

ORDINANCE NO. 2025-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROCKPORT GRANTING TO THE CITY OF CORPUS CHRISTI, TEXAS, ITS SUCCESSORS AND ASSIGNS, FOR A PERIOD OF TWENTY (20) YEARS THE RIGHT, PRIVILEGE AND FRANCHISE TO OPERATE A GAS DISTRIBUTION SYSTEM, AND PROVIDING REGULATIONS FOR THE CONDUCT OF SAID GAS DISTRIBUTION SYSTEM .

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCKPORT, COUNTY OF ARANSAS, STATE OF TEXAS, THAT:

Section 1. Grant of Franchise. Subject to the terms, conditions and stipulations set forth in this Ordinance there is hereby granted to the City of Corpus Christi, Texas, its successors and assigns (the “Grantee”), the right, privilege and franchise to acquire, lay, construct, extend, equip, operate, repair and maintain a system of gas mains, pipes, lines, conduits, feeders and all necessary regulators and appliances upon, beneath, over, across and along the streets, bridges, drainage ways, utility easements and other public property as they now are or may hereafter exist in the City of Rockport, Texas, for the purpose of supplying and distributing natural gas for fuel, power and heat, and for any other purpose, to the residents or inhabitants of the City of Rockport, Texas, and to others; and for the purpose of conveying, conducting or distributing natural gas through the limits of said City to any point or points within or beyond the limits of said City for the distribution and sale of natural gas to the City of Rockport, Texas, and to the residents or inhabitants thereof, and to any and all others.

Section 2. Franchise Fees. Grantee agrees to pay to the City a franchise fee equal to ten percent (10%) of the monthly meter/service charges (exclusive of any commodity/usage charges, purchased gas adjustment charges based on the costs charged for natural gas, late fees, connection fees, line installation fees and other revenues) collected by Grantee within the corporate limits of the City. No other fee or charge of any kind shall be imposed on Grantee or upon any consumer of natural gas for the breaking or opening of any highway, street, avenue, thoroughfare, alley, park, lane, square or other public place or for laying of mains, service pipes or other connections therein, except as provided herein. On or before February 15 of each year commencing February 15, 2026, Grantee shall pay to the City of Rockport, Texas the franchise fee provided above for the preceding calendar year from all natural gas customers inside the corporate limits of the City together with a report of the basis for the calculation of such franchise fee. The City may audit such records not more often than one time each year upon reasonable notice.

Section 3. Construction Activities by Grantee. In the opening and refilling of all openings, made by Grantee, it shall relay the pavements and do all other work necessary to complete restoration of the streets, sidewalks or grounds so opened to a condition equally as good as when disturbed or make arrangements with the City to pay the costs of such restoration. When Grantee shall open any ground in the City for the purpose of laying any pipe, or for any other purpose whatever, Grantee shall open no more space at any one time, nor keep the same open for any longer time, than is necessary to execute properly the work for which same shall have been opened. In

all cases, where the work requires the exercise of skill, as in laying or relaying of pavements or sidewalks, Grantee shall employ skilled workmen familiar with the execution of such work. Whenever deemed necessary by the proper authorities of the City, the City shall have the right to designate its engineer or other person to inspect the replacing of all openings in public places in said City and the relaying or refilling of the sidewalks and pavements, and all said repairs shall be at the expense of Grantee.

