



CITY COMMISSION AGENDA REPORT

CITY OF BELLE GLADE

TO: Honorable Mayor and City Commission

FROM: Lomax Harrelle, City Manager

PREPARED BY: David Wood, Director of Finance

COMMISSION MEETING DATE: May 4, 2015

SUBJECT: FPL Franchise

TITLE OF AGENDA ITEM: AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF BELLE GLADE GRANTING TO FLORIDA POWER & LIGHT COMPANY, ITS SUCESSORS AND ASSIGNS, AN ELECTRIC FRANCHISE, IMPOSING PROVISIONS AND CONDITIONS RELATING THERETO, PROVIDING FOR MONTHLY PAYMENTS TO THE CITY OF BELLE GLADE, AND PROVIDING FOR AN EFFECTIVE DATE.

REPORT IN BRIEF: This Ordinance provides for a new 30 year Franchise Agreement with Florida Power & Light (FPL), leaves the rate at 6% and changes the method of calculating the net franchise fee by eliminating the offset to FPL for taxes and other impositions and adding an offset for FPL bad debts. The changes are estimated to increase the net franchise fee to the City.

STAFF COMMENTS: The new Ordinance, if approved, will result in an increase in annual FPL franchise fee revenue to the City. Assuming an annual increase in gross billing of 2% the revenue to the City over the 30 year life of the franchise fee agreement will be in excess of \$31,000,000.

Staff recommends approval of the new agreement.

PREVIOUS ACTIONS: The Franchise Fee Ordinance 85-6 passed and adopted by the City Commission on June 17, 1985 granted to FPL a thirty year electric franchise for the right to use public rights-of-way and to provide electric service within the City of Belle Glade.

LEGAL REVIEW AND SUFFICIENCY: ☒ YES ☐ NO

FISCAL IMPACT: Has request been budgeted (check one)? ☒ YES ☐ NO

If yes, expected cost: \$ Increase in annual revenue

Account Number and Name: 01-3230-100-0000

If no, amount needed: \$ N/A

Account Number and Name funds will be appropriated from:

305

Additional Comments:

RECOMMENDATION(S): Motion to Pass Ordinance

Attachments: Ordinance

PUBLIC NOTICE

The Belle Glade City Commission will consider adoption of a proposed municipal Ordinance, the title of which is as follows:

ORDINANCE NO. 15-10

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF BELLE GLADE, FLORIDA, GRANTING TO FLORIDA POWER & LIGHT COMPANY, ITS SUCCESSORS AND ASSIGNS, AN ELECTRIC FRANCHISE; IMPOSING PROVISIONS AND CONDITIONS RELATING THERETO; PROVIDING FOR MONTHLY PAYMENTS TO THE CITY OF BELLE GLADE; AND PROVIDING AN EFFECTIVE DATE.

Said Ordinance will be considered for second and final reading during the Regular meeting of the City Commission to be held on the 18th day of May, 2015 at 6:30 p.m., or continuing from time to time and place to place as said meetings may be adjourned to hear the public, at City Hall, 110 Dr. Martin Luther King Jr., Blvd., West, Belle Glade, Palm Beach County, Florida. Copy of said proposed ordinance is available for inspection in the office of the City Clerk located at the aforementioned address.

Should any interested party seek to appeal any decision made by the City Commission with respect to any matter considered at such meetings or hearings, such person will need to insure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. (Reference: Florida Statutes 286.0105)

In accordance with the Americans with Disabilities Act of 1990, persons needing special accommodations to participate in this proceeding should contact the City Clerk at 561-996-0100 no later than 48 hours prior to the proceeding. If hearing impaired, telephone the Florida Relay Service Numbers, 800-955-8771 (TDD) or 800-955-8770 (Voice), for assistance. (Reference: Florida Statutes 286.26)

