



AGENDA MEMO

Business of the City Council

City of Sweeny, Texas

Meeting Date	08/27/2024	Agenda Item	Natural Gas Department Audit Review
Approved by City Manager		Presenter(s)	City Manager, Technical Advisor
Reviewed by City Attorney		Department	Public Works
Subject	Discussion and possible action on RailRoad of Texas Enforcement Action from previous audits.		
Attachments	RailRoad Commission of Texas Proposed settlement dated August 14, 2024		
Financial Information	Proposed Expenditure:	\$4,500.00	
	Amount Budgeted:	\$0	
	Account Number:	50-11-6712	
	Additional Appropriation Required:		
	Additional Account Number:		

Executive Summary

According to Texas RailRoad Commission rule 8.209 (h), the City of Sweeny should have initiated a plan to start replacing critical components of its Natural Gas Distribution system the year of 2021. Based on the City not submitting that plan and not starting action to follow the rule as it applied, The Texas RailRoad Commission cited the City an alleged violation for its actions. During an Audit earlier this year, The City was again cited for the alleged violation as a repeat issue being that no visible efforts had been made to correct the original issue. Based on the failure of the City to comply with the rule, Action was referred to the General Counsel office for enforcement action. They are proposing a \$4,500 settlement penalty and also for the to comply in the future to avoid additional enforcement actions.

It should be noted that City Staff has submitted a preliminary plan to complete 8% replacement by December 31st of this year and also submit a proposal for 8% in January based off of system evaluations to support the most hazardous conditions in existence.

Technical Advisor, D. Jordan provided an update to Council at an earlier meeting date and advised that he believed an additional fine would be imposed for the 2021 pipe change out mandate not being supported by an actionable plan submitted to the RRC of Texas by the City of Sweeny.

Recommended Action

Pay the settlement agreement and follow corrective actions in the future for compliance.