



CITY OF
CORPUS CHRISTI

AGENDA MEMORANDUM

1st Reading Ordinance for the City Council Meeting of July 14, 2026
2nd Reading Ordinance for City Council Meeting of July 21, 2026

DATE: July 14, 2026
TO: Peter Zanoni, City Manager
FROM: Ryan Skrobarczyk, Intergovernmental Relations Director
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361-826-3622

Acceptance of two grants from the 2025 Texas Defense Economic Adjustment Assistance Grant Program

CAPTION:

Ordinance accepting and appropriating two grant awards totaling \$3,064,656.25 in funding from the Office of the Governor's Texas Military Preparedness Commission Defense Economic Adjustment Assistance Grant (DEAAG) Program with the required matching contributions from the City in the amount of \$557,317.50 the Navy in the amount of \$2,074,656.25, and the Army in the amount of \$990,000.00 for the Wastewater System Replacement Project at Naval Air Station-Corpus Christi and the AWG Procurement & Installation Project at Corpus Christi Army Depot.

SUMMARY:

To receive the Defense Economic Adjustment Assistance Grant (DEAAG) program funds, the State of Texas requires award recipients to sign Grant Agreements identifying the responsibilities of the recipient and the State. An appropriation of \$59,400.00 and \$ 497,917.50 respectively will be made from the City's Capital Improvement Program Military Commission Account to fund the City's required cash matches for these grants.

BACKGROUND AND FINDINGS:

On May 1, 2026, the City of Corpus Christi was awarded two grants from the State of Texas totaling \$3,064,656.25 for the purchase and installation of two AWG units for CCAD and Phase 3 of Wastewater System Replacement for NASCC.

Grant 1 – Purchase and Installation of 2 AWG units at CCAD:

This project represents Phase 2 of CCAD's water resiliency strategy, following the Phase 1 DEAAG FY25 award for condensate return stations, which improved efficiency by capturing and reusing process water. Two AWG units will be purchased with grant funding, while two will be provided as a matching contribution by CCAD. The total project cost is \$1,980,000 million, with each unit valued at \$495,000 including installation and integration. The AWG systems will

generate non-potable water for industrial processes, offsetting municipal water use in areas where daily demand ranges between 2,400 and 12,000 gallons.

However, AWG units are not cost-competitive to operate on a large scale in perpetuity. The AWG specifications from an identified vendor would result in water operational costs of approximately \$23 per thousand gallons, excluding the cost of purchasing the equipment. At 8,800 gallons per day, this project could produce a fraction of the water utilized by CCAD, which uses approximately 324,110 gallons per day. However, when connected to mission-critical facilities, these can ensure the Army has functionality in the event of a major natural disaster, loss of pressure, or other event impacting utility operations.

By producing water on-site, CCAD will reduce reliance on external supply, increase resilience to drought and infrastructure disruptions, and align with Department of Defense goals for sustainability and resource efficiency.

In June 2025, CCAD consumed 9,723.31 KGAL of water at a cost of \$92,644.86—over \$1.1 million annually. Even partial offsetting through AWG systems could yield measurable annual savings while ensuring mission continuity during shortages or emergencies. The project will begin after the military gifting process has been completed, with procurement and delivery of units within four months of approval. Installation and integration will take three to four months post-delivery, enabling full operational capability within 9 to 12 months of initiation, aligned with the gifting process. Advancing from condensate return stations in Phase 1 to AWG deployment in Phase 2, CCAD continues to strengthen mission readiness and efficiency while supporting regional water sustainability.

CCAD AWG Procurement & Installation Project Funding Breakdown			
Source	Item	Unit Cost	Cost Share
State (DEAAG)	50% AWG Project	\$ 990,000.00	48.5%
Federal (CCAD)	50% AWG Project	\$ 990,000.00	48.5%
Local	Fiscal and Project Management	\$ 59,400.00	3.0%
TOTAL		\$ 2,039,400.00	100.0%

CCAD is the Army's primary facility for rotary wing maintenance, where uninterrupted water supply is critical to production processes that directly support aviation readiness. By installing four Atmospheric Water Generation (AWG) units, CCAD will gain an on-site, renewable source of water for industrial operations. This reduces dependency on municipal supply, which is especially important in South Texas where drought conditions, high demand, and infrastructure disruptions can threaten availability. Ensuring a dependable source of process water enables CCAD to continue operations without interruption, safeguarding mission-critical output. The project also delivers long-term financial benefits through the integration of the previously awarded solar array system, increasing cost savings.

