

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. 68

DATE: August 7, 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.

Surface Water

Western Reservoirs (Lake Corpus Christi and Choke Canyon Reservoir)

As of today, Lake Corpus Christi is at 86.5% capacity, compared with 19.4% one year ago. The USGS Nueces River gauge at Three Rivers, Texas, reports a streamflow of 2,970 cubic feet per second. This flow has been and will continue to decrease over the next two days as most of the flow from the recent event has passed this location. Lake Corpus Christi is projected to experience heightened inflows until August 12.

Choke Canyon Reservoir is currently at 24.7% capacity, up from 12.8% one year ago. The USGS gauge near Tilden reports a streamflow of 5.77 cubic feet per second, indicating that most of the inflow from recent rain events in the upper watershed has reached the reservoir.

The combined Western Reservoir capacity is 41.9%, compared with 14.8% a year ago.

Lake Texana

As of today, the Lavaca Navidad River Authority (LNRA) reports that Lake Texana's reservoir is 96% full, compared with 95% at this time last year.

Lower Colorado River

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

Agreed Order

CCW has held several meetings with the Texas Commission on Environmental Quality (TCEQ) to discuss a temporary authorization/permit modification. This modification would suspend pass-thru requirements until the combined capacity of the Western Reservoirs reaches 50%.

On August 6, City staff submitted a draft application to TCEQ ahead of the mandatory pre-application meeting scheduled for today. TCEQ advised that the City's legal addendum be included with the full application for administrative review. CCW staff and the City's legal consultants are preparing the supplemental documents and expect to submit the complete application on August 11.

The application is signed and supported by the Nueces River Authority (NRA) and the City of Three Rivers (Three Rivers) as co-applicants. Additionally, the application includes a letter of support from State Senators Chuy Holjosa, Adam Hinojosa, and Judith Zaffirini, as well as State Representatives Todd Hunter, Denise Villalobos, and Ryan Guillen.

Groundwater

Evangeline Groundwater Project

Evangeline Laguna LP's attorney will submit a scheduling order to the administrative law judge and all parties involved regarding the contested hearing for drilling and transport permits. The order will include proposed dates for the proceedings. On August 21, the San Patricio County Groundwater Conservation District (SPCGCD) board is scheduled to meet.

Due to permitting delays, water delivery from Evangeline is not expected before 2026. If permits are obtained by September 1, water delivery is projected to begin in February 2027. This schedule will be revised as new information from the SPCGCD regarding the contested case hearing becomes available.

Construction on the project continues under Garney Construction (Garney), with 169,448 linear feet (LF) of a total 170,218 LF of HDPE and PVC water lines, 169,448 LF have been delivered to the site, and 36,057 LF of pipeline have been installed. Additional work in progress includes the pump station, road construction, site access, and preparations to connect to the Mary Rhodes Pipeline.

The total expenditure for this project to date, including professional services, construction services, legal, and administrative expenses, is \$68,087,711. Additional construction pay requests are under review. Contract Amendment 3 for Garney construction is expected to be presented to Council for approval on August 25. The amendment primarily reflects updated pricing from 60% to 100% design. Overall project costs remain below the estimates in the initial binding proposal.

On February 17, the Council approved the purchase of groundwater rights at Li Ranch. The closing condition requires the seller to secure permits for production, drilling, and transportation.

Water Supply Update No. 68

Page 3

Hydrogeologists have identified potential well locations, and the site survey is complete. As the well sites are selected, CCW will work with the seller on next steps in the agreement. CCW will provide this information to the seller to initiate the well drilling permit application. The total expenditure for this project is \$316,875, which is solely the option fee.

Nueces Groundwater Program

Production in the Eastern Wellfield was paused this week due to Nueces River levels downstream of the Wesley Seale Dam, customer demand, and other operational considerations. The Western Wellfield continued to operate for part of the week in accordance with the established monitoring protocols of the TCEQ bed and banks permit. Over the past seven days, production from the Nueces Groundwater Program has been 08/06 1.3 million gallons (MG), 08/05 0.8 MG, 08/04 0 MG, 08/03 0 MG, 08/02 0 MG, 08/01 0 MG, 07/31 3.1 MG. Testing and startup were conducted on specific wells this week, which account for the volumes produced on August 5 and 6.

Work is ongoing at the Western Wellfield in order to achieve the management strategy aimed at optimizing hydrogeologic efficiency. During the June 26 board meeting, the decision to consolidate the production permit was deferred. Interim approvals have been granted to facilitate ongoing construction of additional wells.

Progress continues on the Nueces Groundwater Program, with activities including test drilling, geophysical logging, and other infrastructure enhancements. The pump design for the eleventh well is complete, allowing procurement of materials. Testing and water quality analysis for the twelfth well in the Western Wellfield are complete, allowing design to proceed next week. The permanent pump for the tenth well has been installed, with startup completed on August 7.

