

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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Bill Type and Number: Ordinance 2024-436

Introducer/Sponsor(s): Council Member Salem

Date of Introduction: May 28, 2024

Committee(s) of Reference: F, NCSPHS, TEU

Date of Analysis: May 30, 2024

Type of Action: Granting of a non-exclusive franchise agreement for the use of rights-of-way; designation of an oversight department; directing the Legislative Services Department to forward the enacted Ordinance

Bill Summary: This bill grants a non-exclusive right, privilege, and franchise to lay, erect, construct, operate, and maintain a natural gas distribution system within the City to Peoples Gas System, Inc. This non-exclusive franchise is subject to terms, conditions, and authorizations outlined in the Natural Gas Franchise Agreement Between City of Jacksonville and Peoples Gas System, Inc.

It authorizes the Mayor to execute and deliver the Franchise Agreement which authorizes Peoples Gas to locate and operate its natural gas system within the City's rights-of-way to service individual customers subject to the terms and conditions outlined in the Franchise Agreement. In exchange for the use of the City's rights-of-way, Peoples Gas shall pay a franchise fee in an amount equal to six percent of the company's gross revenue, less any adjustments for uncollectable accounts, from the sale of natural gas to customers within the corporate limits of the City. It designates the Planning and Development Department, Development Services Division, to oversee the Franchise Agreement.

Background Information: The City is authorized to award a franchise agreement when there is a request for significant use of the City's rights-of-way for operation of a utility pursuant to Chapter 711, Ordinance Code. Peoples Gas System, Inc. was initially granted a franchise to use the City's rights-of-way via Ordinance 2003-1103-E, and the franchise was extended via Ordinances 2013-532-E and 2013-725-E with an expiration date of March 31, 2024. The franchise agreement was administratively extended by an additional six months through September 30, 2024, to allow time for a new franchise agreement to be prepared.

Peoples Gas desires to continue using the City's rights-of-way for operation and maintenance of its subsurface natural gas distribution system, and it is anticipated that Peoples Gas will continue to invest in the natural gas distribution system located within the City's rights-of-way. The utility has requested a new franchise be granted for a 30 year term. Pursuant to Chapter 711, Ordinance Code, franchise agreements for a period in excess of two years require Council approval.

Policy Impact Area: Utilities; rights-of-way usage; natural gas distribution

Fiscal Impact: No immediate fiscal impact

Analyst: Webb