

One Reading Ordinance awarding a Design-Build contract with Corpus Christi Desal Partners, LLC (CCDP), for 60% design services, design and construction of the demonstration plant and development and verification of the GMP for the Inner Harbor Seawater Desalination Treatment Plant Project

Nicholas J. Winkelmann, P.E.
Chief Operating Officer – Corpus Christi Water

June 2, 2026



Discussion Topics

Inner Harbor Desalination Seawater Treatment Project

Overview:

- **History & Project Development**
- **Project Details**
- **Financial Impact**
- **Staff Recommendation**

Current Timeline

Inner Harbor Desalination Seawater Treatment Plant Project

- **November 7, 2025:** City Manager recommends a new proposal with CCDP
- **November 18, 2025:** Council **authorized** an MOU with CCDP to develop a proposal with price certainty for design and construction for an Inner Harbor Desalination Seawater Treatment Plant Project - **VOTE 1**
- **December 2025 – February 2026:** CCDP prepares proposal for design and construction options
- **January 13, 2026:** Council **appointed** members to the Far Field Advisory Committee
- **January - May 2026:** Eight (8) committee meetings held to examine the project and data
- **February 24, 2026:** Council **approved** staff to proceed in negotiating a design-build contract with CCDP - **VOTE 2**
- **June 2, 2026:** Council *considers* Inner Harbor Desalination Seawater Treatment Plant Project design-build contract with CCDP - **VOTE 3**

**CITY OF CORPUS CHRISTI
OFFICE OF THE CITY MANAGER**

TO: Mayor and City Council
FROM: Peter Zaroni, City Manager 
COPY: Executive Leadership Team
SUBJECT: Inner Harbor Desalination Project - No Cost Path Forward Proposal
DATE: November 7, 2025

As City Manager, it is my responsibility to ensure we continue delivering essential services and infrastructure that enable Corpus Christi and the region we serve to grow and thrive. With that in mind, over the past several weeks, without City Council coordination, I have revisited the Inner Harbor Desalination Project. I am recommending a path forward to provide a mid-term source addition to our water security.

Over the past several weeks, it has become increasingly clear that while groundwater will continue to serve as an immediate water supply during the current and future droughts, we must manage these resources carefully, using them intermittently.

As the leader who provides and manages resources for the City, I reached out to Corpus Christi Desal Partners (CCDP), the second team in our procurement process, which had a competitive score just behind the initially selected contractor.

CCDP brings together an impressive group of local, national, and international companies: Acciona, MasTec, Reytec, and Ardurra. Earlier this week on Wednesday, I convened senior leaders from these organizations here in Corpus Christi to finalize a path forward for the Inner Harbor Desalination Project.

I am pleased to report that I have secured a formal commitment from CCDP to develop a new proposal with price certainty for design and construction options for the Inner Harbor facility. The plan moving forward to a potential contract over the next six months as outlined below will be at no cost to the City. CCDP and I have developed a recommendation that will build on Kiewit's existing design data.

No Cost Path Forward Proposal for Potential Contract

Steps	Timeline	Action
1	Nov 18, 2025	Council to consider approval of the plan with CCDP as outlined above by the City Manager.
2	Nov 2025	City to provide CCDP existing Kiewit data (e.g., 10% design documents, cost model).
3	Dec 2025 - Feb 2026	CCDP prepares proposal with price certainty for design and construction options for the Inner Harbor Desalination Project to be reviewed by staff and Council.
4	Jan-Feb 2026	Council considers for approval CCDP proposals for the Inner Harbor Desalination Project and directs staff to develop a design-build contract for execution.
5	Mar-Apr 2026	Council considers approval of design-build contract with CCDP for the Inner Harbor Desalination Project.

Corpus Christi Desal Partners

Project Team



ACCIONA

ACCIONA's experience will directly inform design, ensuring efficient, reliable Plant operations through its global resources and in-house R&D capabilities. Brings unmatched global desalination and operational experience, including:

- Design & construction of 92 seawater reverse osmosis (SWRO) plants
- Ongoing operations of 25 SWRO plants
- World leaders in reverse osmosis
- In-house technologies with 22 patent families and 60 brands granted

MasTec

National and local construction and infrastructure experience reduces Project risk and accelerates delivery, leveraging large-scale project capabilities and Texas market knowledge. MasTec is also ranked as the largest minority-controlled general contractor in the United States.