Nueces Electric Cooperative is steadily advancing infrastructure improvements to ensure a permanent power supply for the Western Wellfield. Upgrades along FM 624 and within the wellfield are expected to be completed by the end of August, weather permitting. These improvements are essential to support twelve wells with reliable, permanent electricity. Currently, six wells are powered by permanent power, and the remaining six by temporary generators.

As of today, the expenditure for the Nueces Groundwater Project, including both the Eastern and Western Wellfields, is \$59,129,082. The Texas Water Development Board (TWDB) approved a \$30 million grant on January 21, resulting in total expenditures of \$29,129,082.

Brackish Groundwater Reverse Osmosis Treatment Project

Construction is in progress for the conveyance line from Western Wellfield to the O.N. Stevens Water Treatment Plant (ONSWTP). This part of the groundwater project will transport water to the ONSWTP without involving the Nueces River. A pump station at Western Wellfield will facilitate groundwater delivery to the Brackish Reverse Osmosis (R.O.) Plant. The pump station will include a three-million-gallon ground storage tank. Multiple contractors will handle pipeline and boring work to ensure timely project completion, with both the conveyance line and pump station expected to be operational by the end of December 2026.

Water Supply Update No. 68

Page 4

The electrical engineer has identified the necessary electrical components, and City staff have coordinated with vendors to procure them, including long-lead items like transformers. Power is already available for all treatment-related equipment. Additionally, AEP has scheduled upgrades to be completed by 2027 to support ONSWTP infrastructure improvements.

The design package for the Brackish R.O. Plant and associated infrastructure, including electrical enhancements, is nearly 90% complete. The TCEQ permit package for the plant is expected to be finalized and submitted by August.

The site civil engineering plans for the project improvements at ONSWTP are approximately 60% complete after CCW review. The two 500,000-gallon ground storage tanks are designed and projected to be completed by December 2026. Civil work is ongoing to prepare foundations for the new R.O. facility.

The expected water delivery via the Brackish R.O. process, using the Brackish Groundwater R.O. treatment equipment provided by Aqualia, is 3.91 million gallons per day (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. CCW met with Aqualia this week to confirm that the delivery and implementation plan remains on schedule.

The current expenditure for this project is \$22,189,170.

Seven Seas Water Group

Seven Seas has an option on approximately 5,000 acres of land and intends to acquire additional properties if the project demonstrates feasibility. It is anticipated that the test well and corresponding monitoring well will be drilled to a depth of 3,500 feet. Following installation, water quality and formation capacity testing will be conducted at the test well. Testing is scheduled to be completed by the end of August. The full analysis and hydrogeologic report are expected to be completed by mid-September.

CCW and its hydraulic modeler are conducting a hydraulic review of the water system to determine how water produced by this facility can be integrated into the overall distribution system.

Wastewater Reuse

Reclaimed Water Infrastructure Project

The Wastewater Reuse program encompasses multiple ongoing projects aimed at providing 16 MGD effluent reuse to offset potable water demand.

A key component is the reclaimed water infrastructure project, which transports reclaimed water from the Oso Wastewater Treatment Plant to the Greenwood Wastewater Treatment Plant. The project includes 10.5 miles of 36-inch force main, pump stations, electrical systems, and other mechanical appurtenances, delivering approximately 10 to 11 MGD to contracted entities. Reytec, the construction manager at risk (CMAR), has begun preparations for the storage area, with

Water Supply Update No. 68

Page 5

material deliveries, including HDPE piping, starting on August 3. The delivery schedule remains on track, and open-cut force main construction is planned to begin the week of August 17.

TxDOT has secured all necessary permits. The project team is actively pursuing additional right-of-way approvals, easements, and resolving potential utility conflicts, with construction anticipated to begin in the coming weeks. The guaranteed maximum price (GMP) for total construction, including the reclaimed water transmission main, pump station, wet well, and related infrastructure, is \$107,531,622. This portion of the project is expected to be completed by mid-2027.

The current expenditure for this project is \$8,804,086.

Valero plans to use 3 MGD in the initial phase of its project, expanding to up to 8 MGD in subsequent phases. This 24-inch conveyance line is approximately nine miles long and is expected to be completed ahead of schedule. As of today, Valero has installed approximately 8 miles of this conveyance pipeline. Valero is expected to begin using effluent water through this conveyance line later this year.

An additional aspect of this project is the construction of a 10-million-gallon ground storage tank located at the Greenwood Wastewater Treatment Plant. A preconstruction meeting for this portion of the project is scheduled for August 12 with mobilization to follow within the next one to two weeks. The expected completion of this ground storage tank is Spring 2027.

