

Gas Franchise Fee Discussion

Funding Local Streets



Photo taken in South Maplewood

City Council Workshop
February 9, 2015
City of Maplewood, Minnesota

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, Shoreview implement such a franchise
- Revenue for specific use such as street maintenance (mill & overlay, crack seal, fog seal)

Gas Franchise Fee Discussion

Feedback so far on the idea?

- 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
- City Council workshop November 10, 2014

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Feedback so far on the idea?

- Proposed fee in December 2014 City News
- Open House at MCC on 12/16/2014
- Questions generated and city staff sent out follow up letter to each attendee
- Six additional e-mail or phone comments as summarized in staff report
- All information on home page of website
- Article in Lillie News about proposed fee

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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

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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

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Resident feedback examples?

- Live on a County Road? Do I pay?
- Why not on cable bill instead?
- Rebate program for senior citizens?
- Sunset date?
- Will special assessment go away?
- Does Xcel charge administrative fees?
- The city should publish annual reports
- Refer to pages 22-24 of 29 in packet

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Fees and total revenue?

- Revenue target of \$470,000 to allow fixing additional 2 miles per year

Franchise Fee: Gas	
Class	Monthly Fee
Residential	\$2.50
Commercial Non Demand	\$6.00
Commercial Demand	\$75.00
Small Interruptible	\$50.00
Medium and Large Interruptible	\$100.00

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How would we compare?

City	Residential	Commercial Firm – Non-demand	Commercial Firm – Demand	Small Interruptible	Medium & Large Interruptible
Shoreview	\$1.30	\$8.00	\$112.00	\$100.00	\$100.00
Oakdale	\$1.50	\$5.00	\$8.00	\$17.00	\$17.00
St. Paul Park	\$1.50	\$4.00	\$30.00	\$15.00	\$335.00
Stillwater	\$1.00	\$5.00	\$5.00	\$5.00	\$5.00
Faribault ¹	\$1.62	\$3.78	\$32.40	\$91.80	\$270.00
Forest Lake	\$3.00	\$7.50	\$15.00	\$75.00	\$15.00

Maplewood \$2.50 \$6.00 \$75.00 \$50.00 \$100.00

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Next Steps?

- Prepare Ordinance for First Reading
- First Reading in March 2015
- Second Reading in April 2015
- Three month Xcel process (May-July)
- Month of First Collection in August
- First year of additional work with new revenue in 2016

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QUESTIONS OR COMMENTS?