



Franchise Fees

Public Informational Meeting

November 4, 2015

**Components of the
Pavement Management Program
(PMP)**

Overall Goal

“To implement changes in funding for the Pavement Management Program (PMP); committing to maintaining a sustainable and consistent funding source for PMP Street Overlays and Trails”

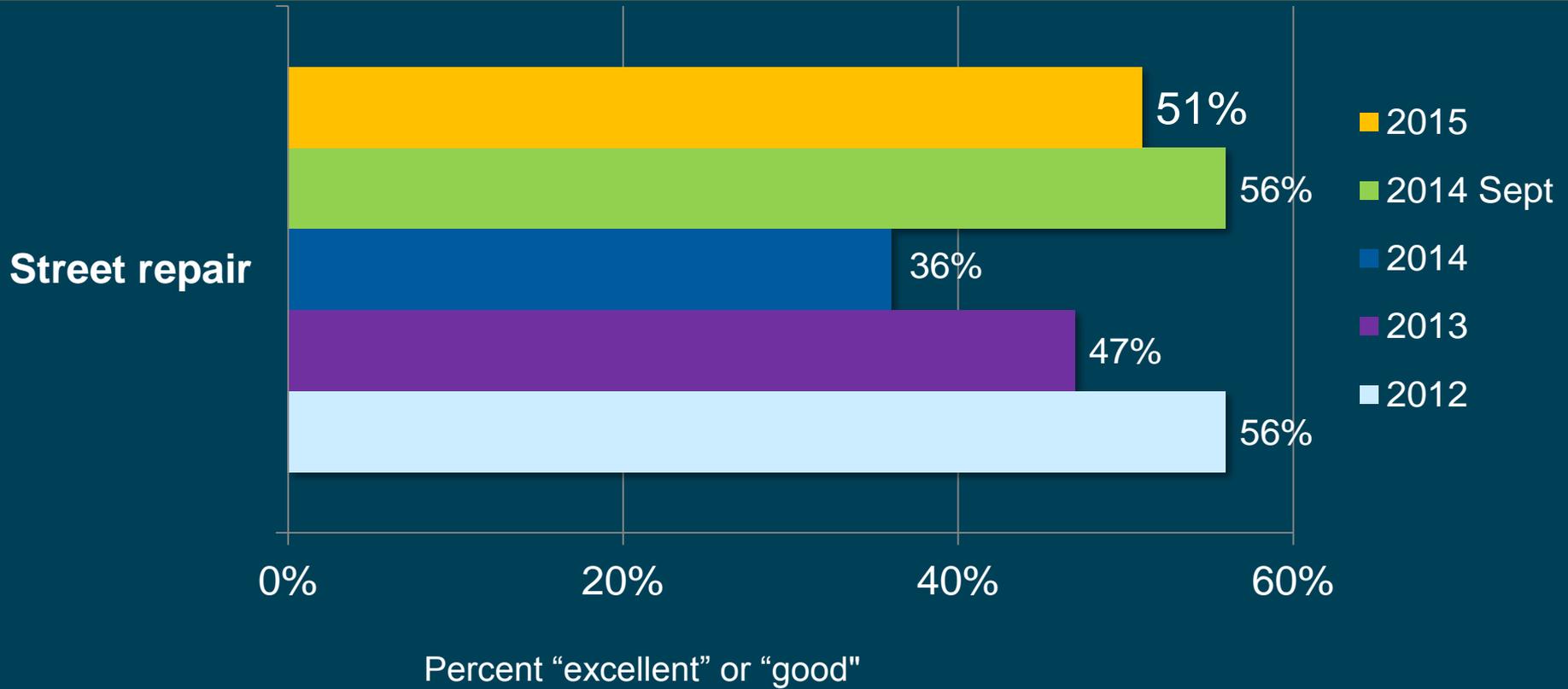


Total Street and Trail Miles

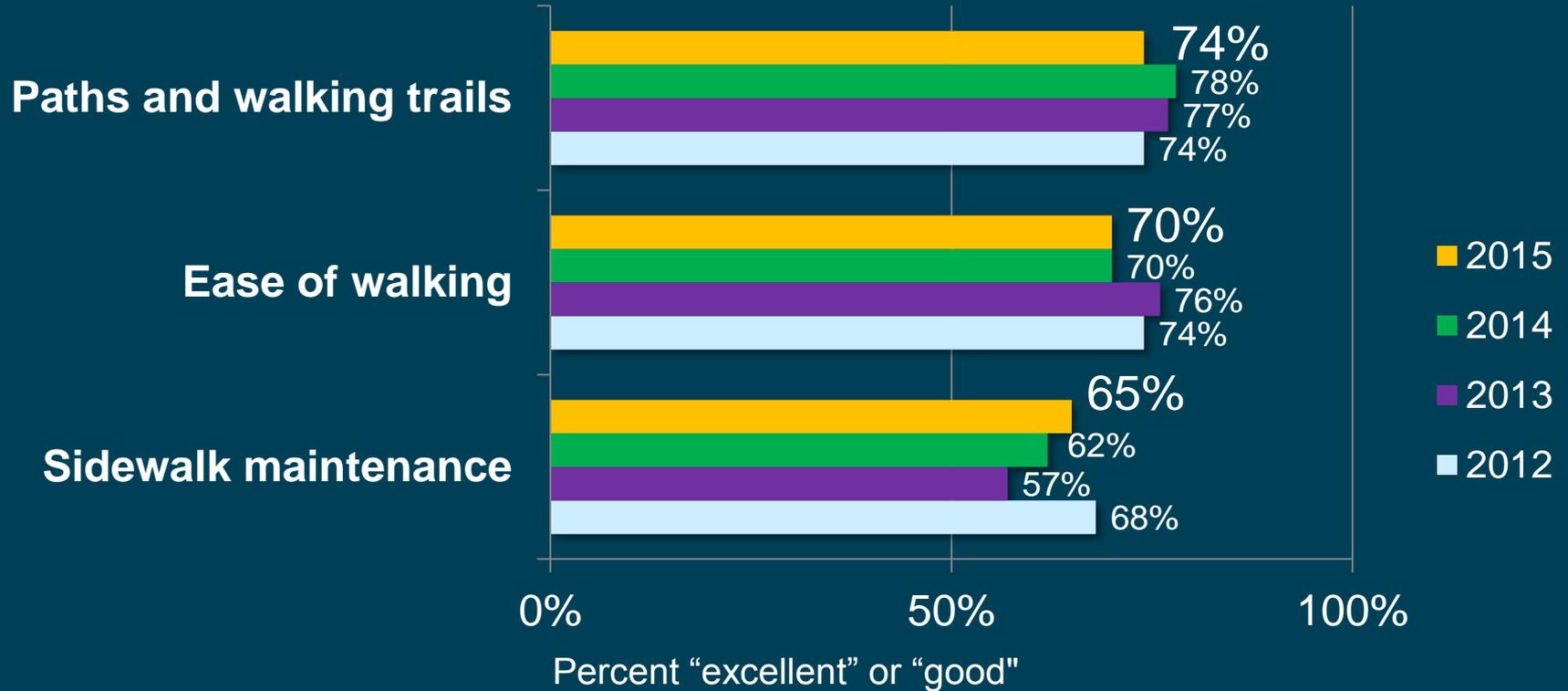
- 341 miles of street
- 38 miles of asphalt trails
 - 25 miles in City right of way
 - 13 miles of Park Trails



