



MAYOR & COUNCIL COMMUNICATION

DATE: November 18, 2014
CONSENT
ITEM # 13

AGENDA ITEM: Koch Pipeline Right-of-Way Permit – Approve Easement in the Demontreville Wildlife Area

SUBMITTED BY: Ryan Stempski, Assistant City Engineer

THROUGH: Dean A. Zuleger, City Administrator

REVIEWED BY: Jack Griffin, City Engineer
Cathy Bendel, Finance Director
Adam Bell, City Clerk
Alyssa MacLeod, Taxpayer Relations and Communications

SUGGESTED ORDER OF BUSINESS *if removed from the Consent Agenda*:

- Questions from Council to Staff Mayor Facilitates
- Public Input, if Appropriate.....Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion Mayor & City Council
- Action on Motion..... Mayor Facilitates

POLICY RECOMMENDER: Engineering/Right-of-way Management

FISCAL IMPACT: City to receive \$113,400.

(1) Compensation to the City in the amount of \$3,150 for the purchase of a pipeline easement within the Demontreville Wildlife Area.

(2) Compensation to the City in the amount of \$110,250 for the right to remove trees within the proposed easement area.

100% of the proceeds will be deposited into the City General Fund.

SUMMARY AND ACTION REQUESTED:

The City Council is respectfully requested to consider approving a nonexclusive easement to Koch Pipeline Company, L.P. for the construction of a 16-inch diameter steel pipeline as reviewed and approved by the City Clerk. If removed from the consent agenda, the recommended motion for the action is as follows:

“Move to approve a Nonexclusive Easement to Koch Pipeline Company, L.P. within the Demontreville Wildlife Area in the agreement form as reviewed and approved by the City Clerk.”

LEGISLATIVE HISTORY/BACKGROUND INFORMATION:

The City received a Right-of-Way Permit from Koch Pipeline for the construction of a 16-inch diameter steel pipeline to be located on a City parcel known as the Demontreville Wildlife Area, located near Demontreville Park. Koch currently owns a 66-foot wide easement on the City-owned parcel in the Demontreville Wildlife Area which includes two existing pipelines. Koch is now requesting an additional easement area of 12,599 square feet to construct a third “reliever” pipeline for safe transportation of oil and gas petroleum. Koch is pursuing similar easements from MnDOT, to cross Trunk Highway 36, and from Pine Springs.

The City reviewed recent utility easement purchases to determine fair compensation, which was determined to be \$0.25 per square foot for a total of \$3,150.

The proposed alignment of the new pipeline is through a heavily wooded area in the Demontreville Wildlife Area. A tree inventory was completed by the Landscape Architecture, Inc. on October 29, 2014 to accurately determine the potential tree loss associated with the project. It was reported that 441 caliper inches of trees were located within the proposed easement area (see attached Tree Inventory). At a current market value of \$250 per caliper inch, tree replacement was valued at \$110,250. Koch Pipeline only plans to clear trees 30 feet wide directly above the pipeline potentially resulting in less than ½ the total tree inventory valuation. The remainder of the existing trees within the proposed easement area are not planned to be removed unless deemed necessary for safety and/or future accessibility.

RECOMMENDATION:

Staff is recommending that the City Council consider approving, *as part of the Consent Agenda*, a nonexclusive easement to Koch Pipeline Company, L.P. for the construction of a 16-inch diameter steel pipeline in the agreement form as reviewed and approved by the City Clerk. If removed from the consent agenda, the recommended motion for the action is as follows:

“Move to approve a Nonexclusive Easement to Koch Pipeline Company, L.P. within the Demontreville Wildlife Area in the agreement form as reviewed and approved by the City Clerk.”

The proceeds of \$113,400 will be deposited into the Cities General Fund. If any remediation is needed, the funding would be provided from the General Fund (rather than the Parkland Dedication Fund).

ATTACHMENT(S):

1. Site Sketch of Proposed Koch Pipeline
2. Workspace Sketch
3. Tree Inventory Dated October 29, 2014