



STAFF REPORT

MEETING DATE: July 11, 2023

TITLE:

Consider action to approve the first reading of Ordinance No. 2023-21 of the City Council of the City of Bastrop, Texas approving a Natural Gas Franchise Agreement to Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.) and its successors and assigns, for a period of ten (10) years from the effective date of this ordinance, a non-exclusive franchise and right to enter the public ways of the City of Bastrop, Texas for the transportation, distribution, and/or sale of gas to customers and the public generally in the City; defining the words and phrases therein; providing assignment, sale or lease of the franchise; providing for use and repair of the public ways; providing for regulation of service; establishing depth of pipelines; providing for indemnification of the City of Bastrop; providing for inspection of Grantee's records; requiring Grantee to pay a Franchise Fee; providing for conditions of the Franchise; providing for construction of this ordinance upon invalidity of any part thereof; providing for acceptance of this Franchise by Grantee and both an effective and operative date thereof; repealing all other ordinances directly in conflict herewith; providing for severability; providing for publication, and move to include on the July 25, 2023 agenda for a second reading.

AGENDA ITEM SUBMITTED BY:

Tracy Waldron, Chief Financial Officer

BACKGROUND/HISTORY:

A utility franchise is a privilege conferred by a municipal corporation, such as a city or a county, to a public utility company for the use of the municipality's public rights-of-way.

This franchise agreement allows Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.) and its successors and assigns, to construct, maintain, and operate its gas system in the City-owned public rights-of-way, which may include streets, alleys, and other public places. In exchange for these rights, the agreement requires Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.) and its successors and assigns, to pay the City a franchise fee.

Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.) shall pay the franchise fee on January 31st (for the last six months of the calendar year) and July 31st (for the first six months of the calendar year).

After any use, installation, or construction work, Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.) is responsible for restoring the public right-of-way.

The term of the franchise agreement is for a ten-year period. Universal Natural Gas shall notify the City within twelve (12) months prior to the expiration of the initial term if they wish to renew this Ordinance or either party may provide written notice of termination, without cause to the other party, at least 60 days prior to the termination date.

FISCAL IMPACT:

Increased Franchise Revenue for the City

RECOMMENDATION:

Tracy Waldron, CFO recommends approval of the first reading Ordinance No. 2023-21 of the City Council of the City of Bastrop, Texas approving a Natural Gas Franchise Agreement to Universal Natural Gas, LLC (d/b/a Universal National Gas, Inc.) and its successors and assigns, for a period of ten (10) years from the effective date of this ordinance, a non-exclusive franchise and right to enter the public ways of the City of Bastrop, Texas for the transportation, distribution, and/or sale of gas to customers and the public generally in the City; defining the words and phrases therein; providing assignment, sale or lease of the franchise; providing for use and repair of the public ways; providing for regulation of service; establishing depth of pipelines; providing for indemnification of the City of Bastrop; providing for inspection of Grantee's records; requiring Grantee to pay a Franchise Fee; providing for conditions of the Franchise; providing for construction of this ordinance upon invalidity of any part thereof; providing for acceptance of this Franchise by Grantee and both an effective and operative date thereof; repealing all other ordinances directly in conflict herewith; providing for severability; providing for publication, and move to include on the July 25, 2023 agenda for a second reading.

ATTACHMENTS:

- Ordinance 2023-21
- Exhibit A, Draft Natural Gas Franchise Agreement