Transportation-PMP



Transportation

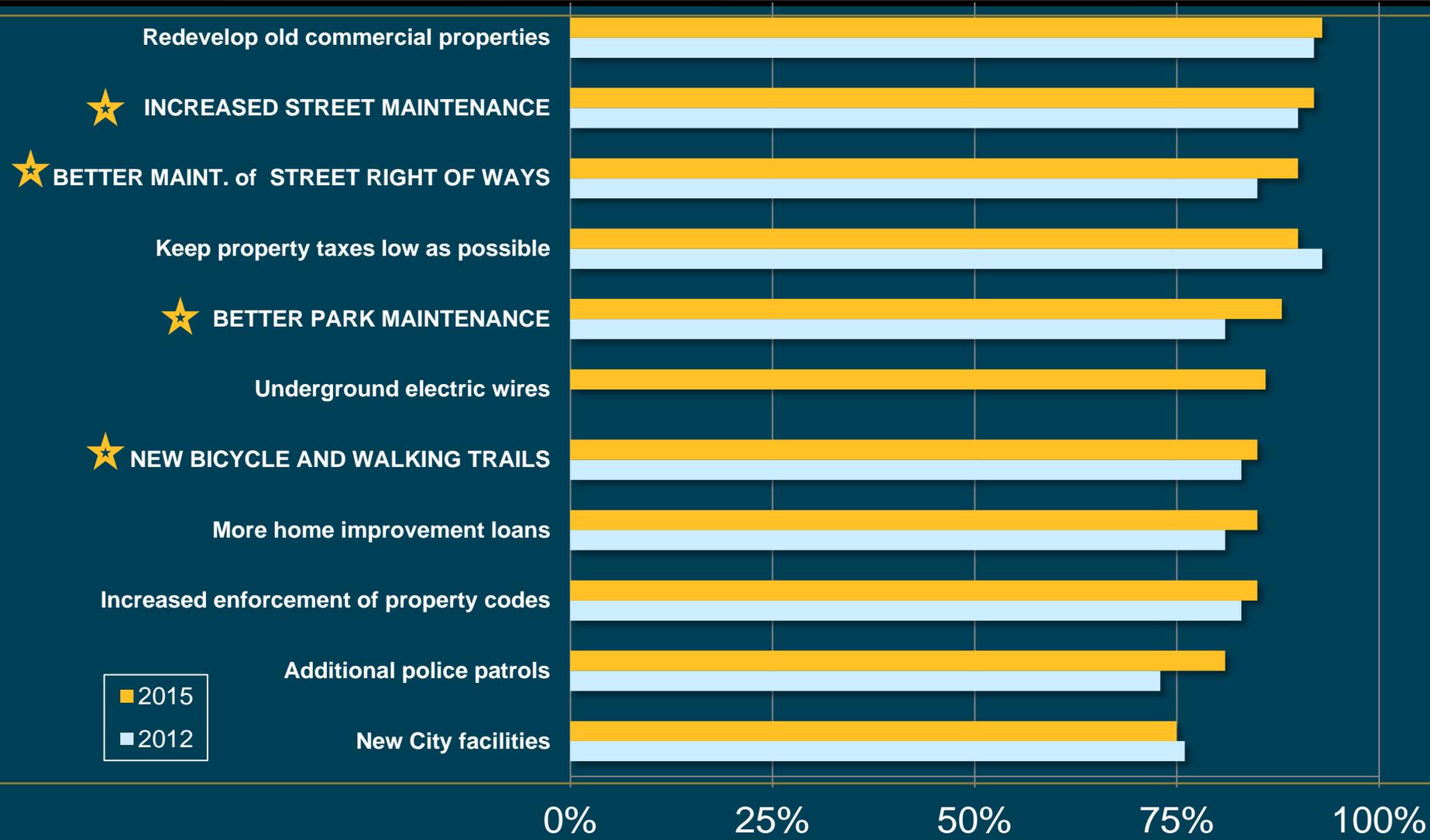


Fast Facts

- ✓ **Paths and walking trails:** Top one-third nationwide.
- ✓ **Sidewalk maintenance:** Top one-third nationwide.



To what extent, if at all, would each of the following City actions increase property values in Bloomington?





