



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 9

Agenda Date: November 21, 2024

In Control: City Council A Session

DEPARTMENT: Public Works Department

DEPARTMENT HEAD: Razi Hosseini

COUNCIL DISTRICTS IMPACTED: District 2

SUBJECT:

Reimbursement Agreement: Peggy Drive Area Drainage (Eastgate Subdivision)

SUMMARY:

An ordinance authorizing a Reimbursement Agreement between the City of San Antonio and CITGO Products Pipeline Company to reimburse funds in the amount of \$285,700.00 from the City of San Antonio to CITGO Products Pipeline Company for design and construction costs related to the lowering of a high-pressure gas pipeline in advance of construction of the Peggy Drive Area Drainage Project, a 2022 Bond funded project, located in Council District 2. Funding is available from 2022 General Obligation Bond Program funds included in the FY 2025 – FY 2030 Capital Improvement Program.

BACKGROUND INFORMATION:

On May 7, 2022, San Antonio voters approved the 2022 Bond Program, consisting of six propositions totaling \$1.2 Billion, which included \$20,000,000.00 under Proposition B, Drainage and Flood Control for the Peggy Drive Area Drainage Project. This project consists of regrading an existing earthen channel, installing an underground storm drain system and associated reconstruction of Peggy Drive Area streets with curbs, sidewalks, and driveway approaches.

The City of San Antonio will reimburse \$285,700.00 to CITGO Products Pipeline Company for design and construction costs related to lowering a high-pressure gas pipeline in advance of the Peggy Drive Area Drainage Project, a 2022 bond-funded project. Construction on the project is anticipated to begin in Winter 2026 and is estimated to be completed by Spring 2027.

ISSUE:

This ordinance authorizes a Reimbursement Agreement between the City of San Antonio and CITGO Products Pipeline Company to reimburse \$285,700.00 from the City of San Antonio to CITGO Products Pipeline Company (CITGO) for design and construction costs related to the lowering of a high-pressure gas pipeline in advance of the Peggy Drive Area Drainage Project, a 2022 bond-funded project located in Council District 2. Funding is available from 2022 General Obligation Bond Program funds included in the FY 2025 – FY 2030 Capital Improvement Program.

The Peggy Drive Area Drainage project includes roadway reconstruction over and across the pipeline easement owned and operated by CITGO. To accommodate the City's work on the project, it is necessary for CITGO to lower its pipeline. This reimbursement agreement will reimburse CITGO in funds in the amount of \$285,700.00 for design and construction costs related to lowering the high-pressure gas pipeline before the construction start of the Peggy Drive Area drainage project.

Construction on the Peggy Drive Area Drainage project is anticipated to begin in Winter 2026 and is estimated to be completed by Spring 2027.

ALTERNATIVES:

The City Council could choose not to approve this reimbursement agreement; however, this could potentially delay the project or require a change in the project's scope to remain within budget. The most cost-effective option would be to approve the Contribution Agreement with the CITGO Products Pipeline Company.

FISCAL IMPACT:

This ordinance authorizes a one-time capital improvement expenditure of \$285,700.00 payable to CITGO Products Pipeline Company for reimbursement of design and construction costs related to lowering a high-pressure gas pipeline in advance of the Peggy Drive Area Drainage Project. Funding for the project is available from the 2022 General Obligation Bond funds included in the FY 2025 – FY 2030 Capital Improvement Program.

RECOMMENDATION:

Staff recommends approval.

