



**CITY OF BELLE ISLE, FLORIDA
CITY COUNCIL AGENDA ITEM COVER SHEET**

Meeting Date: June 16, 2020

To: Honorable Mayor and City Council Members

From: B. Francis, City Manager

Subject: Ordinances to substitute Franchise Fee for Utility Fee for Electric Utility

Background: The Budget Committee discussed substituting the current utility fee of 3% for a franchise fee of 3%. This is to provide a “wash” for residents paying the utility fee; however those entities currently exempt from paying a utility fee would not be exempt from paying the franchise fee. For example, CCA currently does not pay a utility fee but would be required to pay the franchise fee. It would involve an ordinance to rescind the utility tax and institute a franchise fee. In 2019, Electric Sales Revenue for the City was \$8,861,422. Of that \$2,584,132 was exempt resulting in the 3% Utility Tax being applied to \$6,277,290. After minor miscellaneous adjustments to this revenue, the City received \$186,570. If the 3% was applied to the entire \$8.8 million, the City would have received (with minor adjustments) \$264,095, an increase of \$77,525. For the current year, (October 2019-April 2020), the Electric Sales Revenue received is \$4,619,522. Of that \$1,222,205 is exempt resulting in the 3% Utility Tax being applied to \$3,397,317. After minor adjustments, the City has received \$103,931. If 3% was applied to the entire sales revenue of \$4.6 million, the revenue received by the City would be \$138,586, and increase of \$34,655.

Staff Recommendation: Council to discuss. Council should also discuss whether to keep the same % or consider raising the % another point or two. For every 1% raised, it will bring approximately \$88,600 in additional revenue (this is revenue is in addition to the aforementioned \$77,525 increase).

Suggested Motion: I move that we direct the staff to draft the final ordinances with a % franchise fee and read the ordinances for the first time at the July 7 Meeting.

Alternatives: Do not move forward with the ordinances or adjust the tax from the recommended 3% to another %.

Fiscal Impact: Increase TBD based on the percentage of tax. The 6% Franchise Fee is calculated by Duke to be over \$500,000.

Attachments: Draft Ordinances.