Pavement Management Program (PMP)

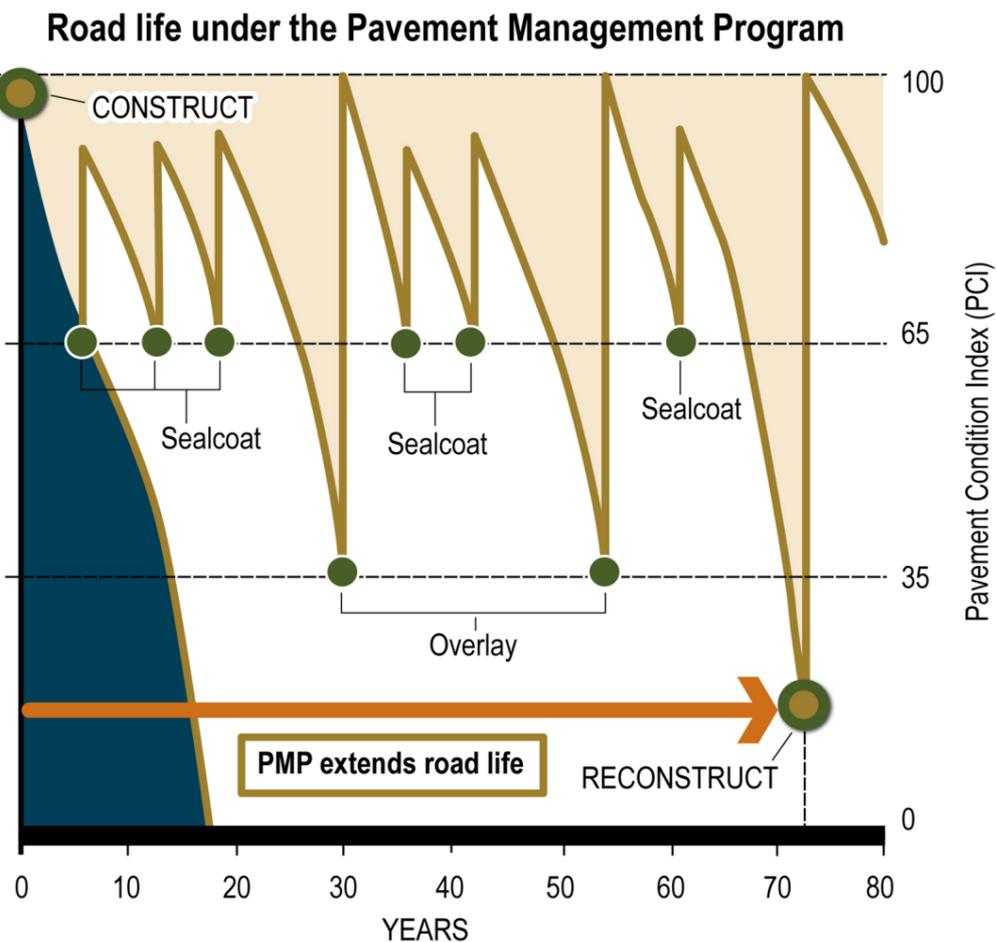
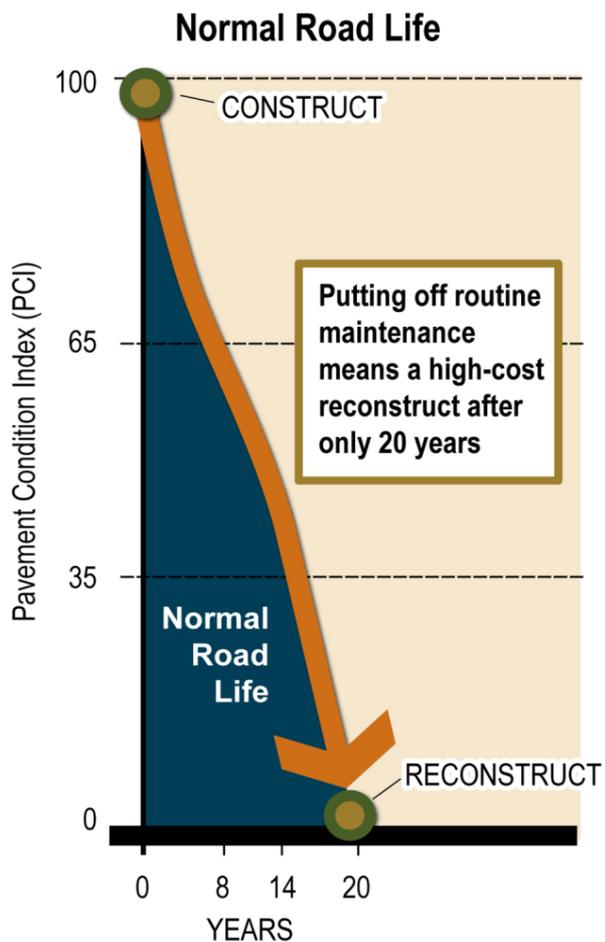
- Established in 1991
- Reduces overall street repair costs
“**right action at the right time**”
 - Pavement Condition Index (PCI)
 - Prepare forecast for future years
- Street segments bid together into one big project “**economy of scale**”
 - Lower assessments
 - Lower City portion for all taxpayers



PMP Construction Techniques

- Reconstruct
 - Remove/replace pavement; install curb and gutter
 - Done by a contractor hired by the City
- Overlay
 - Grind portion of pavement; pave new top layer
 - Done by a contractor hired by the City
- Sealcoat
 - Apply bituminous adhesive, aggregate; sweep excess
 - Done by City's Maintenance Department
- Trail Construction and Maintenance
 - Remove/replace pavement or crack seal and fog seal pavement
 - Done by both Contractor hired by the City and/or City's Maintenance Department

Pavement Life Cycle



PMP Funding Sources

- Reconstruct
 - Property Tax Levy and Assessments
- Overlay
 - Existing: City's Property Tax Levy and Infrastructure Replacement Fund (MSA Maintenance)
 - Proposed: Franchise fees and Infrastructure Replacement Fund (MSA Maintenance)
- Sealcoat
 - City's General Fund/Property Tax Levy
- Trail Construction/Maintenance
 - Existing: No consistent funding
 - Proposed: Franchise fees



The right action at the right time...

