



To: City of Dripping Springs City Council
From: Laura Mueller, City Attorney
Date: May 7, 2024
RE: UniGas Franchise Agreement Key Terms

I. Executive Summary

Key terms regarding the Franchise Agreement with Universal Natural Gas (UniGas), maintaining a non-exclusive franchise agreement to enter the City ROW to install, operate and maintain a distribution system within, along, across, over and under the public ways of the City for the transportation, distribution and/or sale of gas to customers and the public, generally, in the city.

II. Key Terms

- 20-year term; may renew for up to three successive 2-year terms if no notice of termination provided by either party. **See Sections 2 and 21.**
- UniGas and its contractors are required to provide notice of dates, location, and nature of work to be performed in the ROW. UniGas is required to comply with the City's ROW Management Ordinance (Chapter 16 – Public Ways and Places). **See Section 4.**
- The franchise agreement constitutes a permit to perform work in the ROW on existing infrastructure and to extend and lay service pipes from the mainline to customers. However, UniGas must seek a permit to lay new mains or replace existing mains. **See Section 4.**
- UniGas must obtain written permission from City to install above ground facilities on City property or any pipe, line or facilities on park or recreational land. **See Section 4.**
- UniGas must provide notice to City of emergency work within 48 hours of initiating such work. **See Section 4.**
- UniGas will pay to the City 5% of Gross Receipts twice a year in January and July. "Gross Receipts" includes the revenues UniGas receives for Gas Sales within the corporate limits of the city. The term also includes other specific revenue generators such as contributions in aid of construction, receipts for Transport Gas, and miscellaneous fees. This payment is in lieu of other fees such as a permit fee. **See Sections 1 and 11.**
- UniGas is required to maintain insurance coverage in compliance with the insurance requirements in the City's Code of Ordinances. **See Section 24.**



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- If City learns that UniGas has entered into an agreement with another city requiring a higher franchise fee percentage, the City has the right to request the same terms. **See Section 25.**

III. Staff Recommendation

Approval. The City's Utility Counsel, Lloyd Gosselink, negotiated similar, terms as the City's other Gas Franchise. The terms are based on that agreement and the requirements of state law.