



AGENDA MEMORANDUM

First Reading for the City Council Meeting of September 10, 2013
Second Reading for the City Council Meeting of September 17, 2013

DATE: August 27, 2013

TO: Ronald L. Olson, City Manager

FROM: Daniel Biles, P.E., Director of Engineering Services
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Granting of a Revocable Easement to TexStar MidStream Utility, LP

CAPTION:

Ordinance granting a Revocable Easement to TexStar Midstream Utility, LP to construct, operate, maintain, repair and remove one (1) 12-inch pipeline across two tracts of City owned land located southwest of the O.N. Stevens Water Treatment Plant; for the amount of \$70,000 paid to the City; authorizing the City Manager or designee to execute the Revocable Easement instrument and other related documents for the conveyance of the revocable easement.

PURPOSE:

This ordinance conveys a Revocable Easement to TexStar Midstream Utility, LP which enables them to cross the City's two tracts of land with a 12-inch pipeline.

BACKGROUND AND FINDINGS:

TexStar Midstream Utility, LP (TexStar) is preparing to construct a 9.33 mile long pipeline from a gathering facility in San Patricio County to the Equistar Refining plant located off of McKinzie Road. The new 12 inch diameter pipeline, which will carry "Y" grade natural gas liquid, will be constructed within a fifty (50) foot wide permanent easement located across two tracts of land owned by the City located southwest of the O.N. Stevens Plant. The length of the pipeline across both tracts is 1,390 feet and is shown on the attached Council Exhibit as Tracts 91 and 92, as per the TexStar parcel numbering system. The Revocable Easements will also convey a thirty (30) foot wide temporary construction easement which will expire upon completion of the pipeline. City staff met on several occasions to evaluate

the easement request since it intersects three City water transmission pipelines located on the City's tracts. As a result, staff imposed a minimum vertical clearance of twelve (12) feet between the TexStar pipeline and the City's water transmission lines. TexStar will use a boring operation to construct their pipeline under the City's transmission lines. The City will closely monitor the boring operations, as well as any other construction adjacent to its water transmission lines.

The Revocable Easement instrument also contains 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 will also be issued to TexStar by the Development Services since the pipeline crosses various City street right-of-ways. The 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 instrument. Authorization to convey easement 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:

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

OTHER CONSIDERATIONS:

TexStar Midstream Utility, LP needs this Revocable Easement to be able to construct this 1,390 foot section of the subject pipeline.

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: 2011-2012 | 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, Tract 91
Revocable Easement, Tract 92
Ordinance