

# Treated Water Supply Contract and Water Rights Lease Agreement

Nicholas J. Winkelmann, P.E.

Interim Chief Operating Officer – Corpus Christi Water

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# Overview and Background

*Ordinance approving a three-year treated water supply contract between the City of Corpus Christi and the Nueces County Water Control and Improvement District No. 3 (NCWCID#3) for treated water and a water rights lease agreement*

- City provides untreated and treated water to the region under its Certificate of Convenience and Necessity CCN No. 10554
- NCWCID#3 provides treated water to customers in its service area under CCN No. 10571
- Both entities rely on the Nueces River Basin as a primary source of supply
- Prolonged drought conditions have significantly reduced flows in the Nueces River Basin, creating risks to NCWCID#3's ability to meet customer demand



# Treated Water Supply Contract

- Allows the City to provide up to 3 million gallons per day (MGD) of treated water to NCWCID#3
- In exchange, NCWCID#3 will lease 5 MGD of its senior water rights in the Nueces River Basin to the City for the three-year contract term
- Contract also establishes conditions under which NCWCID#3 may access treated water at no cost during emergency drought conditions
  - When the City reaches Action Level 3 under its TCEQ Texas Commission on Environmental Quality Temporary Water Use Permit
  - When NCWCID#3's water quality exceeds 1,000 mg/L total dissolved solids
- Contract includes construction of an interconnection between the City's and NCWCID#3's systems in Robstown
- Facility includes a 16-inch line connection and a 300,000-gallon ground storage tank, designed and constructed under NCWCID#3 oversight with City review
- NCWCID#3 will own and maintain the facility, while the City will reimburse construction costs

# Fiscal Impact

- Proposed contract is anticipated to result in a City reimbursement to NCWCID#3 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 project

## Project Benefits and Staff Recommendation

This cooperative arrangement strengthens regional water reliability, ensures continuity of service for NCWCID#3 customers during drought, and provides the City with access to additional senior water rights. Staff recommends the approval of the contract and water rights lease agreement.