ARDURRA

Long-standing local relationships and intimate understanding of Corpus Christi's water system provides seamless Plant integration. Their regulatory expertise expedites permitting and funding processes to safeguard the Project against potential delays.

Project Timeline

Inner Harbor Desalination Seawater Treatment Project

Task	Start	End
Phase 0		
Proposal Presentation and Council Approval	2/24/26	2/24/26
Development Phase Negotiation	2/25/26	3/27/26
Council Approval and Notice to Proceed	6/2/26	6/2/26
Design, Piloting and GMP Development		
<ul style="list-style-type: none">• Basis of Design• Development of Guaranteed Maximum Price (GMP)• Demonstration Plant	6/3/26	6/28/27
GMP & Design Details Validation	6/29/27	7/28/27
Final Design and Construction		
Council Approval & Notice to Proceed	8/10/27	8/10/27
Complete Design	8/12/27	4/7/28
Construction	5/12/27	11/28/29
Mechanical Completion	12/29/29	3/29/30

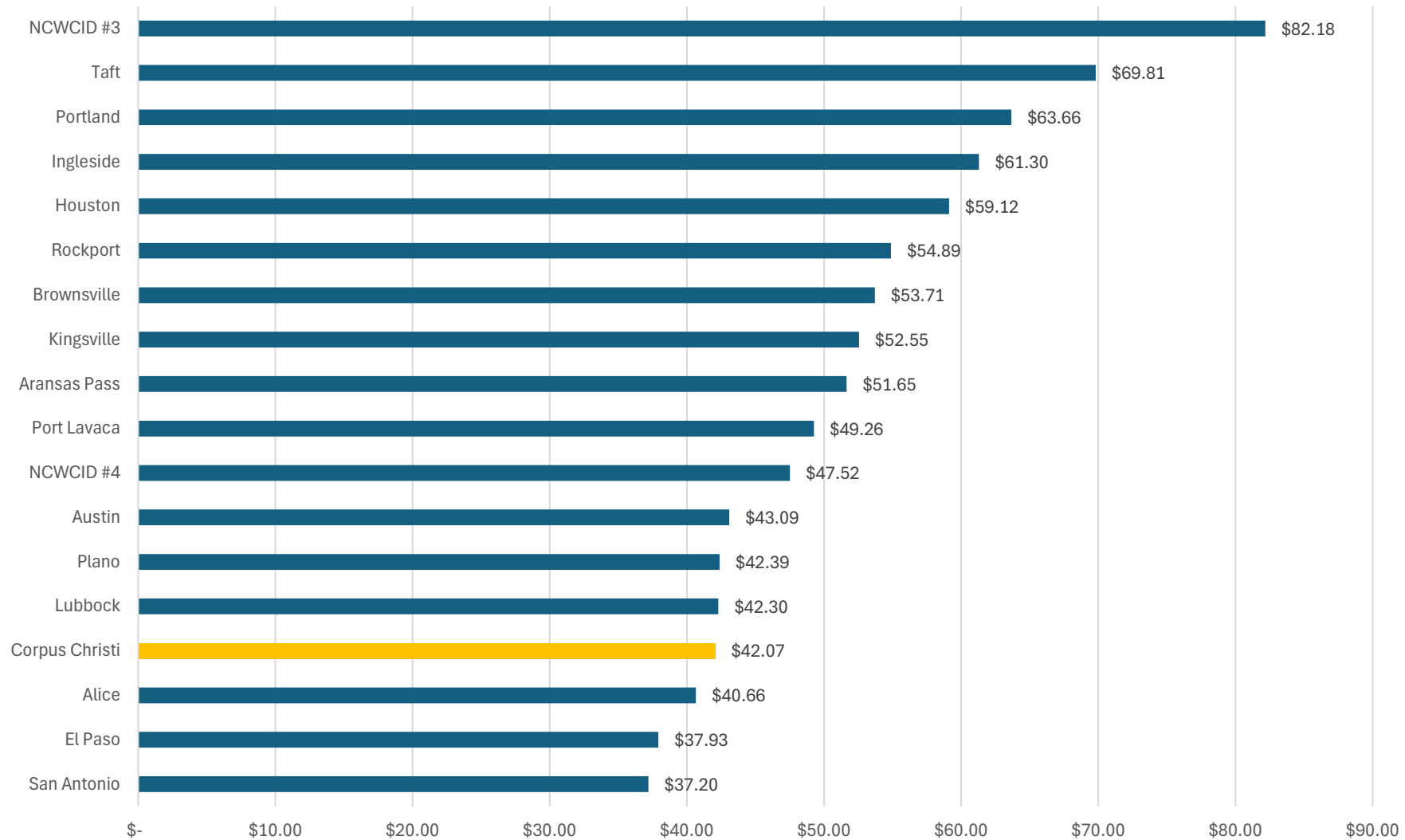
Project Cost Breakdown

Inner Harbor Desalination Seawater Treatment Plant Project

Project Cost Breakdown	Proposal (\$M)	Delta (\$M) Previous Proposal
Project Administration, Technical Support and Construction Inspection Services (Design progression to approx. 60%) <ul style="list-style-type: none">• Basis of Design• Guaranteed Maximum Price (GMP)• Demonstration Plant	78,610,000	26,390,000
