



CITY OF
CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for the City Council Meeting June 30, 2026

DATE: June 30, 2026

TO: Peter Zanoni, City Manager

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**Construction Manager-At-Risk Contract Amendment No. 1 with Reytec
Construction Resources, Inc. for the Reclaimed Water for Industrial Use Project**

CAPTION:

One-Reading ordinance authorizing Amendment No. 1 to the Construction Manager-At-Risk (CMAR) contract with Reytec Construction Resources, Inc. of Houston and Corpus Christi, Texas for Phase 2 construction services for the Reclaimed Water for Industrial Use Project in an amount up to \$91,337,222.00, establishing the Guaranteed Maximum Price (GMP) of \$107,531,622.00 for the total construction of the project, including the reclaimed water transmission main, Oso Water Reclamation Plant pump station and wet well, and associated infrastructure that will be completed in May 2027; amending the FY 2026 Capital Budget; and establishing the City's intent to reimburse itself for the prior lawful expenditure of funds relating to any capital expenditures from the proceeds of one or more series of tax-exempt or taxable obligations to be issued by the City in an aggregate amount not to exceed \$109,000,000.00, with FY 2026 funding available from Water Capital Fund.

SUMMARY:

This ordinance authorizes execution of a Phase 2 Construction Manager At Risk (CMAR) Contract Amendment with Reytec Construction Resources, Inc., transitioning the Reclaimed Water for Industrial Use Project from Phase 1 (Preconstruction Services) to Phase 2 (Full Construction Services) and establishing a total construction Guaranteed Maximum Price (GMP) of \$107,531,622.

Phase 1 services have been substantially completed and included design coordination, constructability reviews, cost estimating, schedule development, and procurement planning, as well as early procurement and limited construction activities to secure long lead materials and maintain the project schedule.

Approval of the Phase 2 GMP amendment authorizes Reytec, as CMAR, to proceed with full construction of the project under a single, integrated contract, that will be completed May 2027.

The Phase 2 GMP establishes the total cost to complete construction of:

- The reclaimed water force main system from the Oso WRP to the Greenwood WRP.
- The Oso Water Reclamation Plant pump station and wet well.
- Associated electrical, mechanical, and accessory infrastructure.

Construction will be delivered through a phased, multi package approach designed to accelerate completion, consisting of five (5) primary construction work packages:

- Four (4) pipeline segments along the transmission corridor, enabling multiple construction crews to work concurrently.
- One (1) pump station and wet well package at the Oso Water Reclamation Plant.

This delivery strategy allows for simultaneous construction across multiple work fronts, reduces schedule duration, mitigates construction and supply risks, and supports expedited delivery of this critical drought response infrastructure project.

BACKGROUND AND FINDINGS:

The City of Corpus Christi has utilized treated wastewater effluent for non-potable reuse since the 1960s; however, only approximately 4.6% of total effluent is currently beneficially reused, with the majority discharged to receiving waters. Expanding reuse capacity is a key component of the City's long term water supply strategy.

On November 18, 2025, the City Council approved a Master Service Agreement with Ardurra Group, Inc. to provide engineering design services for the Reclaimed Water for Industrial Use Project. On May 12, 2026, City Council approved the Phase 1 CMAR contract with Reytec Construction Resources, Inc. to initiate pre-construction services.

Since that time, the project has advanced to the 60% design level, supporting the development of a refined construction strategy, procurement approach, and reliable cost estimate that form the basis for the Phase 2 Guaranteed Maximum Price (GMP).

The Reclaimed Water for Industrial Use Project is a critical drought response and water resiliency initiative, designed to expand delivery of treated effluent from the Oso WRP to the Greenwood WRP system, increase beneficial reuse, and reduce reliance on potable water for industrial demand.

Phase 1 CMAR services have been substantially completed and included:

- Constructability and design review to optimize construction approach.
- Development of detailed cost estimates for construction.
- Schedule development and phased construction sequencing.
- Identification and early procurement of long lead materials and equipment.
- Early construction activities to maintain the overall project schedule.

The Phase 2 scope of work includes:

- Construction of approximately 53,920 linear feet (10.5 miles) of 36-inch reclaimed water force main.
- Construction of the Oso WRP reclaimed water pump station and wet well.
- Installation of electrical systems, vertical turbine pumps, and instrumentation and control systems required for operation.

To accelerate project delivery and reduce overall schedule duration, the project has been structured into a phased, multi package delivery approach consisting of seven (7) coordinated bid packages, including five (5) subcontractor construction packages and two (2) procurement packages.

This packaging strategy enables:

- Four (4) concurrent pipeline construction crews working along the 10.5-mile alignment.
- One (1) dedicated construction team for the pump station and wet well.
- Two (2) parallel procurement streams to secure critical long lead materials and equipment.

This parallel construction and procurement approach reduces overall project duration, mitigates supply chain and cost escalation risks, and supports timely delivery of this critical infrastructure project.

