



## **AGENDA MEMORANDUM**

Future Item for the City Council Meeting of October 20, 2015  
Action Item for the City Council Meeting of October 27, 2015

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**DATE:** October 2, 2015

**TO:** Ronald L. Olson, City Manager

**FROM:** Valerie H. Gray, P.E., Executive Director of Public Works  
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**Granting a Revocable Easement to Eagle Ford Pipeline, LLC  
at Mobile Estates Park**

**CAPTION:**

Ordinance granting a twelve (12) foot wide Revocable Easement to Eagle Ford Pipeline, LLC to construct, operate, maintain, repair and remove two (2) 20-inch pipelines along the east side of a City park known as Mobile Estates Park, located south of IH-37 and west of Lantana Street; for the amount of \$43,054 as compensation to the City; authorizing the City Manager or designee to execute a Revocable Easement instrument and other related documents for the conveyance of the revocable easement.

**PURPOSE:**

This ordinance conveys a Revocable Easement to Eagle Ford Pipeline, LLC which enables them to construct two pipelines along the eastern side of a City's park known as Mobile Estates Park.

**BACKGROUND AND FINDINGS:**

Eagle Ford Pipeline, LLC is presently acquiring easement rights for a new pipeline system to connect their terminal at Suntide Road with their other terminal located north of Lantana Road on the ship channel. This pipeline system proposes to cross the City's park property known as Mobile Estates Park. The City recently received a request from

Eagle Ford Pipeline, LLC to grant a Revocable Easement for two pipelines which would cross the City's park as shown in red on the attached City Council Exhibit. Both pipelines would be constructed by a horizontal directional boring process beginning 500 feet south of the park and ending north of IH 37. The pipeline will be installed at a depth of approximately 40 feet below the parks surface. There will be no valves or other fixtures within the park property. The City's Department of Engineering and Park & Recreation staff have met to evaluate the easement request and have no objection to its placement across the park property.

The amount of \$43,054 has been calculated by the City Land Acquisition staff as compensation for the easement based on three variables using pipe diameter, pipe length, and easement area. In oilfield applications, pipeline easement values are typically calculated using a "per rod" or "per foot" unit value for each pipe installed. The typical fee is \$2.00 per inch of outside diameter per foot of pipe. Easements are not standard in width and are requested by pipeline companies in varied widths which allow installation of multiple pipelines. City Land Acquisition staff has produced a two part formula which takes into consideration the size and length of the pipes as well as the easement area they occupy. The City's compensation of \$43,054 is calculated below:

A) Pipe Size, Length, and Quantity Fee:

- a. Pipe will be charged \$2.00 per inch of outside diameter per linear foot.
- b. Each pipe in the easement will be charged its own individual fee.

$$\begin{aligned} 20\text{-inch pipe} \times \$2.00/\text{inch}/\text{foot} &= \$40.00 \text{ per foot} \\ \$40.00/\text{foot} \times 459.0 \text{ ft} &= \$18,360.00/\text{pipe} \\ \$18,360 \text{ per pipe} \times 2 \text{ pipes} &= \underline{\$36,720.00} \end{aligned}$$

B) Easement area fee:

- a. Easement area is calculated in square feet.
- b. Easement area is multiplied times a unit cost per square foot of land based on a percentage of fee value of subject land.
- c. Easements equate to 75% of fee simple value of the land.

$$\begin{aligned} 12 \text{ feet wide} \times 459 \text{ feet long} &= 5,508.00 \text{ square feet} \\ 5,508 \text{ square feet} \times \$1.15/\text{SF}^* &= \underline{\$6,334.00} \end{aligned}$$

C) Total fee:

Pipe Size, Length, and Quantity Fee:	\$36,720.00
Easement Area Fee:	<u>\$ 6,334.00</u>
Total Just Compensation:	\$43,054.00

\*Based on appraisal report of various City parks, the fee value of Mobile Estates Park is interpolated at \$1.53 per square foot. Easement values are approximately 75% of fee value. Mobile Estates Park value of \$1.53 at 75% equates to \$1.15 per square foot.

This apportionment method is consistent with previous Revocable Easement conveyances granted by the City across City land. The method takes into consideration the variables involved and accommodates requests from pipeline companies for easements of various widths and with multiple sized pipe.

The Revocable Easement instruments contain terms and conditions which pertain to construction standards and compliance with laws, including the City's Pipeline License Ordinance passed in 1993 under Ordinance No. 021776. A Pipeline License Agreement is in the process of being issued to Eagle Ford by the Development Services since the pipeline also crosses various City street right-of-ways. The easement is revocable by the City if Eagle Ford violates and fails to correct any of the laws, rules, or regulations of the Department of Transportation, Railroad Commission, and certain City ordinances. Eagle Ford will also fully indemnify the City against any and all liability, damage, loss claims and actions of any nature as stated in Section 12 of the attached Revocable Easement instrument. Authorization to convey or amend easements across City land is required by City Council. There is no title company participation required in the conveyance of this easement.

**ALTERNATIVES:**

Do not grant the easement. Eagle Ford Pipeline, LLC. is a common carrier in the State of Texas with eminent domain rights. Failure to grant the easement to them could lead to eminent domain proceedings against the City.

**OTHER CONSIDERATIONS:**

Eagle Ford Pipeline, LLC requires this Revocable Easement in order to construct their pipelines.

**CONFORMITY TO CITY POLICY:**

The City is authorized under its home-rule authority, as well as under the grant of powers under Section 1, Article X of the Charter, to convey this easement. This ordinance also conforms to Section 1, Article IX of the Charter.

**EMERGENCY / NON-EMERGENCY:**

Non-Emergency

**DEPARTMENTAL CLEARANCES:**

Engineering and Park & Recreation Departments

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2015-2016</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount				
This item (Revenue)		43,454		43,454
BALANCE		43,454		43,454

Fund(s):

**Comments:** This is a revenue item. No expenditures are required.

**RECOMMENDATION:**

Approval of the Ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Certification of Funds  
Council Exhibit  
Revocable Easement,  
Ordinance