



BOARD OF SUPERVISORS AGENDA ITEM REPORT
AWARDS / CONTRACTS / GRANTS

Award Contract Grant

Requested Board Meeting Date: 1/7/25

* = Mandatory, information must be provided

or Procurement Director Award:

***Contractor/Vendor Name/Grantor (DBA):**

SFPP, L.P.

***Project Title/Description:**

SFPP Facility Adjustment & Reimbursement Agreement

***Purpose:**

On November 1, 2022, the Board of Supervisors, acting as the Flood Control District Board of Directors, approved an Agreement between the Regional Flood Control District (District) and the SFPP/Kinder Morgan to relocate an active 12" petroleum products pipeline and two abandoned pipelines that are blocking the construction of culverts beneath the Union Pacific Railroad (UPRR) along the Gardner Lane alignment. The SFPP construction bids pointed out errors in SFPP's original cost estimates. Additional funding is required for the relocation due to UPRR construction requirements.

The District is requesting an amendment to Section 2.a, Estimated Amount, due to increases in construction costs, the under-estimation of costs to work within UPRR, and the Contractors construction bids received for the Pipeline Work (defined in the Agreement). An additional \$3,395,260 is needed to relocate the pipelines. Obligations under Section 2 of the Agreement remain in place and contract date is being extended to 11/01/2026. This amendment states Procurement Director authority to approve modifications within the limits of Procurement Department's Standard Operating Procedure PO-3 Construction Change Orders and Board of Supervisors Policy D29.4.

***Procurement Method:**

This Contract is a non-Procurement contract and not subject to Procurement rules.

***Program Goals/Predicted Outcomes:**

Relocation of SFPP/Kinder Morgan petroleum pipelines in preparation for construction of Ruthrauff/Gardner Lane UPRR culvert to relieve flooding as outlined in the Ruthrauff Basin Management Study adopted by the Board of Directors on October 3, 2017.

***Public Benefit:**

Constructing a culvert beneath the UPRR tracks will alleviate flooding along the Gardner Lane alignment.

***Metrics Available to Measure Performance:**

Allows culvert construction to progress.

***Retroactive:**

No.

TO: COB, 12-16-24 (1)
VERS. 1 @
PGS.: 4

DEC13 24PM 0109 PD

THE APPLICABLE SECTION(S) BELOW MUST BE COMPLETED

Click or tap the boxes to enter text. If not applicable, indicate "N/A". Make sure to complete mandatory (*) fields

Contract / Award Information

Document Type: _____ Department Code: _____ Contract Number (i.e., 15-123): _____
Commencement Date: _____ Termination Date: _____ Prior Contract Number (Synergen/CMS): _____
Expense Amount \$ _____ * Revenue Amount: \$ _____

*Funding Source(s) required: _____

Funding from General Fund? Yes No If Yes \$ _____ % _____

Contract is fully or partially funded with Federal Funds? Yes No

If Yes, is the Contract to a vendor or subrecipient? _____

Were insurance or indemnity clauses modified? Yes No
If Yes, attach Risk's approval.

Vendor is using a Social Security Number? Yes No
If Yes, attach the required form per Administrative Procedure 22-10.

Amendment / Revised Award Information

Document Type: PO Department Code: FC Contract Number (i.e., 15-123): PO2400016804

Amendment No.: 01 AMS Version No.: 0

Commencement Date: 1/7/2025 New Termination Date: 11/1/2026

Prior Contract No. (Synergen/CMS): CT-FC-23-125

Expense Revenue Increase Decrease Amount This Amendment: \$ 3,395,260.00

Is there revenue included? Yes No If Yes \$ _____

*Funding Source(s) required: FC Capital Projects

Funding from General Fund? Yes No If Yes \$ _____ % _____

Grant/Amendment Information (for grants acceptance and awards) Award Amendment

Document Type: _____ Department Code: _____ Grant Number (i.e., 15-123): _____

Commencement Date: _____ Termination Date: _____ Amendment Number: _____

Match Amount: \$ _____ Revenue Amount: \$ _____

*All Funding Source(s) required: _____

*Match funding from General Fund? Yes No If Yes \$ _____ % _____

*Match funding from other sources? Yes No If Yes \$ _____ % _____

*Funding Source: _____

*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?