CITY OF BELLE GLADE
DEBRA R. BUFF, MMC
CITY CLERK

PUBLISH: May 8, 2015, PALM BEACH POST

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF BELLE GLADE, FLORIDA, GRANTING TO FLORIDA POWER & LIGHT COMPANY, ITS SUCCESSORS AND ASSIGNS, AN ELECTRIC FRANCHISE; IMPOSING PROVISIONS AND CONDITIONS RELATING THERETO; PROVIDING FOR MONTHLY PAYMENTS TO THE CITY OF BELLE GLADE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Belle Glade, Florida recognizes that the City of Belle Glade and its citizens need and desire the continued benefits of electric service; and

WHEREAS, the provision of such service requires substantial investments of capital and other resources in order to construct, maintain and operate facilities essential to the provision of such service in addition to costly administrative functions, and the City of Belle Glade does not desire to undertake to provide such services; and

WHEREAS, Florida Power & Light Company (FPL) is a public utility which has the demonstrated ability to supply such services; and

WHEREAS, there is currently in effect a franchise agreement between the City of Belle Glade and FPL, the terms of which are set forth in City of Belle Glade Ordinance No. 85-6, passed and adopted June 17, 1985, and FPL's written acceptance thereof dated June 17, 1985 granting to FPL, its successors and assigns, a thirty (30) year electric franchise ("Current Franchise Agreement"); and

WHEREAS, FPL and the City of Belle Glade desire to enter into a new agreement (New Franchise Agreement) providing for the payment of fees to the City of Belle Glade in exchange for the nonexclusive right and privilege of supplying electricity

and other services within the City of Belle Glade free of competition from the City of Belle Glade, pursuant to certain terms and conditions, and

WHEREAS, the City Commission of the City of Belle Glade deems it to be in the best interest of the City of Belle Glade and its citizens to enter into the New Franchise Agreement prior to expiration of the Current Franchise Agreement;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF BELLE GLADE, FLORIDA:

Section 1. There is hereby granted to Florida Power & Light Company, its successors and assigns (hereinafter called the "Grantee"), for the period of 30 years from the effective date hereof, the nonexclusive right, privilege and franchise (hereinafter called "franchise") to construct, operate and maintain in, under, upon, along, over and across the present and future roads, streets, alleys, bridges, easements, rights-of-way and other public places (hereinafter called "public rights-of-way") throughout all of the incorporated areas, as such incorporated areas may be constituted from time to time, of the City of Belle Glade, Florida, and its successors (hereinafter called the "Grantor"), in accordance with the Grantee's customary practice with respect to construction and maintenance, electric light and power facilities, including, without limitation, conduits, poles, wires, transmission and distribution lines, and all other facilities installed in conjunction with or ancillary to all of the Grantee's operations (hereinafter called "facilities"), for the purpose of supplying electricity and other services to the Grantor and its successors, the inhabitants thereof, and persons beyond the limits thereof.

Section 2. The facilities of the Grantee shall be installed, located or relocated so as to not unreasonably interfere with traffic over the public rights-of-way or with reasonable

egress from and ingress to abutting property. To avoid conflicts with traffic, the location or relocation of all facilities shall be made as representatives of the Grantor may prescribe in accordance with the Grantor's reasonable rules and regulations with reference to the placing and maintaining in, under, upon, along, over and across said public rights-of-way; provided, however, that such rules or regulations (a) shall not prohibit the exercise of the Grantee's right to use said public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic, (b) shall not unreasonably interfere with the Grantee's ability to furnish reasonably sufficient, adequate and efficient electric service to all of its customers, and (c) shall not require the relocation of any of the Grantee's facilities installed before or after the effective date hereof in public rights-of-way unless or until widening or otherwise changing the configuration of the paved portion of any public right-of-way used by motor vehicles causes such installed facilities to unreasonably interfere with motor vehicular traffic. Such rules and regulations shall recognize that above-grade facilities of the Grantee installed after the effective date hereof should be installed near the outer boundaries of the public rights-of-way to the extent possible. When any portion of a public right-of-way is excavated by the Grantee in the location or relocation of any of its facilities, the portion of the public right-of-way so excavated shall within a reasonable time be replaced by the Grantee at its expense and in as good condition as it was at the time of such excavation. The Grantor shall not be liable to the Grantee for any cost or expense in connection with any relocation of the Grantee's facilities required under subsection (c) of this Section, except, however, the Grantee shall be entitled to reimbursement of its costs from others and as may be provided by law.

