



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** September 10, 2018
SUBJECT: Consider Ordinance No. 3529, renewing an electric franchise agreement with Oncor Electric Delivery Company
PRESENTER: Karen Bostic, Assistant City Manager

SUMMARY:

The electric franchise agreement between the City of North Richland Hills and Oncor Electric Delivery Company expired in July and needs to be renewed.

GENERAL DESCRIPTION:

North Richland Hills first entered into an electric franchise agreement with Texas Electric Service Company in July 1953. The original franchise was for a 50 year term with it expiring in 2003. However, in 1993 an amendment to the existing franchise was made adjusting the franchise fee from 2% to 4% and extending the original franchise agreement by 15 years, with a July 2018 expiration.

The proposed franchise ordinance is for a 20 year term with expiration on December 31, 2038. It will automatically renew for an additional period of six (6) months from the expiration date and shall be automatically renewed thereafter for like periods until canceled by written notice given not less than sixty (60) days before the expiration of any renewal period. The agreement maintains the franchise fee at 4% of gross receipts to be paid to the city for the use of public rights-of-way. Over the years there has been a lot of discussion about who is responsible for paying the costs associated with relocating Oncor's facilities when needed for road construction, laying of utility lines, etc. Section 3 of the ordinance addresses this situation. City requested relocations of Oncor facilities in the public rights-of-way shall be at Oncor's expense.

State law and city charter mandate that no franchise can be granted until it has been approved by a majority of the members elected to City Council, after having been read in full at two (2) regular meetings of the City Council. Reading the ordinance caption in its entirety meets the requirement of "read in full". The first reading and vote was during the August 27th City Council meeting.

RECOMMENDATION:

Approve Ordinance No. 3529.