Contact: Janice Bedford-Hughes (M. Guzman 4-4611 for P/U)

Department: Regional Flood Control District

Telephone: (520) 724-4635

Department Director Signature: _____

Date: 12/10/24

Deputy County Administrator Signature: _____

Date: 12/10/2024

County Administrator Signature: _____

Date: 12-10-2024

**First Amendment to
SFPP Facility Adjustment & Reimbursement Agreement
(Gardner Lane UPRR Culverts ~ Contract No. CT-FC-23-125-00)**

This FIRST AMENDMENT to that certain SFPP FACILITY ADJUSTMENT & REIMBURSEMENT AGREEMENT (“**Amendment**”) is made and entered into this ____ day of _____, 2025, by and between SFPP, L.P., a Delaware limited partnership (“SFPP”), and Pima County Regional Flood Control District, a political taxing subdivision of the State of Arizona (“District”). SFPP and District are sometimes referred to herein as the “**Parties**”.

WHEREAS, on November 1, 2022, the Parties entered into that SFPP Facility Adjustment & Reimbursement Agreement known as Pima County Contract No. CT-FC-23-125-00 (the “**Agreement**”) related to District’s Gardner Lane UPRR Culvert Project;

WHEREAS, District has paid to SFPP the originally Estimated Amount of \$1,308,591.00 in two payments - \$ 800,000.00 was received by SFPP on November 10, 2022 (the “**First Installment**”), and \$ 508,591.00 was received by SFPP on July 18, 2023 (the “**Second Installment**”);

WHEREAS, due to increases in construction costs, the under-estimation of costs to work within the UPRR, and the Contractors construction bids received for the Pipeline Work (defined in the Agreement), an additional \$ 3,395,260.00 is needed to relocate the pipelines; and

WHEREAS, District and SFPP have determined that it is in their best interests to provide additional funding to relocate the pipelines in support of the District’s drainage improvement efforts under the UPRR at Gardner Lane.

NOW THEREFORE, for and in consideration of the Project, the Location, and the mutual benefits to all parties, the Parties agree to amend the Agreement as follows:

1. Estimated Amount. The Estimated Amount in Section 2(a) of the Agreement shall be changed to: \$ 4,703,851.00 as described in **Exhibit “A”** attached hereto.
2. Pre-Payment. Section 2(b) of the Agreement shall be revised to read: District has paid SFPP \$ 1,308,591.00 of the Estimated Amount. Upon the full execution of this Amendment, District shall pay to SFPP \$ 1,700,000.00 of the Estimated Amount (the “**Third Installment**”).

Section 2(c) of the Agreement shall be revised to read: Upon receipt of the Third Installment, SFPP will make arrangements to begin the Pipeline Work as soon thereafter as reasonably possible. SFPP shall be under no obligation to commence any activities relative to the Pipeline Work until District has paid SFPP the Third Installment. SFPP shall be under no obligation to commence any construction activities relative to the Pipeline Work until SFPP receives all authorizations and permits necessary to complete the Pipeline Work, including a Permit from the UPRR.

Section 2(d) of the Agreement shall be revised to read (additions are underlined):

Accounting Reconciliation & Invoice or Refund. As promptly as reasonably possible, but no sooner than ninety (90) days following completion of the Pipeline Work, SFPP shall provide District an accounting for any variance between the Estimated Amount and the total Reimbursement Expenses (“Final Accounting”); provided, however, that District shall be obligated to pay SFPP for the total Reimbursement Expenses regardless of whether the Reimbursement Expenses are more or less than the Estimated Amount.