Section 3. The Grantor shall in no way be liable or responsible for any accident or damage that may occur in the construction, operation or maintenance by the Grantee of its facilities hereunder, and the acceptance of this ordinance shall be deemed an agreement on the part of the Grantee to indemnify the Grantor and hold it harmless against any and all liability, loss, cost, damage or expense which may accrue to the Grantor by reason of the negligence, default or misconduct of the Grantee in the construction, operation or maintenance of its facilities hereunder.

Section 4. All rates and rules and regulations established by the Grantee from time to time shall be subject to such regulation as may be provided by law.

Section 5(a). As a consideration for this franchise, the Grantee shall pay to the Grantor, commencing 90 days after the effective date hereof, and each month thereafter for the remainder of the term of this franchise, an amount which added to the amount of all licenses, excises, fees, charges and other impositions of any kind whatsoever (except ad valorem property taxes and non-ad valorem tax assessments on property) levied or imposed by the Grantor against the Grantee's property, business or operations and those of its subsidiaries during the Grantee's monthly billing period ending 60 days prior to each such payment will equal 6.0 percent of the Grantee's billed revenues, less actual write-offs, from the sale of electrical energy to residential, commercial and industrial customers (as such customers are defined by FPL's tariff) within the incorporated areas of the Grantor for the monthly billing period ending 60 days prior to each such payment, and in no event shall payment for the rights and privileges granted herein exceed 6.0 percent of such revenues for any monthly billing period of the Grantee.

The Grantor understands and agrees that such revenues as described in the preceding paragraph are limited, as in the existing franchise Ordinance No. 85-6, to the precise revenues described therein, and that such revenues do not include, by way of example and not limitation: (a) revenues from the sale of electrical energy for Public Street and Highway Lighting (service for lighting public ways and areas); (b) revenues from Other Sales to Public Authorities (service with eligibility restricted to governmental entities); (c) revenues from Sales to Railroads and Railways (service supplied for propulsion of electric transit vehicles); (d) revenues from Sales for Resale (service to other utilities for resale purposes); (e) franchise fees; (f) Late Payment Charges; (g) Field Collection Charges; (h) other service charges.

Section 5(b). If during the term of this franchise the Grantee enters into a franchise agreement with any other municipality located in Palm Beach County, Florida, where the number of Grantee's active electrical customers is equal to or less than the number of Grantee's active electrical customers within the incorporated area of the Grantor, the terms of which provide for the payment of franchise fees by the Grantee at a rate greater than 6.0% of the Grantee's residential, commercial and industrial revenues (as such customers are defined by FPL's tariff), under the same terms and conditions as specified in Section 5 hereof, the Grantee, upon written request of the Grantor, shall negotiate and enter into a new franchise agreement with the Grantor in which the percentage to be used in calculating monthly payments under Section 5 hereof shall be no greater than that percentage which the Grantee has agreed to use as a basis for the calculation of payments to the other Palm Beach County municipality, provided, however, that such new franchise agreement shall include additional benefits to the Grantee, in

addition to all benefits provided herein, at least equal to those provided by its franchise agreement with the other Palm Beach County municipality. Subject to all limitations, terms and conditions specified in the preceding sentence, the Grantor shall have the sole discretion to determine the percentage to be used in calculating monthly payments, and the Grantee shall have the sole discretion to determine those benefits to which it would be entitled, under any such new franchise agreement.

Section 6. As a further consideration, during the term of this franchise or any extension thereof, the Grantor agrees: (a) not to engage in the distribution and/or sale, in competition with the Grantee, of electric capacity and/or electric energy to any ultimate consumer of electric utility service (herein called a "retail customer") or to any electrical distribution system established solely to serve any retail customer formerly served by the Grantee, (b) not to participate in any proceeding or contractual arrangement, the purpose or terms of which would be to obligate the Grantee to transmit and/or distribute, electric capacity and/or electric energy from any third party(ies) to any other retail customer's facility(ies), and (c) not to seek to have the Grantee transmit and/or distribute electric capacity and/or electric energy generated by or on behalf of the Grantor at one location to the Grantor's facility(ies) at any other location(s). Nothing specified herein shall prohibit the Grantor from engaging with other utilities or persons in wholesale transactions which are subject to the provisions of the Federal Power Act.

