

Agenda Item: 3.b

Meeting Date: May 5, 2020

MEMORANDUM

To: City Commission

Date: 2020-04-09

From: Jorge Quintas, Public Works & Utilities Director/Engineer

Subject: First Reading of Ordinance 20-03, Gas Franchise Renewal with the City of Clearwater.

Presenter(s): Jorge M. Quintas, P.E., Director, Public Works & Utilities Department / City Engineer

Recommend: Staff recommends to approve Ordinance 20-03 on first reading. There will be a second reading on May 19, 2020.

Epic Goal(s): Goal #4 - Be the statewide model for environmental sustainability stewardship.

Boards & Committees: None

Budget Impact: The Franchise Fees have not been increased for the Gas Franchise Renewal with the City of Clearwater in 30 years. This action would increase the Franchise Fee for Clearwater Gas from 5% to 6%. This 1% increase in the Franchise Fee results in approximately \$21,000 additional revenue per year to the General Fund. The estimated annual Franchise Fee revenue with this proposed increase from Clearwater Gas is \$129,000.

Past Action: Current Franchise was adopted in 1990.

Next Action: Second Reading and adoption of Ordinance 20-03, Renewal of Gas Franchise Agreement with the City of Clearwater.

Attachments: [A. Ordinance 20-03 Dunedin Gas Franchise - Final \(3-25-20\).pdf](#), [B. Pinellas - Territory Boundary \(PSC Exhibit A\).pdf](#), [C. List of Franchise Fees & Municipalities](#)

Background:

In 1960 the City of Dunedin granted its first gas franchise to the City of Clearwater. That Franchise Agreement remained in effect for 30 years and was renegotiated in 1990. The current Franchise Agreement was also for 30 years and will expire on April 30, 2020. Over the past several months, City staff and the City Attorney have been negotiating a new Franchise Agreement with the City of Clearwater for the continuation of its provision of natural gas services to residents and businesses of the City of Dunedin. The term of the new Franchise Agreement will be for 15 years, with a 15 year option to renew. The franchise fee was increased from 5% to 6%. This 1% increase in the franchise fee is the first increase in 30 years. Attached to this Staffing Memorandum is a list of the cities currently served by the Clearwater Gas System, reflecting the franchise fees that are being collected. Otherwise, the format and conditions of the Franchise Agreement are standard and reflect the same general language and conditions as other cities in the Clearwater Gas service area.

As indicated in the "Budget Impact" section of this memorandum, the Franchise Fees have not been increased for the Gas Franchise Renewal with the City of Clearwater in 30 years. This action would increase the Franchise Fee for Clearwater Gas from 5% to 6%. This 1% increase in the Franchise Fee results in approximately \$21,000 additional revenue per year to the General Fund. The estimated annual Franchise Fee revenue with this proposed increase from Clearwater Gas is \$129,000.

Staff hereby recommends the Commission adopt on First Reading proposed Ordinance 20-03, Renewal of Gas Franchise Agreement with the City of Clearwater.