

**MINUTES
SPECIAL MEETING
DESTIN CITY COUNCIL
THURSDAY
OCTOBER 21, 2021
DESTIN CITY HALL
ANNEX COUNCIL CHAMBERS
5:30 PM**

The Council of the City of Destin met in special session with the following members and staff present:

Destin City Council

Mayor Gary Jarvis
Councilmember Johnny King
Councilmember Kevin Schmidt
Councilmember Rodney Braden

Councilmember Dewey Destin
Councilmember Terésa Hebert
Councilmember Jim Bagby
Councilmember Prebble Ramswell

Destin City Staff

City Manager Lance Johnson
Grants/Program Manager Jeffrey Cozadd
Finance Director Krystal Strickland

Deputy City Manager Webb Warren
City Clerk Rey Bailey
City Attorney Kyle Bauman

CALL TO ORDER

Mayor Gary Jarvis called the meeting to order at 5:30 PM; followed by the recitation of the Pledge of Allegiance.

PUBLIC COMMENTS

NEW BUSINESS

- A. First reading of Ordinance 21-22-CN – Electric Franchise Agreement with Gulf Power Company

The City Attorney read proposed Ordinance 21-22-CN by title, and then presented it to the council on first reading.

AN ORDINANCE GRANTING TO GULF POWER COMPANY, ITS SUCCESSORS
AND ASSIGNS, AN ELECTRIC FRANCHISE, IMPOSING PROVISIONS AND
CONDITIONS RELATING THERETO, PROVIDING FOR MONTHLY
PAYMENTS TO THE CITY OF DESTIN, AND PROVIDING FOR AN EFFECTIVE
DATE.

The mayor opened a public hearing to receive comments for or against the proposed ordinance. Having none, the mayor closed the public hearing portion and turned the matter over to the City Council for their discussion and consideration.

The City Manager noted that the existing franchise agreement with Gulf Power Company expired in 2016, and that the city has been in negotiations with the company for the renewal of the agreement. The proposed franchise agreement, also for a 30-year term, is being presented to the council tonight for their consideration.

Councilmember Destin opined that the proposed franchise is quite similar to the one council approved 30 years ago. The city will once again have the ability to purchase the electric facilities located within the city limits at the end of the 30-year period. It also includes some provisions that are advantageous to the city. He also stated that Gulf Power has cooperated fully and has demonstrated their willingness to work with the city in renewing the franchise agreement and undergrounding the city's electric utilities.

Councilmember Destin moved for approval of Ordinance 21-22-CN on first reading, seconded by Councilmember Ramswell.

Attorney Schef Wright, the city's legal counsel for the franchise and the undergrounding project, stated that the proposed agreement contains many important provisions. It includes an Exhibit 1, which is a separate underground facilities conversion agreement that provides favorable and advantageous terms to the city which they hope to negotiate in a mutually agreed upon format with Gulf Power/Florida Power & Light Company (FPL) sometime within the next two years. If they are successful, the franchise then becomes effective after both parties signed the agreement and it will be effective for 30 years. However, if they failed to reach an agreement within the first two-year period, the city's right to purchase, which existed in the previous franchise agreement, and existed in the proposed agreement, will apply. The city will then have 12 months within which to exercise, give notice, and begin taking material steps toward acquisition. He continued that the franchise fee rate will increase under the new franchise from 4 percent to 6 percent. The increment is earmarked for supporting the undergrounding of the overhead utility facilities of all types.

Councilmember Bagby requests the current motion on the floor be amended to include the following changes to the language in Section 5, paragraph 2, of the proposed ordinance (changes are underlined):

"The City expressly covenants that it will dedicate any amounts received as franchise consideration that are over and above four (4) percent of Grantee's revenue from the furnishing of electric service to Customers served under Grantee's residential, commercial, and industrial rate schedules within the City to be used solely for the purpose of financing the conversion of existing overhead utility facilities to underground facilities; provided that a minimum of ten (10)) percent of all such revenues dedicated to the conversion of utility facilities to underground facilities shall be set aside and used exclusively for the installation and maintenance of landscaping of the underground conversion areas, where such landscaping shall specifically include planting, to the maximum extent possible, in the opinion of a certified arborist, native tree species including Southern magnolia and live oak trees."

Councilmember Destin agreed to the change and moved for approval of Ordinance 21-22-CN, as amended, on first reading. Councilmember Ramswell provided a second to the amended motion.

Councilmember Schmidt asked who will actually be paying for the 2 percent increase in franchise fee.

Mr. Wright stated there will simply be a line item called "franchise fee" on the electric bill for every electric customer in the City of Destin, both business and residential.

The mayor called for a vote on the motion, which passes 7-0 (Council members Schmidt, King, Hebert, Bagby, Destin, Ramswell, and Braden voted "yes").

PUBLIC COMMENTS

Mr. Claude Perry, a Destin resident and businessman, announced that he received a notification from FDOT about a pending project on US Hwy 98, from the Marler Bridge to Airport Road; and though he is unsure of the exact nature of this project, he would recommend coordinating the undergrounding plan with FDOT as he feels these projects are vitally connected.

The City Manager noted that the council posed a similar question a few months ago. He has previously discussed this matter with Mr. Mark Porter of Utility Construction of Florida, the city's undergrounding consultant who has been coordinating his efforts with FDOT and who is available online to provide some answers to these questions.

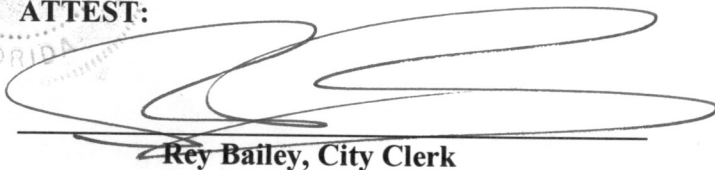
Mr. Porter stated that part of their scope of work is to have ample coordination with FDOT and Okaloosa County to make sure their work efforts are in line with theirs and to take advantage of any cost saving opportunities. He continued they have had plenty of conversations with FDOT and are well aware of some of the improvements they planned to undertake. He also stated that both FDOT and the county have been very cooperative and are more than willing to share information. They intend to continue that dialogue with them to make sure they are ahead of the game before moving forward with their program. He added that to ensure full transparency, they plan to schedule public workshops to educate the citizens of Destin on the process.

The City Manager noted that the notification Mr. Perry received from FDOT was more than likely the announcement for the PD&E Study to be conducted from Airport Road to the Marler Bridge. A traffic study to help with the capacity issues in that stretch of the road including some of the intersections the city is currently examining such as Stahlman Avenue and US Hwy 98.

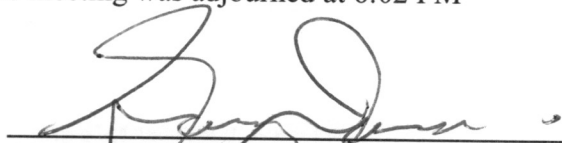
ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 6:02 PM

ATTEST:



Rey Bailey, City Clerk



Gary Jarvis, Mayor