

City of Minneapolis PROPOSED STREET LIGHTING OPERATIONS FEE/ASSESSMENT



July 7, 2009 Transportation & Public Works (T&PW) Committee Meeting
July 14 & 16, 2009 Community Meetings

1

Street Lighting System & Background

- 46,700 Total Street Lights
 - 28,000 Wood pole street and alley lights
 - 17,000 Metal pole street lights
 - 1,700 Parkway pole street lights
- The total street lighting budget is approximately \$5.5 million which includes:
 - \$2.9 million for Operations - most of this expense is payment to Xcel Energy for electricity plus light bulb replacement
 - \$2.6 million for Maintenance and Repair - this expense is split between City and Xcel Energy
- Currently, the street lighting operations and maintenance/repairs are funded by the Public Work's portion of the City's General Fund.

2

Why a Street Lighting Fee/Assessment?

- The City has been challenged with providing adequate funding as a result of continuous General Fund reductions over the past several years. The City now receives 43 percent less in local government aid than it did just six years ago.
- Reduction in \$21.3 million from the local government aid that the City of Minneapolis was slated to receive in 2010 means City leaders must trim next year's budget.
- The Department of Public Works is being challenged to find new and more sustainable ways to pay for the services residents, businesses, and visitors expect.
- A Street Lighting Operations Fee is being proposed instead of cutting back on street light repairs, limiting the hours that the lights are on, or turning them off altogether to save money.
- A fee is a more stable and dependable way to get funding for keeping the street lights on and working.
- To implement the fee, the City must first change the ordinance that governs how we fund street light operations and maintenance.

3

Other Metro Area Cities with a Fee

- Numerous other cities both regionally, statewide and nationally already use street light fees and/or assessments. A sampling of other Metro Area cities includes:
 - Apple Valley = \$19.28 per year for single family residential
 - Brooklyn Center = \$12.84 per year
 - Brooklyn Park = \$23.00 per year for single family residential
 - Cottage Grove = \$11.00 per year
 - Crystal = \$15.36 per year
 - Eagan = \$19.20 per year
 - Forest Lake - \$18.00 per year
 - Maple Grove = \$22.40 per year
 - North St Paul = \$15.12 per year
 - Oakdale = \$32.00 per year
- Other Minnesota cities are currently considering street lighting fees for budget reasons include Bemidji, Crookston, St. Cloud, and South St Paul.

4

City's Legal Authority for the Fee/Assessment

- State Laws 1994, Ch. 587, Art. 9 allows the city of Minneapolis to “provide for the collection of special charges, fees or taxes for all or any part of the cost of (1) any service to streets or sidewalks ... and all other services or improvements specified in Minnesota Statutes, section 429.101; in the same manner as a special assessment against the property benefited.”
- City needs to revise Ordinance Chapter 431

5

Proposed Fee/Assessment Methodology

- Allocation Method
 - Use Influence Area square footage calculation similar to street and street lighting capital assessments
 - Uniform rate for all properties
 - Both taxed and tax-exempt properties would pay the fee
 - Certain governmental entities will not be charged (federal, state, etc.)
 - Fee will show up as a Special Assessment on the property tax statement
- Total Fee Amount of \$3 million
 - \$2,900,000 for operation costs
 - \$ 100,000 for administrative costs



6

Average Estimated Benefit/Cost to Properties

The current analysis has estimated the average annual fee amounts (based on a uniform rate of \$4 per 1000 sq. feet per year) for various property sizes as follows:

- Average Single Family properties
 - 5,000 square feet (40'x125') property size = approximately \$20 per year or \$1.67 per month
- Average Duplex properties
 - 5,625 square feet (45'x125') property size = approximately \$22 per year
- Average Multi Family properties
 - 8,750 square feet (70'x125') property size = approximately \$35 per year
- Average Commercial properties (along typical street corridors)
 - 12,500 square feet (100'x125') property size = approximately \$50 per year
- Average Industrial and larger commercial properties
 - 54,450 square feet (330'x165') property size = approximately \$218 per year
- Average Larger parcels (institutions, industrial, other)
 - 108,900 square feet (660'x165') property size = approximately \$436 per year

7

Next Steps

- Ordinance Change
 - Community Engagement
 - Public Meetings
 - Tuesday, July 14 6:30 pm, Farview Park, 612 29th Ave N
 - Thursday, July 16 6:30 pm, Martin Luther King Park, 4055 Nicollet Ave S
 - Web site – email comments to streetlightfee@ci.minneapolis.mn.us
 - 311 – call with comments
 - Public Hearing on Ordinance – Tuesday, July 21 at T&PW Committee
 - City Council Adoption of Ordinance – August 14
- Fee/Assessment Notice, Adoption & Implementation
 - August 18 T&PW Committee – set Public Hearing for Sept 22 & introduce fee method and amounts
 - August 18 to Sept 21 -- Answer questions from public
 - September 22 -- Public Hearing on assessments at T&PW Committee
 - October 2 City Council Adoption of assessments
 - October/November 2009 – finalize efforts and send info to County
 - 2010 – assessment shows up on property tax bill

8