

CITY COUNCIL MEMORANDUM

AGENDA ITEM

An ordinance granting an electric franchise to Bartlett Electric Cooperative, Inc.

ORIGINATING DEPARTMENT

City Attorney

BACKGROUND INFORMATION

The City Charter states that the City has ownership and right of control and use of streets, highways, alleys, parks, public places, and all other real property. It further provides that the City Council may grant a right of use of City property to others for the purpose of furnishing to the public any general public service through a franchise.

Bartlett Electric Cooperative, Inc. ("Bartlett") serves areas in the southern portions of the City that became part of the City through annexation. Bartlett has not previously had a franchise with the City. Some portions of Bartlett's service area are also served by Oncor.

DISCUSSION/CONCLUSION

City staff has negotiated with Bartlett representatives to prepare the proposed franchise. The fee received by the City will be four percent (4%) of the gross receipts from the sale of electricity within the City limits, with payments made annually. Bartlett will add these fees to the bills of its customers, similar to the manner used by other franchisees to collect franchise fees. A conservative estimate of the annual fees to be collected is \$20,000.00.

The franchise term is proposed to expire on June 20, 2031, to match the City's other franchises. There is an automatic renewal term of three (3) months if not cancelled sixty (60) days before expiration.

The City Charter requires three (3) readings of a franchise ordinance, and the last reading must be not less than 30 days from the first. The three readings will be December 13, 2016; January 10, 2017; and January 24, 2017. A franchise does not take effect until 60 days after passage. It is proposed that this ordinance be effective March 25, 2017.

FISCAL IMPACT

As this is a new franchise, staff is unable to provide historical data. According to preliminary estimates, the annual fee paid by Bartlett is anticipated to be approximately \$20,000.00.

RECOMMENDATION

Recommend the City Council approve the proposed franchise ordinance.