

Gas Franchise First Readings

Fixing Local Streets



Photo of Pavement Stripping Failures

City Council Meeting
May 26, 2015
City of Maplewood, Minnesota

Gas Franchise Fee Discussion

Quick Review

- City's are struggling to fund local street maintenance such as mill and overlays
- A sustainable source of revenue that is dedicated for a specific "street repair" purpose
- Gas Franchise Fee is a mechanism to collect revenue to invest into local roads; fixing surface pavement failures

Gas Franchise Fee Discussion

Quick Review

- Strong advocacy 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 (pavement stripping)
- An option that does not increase property taxes or reduce existing city services such as public safety; and doesn't add to debt load

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 and full depth reclaim) for Maplewood proposed

Gas Franchise Fee

Why do it?

- Quality of life
- Residents want additional streets fixed
- Grass roots effort led by citizens
- There has been no questioning of the need for additional investment (rather mechanism)
- Investment into the Maplewood
- What do we want Maplewood to look like in 20 years?

Gas Franchise Fee Discussion

What is being proposed?

- First reading of two Ordinances
 - **Revised Gas Franchise Ordinance**
 - **New Gas Franchise Fee Ordinance**
 - Revenue to fix roads
 - \$470,000 / year of new revenue
 - 2-3 miles of additional streets fixed

Gas Franchise Fee Discussion

What is being proposed?

How will it affect Xcel Energy Gas users?

| Rate Classification | Gas Franchise Fee Amount Per Premise per Month |
|-----------------------------------|---|
| Residential | \$ 2.50 |
| Commercial Non Demand | \$ 6.00 |
| Commercial Demand | \$ 75.00 |
| Small Interruptible | \$ 50.00 |
| Medium and Large Interruptible | \$ 100.00 |

Gas Franchise Fee Discussion

Feedback so far on the idea?

- Pros
 - Local control
 - Easy to administer
 - More streets fixed
 - Dedicated and sustainable for specific use
 - Does not require tax levy increase
 - Transparency through fund accounting
 - More users of street system pay in

Gas Franchise Fee Discussion

Feedback so far on the idea?

- Cons
 - Raises utility cost by franchise fee amount
 - Opposition from residents where streets are in good condition
 - Opposition from non-profits, and others exempt from property tax but would pay into the system to fix streets
 - Looked at as another government fee/tax

Gas Franchise Fee Discussion

Public Outreach

- Regular Website Updates – Franchise Fee Proposal under Projects Pull Down Menu
- October 2, 2014 – Open House
- November 10, 2014 – City Council Workshop
- December 1, 2014 – Article in Citywide Newsletter
- December 16, 2014 – Open House
- January 14, 2015 – Article in Maplewood Review about Proposal
- February 9, 2015 – City Council Workshop

Gas Franchise Fee Discussion

Public Outreach

- February 23, 2015 – MindMixer Survey Begins
- March 30, 2015 – MindMixer Survey Ends
- April 29, 2015 – Article in Maplewood Review about Proposal and Date
- May 1, 2015 – Article in Citywide Newsletter
- May 13, 2015 – First Reading/Public Hearing Notice in Maplewood Review
- May 20, 2015 – First Reading/Public Hearing Notice in Maplewood Review
- May 26, 2015 – First Reading/Public Hearing

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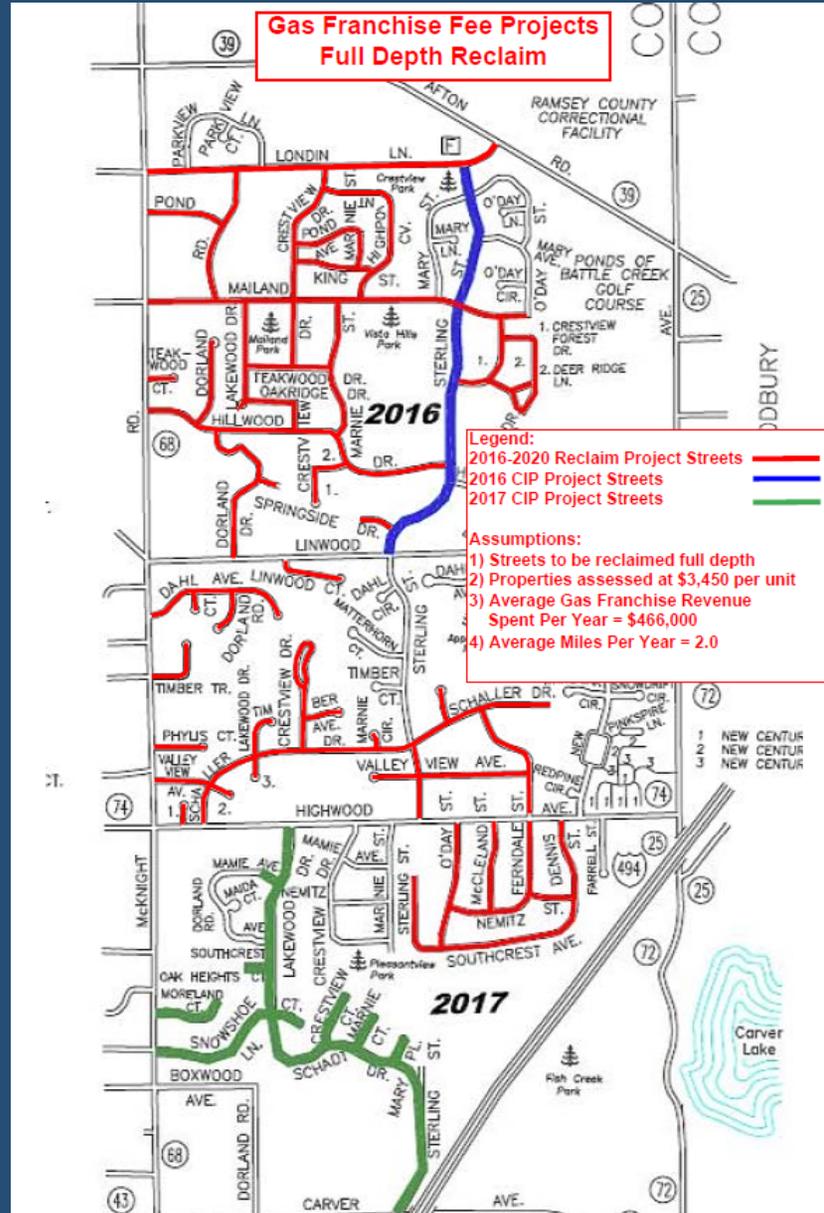
Gas Franchise Fee Discussion

