



# City of Maricopa

## Legislation Text

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**File #:** RES 20-17, **Version:** 1

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A Resolution of the Mayor and City Council of the City of Maricopa, Pinal County, Arizona declaring that the City Council deems the granting of a certain franchise beneficial for the City of Maricopa; ordering an election to be held on the 3rd day of November, 2020, at which election there shall be submitted to the voters of the City of Maricopa the questions as to whether or not said franchise shall be granted to Southwest Gas Corporation. Discussion and Action.

Southwest Gas Corporation desires to obtain a franchise with the City of Maricopa. Prior to entering into a franchise agreement, the City of Maricopa is required to conduct an election for the purpose of submitting to the electors of the City of Maricopa the question of whether the proposed franchise shall be granted. This franchise is subject to the approval of the qualified electors of the City. If the City Council adopts Resolution 20-17 by June 2, 2020, then this item may appear on the General Election ballot on November 3, 2020.

Cities and counties across the country regularly enter into franchise agreements with private companies or even with other public agencies. Franchise agreements are contracts that grant the utility authority to serve customers within the municipality. The agreement structures the utility's activity in the public right-of-way and includes a fee remitted back to the municipality.

A franchise typically covers a wide range of topics, such as permitting procedures, notice requirements before digging in public streets, insurance and indemnification, length of the franchise, and applicable costs, fees, or tax arrangements. Franchise agreements grant these utilities the right to use the public right-of-way for installation, maintenance, and repair of their facilities which often include underground pipes and conduits. If approved, the franchise agreement with Southwest Gas would require the utility to be the responsible party to construct, maintain and operate its gas system and gas system facilities in public rights-of-way of the City. All work completed by the utility would be completed at the City's standard.

In order to recoup the cost of utility companies' use of the public right-of-way, a franchise fee is collected. In the considered franchise with Southwest Gas, the utility would pay the City a franchise fee equal to two percent (2%) of the utility's gross revenue from the sale and/or delivery of gas within the corporate limits of the City

The franchise agreement would continue and remain in full force and effect for a period of twenty-five (25) years, expiring on December 31, 2045. There are openings to evaluate and potentially modify the terms of the franchise five (5) years into the agreement and twelve (years) into the agreement.

Staff recommends the Mayor and City Council of the City of Maricopa, AZ pass Resolution 20-17 granting of a certain franchise beneficial for the City of Maricopa; ordering an election to be held on the 3rd day of November, 2020, at which election there shall be submitted to the voters of the City of Maricopa the questions as to whether or not said franchise shall be granted to Southwest Gas Corporation.