



## AGENDA ITEM COMMENTARY

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<b>MEETING NAME:</b>	City Council
<b>MEETING DATE:</b>	May 18, 2026
<b>ITEM TITLE:</b>	Consider and take appropriate action on Ordinance 2026-008 adopting a franchise agreement with South Plains Electric Cooperative (SPEC).
<b>STAFF INITIATOR:</b>	Randy Criswell, City Manager

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### **BACKGROUND:**

As of the time of the preparation of this item, we are in continued negotiations with SPEC for a Franchise Agreement. Rick and I have been working on this for several months per your authorization, and we're close to having a new agreement. As a reminder, there is no current agreement. The previous agreement expired in 2013, and we didn't discover this until a couple of years ago when we realized the Atmos agreement was expired and started looking at all of them. Since that time, SPEC has performed under the expired agreement at a 3% franchise fee. We've been working toward a new, 20-year agreement with a 5% franchise fee.

We've modernized the agreement and worked with SPEC to come to agreement on all but one portion of the franchise. The old agreement contained language that if the City requests SPEC to move a utility as a result of a public improvement such as a street, parks, or water/sewer project being built by the City, then SPEC must relocate at no cost to the City unless the SPEC improvements are "...on private easements purchased by SPEC and recorded prior to the dedication of any street, alley, or public way" in which case the City must reimburse SPEC for its cost of relocation. SPEC has rejected this language in current discussions, and has proposed the following language "The provisions of this section shall not apply to improvements made by SPEC on private easements granted or acquired by SPEC prior to any dedication of any street, alley, or public way." So in the old language, the City paid nothing for relocation UNLESS it was a recorded, purchased, private easement. The SPEC proposed language requires the City to pay for any relocation if an easement exists whether filed or not.

We're in continued discussions with SPEC and at the very least just want to update Council on this matter.

### **EXHIBITS:**

### **COUNCIL ACTION/STAFF RECOMMENDATION:**

No specific recommendation as of preparation of this item.