

CITY OF ROCKPORT

MINUTES

CITY COUNCIL WORKSHOP MEETING

1:30 p.m., Tuesday, July 25, 2017

Rockport City Hall, 622 East Market Street

On the 25th day of July 2017, the City Council of the City of Rockport, Aransas County, Texas, convened in Workshop Session at 1:30 p.m., at the regular meeting place in City Hall, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Charles J. Wax

Mayor Pro-Tem Pat Rios, Ward 3

Council Member Rusty Day, Ward 1 (*arrived at 1:45 p.m.*)

Council Member J. D. Villa, Ward 2

Council Member Barbara Gurtner, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

City Manager Kevin Carruth

City Secretary Teresa Valdez

City Attorney Terry Baiamonte

Police Chief Tim Jayroe

Police Commander Larry Sinclair

Public Works Director Mike Donoho

Finance Director Patty Howard

Parks & Leisure Services Director Rick Martinez

Information Technology Director Brian Jacobs

ELECTED OFFICIALS

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Workshop Session of the Rockport City Council was called to order by Mayor Wax at 1:35 p.m. on Tuesday, July 25, 2017, in the Council Chambers of the Rockport City Hall, 622 E. Market Street, Rockport, Texas.

Regular Agenda

2. Hear and deliberate on presentation by AEP-Texas concerning recent outages and AEP's efforts to improved reliability.

Patrick King, AEP External Affairs Manager, addressed the Council. Mr. King introduced AEP Community Affairs and Customer Services Manager Ken Griffin, AEP Distribution System Manager Bob Dupnik, and Hilda Bernal AEP Customer Service Account Representative. Mr. King thanked the Council for the opportunity to update everyone on the recent power outages. Mr. King distributed a map (below) to the Council.

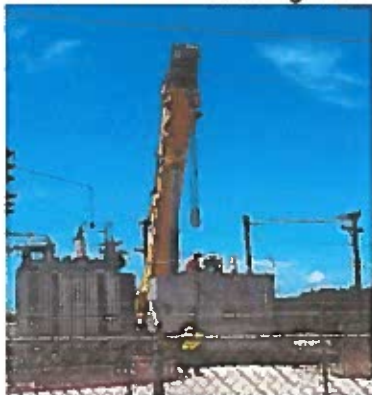


Mr. King called the Council's attention to three points of interest on the map: Rockport substation – Highway 188 & F.M. 1069; Live Oak substation – right off Ehler Lane and by the entrance to Cape Velero Drive; and Fulton Bank substation – F.M. 2165 and adjacent to the Aransas County barn and the back entrance to the Rockport Country Club (Woodland Drive). Mr. King informed the Council that the Fulton Bank substation is the location giving AEP problems. Mr. King stated this circuit has experienced several interruptions in the past 12 months. Mr. King gave a history, as follows, of this circuit which serves 1815 customers:

- September 11, 2016 – Primary conductor went down at Maple Street and Highway 35 (hit by a vehicle).
- October 13, 2016 – Circuit breaker fail at substation.
- October 20, 2016 – Palm frond fell across line behind Sonic and took the circuit out again.
- May 23, 2017 – Severe thunderstorm in area and had a direct lightning hit which knocked out the whole peninsula.
- June 4, 2017 – Another direct lightning strike at transformer at school – took circuit out.
- June 14, 2017 – Underground conductor failed in Rockport Country Club – knocked circuit out again; looked as if lightning strike (600 feet of cable damaged).
- June 22, 2017 – Underground cable damaged by contractor in same area.
- July 14, 2017 – 8:15 a.m. transformer #2 failed internally and tripped, causing three circuits to go out (6700 customers). At 9:19 a.m., 3554 customers were back on service; at 12:30 p.m., an additional 1230 customers came back on and at 11:30 p.m. the remaining 1514 customers were back on.

Mr. King explained that two things happen when they identify a transformer fail; first is immediate action to restore power to as many customers as possible – switch them to an energized circuit and parallel to that is evaluating and moving forward with what is AEP going to do with that transformer. Mr. King called the Council's attention to photos (below) he had distributed showing the substation transformer being removed because it had been determined that it had to be changed out (these customers could not be switched over to another transformer), and the solution – new portable substation that was delivered and had to be hooked up and tested, which was very labor intensive. Mr. King added there were approximately 50 AEP employees, two dozen contractors and several dispatchers working the outage on July 14, 2017.

Substation Transformer Being Removed



New Portable Substation Installed



Bob Dupnik, AEP Supervisor of Distribution Systems, addressed the Council. Mr. Dupnik gave the Council a brief update on AEP future reliability plans. Mr. Dupnik stated that in 2020 AEP is planning on installing another transformer at Live Oak substation. Mr. Dupnik said that on the distribution side of this, the following has been completed: 1) project on Church Street – feeder tie-in for future - \$500,000; and 2) at Rockport Country Club – 4200 feet of cable replacement - \$100,000. Mr. Dupnik added the following: 1) the design group is working on another section of cable feeding the Rockport Country Club that is going to be replaced; 2) will be upgrading a circuit; 3) in the process of reconfiguring more switching capabilities; and 4) crews working on replacing conductor at Live Oak substation. Mr. Dupnik stated there are other projects on the drawing board. Mr. Dupnik closed by stating that AEP understands citizen concerns and it is unfortunate that outages happen. Mr. Dupnik thanked City staff, stating he knows that they catch a lot of flak when there is an outage.

Mayor Wax asked the following questions: 1) at what percentage of load is AEP operating; 2) Council is looking at the growth of Rockport to the west and north, what is the nearest substation; 3) What does “portable” mean as referred to by Mr. King; 4) When will the permanent transformer be placed at the Live Oak substation; 5) Will the City experience a loss of service when the transformer is being replaced; and 6) Where are AEP response crews staged?

