



AGENDA MEMORANDUM

Action Item for the City Council Meeting of May 24, 2022

DATE: May 24, 2022

TO: Peter Zaroni, City Manager

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<p style="text-align: center;"><u>Professional Services Contract</u> Seawater Desalination-AEP Agreement</p>
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CAPTION:

Motion authorizing a professional services contract with American Electric Power, Texas, to provide preliminary engineering and regulatory work associated with interconnection of the Seawater desalination plant to the Electric Reliability Council of Texas electric transmission grid in an amount not to exceed \$100,000.00, located in Council District 1, with FY 2022 funding available from State Water Implementation Fund Texas Loan-2020.

SUMMARY:

This motion authorizes a professional services agreement with American Electric Power (AEP) that will set forth the terms and conditions under which AEP Texas will connect the seawater desalination plant to the Electric Reliability Council of Texas (ERCOT) electric transmission grid and proceed with preliminary engineering, design of the infrastructure necessary to provide electric service to the City's seawater desalination plant.

BACKGROUND AND FINDINGS:

AEP Texas, delivers electricity to over one million electric meters, serving homes, businesses and industries in south and west Texas. AEP Texas provides regulated energy delivery service to consumers, regardless of which Retail Electric Provider (REP) they choose. The regional headquarters is located in Corpus Christi. AEP Texas also builds new powerlines, restores service following outages and uses advanced meters to record electric use for REPs throughout its service territory.

The interconnection of the seawater desalination project to the Electric Reliability Council of Texas (ERCOT) grid will require the construction of new 138 kV transmission line(s) and a newly constructed 138kV substation. This agreement will cover preliminary engineering (15% design) of the 138 kV infrastructure necessary to provide electric service to the project, as well as provide an evaluation of right-of-way requirements and development of environmental/routing assessments(s) associated with transmission line(s).

Following the completion of the assessments, AEP Texas will present the City with a comprehensive agreement containing cost estimates for the transmission improvements and the obligations of the City for the electrical infrastructure to provide electric service.

PROJECT TIMELINE:

The project preliminary work will begin in June 2022 and will be completed by December 2022.

ALTERNATIVES:

An alternative is to not proceed with the agreement which will delay the project. AEP Texas is the owner and operator of electric delivery infrastructure in our area, staff finds no equal measures available and is unable to recommend alternatives that are not in the best interest of public safety.

FISCAL IMPACT:

This fiscal impact for FY 2022 is an amount of \$100,000 for design, with funding available from the State Water Implementation Fund Texas Loan-2020.

FUNDING DETAIL:

This project is listed in the FY 2022 Capital Improvement Program.

Fund: 2020C SWIRFT Bd (Fund 4483)
Mission Elem: Water Planning (068)
Project: Seawater Desalination (Project No. E15117)
Account: Design / Outside Consultants (550950)
Activity: E15117-01-4483-EXP
Amount: \$100,000.00

RECOMMENDATION:

Staff recommends approval of the motion authorizing professional services agreement with AEP Texas in the amount of \$100,000.00 for the preliminary work associated with interconnection of the Seawater Desalination Plant to the ERCOT Electric Transmission grid.

LIST OF SUPPORTING DOCUMENTS:

Location Map
FY 2022 Project CIP Page
Professional Services Agreement
Power Point