

1 The Neighborhoods, Community Services, Public Health and Safety  
2 Committee offers the following Substitute to File No. 2024-436:

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4 Introduced by Council Member Salem:

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7 **ORDINANCE 2024-436**

8 AN ORDINANCE GRANTING TO PEOPLES GAS SYSTEM,  
9 INC. ("PEOPLES GAS"), ITS SUCCESSORS AND  
10 ASSIGNS, A NON-EXCLUSIVE NATURAL GAS FRANCHISE  
11 AGREEMENT FOR USE OF THE RIGHTS-OF-WAY OF THE  
12 CITY OF JACKSONVILLE, FLORIDA; APPROVING, AND  
13 AUTHORIZING THE MAYOR AND CORPORATION SECRETARY  
14 TO EXECUTE AND DELIVER, THAT CERTAIN NATURAL GAS  
15 FRANCHISE AGREEMENT BETWEEN THE CITY OF  
16 JACKSONVILLE AND PEOPLES GAS TO PROVIDE THE  
17 TERMS AND CONDITIONS UNDER WHICH SAID FRANCHISE  
18 MAY BE EXERCISED; WAIVING CERTAIN PROVISIONS OF  
19 SUBSECTION 711.306(B) (FRANCHISE AGREEMENT  
20 TERM, CONDITIONS AND FORM), SUBSECTIONS  
21 711.321(A) AND (E) (AMOUNT AND PAYMENT OF FEES),  
22 SECTION 711.327 (TERMINATION), SUBSECTION  
23 711.331(A) AND (D) (AUTHORITY FOR USE OF CITY  
24 RIGHTS-OF-WAY/PERMITS), SUBSECTIONS 711.332(H)  
25 AND (K) (CONDITIONS ON PUBLIC WAY OCCUPANCY),  
26 SECTION 711.335 (RELOCATION), AND SUBSECTIONS  
27 711.337(B) AND (C) (REMOVAL), PART 3 (UTILITY  
28 FRANCHISE AGREEMENT), CHAPTER 711 (CITY RIGHTS-  
29 OF-WAY), *ORDINANCE CODE*; WAIVING THE CONFLICTING  
30 PROVISIONS OF CHAPTER 711 (CITY RIGHTS-OF-WAY),  
31 *ORDINANCE CODE*; PROVIDING FOR CITY OVERSIGHT BY

1 THE FINANCE DEPARTMENT; DIRECTING THE  
2 LEGISLATIVE SERVICES DIVISION TO FORWARD THIS  
3 ORDINANCE, ONCE ENACTED, TO THE DEVELOPMENT  
4 SERVICES DIVISION OF THE PLANNING AND  
5 DEVELOPMENT DEPARTMENT; PROVIDING AN EFFECTIVE  
6 DATE.

7  
8 **WHEREAS**, the City is authorized to award a franchise agreement  
9 when there is a request for significant use of the City's rights-of-  
10 way for operation of a utility pursuant to Chapter 711, *Ordinance*  
11 *Code*; and

12 **WHEREAS**, Peoples Gas System, Inc. ("Peoples Gas" or "Company")  
13 was initially granted a franchise to use the City's rights of way by  
14 Ordinance 2003-1103-E, and said franchise was subsequently extended  
15 by Ordinances 2013-532-E and 2013-725-E with an expiration date of  
16 March 31, 2024; and

17 **WHEREAS**, Peoples Gas desires to continue using the City's  
18 rights-of-way for operation and maintenance of a subsurface natural  
19 gas distribution system; and

20 **WHEREAS**, the current franchise agreement between the City and  
21 Peoples Gas was administratively extended by an additional six months  
22 through September 30, 2024 to allow time for a new franchise agreement  
23 to be prepared; and

24 **WHEREAS**, it is anticipated that Peoples Gas will continue to  
25 invest in the natural gas distribution system located within the  
26 City's rights-of-way, and therefore the utility has requested a new  
27 franchise be granted for a 30 year term; and

