



AGENDA MEMORANDUM

One Reading for the City Council Meeting of October 21, 2025

DATE: October 21, 2025

TO: Peter Zaroni, City Manager

FROM: Nicholas Winklemann, P.E. Interim Chief Operations Officer for Corpus Christi Water
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Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP

CAPTION:

One Reading ordinance authorizing execution of a Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP in the amount of \$169,491,700; and execution of an Interlocal Cooperation Agreement with City of Sinton; and an agreement with St. Paul Water Supply Corporation for possible remediation activities due to the Evangeline Groundwater Project; and amending the FY 2026 Capital Budget, with FY 2026 funding available from Water Capital Fund.

SUMMARY:

The City seeks Council approval to execute a Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP in the amount of \$169,491,700 for groundwater rights to approximately 22,789 acres of real property located in San Patricio County. In addition, execute an interlocal cooperation agreement with the City of Sinton and an agreement with St. Paul Water Supply Corporation to address possible remediation activities due to the Evangeline Groundwater Project.

BACKGROUND AND FINDINGS:

At the direction of City Council city staff and Evangeline/Laguna, LP have developed an agreement where the City would purchase the groundwater rights to approximately 22,789 acres of real property located in San Patricio County adjacent to U.S. Highway 181 and U.S. Highway 77 (I-69) and located within the San Patricio Groundwater Conservation District.

The agreement includes a groundwater rights purchase price of \$7,437 per acre for 22,789 acres, totaling \$169,491,700. Upon execution of the agreement the City will be responsible to pay a \$1,000,000 non-refundable earnest and option fee for a 120-day inspection period, where the City will be responsible for performing their due diligence by reviewing access to proposed wells, wellfield layout, existing infrastructure, new pipeline and electrical routing, environmental testing,

title and surface use agreement review, hydrogeology and land survey. If the City wishes to continue at the end of the inspection period the City must pay an additional \$3,250,000 into an escrow account, both payments totaling \$4,250,000 will be applied to the final purchase price at closing.

In conjunction with the inspection period the Evangeline/Laguna, LP will begin their permit period, where they will have 180 days to provide clear and indefeasible title to Groundwater Rights, Surface Use Agreements and Surface Accommodation Agreement to City, non-appealable permits for twenty-two wells, production permit, and transport permits with closing to occur 60 days after all permits are obtained. At the end of the permit period if all conditions are met by all parties the City will owe \$165,241,700 at closing.

On September 23, 2025, City Council authorized agreements and amendments with Allensworth and Porter, LLP, Pape-Dawson Consulting Engineers, LLC, and T. Baker Smith LLC for assistance during the inspection period, in the acquisition of fully permitted fee simple groundwater rights, and the development of the wellfield and conveyance system. All agreements and amendments have been executed, and work has begun.

The following activities are underway: review of surface use agreements, well site locations, alignment for water lines, electrical infrastructure and access, location of pump station, and integration of groundwater into Mary Rhodes Pipeline. hydrogeologic modeling, easement layouts, title review, and other coordination activities. At the end of the inspection period Pape-Dawson Consulting Engineers, LLC will provide an Opinion of Probable Construction Cost, a design and construction schedule and risk register. Additional agreements, contracts and budget amendments will be necessary to continue with design and construction.

ALTERNATIVES:

An alternative would be to defer the acquisition of an additional water supply.

FISCAL IMPACT:

The fiscal impact for Corpus Christi Water in FY26 in the amount of \$169,491,700 coming from Water Capital Funds. As this item was not part of the adopted Capital Budget for FY26 an amendment to the budget is needed and a corresponding reimbursement resolution that authorizes the expenditure of the funds is required.

Future remediation expenses contemplated by the agreements with the City of Sinton and St. Paul Water Supply Corporation will be paid out of the Corpus Christi Water operating budget.

FUNDING DETAIL:

Fund: 4492 – Water CIP
Organization: 89 – Grants & Capital
Department: 45 - Water
Activity: 27100 – Evangeline/San Patricio Co. Groundwater Program
Account: 530040 - Water rights/royalty/row expenses

RECOMMENDATION:

Staff recommends the execution of a Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP in the amount of \$169,491,700; and approval of a Interlocal Cooperation Agreement with City of Sinton; and approval of an agreement with St. Paul Water Supply Corporation; and approval to amend the FY26 Capital budget.

LIST OF SUPPORTING DOCUMENTS:

Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP Interlocal
Interlocal Cooperation Agreement with City of Sinton
Agreement with St. Paul Water Supply Corporation