



TO: Mayor and City Council

FROM: John McDonough, City Manager

DATE: July 28, 2011 for submission on the Work Session Agenda of the August 2, 2011 City Council Meeting

ITEM: Memorandum of Agreement with Gas South, LLC

Background

City staff was recently approached by Gas South, a locally owned and operated approved natural gas marketer serving customers in Sandy Springs, to discuss the Gas South Municipal Alliance Program and a potential partnership with the City.

Discussion

The Municipal Alliance Program offered by Gas South provides municipalities the opportunity to offer residents a two – cent per therm discount off of each of the available standard rate plans and a waiver of account establishment fees (\$35). The discounted rates and waived fees are available to new and existing Gas South customers living within the city limits. In return, the City receives a \$12 upfront “Finders Fee” for each residential account opened and \$24 for each commercial account. Gas South will also provide the City a monthly payment for each resident (\$1/month) and business (\$2/month) receiving service from Gas South. In addition, Gas South will provide support for advertising including co-branded direct mail, local event sponsorships and content for the City’s publications to promote the program at no cost to the City.

The program requires the City to advertise Gas South on the City’s website as a business partner, allow use of the City’s name and logo to promote the alliance in local media (subject to City approval) and approve a co-branded direct mail that is sent to prospective natural gas customers.

Seven other municipalities and six electric membership corporations currently participate in the Municipal Alliance Program. These include Acworth, College Park, Kennesaw, Marietta Power and Water, Norcross, Roswell, Woodstock, Central Georgia EMC, GreyStone Power Corporation, Washington EMC, Snapping Shoals EMC, Cobb EMC and Upson EMC. Some of the municipal partners have designated the funds received through the Municipal Alliance Program for specific projects such as park improvements or walking trails. Preliminary estimates place the potential revenue to the City over five years at \$300,000.

The City Attorney's office has reviewed the proposed Memorandum of Agreement and finds no legal issues which would prohibit the City from entering into said agreement.

Alternatives

Council could choose not to participate in Gas South's Municipal Alliance Program.

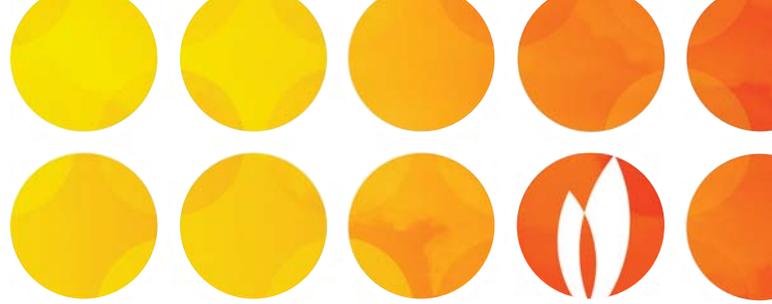
Financial Impact

There are no negative financial implications for the City.

Attachment

Gas South Municipal Alliance Program Flyer.

Gas South Municipal Alliance Programs



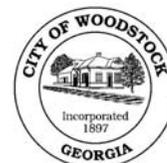
Gas South offers Georgia's municipalities a terrific opportunity to extend exclusive, discounted natural gas rates to their citizens, while also raising funds for city projects or a specific fund. At the time of tight budgets for both consumers and municipalities, Gas South's Municipal Alliance Program represents a true win-win!

Key Program Features

- **Natural Gas Savings:** As a Municipal Alliance Partner, Gas South will offer your residents a two-cent per therm discount off each of its standard rate plans. These rates are available to new and existing Gas South customers living within the city limits (subject to credit approval), as well as to the customers of your municipal electric and water utilities, if applicable.
- **City Funding:** Gas South will make a financial contribution to your municipality for each natural gas account newly enrolled in the Municipal Alliance Program, as well as a monthly payment for each resident and business who is receiving service from Gas South. Some municipalities have designated these funds for a particular project, such as park improvements or walking trails.
- **Program Marketing:** All advertising and marketing communications are 100% funded by Gas South, which may include direct mail to city residents. All materials are subject to the prior approval of the municipality.
- **Event Sponsorships:** Gas South also will consider sponsoring community events, such as city concerts and festivals, to raise awareness of Gas South and the Municipal Alliance Program.
- **Community Commitment:** Gas South is a locally owned and operated company, with all of our employees and customer service operations based in Georgia. We believe in supporting the communities we serve. We are an official Friend of Georgia's Cities and the natural gas supplier for the Georgia Municipal Association.

Join some of Georgia's leading municipalities in becoming a Gas South Municipal Alliance Partner today! For more information, please contact Phil Weatherly at 770-763-4682 or phil.weatherly@gas-south.com.

Gas South Municipal Alliance Partners



You're getting warmer

GAS SOUTH