Flint Hills Resources (FHR) is progressing quickly on its construction timeline and expects to begin utilizing effluent water within the next few months. Construction activities by FHR at the Allison Wastewater Treatment Plant are underway, with Phase 1 treatment trailers already staged on site. FHR plans to start with 1 MGD and increase to 3 MGD in subsequent phases. Testing of the system is anticipated to commence within two months, with effluent water expected later this year. Additionally, FHR has initiated discussions this week regarding startup and commissioning protocols.

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

Seawater

Inner Harbor Seawater Desalination

The City has requested to restructure the SWIFT Loan to adjust key milestone deadlines because of the delay. This request was formally submitted to the Texas Water Development Board (TWDB) on June 18, 2026. However, it was not on the agenda for the TWDB board meeting on August 12. The next meeting is scheduled for August 26.

Spheros has finalized the far-field model report, which is available online on the Securing Water webpage. Additional documentation, including details on current and past modeling efforts as well as aquatic life assessments, is available at securingwater.corpuschristitx.gov.

This week, CCW met with The Coastal Bend Bays and Estuaries (CBBE) to review the independent academic assessment of the model. CBBE suggested potential independent reviewers and proposed a project scope. CCW will work with CBBE as CBBE selects an independent reviewer for the far-field model report.

NRA - Harbor Island Seawater Desalination Project

The Nueces River Authority (NRA) reports that its development partner, IDE, is progressing the project design from pre-design to 30% completion. Additionally, they are preparing a Class 4 construction estimate to project the potential cost of treating water at this facility. This work is planned to be completed within 90 to 120 days. The current estimated plant cost is \$6.2B.

CCW continues hydraulic modeling and other analyses to finalize preliminary engineering assessments, providing insights into costs associated with the City's portion of the project.

On June 17, TCEQ approved the final water rights permit for Harbor Island. An approved 50 MGD discharge permit already exists. Their plan is to forgo this in favor of 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.

The NRA's next board meeting is scheduled for August 14. There are several items on the meeting agenda regarding the Harbor Island Seawater Desalination Plant, including task orders regarding the development partner agreement with IDE, program manager agreement with LAN, and conveyance system design with HDR.

Barney Davis Seawater Desalination Project

The City is working with CPS Energy to discuss next steps for seawater desalination at the Barney Davis site. This week, City Staff and CCW met with CPS Energy representatives to reaffirm the details of a potential land lease agreement for a seawater desalination plant at this location. A meeting with CPS Energy's new interim CEO, Mr. Frank Amaraz, is scheduled for next week.

RSAH2O is providing professional services to further review a Public Utilities Agency (PUA).

CC Polymer (Aquatech)

This week, a fully executed letter of intent (LOI) was signed. The LOI reflects the mutual understanding between Aquatech International LLC with its to be formed special purpose vehicle (SPV), and the City of Corpus Christi to work together toward the long-term supply of desalinated potable water. Aquatech and its SPV will be responsible for designing, constructing, owning, and operating the infrastructure needed to provide this water.

CCW is currently modeling the connection point and the integration of this water supply into the distribution system. Recurring meetings will be scheduled to negotiate the potential Water Supply Agreement and review engineering and permitting timelines.

Key components of the letter of intent include the following:

- Both parties agree to work on a Water Sale Agreement (WSA) which will specifically include water purchase rate, amounts, water quality standards, and delivery timelines
- Water Supply and offtake schedule
 - Nine to twelve months from WSA execution – 9.4 MGD
 - Fifteen to eighteen months from WSA execution – additional 3.1 MGD
 - Thirty to thirty-six months from WSA execution – additional 1.5 MGD
- Identification of the interconnection point
- SPV will construct and operate a remineralization/potabilization plant
- The WSA will include performance guarantees
- The WSA will include conditions for acceptance
- The WSA will be a take-or-pay agreement
- The SPV will determine all TCEQ regulatory requirements, including the potential of becoming a public water system to distribute treated water

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, 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 completed their participation in the hearing for merits, which took place on July 13 and July 14. The hearing involved multiple City staff members, consultants, and legal representatives over the two-day period. These included NewGen Strategies & Solutions LLC and Lloyd Gosselink Attorneys at Law.

In the initial brief that was provided by PUC staff on August 5, the recommendation remained the same as the May 1 and May 8 testimony.

Reply briefs, along with proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs, are due August 16.

Upcoming Community Engagement

Water community engagement events are scheduled for the following dates:

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

CCW representatives will also be at the following budget input sessions:

Monday, August 10 Corpus Christi Cym (Cabaniss Parkway)
District 3 – 6:00 pm to 7:00 pm

Wednesday August 12 Ethel Eyerly Senior Center
District 4 - 6:00 pm to 7:00 pm

Monday, August 17 Corpus Christi Police Training Academy
District 5 – 6:00 pm to 7:00 pm

Wednesday August 19 Northwest Senior Center (Calallen/Annaville)
District 1 – 6:00 pm to 7:00 pm

Monday, August 24 Seashore Learning Center
District 4 – 6:00 pm to 7:00 pm