

**CITY OF CORPUS CHRISTI
CORPUS CHRISTI WATER**

TO: Peter Zaroni, City Manager

FROM: Drew Molly, P.E., Chief Operating Officer

Drew Molly 7/25/25

COPY: Mayor & City Council

DATE: July 25, 2025

SUBJECT: Water Supply Projects Update

Corpus Christi Water (CCW) continues to evaluate the four major alternative water supply projects, which include the Nueces River Groundwater Wells Project, the Evangeline Groundwater Project, the South Texas Water Authority (STWA), and the EV Ranch Groundwater Project. These are in addition to the Inner Harbor Water Treatment Campus, which is currently progressing with design under the City Council (Council) approved design-build contract with Kiewit.

Inner Harbor Water Treatment Campus (IHWTC)

The construction project consists of three phases, with Phase 1 consisting of two parts (A and B). Phase 1A of the project was completed on June 1, 2025, and included planning, initiation of the Basis of Design Report, and development of the pilot plant protocol.

Phase 1B began in April 2025 and will include multiple "Steps" (contract amendments). To date, four steps have been executed, totaling \$38.3M.

The demonstration plant construction is approximately 20% complete. All equipment utilized for this effort will be rental equipment and returned to the vendor after the demonstration plant is decommissioned.

Additionally, Phase 1B Step 5 will be presented to Council on July 29, which will include design advancement to 60% and development of a guaranteed maximum price (GMP).

Total Phase 1 spent to date (Through June 2025) includes:

- Freese and Nichols (FNI) - \$3,540,200
- Kiewit - \$17,617,948

Attached to this memorandum is a budget and progress-status of each work activity by Kiewit and FNI, as well as an expenditure summary by month.

To date, the City has not purchased any equipment for the Inner Harbor Project. The city has executed an amendment to allow Kiewit to secure a place in line for long lead medium voltage transformers and to receive design services from that vendor. No transformers have been purchased, which will come during the construction phase.

Water Supply Projects Update

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U.S. Department of Housing & Urban Development (HUD) Complaint – Administratively Closed

On July 21, HUD closed the housing discrimination complaint filed against the City by the Hillcrest Residents Association and Citizens Alliance for Fairness and Progress (the complainants). The City's legal team was notified of this close-out on July 23 (see attached letters).

Nueces River Groundwater Wells Project

Phase 1 – Groundwater Well Implementation for Diversions to Nueces River

Phase 1 consists of obtaining the necessary Texas Commission on Environmental Quality (TCEQ) Bed and Banks permit to discharge up to 15,680 acre-feet per year (approximately 14 MGD) of groundwater into the Nueces River. As of today, the current expenditure for this project is \$14,503,362.

A summary of the activities includes:

- Well Field 1 (Eastern Well Field)
 - Completion of Well No. 1
 - Completion of Well No. 2
 - Completion of Well No. 3
 - Completion of Well No. 4
 - Delivery of the generator is expected next week for Well No. 5
 - City staff anticipate the well to be operable by the end of July
 - Installation of the permanent pump is complete on Well No. 6
 - City staff anticipate the well to be operable next week.
 - Completion of Well No. 7 expected the week of August 11.
 - Drilling is continuing on Well No. 8.
 - City staff anticipate the well to be operable by the end of August.

On June 11, 2025, the TCEQ declared the permit to be administratively complete. The City then started to discharge groundwater into the Nueces River in accordance with the approved monitoring plan and in compliance with all State and Federal laws. As the project continues to develop, the City has coordinated closely with TCEQ and other water users downstream by supplementing approximately 5 million gallons per day (MG) of groundwater into the river.

Phase 2A & 2B – Proposed Future Brackish Reverse Osmosis (RO) Treatment Plant

Phase 2A of the Nueces River Groundwater Project will utilize groundwater from the eight new wells (Eastern Well Field) as a source of water for a future brackish groundwater plant. The City has estimated that the eight groundwater wells will provide approximately 11 MGD of drinking water to its current supply. Preliminary and conceptual design work has commenced for the development of a future plant and is included in the Region N Water Plan.

Phase 2B of the Nueces River Groundwater Project will utilize groundwater from the 251-acre Sutherland tract (Western Well Field) purchased by the City. City staff anticipate developing additional groundwater wells at this location.

Evangeline Groundwater Project

City leadership team met with Evangeline on July 23 and presented a counteroffer based on a broker's price opinion by a third-party consultant team. The City sent the formal counteroffer on July 24 and will update the Council at the scheduled executive session on July 29.

South Texas Water Authority (STWA)

On July 22, the Council postponed a target date of August 24, 2025 to have a negotiated contract in place with STWA for 28 MGD. This postponement was based on STWA and their legal representation's assertions made multiple times during a July 17 meeting that a contract could not be achieved by August 24. City staff will continue to work with STWA to confirm costs, timeline of delivery, and terms of the contract.

EV Ranch Groundwater Project

There is no update to add regarding the EV Ranch Groundwater Project for this week.

