

**REPORT OF CITY COUNCIL ACTION
OFFICE OF THE CITY CLERK**

Date 10/09/2008

Agenda Item: **9E-3**

SUBJECT: ENERGY SERVICES OF PENSACOLA - GAS PIPING SERVICES

ORDINANCE #: _____

ACTION TAKEN: APPROVED BY COUNCIL MOTION FAILED FIRST READING SECOND READING
 REFERRED TO: STAFF OTHER COMMITTEE

COUNCIL MEMBER	ACTION				COMMITTEE			
	MOT	SEC	YES	NO		Enterprise	Neighborhood	Economic & Community
					Finance	Oper	Services	Development
JEWEL CANNADA-WYNN		✓	✓		*			*
MIKE DESORBO			✓			VC	VC	
MARTY DONOVAN			✓			*		VC
JOHN FOGG			✓		VC			
SAM HALL			✓				*	*
JOHN JERRALDS			✓		C		*	
JOHN NOBLES			✓		*	C		*
RONALD P. TOWNSEND			✓		*		C	
MICHAEL WIGGINS	✓		✓		*	*		C
P. C. WU				✓		*	*	

C = CHAIRMAN
COPIES:

VC = VICE CHARIMAN
 COUNCIL FILE

* = MEMBER
_____ MUNICIPAL CODE

3. SUBJECT: ENERGY SERVICES OF PENSACOLA - GAS PIPING SERVICES

Reference Material:

Committee Memorandum October 6, 2008

Recommendation:

That City Council suspend the ordinance (Ordinance No. 01-06, Section 10-4-16 of the Code of the City of Pensacola) regarding the installation of natural gas piping services, excluding existing contracts, in order to fully evaluate the impact on the local gas installation industry.

The motion passed 6 - 1. Council Member Wu dissenting.

4. SUBJECT: REQUEST TO PARTIALLY VACATE ALLEYWAY - BLOCK 52, EAST PENSACOLA HEIGHTS

Reference Material:

Committee Memorandum October 6, 2008

Recommendation:

That City Council conduct a public hearing on October 9, 2008 to consider the request to vacate a 10' x 80' portion of the alleyway located in Block 52, East Pensacola Heights.

The motion passed 6 - 0. Council Member Donovan absent for the vote.

COMMITTEE MEMORANDUM**FOR INFORMATION**

COMMITTEE: Enterprise Operations
FROM: Alvin G. Coby *City Manager*
DATE: October 6, 2008
SUBJECT: Energy Services of Pensacola - Presentation of Gas Piping Services

At the September 8 Committee meetings, Council heard from some of the local business people involved in the plumbing trade voice concerns about ESP's Gas Piping Division. This presentation will provide background information and update Council on discussions between ESP staff and representatives of the plumber's group.



City of
Pensacola

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September 2, 2008

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RE: City of Pensacola Ordinance Sec. 10-4-16;
Energy Services of Pensacola;

Gentlemen:

I write to you in your capacity as the members of the Enterprise Operation Committee of the City of Pensacola which encompasses the activities of Energy Service of Pensacola(ESP).

Section 10-4-16 of Pensacola's city ordinance allows Energy Services of Pensacola to offer the services as stated below:

Jack Nobles
Mike Desorbo
Marty Donovan
Michael C. Wiggins
P.C. Wu
September 2, 2008
Page 2

SEC.10-4-16. Installation of Services.

(b) The city will offer installation services for natural gas piping and natural gas appliances. Services include but are not limited to gas piping installation for cell towers, natural gas generators, water heater replacement, water heater conversions, miscellaneous house piping and subcontracting services to builders in the new home construction market throughout the ESP franchise area. Pricing is based upon standard vehicle costs, labor costs, including overhead less a moderate markup over costs that will not exceed twenty percent (20%). Any applicable rebates will be deducted from the installation charge.

In practice, ESP has been installing gas water heaters, gas generators, gas cook tops, fireplaces, and other gas appliances, and performing other miscellaneous plumbing installations, such as re-piping complete home systems, and complete gas piping installation for new homes at a substantial discount from the price that the local plumbing trade can offer.

Members of the local trade feel that ESP has an unfair competitive advantage because ESP can offer this discount on appliances and services and make up that discount on the sale of gas.

In addition, it appears to the local trade that ESP has an unfair competitive advantage because ESP use vehicles which are under the ESP umbrella for vehicle tags and insurance, and the employees who perform these services are under the ESP umbrella for the City of Pensacola rates of pay, benefits, and workers' compensation.

In also appears to the local trade that ESP has an unfair competitive advantage because ESP uses a licensed plumbing and gas qualifier who has obtained the vast majority of the plumbing permits and it is not likely that one licensed qualifier is physically able to supervise the number of jobs represented by those permits. In practice, the supervisory requirement for members of the local trade is more strictly enforced.

In order for members of the local plumbing trade and the Pensacola Heating & Cooling Contractors to address the City Council, we request that this matter be placed on the agenda for the September 11, 2008 City Council meeting for the purpose of considering the amendment or repeal of Section 10-4-16 (b) of the Code of Ordinances for the Cit of Pensacola.

Jack Nobles
Mike Desorbo
Marty Donovan
Michael C. Wiggins
P.C. Wu
September 2, 2008
Page 3

Thank you for your time and attention.

Very truly yours,


CHARLES P. HOSKIN

CPH/tdp

cc: Robert Payne
Don Suarez
Larry Downs, Jr.