



CITY OF
CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for the City Council Meeting February 17, 2026
Second Reading February 24, 2026

DATE: February 17, 2026
TO: Peter Zanoni, City Manager
FROM: Nicholas J. Winkelmann P.E. Interim Chief Operating Officer
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361-826-1796

Agreement for the Purchase and Sale of Groundwater Rights

CAPTION:

Ordinance authorizing execution of 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 Li Ranch as part of the Evangeline Groundwater Project in an amount up to \$38,000,000.00; and amending the FY 2026 Capital Budget, with FY 2026 funding available from Water Capital Fund.

SUMMARY:

This memo provides an overview of the proposed groundwater rights acquisition described in the accompanying agreement documents. The transaction would allow the City to secure additional groundwater resources to support long-term water supply reliability, operational, flexibility, and future planning needs. The memo outlines the purpose of the acquisition, the key elements of the agreement, and the steps required for Council consideration.

BACKGROUND AND FINDINGS:

The City has 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 associated with the property and legal descriptions included in the attached materials. Preliminary review indicates that the rights identified in the agreement may provide meaningful benefits to the City's long-term water management strategy. Staff's initial findings highlight the need for a full title review, verification of the legal status and transferability of the rights, assessment of any easements or encumbrances affecting access or use, and confirmation of regulatory requirements such as permitting, reporting, or adjudication obligations. These findings will guide the due diligence process prior to exercising the option and completing the purchase.

ALTERNATIVES:

The City may proceed with the recommended action to continue due diligence and prepare for potential exercise of the option, allowing the City to secure the groundwater rights subject to satisfactory review. Alternatively, the City may defer action until all due diligence activities are completed and return the item for future Council consideration, though this may affect the option timeline. A third alternative is to decline the acquisition, which would avoid the associated costs but would also forgo the opportunity to expand the City’s water supply resources. Each alternative carries implications for cost, timing, and long-term water planning.

FISCAL IMPACT:

The fiscal impact to Corpus Christi Water in FY 2026 is an amount up to \$38,000,000.00. This proposed acquisition cost includes the purchase price specified in the agreement, as well as associated due diligence, legal review, environmental assessment, and closing costs. Additional expenditures may be required for permitting, infrastructure construction, and any long-term monitoring or reporting obligations tied to the groundwater rights, with funding sourced for this agreement from the Water Capital Fund.

To support this agreement, the adopted Capital Budget will be amended to appropriate \$38,000,000.00, and the Capital Improvement Plan will be updated to add Project 27150 – Li Ranch Groundwater Wells.

FUNDING DETAIL:

Fund: 4493 – Water Evangeline 2026 CIP
Organization/Activity: 89 - Capital
Department: 45 - Water
Project # **(CIP Only)**: 27150 – Li Ranch Groundwater Wells
Account: 530040 – Water rights

RECOMMENDATION:

Staff recommends that the City Council receive the report, acknowledge the information presented regarding the proposed groundwater rights acquisition, and authorize staff to proceed with full due diligence, including legal, title, regulatory, and environmental review of the rights described in the accompanying agreement documents. Upon completion of due diligence and confirmation of an appropriate funding source, staff further recommends authorizing the City Manager to exercise the option and execute the Purchase and Sale Agreement

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Groundwater Rights Purchase and Sale Agreement
Presentation