



# City Council Report

**Date:** July 1, 2021  
**To:** City Council  
**Through:** Marc Heirshberg, Deputy City Manager  
**From:** Beth Huning, City Engineer  
Rob Kidder, Assistant City Engineer  
**Subject:** Gas Line Replacement Meridian Rd. – Queen Creek Rd. to Germann Rd.  
City Project No. CP1065GAS  
Council District – Town of Queen Creek

## Purpose and Recommendation

The purpose of this report is to request Council approval to execute an intergovernmental agreement (IGA) with the Town of Queen Creek (“Queen Creek”) for the design, construction, ownership and cost of replacement of a gas line (“Gas Line Replacement”) that is owned and operated by the City of Mesa (“Mesa”). The gas line will be replaced in conjunction with improvements to Meridian Road that are being constructed by Queen Creek. (Refer to Exhibit “A” for the project location).

Staff recommends that Council authorize the City Manager to execute this IGA on behalf of the City. The estimated cost of construction to the City is \$2,080,138, which includes a change order allowance in the amount of \$208,014 (10%), for the gas line replacement. Also, Queen Creek will refund Mesa a relocation avoidance credit of \$121,777 as reimbursement for costs they would incur to relocate the existing gas line, if the new gas line was not constructed. The actual cost of construction will be reconciled after Queen Creek opens bids and awards a construction contract.

## Background

Queen Creek plans to construct Meridian Road, Queen Creek Road to Germann Road (“Roadway Improvements”). Construction of the new roadway is in anticipation of the opening of the new State Route 24. Mesa owns and operates a gas line that falls within the alignment of the Roadway Improvements and completion of the Roadway Improvements would require relocation of the gas line by Queen Creek. Mesa has also identified gas system improvements needed along this alignment. Rather than relocate the gas line, Mesa proposes construction of a new larger gas line that will have more capacity than the existing gas line and would allow Mesa to serve both existing and new customers in the area including expansion of the Commercial Metals Company (CMC) plant in Mesa, which is currently under construction. The new gas line would also allow the parties to avoid conflicts with the Roadway Improvements.

## **Discussion**

The purpose of this IGA is to set forth the roles and responsibilities of Queen Creek and Mesa with respect to the Gas Line Replacement including engineering design services, design review, construction administration, construction permitting, inspection, ownership and financial burden of the gas line replacement.

Concurrent construction will allow both Queen Creek and Mesa to realize cost savings associated with construction of the new gas line.

Community Impact - Concurrent construction of both the gas line replacement and the Roadway Improvements will serve the best interests of the public by reducing the overall disruption to the surrounding communities.

Once underway, construction of the gas line replacement is anticipated to last no more than 3 months as part of the overall construction schedule.

## **Alternatives**

One alternative would be to not construct the gas line replacement in conjunction with the Roadway Improvements. This is not recommended because Mesa would lose the opportunity to make needed gas system improvements to serve existing and planned developments including the CMC facility expansion, and would also incur higher costs for future improvements after the roadway construction.

## **Fiscal Impact**

The total anticipated fiscal impact of this IGA is \$2,080,138, which includes a change order allowance in the amount of \$208,014 (10%) relocation avoidance credit of \$121,777 will be paid by Queen Creek to Mesa.

This project is funded by gas bonds.

## **Coordinated With**

The Energy Resources Department concurs with this recommendation.