Nothing herein shall prohibit the Grantor, if permitted by law, (i) from purchasing electric capacity and/or electric energy from any other person, or (ii) from seeking to have the Grantee transmit and/or distribute to any facility(ies) of the Grantor electric capacity and/or electric energy purchased by the Grantor from any other person; provided,

however, that before the Grantor elects to purchase electric capacity and/or electric energy from any other person, the Grantor shall notify the Grantee. Such notice shall include a summary of the specific rates, terms and conditions which have been offered by the other person and identify the Grantor's facilities to be served under the offer. The Grantee shall thereafter have 90 days to evaluate the offer and, if the Grantee offers rates, terms and conditions which are equal to or better than those offered by the other person, the Grantor shall be obligated to continue to purchase from the Grantee electric capacity and/or electric energy to serve the previously-identified facilities of the Grantor for a term no shorter than that offered by the other person. If the Grantee does not agree to rates, terms and conditions which equal or better the other person's offer, all of the terms and conditions of this franchise shall remain in effect.

Section 7. If the Grantor grants a right, privilege or franchise to any other person or otherwise enables any other such person to construct, operate or maintain electric light and power facilities within any part of the incorporated areas of the Grantor in which the Grantee may lawfully serve or compete on terms and conditions which the Grantee determines are more favorable than the terms and conditions contained herein, the Grantee may at any time thereafter terminate this franchise if such terms and conditions are not remedied within the time period provided hereafter. The Grantee shall give the Grantor at least 60 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for the Grantee herein, advise the Grantor of such terms and conditions that it considers more favorable. The Grantor shall then have 60 days in which to correct or otherwise remedy the terms and conditions complained of by the Grantee. If the Grantee determines that such terms or conditions are

not remedied by the Grantor within said time period, the Grantee may terminate this franchise agreement by delivering written notice to the Grantor's Clerk and termination shall be effective on the date of delivery of such notice.

Section 8. If as a direct or indirect consequence of any legislative, regulatory or other action by the United States of America or the State of Florida (or any department, agency, authority, instrumentality or political subdivision of either of them) any person is permitted to provide electric service within the incorporated areas of the Grantor to a customer then being served by the Grantee, or to any new applicant for electric service within any part of the incorporated areas of the Grantor in which the Grantee may lawfully serve, and the Grantee determines that its obligations hereunder, or otherwise resulting from this franchise in respect to rates and service, place it at a competitive disadvantage with respect to such other person, the Grantee may, at any time after the taking of such action, terminate this franchise if such competitive disadvantage is not remedied within the time period provided hereafter. The Grantee shall give the Grantor at least 90 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for the Grantee herein, advise the Grantor of the consequences of such action which resulted in the competitive disadvantage. The Grantor shall then have 90 days in which to correct or otherwise remedy the competitive disadvantage. If such competitive disadvantage is not remedied by the Grantor within said time period, the Grantee may terminate this franchise agreement by delivering written notice to the Grantor's Clerk and termination shall take effect on the date of delivery of such notice.

Section 9. Failure on the part of the Grantee to comply in any substantial respect with any of the provisions of this franchise shall be grounds for forfeiture, but no such

forfeiture shall take effect if the reasonableness or propriety thereof is protested by the Grantee until there is final determination (after the expiration or exhaustion of all rights of appeal) by a court of competent jurisdiction that the Grantee has failed to comply in a substantial respect with any of the provisions of this franchise, and the Grantee shall have six months after such final determination to make good the default before a forfeiture shall result with the right of the Grantor at its discretion to grant such additional time to the Grantee for compliance as necessities in the case require.

