

Gas Franchise Fee Discussion

Funding Local Streets



Photo taken in South Maplewood

City Council Workshop
November 10, 2014
City of Maplewood, Minnesota

Gas Franchise Fee Discussion

Quick Review

- City's are struggling to fund local street maintenance such as mill and overlays
- Cannot continue to raise property taxes and increase special assessments
- Need a sustainable source of revenue that is dedicated for specific "street repair" purpose

Gas Franchise Fee Discussion

Quick Review

- Why consider it now?
- Extreme pressure from citizens about pavement stripping issues as shown on the first slide
- Brooklyn Park, Woodbury, Burnsville, and many others are dealing with premature pavement failure

Gas Franchise Fee Discussion

What is it?

- Cities authorized by State Statute to adopt franchise fees to raise revenue
- Dozens of cities such as Elk River, Edina, Brooklyn Center, Richfield, Minnetonka, have taken a similar approach
- Revenue for specific use such as street maintenance (mill & overlay, crack seal, fog seal)

Gas Franchise Fee Discussion

Feedback so far on the idea?

- Dozens of complaints and interactions with residents – south leg and elsewhere
- Held an open house on October 2, 2014
- 45 attended to hear about the 5-year CIP and the idea of a gas franchise
- Six page letter and update mailed to residents after meeting to recap and obtain additional feedback

Gas Franchise Fee Discussion

Feedback so far on the idea?

- Some residents in favor but with conditions
 - Specific use
 - Possible sunset date
 - It must fund additional work only
 - Dedicated for street repairs only (no transfers)

Gas Franchise Fee Discussion

Feedback so far on the idea?

- Pros
 - Local control
 - Easy to administer
 - More streets fixed
 - Dedicated for specific use
 - Sustainable revenue source
 - Transparency through fund accounting

Gas Franchise Fee Discussion

Feedback so far on the idea?

- Cons
 - Raises utility cost by franchise fee amount
 - Potential opposition from non-profits, tax exempt parcels... churches, etc...
 - Opposition from residents where streets are in good condition
 - Looked at as another government fee/tax