- Prolongs pavement life
- Keeps City's infrastructure in good condition
- Maintains or increases property values
- Reduces the overall cost



Trail Construction and Maintenance

- Asphalt (Narrow Trails) Sidewalks
 - Total Linear Miles = 24 miles
- Asphalt Trails
 - Total Linear Miles = 14 miles

TOTAL Sidewalk and Trail Miles = 38 miles

Latest PCI –

0-35.99 = 9 miles

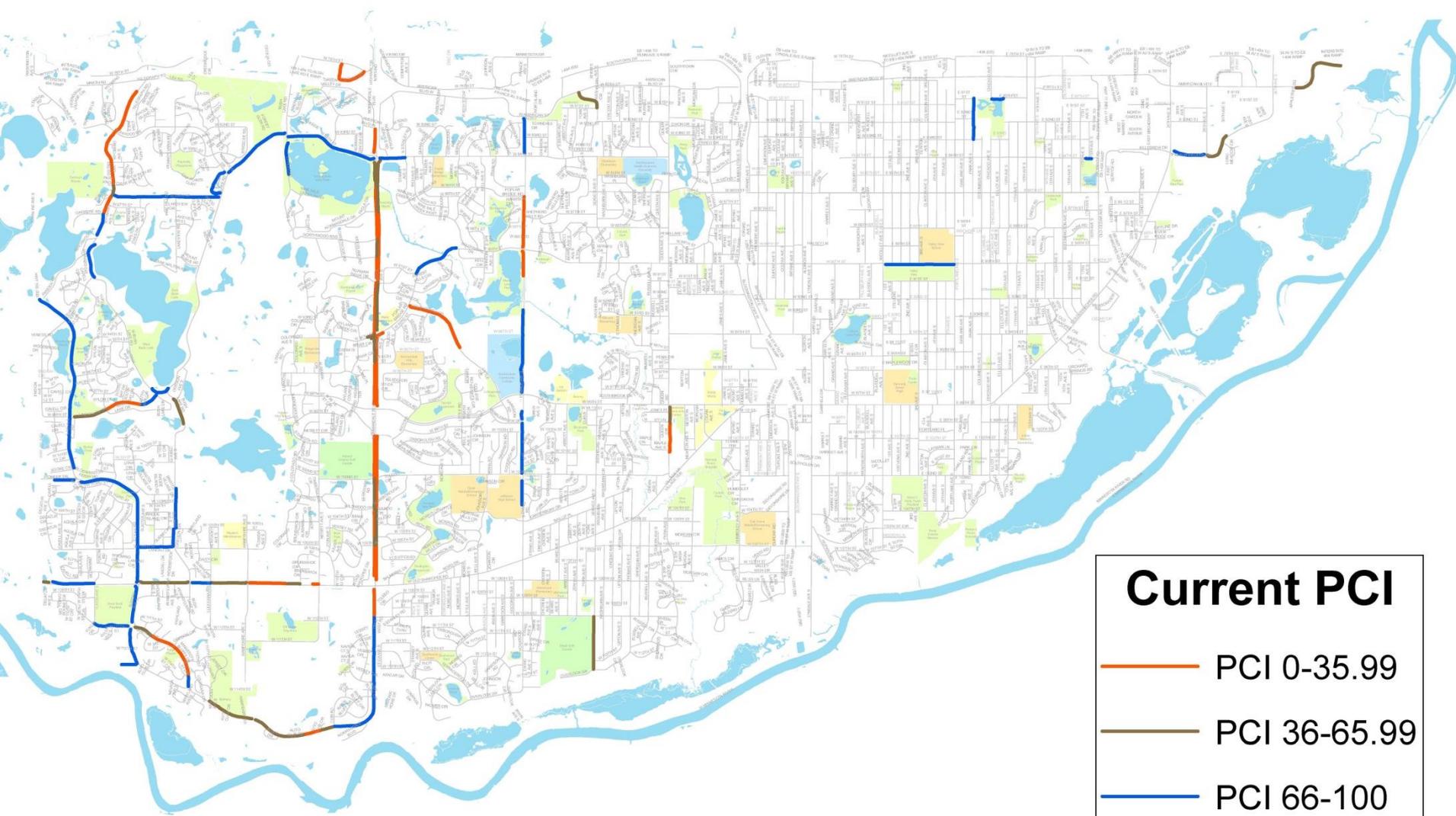
36-65.99 = 7 miles

66-100 = 22 miles



PMP ROW Trails

Asphalt Sidewalks Pavement Condition Index (PCI)





