



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 9, 2025

DATE: September 9, 2025

TO: Peter Zaroni, City Manager

FROM: Bill Mahaffey, Director of Gas Operations
BillM@cctexas.com
361-826-1801

One reading ordinance to appropriating \$5,554,472.85 from bond issuance for the purchase of the assets of the City of Rockport Natural Gas System and amending the FY2025 Operating Budget

CAPTION:

One-reading ordinance appropriating \$5,554,472.85 from the 2025 Utility Revenue Improvements Bond for the purchase of the assets of the City of Rockport Natural Gas Utility System and amending the FY 2025 Operating Budget.

SUMMARY:

This ordinance appropriates bond funding and amends the FY 2025 operating budget to purchase the assets of the City of Rockport's Gas System. Closing date for this transaction is scheduled for September 22, 2025.

BACKGROUND AND FINDINGS:

During a special meeting on May 6, 2023, the voters of City of Rockport granted their Council the authority to sell the Natural Gas Distribution System. Corpus Christi Gas Department (CCGAS) submitted its proposal to the City of Rockport on March 28 and was notified on April 14 that CCGAS was the preferred bidder. On July 29, 2025, City of Corpus Christi Council authorized a sale agreement with the City of Rockport to purchase the assets of the gas utility system. On August 12, 2025, the City Council of Rockport approved the Asset Purchase and Sale Agreement for acquiring the assets of the gas system for a total of \$5.5 million. The \$5.5 million asset acquisition is funded by the 2025 Utility Revenue Improvements Bond, which received Council approval on June 17, 2025.

The City of Rockport's Natural Gas Distribution consist of 189 miles of natural gas pipelines, serving approximately 4,700 active customers in Rockport, Fulton, and Aransas County, extending south to City by the Sea and north to Lamar. The City of Rockport's gas distribution also includes three city "gates" or distribution stations, one Compressed Natural Gas Station and all other related Gas distribution related assets.

CCGAS will pay the City of Rockport an ongoing fee revenue for the franchise and the utilization

of City of Rockport's right of ways, in the amount equal to ten percent (10%) of the monthly meter charges collected within the corporate limits of the City of Rockport.

Closing date is scheduled for September 22, 2025, after the closing CCGAS will take over operations of the Rockport Gas system.

ALTERNATIVES:

Council can choose not to appropriate funds which will prevent CCGAS from being able to purchase the Rockport Gas distribution system.

FISCAL IMPACT:

The purchase price of the Rockport Gas System is \$5,500,000.00 and the Bond Issuance Cost is \$54,472.85. The total will be appropriated in the Rockport Gas Fund and the FY 2025 Operating Budget amended. Additional revenue from Rockport Gas customers will exceed operating and debt services expenditures.

FUNDING DETAIL:

Fund:	4135	Rockport Gas Fund
Organization/Activity:	55050	Bond Issuance Cost
Department #:	11	Gas Department
Project # (CIP Only):	N/A	
Account:	540590	Bond Issuance Expense
Amount:	\$54,472.85	

Fund:	4135	Rockport Gas Fund
Organization/Activity:	New Org	
Department #:	11	Gas Department
Project # (CIP Only):	N/A	
Account:	550060	Infrastructure
Amount:	\$5,500,000.00	

RECOMMENDATION:

Staff recommend approving the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance