



CITY OF
CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for the City Council Meeting March 17, 2026

DATE: March 17, 2026
TO: Peter Zaroni, City Manager
FROM: Nicholas J. Winkelmann P.E. Chief Operating Officer
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Amendment No. 2 to the Construction Manager-At-Risk contract with Garney Companies, Inc., Construction in Aid of Construction with AEP, Surface Use Agreements and Intent to Reimburse for the Evangeline/San Patricio Co. Groundwater Program

CAPTION:

One-Reading ordinance authorizing Amendment No. 2 to the Construction Manager-At-Risk (CMAR) contract with Garney Companies, Inc. of Kansas City, Missouri for construction services in the amount of \$187,876,831.00, for a total contract amount of \$373,266,623.00; Surface Use Agreements with R.H. Welder Heirs, Ltd, Oakes David Edwards, III Son's Trust 1976A, Jason S. Edwards Son's Trust 1976A, Estate of Oakes David Edwards, Jr, Hamilton-Ingleside Limited, E-H Partnership, Ltd and Diana Welder Hamilton Ranch Partnership, Ltd for a total amount up to \$11,947,397.00; and a Contribution-in-Aid-of-Construction Agreement with American Electric Power, Texas (AEP) for \$8,953,223.00 for the Evangeline/San Patricio Co. Groundwater Program; amending the FY 2026 Capital Budget; and establishing the City's intent 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 \$294,000,000.00, with FY 2026 funding available from Water Capital Fund.

SUMMARY:

On September 23, 2025, City Council authorized a Master Services Agreement with Pape-Dawson Engineers to conduct preliminary design work for the project, work with HDR Engineering on a connection to the Mary Rhodes Pipeline (MRP) and negotiate access easements with the real property owners.

On October 21, 2025, City Council authorized execution of a Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP in the amount of \$169,491,700 for groundwater rights. This agreement will allow the City to drill twenty-two new wells and utilize two existing wells to produce up to 24 million gallons per day of raw water to be pumped directly into the Mary Rhodes Pipeline (MRP).

On December 16, 2025, City Council authorized execution of Amendment No. 1 to the Master Services Agreement with Pape-Dawson Engineers, Inc. of San Antonio, Texas for design services

in the amount of \$15,000,000.00 and execution of a Construction Manager-At-Risk (CMAR) contract with Garney Companies, Inc. of Kansas City, Missouri for pre-construction services to assist in the design in the amount of \$3,000,000.00 for the Evangeline/San Patricio Co. Groundwater Program.

On February 24, 2026, City Council authorized execution of Amendment No. 2 to the Master Services Agreement with Pape-Dawson Engineers, Inc. of San Antonio, Texas for construction management and inspection services in the amount of \$13,065,100.00 and execution of a CMAR contract amendment with Garney Companies, Inc. of Kansas City, Missouri for construction services in the amount of \$182,389,792.00 for the Evangeline/San Patricio Co. Groundwater Program.

This ordinance authorizes continuation of Garney Companies, Inc.'s work and approves execution of Amendment No. 2 to the Construction Manager-at-Risk contract for the Evangeline/San Patricio County Groundwater Program in the amount of \$187,876,831.00. It also authorizes execution of a Contribution in Aid of Construction agreement with AEP in the amount of \$8,953,223.00, and a Surface Use Agreement with the surface owners in an amount up to \$11,947,397.00. In addition, this ordinance establishes 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 \$294,000,000.00 for the Evangeline/San Patricio County Groundwater Program.

BACKGROUND AND FINDINGS:

The Garney amendment expands Garney's role to include several installation and procurement items. These items generally include the Transmission Main pipeline installation, the Well Collection pipeline installation, the connection to the MRP, Temporary Pump Station construction including the pond construction, pumping equipment procurement and installation which includes: yard piping procurement and installation, temporary pump station intake construction, and the onsite electrical infrastructure associated with the temporary pump station, the installation of SWPPP BMP systems along with the required inspection and reporting requirements, and the scope assigned to Bay Ltd which includes the clearing of the pipe alignment (transmission main and well collection alignments, the clearing of the well pad sites, the clearing of the pump station area, rough grading and prep for the pump station area, the construction of well site access roads, the temporary and permanent well site pads, drainage infrastructure (pipe and headwalls), and the installation of cast in place low water crossings.

The AEP Contribution in Aid of Construction provides funding for design, procurement, and construction of electrical infrastructure to the pump station and 24 well sites. The desired water delivery goals of the City require construction to begin at the beginning of May 2026. This funding allows for design, procurement, and construction to support that schedule.

The City is purchasing groundwater rights from Evangeline/Laguna, LP with no access rights. Each property owner has negotiated Surface Use Agreements with Evangeline/Laguna, LP that sets forth the terms and conditions of access to the groundwater beneath the surface of the property. The Surface Use Agreements will become effective at Closing of the City's purchase of the groundwater rights and will be assigned from Evangeline/Laguna, LP to the City. Closing will occur within 60 days of Evangeline/Laguna, LP obtaining permits from the San Patricio County Groundwater Conservation District. The City is negotiating Interim Surface Use Agreements with the property owners to allow construction of the infrastructure prior to Closing.

The City Council has, over the past six months, approved three reimbursement resolutions totaling \$383,500,000 to advance the Evangeline/San Patricio County Groundwater Program project. These prior actions provided funding for the groundwater rights purchase agreement and for professional services and construction-related contracts with Pape-Dawson Engineers and

Garney Companies, Inc. To fully capitalize the program and ensure uninterrupted progress through design, procurement, construction, and commissioning, an additional official action memorializing an intent to reimburse in the amount of \$294,000,000 is required. This final authorization will establish the remaining financial capacity needed to deliver the complete project scope and avoid the need for incremental returns to Council for funding approval.

ALTERNATIVES:

An alternative is that the City Council could choose not to approve Amendment No. 2 to Garney Companies, Inc., Contribution in Aid of Construction with AEP, Surface Use Agreements and to stop pursuing further design development and construction efforts.

FISCAL IMPACT:

The fiscal impact for Corpus Christi Water in FY26 is \$187,876,831.00 for a Construction Manager-At-Risk (CMAR) contract amendment no. 2 with Garney Companies, Inc., \$8,953,223.00 for Contribution in Aid of Construction with AEP and \$11,947,397.00 for Surface Use Agreements, with funding available from the Water Capital Fund.

Because the FY 2026 Adopted Capital Budget did not include appropriations for these actions, the budget must be amended to provide the necessary funding. Additionally, official action to memorialize an intent to reimburse (in the amount of \$294,000,000.00), enables City staff to use appropriated funds to design, procure, assemble, and commission the Evangeline/San Patricio County Groundwater Program project. Once debt is issued for the project, the interim funding will be reimbursed with bond proceeds.

FUNDING DETAIL:

Fund: 4493 - Water Evangeline 2026 CIP Rv Bds
Department: 45 - Water
Organization: 89 – Capital & Grants
Project: 27100 - Evangeline/San Patricio Co. Groundwater Program
Account: 550910
Activity: 27100

RECOMMENDATION:

Staff recommends approval of the ordinance authorizing execution of Amendment No. 2 to the Construction Manager-At-Risk (CMAR) contract with Garney Companies, Inc. of Kansas City, Missouri, Contribution in Aid of Construction with AEP, Surface Use Agreements and Intent to Reimburse for the Evangeline/San Patricio Co. Groundwater Program project.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Certification of Funds (COF)
Presentation