PMP ROW Trails

PMP Trail Reconstruction Analysis 2015

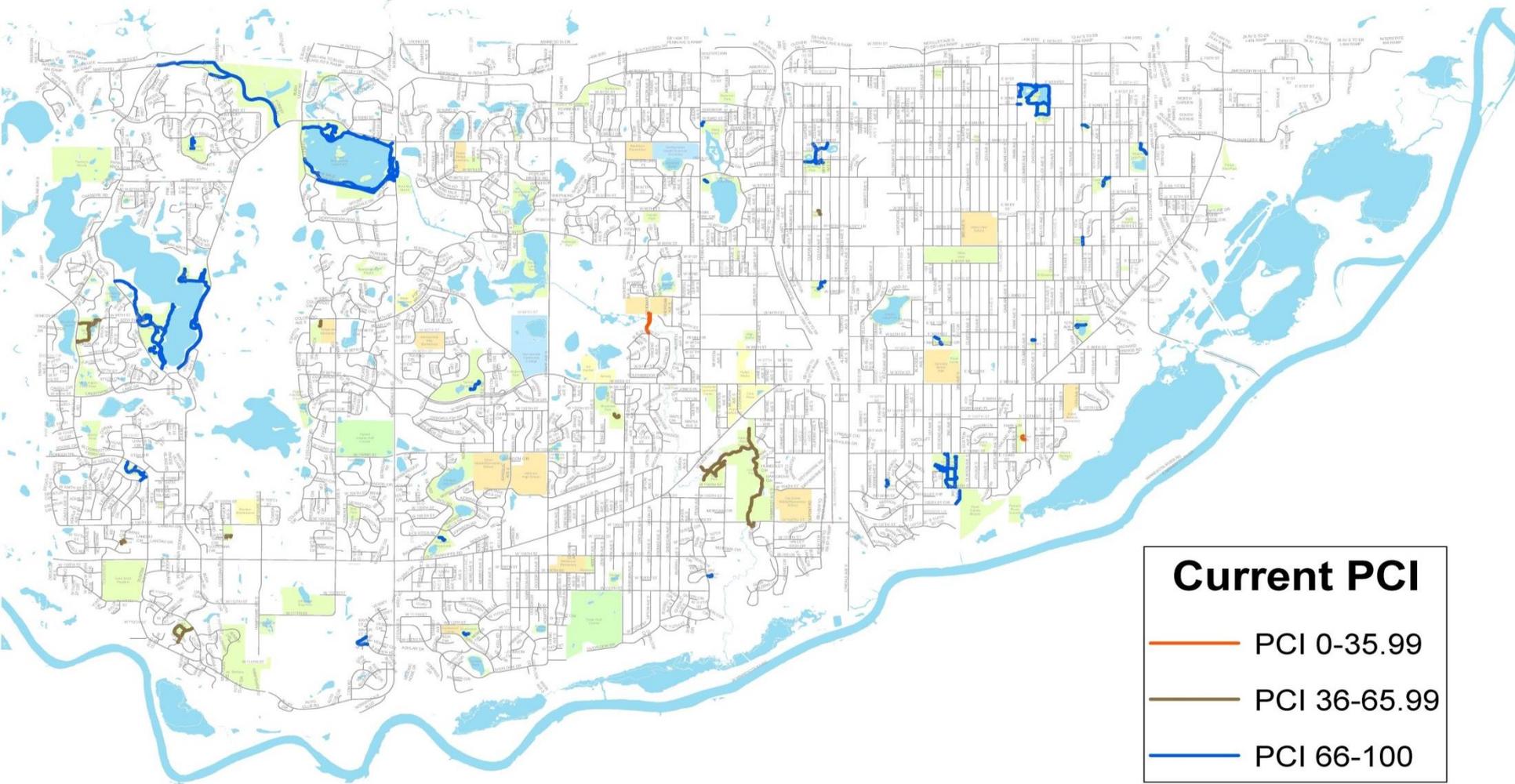
Year	Trail Miles	Funds Needed to Start the Program
2016	0	\$500,000
2017	1.24	\$500,000
2018	-	\$500,000
2019	1	\$500,000
2020	1.43	\$700,000
2021	0.74	\$700,000
2022	0.85	\$800,000
2023	1.60	\$800,000
2024	0.4	\$660,000
2025	0	\$660,000



CITY OF
BLOOMINGTON
MINNESOTA

PMP Park Trails

Asphalt Park Trails Pavement Condition Index (PCI)





PMP Trails within the Parks

Year	Trail Miles	Funds Needed to Start the Program
2016	0	\$0.00
2017	0.5	\$600,000
2018	1.0	\$630,000
2019	1.0	\$661,500
2020	1.0	\$694,575
2021	1.0	\$729,304
2022	1.0	\$765,769
2023	1.0	\$804,057
2024	1.0	\$844,260
2025	1.0	\$886,473

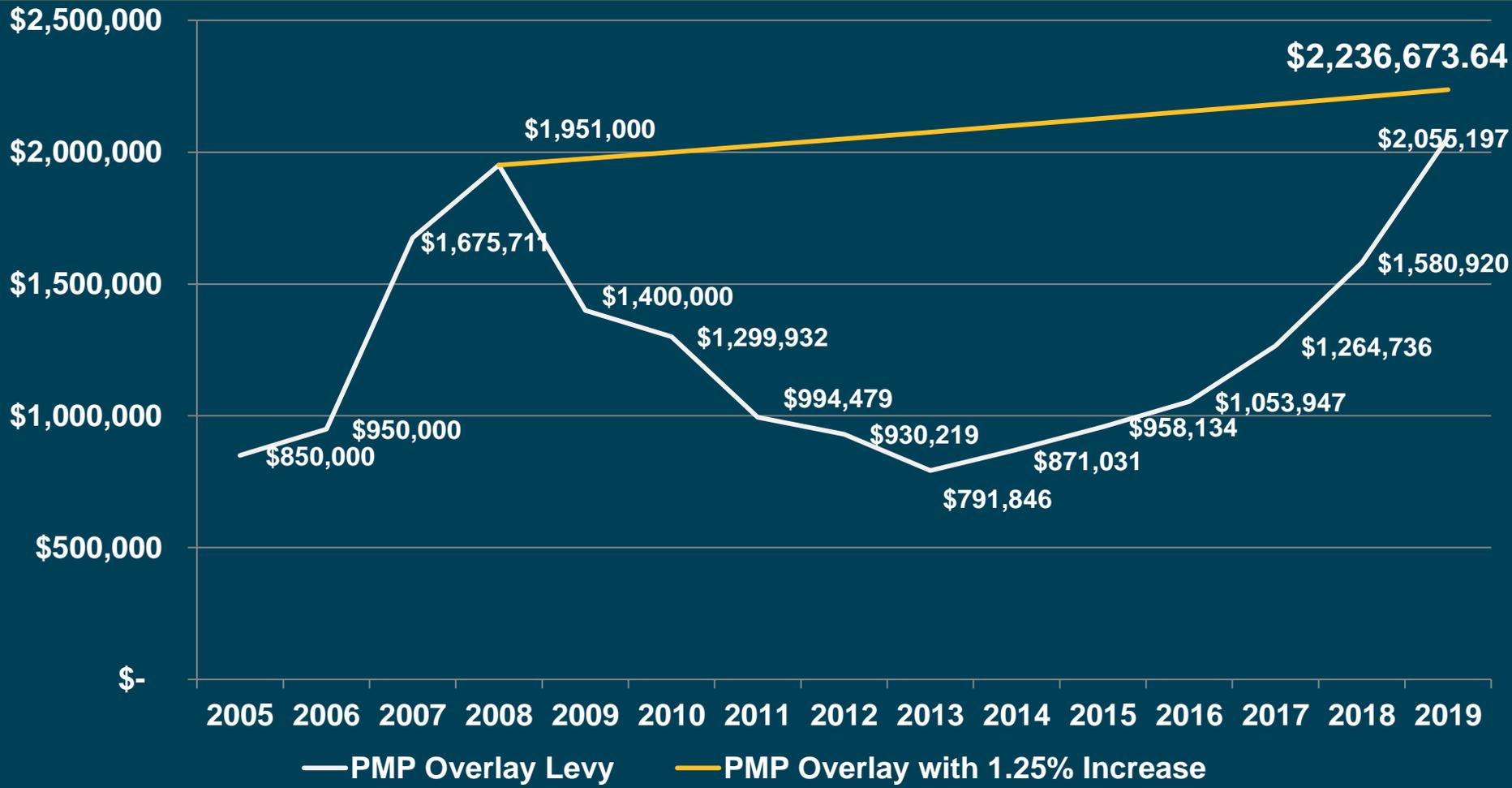


PMP Overlay Funds Needed

Year	Miles	Funds Needed to Maintain Street Overlay
2016	7	1,053,947
2017	7	1,264,736
2018	7	1,580,921
2019	9	2,055,197
2020	9	2,774,515
2021	10	3,329,419
2022	10	3,662,360
2023	10	3,845,478
2024	9	4,037,752
2025	9	4,158,885



