



AGENDA MEMORANDUM

First Reading for the City Council Meeting of October 29, 2019
Second Reading for the City Council Meeting of November 12, 2019

DATE: October 1, 2019

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Amending the Revocable Pipeline Easement with Epic Y Grade Pipeline LP

CAPTION:

Ordinance accepting \$31,105.92 from Epic Y Grade Pipeline, LP and authorizing an amendment to the existing Revocable Easement to allow construction of an additional 12-inch pipeline.

SUMMARY:

This ordinance amends the existing Revocable and Temporary Construction Easement with Epic Y Grade Pipeline, LLC to allow them to add one additional twelve (12) inch diameter pipeline to their easement for the transportation of oil, gas, or other hydrocarbon product across City properties. The ordinance accepts the compensation received into the operating account of the City's Water Department.

BACKGROUND AND FINDINGS:

In February 2019, City Council approved a fifty foot wide Revocable and Temporary Construction Easement to Epic Y Grade Pipeline, LP (Epic) as shown on the attached Vicinity Map. The amount of compensation to the City was \$151,721 and was calculated based on pipe size, pipe length, and easement areas. The original easement permitted only two pipelines, a sixteen (16) inch diameter and a thirty (30) inch diameter. Epic has requested to place a third line within their existing easement. The additional line will be

a twelve (12) inch diameter pipeline and will be used for the transportation of crude oil. City staff has calculated the amount of compensation to be \$31,105.92 based on the line diameter and length. Since the easements are situated on lands under the jurisdiction of the Water Department, the revenue will be accepted into the Water Department Fund 4010.

The easement contains terms and conditions which pertain to construction standards and compliance with laws. The easement is revocable by the City if Epic violates and fails to correct any of the laws, rules, or regulations of the Department of Transportation, Railroad Commission, and certain City ordinances. Epic will also fully indemnify the City against any and all liability, damage, loss claims and actions of any nature. Authorization to convey easements and land rights from City land is required by City Council. There is no title company participation required in the conveyance of this easement.

ALTERNATIVES:

Allowing the amendment for an additional line is good efficient use of the easement area. The City could alternatively deny the easement amendment to Epic Y Grade Pipeline, LP and restrict the amount of pipelines to two only. This could lead to possible legal action of eminent domain proceedings by Epic as they are registered as a common carrier pipeline company with eminent domain rights in the State of Texas.

FISCAL IMPACT:

The grant of this Revocable Easement produces \$31,105.92 in revenue for the City's Water Department Operating Fund No. 4010.

Funding Detail:

Fund: Water Department 4010
Deposited into revenue account upon receipt of funds

RECOMMENDATION:

City staff recommends approval of the Ordinance which grants Epic Y Grade Pipeline, LP the right to install an additional line. The revenue to be received by the City will be deposited to the Water Department's Operating Fund No. 4010.

LIST OF SUPPORTING DOCUMENTS:

Location & Vicinity Maps
Ordinance
Amended Revocable Easement