



## CITY OF NORMAN, OK STAFF REPORT

---

**MEETING DATE:** 07/11/2023

**REQUESTER:** Chris Mattingly, Director of Utilities

**PRESENTER:** Elisabeth Muckala, Asst. City Attorney

**ITEM TITLE:** CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2324-21: FOR LEASE OF PROPERTY BY THE CITY OF NORMAN TO NEXT ERA ENERGY TRANSMISSION SOUTHWEST, LLC FOR PROPERTY LOCATED AT NW CORNER OF FRANKLIN ROAD AND 12<sup>TH</sup> AVE NE, FOR NEXT ERA'S USE AS A MATERIALS LAY-DOWN YARD RELATING TO ITS MINCO-PLEASANT VALLEY-DRAPER TRANSMISSION LINE PROJECT.

---

### **BACKGROUND:**

NextEra Energy Transmission Southwest, LLC ("NEET") is a Delaware Limited Liability Company. NEET and its affiliates have been active in energy generation and transmission projects nationwide, including 15 Wind Energy Centers located across 14 Oklahoma counties. In April of 2022, NEET was awarded the Minco-Pleasant Valley-Draper Project ("Project") by the Southwest Power Pool ("SPP"), to be regulated by the SPP and according to those regulations enforced by the Federal Energy Regulatory Commission ("FERC"). The Project is a 48-mile long 345 kiloVolt (kV) transmission line interconnecting Minco, Pleasant Valley and Draper substations owned by OG&E, all located within SPP territory.

The project investment is upwards of \$55 million, and the Project is projected to result in congestion savings to Oklahoma between \$286 million and \$804 million over the next 40 years, as well as inject \$14 million in tax revenue for the state over the next 40 years. The 345 kV lines require an easement width of 100 feet and involve typical pole height of 125 feet. The poles are designed to incorporate a compact footprint, withstand harsh weather conditions, and will incorporate concrete foundations and guyed structures.

NEET has been securing necessary easements for its Project for several months and is currently in the process of finalizing the last of those transactions. One such easement is being acquired from the City of Norman upon property owned by the City at the northwest corner of the intersection of Franklin Road and 12th Avenue NE ("Property"). The Norman City Council will also be asked to consider this easement (Easement E-2324-1), an associated compensation agreement (Contract K-2324-20), as well as a Lease (Contract K-2324-21) on the same property to be used temporarily for a "laydown yard" during NEET's construction of the Project.

As directed by the 2001 Wastewater Master Plan, the Property was acquired for a potential future North Water Reclamation Facility (NWRf) in 2002, using wastewater (sewer) ratepayer funds. Since the acquisition of the property and as directed by Resolutions R-0506-151 (adopted June 13, 2006) and R-0708-78 (adopted January 22, 2008), Lift Station D was upgraded to act as the headworks for the future facility with sewage flows still conveyed (pumped under pressure) over the Little River ridge, and ultimately conveyed by gravity to the Wastewater Reclamation (Treatment) Facility south of Highway 9. Current flows show capacity for Lift Station D past 2030. In 2018, an engineering report for the NWRf was completed and proposed a facility design and layout on the Property.

On April 25, 2023, the City Council considered and approved NEET's requested Road Use Memorandum of Understanding ("RUA"), which set a framework allowing the City and NEET to work together for the ultimate creation of agreements regarding the protection, repair, and maintenance of roadways affected by NEET's project. Exhibit A to the RUA identified roads and crossing potentially affected by the construction, so that the City and NEET could inventory and come to agreements regarding treatment of the same.

Additionally, NEET is in the process of obtaining necessary Floodplain approvals, and anticipates its submission of an agreement to the City Council regarding its aerial crossing and temporary construction needs within existing City rights-of-way. Public Works Staff is diligently coordinating these efforts with NEET at this time.

#### **DISCUSSION:**

The proposed Lease is found upon the same parcel as Easement E-2324-1. The Lease allows only for uses as a "construction laydown area, office trailer area, [and] uses incidental to such use." The Property must be protected against waste, and must be maintained by the Tenant in good repair. Any alterations/additions must be approved by City Staff. NEET may not assign the Lease without the City's consent. Tenant must maintain adequate insurance, must indemnify the City against losses, including environmental damage. Upon a breach, the City may terminate the Lease if the breach is not remedied by Tenant within thirty (30) days.

This lease will not impact the use of the land for the potential future NWRf. Use of the site for the lease will minimally and temporarily alter the site and the timing of the lease use is well before any potential construction activities for the NWRf would be necessary.

The Lease provides for a bonus payment of \$2,000, due within sixty days of the effective date of the Lease, as well as an annual rental of \$2,000 per acre, for a total annual rental of \$36,000/year. The first year's rental is due immediately upon commencement of the Lease. The Lease has an initial term of twelve (12) months and may be extended for as many as twelve (12) additional months on a month-by-month basis with approval of City Staff. Rental for any Additional Terms shall be paid at a rate of \$250/acre per month (for a total of \$4,500 per month, due on the first day of each month). Payments shall be made to the City of Norman, and shall be deposited in the Wastewater Reclamation Fund, Lease Revenue (Account 329-362582).

#### **RECOMMENDATION:**

City Staff recommends approval of Contract K-2324-21, a Lease from the City of Norman to NEET for use the referenced property as a "laydown yard" for its Minco-Pleasant Valley-Draper Transmission Line Project.