Grant 2 – Phase 3 Wastewater System Replacement at NASCC:

The current wastewater collection system is nearly 80 years old, with 35-40% of lines obstructed due to deterioration and infiltration. Despite over \$11 million spent on repairs since FY2016, the system is at risk of catastrophic failure. Such a failure would suspend water services, halt operations for 29 tenant commands, and expose the base to Clean Water Act fines of up to \$25,000 per day. Through Phase 3 of the NASCC Wastewater System Replacement Program,

NASCC will replace up to 2,180 linear feet of failing wastewater pipe and 7 deteriorated manholes; ensuring reliable utility service for mission-critical facilities, residential housing, and family support areas.

NAS-CC Wastewater Improvement Project Funding Breakdown			
Source	Item	Unit Cost	Cost Share
State (DEAAG)	50% Wastewater Improvements	\$ 2,074,656.25	44.6%
Federal (NASCC)	50% Wastewater Improvements	\$ 2,074,656.25	44.6%
Local	Fiscal and Project Management	\$ 497,917.50	10.8%
TOTAL		\$ 4,647,230.00	100.0%

By replacing up to 2,180 linear feet of deteriorated pipe and 7 failing manholes with modern, corrosion-resistant materials, the project eliminates recurring system failures, reduces maintenance demands, and protects the Navy’s \$32 million investment in the new wastewater treatment plant. The upgraded system will operate at full design capacity, reducing pumping, chemical, and operational costs associated with overworked and obstructed lines. It also minimizes the risk of Clean Water Act violations, avoiding fines up to \$25,000 per day. Overall, the project delivers sustainable, cost-effective wastewater management, enhances operational efficiency, and ensures uninterrupted mission support for 29 tenant commands, residential facilities, and critical base operations.

ALTERNATIVES:

Rejecting the grant awards will prevent the repair of these critical infrastructure pieces, and the Texas Military Preparedness Commission will reallocate the funds to other defense communities in Texas.

FISCAL IMPACT:

Accepting the grants will provide \$3,064,656.25 to fund two atmospheric water generation units and wastewater improvements. The Navy will provide \$2,074,656.25 and the Army will provide \$990,000.00 as their required match for their respective projects. The City of Corpus Christi will provide a required match of \$557,317.50 to cover the project procurement, management, and grant administrative services from the Texas Military Preparedness Commission Fund.

Funding Detail:

Fund: 3543 – Texas Military Preparedness Commission Fund
 Organization: 89 – Capital & Grants
 Department: 19 – Intergovernmental Relations
 Project: 269013543 DEAAG 2026 NASCC Wastewater Improvements
 Account: various
 Amount: \$ 497,917.50

Fund: 3543 – Texas Military Preparedness Commission Fund
 Organization: 89 – Capital & Grants
 Department: 19 – Intergovernmental Relations
 Project: 269023543 DEAAG 2026 CCAD AWG Units
 Account: various
 Amount: \$ 59,400.00

Fund: 1078 – Military Grants Fund
Organization: 89 – Capital & Grants
Department: 19 – Intergovernmental Relations
Project: 269021078S DEAG 2026 CCAD AWG Units Grant
Account: various
Amount: \$ 990,000.00

Fund: 1078 – Military Grants Fund
Organization: 89 – Capital & Grants
Department: 19 – Intergovernmental Relations
Project: 269021078L DEAG 2026 CCAD AWG Units - Army Share
Account: various
Amount: \$ 990,000.00

Fund: 1078 – Military Grants Fund
Organization: 89 – Capital & Grants
Department: 19 – Intergovernmental Relations
Project: 269011078S DEAG 2026 NASCC Wastewater Improvements Grant
Account: various
Amount: \$ 2,074,656.25

Fund: 1078 – Military Grants Fund
Organization: 89 – Capital & Grants
Department: 19 – Intergovernmental Relations
Project: 269011078L DEAG 2026 NASCC Wastewater Improvements - Navy Share
Account: various
Amount: \$ 2,074,656.25

RECOMMENDATION:

Staff recommend authorizing the submission of the grant application, as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
DEAG Award Letter – CCAD Atmospheric Water Generation
DEAG Award Letter – NASCC Phase 2 Wastewater Modernization
Draft Agreement – CCAD Atmospheric Water Generation
Draft Agreement – Draft Agreement – CCAD Atmospheric Water Generation
Presentation