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. 61**

DATE: June 18, 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 Groundwater Conservation District (SPCGCD) at their June 8 board meeting declined a motion to draft rules to establish an emergency process in the district rules for considering such requests. Therefore, the board did not consider the request by the Evangeline Laguna group to drill the eleven proposed wells on an emergency basis. The City anticipates that the next steps in this process will be communicated by the SPCGCD to the parties in the near future. The date for the next board meeting has also not yet been set.

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, 135,880 linear feet of HDPE and PVC water line have been delivered to the site. This accounts for approximately 84.3% of the total water line pipe required for the project.

Garney construction continues with site work, with a total of 2,656 LF of pipeline installed and 8,636 LF of pipe fused. Three crews are on site; one mobilized the week of June 22, and another is scheduled for the following week. Approximately 50 crew members, along with various subcontractors, are present on site. Additionally, deliveries of long-lead materials such as valves, piping, fittings, and well casing are ongoing.

The delivery date for water for this project will be revised once the City receives further information regarding SPCGCD's next steps. Due to permitting delays, water is not expected to

be supplied by November 2026. The schedule outlined in this memo will be updated and extended monthly until permitting approval is secured.

The total expenditure for this project to date, including professional services, construction services, legal, and administration, is $47,033,397.

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 accordingly. This information will be shared with the seller to initiate the well drilling permit application process.

Nueces Groundwater Program

As of today, the current expenditure for the Eastern Well Field Project is $18,671,940, and for the Western Well Field Project is $32,186,077. The Texas Water Development Board approved the $30,000,000 grant on January 21.

Production from the Nueces Groundwater Program was temporarily halted due to inflow into the river caused by recent weather events. The runoff from Wesley Seale Dam to the Calallen barrier led to a significant rise in river levels. In June, well pump operation was limited to 9 days because of these inflows, resulting in a total groundwater withdrawal of 58.9 million gallons to date for the month.

The pumping assembly for the tenth well in the Western Well Field has been designed, and we are awaiting delivery of equipment to proceed with installation. Drilling and development are complete for the eleventh and twelfth wells, with testing and water quality assessments scheduled to begin upon completion of development. Weather and equipment delays have postponed the full operational capability of the twelve wells in the Western Well Field.

Furthermore, ongoing efforts include test drilling and material procurement for future wells. Data continues to be provided to the hydrogeologist for model calibration and aquifer analysis. Recently, Well Pump No. 9 experienced a power surge caused by a lightning strike during a weather event. CCW is collaborating with our pump contractor to resolve the issue.

Nueces Electric Cooperative plans to complete infrastructure upgrades along FM 624 and within the well field by the end of June, enabling the operation of twelve wells powered by a permanent electric supply. This timeline is subject to favorable weather conditions for construction.

Brackish Groundwater Reverse Osmosis Treatment Project

Garver Engineering continues the design of the conveyance line, with a 90% submittal expected within a week. The contractor for the initial phase of this line is under contract and scheduled to commence work at the end of June, with a preconstruction meeting set for this week. Geotechnical work has been completed for the foundation of the three-million-gallon ground storage tank at the Western Well Field. Additionally, the pump equipment for the associated pump station has been ordered.

Delivery of pipe materials for the conveyance line has begun for both the 36" PVC 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, 10,960 linear feet of 36" PVC pipe have been delivered. It is expected that the conveyance line and well field pump station will be online by the end of December 2026.

Infrastructure enhancements at the O.N. Steven Water Treatment Plant (ONSWTP) are progressing. Two 500,000-gallon ground storage tanks have been secured, forming an essential part of the Brackish Reverse Osmosis treatment system. Efforts are underway to acquire long-lead electrical components needed for power supply upgrades at ONSWTP associated with this project. AEP has confirmed power availability to support the phased deployment and commissioning of treatment equipment. The implementation plan is synchronized with the delivery schedule of the reverse osmosis treatment units.

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.

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 $15,702,643.

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 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. It is expected that the driller will mobilize to the project site by the end of June to begin the drilling of the test well.

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 May 12, Council approved a Construction Manager at Risk (CMAR) contract. The selected CMAR contractor will work closely with design engineer Ardurra to expedite the construction of a conveyance line connecting the Oso Wastewater Treatment Plant (WWTP) to Greenwood WWTP. This project is part of the larger Wastewater Reuse Initiative, utilizing approximately 10 million gallons per day (MGD). An amendment, including additional funding for the full construction guaranteed maximum price (GMP), will be presented for consideration at the June 30 Council meeting. The GMP for the total construction, including the reclaimed water transmission main, pump station, wet well, and related infrastructure, is $107,531,622.