PMP –Overlay Funding



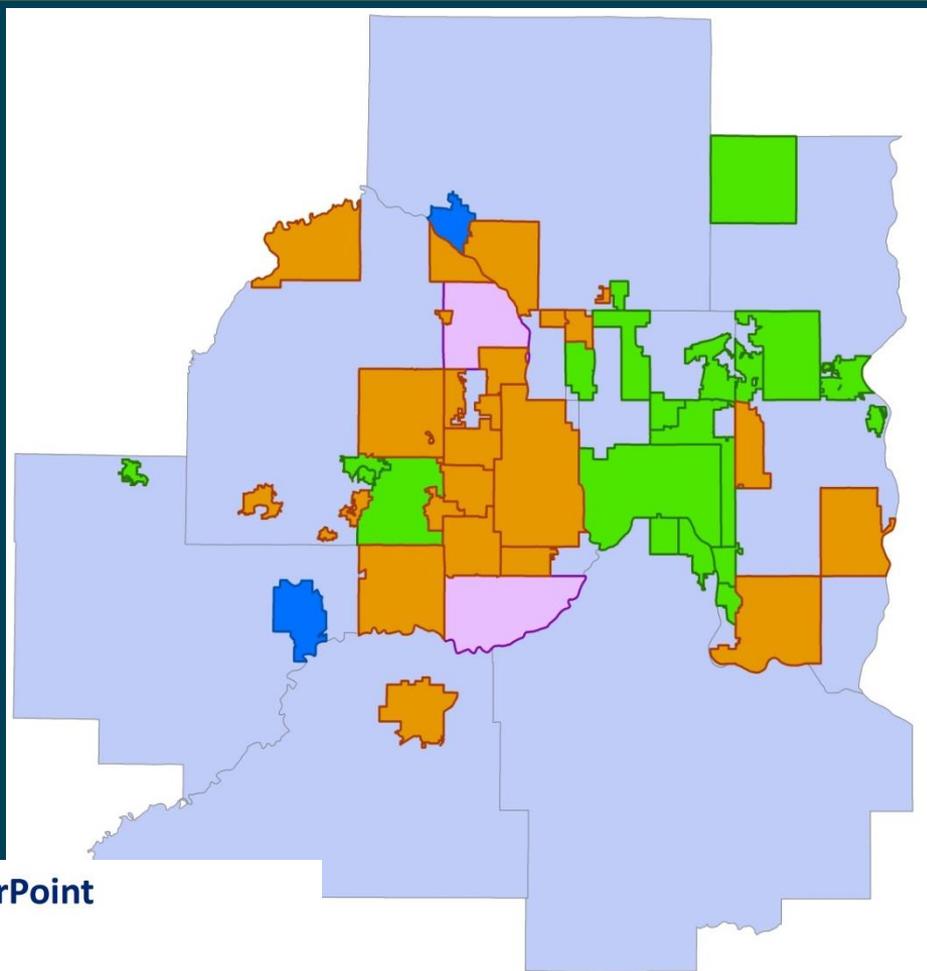
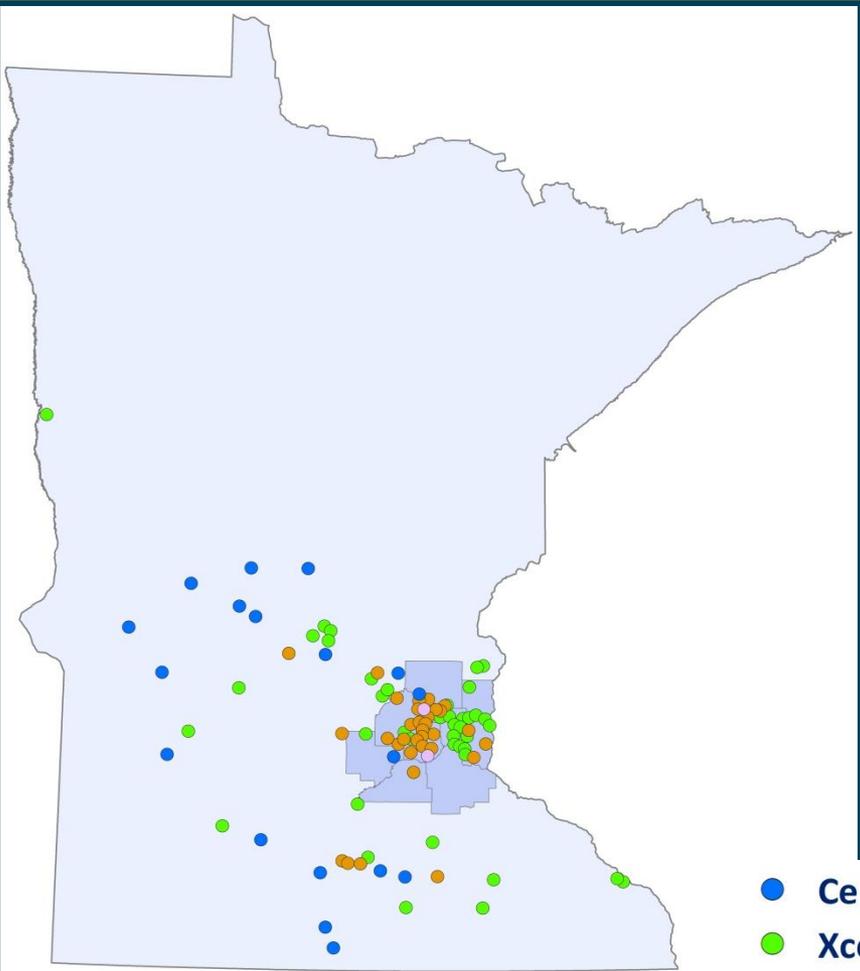