CC Polymers Seawater Desalination Treatment Plant

On July 24, a City Council member introduced a newly proposed project concept during a meeting with several leaders from CC Polymer and City management. The potential terms of the project, which includes a potential real estate transaction, will be discussed in executive session at the July 29 City Council meeting.

Reclaimed Water Infrastructure Project

On April 8, the Council approved a professional services contract with Garver to provide the preliminary design services for this project. Garver received the executed contract on June 20 which includes evaluating alternative water reclamation and reuse applications that would add a new water supply for the City.

The main tasks associated with this project include:

- Develop a Reuse Alternatives Summary
- Develop a 12-month source water characterization report at Greenwood and Oso WWTP.
- Develop pilot study protocol documents, as required by TCEQ, which will serve as the basis for a future pilot plant design.

Groundwater Supply Assessment

City staff were directed by City Council on April 15 to hire a third-party consultant to help evaluate groundwater supply alternatives. Garver was selected to conduct the assessment to evaluate the Nueces River Groundwater Wells Project, Evangeline Groundwater Project, EV Ranch Groundwater Project, and STWA's Project. A summary of their assessment will be presented at the July 29 City Council meeting.

Attachment: IHWTC Total Cost Breakdown

Attachment: Signed RP Closure Letter – Hillcrest v Corpus

IHWTC Total Cost Breakdown

Description	December 2024	January 2025	February 2025	March 2025	April 2025	May 2025	June 2025
Phase 1A - Kiewit	\$2,062,908.00	\$1,673,536.00	\$1,535,758.00	\$1,754,383.00	\$1,401,435.00	\$355,060.00	\$490,000.00
Phase 1B, Step 1 - Kiewit					\$468,000.00	\$1,050,410.79	\$5,635,486.61
Phase 1B, Step 2 - Kiewit							
Phase 1B, Step 3 - Kiewit						\$1,680,970.59	
Phase 1B, Step 4 - Kiewit							
Phase 1 - Freeze & Nichols	\$250,200.00	\$500,000.00	\$800,000.00	\$800,000.00	\$400,000.00	\$300,000.00	
Monthly Cost	\$2,313,108.00	\$2,173,536.00	\$2,335,758.00	\$2,554,383.00	\$2,269,435.00	\$3,386,441.38	\$6,125,486.61
Cumulative Cost	\$2,313,108.00	\$4,486,644	\$6,822,402.00	\$9,376,785.00	\$11,646,220.00	\$15,032,661.38	\$21,158,147.99



U.S. Department of Housing and Urban Development
Fort Worth Regional Office, Region VI
Office of Fair Housing & Equal Opportunity
307 W. 7th Street, Suite 1000
Fort Worth, TX 76102
Phone 1-888-560-8913 Fax 202-485-9115

July 21, 2025

Janet Whitehead
City Attorney's Office
1201 Leopard St.
Corpus Christi, TX 78401

Subject: Housing Discrimination Complaint
 Hillcrest Residents Association and CAFP vs. City of Corpus Christi, et al.
 Inquiry No. 707553
 HUD Case No. 06-23-5804-8 (Title VIII)
 HUD Case No. 06-23-4011-6 (Title VI)
 HUD Case No. 06-23-4011-9 (Section 109)

Dear Representative of the City of Corpus Christi:

Attached is a copy of a closure document sent to your client, relating to the subject housing discrimination complaint.

Sincerely,

A handwritten signature in black ink, appearing to read "Christina Lewis", is positioned below the "Sincerely," text.

Christina Lewis, Director
Fort Worth Regional Office of
Fair Housing and Equal Opportunity
Region VI

Enclosures



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Fort Worth Regional Office, Region VI
Office of Fair Housing & Equal Opportunity
307 W. 7th Street, Suite 1000
Fort Worth, TX 76102
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July 21, 2025

City of Corpus Christi
c/o Peter Zanoni, City Manager
1201 Leopard St
Corpus Christi, TX 78401
Dear Respondent:

Subject: Housing Discrimination Complaint
 Hillcrest Residents Association and CAFP vs. City of Corpus Christi, et al.
 Inquiry No. 707553
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 HUD Case No. 06-23-4011-6 (Title VI)
 HUD Case No. 06-23-4011-9 (Section 109)

Dear Respondent:

On July 17, 2025, the complainants submitted a Withdrawal Without Resolution of Complaint form to the U.S. Department of Housing and Urban Development ("Department") withdrawing the above-referenced housing discrimination complaint filed with the Department.

Therefore, by this letter, we are administratively closing the complaints filed under Title VIII, Title VI, and Section 109 in this matter.

For further information, please contact Christina Lewis, Director, FHEO Region VI, at Christina.Lewis@hud.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Christina Lewis", is positioned above the typed name and title.

Christina Lewis, Director
Fort Worth Regional Office of
Fair Housing and Equal Opportunity
Region VI

Enclosures

Cc: Janet Whitehead
City Attorney's Office
1201 Leopard St
Corpus Christi, TX 78401