



CITY OF
CORPUS CHRISTI

AGENDA MEMORANDUM
Action Item for the City Council Meeting February 10, 2026

DATE: February 10, 2026

TO: Peter Zanoni, City Manager

FROM: Nicholas J. Winkelmann P.E. Interim Chief Operating Officer
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361-826-1796

Groundwater Rights Purchase and Sale Agreement with ERF Real Estate, Inc. in the amount of
\$28,000,000.00 for Western Well Field Extension

CAPTION:

Resolution authorizing execution of a Groundwater Rights Purchase and Sale Agreement with ERF Real Estate, Inc. in the amount of \$28,000,000.00, with \$200,000.00 due within three days of executing the contract and the remainder due one year after closing, with closing to occur within 60 days of executing the contract.

SUMMARY:

The City of Corpus Christi proposes to purchase groundwater rights beneath approximately 2,478.69 acres in Nueces County from ERF Real Estate, Inc. for \$28,000,000 to extend the Western Well Field and support municipal water supply development. The agreement conveys groundwater rights and necessary surface-use rights (access, well sites, utilities, pipelines, and a 5-acre treatment facility with a 1-acre injection well), plus a Bill of Sale for up to six wells (one existing; five under development) on an "AS IS, WHERE IS" basis. Closing is scheduled 60 days after the Effective Date, with \$200,000 earnest money and the balance due within one year of Closing. A Special Warranty Deed will include a Right of First Refusal favoring the Seller for any future transfer to non-governmental entities. The agreement includes shared closing costs, defined title review procedures, coordination with the Corpus Christi Aquifer Storage and Recovery Conservation District ("District"), and insurance/liability provisions.

BACKGROUND AND FINDINGS:

ERF owns both surface and groundwater rights under the subject property and will petition within 10 business days to include the property in the District to allow the City to efficiently manage its water resources. The City will pursue required permits. Surface rights allow 2-acre well sites, ingress/egress with 50:50 road maintenance, underground utilities where feasible, double-ditch construction with 36-inch burial depth, and non-exclusive easements (Seller may grant crossings

that do not disrupt City use). The City may request up to two 50' transmission easements (with 100' construction easements) along Highway 624 and Cayamon Creek within one year post-Closing. Risk and legal findings include broad "AS IS" disclaimers (no warranties on groundwater quantity/quality/fitness or permit amendments), a \$1,000,000 CGL insurance requirement naming Seller as additional insured (self-insurance permitted), a limited release of Seller (excluding intentional acts/gross negligence), Seller's reserved domestic/recreational/agricultural/research uses that must not unreasonably interfere, and City's shallow water (above 350') use restricted to onsite operations. Title commitments, a 20-day buyer review with cure/termination rights, and remedies (termination or specific performance) are defined; fiscal responsibilities allocate certain title/escrow costs to each party.

ALTERNATIVES:

Delay approval to complete further yield testing, permit certainty, and easement routing, recognizing potential schedule impacts and Seller's right to pursue backup contracts.

FISCAL IMPACT:

The agreement commits the City to a fixed purchase price of \$28,000,000 to secure groundwater rights and essential surface access for municipal water supply development. The fiscal impact for Corpus Christi Water in FY26 is \$200,000 Earnest Money Deposit which will be credited at Closing from the Water fund, leaving the remaining payment of \$27,800,000 due within one year of Closing. Closing costs are shared: the Seller pays the Title Commitment, owner's policy premium, lien releases, transfer taxes/fees, and ½ Escrow Agent fees; the City pays recording fees, ½ Escrow Agent fees, and any title endorsements/modifications it requests (each party pays its own legal fees).

FUNDING DETAIL:

Fund:	4010 – Water Fund
Organization/Activity:	30230 – Water Supply Development
Department:	45 - Water
Project # (CIP Only):	26150 – Nueces Groundwater Wells – Western Expansion
Account:	530040 – Water Rights
Amount:	\$200,000.00
FY27:	\$27,800,000.00

RECOMMENDATION:

Approve the Groundwater Rights Purchase and Sale Agreement with ERF Real Estate, Inc. in the amount of \$28,000,000 to secure groundwater rights and essential surface access for the Western Well Field Extension; and authorize the City Manager to execute all documents necessary to implement the agreement.

LIST OF SUPPORTING DOCUMENTS:

EXHIBITS:

Exhibit A - Legal Description of Real Property

Exhibit B- Form of Groundwater Rights Deed

Exhibit C - Form of Bill of Sale

Resolution

Agreement