



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 13, 2016
Action Item for the City Council Meeting of September 20, 2016

DATE: August 30, 2016
TO: Margie C. Rose, City Manager
FROM: Tom Tagliabue, Director, Intergovernmental Relations
tomtag@cctexas.com
361.826.3850

<p>Transferring utility easements on City-owned tracts to Electric Transmission Texas, LLC, for construction of a 138 kilovolt electric power transmission line</p>
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CAPTION:

Ordinance authorizing the City Manager to execute all documents to transfer utility easements on City-owned tracts at Flour Bluff Drive & Division Road and State Highway 358 at McDonald Street to Electric Transmission Texas, LLC, for construction of a 138 kilovolt electric power transmission line along Flour Bluff Drive between the Barney Davis Substation to Naval Base Substation near Naval Air Station Corpus Christi in exchange for said entities' construction of portions of said transmission line underground for the purpose of reducing potential conflicts with flight operations.

PURPOSE:

Reduce the costs of constructing a 138 kilovolt electric power transmission line from the Barney Davis Substation to Naval Base Substation near Naval Air Station Corpus Christi (NASCC) to persuade the utility companies to underground a part of their proposed transmission line and thereby reduce the potential interference with military flight operations.

BACKGROUND AND FINDINGS:

Electric Transmission Texas, LLC, is a transmission utility co-owned by subsidiaries of American Electric Power (AEP) and MidAmerican Energy Holdings Company. AEP is also the parent company of AEP Texas Central Company. In February 2014, the City Council authorized the City to be an intervener in the ETT filing with the Public Utility Commission (PUC) of Texas. On May 21, 2015, the PUC granted ETT a Certificate of Convenience and Necessity for Route 11, generally along Flour Bluff Drive, but which included several sections of underground burial of the line to avoid conflicts with operations at NASCC's Waldron and Truax Fields. The PUC included a requirement for ETT to "...exercise best efforts to mitigate the costs of the approved transmission facilities, especially through donations of facility rights-of-way."

One way for the City to assist in achieving that requirement of the PUC is to provide necessary easements to City-owned property at low- or no costs to ETT. The City owns two tracts of land

where the transmission line is expected to be installed (See Attachments A and B).

- (1) Tract 34a - Flour Bluff Drive at Division Road – 100 feet wide by less than 400 feet long
- (2) Tract 53 – State Highway 358 (South Padre Island Drive) at McDonald Street – approximately 25 feet wide by approximately 62 feet long

The easements requested by ETT extend to the centerline of roadways, so the City included a provision allowing the City the right to construct, install, repair, relocate and maintain City utilities within the road right of way area included within the Easement Area. ETT hired Thomas F. Dorsey to appraise the properties and estimate the values of the tracts. Below are the estimates.

Tract	53	34a
Land Size	0.2466 acres or 10,742 sq. ft.	5.320 acres or 231,739.2 sq. ft.
Estimated Market Value of Whole Property (land only)	\$54,000	\$313,000
Estimated Market Value of Rights Acquired in the Unencumbered Permanent Easement	Approximately 3,920 sq. ft. X 95% X \$5.00/sq. ft. Rounded to \$18,700	Approximately 22,695 sq. ft.) X 95% X \$1.35 sq. ft. Rounded to \$29,100
Estimated Market Value of Rights Acquired Within the Right-of-Way	McDonald Street 0.035 acres \$100	Existing Streets 0.034 acres \$100
Total Estimated Damage to Remainder	\$9,300	\$13,200
<i>Total Compensation Due Landowner (i.e. City)</i>	<i>\$28,100</i>	<i>\$42,400</i>

According to Article II, Section 14 (d)(3), of the City Charter, the City Council shall act by ordinance on: "...conveyance or authorization of the conveyance of any real property;"

TEX. CONST. art. III, § 52(a). The purpose of article III, section 52(a) is to prevent the gratuitous grant of public funds for private purposes.

Typically, in most utility situations, the City receives market value for easements. This one is different in that the PUC requested ETT to attempt to have rights-of-way donated in order to offset the cost of undergrounding some portions of the transmission line. The City will forego \$70,500 in potential one-time revenue for use of this easement. In the bigger picture, that cost is a very small cost to the City to ensure several miles of transmission lines are buried underground to protect the flight training operations at Truax and Waldron Fields.

ALTERNATIVES:

Require ETT to pay the market value of the easement

OTHER CONSIDERATIONS:

CONFORMITY TO CITY POLICY:

The resolution conforms to City Policy

EMERGENCY / NON-EMERGENCY:

This is a non-emergency item.

DEPARTMENTAL CLEARANCES:

City Manager
City Attorney
Engineering/Real Estate

FINANCIAL IMPACT:

Operating ☐ Revenue ☐ Capital ☒ Not applicable

Fiscal Years: 2015-2016	Project to Date Expenditures (CIP only)	Current Year	Future Year FYs 16-17	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Comments: None

RECOMMENDATION:

Staff recommends approval of the granting of an easement at no cost to ETT for this single purpose of mitigating the cost of undergrounding utilities in order to protect the flight training mission at NASCC at Truax and Waldron Fields. This should not be perceived as a blanket policy change by the City regarding utility easements.

LIST OF SUPPORTING DOCUMENTS:

1. Resolution
2. Dorsey Appraisal Tract 34a
3. Dorsey Appraisal Tract 53
4. Map of Route 11 underground sections