

CITY COUNCIL
COMMUNICATION:

03-451

AGENDA:

SEPTEMBER 8, 2003

SUBJECT:

SECOND AMENDMENT
WITH MIDAMERICAN
ENERGY FOR GAS
TRANSMISSION
PIPELINE RELOCATION
AND REIMBURSEMENT
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

WILLIAM F. FLANNERY
AVIATION DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Approval of an amendment to the Gas Transmission Pipeline Relocation and Reimbursement Agreement for the relocation of natural gas transmission lines that were necessary for the runway 5/23 extension project.

FISCAL IMPACT —

The City has already paid MidAmerican Energy \$450,000 for the work agreed to in the original Agreement as amended. Upon approval of the amendment to increase the maximum "not-to-exceed" amount, MidAmerican Energy can be paid the additional \$17,970. Funding for this work is available from Fund EN004, Organization AIR990000, Project AIR010, Account 543090. All of this work is approved by the Federal Aviation Administration (FAA) as grant eligible for 90% reimbursement in Airport Improvement Program (AIP) Grant 3-19-0027-27 if paid prior to September 10, 2003.

RECOMMENDATION —

Approval of the Second Amendment to the Gas Transmission Pipeline Relocation and Reimbursement Agreement with MidAmerican Energy to increase the maximum "not-to-exceed" reimbursement amount by \$17,970 to \$467,970, and authorization for the Mayor Pro Tem to sign the amendment and the City Clerk to attest to his signature.

BACKGROUND —

The relocation of 712 psi and 125 psi natural gas transmission lines were an integral part of the Runway 5-23 Grading, Phase II project. The relocations were critical at that time because much of the fill dirt being excavated as part of the Runway 5-23 Grading, Phase II project needed to be placed in the area of the existing high pressure gas lines. In order to allow for the Phase II grading for the Runway 5/23 extension to proceed, in September 1998, an Agreement with MidAmerican Energy was negotiated and approved by both Airport Board and City Council for the gas line relocation work which was amended in November 1998 to recognize the very high bids MidAmerican Energy received for the work. The FAA approved the Agreement and the reimbursements made to-date under the

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Agreement have been 90% federally funded under AIP Grant 3-19-0027-27.

In March 2000, MidAmerican Energy sent a final billing for all costs to relocate the two gas mains in the amount of \$517,267.09. There were necessary changes in alignment for the 125 psi gas main, resulting in additional expenditures beyond the maximum "not-to-exceed" amount of \$450,000, as provided in the Agreement. There have been on-going discussions regarding the final reimbursement amount. MidAmerican Energy and the City agree that \$17,970 is currently owed for their additional expenditures for the redesigned 125 psi gas main connection point. MidAmerican Energy and the City currently disagree over whether or not the City owes an additional \$49,297.09 for compaction work. The Airport Board approved the \$17,970 amount in August 2003 along with a recommendation to the City Council. This agreement requires execution signatures by both the Airport Board Chairperson and the Mayor Pro Tem to approve the amendment. A resolution was approved by the Airport Board on September 3, 2003, authorizing the Chairperson to sign the amendment subject to City Council approval to execute the amendment.

