



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** October 1, 2013

**TO:** Mayor and Councilmembers

**FROM:** City Administrator's Office

**SUBJECT:** Gas Franchise Hearing And Introduction Of Ordinance

**RECOMMENDATION:** That Council:

- A. Hold a public hearing, as required by the City Charter Section 1401, regarding the grant of a thirty-year gas franchise, with an option to extend for ten additional years, to Southern California Gas Company; and
- B. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Granting Southern California Gas Company a Franchise to Install, Use, Maintain, Repair and Replace Pipes and Appurtenances for the Purpose of Transmitting and Distributing Natural Gas for Any and All Purposes Within the City of Santa Barbara.

### **DISCUSSION:**

On September 10, 2013, Council adopted a resolution declaring its intent to grant a thirty-year non-exclusive natural gas franchise, with the possibility for a ten-year extension, to the Southern California Gas Company (SoCalGas). Section 1401 of the City Charter requires the City Council to hold a public hearing before granting a franchise. The purpose of the hearing is to allow any person to protest the potential award of a franchise or the proposed terms of that franchise. The hearing on the proposed franchise was properly noticed in a newspaper of general circulation in accordance with Section 1401 of the City Charter.

Following the public hearing, staff recommends that the City Council adopt an ordinance to formally award the franchise to SoCalGas in accordance with Section 1401 of the City Charter. Adoption of the ordinance requires affirmative votes of five members of Council.

An overview of the franchise terms was provided to Council at the September 10, 2013 Council Meeting. The Council Agenda Report for that item (No. 16) is available for review in the City Clerk's Office or on the City's website <http://www.santabarbaraca.gov/CAP/>.

**BUDGET/FINANCIAL INFORMATION:**

Under the franchise, the City will continue to receive a franchise fee from SoCalGas equal to the greater of two percent (2%) of gross annual receipts derived from the use, operation or possession of the franchise, or two percent (2%) of gross annual receipts from the sale, transmission, or distribution of gas within City. In addition to the franchise fee, SoCalGas pays the City an “in lieu” fee established under the Municipal Public Lands Act. The estimated revenue from SoCalGas of \$456,800 is already included in the FY 2014 adopted budget.

**PREPARED BY:** Kristy Schmidt, Employee Relations Manager

**SUBMITTED BY:** Marcelo López, Assistant City Administrator

**APPROVED BY:** City Administrator's Office