



AGENDA MEMORANDUM

Action Item for the City Council Meeting February 25, 2025
Action Item for the City Council Meeting March 18, 2025

DATE: January 23, 2025
TO: Peter Zaroni, City Manager
FROM: Bill Mahaffey, Director of Gas Operations Department
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361-826-1801

Ordinance authorizing the acceptance and appropriation of \$4,203,066.87 from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, under the FY 2024 Natural Gas Distribution Infrastructure Safety and Modernization Grant to replace existing steel gas mains with polyethylene (PE) pipe; and amending the Gas Grant Fund and FY 2025 Capital Budget.

CAPTION:

Ordinance amending the Capital Improvement Program to add the Kostoryz Gas Line Replacement Phase A and B, and authorizing the acceptance and appropriation of \$4,203,066.87 from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, under the FY 2024 Natural Gas Distribution Infrastructure Safety and Modernization Grant for use by the Gas Department to replace existing steel gas mains with polyethylene (PE) pipe; and amending the Gas Grant Fund and FY 2025 Capital Budget.

SUMMARY:

This ordinance authorizes the Corpus Christi Gas Department to accept funding from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration. The proposed grant will provide funding for the Kostoryz Replacement Phase A and B Project, consisting of 5.22 miles of steel mains to be replaced through the construction method of open trench and boring over an 18-month period.

The total project cost is \$4,203,066.87, with a \$805,407.31 total cost per mile of mains and 629 services replaced. It is anticipated that the environmental and community impacts will be a 354.9 (kg/year) decrease, or 37%, of emissions reduction. No cash or in-kind match is required.

The City Manager or designee is authorized to execute contract amendments pertaining to these funds in the following instances: a) carry-over funds, when ascertained and approved by the funding agency through a revised notice of award; b) no cost extension; c) amendments which will provide supplemental grant funds in amount not to exceed 20% of the original grant; d) reimbursement increases of administration funds for each participant served; e) amendments to comply with applicable State or Federal laws and regulations; and f) amendments which do not change the essential purpose of the grant.

BACKGROUND AND FINDINGS:

On November 15, 2021, President Biden signed the Bipartisan Infrastructure Law, which includes the Pipeline and Hazardous Materials Safety Administration's (PHMSA) first ever Natural Gas Distribution Infrastructure Safety and Modernization (NGDISM) grant program.

The law authorized a nearly \$1 billion investment over five years to modernize community-owned natural gas distribution pipes, helping lower energy costs for ratepayers, reduce methane pollution, and keep communities safe from pipeline failures.

In June 2024, the Corpus Christi Gas Department submitted an application for funding to the FY2024 Natural Gas Distribution Infrastructure Safety Modernization Grant requesting \$11,603,852.85 for the purpose of replacing steel gas mains with polyethylene pipe across 6 phases, as seen below.

Priority	Phase and Description	Miles	Project Cost
1	Phase 1 - Kostoryz Replacement	5.22	\$ 4,203,067
2	Phase 2 - Corn Products Replacement	1.61	\$ 787,700
3	Phase 3 – West Port Replacement	4.64	\$ 2,851,276
4	Phase 4 - Bay Area Replacement	3.00	\$ 1,551,536
5	Phase 5 – Six Point Replacement	2.52	\$ 1,321,227
6	Phase 6 - Annville Replacement	1.67	\$ 892,047
Total Project Cost			\$ 11,603,823

The quality of the current pipeline being targeted in this project is prone to leaks due to corrosion, excavation damage, natural forces such as hurricanes or flooding, material failure, and/or equipment failure.

In October 2024, the Corpus Christi Gas Department was notified of the results of the grant application. After review, the PHMSA Technical Reviewers rated 5 out of 6 projects to be highly recommended with 1 being recommended. The Technical Reviewers selected Priority 1, Phase 1 – Kostoryz Replacement, for funding in the amount of \$4,203,066.87, as highlighted in yellow above.

The Phase 1 – Kostoryz Replacement project consists of 5.22 miles of steel mains to be replaced (blue lines on Figures 2 and 3) through the construction method of open trench and boring over an 18-month period. This project has the potential to benefiting disadvantaged communities, improve the environmental air quality through the decrease in methane emissions, and potentially create approximately 25 jobs. The environmental impact of the project would be driven by the replacement of miles of high-risk leaking pipelines from coated or protected steel pipes to polyethylene (PE) plastic pipe, which will decrease methane emissions.

To complete this project, the City's Gas Department will select a contractor through a competitive bid process. To ensure compliance, the Gas Department will coordinate with the contractor through frequent project updates and safety meetings. These meetings will enable the Department to monitor all project aspects via the Maintenance & Operations Superintendent.

PROJECT TIMELINE:

2025	2026-2028	
March – July	August – September	October – March
NEPA Review	Bid/Award	Construction

The projected schedule reflects City Council award in February, with anticipated construction completion by March 2028.

ALTERNATIVES:

The alternative is not to accept the funding and utilize funding from another source to fund repairs.

FISCAL IMPACT:

No City cash match is required. If the funding is awarded, the grant will save Corpus Christi Gas Department customers from funding future repairs.

Funding Detail:

Fund:	1053 Gas Grant Fund
Organization/Activity:	89 Grants & Capital Project Funds/ 251001053F - NGDISM
Department:	36 Planning
Account:	530000 Professional Services

RECOMMENDATION:

Staff recommends authorizing the acceptance of grant funds from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration for funding in the amount of \$4,203,067.87, amending the Adopted FY25 Capital Budget and including the Kostoryz Gas Line Replacement Phase A and B project to the capital improvement plan, as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Certificate of Funds
Presentation
CIP Page
Kostoryz Replacement Phase A Map
Kostoryz Replacement Phase B Map