



CITY OF CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for the City Council Meeting January 27, 2026

DATE: January 27, 2026

TO: Peter Zaroni, City Manager

FROM: Nicholas J. Winkelmann P.E. Interim Chief Operating Officer
NickW@corpuschristitx.gov
361-826-1796

Treated Water Supply Contract and Water Rights Lease agreement between the City of Corpus Christi and Nueces County Water Control and Improvement District No. 3

CAPTION:

Resolution authorizing a three-year Treated Water Supply contract with the Nueces County Water Control and Improvement District No. 3 (District) to supply District up to three million gallons per day (mgd) and provide interconnection reimbursement up to \$1,736,000.00 and authorizing a Water Rights Lease agreement for five mgd of District's water rights to City.

SUMMARY:

The contract establishes a framework for a Treated Water Supply that will allow the District to receive treated water from the City during drought conditions, while also providing mutual benefits related to water rights and infrastructure.

BACKGROUND AND FINDINGS:

The City of Corpus Christi is the regional wholesale provider of untreated and treated water under its Certificate of Convenience and Necessity (CCN No. 10554). Nueces County Water Control and Improvement District No. 3 (CCN No. 10571) provides treated water to customers in its service area. Both entities rely on the Nueces River Basin as a primary source of supply, with the City also drawing from Lake Texana and Colorado River via the Mary Rhodes pipeline. Prolonged drought conditions have significantly reduced flows in the Nueces River Basin, creating risks to the District's ability to meet customer demand.

To address these risks, the City and the District have developed a Treated Water Supply contract outlining a framework for cooperation. The contract includes a construction of an interconnection between the City's and District's systems at 14353 Cooperation Avenue in Robstown. This facility will include a 16-inch line connection and a 300,000-gallon ground storage tank, designed and constructed under District oversight with City review. The District will own and maintain the facility, while the City will reimburse construction costs estimated at \$1,736,000.

The Treated Water Supply Contract, subject to governing body approval, would allow the City to

provide up to 3 million gallons per day (MGD) of treated water to the District. In exchange, the District will lease 5 MGD of its senior water rights in the Nueces River Basin to the City for the contract term. The agreement also establishes conditions under which the District may access treated water at no cost during emergency drought conditions, specifically when the City reaches Action Level 3 under its TCEQ Temporary Water Use Permit and the District's water quality exceeds 1,000 mg/L total dissolved solids.

This cooperative arrangement strengthens regional water reliability, ensures continuity of service for District customers during drought, and provides the City with access to additional senior water rights.

ALTERNATIVES:

The alternative would be for the city not to enter into a contract and water rights lease agreement with the Nueces County Water Control and Improvement District No. 3.

FISCAL IMPACT:

In FY26, the proposed contract is anticipated to result in a City reimbursement to the District for construction of the interconnection facility, in an amount estimated at \$1,736,000, funded through Water Capital funds. Because this capital expenditure was not included in the adopted FY26 capital budget, the NCWCID #3 Interconnect project will be added to the FY26 Capital Improvement Plan. No budget amendment is necessary as Corpus Christi Water will allocate available FY26 budgeted project savings from the Sand Dollar 16-inch line construction project—which generated \$2,432,328 in cost savings—to fully fund the interconnection between the City and the District.

Funding Detail:

Fund: 4492 – Water 2025 CIP
Organization/Activity: 89 – Capital & Grants
Department: 45 - Water
Project # (CIP Only): 26052 – NCWCID#3 Interconnection
Account: 540290 – Outside agency exp

RECOMMENDATION:

Staff recommends the approval of the contract and water rights lease agreement.

LIST OF SUPPORTING DOCUMENTS:

Treated Water Supply Contract
Water Rights Lease Agreement
Presentation