Final Design and Construction (CCDP) <ul style="list-style-type: none">• Final Design and Engineering Services• Construction	900,160,000	309,840,000
Total Project Cost	978,770,000	336,230,000

Current Rate Comparison

Monthly Bill - Residential Customer Using 6,000 gallons (2025 Data)



Projected Costs and Rate Impact

Inner Harbor Seawater Desalination Treatment Plant Project

Project/Phase	CAPEX	Annual OPEX	Cost of Water per 1,000 gal.	Raw Water Rate Increase per 1,000 gal.	Monthly Bill Increase Residential 6,000 gallons	Monthly Bill Increase Commercial 20,000 gallons	Monthly Bill Increase Large Volume 90,000,000 gallons
Inner Harbor - SDTP	\$978.8M	\$32M	\$8.26	\$2.36	\$14.16	\$47.60	\$214,200

Assumptions included:

- \$6M Drought Surcharge Exemption Fee Revenue Removed
- SWIFT Loan interest at 3.9%
- Revenue Bond interest at 5.5% (Used for difference between approved SWIFT Loan & Capital Costs)
- Decreased Drought Billing Volumes

Funding above existing SWIFT Loans may consist of:

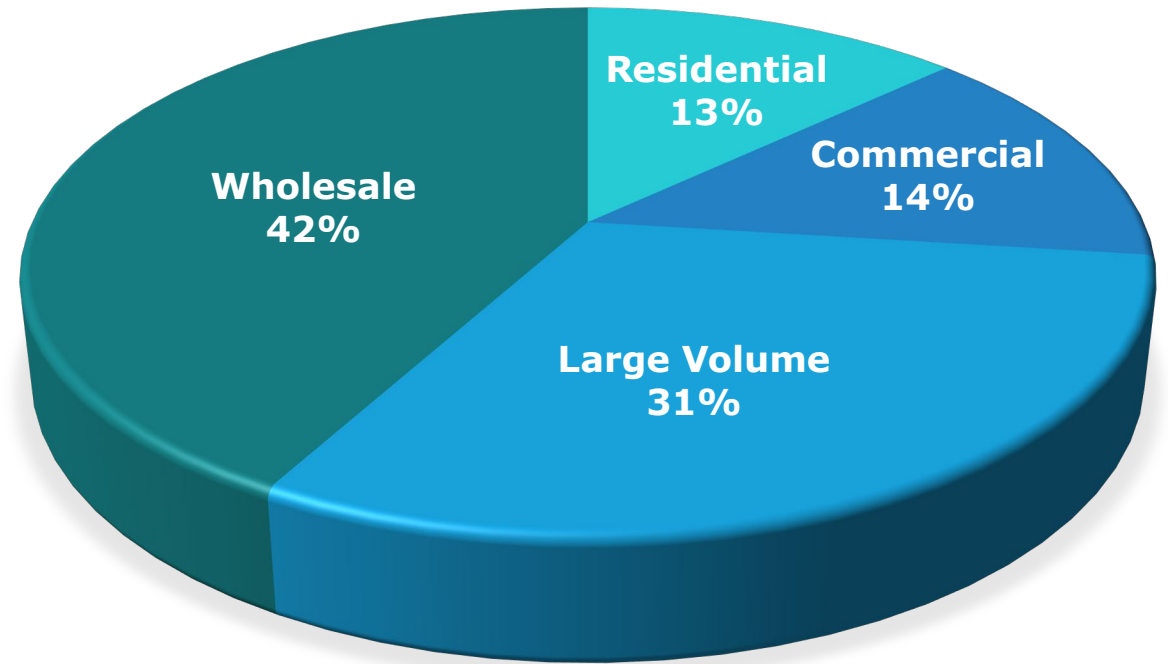
- Revenue Bonds
- Additional SWIFT Loan
- Bureau of Reclamation Grant Opportunity
- Other Grant Opportunities

