



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Finance

DCM: Bryan Langley

Date: September 12, 2017

SUBJECT

Receive a report and hold a discussion regarding the renewal of franchise agreements with Atmos Energy and CoServ Gas.

BACKGROUND

The purpose of this item is to inform the Committee that staff is actively working to renew two expired franchise agreements. The specific franchise agreements are with Atmos Energy and CoServ Gas. Below are details for each agreement:

1. Atmos Energy - Expired 12/31/11, ten year franchise agreement (Ordinance No. 2001-484). Further amended by Resolution 2008-012. City sent letter 11/8/11 administratively extending agreement until such time as a new agreement is adopted by the City Council.
2. CoServ Gas - Expired 1/19/09, ten year franchise agreement (Ordinance No. 99-024). City sent letter 3/5/09 administratively extending agreement until such time as a new agreement is adopted by the City Council.

Regarding Atmos Energy, staff has worked on a number of drafts over the last 5 years with the assistance of an external attorney, Freddy Herrera with Herrera and Boyle, LLC. Unfortunately, a number of staff turnovers have occurred with both parties that created undue delays or changes in previously negotiated drafts. On July 27, 2017, staff met with Atmos representatives to discuss the latest franchise agreement draft. This was the first face-to-face meeting with Atmos representatives, including their lead legal counsel. Unfortunately, staff was recently notified by Atmos that their lead legal counsel may be out for some time and another attorney will be assigned to this project.

Regarding CoServ Gas, staff also worked with an external attorney on an initial draft that the cooperative rejected in its entirety. The external attorney on this project was Georgia Crump with the Lloyd Gosselink firm. While staff has had periodic discussions with the cooperative on various related matters, a verbal agreement was made some time ago to utilize the approved franchise agreement with Atmos Energy as the starting point of negotiations. Staff would anticipate an accelerated timeline for a new agreement with the cooperative once the Atmos agreement is approved.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Organizational Excellence**

Related Goal: **1.1 Manage financial resources in a responsible manner**

EXHIBITS

1. Ordinance No. 2001-484
2. Resolution No. 2008-012
3. Ordinance No. 99-024

Respectfully submitted:
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