28 **WHEREAS**, pursuant to Chapter 711, *Ordinance Code*, franchise  
29 agreements providing for a term in excess of two years require Council  
30 approval; and

31 **WHEREAS**, the Council hereby grants a non-exclusive franchise

1 to Peoples Gas for the continued operation of a natural gas  
2 distribution system in the City's rights-of-way as further described  
3 herein; now therefore

4 **BE IT ORDAINED** by the Council of the City of Jacksonville:

5 **Section 1. Grant of Non-Exclusive Franchise.** The City  
6 hereby grants to Peoples Gas ("Peoples Gas" or "Company") a non-  
7 exclusive right, privilege and franchise to lay, erect, construct,  
8 operate and maintain a natural gas distribution system within the  
9 City rights-of-way in accordance with the terms, conditions and  
10 authorizations outlined in the Natural Gas Franchise Agreement  
11 Between City of Jacksonville and Peoples Gas System, Inc. (the  
12 "Franchise Agreement") in substantially the form attached hereto as  
13 **Revised Exhibit 1** and incorporated herein by this reference.

14 **Section 2. Approval and Authorization.** There is hereby  
15 approved, and the Mayor and Corporation Secretary are hereby  
16 authorized to execute and deliver, the Franchise Agreement which  
17 authorizes Peoples Gas to locate and operate its natural gas system  
18 within the City's rights-of-way to service individual customers  
19 subject to the terms and conditions outlined in the Franchise  
20 Agreement. In exchange for the use of the City's rights-of-way,  
21 Peoples Gas shall pay a franchise fee in an amount equal to six  
22 percent (6%) of the company's gross revenue, less any adjustments for  
23 uncollectable accounts, from the sale of natural gas to customers  
24 within the corporate limits of the City.

25 **Section 3. Waiving the Conflicting Provisions of Subsection**  
26 **711.306(b) (Franchise agreement term, conditions and form), Ordinance**  
27 **Code.** The conflicting provisions of Subsection 711.306(b) (Franchise  
28 agreement term, conditions and form), Part 3 (Utility Franchise  
29 Agreement), Chapter 711 (City Rights-of-way), *Ordinance Code*, are  
30 hereby waived as to the requirement for Company to reimburse the City  
31 for delay costs resulting from the person's failure to relocate their

1 facilities within the time frame provided therein or in the project  
2 relocation schedule.

3           **Section 4. Waiving the Conflicting Provisions of**  
4 **Subsections 711.321(a) and (e) (Amount and payment of fees), Ordinance**  
5 **Code.** The conflicting provisions of Subsections 711.321(a) and (e)  
6 (Amount and payment of fees), Part 3 (Utility Franchise Agreement),  
7 Chapter 711 (City Rights-of-Way) regarding the requirement that  
8 Company (on an annual basis) provide the Director with a revenue  
9 letter audited by Company's independent certified public accountants  
10 verifying revenues generated in the Jacksonville franchise area, the  
11 City's authority to unilaterally amend the Code to increase or  
12 decrease the franchise fee, the timing and collection of franchise  
13 fees, and Company's responsibility to pay the costs of certain audits  
14 performed by the City are hereby waived as they conflict with the  
15 terms of the Franchise Agreement authorized hereby.

16           **Section 5. Waiving Certain Provisions of Section 711.327**  
17 **(Termination), Ordinance Code.** The provisions of Section 711.327  
18 (Termination), Part 3 (Utility Franchise Agreement), Chapter 711  
19 (City Rights-of-Way), *Ordinance Code*, regarding notice upon violation  
20 of material provisions of the Franchise Agreement and abandonment of  
21 the system by Company and transfer of abandoned property to the City  
22 without payment or compensation upon termination of the Franchise  
23 Agreement are hereby waived as those provisions are not contained in  
24 the Franchise Agreement.