When Grantee shall desire to lay any mains hereunder, and before commencing its construction work, it shall submit to the City's Director of Public Works or other proper authority an application for permit, and a map or plan showing the streets, avenues, alleys, and other public easements wherein it proposes to construct its facilities. Grantee shall not be required to provide a sealed survey or engineered drawings for such work or permit unless such is legally required under State law. The Director of Public Works or other proper authority, shall respond in writing to Grantee within ten (10) calendar days of the Grantee's submission either approving or rejecting the plan and if a rejection, listing the reasons for such rejection and providing alternative options. Actual approval by the Director of Public Works or other proper authority shall constitute a permit to Grantee for the opening of all of the streets, avenues, alleys and other public places shown on the map or plan, and for the construction or laying of the mainlines and other facilities or equipment by Grantee. Provided, however, that it shall not be necessary for Grantee to secure a permit for the laying of service lines from the mainline pipes of Grantee to its customers and/or consumers. Nor shall Grantee be required to secure a permit in advance of excavation in the event of an emergency, as defined herein, provided that such an emergency excavation pertains to the repair or replacement of existing facilities and such work is completed with facilities located within eighteen (18) inches of the original alignment or boundary of the existing facilities. In the event that the excavation involves repairs outside such limitations, Grantee shall file with the Director of Public Works no later than ten (10) business days after the last day of such an emergency, the information that Grantee would have been required to pre-file had there not been an emergency and detailed information that describes the circumstances of said emergency. For the purposes of this provision, "emergency" is defined as a serious, unexpected situation requiring prompt action in contrast to situations in which action may be scheduled ten (10) or more days later without the risk of harm to persons or property.

Section 4. Damage to Other Property. Grantee shall do no injury to, nor in any manner disturb or interfere unnecessarily with, electric lines, conduits, or equipment, or with any water or other pipe lines, or with any public or private sewer or drainage system, now or hereafter laid or constructed by the City or by any authorized person or corporation, but no electric conduits or water or sewer or other pipes shall be laid so as to interfere unnecessarily with any gas mains or pipes which shall have been laid prior to the time of laying such electric conduits, or water or sewer or other pipes.

Section 5. Maintenance of Drainage Grades. All mains, pipes, lines, and other installations of Grantee shall be placed in the public ways of the City of Rockport, Texas and maintained in a manner not to disrupt the lines and grades established by the City for drainage purposes.

Section 6. Provision of Plans. Grantee shall furnish promptly to the City any and all information which may be requested by it in regard to the size, location or depth of any of the pipe,

mains, conduits or service pipes in any form or otherwise, and any other information in regard to its occupation of all public places of the City. The City shall furnish promptly to Grantee any and all information which may be reasonably requested by it in regard to parcel data, public utilities, streets, avenues, alleys, and other public easements maintained by the City for the purpose of Grantee's operations under this franchise.

Section 7. Police Powers of City. Nothing in this franchise shall be construed in such manner as to abrogate in any manner the right of the City to pass and enforce the necessary police regulations for the protection of the citizens of the City and their property and the property of Grantee. Grantee shall at all times keep and display adequate danger signals and guards around all excavations and obstructions made by it and shall as soon as practicable restore all openings in any of the public places of the City to a condition equally as good as before said openings of obstructions were made.

Section 8. Extension of Service. It shall be the duty of Grantee to supply, while operating under this franchise, gas to every person or corporation within the City within a reasonable time after demand, upon equal and exact terms for the same class of service; provided, however, Grantee shall be required to extend its gas mains to provide such new or additional service a total distance of one hundred (100) feet of pipe not to exceed two inches in diameter. Gas main extensions of a greater distance or size than that specified above shall be made at Grantee's expense only where the probable expected use of all facilities necessary for such service will provide a reasonable and compensatory return to Grantee on the value of such facilities. Otherwise, Grantee may make such arrangements with such customers as reasonably required in connection with the extension of lines for such services.

Section 9. Service to Customers. Grantee shall lay its service lines to each customer's property line as part of its distribution system owned and maintained by it. Grantee shall be entitled to charge for furnishing and laying pipes through the customer's premises and buildings a reasonable price to be fixed by contract with the individual consumer, and shall have the right to make and enforce as a part of the conditions under which it shall supply gas for heat, light, fuel or other purposes as herein provided all rules and regulations not inconsistent with the law and the provisions of this franchise.

