



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 17

Agenda Date: May 5, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

License Agreement for Flint Hills Resources

SUMMARY:

This Ordinance authorizes a request from Flint Hills Resources Corpus Christi, LLC (FHR) to the City for the use of 450-feet of City Right-of-Way (ROW) for the purpose of relocating a 16-inch pipeline due to a TxDOT project. Under the proposed License Agreement, FHR will be required to pay the City an \$850.00 processing fee and compensation of \$8,150.00 for the use of City ROW, for the entire term of the agreement. The compensation is set by Section 37-9 of the City Code and similar to what has been used in other license agreements.

BACKGROUND INFORMATION:

FHR operates a 4,000-mile network of pipelines in six states that transport crude oil, natural gas liquids and refined products. Currently FHR has an existing private easement for a 16-inch line which is in conflict with the TxDOT expansion for the I10/IH410 Interchange Project. TxDOT plans to relocate existing CPS Energy power poles to the location occupied by the existing FHR line. FHR has acquired a new private easement to relocate the pipeline. But in order to tie back to the existing line east of the road expansion, FRH is seeking a license agreement from the City to

install a line in a City street (Palmyra Drive) and use 450-feet of ROW. It will run from the FHR terminal down Palmyra Drive to TxDOT ROW.

Under the ten-year license agreement, FHR will compensate the City for the use of the ROW and be required to follow all rules and requirements of the City's ROW Ordinance. FHR has agreed to meet all the insurance requirements established by Risk Management, to cover any accidents that might occur.

Using satellite technology, the pipelines are monitored 24 hours a day seven days a week by employees in the pipeline control center in Wichita Kansas. The pipeline will carry gasoline, diesel and jet fuel.

ISSUE:

Flint Hills Resources Corpus Christi, LLC (FHR) is requesting a license agreement from the City for the use of 450-feet of City Right-of-Way (ROW) for the purpose of relocating a 16-inch pipeline due to a TxDOT project. Under the proposed License Agreement, FHR will be required to pay the City an \$850.00 processing fee and compensation of \$8,150.00 for the use of City ROW, for the entire term of the agreement. The compensation is set by Section 37-9 of the City Code and similar to what has been used in other license agreements.

ALTERNATIVES:

Alternatively, the City could choose not grant a license agreement to FHR. This would force FHR to find another area or private easement to construct their pipeline. And the City would give up the compensation which would have been received under the license.

FISCAL IMPACT:

This Ordinance authorizes a request from Flint Hills Resources Corpus Christi, LLC (FHR) to the City for the use of 450-feet of City Right-of-Way (ROW) for the purpose of relocating a 16-inch pipeline due to a TxDOT project. Under the proposed License Agreement, FHR will be required to pay the City an \$850.00 processing fee and compensation of \$8,150.00 for the use of City ROW, for the entire term of the agreement. The compensation is set by Section 37-9 of the City Code and similar to what has been used in other license agreements. The revenue generated by this License Agreement will be deposited in the General Fund.

RECOMMENDATION:

Staff recommends approval of the proposed Ordinance granting a 10-year License Agreement to FHR for the use of City ROW.