Combined PMP Overlay and Trail Needs

Year	Street Overlay	Park Trails	ROW Trails	Total Needs
2016	1,053,947	-	500,000	1,553,947
2017	1,264,736	600,000	500,000	2,364,736
2018	1,580,921	630,000	500,000	2,710,921
2019	2,055,197	661,500	500,000	3,216,697
2020	2,774,515	694,575	700,000	4,169,090
2021	3,329,419	729,304	700,000	4,758,723
2022	3,662,360	765,769	800,000	5,228,129
2023	3,845,478	804,057	800,000	5,449,535
2024	4,037,752	844,260	660,000	5,542,012
2025	4,158,885	886,473	660,000	5,705,358



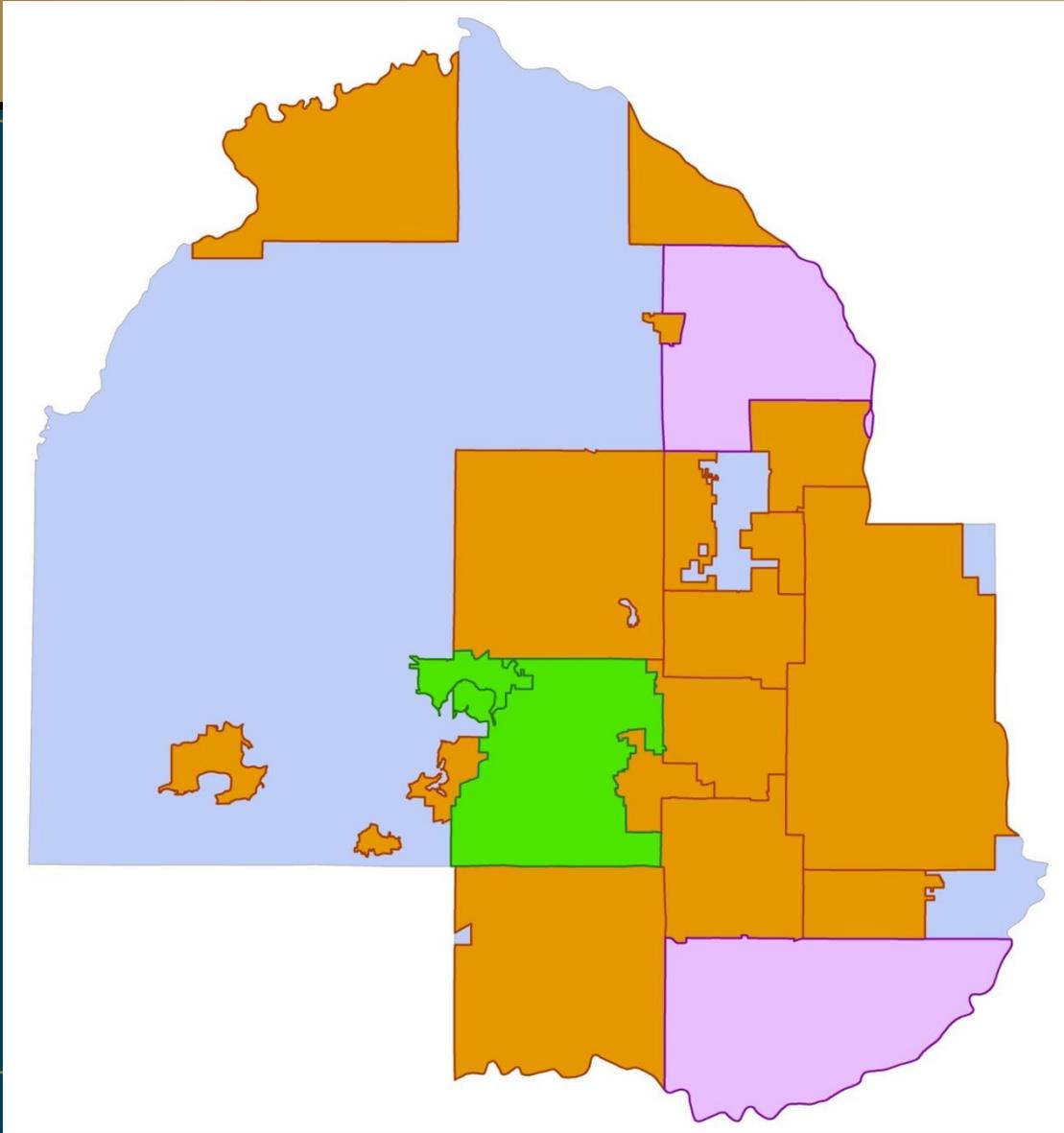
Minnesota & 7 County Metro Area



- CenterPoint
- Xcel
- Both CenterPoint & Xcel
- In Process

Hennepin County

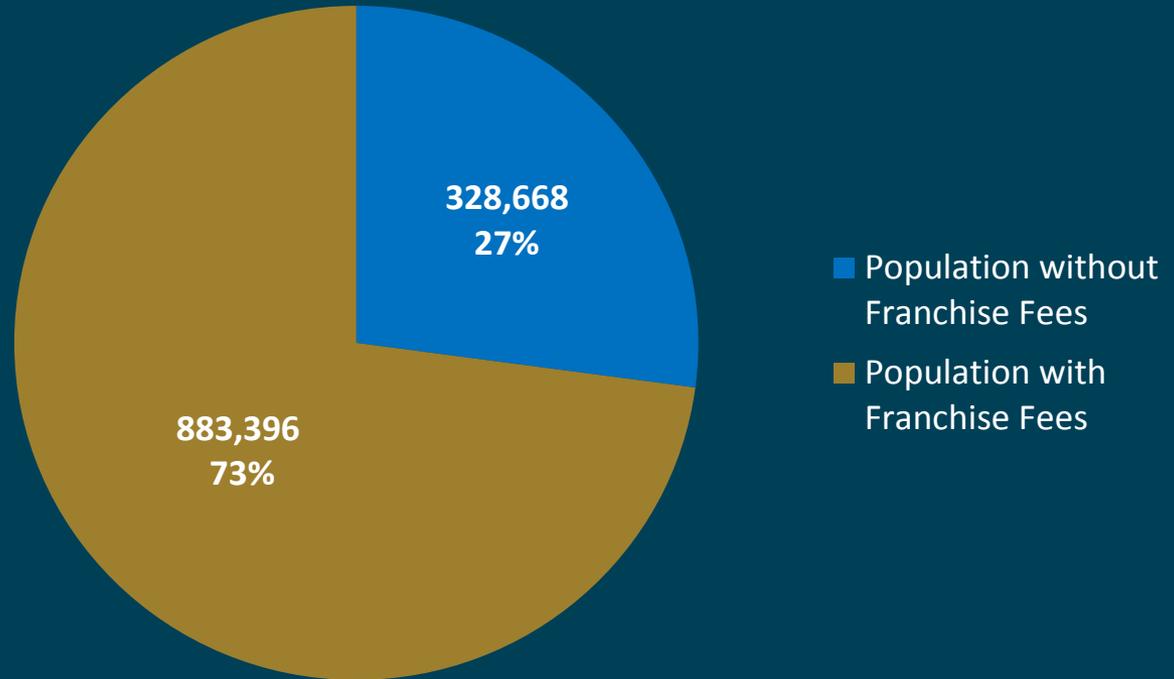
- CenterPoint
- Xcel
- Both CenterPoint & Xcel
- In Process





Population and Franchise Fees

Cities with Franchise Fees	Population
Brooklyn Center	30,712
Champlin	23,797
Deephaven	3,747
Eden Prairie	62,603
Edina	49,376
Excelsior	2,245
Golden Valley	20,845
Hopkins	18,025
Minneapolis	400,070
Minnetonka	51,368
Mound	9,270
New Hope	20,787
Osseo	2,476
Plymouth	73,987
Richfield	36,175
Robinsdale	14,302
Rogers	11,983
St. Louis Park	47,411
Wayzata	4,217
TOTAL	883,396



Hennepin County Total Population 1,212,064



Franchise Fee Use in Hennepin County

Location	Franchise Fee Use
Brooklyn Center	Capital Projects Fund- Street reconstruction fund for street projects
Champlin	Capital Projects Fund- Infrastructure Replacement
Eden Prairie	Capital Projects Fund - Pavement Management
Edina	Capital Projects Fund- sidewalks and bike trails
Golden Valley	Capital Projects Fund - street reconstruction fund for street projects (Douglas Drive)
Minneapolis	General Fund -G,E,& C for general use except PEG fees
Minnetonka	Capital Projects Fund - Burial of electric lines and street lighting
New Hope	General Fund- Has had for 15 years, was going to EDA until LGA cuts, now in General fund
Plymouth	Capital Projects Fund - Street reconstruction fund for street projects
Richfield	Capital Projects Fund - Overlay, sealcoating and removal of diseased trees.
Rogers	Capital Projects Fund - City's Pavement Management Program
St. Louis Park	Capital Projects Fund - City's Pavement Management Program



PMP Funding Sources

- **Reconstruct**
