



CITY OF
CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for the City Council Meeting February 17, 2026

DATE: February 17, 2026
TO: Peter Zaroni, City Manager
FROM: Sergio Villasana, Director of Finance
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Reimbursement Resolution for the expenditure of funds relating to the Li Ranch groundwater rights, Evangeline groundwater project construction and the brackish water treatment plant and conveyance system project in an amount not to exceed \$410,000,000.

CAPTION:

A resolution relating to establishing the city's intention 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 \$410,000,000 for authorized purposes, including the Li Ranch groundwater rights, Evangeline groundwater project construction and the brackish water treatment plant and conveyance system project; authorizing other matters incident and related thereto; and providing an effective date.

SUMMARY:

Consideration and approval of a resolution relating to establishing the City's intention 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 \$410,000,000 for authorized purposes, including the Evangeline groundwater rights project, the brackish water desalination plant project and pump station and conveyance system; authorizing other matters incident and related thereto; and providing an effective date.

BACKGROUND AND FINDINGS:

The City of Corpus Christi is planning on executing an agreement in an amount up to \$43,548,474 with Aqualia to design, procure, assemble, and commission a containerized brackish water treatment plant at the O.N. Stevens Water Treatment Plant prior to the issuance of bonds. As part of this project, the City will incur costs up to \$11,451,526 for civil and site improvements, including container foundations, filter pedestals, the effluent sump, tank foundations, site access, electrical interconnections, brine and backwash management infrastructure and associated permitting, as well as post-treatment and disinfection at the O.N. Stevens facility.

The Corpus Christi containerized brackish water treatment plant project will deliver 21.3 million gallons per day (MGD) of treated water from a 24 MGD brackish well supply with 24 months, with

interim output milestones at approximately 3.91 MGD by month 11, 5.33 MGD by month 14, and 10.65 MGD by month 18. This fast track, modular solution addresses CCW's Stage 3 water restrictions and mitigates the risk of entering a Level 1 Water Emergency by November 2026. The agreement will include full operations and maintenance (O&M) services and operator training during phased startup and for five years following final commissioning, ensuring reliable production and a smooth transition to CCW at contract end.

An additional amount of up to \$120,000,000 is needed for the construction contracts for the pump station and conveyance system from the Western Well Field to ON Stevens WTP. The groundwater conveyance line and pump station are designed to deliver water from the western well field to the O.N. Stevens Water Treatment Plant. By transporting groundwater directly to the treatment facility, this infrastructure is expected to reduce flows to the Nueces River and help limit evaporation losses from the surface water system. The pump station and associated storage tank are proposed within the western well field property, with an approximately 13-mile, 42-inch transmission pipeline conveying the groundwater to the proposed RO treatment plant for treatment and subsequent distribution throughout the system.

The City of Corpus Christi is also planning on executing a Groundwater Rights Purchase and Sale Agreement with Nancy Fleming Shelton, Trustee of the Nancy Fleming Shelton Trust u/w/o Roger Fleming, Zorilla-Malone Properties, Ltd, Lynn O'Connor Carter, Nancy O'Connor and T. Michael, each Individually and as Co-Trustees of the Mary Madeline O'Connor Family Exempt Trust and the Mary Madeline O'Connor Family Non-Exempt Trust for purchase of groundwater rights located at Li Ranch as part of the Evangeline Groundwater Project in an amount up to \$38,000,000. The City is also executing agreements with Pape-Dawson and Garney for approximately \$197,000,000 for the Evangeline Groundwater Project.

The City has also been evaluating opportunities to strengthen its water portfolio and ensure adequate supply for current and future demands. As part of this effort, staff negotiated an Option Agreement and Purchase and Sale Agreement for groundwater rights.

Project Information	Reimbursement Amount
Containerized Brackish Water Treatment Plant	\$43,548,474.00
Civil & Site Improvements for Brackish WTP	\$11,451,526.00
Pump Station & Conveyance System	\$120,000,000.00
Groundwater Rights (Li Ranch)	\$38,000,000.00
Evangeline Groundwater Project	\$197,000,000.00
Total Potential Reimbursement:	\$410,000,000.00

This resolution is necessary to allow the City to incur costs and subsequently reimburse itself with bond proceeds once the bonds are issued.

ALTERNATIVES:

The alternative would be to reject the reimbursement resolution, which would prevent the City from reimbursing itself for any costs incurred using bond proceeds.

FISCAL IMPACT:

Approval of this item will allow City staff to use current funds, once appropriated, to design, procure, assemble, and commission a containerized brackish water treatment plant at the O.N. Stevens Water Treatment Plant and to purchase ground water rights. Once the debt is issued, these funds will be replenished with bond proceeds.

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Presentation