



MEMORANDUM Transportation & Development Department-Memo TDA13-014

DATE: SEPTEMBER 13, 2012

TO: MAYOR AND CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
PAT MCDERMOTT, ASSISTANT CITY MANAGER *PM*
R.J. ZEDER, TRANSPORTATION & DEVELOPMENT DIRECTOR *RJZ*

FROM: MARGARET COULTER, REGULATORY AFFAIRS MANAGER *MC*

SUBJECT: AIR PRODUCTS LICENSE AGREEMENT PUBLIC HEARING – RELATED TO THE GRANTING OF A NONEXCLUSIVE LICENSE FOR TRANSPORTATION OF NITROGEN GAS THROUGH PIPELINES IN CHANDLER, ARIZONA.

BACKGROUND: Air Products and Chemicals, Inc. has had a License Agreement to operate a nitrogen gas pipeline in the City of Chandler since 1981. This Agreement was amended in 1998 in respect to its relocation costs when the Price Freeway (101) was constructed. There has been no new construction on this pipeline in Chandler since that time, but construction resumed related to a contract Air Products received to serve the new Intel Fab plant being built. During the process of issuing encroachment permits to Air Products in relation to this project, it became apparent that it would be beneficial to both Air Products and the City to update and clarify the language in its License Agreement to reflect today’s operational structure. These changes would be adopted per a new Ordinance 4362 which is on the City Council agenda for consideration at the September 13, 2012 Council Meeting.

DISCUSSION: Arizona Revised Statutes, Title 9, Chapter 5 related to Industrial Gas Pipelines requires a Public Hearing with reasonable notice to the public published in a newspaper once a week for two consecutive weeks. The first publication shall not be less than 14 days before the day of the hearing. Such notifications were published in The Arizona Republic on August 28, 2012 and September 4, 2012. No action regarding the License Agreement is required of Council

at the Public Hearing. Following the close of the Public Hearing, the Council will be asked to vote on the adoption of a License Agreement for Air Products as detailed in Ordinance 4362, Repealing Ordinance Nos. 2651 and 2800, and granting to Air Products and Chemicals, Inc., its Successors and Assigns, a nonexclusive license for transportation of nitrogen gas through pipelines under, along and across public streets, roads and alleys in Chandler, Arizona, as the same may now or hereafter exist, and prescribing certain rights, duties, terms and conditions in respect to said license.

MAYOR'S STATEMENT: The Public Hearing regarding the granting of a nonexclusive license agreement to Air Products and Chemicals, Inc. for the transportation of nitrogen gas within the City of Chandler is now open for comment.