



**Request for City Council Committee Action  
From the Department of Public Works**

**Date:** November 6, 2007

**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Referral:** Honorable Paul Ostrow, Chair Ways & Means/Budget Committee

**Subject:** **Excavation Permit Fee Revisions**

**Recommendation:**

- Passage of the accompanying resolution changing the City Management and GIS Cost Component of the Excavation Permit Fees and Fee Structure, Minneapolis Code of Ordinances Title 17, Chapter 430

**Previous Directives:**

- February 13, 2007 – Study proposal received and filed by Transportation & Public Works Committee
- April 21st, 2000 – 2000-Or-025 and 2000-Or-026 amending chapters 429 and 430 of Title 17
- April 11, 1997 -- Approval of Excavation Permit Fees and Fee Structure
- November 22, 1996 -- 96-Or-125 and 96-Or-126 amending Title 17 of the Minneapolis Code of Ordinances to adopt Chapters 429 and 430 relating to Streets & Sidewalks, Right-of-Way Administration

**Prepared by:** Pat Byrne, P.E., Professional Engineer 673-2656  
Rhonda Rae, P.E., Director Surface Water and Sewers 673-3627

**Approved by:**

\_\_\_\_\_  
Steven A. Kotke, P.E., Director of Public Works

**Presenter:** Pat Byrne, P.E., Professional Engineer 673-2656

Permanent Review Committee (PRC)	Approval _____	Not applicable	<u>  X  </u>
Policy review Group (PRG)	Approval _____	Not applicable	<u>  X  </u>

**Financial Impact** (Check those that apply)

No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Business Plan:   X   Action is within the plan.  Action requires a change to plan.

Other financial impact (Explain):

*No financial impact for 2008 forward. Public Works will bring forward a separate letter regarding retroactive application of new fees and fee structure to Qwest billings, which may result in a reduction of budgeted revenue in 2007.*

Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

## **Community Impact**

Neighborhood Notification: Not Applicable

City Goals: Maintain the physical infrastructure to ensure a healthy, vital and safe city

Comprehensive Plan: Not Applicable

Zoning Code: Not Applicable

## **Background/Supporting Information**

### **HISTORY**

In November 1996, the City amended Minneapolis Code of Ordinances Title 17 to adopt Chapters 429 and 430, pertaining to Right-of-Way Administration and Permits. This was part of a statewide initiative, pursuant to Minnesota Statutes, Sections 237.162 and 237.163, to control management of the public Right-of-Way that culminated in various Right-of-Way ordinances in a number of cities. The city amended its existing Rights-of-Way provisions, enacting Chapters 429 and 430 of the Minneapolis Code of Ordinances relating to Right-of-Way permits and administration. These ordinances impose reasonable regulations on the placement and maintenance of equipment or facilities currently within its public Rights-of-Way or to be placed therein at some future time. Under these ordinances, persons disturbing and obstructing the public Rights-of-Way bear a fair share of the financial responsibility for their integrity. Finally, these ordinances provide for recovery of out-of-pocket and projected costs from persons using public Rights-of-Way.

Chapter 430 Section 430.60 originally noted that the fees would cover the (1) City cost, (2) The disruptive Costs and (3) the Degradation costs. On April 11, 1997 the City Council approved fees related to City costs, referring to them as the City Management Cost and GIS Costs.

On April 21, 2000, the City Council further amended Section 430.60 to note that fees would cover (1) City Management Costs, (2) Disruptive Costs, (3) Mapping Data Cost, and (4) Degradation costs. Subpart 430.60(f) was also added, noting that fees should be set by resolution.

### **CURRENT STATUS**

Our concern at this time is directed toward the Excavation Permit in particular, which involves the sub-surface installation of utilities within the right of way. Our existing Excavation Permit Fee and Fee Structure were approved by the City Council on April 11, 1997, and were developed through a process that included a committee comprised of representatives from major private utilities, private sewer and water contractors, the City of Minneapolis and the City of St. Paul.

Recovery of the City's costs is a component of the City's Right-of-Way ordinances. A large part of the actual cost is incurred while reviewing the plans for installation of facilities, issuing the permit, and inspecting the various installations within the public Right-of-Way.

Generally, there are three different types of utility installations for which an Excavation Permit is needed. One type is inserting new utilities into an already existing conduit, which was constructed previously under a previous Excavation Permit, using either a boring or an open trench method. A second type is new utilities laid within a newly constructed trench, and a third type is new utilities constructed by boring, which does not require a trench.

The City Management Costs and Mapping Data Costs components are combined and recovered within our Excavation Permit Fees and are proposed to be modified. The other components of excavation permit fees addressed in Chapter 430, disruptive costs, Delay penalties, and restoration costs, are either administrative actions or are actual costs, and are not being modified with this action.

Our Excavation Permit Fees generally have two aspects: 1) a base fee that includes a standard, or minimum, number of feet of utility installation, and 2) a per foot, or linear, fee, for any installation beyond the minimum allowed in the base fee. The existing base fee and the linear fee are the same for new utilities constructed in all three methods of installation.

