



Contract Number: CT-TR-13#815  
Effective Date: 7-1-13  
Term Date: 6-30-14  
Cost: 4,002,000.00  
Revenue: \_\_\_\_\_  
Total: \_\_\_\_\_ NTE: \_\_\_\_\_  
Action: \_\_\_\_\_  
Renewal By: \_\_\_\_\_  
Term: \_\_\_\_\_  
Reviewed by: JK 6-30-13

## **BOARD OF SUPERVISORS AGENDA ITEM SUMMARY**

Requested Board Meeting Date: June 18, 2013

### **ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:**

The proposed project consists of widening Valencia Road from Alvernon Way to Wilmot Road in order to improve safety, reduce congestion, improve operations and increase mobility. Specifically the project will widen the existing roadway from four lanes to six lanes including widening the underpass at Interstate 10 (I-10) and widening the bridge structure over Union Pacific Railroad (UPRR).

SFPP (Kinder Morgan) owns, operates and maintains a 16", 12" and 6" petroleum product pipelines and related appurtenances located along Valencia Road in the City of Tucson, Pima County, Arizona.

Pima County is requiring SFPP (Kinder Morgan) to relocate a portion of the 6" Pipeline to facilitate construction improvements to Valencia Road (the "**Project**") in an area where SFPP's (Kinder Morgan) facilities predate the Pima County right of way.

SFPP (Kinder Morgan) shall relocate a portion of its facilities to facilitate the Project and bill the Pima County for the actual cost of the relocation once completed.

SFPP (Kinder Morgan) will review the Project drawings, provide field inspection as needed during Pima County's construction activities near the Pipeline, and relocate those portions of the Pipeline within the Project area as more specifically described on Exhibit A (the "**Pipeline Relocation Work**"). SFPP (Kinder Morgan) will conduct the Pipeline Relocation Work in a good and workmanlike manner and in compliance with all applicable federal, state, and local laws, rules and regulations.

### **STAFF RECOMMENDATION(S):**

Staff recommends approval of the Kinder Morgan Pipeline Relocation Agreement.

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Ver. 1

Vendor. 1

To: CHH. 6-6-13

COB. 6-13-13

Agenda - 6-18-13

Addendum

Pgs. 3

(3)

PIMA COUNTY COST: \$ 1,002,000.00 and/or REVENUE TO PIMA COUNTY: \$ \_\_.00

FUNDING SOURCE(S): RTA #24, Valencia Road: Alvernon to Wilmot CTR.4VAKDP –  
Task Order 1100009623  
(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

**Advertised Public Hearing:**

☒ YES ☐ NO

**Board of Supervisors District:**

1 ☐ 2 ☒ 3 ☐ 4 ☒ 5 ☐ All ☐

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**IMPACT:**

**IF APPROVED:**

The utility relocation will proceed to construction, with the approval of the Pipeline Relocation Agreement.

**IF DENIED:**

The Pipeline Utility relocation will not proceed and the Kinder Morgan pipeline will be in direct conflict with the Valencia Roadway improvements.

DEPARTMENT NAME: TRANSPORTATION

DEPARTMENT DIRECTOR: Priscilla S. Cornelio, P.E.

PROJECT MANAGER: Damon Ballesteros

CONTACT PERSON: Damon Ballesteros, Engineering Division

TELEPHONE NO.: 520-724-6477

## PIPELINE RELOCATION AGREEMENT

This Pipeline Relocation Agreement (this "**Agreement**") is entered into by and between Pima County, a political subdivision of the State of Arizona ("COUNTY") and SFPP, L.P., a Delaware limited partnership ("**SFPP**"), with reference to the following facts:

- A. SFPP owns, operates and maintains a 16", 12" and 6" petroleum product pipelines and related appurtenances (the "**Pipelines**") located in Valencia Road in the City of Tucson, Pima County, Arizona.
- B. COUNTY is requiring SFPP to relocate a portion of the 6" Pipeline to facilitate construction improvements to Valencia Road (the "**Project**") in an area where SFPP's facilities predate the COUNTY right of way.
- C. SFPP shall relocate a portion of its facilities to facilitate the Project and bill the COUNTY for the actual cost of the relocation once completed.

NOW, THEREFORE, in consideration of the terms and conditions contained herein, along with other good and valuable consideration, the sufficiency of which is hereby acknowledged, SFPP and COUNTY hereby agree as follows:

1. Pipeline Relocation Work. SFPP will review the Project drawings, provide field inspection as needed during COUNTY's construction activities near the Pipeline, and relocate those portions of the Pipeline within the Project area as more specifically described on Exhibit A (the "**Pipeline Relocation Work**"). SFPP will conduct the Pipeline Relocation Work in a good and workmanlike manner and in compliance with all applicable federal, state, and local laws, rules and regulations.

