

**CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: City Manager

AGENDA DATE: November 9, 2010

CONTACT PERSON/PHONE: William F. Studer, Jr., Deputy City Manager, 541-4252

DISTRICT(S) AFFECTED: All Districts

SUBJECT: An Ordinance amending Ordinance No. 16090, which granted a franchise to El Paso Electric Company, to increase street rental charge.

BACKGROUND / DISCUSSION:

The City and El Paso Electric have agreed to amend the franchise fee payable to the City to provide additional funds to the City for economic development purposes, effective August 1, 2010. The additional franchise fee of 0.75% will be used for economic development incentives for new commercial users with high electric energy needs, the attraction of companies that will make significant investments of capital and human resources in the community, solar and other renewable energy rebates or incentives, or to increase the City's capacity in alternative energy research, development, manufacturing and generation.

PRIOR COUNCIL ACTION:

Franchise Agreement was approved on July 12, 2005.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____

(Example: if RCA is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 16090, WHICH GRANTED A FRANCHISE TO EL PASO ELECTRIC COMPANY, TO INCREASE STREET RENTAL CHARGE

WHEREAS, the City Council of the City of El Paso (“City”) granted to El Paso Electric Company (“Company”) a franchise to operate the electric utility for transmission and distribution of electrical energy within the boundaries of the City of El Paso on July 12, 2005 by Ordinance No. 16090;

WHEREAS, the City and the Company mutually desire to promote economic development within the City of El Paso, including economic development incentives for new commercial users with high electric energy needs, the attraction of companies that will make significant investments of capital and human resources in the community, solar and other renewable energy rebates or incentives, or to increase the City’s capacity in alternative energy research, development, manufacturing and generation; and

WHEREAS, the parties wish to increase the Street Rental Charge paid by the Company to the City, and the City wishes to use the increased fees for the economic development purposes described herein.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

Section 1. Section 13, Compensation, the first sentence of Subsection (b) is hereby amended to read as follows:

(b) Effective August 1, 2010, the Company will increase the Street Rental Charge paid by the Company to the City on a quarterly basis during the life of this Franchise by three quarters of one percent (0.75%) (“Additional Fee”) to a total amount of four percent (4.0 %) of the gross revenues the Company receives for the generation, transmission and distribution of electrical energy and other services within the City and four and three quarters percent (4.75%) of BPL-related gross revenues within the City of El Paso, which Additional Fee shall be allocated by the City for promotion of economic development, including economic development incentives for new commercial customers with high electric energy needs, the attraction of companies that will make significant investments of capital and human resources in the community, solar or other renewable energy rebates or incentives, or to increase the City’s capacity in alternative energy research, development, manufacturing and generation, and for such other economic development public purposes as reasonably determined by the City. The Additional Fee shall be placed in a restricted fund to be used solely for the economic development purposes described herein and cannot be commingled with existing Street Rental Charges to support or supplement general fund operations. The City will provide a periodic update on the status, uses, and economic impact of the Additional Fee to the City Council, at a minimum once every five (5) years.

Section 2. This ordinance shall take effect on November 19, 2010.

Section 3. Except as expressly herein amended, Ordinance No. 16090 granting the Franchise shall continue in full force and effect. All capitalized terms used in this

Ordinance that are not defined herein shall have the meaning ascribed to such terms in Ordinance No. 16090.

PASSED AND APPROVED this 19th day of November, 2010.

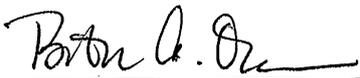
CITY OF EL PASO:

John F. Cook, Mayor

ATTEST:

Richarda Duffy Momsen, City Clerk

APPROVED AS TO FORM:



Bertha A. Ontiveros
Assistant City Attorney

APPROVED AS TO CONTENT:



William F. Studer, Jr.
Deputy City Manager
Financial Services

A C C E P T A N C E

The Amendment of the Franchise granted by the City of El Paso on _____, 2010
is hereby accepted this ____ day of _____, 2010.

EL PASO ELECTRIC COMPANY, GRANTEE

BY _____
ITS _____

STATE OF TEXAS
COUNTY OF EL PASO

This instrument was acknowledged before me on this ____ day of
_____, 2010 by _____.

Notary Public, State of Texas

My commission expires:

Received for filing this ____ day of _____, 2010.

Richarda Duffy Momsen, City Clerk