The 1997 fees and fee structure were based upon conversations with representatives from major private utilities, private sewer and water contractors, the City of Minneapolis and the City of St. Paul. Minnesota Statutes Sections 237.162 and 237.163 require that cities have a responsibility to demonstrate that the fees they collect are based both upon actual costs and a equitable distribution of those actual costs, thus the 1997 fees and fee structure were also based upon a study where we documented the costs of the City of Minneapolis for reviewing, issuing, and recording the permits, and inspecting the permitted construction.

***Existing City Management and GIS Cost Components of the Excavation Permit Fee and Fee Structure (adopted April 1997)***

- *City Management and GIS Cost Component for the first 75 feet of equipment installed, \$115.00, for each additional foot installed \$1.60*

**PROPOSED REVISIONS**

Chapter 430 provides that the permit fees pursuant to Chapters 429 and 430 shall be proposed by the City Engineer and established from time to time by City Council resolution. Responding to a request from one of our permittees, Qwest Corporation, and as reported to the T&PW Committee on February 13, 2007, we undertook a study to review the fees and fee structure. We have recently determined that, when dealing with the installation of utilities within existing conduits (the first type described above), our actual costs are lower than with the other two types, because of less time spent on field inspection. The same study indicated a need to vary both the base fee and the linear fee amongst all the different types of utilities and different installation methods.

The proposed revisions are as follows:

***Revised City Management Costs and Mapping Data Cost Components of the Excavation Permit Fee and Fee Structure, effective January 1, 2008 (proposed)***

<i>City Management and Mapping Data Components</i>	<b>Base Fee</b>	<b>Fee per Ft over 75' up to 1200'</b>
<i>Sewer Infrastructure</i>	\$160	\$1.40
<i>Water Infrastructure</i>	\$160	\$1.40
<i>Private Utilities, Inserting within Existing Conduit</i>	\$230	\$0.07
<i>Private Utilities, Bored Under the Surface</i>	\$230	\$1.05
<i>Private Utilities, All Others</i>	\$230	\$1.25

*For permits having a length greater than 1200', the City Management and GIS Cost Component shall be based on actual costs as determined by the City Engineer*

The modeling used to determine the distribution of actual costs was based upon data from 2006. The available data noted that approximately 98% of the permits would be of length less than twelve hundred feet (1,200). For permits having a length greater than 1,200', the City Management and Mapping Data cost components of the permit fees shall be based upon actual costs associated with issuing and recording the permits, and with inspecting the permitted work, all as determined by the City Engineer.

In 1996, when Chapters 429 and 430, Right-of-Way Administration, were added to Title 17, Streets & Sidewalks, the mechanism for permitting and for recovery of costs for inspection and issuing the permits for both sewer and water infrastructure was addressed in the pre-existing Chapter 505 of Title 19, Water, Sewers and Sewage Disposal. This approach – using fees already in Chapter 505 – was utilized because fee amounts had not yet been established for the excavation permits as part of the new chapters. With the addition of a fee structure in 1997 and further changes in chapters 429 and 430 in 2000, however, the fee structure as noted in chapter 505 was a duplication of effort, and no longer needed. The practice since then has been to charge just the excavation permit fee according to Chapter 430 for these permits.

**Recommendation:**

We recommend the proposed revised Excavation Permit Fee and Fee Structure for Chapter 430, shown as “proposed” in the above table and provisions, be approved through passage of the attached resolution, and become effective January 1, 2008.

This approach is generally revenue neutral. The difference between total costs being recovered through fees and the total actual costs remains the same. There are changes in distribution of both.

It is noted that Public Works will bring forward a separate letter regarding retroactive application of new fees and fee structure to Qwest billings, which may result in a reduction of budgeted revenue in 2007.

It is further noted that Public Works will return with a recommendation to amend Chapter 505 to remove language no longer needed.

Exhibit A: Summary of Data

Cc: Corey Conover, Assistant City Attorney  
Marie Asgian, PW Water Treatment & Distribution Division  
Dick Smith, PW Management and Budget Division  
Joan Peterson, Qwest Corporation

**RESOLUTION 2007R-  
OF THE  
CITY OF MINNEAPOLIS  
By Colvin Roy**

**RESOLUTION 2007R -- \_\_\_\_\_  
By Colvin Roy**

**Amending the permit fee and fee structure for excavation permits with permit applications submitted on or after January 1, 2008.**

Whereas, Chapter 430.60 (f) states “All permit fees, pursuant to Chapters 429 and 430, shall be proposed by the city engineer and established from time to time by city council resolution”;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That determination of City Management and Mapping Data Cost Components of the Excavation fees shall be based upon the following:

Effective with permit applications on or after January 1, 2008, the City Management and Mapping Data Cost Components of the Excavation fees, for excavation permits, are hereby fixed and shall be collected as follows:

City Management and Mapping Data Component	Base Fee	Fee / Ft over 75', up to 1200'
Sewer Infrastructure	\$160	\$1.40
Water Infrastructure	\$160	\$1.40
Private Utilities, Inserting within Existing Conduit	\$230	\$0.07
Private Utilities, Bored Under the Surface	\$230	\$1.05
Private Utilities, All Others	\$230	\$1.25

For permits having a length greater than 1200', the City Management and GIS Cost Component shall be based on actual costs as determined by the City Engineer.