 - Property Tax Levy and Assessments -No Change in funding method
- **Overlay**
 - Existing: City's Property Tax Levy and Infrastructure Replacement Fund (MSA Maintenance)
 - **Proposed:** Franchise fees and Infrastructure Replacement Fund (MSA Maintenance)
- **Sealcoat**
 - City's General Fund/Property Tax Levy- No Change in funding method
- **Trail Reconstruction/Maintenance**
 - Existing: No consistent funding
 - **Proposed:** Franchise fees



Franchise Authority

- By law, cities may charge utilities a franchise fee for the use of public-owned right-of-way.
- This fee is then generally passed on to the utility customers.
- Dedicated capital projects fund.
- Would be used solely for the PMP Overlay and Trails.



Potential –Center Point

CUSTOMER CLASS	AVERAGE MONTHLY CUSTOMER COUNT	MONTHLY FLAT FEE	EST. ANNUAL FRANCHISE FEE
Residential	27,770	\$3.75	\$1,249,650
Commercial A	916	\$7.50	\$82,440
Commercial B	777	\$7.50	\$69,930
Commercial C	878	\$40.00	\$421,440
SVDF A & B	153	\$40.00	\$73,440
LVDF	12	\$115.00	\$16,560
Total	30,506		\$1,913,460



Potential – Xcel

CUSTOMER CLASS	AVERAGE MONTHLY CUSTOMER COUNT- Est.	MONTHLY FLAT FEE	EST. ANNUAL FRANCHISE FEE
Residential	38,114	\$3.75	\$1,715,130
Small C&I – Non-Demand	2,133	\$7.50	\$191,970
Small C&I – Demand	1,178	\$40.00	\$565,440
Large C&I	414	\$115.00	\$571,320
Total	41,839		\$3,043,860



Potential Revenues

Center Point	\$1,913,460
Xcel	<u>\$3,043,860</u>
Total Annually	\$4,957,320

No anticipated rate increase for 5 years

Tax Levy Vs. Franchise Fee

- In 2016 approx. every 1% levy = \$500,000
- Franchise Fees estimated at \$3,718,000
- Estimated levy would increase 7.4%.



Upcoming Schedule

November 9, 2015	City Council Study Session
November 16, 2015	Public Hearing
<i>If approved</i>	
January-March 2016	90 day period for utilities and the Public Utilities Commission (PUC) to process the request and prepare for collection of fees
March 2016	Begin Collection of Franchise Fees

Overall Goal

“To implement changes in funding for the Pavement Management Program (PMP); committing to maintaining a sustainable and consistent funding source for PMP Street Overlays and Trails”





CITY OF
BLOOMINGTON
MINNESOTA

Questions?