



# City Council Report

**Date:** April 07, 2014  
**To:** City Council  
**Through:** Christopher J. Brady, City Manager  
Kari Kent, Deputy City Manager  
**From:** Beth Huning, City Engineer  
**Subject:** Recommending a right-of-way use agreement for Matheson Gas, Inc. to install an industrial gas system in City right-of-way and easements

## Strategic Initiatives



## Purpose and Recommendation

The City Council is requested to review and recommend a right-of-way license for Matheson Gas, Inc. for an initial ten year term with the option of a ten year first extension term, and a five year second extension term.

## Background & Discussion

Matheson Gas, Inc. requests that the City issue a license to install, operate, and maintain an industrial pipeline for conveyance of nontoxic, nonflammable gas, such as nitrogen gas, within the City right-of-way and easements for industrial users. The proposed, non-exclusive agreement has a twenty five year combined term.

Matheson Gas, Inc. will pay the City 2% of their gross revenues for the initial term, 2.5% of gross revenue for the first extension term, and 3% of gross revenue for the second extension term. In addition to the percentage of gross revenue, Matheson Gas will pay a \$2,000 annual base fee and applicable taxes.

Staff will work with Matheson Gas, Inc. to ensure that all proposed terms of the license will be adhered to before issuing a permit to work within City rights-of-way and easements.

On February 25, 2014, this item was considered by the Sustainability and Transportation Committee, who approved it to be forwarded to the City Council for consideration.

## Alternatives

The City Council could determine not to recommend the license; consider different licensing terms, or deny a Matheson Gas, Inc. license.

**Fiscal Impact**

The City incurs no financial outlay as a result of authorizing this agreement, except for staff time required to negotiating the terms of the license.

**Coordinated With**

City Attorney's Office  
Economic Development  
Business Services Department  
Engineering Department