



AGENDA MEMORANDUM

First Reading Item for the City Council Meeting of December 9, 2014
Second Reading Item for the City Council Meeting of December 16, 2014

DATE: November 12, 2014

TO: Ronald L. Olson, City Manager

THRU: Gustavo Gonzalez, P.E., Assistant City Manager, Public Works and Utilities
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Amending a Revocable Easement conveyed to TexStar MidStream Utility, LP

CAPTION:

Ordinance amending the Revocable Easement conveyed to TexStar Midstream Utility, LP under Ordinance No. 029956 approved by City Council on September 17, 2013, to allow an additional six (6) inch pipeline in the existing easement area that crosses two tracts of City owned land located southwest of the O.N. Stevens Water Treatment Plant; providing for compensation in the amount of \$26,250 paid to the City; authorizing the City Manager or designee to execute the amended Revocable Easement instrument and other related documents for the conveyance of the amended easement.

PURPOSE:

This ordinance amends a Revocable Easement previously conveyed to TexStar Midstream Utility, LP, on September 17, 2013 permitting them to add an additional pipeline to their easement.

BACKGROUND AND FINDINGS:

On September 17, 2013, the City granted TexStar Midstream Utility, LP (TexStar) a Revocable Easement which allowed them to construct a single, 12-inch diameter pipeline,

across two tracts (Tract 91 and Tract 92) of City land located southwest of the O.N. Stevens Plant shown on the attached City Council Exhibit. The total amount of \$70,000 was paid by TexStar to the City for both original easements, each 50 foot wide by a total of 1,390 feet long.

TexStar has recently asked the City to amend their original easement to allow a second pipeline, 6-inch in diameter, which will carry crude oil to the Equistar refinery. A negotiated amount of \$26,250, as compensation to the City, has been agreed to for the right to install a second pipeline. TexStar will use directional drilling to construct the second pipeline under the City's existing water transmission lines southwest of the ONS Water plant. The City will closely monitor the boring operations and any other construction adjacent to its water transmission lines. A requirement of 12 feet of clearance between TexStar's pipeline and the City's waterline is required by the City.

The original Revocable Easement instrument also contained terms and conditions which pertained 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 was issued to TexStar by the Development Services since the pipeline also crossed various City street right-of-ways. The amended easement is revocable by the City if TexStar violates and fails to correct any of the laws, rules, or regulations of the Department of Transportation, Railroad Commission, and certain City ordinances. TexStar will also full 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; Amendment No. 1 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 amended easement.

ALTERNATIVES:

Do not amend the easement granted to TexStar Midstream Utility, LP which could lead to eminent domain proceedings by TexStar.

OTHER CONSIDERATIONS:

TexStar Midstream Utility, LP needs to amend this Revocable Easement in order to be able to construct an additional pipeline. The original easement contains sufficient area to place an additional line.

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 Water Departments

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s):

Comments: No expenditures are requested.

RECOMMENDATION:

Approval of the Ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Council Exhibit
Revocable Easement, Amendment No. 1, Tract 91
Revocable Easement, Amendment No. 1, Tract 92
Ordinance