

CITY OF CORPUS CHRISTI
CORPUS CHRISTI WATER

TO: Peter Zanoni, City Manager
FROM: Drew Molly, P.E., Chief Operating Officer
COPY: Mayor & City Council
DATE: May 23, 2025
SUBJECT: Alternative Water Supply Projects Update

[Handwritten signature] 5/23/25

Corpus Christi Water (CCW) continues to evaluate the four major alternative water supply projects, which include the Nueces River Groundwater Wells Project, the Evangeline Groundwater Project, the EV Ranch Project, and the South Texas Water Authority (STWA).

Phase 1: Nueces River Groundwater Wells Project

Phase I consists of obtaining the necessary Bed and Bank permit to discharge up to 15,680 acre-feet per year of groundwater into the Nueces River. As of today, the current expenditures for this project are \$6,004,592.

A summary of the most recently completed activities includes:

- Installed 500 KW natural gas generator at Well No. 2 site
- Completed test pumping of Well No. 4
- Continued drilling of Well No. 5
- Continued drilling of Well No. 6
- Received TCEQ request for additional information (RFI #1) on the City's Bed and Bank Permit on May 15th. City staff will submit responses to TCEQ early next week.

Phase 2: Nueces River Groundwater Wells Project

Phase 2 of the Nueces Groundwater Wells Project consists of treating the Nueces River groundwater to drinking water standards and distributing it to the drinking water system. The Garver team is working on a conceptual site layout, estimated costs, and schedule to deliver up to 24 MGD, which is expected to be completed by May 30, 2025.

Evangeline Groundwater Project

On May 20th, CCW, City Attorneys, groundwater consultant (Charles Porter), and outside legal counsel (Jason Hill) met internally with Mayor Guajardo, Council Member Vaughn, and the City Manager to provide updates regarding the status of the City's MOU with Evangeline Laguna, LLP and to discuss legal concerns about the rights and titles related to their properties.

Outside legal counsel is currently researching the chain of title for the proposed transaction and analyzing a series of deeds from multiple groups of landowners. Several of the deeds transferred "fee simple determinable" rights to entities that could market the water rights. These fee simple determinable rights were subject to reversion to the original owners if events occurred in separate Letter Agreements that were not filed in the property records.

Alternative Water Supply Projects Update

Page 2

Outside legal counsel has requested these documents as a precondition to our determination of the risks within this transaction. Understanding these risks is critical in determining the value of the Evangeline water rights. Despite our request for these documents more than a week ago, we still have not received the necessary Letter Agreements.

Simultaneously, we are using Garver Engineering to conduct studies of well-field development and transportation costs for Evangeline and other water transactions. This analysis will inform our determination of the ultimate value of the Evangeline water rights.

These two efforts are being vigorously pursued. However, a lack of title information will make it impossible to meet the deadlines stated by Evangeline Laguna, LLP in the non-binding MOU. This MOU currently is only for ½ of the Evangeline water rights, and it preserves Evangeline Laguna, LLP's rights to seek buyers for the other ½ of the Evangeline water rights.

EV Ranch Groundwater Project

City staff continue to work with EV Ranch to determine its feasibility and cost projections.

South Texas Water Authority (STWA)

Garver met with International Consulting Engineers (ICE) on May 21st, the engineering consultants for STWA, to review the information request submitted the week prior. At this meeting, ICE advised Garver to submit an Open Records Request to STWA, which Garver will submit to STWA next week. ICE and Seven Seas Water Group will then review the request and determine if the information can be provided.