



City Commission Agenda Item

Meeting Date: August 6, 2024
From: Randy Frazer, City Manager
Item: Evergy Kansas South Inc. Electric Franchise Agreement

Purpose: An Ordinance, granting to Evergy Kansas South, Inc., a Kansas Corporation, an electric franchise including the right to construct, operate and maintain electric transmission, distribution and street lighting facilities within the corporate limits of the City of Arkansas City, Kansas, and repealing Ordinance 2019-05-4489. **(Roll Call Vote)**

Background:

The current franchise agreement with Evergy, formerly Kansas Gas and Electric Company and Westar, is set to expire. Ordinance 2019-05-4489, passed on May 5, 2019, established a 5% franchise fee. In recent negotiations, the City proposed maintaining the current terms for another 5 years, while Evergy preferred a 20-year term. Both parties have agreed on a 10-year term with a review after 5 years, allowing for greater flexibility. Key terms of the proposed agreement include:

- A 10-year term with a 5-year review period.
- A 6% franchise fee on gross receipts, aligning with industry standards.
- Evergy's compliance with City codes for managing public right-of-way, ensuring specific, designated areas for facilities placement.

In 2023, franchise fees from Evergy contributed \$983,791.46 to the General Fund. The agreement maintains the City's regulatory authority under the Right-of-Way (ROW), Ordinance, City Zoning Regulations, and other applicable regulations. The terms are consistent with state law restrictions on franchise agreements.

Policy Implications:

- Franchise agreements aim to benefit the public by accounting for maintenance costs and ensuring timely access to utilities in publicly owned ROW.
- The city must manage ROW and franchise agreements in a competitively neutral manner.

Commission Options:

1. Approve the Ordinance.
2. Disapprove the Ordinance.
3. Table the Ordinance for further discussion.

Fiscal Impact: Amount: Publication Cost

Attachments: Resolution & Agreement

Approved for Agenda by:

Randy Frazer, City Manager