Cost Allocation

Inner Harbor Desalination Seawater Treatment Plant Project

Overview:

- The cost of the Inner Harbor Desalination Seawater Treatment Plant Project will be incorporated into the raw water rate, which is a uniform charge per 1,000 gallons applied to all customers based on their actual consumption
- Customer classes that use greater volumes of water will bear a proportionally higher share of the total cost of the Inner Harbor Desalination Seawater Treatment Plant Project
- Nearly 87% of the Inner Harbor Desalination Seawater Treatment Plant Project will be paid by Non-Corpus Christi Residential payers
- Wholesale customer class consists of large volume, commercial, and residential customers



**Percentage based on 2025 consumption of each CCW Customer Class*

New Water Supply Projects



Project/Phase	Total CAPEX / Water Rights	Annual OPEX	New Water Supply Cost of Water (\$/kgal)	Raw Water Rate Increase per 1,000 gal.	Monthly Bill Increase for Average Residential 6,000 gallons	Monthly Bill Increase for Average Commercial 20,000 gallons	Monthly Bill Increase for Average Large Volume 90,000,000 gallons
Evangeline	\$676.5M	\$3.4M	\$5.71	\$1.31	\$7.86	\$26.20	\$117,900
Li Ranch - (Water Rights Only)	\$38M	-	\$1.43	\$0.07	\$0.42	\$1.40	\$6,300
CCW Water Wells - (Eastern & Western)	\$60M \$30M*	\$2.5M	\$0.46	\$0.12	\$0.72	\$2.40	\$10,800
CCW Water Wells - (Western Extension)	\$45M	\$1M	\$0.94	\$0.11	\$0.66	\$2.20	\$9,900
Brackish Water Conveyance System	\$120M	\$0.25M	\$1.01	\$0.22	\$1.32	\$4.40	\$19,800
Containerized Brackish Water Treatment Plant	\$55M	\$8M	\$2.08	\$0.42	\$2.52	\$8.40	\$37,800
Reclaimed Water Line	\$131M	-	\$2.47	\$0.24	\$1.44	\$4.80	\$21,600
CCDP Seawater Desalination (Inner Harbor)	\$978.8M	\$32M	\$8.26	\$2.36	\$14.16	\$47.60	\$214,200
TOTAL	\$2.1B	\$47.15M		\$4.85	\$29.10	\$97.40	\$438,300

*Includes \$30M Grant from Texas State Legislature lowering the CAPEX

SWIFT Loan

Current Timeline and Next Steps

- **June 16, 2026**

Draft version of legal documents, credit ratings, debt service schedule, and other financial documents are due to the Texas Water Development Board

- **August/September 2026**

Finance Agreement due to the Texas Water Development Board

- **October/November 2026**

City will close on the bonds and receive funds

SWIFT Loan Interest Savings

SWIFT Loans provide approximately \$242 million in interest savings for ratepayers compared to the Revenue Bond option.

SWIFT Loan \$760,335,000

- SWIFT Loan Interest Rate 3.1% to 3.9%
- Total Interest Cost: \$495.5 million

vs.

