



## **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  
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361-826-1801

### **Franchise agreement with the City of Rockport for the rights to operate a gas distribution utility system**

#### **CAPTION:**

Resolution authorizing a franchise agreement with the City of Rockport for a period of 20 years for the right, privilege, and franchise to operate the gas distribution utility system for a franchise fee of 10% of monthly meter charges.

#### **SUMMARY:**

This resolution authorizes the City of Corpus Christi, its successors and assigns, for a term of 20 years, the right, privilege and franchise to operate the natural gas distribution system owned by the City of Rockport.

#### **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 to 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.

**ALTERNATIVES:**

Council can choose not to enter into the franchise agreement which will prevent CCGAS from being able to operate the Rockport Gas distribution system.

**FISCAL IMPACT:**

There will be no fiscal impact on FY2025. The fiscal impact is an annual payment on Feb 15th each fiscal year equal to 10% of monthly meter fees collected from Rockport customers in the prior calendar year, which is estimated at around \$8,500 per month. FY2026 payment is estimated at \$25,500 for the last 3 months in calendar year 2025, and \$102,000 in FY 2027 for franchise fees collected in calendar year 2026.

**RECOMMENDATION:**

Staff recommend approving the resolution as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution  
Franchise Agreement