



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

Date: June 16, 2009

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: Ordinance Change – Establishing a Street Lighting Fee/Assessment

Recommendation:

1. Receive and File

Previous Directives:

1. June 16, 2009 – Public Hearing set for July 21, 2009.

Prepared by: Jon Wertjes (673-2614)

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Jon Wertjes, P.E., PTOE, Director, Traffic and Parking Services

Financial Impact

This proposed fee is intended as an option for the City Council to consider for the pending 2010 budget decisions.

Community Impact

Neighborhood Notification: Public input will be sought.

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

Street Light Fee Rationale

The City has been challenged with providing adequate funding as a result of continuous General Fund reductions over the past several years. For the 2010 budget discussions, rather than degrade the street lighting service level for operating street lights or shutting off street lights and/or reduce transportation services further, Public Works is recommending that a street light fee be implemented. Numerous cities both regionally, statewide and nationally already use fees/assessments to fund street light operations. Thus Public Works is requesting the City Council begin the process for consideration of a street lighting fee so that it can be included in the 2010 budget discussions.

City Approval Steps

There are three key steps for a new fee to be implemented:

- 1) City Council approves the necessary ordinance changes,
- 2) City Council sets the fee method and amount, and
- 3) Public Works implements the fee based on the Council action.

The table below outlines the proposed activities, approvals, and schedules to move the Street Lighting Fee forward in a timely manner to allow for its consideration within the 2010 budgeting process.

Date	City Council Approvals	Staff Implementation
<u>Notice and hearing for Ordinance Change</u>		
6-12-09	City Council Meeting - Introduction of subject matter of ordinance amendments and referral to T&PW	
6-16-09	T&PW - Set public hearing for ordinance change for 7-21-09	Ordinance changes Fee Model Structure Fee Model Rates Community meetings Staff recommendations
7-7-09	T&PW – Further Discussion at committee	
7-14-09 & 7-16-09 ◆ UPDATED ◆	Community meetings Tuesday, July 14 - 6:30 to 8:30 p.m. Farview Park, 621 29th Ave. N Thursday, July 16 – 6:30 to 8:30 p.m. Martin Luther King Park, 4055 Nicollet Ave. S	
7-21-09	T&PW - Hold Public Hearing for ordinance changes	
8-4-09	T&PW – Approve ordinance	
8-14-09	City Council Meeting – Approval of ordinance change. Request Early Signing and Publication (Upon Mayoral approval, a summary of the ordinance is published in <i>Finance and Commerce</i> . The ordinance becomes effective upon publication unless an effective date is stated in the ordinance.)	
<u>Notice and hearing for Assessment Fee implementation</u>		
8-18-09	T&PW - Set public hearing on the assessments for 9-22-09 and introduce the fee method and amounts. Publication of Public Hearing Information in Finance and Commerce	Mail notices of public hearing with amount of assessment (two weeks prior to public hearing) ▪ Service characters/extent ▪ Fee model structure, rates, and costs ▪ Property identification and owners Respond to questions
8-18 to 9-21	Provide scheduled times to answer questions for Public and City Council	
9-22-09	T&PW - Hold Public Hearing on the assessments.	
10-2-09	City Council Meeting – Approval of assessments. Request Early Signing and Publication	
<u>Assessment Fee Implementation</u>		
Oct/Nov 2009	Implementation	Complete Assessments and send to County
2010		Assessment shows up on tax bill

Street Lighting Background

Public Works -- Traffic and Parking Services operate and maintain approximately 17,000 street lights and 1,700 Parkway lights. The City contracts with Xcel to operate and maintain an additional 28,000 wood pole street lights.

Currently, the street lighting operations and maintenance/repairs are funded via the Public Work's portion of the City General Fund. The total street light budget is approximately \$5.5 million and consists of:

- \$2.9 million for Operations - most of this expense is payment to Xcel for electricity
- \$2.6 million for Maintenance and Repair - this expense is split between City and Xcel

Based on the above and for purposes of estimating fees and comparing various methodologies/options, Public Works has used the \$2.9 million for street light operation expenses plus an estimated \$100,000 for administration totaling \$3.0 million. Also, Public Works sought to set the single family residential property cost at approximately \$20/year.

Three Methodologies/Options Considered

Public Works has considered three options:

- Option 1 – Flat Rate per Parcel Method
- Option 2 – Lineal Footage Method
- Option 3 – Property Area Method

Public Works Recommendation

Based on the research and analysis coupled with City Attorney's office guidance, Public Works is recommending Option 3 – Property Area Method for the following reasons:

- The method is most similar to the existing Influence Area method used for street and streetlight capital assessments.
- The method is more legally defensible than other alternatives, in light of existing special assessment law.
- The existing ordinances provide for the appropriate public hearings and appeal processes.

Additionally, city staff would recommend that:

- The City set the 2010 street light fee/assessment cost at \$3 million which correlates to the street lighting operation expenses (i.e. electricity, change light bulbs, administration).
- There are two property types - residential and non-residential, which is how most other local cities assign street light fees and consistent with existing practice for street and streetlight capital assessments.
- The Influence Area method is used to calculate the specific fee to each property within each property type.
- The fee distribution aligns, as close as possible, with the total square footage for each property type; 65% residential or \$1.95 million and 35% non-residential or \$1.05 million.
- The fee for a typical single family residential property would be approximately \$20 per year.
- The only legally feasible method to have the fee paid is to use the annual property tax bill where other fees/assessments are now billed.

Therefore, Public Works is requesting the City Council set the public hearing for ordinance changes which will begin the street lighting fee process for the 2010 budget consideration.