



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** November 14, 2016

SUBJECT: Consider Ordinance No. 3434, Gas Franchise Agreement with Atmos Energy Corporation, 2nd Reading.

PRESENTER: Karen Bostic, Assistant City Manager

SUMMARY:

The current 25-year gas franchise with Atmos Energy Corporation will expire December 31, 2016. Council is being asked to consider a new gas franchise agreement with Atmos Energy Corporation with an effective date of January 1, 2017. A second reading of a franchise ordinance is required by the City Charter. The first reading was held during the regular 7:00 p.m. City Council Meeting on Monday, October 24, 2016. Tonight is the second reading.

GENERAL DESCRIPTION:

The current gas franchise was approved by City Council on December 16, 1991. The franchise was for a term of 25 years with a 4% franchise fee being paid for the use of City rights-of way. In September 2008, the franchise agreement was amended to increase the franchise fee paid by Atmos to 5%. The additional 1% franchise fee revenue was designated by City Council to go to the Crime Control District.

The basic terms and conditions of the proposed franchise agreement are the same as the current one. It includes an initial term of 10 years, expiring on December 31, 2026. Unless written notice of its intent to renegotiate is provided by either the City or Atmos at least one hundred eighty (180) days prior to the expiration of the term, the Franchise shall be extended for up to two (2) additional terms of five (5) years each on the same terms and conditions as the initial agreement. The franchise fee to be paid to the City for the use of City rights-of-way is 5%.

The attached Ordinance was negotiated by Ashley Dierker with Taylor Olson Adkins Sralla Elam and has been reviewed by City Attorney Maleshia Farmer.

RECOMMENDATION:

Approve Ordinance No. 3434.