

Attachment B: PFM Report (June 21, 2005)

Post Temporary Private No Parking Signs

After the City of Minneapolis determines that a private entity is allowed to have a temporary no parking area, it assists that entity by providing and posting the required signs. The City posted approximately 12,000 no parking signs incident to special events or other activities last year (e.g. lane use, etc.).

For a temporary parking area to be legally valid, a City staff member must post the sign. However, the City does not currently charge the entity requesting the sign for the labor or material cost of posting it.¹ In addition, other permits issued by the City do not take into account the cost of posting the sign.

In most cases the City is providing this private benefit at a public cost. Therefore, the City should institute a fee to recover the labor and materials cost for emplacing these private no parking signs.

Cost of Service Analysis

From April 1 to November 30, four Traffic Maintenance Workers I or II (two crews of two people) spend approximately 30 percent of their time and a Foreman spends approximately 25 percent of his time posting these private no parking signs. This equates to 20 percent and 17 percent of total annual time, respectively.

The average salary for a Traffic Maintenance Worker was \$32,700 in 2004. With two 2% increases that are budgeted, the salary for 2006 should be approximately \$34,000. For the foreman, the salary is \$57,700 inflated to \$60,000.

In addition, these crews use a one ton flat bed or pick-up truck to emplace these signs. The cost of the truck is approximately \$8,700 annually. Along with these costs, the concurrent cost allocation study has determined a fringe rate of 27.03 percent and an overhead rate of 48.31 percent. In addition, the signs themselves cost 63¢ and the wooden stakes on which they are posted cost 41¢ for a total material cost of \$1.04 per sign.

Cost Component	
Labor	\$37,400
Fringe	10,109
Vehicle	3,485
Sign materials	12,480
Overhead	18,068
Total cost of service	\$81,542

¹ An exception to this is that the City currently charges the Twin Cities Marathon organizers approximately \$750 for the 300 signs posted each year.

This yields a cost per sign of \$6.80. This analysis is consistent with an internal staff estimate of \$100 per hour for truck and crew to post a block. This assumed that between 6 and 10 signs are posted per block and that it takes the crew approximately 30 minutes to post one block. The \$100 per hour estimate would equate to 15 signs, consistent with two blocks.

Comparables

- The City of Duluth, MN charges a base fee of \$23.50 per sign for posting signs incident to special events. The cost can be more depending on the size of the sign. Signs are issued with a temporary permit valid for 10 days.
- The City of Milwaukee, WI charges \$16 per sign. The City usually uses 6 signs per block for a total of \$96 per block.
- The City of Pittsburgh, PA only allows "No Parking" signs to be posted and they are sold at a cost of 50 cents each.

Proposed Fee

Based on the estimated per sign cost of \$6.80 the City of Minneapolis should institute a fee rounded to \$6.50 per sign to recover the costs of emplacement. For 12,000 signs this would yield a cost recovery of \$78,000.

Required Authorization

A new ordinance would be required. This could be done in two ways. A section could be added to existing special event related ordinances (Parades/Races: 447.120 and Block Events: 455.20) or a completely new ordinance could be drafted.

Fiscal Impact and Discounting

The proposed cost recovery revenue of \$78,000 should be discounted to account for any difficulty in implementation. However, many of these signs are issued incident to other permits for which there is currently a procedure in place to collect a fee. Therefore, a discounted value of 25 percent in FY2006 is used with no discounting in FY2007 to FY2010. In addition, the fee could be instituted with automatic indexing provided, currently included in the plan at 3 percent.

DISCOUNTED FISCAL IMPACT

	FY2006	FY2007	FY2008	FY2009	FY2010
Discount %	25%	0%	0%	0%	0%
Fiscal Impact	\$58,500	\$80,300	\$82,700	\$85,200	\$87,800

Issues for Further Analysis or City Input Required

- Determine any operational cost impact
- Determine required authorization change