Section 10. Unauthorized Connections. No person, firm or corporation shall be permitted to make any connection with any of the distributing mains or service pipes or disconnect any meter of Grantee unless duly authorized by Grantee. The City shall pass ordinances to this effect with penal provisions for their violations, and Grantee may adopt such rules and regulations as are or may be proper to protect Grantee from loss or damage by imposition or fraud, and to prevent waste of gas.

Section 11. Gas Supply. Grantee shall not be liable for any damages resulting from such failure of the supply of natural gas. In the event that the supply of natural gas shall fail at any time during the term of this franchise, it shall be optional with Grantee to obtain another supply of natural gas and lay its lines to another source of supply or discontinue service.

Section 12. Term. This franchise shall take effect thirty (30) days after the date of final

approval by the City of Rockport, Texas and shall continue and remain in force for a period of twenty (20) years from and after such date. This franchise may be renewed for an additional term of twenty (20) years, and the City agrees to schedule a first reading of an ordinance granting such additional term at least one (1) year prior to the expiration of this franchise.

Section 13. Acceptance by Grantee. Within thirty (30) days from and after the date this Ordinance shall take effect, Grantee shall file with the City its written acceptance of the provisions hereof, and in case of failure to file such acceptance within the time specified this Ordinance shall become null and void. Any such acceptance shall be subject to the closing of the sale and purchase of the gas distribution system by the City and Grantee.

Section 14. Exclusive and Non-Exclusive Rights. The rights herein granted shall be exclusive for the sale of natural gas to customers within the corporate limits of the City by a pipeline distribution system. The City agrees not to grant a franchise to another person or firm for the purpose of supplying natural gas by a pipeline distribution system to any customer within the limits of the City during the term of this franchise except to any customer for which natural gas service cannot be established under Section 8 above. The rights granted to use the streets, bridges, drainage ways, utility easements and other public property provided herein are non-exclusive, and the City reserves the power to grant like rights to others for other uses, such subsequent grants, however, not to interfere unreasonably with the proper exercise of the rights and privileges granted in this Ordinance.

Nothing in this Franchise may be construed to grant, renew, extend or amend by estoppel or indirection any right, franchise or easement affecting the public streets, highways, sidewalks, alleys, parks, public squares, public places or other real property, except as specifically granted herein. Only the City Council shall have the power by ordinance to grant, renew, and extend a franchise to all service providers placing or installing facilities or equipment in, on or over the City rights of way and of all public utilities of every character operating within the City. Grantee may not transfer this Franchise except with the approval of the City Council expressed by ordinance.

Section 15. Extension of City Limits. The provisions of this Ordinance and the rights, privileges and franchises herein granted shall apply to all territory that may hereafter come within and under the control of the City by the extension of its corporate limits or otherwise.

Section 16. Assignment. (a) Grantee shall not transfer this Franchise as part of a sale of assets involving the Grantee without the written approval of the City expressed by ordinance, which approval shall not be unreasonably conditioned, delayed or withheld.

(b) The City may revoke this Franchise if Grantee sells, transfers, conveys, or otherwise disposes of its rights or interests under this Franchise or attempts to do so without the express written consent of the City as provided above. All rights and interests of Grantee in this Franchise shall cease if this Franchise is revoked.

(c) A transfer in violation of this Section is void.

(d) Grantee may not assign this Franchise to evade fee payment.

Section 17. Work by City and Others. (a) The City reserves the right to lay, and permit to be laid, sewer, cable television, water, telephone and other pipelines, cables and conduits, and to perform and permit to be performed any underground or overhead work that may be necessary or proper in, across, along, over, or under any street, alley, highway, public easement, or public place occupied by Grantee. The City shall be liable to Grantee only for any damage to the facilities of Grantee, the producing cause of which is the negligence of the City or its employees.

(b) If the City requires Grantee to adapt or conform its Distribution System, or in any way alter, relocate or change its property to enable any person, firm, corporation or entity (whether public or private), other than the City, to use the public ways, Grantee shall be entitled to reimbursement from the person, firm, corporation or entity desiring or occasioning such change for any and all loss, cost or expense occasioned thereby.

