



**AGENDA MEMORANDUM**  
Action Item for the City Council Meeting of July 22, 2025

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**DATE:** July 22, 2025  
**TO:** Peter Zanoni, City Manager  
**FROM:** Drew Molly, P.E., Chief Operating Officer

Amend Council Motion to allow additional time to evaluate project and negotiate Water Supply Agreement with South Texas Water Authority

**CAPTION:**

Motion to waive the City Council's August 24, 2025 deadline to submit a contract for water from South Texas Water Authority (STWA) in response to their request and STWA's ongoing negotiations with Seven Seas as negotiations and due diligence in pursuit of a contract with STWA will continue and be reported back to City Council as more progress is made.

**SUMMARY:**

Motion to amend Motion 2025-058 to remove the 45 day deadline for the City Manager to bring back a contract with South Texas Water Authority to allow the parties more time to evaluate the project, continue due diligence analysis, and negotiate a contract

**BACKGROUND AND FINDINGS:**

On June 10, 2025, City Council approved Motion M2025-058 to enter into a Memorandum of Understanding with South Texas Water Authority within 10 days and direct the City Manager to bring back a contract with South Texas Water Authority within 45 days based on the rate. The MOU was executed effective June 23, 2025 and provided date of August 24, 2025 for possible contract presentation.

The MOU stated that the parties would negotiate a Water Supply Agreement and STWA will expand the brackish water desalination plant to be constructed by Seven Seas such that it can sell to City 28,000,000 gallons of treated water per day. The MOU identified technical information needed by the City for its due diligence. To date the City has not received all required technical information necessary to complete City's due diligence. At request of South Texas Water Authority, additional time is needed to evaluate the project and present proposed contract for negotiations.

**ALTERNATIVES:** None

**FISCAL IMPACT:** No

**Funding Detail:**

Fund:

Organization/Activity:

Mission Element:

Project # **(CIP Only)**:

Account:

**RECOMMENDATION:**

**LIST OF SUPPORTING DOCUMENTS:**

Signed MOU with South Texas Water Authority  
Copy of Motion M2025-058