2. Notification Prior to Construction Activities Near the Pipeline. **If any activities to be undertaken by COUNTY require any sampling, boring, excavation, ditching or other disruption of the soil or subsurface near the Pipelines, COUNTY shall provide written notice to SFPP at least 10 days prior to commencing such activity.**

3. Timing of Pipeline Relocation Work. SFPP intends to commence the Pipeline Relocation Work within 60 days after it has received a written notice to proceed from COUNTY. Neither party to this Agreement shall be responsible to the other for damages resulting from delays in the performance of obligations hereunder resulting from action of the elements, fire, flood, "Acts of God", strikes, lockouts, permit delays or any other such causes beyond said parties' reasonable control.

4. Reimbursement for Costs. COUNTY shall pay SFPP the actual cost of the Pipeline Relocation Work beginning with an initial payment of \$350,000.00 to SFPP upon full execution of this agreement, followed (after the initial \$350,000.00 is exhausted) by payments on invoiced weekly or monthly statements of project costs submitted by SFPP until the Pipeline Relocation Work is completed. SFPP estimates that the cost of the Pipeline Relocation Work will be \$1,002,000.00, including but not limited to (i) engineering consultant charges, (ii) equipment and materials, (iii) contracted engineering, construction, and inspection work related to the Project, (iv) company labor and company engineering, and (v) 15% for administrative overhead costs.

5. Final Accounting. When the final accounting of the Actual Cost of the Pipeline Relocation Work is completed, SFPP will submit an itemized billing to COUNTY for review, together with either: (i) an invoice, to the extent the Actual Cost exceeded the Estimated Cost; or (ii) a check from SFPP, to the extent the Estimated Cost exceeded the Actual Cost. If the Actual Cost was greater than the Estimated Cost, COUNTY shall pay SFPP the invoiced amount within 30 days after receipt of such invoice from SFPP. SFPP shall maintain records for 3 years of the actual costs incurred and charged or allocated to the Pipeline Relocation Work in accordance with generally accepted accounting principles.

6. Entire Agreement. This Agreement contains the entire agreement between COUNTY and SFPP with respect to the Pipeline Relocation Work in connection with the Project. The parties expressly agree that this Agreement shall not in any way alter, modify or terminate any provision of SFPP's easement in connection with the Pipelines.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement as of the day first written above.

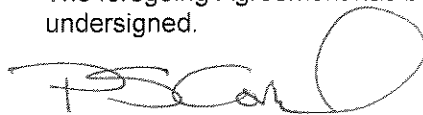
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

\_\_\_\_\_  
Ramón Valadez, Chairman

\_\_\_\_\_  
Robin Brigode, Clerk of the Board

The foregoing Agreement has been approved as to content and is hereby recommended by the undersigned.



\_\_\_\_\_  
Priscilla Cornelio, P.E., Director  
Pima County Dept. of Transportation

6/3/13  
Date

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Deputy County Attorney

SFPP, L.P.

*By Kinder Morgan Operating L.P. "D", its General Partner*

*By Kinder Morgan G.P., Inc., its General Partner*

*By Kinder Morgan Management, LLC, its delegate*

By: \_\_\_\_\_

Name: Mike Outlaw

Title: Authorized Signatory

Date: \_\_\_\_\_

## **Exhibit A**

### **Description of Portion of the Pipelines to be Relocated within the Project Area**

- **SFPP, L.P. LS-54 6" Tucson Terminal to Davis-Monthan Air Force Base**
  - Approximately 600' of LS-54 will be relocated (PLMP: 4.8 to 5.14)
  - Excavation of existing pipeline and of new location for the relocated pipeline.
    - Part done by machinery and part by hand.
  - Pipeline product drainage.
  - Relocation will consist of only two (2) cuts and two (2) tie-in locations
  - Pipeline removal
    - Approximately 600' of the replaced pipeline will be removed and disposed of properly.
  - Backfill
  - A KM pipeline representative will be maintained on site during construction activities over and adjacent to its pipeline easement to ensure that pipeline facilities are being adequately protected. KM does not have sufficient regular employees to monitor the construction work and therefore must hire qualified outside contract inspectors to perform this service. The inspection cost is based on \$600 per day plus 15% for G&A overhead multiplied by the number of estimated days that work will be performed near the pipelines.
  - A KM safety inspector will also be onsite at various times of construction to ensure construction of the relocation and removal is all done in a safe manner. The inspection cost is based on \$800 per day plus 15% for G&A overhead multiplied by the number of estimated days that work will be performed near the pipelines.
- **Inspection of work near KM pipelines at intersection of Valencia Road and UPRR.**
  - A KM pipeline representative will be maintained on site during construction activities over and adjacent to its pipeline easement to ensure that pipeline facilities are being adequately protected. KM does not have sufficient regular employees to monitor the construction work and therefore must hire qualified outside contract inspectors to perform this service. The inspection cost is based on \$600 per day plus 15% for G&A overhead multiplied by the number of estimated days that work will be performed near the pipelines.