



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

CM: Todd Hileman

DATE: October 24, 2017

SUBJECT

Consider adoption of an ordinance authorizing the City Manager to execute a professional services agreement for the inspection of oil and gas facilities within the City of Denton with the inspection to include signage, equipment maintenance, fire department access, landscaping, and safety requirements; providing for the expenditure of funds therefor; and providing an effective date (File 6615–awarded to Modern Geosciences in an amount not-to-exceed \$250,000).

BACKGROUND INFORMATION

City of Denton staff have evaluated options for enhancing oil and gas annual inspection activities for oil and gas wells within the city limits. As a part of these evaluations, staff considered the possibility of obtaining outside contracting services to provide technological expertise, more capable and varied instrumentation, and more extensive reporting than is currently being done within the City of Denton's Gas Well Inspections division. As a part of this evaluation, staff also wanted ensure these contracting services would be provided by a firm with local experience and an extensive record of providing similar services to other municipalities.

Currently, the Gas Well Inspections Division has one (1) full time inspector with three (3) full time vacancies. Due to reduced gas well activity over the last couple of years, the one inspector has been able to perform semi-annual inspections of all 501 gas wells- 294 within the City limits and 207 within the Extra Territorial Jurisdiction (ETJ). These semi-annual inspections primarily check for code compliance (signs, equipment, fencing, trash, lighting, landscape, pipeline marking, erosion control, etc.) and also accomplish some limited leak detection and naturally occurring radioactive materials (NORM) assessments. If any concerns or violations of state or federal law are suspected, the city inspector reports and works with the appropriate regulating authority.

Staff's goal was to explore options to enhance these existing inspection approaches using the resources available from salary and related savings due to the currently vacant positions in the Gas Well Inspections division. To accomplish this goal, staff began discussions with Modern Geosciences, a North Texas firm with extensive experience in oil and gas inspections. Modern Geosciences has worked with over 20 municipalities on a variety of oil and gas needs such as ordinance language, technical support, field inspections, and monitoring, data evaluation, and programmatic support, and is very well known and respected in the Dallas– Fort Worth Metroplex. Currently, Modern Geosciences provides air quality/padsite inspection services for Flower Mound, Colleyville, Kennedale, and Haslet, leak detection and padsite inspections for Grand Prairie, and is providing air quality evaluation services for the City of Dallas. The firm has the advanced instrumentation, methods, and experience needed to accomplish gas well pad site inspection services, including Optical Gas Imaging, infrared methane meters, hydrogen sulfide meters,

photoionization detectors for total volatile organic carbon (tVOCs), particulate matter monitoring, and advanced methods of continuous air quality monitoring and tVOC assessments. The firm has also demonstrated the competence and qualifications necessary to accomplish the desired inspection activities, and has specific instrumentation, training, and expertise needed to perform the required services. . In accordance with Texas Local Government Code 252.022, the procurement of professional services is exempt from the requirement of competition based selection.

The inspection services considered include:

- Enhancing the current Geographic Information Systems (GIS) database
- Completing “Standard” inspections for all items currently inspected by the City of Denton’s Gas Well Inspections division
- Completing “Fence line” inspections for methane, hydrogen sulfide, tVOCs, naturally occurring radioactive material (NORM), noise, and particulate matter
- Completing “Near equipment” inspections using FLIR-OGI, methane, and NORM meters
- Providing Reports for all inspection activities, including inspection checklists, site photos, and GIS information, as completed
- Providing a comprehensive annual report.

Staff used existing geographical information to establish an inspection prioritization approach based on site proximity to protected uses. Under this approach, well sites that are 300 feet or closer are considered “high priority”, those that are more than 300 feet but less than 1,000 feet are considered “moderate priority”, and those that are more than 1,000 feet are considered “low priority”. As proposed, high priority sites will be inspected 2 times per year, and will have standard inspections, full fence line inspections, and near equipment inspections. Moderate priority sites will be inspected 1 time per year, and will have a standard inspection, fence line inspections (without noise and particulate matter assessments), and near equipment inspections. Low priority sites will have standard inspections and near equipment inspections. It is important to note that the proposed services as outlined above will be in addition to the inspections currently being provided by the existing City of Denton Gas Well Inspections division. The scope of services for these activities is shown in Exhibit 3-Contract.

RECOMMENDATION

Award a professional services agreement for the inspection of oil and gas facilities within the City of Denton to Modern Geosciences in an amount not-to-exceed \$250,000. The amount recommended by staff is based upon the following:

Task 1.	Receptor screening and prioritization, GIS layer development	\$22,833
Task 2-3.	Padsite inspection and reporting	
•	High priority (54 wells; 18%)	\$82,620
○	Full fence line inspections	
○	Full near equipment inspections	
•	Moderate priority (131 wells; 45%);	\$92,355
○	Fence line without noise and particulate matter	
○	Full near equipment inspections	
•	Low priority (109 wells; 37%)	\$30,525
○	Near equipment inspections	
•	Comprehensive Annual report	\$10,000

Total program and inspection costs (Tasks 1-3)	\$238,333
Task 4 Contingency Sampling, Reinspection Services, and Technical Support, Field Support, and data processing	Variable Not to exceed \$11,667
Contract Total	\$250,000

PRINCIPAL PLACE OF BUSINESS

Modern Geosciences
Colleyville, TX

ESTIMATED SCHEDULE OF PROJECT

The proposed inspection activities are for one (1) year.

FISCAL INFORMATION

The services will be funded from savings in the current Gas Well Division budget using Outside Contracting Services account 220300.7879. Staff anticipates that the salary savings and associated expenses from three (3) vacant positions in the Gas Well Inspections Division will cover the cost of the contract with Modern Geosciences. As a result, staff anticipates that there will be no increase in fees to the gas well operators to support this contract and enhanced level of service. Requisition# 136244 has been entered in the Purchasing software system.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Safe, Liveable & Family-Friendly Community**
Related Goal: **4.2 Promote clean and healthy neighborhoods**

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Ordinance
Exhibit 3: Contract

Respectfully submitted:
Karen Smith, 349-8436
Purchasing Manager

For information concerning this acquisition, contact: Kenneth Banks at 349-7165.