



## Legislation Details (With Text)

**File #:** ID#20-7832    **Version:** 1    **Name:** CGS FY 19-20 Dividend to the City  
**Type:** Action Item    **Status:** Passed  
**File created:** 5/29/2020    **In control:** Gas System  
**On agenda:** 6/18/2020    **Final action:** 6/18/2020  
**Title:** Accept Clearwater Gas System (CGS) Fiscal Year 19/20 Dividend to the City General Fund and request a transfer back of \$250,000 to the CGS Operating Fund to provide additional funds for the Clearwater Neighborhood Expansion Program (CNEP). (consent)

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. 6\_15\_2020 CGS Warrington Annual Dividend Presentation.pdf, 2. Direct-Use of NG Slides.pdf

Date	Ver.	Action By	Action	Result
6/18/2020	1	City Council		
6/15/2020	1	Council Work Session		

### SUBJECT/RECOMMENDATION:

Accept Clearwater Gas System (CGS) Fiscal Year 19/20 Dividend to the City General Fund and request a transfer back of \$250,000 to the CGS Operating Fund to provide additional funds for the Clearwater Neighborhood Expansion Program (CNEP).

### SUMMARY:

By City Council policy, CGS commits to pay an Annual Dividend of at minimum \$1,700,000 to the City's General Fund. After the City books close for the year, the Gas System calculates the Annual Adjusted Dividend payment to return ½ of its annual Net Income less debt service interest as a dividend to the City in the following year. CGS' financial performance for Fiscal Year 18/19 exceeded its plan; therefore, CGS will actually pay a Fiscal Year 19/20 dividend of \$4,277,329, an increase of \$2,577,329 above the minimum annual dividend payment to the City, which is an increase of \$1,777,329 above the original Fiscal Year 19/20 budget of \$2,500,000.

Also, the Council has approved in past years to re-direct a portion of the CGS excess Dividend payments, when this is available, back to the CGS to accomplish certain citizen-beneficial services, in this case namely the Clearwater Neighborhoods Expansion Program (CNEP). As of March 31, 2020, the City has invested \$1,557,845 in this program to provide gas mains and services into Countryside, Coachman Ridge, and a number of up to 300-foot extensions throughout the City amounting to 19.6 miles of gas main and servicing 536 citizen accounts. During the 19 years of this CNEP Program, we have actually expended \$1,448,166 (93.0% of the allocated funding) and have only \$109,679 (7.0% of the allocated funding) remaining available to invest in new gas mains and services for our Clearwater citizens. The last CNEP funding was \$200,000 in March 2012. CGS is recommending that the City Council approve the allocation of \$250,000 of the added CGS Dividend payment back to CGS to add to the CNEP funding and perpetuate this program to benefit Clearwater citizens by making clean and economical natural gas available to their homes.

This will still leave remaining unexpected Council Dividend funds of \$1,527,329.