- i. If the Final Accounting is provided to District before July 1, 2025, then District shall pay to SFPP the total balance due for the Pipeline Work between July 1, 2025 and August 31, 2025.
- ii. In the event the Final Accounting has not been provided to District by July 1, 2025, then District shall pay to SFPP \$ 1,695,260.00 between July 1, 2025 and August 31, 2025 (the “Fourth Installment”), with the remaining funds due and payable per the terms of Section 2.
- iii. In the event District owes SFPP additional payment to cover the Reimbursement Expenses, SFPP will provide a final invoice to District within thirty (30) days after the Final Accounting. Should District fail to make payment of such invoice within (60) days after its receipt of the Final Accounting, SFPP shall be entitled to collect from District the amount of said invoice together with interest at a rate equal to the then-applicable Federal Energy Regulatory Commission (“FERC”) refund interest rate as specified in Section 340.1(c)(2) of FERC’s regulations. Such interest shall accrue on unpaid amounts, including on unpaid interest, compounded monthly, beginning on the payment due date of SFPP’s invoice to District and terminating when such invoice is paid.
- iv. In the event that SFPP owes District a refund of amounts paid, SFPP agrees to make that refund to District within sixty (60) days after providing the Final Accounting to District.
- v. Pima County Procurement Director shall have authority to approve change orders resulting from variations in field conditions or other factors leading to additional costs per Procurement Department Standard Operating Procedure PO-3 Construction Change Orders and Board of Supervisors Policy D29.4.

Except as hereby amended, all terms, conditions and provisions of the Agreement are continued in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

AGREED TO AND ACCEPTED BY:

Pima County Regional Flood Control District, a political taxing subdivision
of the State of Arizona

Adelita S. Grijalva, Chair
Board of Directors

ATTEST

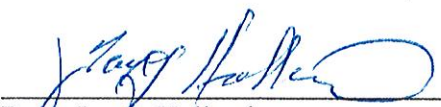
Melissa Manriquez, Clerk of the Board

APPROVED AS TO FORM



Bobby Yu, Deputy County Attorney

SFPP, L.P., a Delaware limited partnership
By: Kinder Morgan Operating LLC "D", its General Partner
a Delaware limited liability company



By: James Holland
Title: Vice President

Revised Estimate Date: 09-09-2024

** Estimate shelf life is 6 months.

Scope:

Third Party (Pima County Flood Control) is installing drainage culverts in conflict with Products LS-117, LS-53/54 and LS-6/7, approximate location (32.282414, -111.020289). Relocate {lower} approximately 150LF of the 12in LS-117 (same/similar horizontal alignment, deeper vertical alignment.). Remove replaced LS-117. Remove approximately 60LF the 6in LS-53/54. Remove approximately 60LF the 8in LS-6/7.

Cost Summary:

Description	Estimated Amount	Additional Costs	Total
Materials and Supplies	22,110	(3,960.00)	18,150.00
Company Labor	37,290	2,530.00	39,820.00
Outside Services	1,025,200	3,100,240.00	4,125,440.00
Right of Way	23,210	(12,210.00)	11,000.00
Permitting	-		
Administrative Overhead	110,781	308,660.00	419,441.00
Damage Prevention Inspection	90,000	-	90000
Project Total	1,308,591		4,703,851.00

Assumptions/Risks:

- Construction
 - Cooper E-80 shoring required for railroad proximity
 - Assumes existing pipelines have no asbestos coating
- Permitting
 - All required environmental, building, or development permits, consultations, or surveys permits to be secured by third party
- Right of Way
 - KM to relocate LS-117 within existing easement.
 - ROW is easily accessible and easily acquired from a reasonable landowner (no attorney) and in a timely manner
 - Third Party to provide temp work space
 - ROW/Encroachment Permit and daily flagger required from UPRR
 - Assumes daily traffic control required and temporary lane closure on WB I-10 frontage rd.
- Third Party’s representative estimated drainage culvert construction in proximity to KM facilities will take 90-120 days. Daily rate for Damage Prevention inspection during Third Party construction is \$1,000. Direct costs may include wages, benefits, living expenses, and vehicle and equipment expenses.
- Outside Service costs may include primary construction contractor, secondary contractor(s), professional engineering, inspection, survey, equipment, and instrumentation.

Variation Justification:

- **Construction**
 - **Total duration of 60 days, 24/7 operation. The original estimate included 20 days, 10 hrs shifts.**
 - **Nitrogen pack required for pipeline drain down, tie ins and abandonments.**
 - **Increased labor costs between January 2022 and January 2024.**
 - **Limited space for shoring installation, excavation and pipeline installation.**
- **UPRR Construction Requirements:**
 - **24/7 Operation once excavation activities start.**
 - **Zone A Engineered shoring for entire excavation.**
 - **Ground and Track monitoring for entire construction activities duration**
 - **Railroad Flagger (RailPros) and Construction observer for entire construction activities duration**