

**452.08 ACQUISITION AND OPERATION.**

Every city of the first class in this state shall have the power to own, construct, acquire, purchase, maintain, and operate any public utility within its corporate limits, and to lease the same, or any part of the same, to any company incorporated under the laws of this state, for the purpose of operating such public utility for any period not longer than 20 years, on such terms and conditions as the council shall deem for the best interests of the public.

Any city of the first class now owning and operating its own waterworks, or other public utilities, may continue to own and operate the same in the same manner as if now authorized by law to own and operate the same, without submitting any proposition so to do to the electors thereof, and it may by a three-fifths vote of the council or other governing body and without submission to the electors thereof issue bonds and certificates of indebtedness in the manner and proportions provided in sections 452.08 to 452.13 for the purpose of refunding all bonds issued for the construction and creation of the utility, and the remainder of the proceeds thereof, if any, shall be covered into the treasury of the city as a sinking fund for the redemption of any existing bonds, or for the purchase and acquisition of any new bonds of the city offered by the city.

It shall be lawful for any city of the first class to incorporate in any grant of the right to construct or operate any public utility, a reservation of the right on the part of the city to take over all or part of the public utility, at or before the expiration of the grant upon such terms and conditions as may be provided in the grant; it shall also be lawful to provide in the grant, that in case the reserved right be not exercised by the city and it shall grant a right to another company to operate the public utility in the streets and parts of streets occupied by its grantee under the former grant, the new grantee shall purchase and take over the public utility of the former grantee, upon the terms that the city might have taken it over, and it shall be lawful for the council of the city to make the grant containing such a reservation for either the construction or operation or both the construction and operation of the public utility, in, upon, and along any of the public streets, alleys, or ways therein, or portions thereof, in which the public utility is already located at the time of making the grant, without the petition or consent of any of the owners of the land abutting or fronting upon any street, public alley, or way, or portion thereof, covered by the grant.

No ordinance authorizing the lease of any public utility for any period, nor any ordinance renewing any lease, shall go into effect until the expiration of 60 days from and after its passage. If, within these 60 days, there is filed with the clerk of the city a petition signed by ten percent of the voters voting at the last preceding election for mayor, in the city, asking that the ordinance be submitted to a popular vote, then the ordinance shall not go into effect unless the question of the adoption of the ordinance shall first be submitted to the electors of the city and are approved by a majority of those voting thereon.

The signatures of the petition need not all be appended to one paper, but after each signer's signature, which shall be in the signer's own handwriting, the signer shall add the place of residence, giving the street number. One of the signers of each paper shall make oath before an officer competent to administer oaths that each signature to the paper appended is the signature of the person whose name purports to be thereto subscribed. The council of any city which shall decide by vote of its electors to acquire or construct any public utility, shall have the power, unless otherwise provided by law, to make all needful rules and regulations respecting the operation of the same, including the power to fix and prescribe rates and charges. For the purpose of acquiring a public utility either by purchase or construction, as provided for in sections 452.08 to 452.13, or for the equipment of any such public utility, and in addition to the certificates of indebtedness

provided for in section 452.09, any city may borrow money and issue its negotiable bonds to an amount not exceeding one-fifth the cost thereof, pledging the faith and credit of the city therefor; but no such bonds shall be issued until the question of the issuance of certificates of indebtedness shall have been approved by a majority of the electors voting thereon as provided for in section 452.09, and then only upon a three-fifths vote of the council or other governing body. In the exercise of any of the powers, granted by sections 452.08 to 452.13, any city shall have power to acquire, take, and hold any and all franchises and necessary property, real, personal, or mixed, for the purposes specified in sections 452.08 to 452.13, either by purchase or condemnation in the manner provided by law for the taking and condemning of private property for public use, but in no valuation of public utility property for the purpose of any such acquisition, except of public utilities now operating under existing franchises shall any sum be included as the value of any earning power of the utility, or of the unexpired portion of any franchise granted by the city.

In case of the leasing by any city of any public utility owned by it, the rental reserved shall be based on both the actual value of the tangible property and of the franchise contained in the lease, and the rental shall not be less than a sufficient sum to meet the annual interest upon all outstanding bonds or certificates issued by the city on account of any such public utility.

**History:** (1485) 1913 c 310 s 2; 1986 c 444; 1987 c 384 art 2 s 1