Mr. Dupnik answered the Mayor’s questions: 1) AEP is operating at 60% load; 2) nearest substation would be the Fulton Bank substation; 3) portable means it is a mobile unit and will be replaced with a permanent transformer; 4) the plans are to install the permanent transformer on August 25th; 5) the City will not experience a loss of service when the transformer is being replaced; and 6) response crews are staged in Rockport and Aransas Pass.

Council Member Villa asked if there will be any kind of surge when the transformer is being replaced?

Mr. Dupnik answered that there will be no surge.

Council Member Day asked if AEP had been working at the Fulton Bank substation before, where are the mobile units staged, and what is the lead time to get a transformer if they do not have a mobile unit?

Mr. Dupnik answered that yes they had been working on the transformer because it has a heat alarm that went off. Mr. Dupnik stated an analysis was performed and fluid was added to the auxiliary cooling unit because it has been extremely hot. Mr. Dupnik added that they recently found these particular transformers have heat issues so they are planning on replacing it. Mr. Dupnik informed Council Member Day that the mobile units are staged in Calallen and Corpus Christi, and the time frame for acquiring a transformer is usually three to four hours or one day.

Mayor Pro-Tem Rios asked if there was a schedule to replace equipment. Mayor Pro-Tem Rios said there have been statements on social media saying the outages were rolling brown-outs and he has informed citizens that that is not true.

Mr. Dupnik said AEP has a monthly maintenance process and the life of a transformer is 60 years. Mr. Dupnik added that transformer number one is 53 years old and transformer number two is 40 years old. Mr. Dupnik stated Mayor Pro-Tem Rios was correct and the outages were not rolling brown-outs.

Vicki Pitluk, Community Relations for City of Rockport, asked if AEP has a communication plan to use Facebook. Ms. Pitluk stated that a lot of people do not know to sign-up for outage reports on AEP's website. Ms. Pitluk asked if AEP is going to make a concentrated push to tell people about signing up for the outage reports. Ms. Pitluk asked if AEP has a restitution fund for the elderly or very ill persons who had to rent a hotel room during the outage.

Ken Griffin, Community Affairs and Customer Services Manager, answered that during the recent outage he had reached out to Aransas County Emergency Management Coordinator Rick McLester and he in turn sent out an email blast. Mr. Griffin added that during that time, there were several things going on and they had to make decisions based on that and unfortunately you do not know everything until decisions are made. Mr. Griffin stated two notices were put on AEP's website and sent out to Mr. McLester. Mr. Griffin said it is a struggle to get information out and AEP is exploring ways to use social media, but right now they are set up for information being placed on their website.

The Rockport Pilot editor Mike Probst informed Mr. Griffin that if information is sent to the newspaper, the newspaper will place the information on its website.

Council Member Villa stated there are a lot of elderly people who do not have social media or cell phones.

Mr. Griffin said that is a challenge. Mr. Griffin said everyone receives a bill from retail provider, but AEP does not have that information.

Mayor Wax commented that the best sources available are Code Red and social media.

Mayor Wax thanked AEP for providing the information on the recent outages and the efforts to improve reliability.

3. Hear and deliberate on a Performance Contract with Ameresco, Inc., and financing for the project.

George Rash with Ameresco addressed the Council. Mr. Rash stated on that March 28, 2017, the Council reviewed and deliberated on Ameresco's investment grade audit (IGA), performance contract, and their presentation on the project. Mr. Rash said Council authorized application to the State of Texas for Qualified Energy Conservation Bonds (QECB) and to proceed with a review of the IGA by a third-party engineer. Mr. Rash informed the Council that Ameresco received notice that the State reserved \$9,700,000 in QECBs for Rockport. Mr. Rash said the legal documents were provided to City Manager Kevin Carruth and Mayor Wax. Mr. Rash stated that once the documents

are signed, escrow will be set up and interest rate locked in.

City Manager Kevin Carruth stated the interest rate right now is 1.5%.

Tim Farkas, Ameresco Finance Director, addressed the Council. Mr. Farkas stated the City will be looking at rates between 1.2% and 1.25% for the entire 19-year term.

Mayor Wax asked if Aransas County was pursuing anything like this.

Mr. Carruth stated there is an item on the Agenda for consideration with a different company.

Mayor Wax commented that 50.4% of income for Aransas County comes from citizens of Rockport.

John Rodino asked if the City had already identified projects.

Mayor Wax informed Mr. Rodino that information is included in the Agenda packet.

Adelaide Marlatt asked if this was specifically a utility department expense and the payment on bonds backed by utilities.

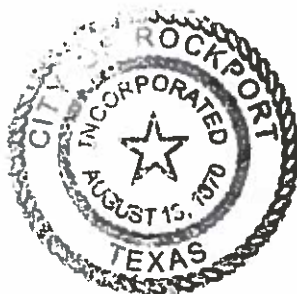
Mayor Wax answered that this is not an expense of the City, the payment will be out of the QCEB, there are zero dollars being spent by the City.

Mr. Farkus informed Ms. Marlatt that this is a performance contract and all savings are pledged to pay the bond.

Mayor Wax stated this item is on the Council agenda tonight for consideration.

4. Adjournment

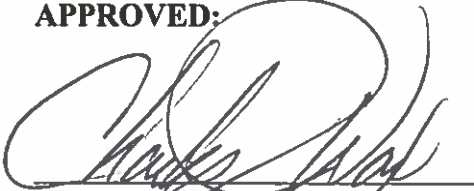
At 2:43 p.m., Council Member Villa moved to adjourn. Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.



ATTEST:


Teresa Valdez, City Secretary

APPROVED:


Charles J. Wax, Mayor