

Mayor and Council Communication

DATE: 09/14/21

M&C FILE NUMBER: M&C 21-0678

LOG NAME: 21UNIVERSAL NATURAL GAS FRANCHISE

SUBJECT

(ALL) Adopt Ordinance Granting a Franchise to Universal Natural Gas, LLC., for the Use of Public Rights-of-Way in the City of Fort Worth for the Purpose of Constructing, Maintaining and Operating a System of Pipelines and Other Facilities for the Provision, Distribution and Transportation of Gas to Customers in the City of Fort Worth

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance granting a franchise to Universal Natural Gas, LLC., for the use of public rights-of-way in the City of Fort Worth for the purpose of constructing, maintaining and operating a system of pipelines and other facilities for the provision, distribution and transportation of gas to customers in the City of Fort Worth; and
 2. Authorize the City Manager or his designee to execute a Franchise Agreement with Universal Natural Gas, LLC., to construct, install, maintain, repair and operate a system of pipelines and other facilities for the provision, distribution and transportation of gas in, over, under, along and across the public rights-of-way in the City of Fort Worth.
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DISCUSSION:

Universal Natural Gas, LLC., (Company), a gas utility company, has requested a franchise with the City in order to provide gas service to customers within the City of Fort Worth. The Company has franchise agreements with several Texas cities and currently serves over 18,500 customers throughout the state and now seeks to expand its service to Fort Worth. The Company serves as a reliable gas supplier to many reputable builders and land developers across Texas.

Under the terms of the proposed ten (10) year franchise, the Company will pay the City a fee of five (5) percent of the following:

- (a) gross revenue received by the Company from the sale of gas to all classes of customers within the City;
- (b) all revenues received by the Company from the transportation of gas through the Company's facilities within the City to Customers located within the City.

Other major provisions in the franchise ordinance includes:

- (a) a provision that the franchise is non-exclusive and the City reserves the right to grant other and future gas franchises to other entities;
- (b) the Company will be responsible for the cost to disconnect, remove and relocate its facilities from the public rights-of-way due to street construction, or reconstruction, or relocation of City-owned utilities; and
- (c) a provision that should the Company renew or execute a new municipal franchise agreement with another municipality that results in a franchise fee greater than the fee to be paid to the City, the franchise fee under this ordinance shall be increased to match.

The term of the franchise is for ten (10) years from its effective date.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that the Property Management Department is responsible for the collection and deposit of funds under this Agreement.

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Originating Business Unit Head: Steve Cooke 5134

Additional Information Contact: Juanita Rigsby 8518

