



**AGENDA MEMORANDUM**

First Reading for the City Council Meeting of February 26, 2019  
Second Reading for the City Council Meeting of March 19, 2019

**DATE:** February 18, 2019

**TO:** Keith Selman, Interim City Manager

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**Granting a Revocable Pipeline Easement to Epic Y Grade Pipeline, LP**

**CAPTION:**

Ordinance accepting \$151,721 of revenue and authorizing execution of a Revocable Easement with a Temporary Construction Easement to Epic Y Grade Pipeline, LP.

**PURPOSE:**

This ordinance conveys a Revocable and Temporary Construction Easement to Epic Y Grade Pipeline, LP to allow removal, construction, operation, and maintenance of two pipelines for the transportation of oil, gas, or other hydrocarbon product on two City properties. The ordinance appropriates the compensation received into the operating account of the City's Water Department.

**BACKGROUND AND FINDINGS:**

Epic Y Grade Pipeline, LP (Epic) is currently constructing a 650-mile long pipeline from the Permian and Eagle Ford Basins to the Gulf Coast. They have requested a fifty foot wide permanent easement located across two tracts of land owned by the City located southeast of the O.N. Stevens Plant. As shown on the attached Council Exhibit, the Epic

easement will be located west of and adjacent to an existing fifty-foot wide revocable easement conveyed to TexStar Pipeline LP in 2015. The Epic 1,296-foot long easement is limited to two pipelines, a 16 inch and a 30 inch pipeline, which will carry “Y” grade natural gas liquid or NGL. The easement will also convey a variable width temporary construction easement which will expire upon completion of the pipeline. Epic will use horizontal boring to construct their pipelines under existing City water transmission lines. The Epic pipelines 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 a Revocable Easement instrument for the amount of \$151,721. This amount of compensation, based on past pipeline easement conveyances, was 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. Epic has recently acquired and recorded a Pipeline License from the City for crossing City right-of-ways. The easement is revocable by the City if Epic violates and fails to comply with any of the laws, rules, or regulations of the Department of Transportation, Railroad Commission, and City ordinances. Epic will also full 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:**

Do not convey the easement to Epic Y Grade Pipeline, LP. This could lead to 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.

**OTHER CONSIDERATIONS:**

Epic needs this Revocable Easement to be able to construct this 1,296 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

<b>Fiscal Year: 2018-2019</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				
<b>This item</b>		<b>151,721</b>		<b>151,721</b>
BALANCE				

Fund(s):

**Comments:** No expenditures are requested.

**RECOMMENDATION:**

Approval of the Ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

- Ordinance
- Presentation
- Revocable Easement
- Vicinity Map