



## 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

**TO:** Peter Zaroni, City Manager

**THRU:** Mark Van Vleck, Assistant City Manager  
markvv@cctexas.com  
(361) 826-3082

**FROM:** Jeff H. Edmonds, P.E., Director of Engineering Services  
jeffeye@cctexas.com  
(361) 826-3851

Dan Grimsbo, Executive Director of Utilities  
dang@cctexas.com  
(361) 826-1718

### Granting a Revocable Pipeline Easement to Dean Pipeline Company, LLC

#### **CAPTION:**

Ordinance accepting \$103,770 from Dean Pipeline Company, LLC and authorizing conveyance of three Revocable Easements with Temporary Construction Easements on City-owned properties, to allow construction of one 8-inch pipeline.

#### **PURPOSE:**

This ordinance conveys three Revocable and Temporary Construction Easements to Dean Pipeline Company, LLC (Dean) to allow construction, operation, maintenance, repair and removal of one 8-inch pipeline for the transportation of oil, gas, or other hydrocarbon product on three City properties. The ordinance accepts the compensation received into the operating account of the City's Water Department.

#### **BACKGROUND AND FINDINGS:**

Dean Pipeline Company, LLC (Dean Pipeline) is currently constructing a pipeline from San Patricio County to the City's industrial area. They have requested a thirty-foot wide permanent easement located across two tracts of land owned by the City located southeast of the O.N. Stevens Plant and on another tract north of IH 37, known as the

Spillway Tract. All three tracts are under the jurisdiction of the Water Department. As shown on the first attached Vicinity Map, the Dean easement will be located east of two existing pipeline easements. This map shows TexStar easement granted by the City in 2015 and the Epic Y Grade Pipeline easement granted in February 2019. The second Vicinity Map shows the proposed pipeline easement along the west boundary of the Spillway Tract, north of IH 37.

The Dean pipeline is limited to one, eight (8) inch pipeline, which will carry refined grade petroleum (RGP). The easement will also convey a variable width temporary construction easement which will expire upon completion of the pipeline. Dean Pipeline will use horizontal boring to construct their pipeline under existing City water transmission lines. The Dean pipeline will have a minimum vertical clearance of twelve (12) feet between their pipelines and the City's water transmission lines. The City will closely monitor the boring operations, as well as any other construction adjacent to its water transmission lines.

The City has agreed to grant the three Revocable Easement instruments for the total amount of \$103,770. This amount of compensation is calculated based on pipe size, pipe length, and easement areas. The easement language contains terms and conditions which pertain to construction standards and compliance with laws. The easement is revocable by the City if Dean Pipeline violates and fails to correct discrepancies with any of the laws, rules, or regulations of the Department of Transportation, Railroad Commission, and certain City ordinances. They will also fully indemnify the City against any and all liability, damage, loss claims and actions of any nature. 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:**

Granting the Revocable Easement makes good use of the City's vacant areas of land and generates revenue for Water Department's use. The City could alternatively deny the easement to Dean Pipeline. This could lead to legal action of eminent domain proceedings 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 \$103,770 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 Dean Pipeline the right to construct its pipeline across the City's land. 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  
Revocable Easements, 3