



City Hall, 215 Sycamore St.  
Muscatine, IA 52761-3899  
(563) 264-1550  
Fax (563) 264-0750

---

**FINANCE & RECORDS**

**MEMO**

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: February 27, 2018

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

**Introduction:**

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 utility franchise fee was initially set at 2% of the gross receipts from the distribution, supply, or sale of natural gas for customers within the limits of the City of Muscatine. This fee was lowered to 1% effective July 1, 2012. Section 7 of this Ordinance further provides that the franchise fee may be increased or decreased by the City with the fee limited to 5%. The City of Muscatine budget for the fiscal year beginning July 1, 2018 includes an increase in the utility franchise fee from the current 1% to 5% effective July 1, 2018. The Ordinance provides that the City give the Utility a minimum of a 90 day notice when implementing changes in the franchise fee rate.

**Background:**

While the original 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 8, 2018 for the proposed increase in the utility franchise fee rate on the agenda for the March 1, 2018 meeting. It is proposed that the first reading of the ordinance also be considered at the March 8 meeting and that City Council consider approving the ordinance amendment on second and final reading at the March 15, 2018 meeting in order to meet the 90-day notice requirement to the utility.

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

**"I remember Muscatine for its sunsets. I have never seen any  
on either side of the ocean that equaled them" — Mark Twain**

**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 this Ordinance provides that the utility franchise fee was initially set at 2% of the gross receipts from the distribution, supply, or sale of natural gas for customers within the limits of the City of Muscatine; and

WHEREAS, Section 7 of this Ordinance further provides that the franchise fee may be increased or decreased by the City with the fee limited to 5% ; and

WHEREAS, the City of Muscatine budget for the fiscal year beginning July 1, 2018 includes an increase in the utility franchise fee from the current 1% to 5% effective July 1, 2018; and

WHEREAS, the Ordinance provides that the City give the Utility a minimum of a 90 day notice when implementing changes in the franchise fee rate; and

WHEREAS, a public hearing on an amendment to Ordinance 91191-0410 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 8, 2018 to receive public comment on the proposal to increase the utility franchise fee rate to 5% effective July 1, 2018.

PASSED, APPROVED AND ADOPTED THIS 1ST DAY OF March, 2018

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  
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 91191-0410 provides that the utility franchise fee be initially set at 2% of the gross receipts from the distribution, supply, or sale of natural gas for customers within the limits of the City of Muscatine. The rate was decreased to 1% effective July 1, 2012. Section 7 of this Ordinance further provides that the franchise fee may be increased or decreased by the City with the fee limited to 5%. The City of Muscatine budget for the fiscal year beginning July 1, 2018 includes an increase in the utility franchise fee from the current 1% to 5% effective July 1, 2018. A public hearing on the proposed ordinance amendment is required in order to increase the franchise fee rate from the current 1% 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 8, 2018 at 7:00 p.m. in the City Hall Council Chambers at which time interest parties are invited to comment.

Gregg Mandsager,  
City Clerk