(c) If, during the period of this Franchise, the City shall elect to alter or change the grade or alignment of any street, alley or other public easement, or any water pipe, wastewater pipe, or any overhead or underground structure within the corporate limits or the extraterritorial jurisdiction of the City, so as to conflict with the facilities of Grantee, Grantee shall remove, relocate or abandon, to the extent necessary, such facilities at its own expense. The City and its designated representatives shall coordinate with Grantee to provide alternate alignments and locations for Grantee's facilities in such situations. In connection with the necessary removal of any such facilities, the procedure generally followed will be that Grantee shall remove the conflicting facilities at its own expense after the City or its contractor has excavated the area and exposed the facility to be removed. Schedules for this work shall be developed by designated representatives of Grantee and the City. If such representatives cannot agree on the schedule, the City Manager, after consultation with Grantee, shall establish a schedule. This schedule shall provide for a minimum of thirty (30) days to exist between the time the schedule is furnished to Grantee and the time that any specific work to be done by Grantee covered in the schedule is to begin unless such work requires materials or equipment that cannot be obtained on a reasonable basis within such time frame. In the event any such delay is required, Grantee shall notify the City Manager in writing of the reasons for the delay and the estimated time the work can begin as soon as practicable.

Section 18. Forfeiture and Termination. In addition to all other rights and powers retained by the City under this Franchise or otherwise, the City reserves the right to declare this Franchise forfeited and to terminate the Franchise and all rights and privileges of Grantee hereunder in the event of a material breach of its terms and conditions. A material breach by Grantee shall include, but shall not be limited to, the following:

(a) Failure on more than three (3) occasions to pay when due the Franchise Fee prescribed herein. Failure to pay a single installment of the Franchise Fee in full within thirty (30) days after the due date, in the absence of a bona fide dispute communicated to the City in writing on or before the due date of the applicable Franchise Fee installment, is a material breach;

(b) Failure to materially provide the services provided for in this Franchise Ordinance; or

(c) Material misrepresentation of fact in the application for or negotiation of the Franchise.

Provided that, no such forfeiture or termination shall be effected unless the City has provided Grantee written notice of the material breach and a reasonable period which would be ten (10) days for a monetary default and thirty (30) days for a non-monetary default for the opportunity to cure the same.

Section 19. Repealer. All ordinances and codes, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters resolved herein. In the event of a conflict between this Ordinance and the City's Charter, the City's Charter shall control.

Section 20. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 21. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 22. Effective Date. This Ordinance shall be adopted upon the date of final adoption hereof. The Ordinance shall not take effect until thirty (30) days after the final reading.

APPROVED on first reading on the ____ day of _____, 2025.

CITY OF ROCKPORT, TEXAS

Tim Jayroe, Mayor

ATTEST:

Shelley Goodwin, City Secretary

APPROVED, PASSED and ADOPTED on second and final reading on the ____ day of _____, 2025.

CITY OF ROCKPORT, TEXAS

Tim Jayroe, Mayor

ATTEST:

Shelly Goodwin, City Secretary

ACCEPTANCE OF FRANCHISE ORDINANCE

The City of Corpus Christi, Texas, a Texas home-rule municipal corporation, hereby accepts the attached and foregoing Ordinance granting a franchise for the operation of a natural gas distribution system within the corporate limits of the City of Rockport, Texas.

CITY OF CORPUS CHRISTI, TEXAS

Date: _____, 2025.

By: _____

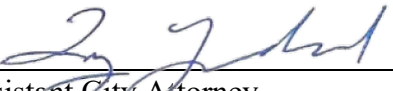
Name: _____

Title: _____

APPROVED AS TO LEGAL FORM:

Trey Youngblood, Assistant City Attorney

27th day of August, 2025.



Assistant City Attorney