



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

Meeting Date: November 19, 2019

To: Honorable Mayor and City Council Members

From: B. Francis, City Manager

Subject: Proposed Ordinance on Franchise Fees

Background: During the Council workshop on alternative revenues, budget workshops, and public hearings on the budget, franchise fees were a topic of discussion. The City Manager presented information on franchise fees and what the use of those fees would be used for. Although included in the budget, the City Council has to adopt an ordinance allowing for the collection of franchise fees.

A utility franchise is a contract between a city and a utility company that outlines certain requirements for the utility to use the city's public rights of way. The establishment of franchise agreements between cities and utilities is a customary business practice and legal process outlined by the state statutes. The City sets the structure of any proposed franchise fee and can only apply the franchise fee for customers within the jurisdiction of the City.

The franchise fees are a pass-through cost, from the customers within the city's jurisdiction to the City. These fees are listed as a separate item on customers' bills, showing the amount and the city's name to which the fee is payable. The company does not make any money on the franchise fee.

This is different than a utility tax which is already placed on utilities. The main difference between the utility tax and a franchise fee is that according to the BIMC, Sections 28-36 and 28-36, governments, schools and churches are exempt from paying the utility tax on electricity, fuel oil, metered or bottled gas (natural, liquefied petroleum gas or manufactured), but they would not be exempt from paying the franchise fee.

Staff Recommendation: Direct staff to prepare the franchise ordinance for a first reading in December 3.

Suggested Motion: **I move that we direct the staff to prepare the franchise ordinance for electric and read it for the first time at the December 3, 2019 Council Meeting.**

Alternatives: Do not implement a franchise fee

Fiscal Impact: \$450,000/year

Attachments: Proposed Ordinance
Spreadsheet on revenue