

**CITY OF CORPUS CHRISTI
CORPUS CHRISTI WATER**

TO: Peter Zaroni, City Manager

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



COPY: Mayor & City Council

SUBJECT: WATER SUPPLY UPDATE NO. 59

DATE: June 5, 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 June 8, the San Patricio Groundwater Conservation District (SPCGCD) will hold a board meeting at 2:00 p.m. at the Emergency Management Dome, 219 West 5th Street, Sinton, Texas 78387. The meeting agenda includes Emergency Permit requests filed by Evangeline Laguna for drilling and transport permits for eleven wells. The eleven wells identified in the request are the farthest from the Protestants' well locations. Other items on the agenda include Welder/Gulley drilling and operating permit applications, Steel Dynamic Drilling permit applications, and the Occidental Chemical/San Patricio Municipal Water District (SPMWD) drilling and permit application. SPCGCD has not provided any information regarding the next steps for the contested case hearing. The City anticipates that the next steps in this process will be communicated to the parties in the near future.

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, 109,640 linear feet of HDPE and PVC water line have been delivered to the site. This accounts for approximately 68% of the total water line pipe required for the project.

Site work continues, with the first water line installation taking place this week. Additionally, 4,240 linear feet of 36" HDPE has been fused and is ready for installation. Garney currently has a team of 50 individuals working on the site. One additional support crew will arrive in two weeks, and another full-pipe crew will arrive in three weeks. AEP is scheduled to deliver power to the

first four wells by August 1. Additional deliveries of long-lead materials are ongoing, with multiple large deliveries scheduled for June.

The delivery date for water for this project will be adjusted once the City has more information on the SPCGCD's timeline for the next steps. Due to permitting delays, the project is not expected to provide water by November 2026.

The total expenditure for this project to date, including professional services, construction services, legal, and administration, is \$46,313,762.

On February 17, the Council approved the purchase of groundwater rights at the Li Ranch. The condition of closing the deal is that the seller obtains permits for production, drilling, and transportation. Hydrogeologists have identified potential well locations, and the site has been surveyed accordingly. This information will be provided to the seller so 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 \$18,659,641, and for the Western Well Field Project is \$32,088,639. The Texas Water Development Board approved the \$30,000,000 grant on January 21.

Production from the Nueces Groundwater Program has been temporarily suspended this past week due to inflow into the river associated with recent weather events. The runoff between Wesley Seale Dam and the Calallen barrier led to a notable increase in river water levels. Operations will resume once the excess water no longer flows over the Calallen barrier and/or when additional water supply is required.

Installation of the permanent pumping assembly for the ninth well in the Western Well Field is underway. Further development and test pumping for the tenth well will proceed next week. The production screen was installed for the eleventh well this week, and casing was installed and cemented for the twelfth well. Test drilling for well design and material procurement continues for the additional planned wells.

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 \$14,117,105.

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 the design engineer, Ardurra, to expedite construction of a conveyance line

connecting the Oso WWTP to Greenwood WWTP. This project aims to support the use of approximately 10 MGD within 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. The first phase of this project will begin before the full engineering plans are completed. The draft TCEQ permit for the reuse at the Allison Wastewater Treatment Plant is expected by the end of next week.

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. FHR 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

At the June 2 Council Meeting, the Farfield modeler, Spheros Environmental, and its subconsultant, Hazen and Sawyer, presented the Farfield model results.

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 that the risk of desalination discharge exacerbating dissolved oxygen deficits in areas outside of the Corpus Christi Channel and Inner Harbor appears to be minimal

Spheros is working through its contractual scope and is on track to deliver the technical report for the Farfield model by June 30, 2026. Plummer and Associates, the City's consultant, will review the reports and their findings.

At the same Council meeting on June 2, staff presented a contract with the Corpus Christi Desal Partners (CCDP) for consideration. The scope of the contract included 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 the 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. Council approved a motion to delay this decision until September 1, 2026.

The timeline for the next steps related to this loan was presented at the Council meeting. The City may need to request a restructuring of the SWIFT Loan to adjust key milestone timelines due to the delay. It is uncertain how TWDB will respond.

On May 15, the Bureau of Reclamation notified 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 to the next stage toward securing funding. The grant application is due by August 26. An item will be presented to Council to authorize the grant application. If the CCDP contract vote is not scheduled until September 1, the City will be unable to proceed with the grant application.

NRA - Harbor Island Seawater Desalination Project

City staff met with NRA and LAN this week to review the ongoing design efforts for the pumping system and the conveyance line under this contract. LAN serves as the program manager for this segment. Additionally, contracts are expected to be awarded to various engineering firms for the comprehensive design of the conveyance line. CCW and its engineers will evaluate the alignment to identify an optimal connection point. CCW will also perform hydraulic modeling and other analyses to complete preliminary engineering assessments, enabling an understanding of the associated costs for the City's portion of the 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.

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 meeting was held this week with consultants and other representatives 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 this week to advance discussions on the project and review Aquatech's letter of intent submitted on May 7. During the meeting, Aquatech indicated 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 after two years. City staff were informed that no permit modifications would be required for the existing TCEQ intake and discharge permit; however, a TCEQ permit will be required for the plant to operate as a potable water supply facility. For Aquatech to provide an additional 5 to 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. A follow-up meeting will be scheduled within the next two weeks.

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. Information has been received by AXE H2O this week and is being reviewed.

Surface Water

Western Reservoirs (Lake Corpus Christi and Choke Canyon Reservoir)

As of today, Lake Corpus Christi is at 25.9% capacity, with 66,566 acre-feet of water stored. Choke Canyon Reservoir is at 8.3% capacity, with 54,774 acre-feet of water stored.

Lake Texana

As of today, the Lavaca Navidad River Authority (LNRA) reports that Lake Texana's reservoir is 99% full, compared with 83% 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.

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.]

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

Water Supply Update No. 59

Page 8

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.

Upcoming Community Engagement

June 24, 2026	Moody High School, 6:00 p.m.
July 15, 2026	Ethel Eyerly Senior Center 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	4	
Reuse	FHR										1			1
Total														31

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	2	1	2	1	1	2	1	1	2	1	1	17
Reuse	FHR												1	1
Reuse	Valero	3												3
Total														21

2028 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											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