Feedback so far on the idea?

- Viewpoints vary but as of May 22, 2015 the result to the proposed franchise fee:
 - In favor - 34
 - Opposed – 23
 - Maybe – 4

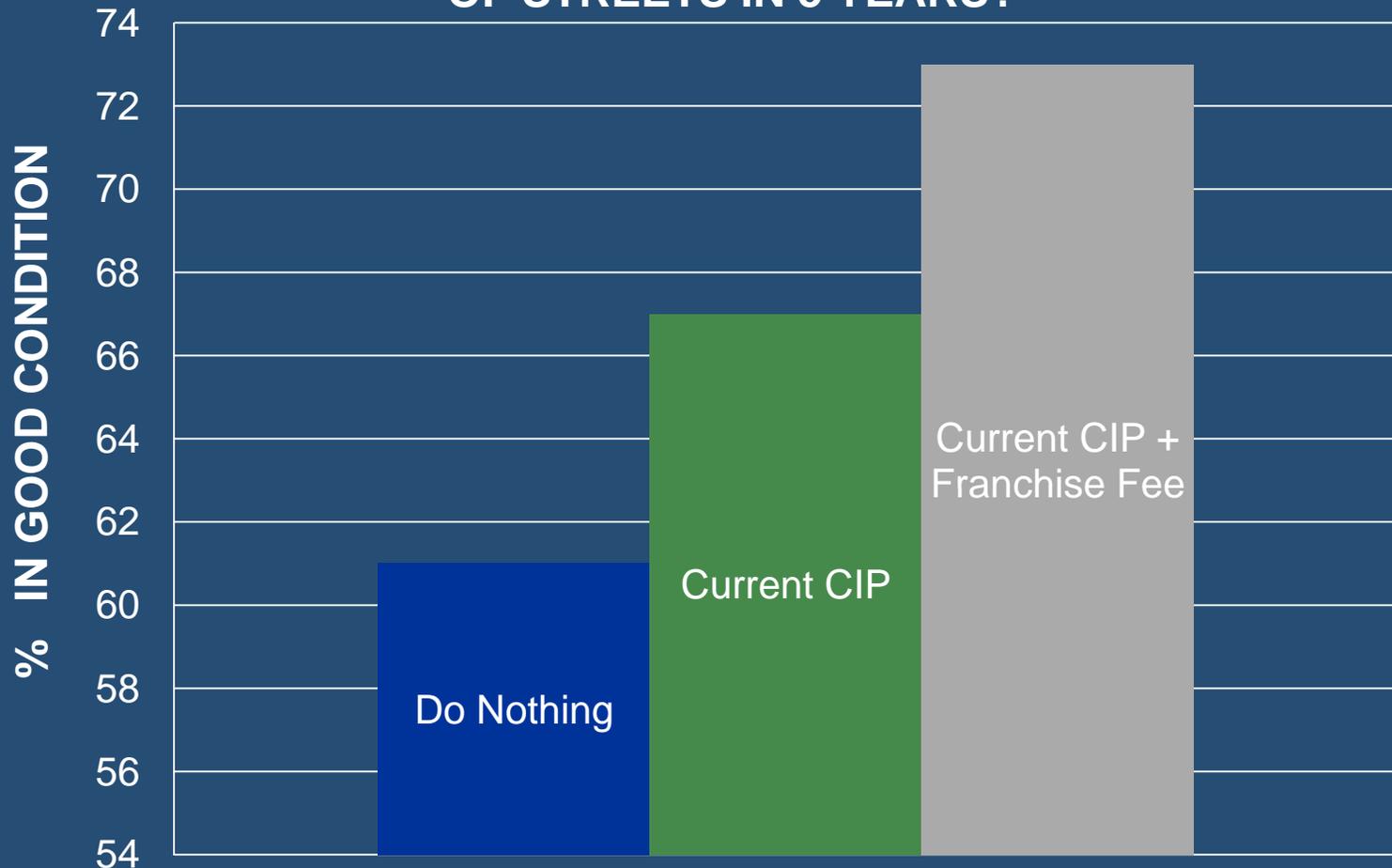
Results aggregated from Mind Mixer, open house, phone calls, and e-mails.

Gas Franchise – More Fixes



Gas Franchise Fee Discussion

WHAT ABOUT OUR 135 MILES OF STREETS IN 5 YEARS?



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Frequently Asked Questions

- What about special assessments?
- Is there a sunset date?
- Why not just raise property taxes?
- How does this affect current 5-year CIP?
- How are street fixes prioritized?
- How is it billed by Xcel? Is there a mark up?

Gas Franchise Fee Discussion

Actions Requested

- Hold a Public Hearing to gather stakeholder input
- Consider Approval of First Reading of Revised Gas Franchise Ordinance (first attachment)
- Consider Approval of First Reading of New Gas Franchise Fee Ordinance (second attachment)

Gas Franchise Fee Discussion

QUESTIONS OR COMMENTS?

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