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To: Gregg Mandsager, City **FINANCE & RECORDS** Administrator

From: Nancy A. Lueck, Finance Director

Date: February 27, 2019

Re: Resolution Setting the Date for Public Hearing on Increasing the Utility Franchise Fee for Interstate Power & Light

Introduction and Background:

The City Council of the City of Muscatine, Iowa, established a utility franchise fee for Interstate Power & Light Company for the natural gas distribution system within the city limits of the City of Muscatine with the adoption of Ordinance 91191-0410 in April of 2010. Section 7 of this Ordinance provides that the franchise fee may be increased or decreased by the City with the fee limited to 5% of the gross receipts from the distribution, supply, or sale of natural gas for customers within the limits of the City of Muscatine. The franchise fee rates have been increased and decreased by the City Council since originally implemented with the most recent franchise fee set by Ordinance 94331-0618 at two percent (2%).

The City of Muscatine budget for the fiscal year beginning July 1, 2019 includes an increase in the utility franchise fee from the current 2% to 5% effective July 1, 2019. The Ordinance provides that the City give the Utility a minimum of a 90 day notice when implementing changes in the franchise fee rate.

While the ordinance provides that the franchise fee can be set at rates up to 5%, the City Attorney has stated that a public hearing is required and an ordinance amendment is necessary prior to approving any increase in the utility franchise fee.

Recommendation:

Please include the attached resolution setting a public hearing for March 21, 2019 for the proposed increase in the utility franchise fee rate on the agenda for the March 7, 2019 meeting. It is proposed that the first reading of the ordinance be considered at the March 21 meeting and that City Council consider approving the ordinance amendment on second and final reading at the April 4, 2019 meeting.

Please contact me if you have any questions or need additional information.

RESOLUTION NO. _____

**A RESOLUTION SETTING THE TIME AND PLACE
FOR A PUBLIC HEARING ON
INCREASING THE UTILITY FRANCHISE FEE FOR
INTERSTATE POWER & LIGHT COMPANY**

WHEREAS, the City Council of the City of Muscatine, Iowa, established a utility franchise fee for Interstate Power & Light Company for the natural gas distribution system within the city limits of the City of Muscatine with the adoption of Ordinance 91191-0410 in April of 2010; and

WHEREAS, Section 7 of Ordinance No. 91191-0410 provided that the franchise fee may be increased or decreased by giving a 90-day notice to the utility with the fee limited to a maximum of five percent (5%);

WHEREAS, the franchise fee rates have been increased and decreased by the City Council since originally implemented with the most recent franchise fee set by Ordinance 94331-0618 at two percent (2%);

WHEREAS, the City of Muscatine budget for the fiscal year beginning July 1, 2019 includes an increase in the utility franchise fee from the current 2% to 5% effective July 1, 2019; and

WHEREAS, a public hearing on an amendment to Ordinance 91191-0410 as most recently amended by Ordinance 94331-0618 is required in order to increase the franchise fee rate;

NOW, THEREFORE, be it resolved by the City Council for the City of Muscatine, Iowa, that the a public hearing be held on March 21, 2019 to receive public comment on the proposal to increase the utility franchise fee rate to 5% effective July 1, 2019.

PASSED, APPROVED AND ADOPTED THIS 7TH DAY OF March, 2019

CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA

Diana Broderson, Mayor

ATTEST:

Gregg Mandsager, City Administrator

PUBLIC NOTICE

**NOTICE OF TIME AND PLACE FOR A PUBLIC HEARING
ON AMENDING ORDINANCE 91191-0410 (AS PREVIOUSLY AMENDED)
TO INCREASE THE UTILITY FRANCHISE FEE RATE
FOR INTERSTATE POWER & LIGHT**

Public notice is hereby given that the City Council of the City of Muscatine, Iowa will hold a public hearing on an amendment to Ordinance 91191-0410 which established a utility franchise fee for Interstate Power & Light for the natural gas distribution system within the City limits of Muscatine.

Section 7 of Ordinance No. 91191-0410 provided that the franchise fee may be increased or decreased by giving a 90-day notice to the utility with the fee limited to a maximum of five percent (5%). The franchise fee rates have been increased and decreased by the City Council since originally implemented with the most recent franchise fee set by Ordinance 94331-0618 at two percent (2%);

The City of Muscatine budget for the fiscal year beginning July 1, 2019 includes an increase in the utility franchise fee from the current 2% to 5% effective July 1, 2019. A public hearing on the proposed ordinance amendment is required in order to increase the franchise fee rate from the current 2% to 5%. Notice is hereby given that the City Council of the City of Muscatine, Iowa will conduct a public hearing on the proposed utility franchise fee rate increase on Thursday, March 21, 2019 at 7:00 p.m. in the City Hall Council Chambers at which time interest parties are invited to comment.

Gregg Mandsager,
City Clerk