COMPETITIVE SOLICITATION PROCESS:

Reytec Construction Resources, Inc. was selected through a competitive Request for Proposals (RFP) process and subsequently approved by City Council to perform Phase 1 CMAR preconstruction services for the Reclaimed Water for Industrial Use Project based on qualifications, project approach, and demonstrated experience.

During Phase 1, Reytec worked collaboratively with the City and the design consultant, Ardurra Group, Inc., under a CMAR open book procurement and GMP development process and included:

- Competitive solicitation and bidding of subcontractor construction work packages to ensure market-based pricing.
- Solicitation of supplier quotations for procurement packages, including long lead materials and equipment.
- Development of a comprehensive construction sequencing plan and project schedule, aligned with procurement and construction phasing.

Through this collaborative approach, the Phase 2 Guaranteed Maximum Price (GMP) was developed based on competitive market input, validated quantities, and defined project risks, providing a high level of cost certainty and transparency to the City. The resulting GMP reflects current market conditions, competitive subcontractor pricing, and a clearly defined allocation of risks and contingencies, consistent with CMAR best practices and City procurement requirements.

EMERGENCY DECLARATION:

This ordinance is presented as an emergency measure. Immediate approval of the Phase 2 CMAR Contract Amendment and associated Guaranteed Maximum Price (GMP) is necessary to maintain continuity of ongoing construction activities, preserve procurement commitments for long lead materials and equipment, and avoid schedule delays that could adversely impact project delivery.

Section 17 of the ordinance constitutes a written request by the Mayor or a majority of the City Council members for the ordinance to be passed finally on the date of introduction due to emergency. The City Council finds and declares an emergency due to the need for immediate action necessary for the efficient and effective administration of City affairs and suspends the City Charter rule requiring consideration and voting at two regular meetings, so the ordinance takes effect upon first reading.

PROJECT TIMELINE:

This coordinated delivery approach enables simultaneous construction activities along the 10.5-mile transmission corridor and at the Oso Water Reclamation Plant, maximizing efficiency, maintaining schedule continuity, and accelerating overall delivery of this critical reclaimed water infrastructure project.

2025 - 2026	2026 - 2026	2026 - 2027
November - July	May - June	June - May
Design	Construction	
	Phase 1	Phase 2

Projected schedule reflects City Council award of Phase 2 Construction in June 2026 with anticipated construction completion in May 2027.

ALTERNATIVES:

As an alternative to approving the Phase 2 GMP CMAR contract amendment, the City Council could elect to delay or defer authorization of construction services. However, this option would have several significant impacts on project delivery and overall costs, including:

- Reduction in schedule certainty, affecting the sequencing of multiple construction crews and planned concurrent work activities.
- Potential increases in the Guaranteed Maximum Price (GMP) due to market volatility, escalating material costs, and loss of favorable bid pricing currently reflected in the GMP.
- Delay in overall project completion, postponing the operational benefits of expanded reclaimed water reuse capacity.
- Continued reliance on potable water for industrial use, limiting the City’s ability to conserve drinking water supplies during ongoing drought conditions.

FISCAL IMPACT:

The fiscal impact to Corpus Christi Water for this item is \$91,337,222.00 for the Reclaimed Water for Industrial Use Project, with funding available from the Water Capital Fund. The total cost of \$107,531,622 includes both previously authorized Phase 1 activities and the proposed Phase 2 construction activities:

- Phase 1 (Pre-Construction Services and Early Work): \$16,194,400, including preconstruction services, early procurement of long lead materials, and limited early construction activities.
- Phase 2 Construction GMP: \$91,337,222 for a total of \$107,531,622, which represents the total not to exceed cost for full project construction and includes all Phase 1 costs.

The Guaranteed Maximum Price (GMP) establishes the total construction cost ceiling for the project and incorporates all elements necessary to deliver a complete and operational reclaimed water system. Because the FY 2026 Adopted Capital Budget did not include appropriations for phase 2 actions, the budget must be amended to provide the necessary funding. Additionally, official action to memorialize an intent to reimburse (in the amount of \$109,000,000), enables City staff to use appropriated funds to procure, assemble, and commission the Reclaimed Water for Industrial Use project. Once debt is issued for the project, the interim funding will be reimbursed with bond proceeds.

FUNDING DETAIL:

Fund: 4494 - Water 2026 CIP Rv Bds
Department: 45 - Water
Organization: 89 - Capital & Grants
Project: 25018 - Reclaimed Water for Industrial Use Project
Account: 550910 – Construction Contracted
Activity: 25018
Amount: \$91,337,222.00

RECOMMENDATION:

Staff recommends approval of the ordinance authorizing execution of the Phase 2 CMAR Contract Amendment with Reytec Construction Resources, Inc., establishing a Guaranteed Maximum Price (GMP) of \$107,531,622 for total project construction.

Approval of this amendment will formally transition the project from Phase 1 (Preconstruction Services) to Phase 2 (Full Construction Services), allowing the City to proceed immediately with full implementation of the project under the established CMAR delivery framework.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
GMP Information
Reytec Information
CIP Page
Location and Vicinity Map
Certification of Funds
Presentation