



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

Date: March 23, 2004
To: Honorable Sandra Colvin Roy, Chair, Transportation & Public Works Committee
Referral to: None

Subject: Report On Franchise Fee Received from Transtop Minnesota, Inc.

Recommendation:

1. Receive and file report on franchise fee received from Transtop Minnesota, Inc.

Previous Directives:

- None

Prepared by: Derek Larson, Engineer Technician, 673-2151

Approved by:

By: _____
Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Jon Wertjes, P.E., Assistant Director, Transportation and Parking Services

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

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

Transtop Minnesota, Inc. has submitted to the City of Minneapolis four quarterly deposits in the amount of \$19,704.28, \$26,800.25, \$36,484.46, and \$34,662.72 for their 2003 franchise fees. These fees are calculated on 13% of their advertising revenue of \$113,991.29, \$206,155.75, \$280,649.66, and \$266,636.29 for the 2003 first, second, third, and fourth quarter of operation, respectively.

The following is a summary of gross revenues reported by Transtop and franchise fees received by the City of Minneapolis from Transtop for the past five years:

Year	Quarter	Gross Revenue	Franchise Fee
1999	1 st	\$160,320.51	\$9,151.05
1999	2 nd	\$152,102.82	\$15,210.28
1999	3 rd	\$244,528.70	\$24,452.87
1999	4 th	\$236,257.27	\$23,625.73
Total		\$793,209.30	\$72,439.93
2000	1 st	\$227,426.80	\$27,291.22
2000	2 nd	\$196,126.82	\$23,535.22
2000	3 rd	\$212,253.12	\$25,470.37
2000	4 th	\$361,967.43	\$43,436.09
Total		\$997,774.17	\$119,732.90
2001	1 st	\$238,446.65	\$28,613.60
2001	2 nd	\$193,296.67	\$23,195.60
2001	3 rd	\$151,984.61	\$18,238.15
2001	4 th	\$265,188.12	\$31,822.57
Total		\$848,916.05	\$101,869.92
2002	1 st	\$180,565.93	\$17,243.30
2002	2 nd	\$215,773.82	\$25,892.86
2002	3 rd	\$188,848.92	\$22,661.87
2002	4 th	\$210,128.90	\$25,215.47
Total		\$795,317.57	\$91,013.50
2003	1 st	\$113,991.29	\$19,704.28
2003	2 nd	\$206,155.75	\$26,800.25
2003	3 rd	\$280,649.66	\$36,484.46
2003	4 th	\$266,636.29	\$34,662.72
Total		\$867,432.99	\$117,651.71

Conclusions:

Significant fluctuations in the marketplace, resulting from economic events such as September 11th, have directly impacted yearly franchise fee totals. The franchise fee for 2003 also increased from 12% to 13% of advertising revenues and will continue at 13% until 2009. Similar variations in future franchise fee revenues can be expected.

Therefore, City Staff recommends:

Receive and File

Report on franchise fee received from Transtop Minnesota, Inc.

Cc: Connie Barry, Transtop
 Robert Bjorklund, Board of Estimate
 Bishow Dhungana, Finance