Lake Corpus Christi is at 34.7% capacity as compared to 21.8% one year ago.

Choke Canyon Reservoir is at 8.5% capacity as compared to 13.2% one year ago.

The combined Western Reservoir capacity is 15.8%, compared with 15.6% a year ago.

Lake Texana

As of today, the Lavaca Navidad River Authority (LNRA) reports that Lake Texana's reservoir is 100% 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.

[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)
- 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.

Annual Drinking Water Quality Report

The annual drinking water quality report, as required by TCEQ, has been finalized and published on the City’s website. The water quality report is available in the CCW Water Quality Reports section at www.corpuschristitx.gov.

Upcoming Community Engagement

A community engagement session was held at Moody High School this week to discuss the strategic plan for water diversification and the status of the water supply project. CCW will host the following community engagement events.

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