



## **AGENDA MEMORANDUM**

First Reading for Ordinance for the City Council Meeting of June 29, 2021  
Second Reading for Ordinance for the City Council Meeting of July 20, 2021

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**DATE:** June 9, 2021

**TO:** Peter Zanoni, City Manager

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Acceptance of 2021 Texas Defense Economic Adjustment Assistance Grant Program for Replacement of Natural Gas System at NASCC
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### **CAPTION:**

Ordinance accepting and appropriating \$901,952 grant from the Office of the Governor from the Texas Military Preparedness Commission's Defense Economic Adjustment Assistance Grant (DEAAG) in the 1072 Community Development Grant Fund for Naval Air Station Corpus Christi (NASCC) gas distribution system improvements; appropriating \$242,818 from the Texas Military Preparedness Commission CIP Fund 3543 as a City match; amending the FY 2021 Capital Budget to add DEAAG NASCC Gas Line Replacement project; and amending the FY 2021 Budget to increase revenues and expenditures by \$1,144,770.

### **SUMMARY:**

To receive the Defense Economic Adjustment Assistance Grant (DEAAG) program funds, the State of Texas requires award recipients to sign Grant Agreements identifying the responsibilities of the recipient and the State. An appropriation of \$242,818 will be made from the Texas Military Preparedness Commission fund 3543 to fund the city's match for the project. Reimbursement grant funds will be deposited into 1072-Community Development Grant Fund for the NASCC Natural Gas System Replacement Project. The City FY 2020-2021 Budget will be amended to increase revenues and expenditures by \$1,144,770 and the DEAAG NASCC Gas Line Replacement project will be added to the City's FY2020-2021 CIP budget.

### **BACKGROUND AND FINDINGS:**

On February 4, 2021 the City of Corpus Christi was awarded a grant from the State of Texas totaling

\$901,952 to replace the failing and deteriorating natural gas system at NASCC. The governor awarded \$16.3 Million in grants to 6 communities in this round of DEAAAG funding. The Texas Legislature appropriated \$30 million in this biennium to the Texas Military Preparedness Commission (TMPC) Defense Economic Adjustment Assistance Grant (DEAAG) fund to assist defense communities that have been impacted by a past or future Base Realignment and Closure action.

The Natural Gas Distribution System at NASCC is in a state of severe deterioration after decades of constant exposure to severe corrosive and erosive service environments. These system failures and leakages have resulted in significant operational losses of often critical services that subsequently required emergency repairs in order to restore and attempt to ensure both safety and continued reliable operation of the primary high-pressure natural gas distribution system. These failing high-pressure service lines are the backbone of Naval Air Station Corpus Christi's (NASCC) entire natural gas distribution system. The base and its 40 tenants in approximately 75 buildings is one of the top five customers of the City's natural gas utility. Currently, the base accounts for approximately three to four percent of the natural gas consumed (127,827 MMBTU annually). Natural gas provides hot water, heat, humidity control, and is used as a power source for some boiler units. For critical facilities such as the Navy's Calibration Lab and Air Traffic Control Tower, and other critical areas, maintaining 50 percent or less humidity is required. Natural gas is used for major processes in many Corpus Christi Army Depot (CCAD) areas such as the Plating Shop. Natural gas also provides hot water for sanitization in multiple facilities, including the Naval Health Clinic, Family Housing, and the Commissary. All food services use natural gas for cooking.

In January 2019, NASCC Utilities and Energy Management Department requested the City of Corpus Christi's Gas Department to perform a leak detection survey of NASCC's natural gas facilities. The survey, completed in June 2019, identified numerous above- and below-ground leaks in the 78-year-old system running throughout the base to buildings and hangars. The Navy reported 25 major leaks in recent years, including 20 major leaks in 2019 resulting in emergency repairs, threatening adverse impact to military industrial progress toward supplying helicopters to warfighters.

Earlier in Summer 2020, the Navy demolished Hangar 41 and a gas line serving six remaining hangars was damaged stopping service for a period. There is also a grave danger to the public with flammable, natural gas emitting from the ground. Major failures in concert with an ignition event could result in a catastrophic explosive or flammable event that could readily result in catastrophic property damage as well as the incalculable losses due to serious injuries or even loss of life. Imminent catastrophic failure of the system will paralyze missions affecting all processes and tenants, including CCAD, Chief of Naval Air Training (CNATRA), Naval Health Clinic, Defense Logistics Agency (DLA), NASCC Family Housing, and the Department of Homeland Security (DHS).

Ultimately, when all main lines and service lines, valves, and other safety measures associated with this project are completed, the Navy and City will begin exploring an intergovernmental service agreement for the City's Gas Department to take over the operation, maintenance and repair of the base's natural gas delivery system.

PROJECT COST LEVERAGE	DOLLARS	PERCENTAGE
DEAAG	\$ 901,952.00	46%
Federal	\$ 799,511.00	41%
CITY OF CORPUS CHRISTI	\$ 242,818	12%

### **ALTERNATIVES:**

The council may choose not to approve the grant agreements and the TMPC will reallocate the funds to other defense communities in Texas.

### **DEPARTMENTAL CLEARANCES:**

Budget, City Manager, Gas Operations, Engineering, Finance, Legal

**FISCAL IMPACT:** Accepting the grant will provide \$901,952 to complete NASCC Natural Gas System Replacement Project. The City of Corpus Christi will provide a match of \$242,818 which will cover engineering services and grant administration for the project.

### **FUNDING DETAIL:**

Fund: Texas Military Preparedness Commission Fund 3543  
 Organization/Activity: 21114-3543-EXP  
 Mission Element: 051  
 Project # (CIP Only): 21114 – DEAAG Gas Line Replacement  
 Account: 530010 – Interdepartmental-Services  
 Amount: \$242,818

Fund: Community Development Grant Fund 1072  
 Organization/Activity: 870105S – DEAAG Natural Gas System  
 Mission Element: 888  
 Project # (CIP Only): 21114 – DEAAG Gas Line Replacement  
 Account: 550950 – Outside Consultant  
 Amount: \$901,952

### **RECOMMENDATION:**

Staff recommends approval of the grant agreement.

### **LIST OF SUPPORTING DOCUMENTS:**

1. Ordinance
2. Award Letter for NASCC Gas Line Replacement Project
3. NASCC Gas Line Replacement Project Grant Agreement
4. Aerial View of Preliminary NASCC Gas System Replacement Plan