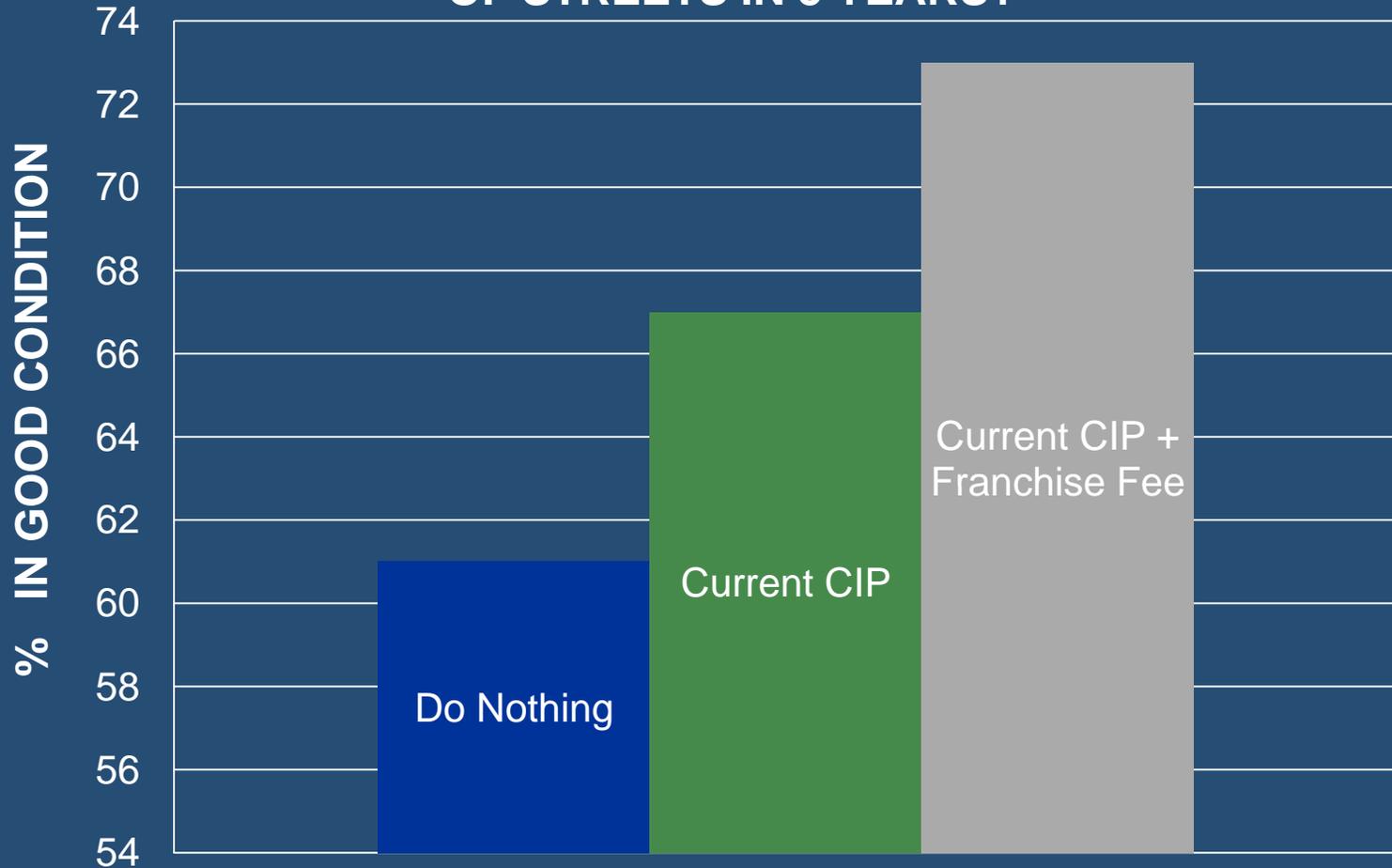
Gas Franchise Fee Discussion

Fees and total revenue?

- Revenue target of \$470,000 to allow fixing additional 2 miles per year
- What about the fee?
 - Residential -> \$2.50/month
 - Commercial -> \$6.00/month
 - Other types -> Varies

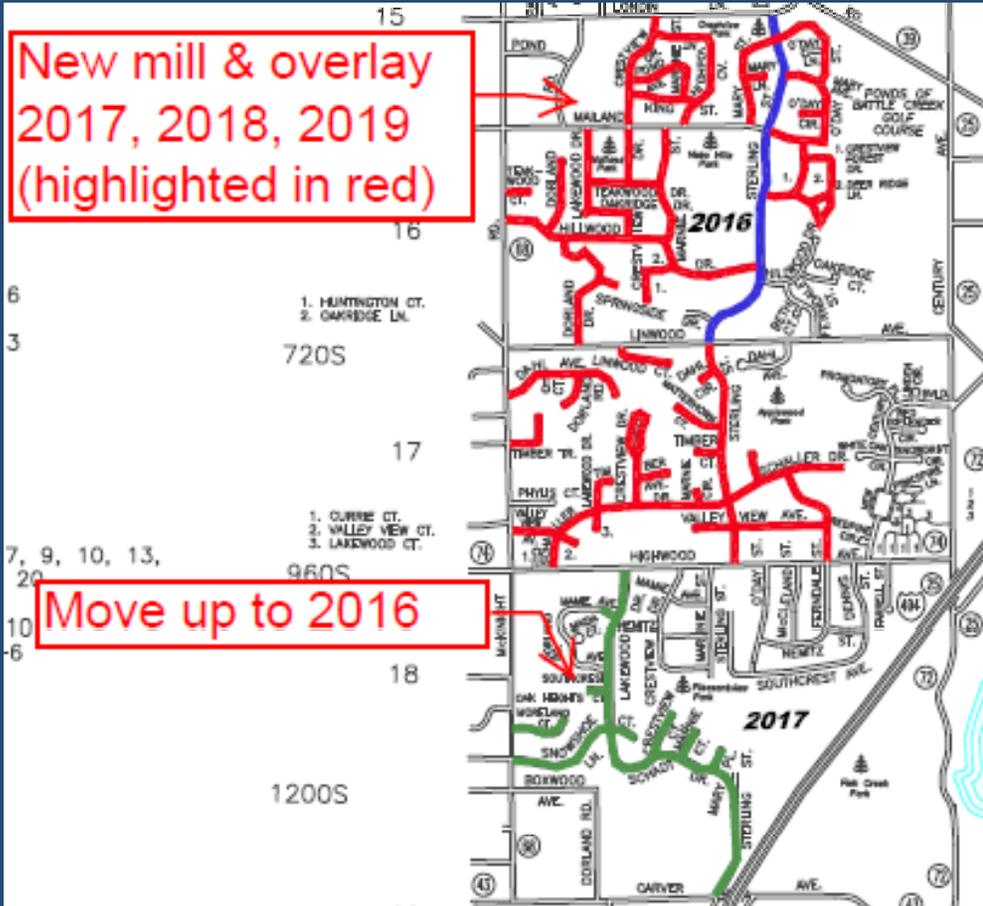
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WHAT ABOUT OUR 135 MILES OF STREETS IN 5 YEARS?



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Gas Franchise – More Fixes



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Where do we go from here?

- Staff proposes to move forward to address deteriorating pavement
- Public outreach for additional feedback
- If support, bring back report of public outreach, proposed ordinance language, fee schedule, and continued coordination with Xcel Energy

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QUESTIONS OR COMMENTS?

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