Ardurra is progressing toward 100% design, with the submittal deadline set for June 23. Final signed and sealed drawings are projected to be completed by July 14. The final design phase is underway, incorporating input from the CMAR contractor. The project will employ a multi-package delivery approach, enabling simultaneous construction of the pipeline and pump station to accelerate the schedule. Procurement efforts include sourcing 36-inch HDPE pipe, vertical turbine pumps, and electrical equipment. The final phase of this project is expected to be completed in mid-2027.

The land agreement with TAMUCC is advancing as the City's Legal team works towards execution.

The current expenditure for this project is $2,297,932.

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

Valero plans to utilize 3 MGD in the initial phase of its project, expanding to up to 8 MGD in subsequent phases. FHR anticipates starting at 1 MGD, increasing to 3 MGD in later phases. Valero has begun construction, initiating work on a pipeline bore under I-37.

The draft TCEQ permit necessary for FHR to begin using effluent water from the Allison Wastewater Treatment Plant was received this week. 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 Water Treatment Plant remain ongoing.

Seawater

Inner Harbor Seawater Desalination

On June 2, City staff presented a contract proposal with the Corpus Christi Desal Partners (CCDP) for review. The agreement covers engineering services through 60% design development, construction, operation of a demonstration plant, coordination of the demonstration plant with TCEQ, and the development of a Guaranteed Maximum Price (GMP). The contract is valued at $78,610,000, with CCDP estimating a timeline of approximately 12 months from contract signing. The preliminary GMP (pGMP) for the entire project is set at $978,770,000. Council approved a motion to postpone the decision until September 1, 2026, although the impact of this delay on the 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. This request was formally submitted to the TWDB on June 18, 2026.

On May 15, the Bureau of Reclamation notified CCW that the City will receive an official memorandum endorsing the review team's recommendation to approve the feasibility study for the Inner Harbor project. This formal communication advances the grant application to the next stage, with a deadline of August 26. However, due to the delay in project approval, the City may need to forgo the grant application at this time.

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 Christ 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.

The following documents regarding both current and previous modeling and aquatic life assessments are uploaded on the project page at www.securingwater.corpuschristitx.gov.

- Essential Fish Habitat Assessment as Prepared for the US Army Corps of Engineers
- Corpus Christi Seawater Desalination Receiving Water Salinity Critical Dilutions
- City of Corpus Christi Desalination Study concentrate Modeling at Inner Harbor Channel
- Far Field Meeting Minutes and presentations'

NRA - Harbor Island Seawater Desalination Project

City staff met with NRA and LAN to review ongoing design efforts for the pumping system and conveyance line under this contract. LAN serves 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 associated with the City's portion of the project. LAN has proposed scheduling the next coordination meeting in August.

TCEQ approved the final water rights permit for Harbor Island on June 17. While there is an existing approved 50 MGD discharge permit, 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 in evaluating 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. A meeting on June 1 discussed potential next steps and the possibility of forming a Public Utility Association. Discussions with CPS Energy regarding 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 would, 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 the 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 were informed that no permit modifications are required for the existing TCEQ intake and discharge permit. However, a TCEQ permit will be necessary for plant operation as a potable water supply. Additionally, to increase capacity by 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.

It is anticipated that the non-binding letter of intent will be executed by both Aquatech and the City by the end of next week.

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. According to the Axe H2O documentation, the proposed site for the seawater desalination facility is the Barney Davis Power Plant, owned by CPS Energy. The City is actively engaged in discussions with CPS Energy to establish a partnership at this location. Once a formal agreement is reached and a development plan approved, the City will issue a request for proposals (RFP) to design, build, and operate the facility. Axe H2O will be invited to respond to the RFP when it is released.

Surface Water

Western Reservoirs (Lake Corpus Christi and Choke Canyon Reservoir)

As of today, Lake Corpus Christi is at 29.0% capacity, with 74,645 acre-feet of water stored, an increase of 3,572 acre-feet since June 12. One year ago, Lake Corpus Christi Reservoir Capacity was 21.3%.

Choke Canyon Reservoir is at 8.5% capacity, with 56,637 acre-feet of water stored, an increase of 2,751 acre-feet since June 12. One year ago, Choke Canyon Reservoir Capacity was 13.6%.

The combined Western Reservoir capacity is 14.4%, compared with 15.8% 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. 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.

Staff and our consultants continue to prepare for the hearing on the merits, scheduled for June 24 -26, at which both will testify. The hearing itself will include multiple staff members and consultants, as well as legal representation, over this three-day period.

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
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.

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

CCW will host the following community engagement events.

Wednesday, June 24	Moody High School Gymnasium, 1818 Trojan Drive District 3
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

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	2	2						17
Groundwater	ERF Property (WWF Extension)						2	4	3					9
Groundwater	Evangeline	*Depending upon further communication from the SPGD and permit status*											*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