Revenue Bond \$760,335,000

- Revenue Bond Interest Rate 4.35% to 5.50%
- Total Interest Cost: \$737.5 million

SWIFT Loan Cancellation & Financial Effect

- The outstanding SWIFT debt will be removed from the balance sheet
- New debt will be issued to facilitate the defeasance transaction
- Losses related to the defeasance transaction will be reported in the financial statements
- Defeasance will signal the cancellation of the Inner Harbor Seawater Desalination Treatment Plant Project, requiring an accounting entry to record a loss of \$32,320,596 for capitalized costs as of September 30, 2025

Sample Defeasance Transaction Cancellation & Financial Effect

Assumptions for this sample include:

- Utilize approximately \$204M in remaining SWIFT funds
- Traditional advance refunding will be allowed
- Taxable bonds issued for the transaction

Principal Amount on Outstanding Loans (September 2026)	\$225,845,000
New Debt to be issued for defeasance transaction	\$21,050,000
• Estimated Interest expense on New Debt	\$27,325,316
• Increase to Rates for New Debt	\$0.04 (per 1,000 gallons)

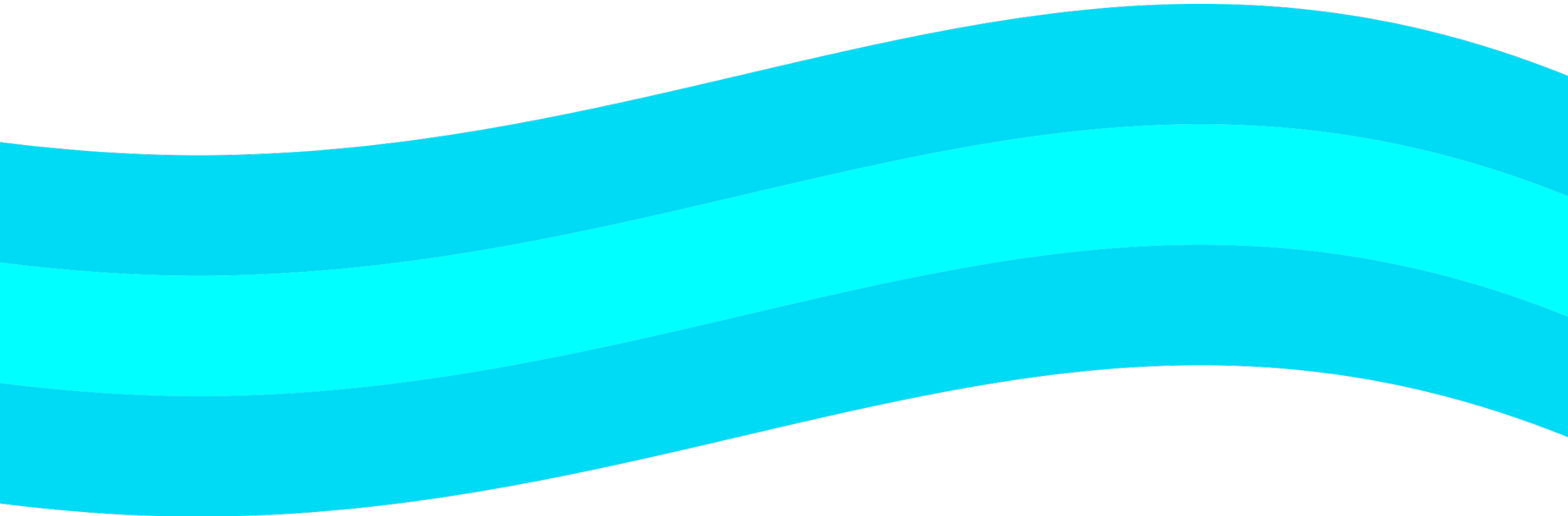
Next Steps

Inner Harbor Seawater Desalination Treatment Plant Project

- Owner's Representative – Agenda Item (#26-0851)
- Meet with TCEQ regarding Demonstration Plant
- Execute Contract (over 1,000 pages)
- TWDB Notification
- TCEQ Notification
- Notify Credit Rating Agencies: S&P, Moody's, Fitch
- Notify the Bureau of Reclamation
- RFP for Operating Services

Recommendation

Staff recommends approval of One Reading Ordinance awarding a Design-Build contract with Corpus Christi Desalination Partners, LLC (CCDP), for 60% design services, design and construction of the demonstration plant, and development and verification of the GMP for the Inner Harbor Seawater Desalination Treatment Plant Project



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WATER**