

SPECIAL MEETING NO. 19
Room 108, City Hall

June 21, 2022
3:00 O'Clock P.M.

The meeting was called to order at 3:00 P.M.

Present were Council Member McAntire, Hull, Roe, Galloway and Mayor Johnson.
Council Member Pope was absent.

Also in attendance City Admin. Rath, PW Dir. Seals, David Vollmar (Alliant Energy, Interstate Power & Light Company), Mark Reinders (Mid American Energy Company), Cameron Bose, resident of Ottumwa.

Galloway moved, seconded by Roe to approve the agenda as presented. Motion carried 4-0 vote. Council Member Pope was absent.

Rath presented Franchise Fees along with four main questions that need answered from this mtg.

Is this something council wants to entertain and proceed with as a community?

What is our revenue purpose statement?

Does council want to consider any exemptions by customer class?

What is the amount council is comfortable recommending and adopting?

In general, the city is in a bit of a revenue crisis and trying to find resources to maintain our current level of services. Iowa cities currently have the right to implement a franchise fee of up to 5% as part of their agts. with franchised utilities that operate within their right-of-way. IA Code requires the city to adopt and publish a Revenue Purpose Statement and adopt an ordinance formally setting or increasing the franchise fee.

Roe asked what is our intended use for the money generated from franchise fees? I'm not against this, but we need to be very clear in how this is presented to the public.

Galloway added, we need to be transparent in how this generated revenue is going to be spent.

Pope arrived to the mtg. at 3:14 P.M.

Rath discussed Iowa Code §384.3A Franchise Fee Account – use of franchise fee revenues. We must state within our Revenue Purpose Statement how we intend to use funds. Below is what we intend to state for both the electric and gas. Pursuant to Iowa Code § 364.2(4)(f) the City of Ottumwa states that all revenue generated from franchise fees assessed on the sales of electricity / sales of natural gas within the city shall be deposited in the franchise fee account in the general fund and shall be used to reimburse the City for all costs associated with inspecting, supervising or otherwise regulating its franchises. Moneys in the franchise fee account in the general fund in excess of the amounts necessary for costs associated with inspecting, supervising or otherwise regulating its franchises shall be expended for any of the following:

- a) The repair, remediation, restoration, cleanup, replacement, and improvement of existing public improvements and other publicly owned property, buildings, and facilities.
- b) Projects designed to prevent or mitigate future disasters as defined in Iowa Code Section 29C.2.
- c) Energy conservation measures for low-income homeowners, low-income energy assistance programs, and weatherization programs.

- d) Public safety, including the equipping of fire, police, emergency services, sanitation, street, and civil defense departments.
- e) The establishment, construction, reconstruction, repair, equipping, remodeling, and extension of public works, public utilities, and public transportation systems.
- f) The construction, reconstruction, or repair of streets, highways, bridges, sidewalks, pedestrian underpasses and overpasses, street lighting fixtures, and public grounds, and the acquisition of real estate needed for such purposes.
- g) Property tax abatements, building permit fee abatements, and abatement of other fees for property damaged by a disaster as defined in section 29C.2.
- h) Economic development activities and projects.

Every 1% increase equates to \$1.31 added to the bill for electricity (residential).

McAntire discussed how this will affect the County; they won't receive 30% of LOST revenue if we implement franchise fees. They could lose \$160-180,000 annually.

After franchise fees are set, can they be reviewed annually when reviewing the budget to see if it makes sense to either increase or lower the percent?

Galloway stepped out of the meeting at 3:41 P.M. / returned at 4:07 P.M.

Roe stated, we have a difficult decision to make, and not a popular one. We have a revenue crisis and staff crisis; if you don't have staff, you might as well roll it up and shut it down. Franchise fees is our best option, we can't survive as a city and grow if we don't have it.

General consensus of council is move forward with 3% franchise fee for electric and 3% franchise fee for natural gas; this equates to an estimated increase of \$4.30 on the average residential bill. Want to leave our revenue purpose statement broad in order to facilitate all budgetary demands that could be helped with revenue from franchise fees. Do not wish to proceed with any exemptions.

Mayor Johnson inquired if anyone from the audience wished to address an item not on the agenda. Cameron Bose requested to speak about the conditions of some of the streets/roads on the Southside of Ottumwa, specifically the area around Minneopa and Grace.

There being no further discussion, Roe moved, seconded by Hull that the meeting adjourn. All ayes.

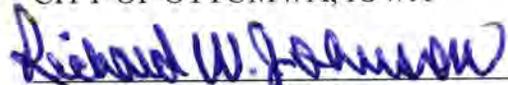
Adjournment was at 4:34 P.M.

ATTEST:



Christina Reinhard, CMC, City Clerk

CITY OF OTTUMWA, IOWA



Richard W. Johnson, Mayor

Published in the Ottumwa Courier on 7/5/2022