Section 10. Failure on the part of the Grantor to comply in substantial respect with any of the provisions of this ordinance, including but not limited to: (a) denying the Grantee use of public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic; (b) imposing conditions for use of public rights-of-way contrary to Florida law or the terms and conditions of this franchise; (c) unreasonable delay in issuing the Grantee a use permit, if any, to construct its facilities in public rights-of-way, shall constitute breach of this franchise and entitle the Grantee to withhold all or part of the payments provided for in Section 5 hereof until such time as a use permit is issued or a court of competent jurisdiction has reached a final determination in the matter. The Grantor recognizes and agrees that nothing in this franchise agreement constitutes or shall be deemed to constitute a waiver of the Grantee's delegated sovereign right of condemnation and that the Grantee, in its sole discretion, may exercise such right.

Section 11. The Grantor may, upon reasonable notice and within 90 days after each anniversary date of this franchise, at the Grantor's expense, examine the records of the Grantee relating to the calculation of the franchise payment for the year preceding such anniversary date. Such examination shall be during normal business hours at the

Grantee's office where such records are maintained. Records not prepared by the Grantee in the ordinary course of business may be provided at the Grantor's expense and as the Grantor and the Grantee may agree in writing. Information identifying the Grantee's customers by name or their electric consumption shall not be taken from the Grantee's premises. Such audit shall be impartial and all audit findings, whether they decrease or increase payment to the Grantor, shall be reported to the Grantee. The Grantor's right to examine the records of the Grantee in accordance with this Section shall not be conducted by any third party employed by the Grantor whose fee, in whole or part, for conducting such audit is contingent on findings of the audit.

Grantor waives, settles and bars all claims relating in any way to the amounts paid by the Grantee under the Current Franchise Agreement embodied in Ordinance No. 85-6.

Section 12. That upon Grantor's annexation of any property and appropriate written notice to Grantee, the portion of Grantee's electrical system located within such annexed territory, and in, under, over, and upon the streets, alleys, rights-of-way, or public grounds of such annexed territory, shall be subject to all the terms of this New Franchise Agreement within ninety (90) days of the Grantee's receiving written notice by U.S. certified mail return receipt requested or by nationally recognized overnight courier of such annexation from the Grantor, which notice shall include the legal description(s) of the property annexed and the addresses of the individual properties within the annexed property to the extent that information is available to the Grantor.

Section 13. The provisions of this ordinance are interdependent upon one another, and if any of the provisions of this ordinance are found or adjudged to be invalid,

illegal, void or of no effect, the entire ordinance shall be null and void and of no force or effect.

Section 14. As used herein "person" means an individual, a partnership, a corporation, a business trust, a joint stock company, a trust, an incorporated association, a joint venture, a governmental authority or any other entity of whatever nature.

Section 15. Ordinance No. 85-6, passed and adopted June 17, 1985 and all other ordinances and parts of ordinances and all resolutions and parts of resolutions in conflict herewith, are hereby repealed.

Section 16. As a condition precedent to the taking effect of this ordinance, the Grantee shall file its acceptance hereof with the Grantor's Clerk within 30 days of adoption of this ordinance. The effective date of this ordinance shall be the date upon which the Grantee files such acceptance.

The foregoing Ordinance was moved by Vice Mayor Wilkerson, seconded by Commissioner Burroughs and upon being put to the vote, the vote was as follows:

	AYE	NAY
Mayor Wilson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice Mayor Wilkerson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Commissioner Burroughs, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Commissioner Martin	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Commissioner Underwood	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PASSED on first reading at Regular Session of the City Commission held on May 4, 2015.

Ordinance No. _____ continued

The foregoing ordinance was moved by _____,
seconded by _____ and upon being put to the vote,
the vote was as follows:

	AYE	NAY
Mayor Wilson	_____	_____
Vice Mayor Wilkerson	_____	_____
Commissioner Burroughs, Jr.	_____	_____
Commissioner Martin	_____	_____
Commissioner Underwood	_____	_____

PASSED on second and final reading at _____ Session of the City Commission
held on _____, 2015.

CITY OF BELLE GLADE, FLORIDA

(MUNICIPAL SEAL)

Mayor-Commissioner

ATTEST:

Debra R. Buff, MMC
City Clerk

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

Commissioners

Glen J. Torcivia, City Attorney

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