25           **Section 6. Waiving Certain Provisions of Subsections**  
26 **711.331(a) and (d) (Authority for use of City rights-of-way/permits),**  
27 **Ordinance Code.** The provisions of Subsections 711.331(a) and (d)  
28 (Authority for use of City rights-of-way/permits), Part 3 (Utility  
29 Franchise Agreement), Chapter 711 (City Rights-of-Way), *Ordinance*  
30 *Code*, regarding Company's obligation to file with its permit  
31 applications to the City bonds in the amount of 110% of the estimated

1 cost of the improvement in the rights-of-way to protect the City and  
2 Company's obligation to use "its best efforts to individually notify  
3 all adjacent property owners affected by the proposed construction  
4 prior to the commencement of that work" are hereby waived as those  
5 provisions are not contained in the Franchise Agreement.

6 **Section 7. Waiving Certain Provisions of Subsections**  
7 **711.332(h) and (k) (Conditions on public way occupancy), Ordinance**  
8 **Code.** The provisions of Subsections 711.332(h) and (k) (Conditions  
9 on public way occupancy), Part 3 (Utility Franchise Agreement),  
10 Chapter 711 (City Rights-of-Way), *Ordinance Code*, regarding the  
11 City's right to make repairs to protect the public health, safety and  
12 welfare, with the total cost of same being charged to Company, and  
13 the City's right to remove or damage any part of Company's facilities  
14 in the event of fire or other disaster without liability to Company  
15 are hereby waived as those provisions are not contained in the  
16 Franchise Agreement.

17 **Section 8. Waiving the Conflicting Provisions of Subsection**  
18 **711.335 (Relocation), Ordinance Code.** The conflicting provisions of  
19 Subsection 711.335 (Relocation), Part 3 (Utility Franchise  
20 Agreement), Chapter 711 (City Rights-of-Way), *Ordinance Code*, are  
21 hereby waived as to the requirement for Company to reimburse the City  
22 for delay costs resulting from Company's failure to relocate their  
23 facilities within the time frame provided therein or in the project  
24 relocation schedule as that provision is not contained in the  
25 Franchise Agreement.

26 **Section 9. Waiving Certain Provisions of Subsections**  
27 **711.337(b) and (c) (Removal), Ordinance Code.** The provisions of  
28 Subsections 711.337(b) and (c) (Removal), Part 3 (Utility Franchise  
29 Agreement), Chapter 711 (City Rights-of-Way), *Ordinance Code*,  
30 regarding removal of all above-ground elements of the system or  
31 abandonment and transfer of the system in its entirety to the City

1 without payment or compensation upon expiration or termination of the  
2 Franchise Agreement are hereby waived as those provisions are not  
3 contained in the Franchise Agreement.

4       **Section 10. Waiving Conflicting Provisions of Chapter 711**  
5 **(City Rights-of-Way), Ordinance Code, Not Otherwise Specifically**  
6 **Waived Herein.** The conflicting provisions of Chapter 711 (City  
7 Rights-of-Way), *Ordinance Code*, not otherwise specifically waived  
8 herein are hereby waived to the extent the Franchise Agreement, in  
9 substantially the form attached hereto and approved by Council,  
10 authorizes or allows any action or inaction by Peoples Gas that is  
11 in conflict with, or deviates from, the requirements of Chapter 711,  
12 *Ordinance Code*.

13       **Section 11. Oversight.** The Finance Department shall oversee  
14 the Franchise Agreement described herein.

15       **Section 12. Directive to Legislative Services Division.** The  
16 Chief of Legislative Services is hereby directed to provide a copy  
17 of this legislation, once enacted, to the Development Services  
18 Division of the Planning and Development Department.

19       **Section 13. Effective Date.** This Ordinance shall become  
20 effective upon signature by the Mayor or upon becoming effective  
21 without the Mayor's signature.

22  
23 Form Approved:

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25           /s/ Mary E. Staffopoulos          

26 Office of General Counsel

27 Legislation Prepared By: Mary E. Staffopoulos

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