



**WORK SESSION
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM
MAY 9, 2023
5:15 PM**

Call to order

1. Staff is seeking direction on a proposed increase to electric and gas franchise fees and the streetlight user fee to help fund right-of-way improvements, sustainability projects, and to cover electricity costs for the streetlighting system.
2. Refresher on local speed limits, staff's ongoing speed limit study, and an updated staff recommendation for discussion.

Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.

**WORK SESSION STAFF REPORT NO. 18****WORK SESSION****5/9/2023**

REPORT PREPARED BY: Rachel Lindholm, Sustainability Specialist

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director
5/2/2023

OTHER DEPARTMENT REVIEW: Chris Link, Public Works

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
5/2/2023**ITEM FOR WORK SESSION:**

Staff is seeking direction on a proposed increase to electric and gas franchise fees and the streetlight user fee to help fund right-of-way improvements, sustainability projects, and to cover electricity costs for the streetlighting system.

EXECUTIVE SUMMARY:**Franchise Fees**

Per city ordinance, the City of Richfield can only collect up to 5% of each utility's gross revenues. The amounts collected in 2022 are about 4.13% of each respective utility's gross revenues. The increase would add an additional \$405,225.35 annually.

Street Light User Fee

Xcel Energy increased electricity rates by 21% in 2022. The current amount collected does not cover street lighting electricity costs. Staff are proposing to increase the quarterly residential charge from \$5.19 to \$6.50. The proposed increase would collect an additional \$68,500 annually.

DIRECTION NEEDED:

Staff are seeking direction on whether the Council would support increasing franchise fees and the street light user fee and would like this guidance before moving forward with the next steps.

BACKGROUND INFORMATION:**A. HISTORICAL CONTEXT****Franchise Fees**

The City first adopted an Electric Franchise Fee Ordinance and Gas Franchise Fee Ordinance in December 2003, to be implemented in early 2004. The franchise ordinances included a fee schedule that incorporated several classifications of properties and the corresponding monthly fee per meter. Currently residential properties pay \$8.20 per month or \$98.40 annually, collected by Xcel and CenterPoint.

Street Light User Fee

In order to maintain current street light services, the City of Richfield established a Street Light User Fee in 2009. Currently, residential households pay \$5.19 per quarter or \$20.76 annually.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

Franchise Fees are governed by Richfield Municipal Code, Appendix E.

C. CRITICAL TIMING ISSUES:

Staff would like to start the process as soon as possible to help alleviate current budget constraints and to initiate increases by January 1st, 2024.

D. FINANCIAL IMPACT:

The franchise fee increase would result in the City collecting the maximum allowable share of utility gross revenues. This increase would reflect a move from 4.13% to 5% of gross revenue collected. Estimated calculations show an approximate increase per household from \$98.40 per year to \$117 per year. The annual franchise fees generated would amount to approximately \$2.33 million.

The street light user fee increase would result in a charge of \$6.50 per quarter. The annual street light user fees generated would amount to approximately \$339,873.

E. LEGAL CONSIDERATION:

There is no legal consideration at this time. All outlined legal processes and requirements would be followed if direction to pursue this effort is given.

ALTERNATIVE(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

None



WORK SESSION STAFF REPORT NO. 17

WORK SESSION

5/9/2023

REPORT PREPARED BY: Matt Hardegger, Transportation Engineer

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director
5/2/2023

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
5/2/2023

ITEM FOR WORK SESSION:

Refresher on local speed limits, staff's ongoing speed limit study, and an updated staff recommendation for discussion.

EXECUTIVE SUMMARY:

Public Works staff seeks to use this work session to provide a refresher and update to the City Council on the status of local speed limits after the initial October 2022 work session, including staff's updated proposed recommendation for discussion.

Staff recommend a default speed limit of 25 mph City-wide with exceptions for one 30 mph road and one 35 mph road. Alleys would remain at 10 mph. Making an official speed limit change will require a subsequent council meeting with corresponding resolutions and ordinances.

DIRECTION NEEDED:

Staff is seeking direction from City Council on the updated recommendation.

BACKGROUND INFORMATION:

A. HISTORICAL CONTEXT

In 2019, the Minnesota Legislature gave cities increased authority to set local speed limits. This legislation does not include County, State, airport, or private roads.

All Minnesota cities that set local speed limits must:

- Do it in a "consistent and understandable manner"
- Do it "based on the city's safety, engineering, and traffic analysis"
- Provide "appropriate signage"
- Consider "methods to effectively communicate the change to the public"

Since then, some cities in the metro have evaluated their speed limits and made changes. Richfield staff was directed to evaluate our current traffic landscape and make a recommendation on whether our speed limits should change.

From 1998 to 2001, the City of Richfield (as a part of our legislative priorities) supported legislation for a

25 mph urban speed zone. In 2018, the City's pedestrian plan included a measure to "Pursue legislative policy changes to allow for reduced speed limits on residential streets". Under current State statute, the default speed limit for any local road is 30 mph and for any alley is 10 mph.

Historically, speed limits have been set based on the 85th percentile speed, the speed where 15% of people travel faster. In the past ten years, there has been building evidence this method is outdated. A study by the National Transportation Safety Board found that there was no evidence equating to lower crash involvement when setting speed limits using the 85th percentile. The current recommended changes to the Manual of Uniform Traffic Control Devices (MUTCD) state that the 85th percentile should apply only on freeways, expressways, or rural highways. The MUTCD still awaits an update after public comments were taken in 2020 and 2021.

The National Association of City Transportation Officials (NACTO) released guidance on setting local speed limits in 2020. As a part of their guidance and recommendations, most urban streets are recommended to have a speed limit of 20 mph or 25 mph depending on several factors. The maximum recommended speed limit for urban areas is 35 mph, for roads with low activity AND low conflict density.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

Changing speed limits requires an ordinance clarifying the Richfield Municipal Code as well as other housekeeping resolutions.

C. CRITICAL TIMING ISSUES:

None

D. FINANCIAL IMPACT:

Speed limit changes are included in the 2023 CIB and 2024 CIP for an overall total cost of \$200,000. The costs include new signs, traffic signal re-timing and modifications, and a public education campaign.

E. LEGAL CONSIDERATION:

Changing speed limits requires an ordinance clarifying the Richfield Municipal Code as well as other housekeeping resolutions.

ALTERNATIVE(S):

None

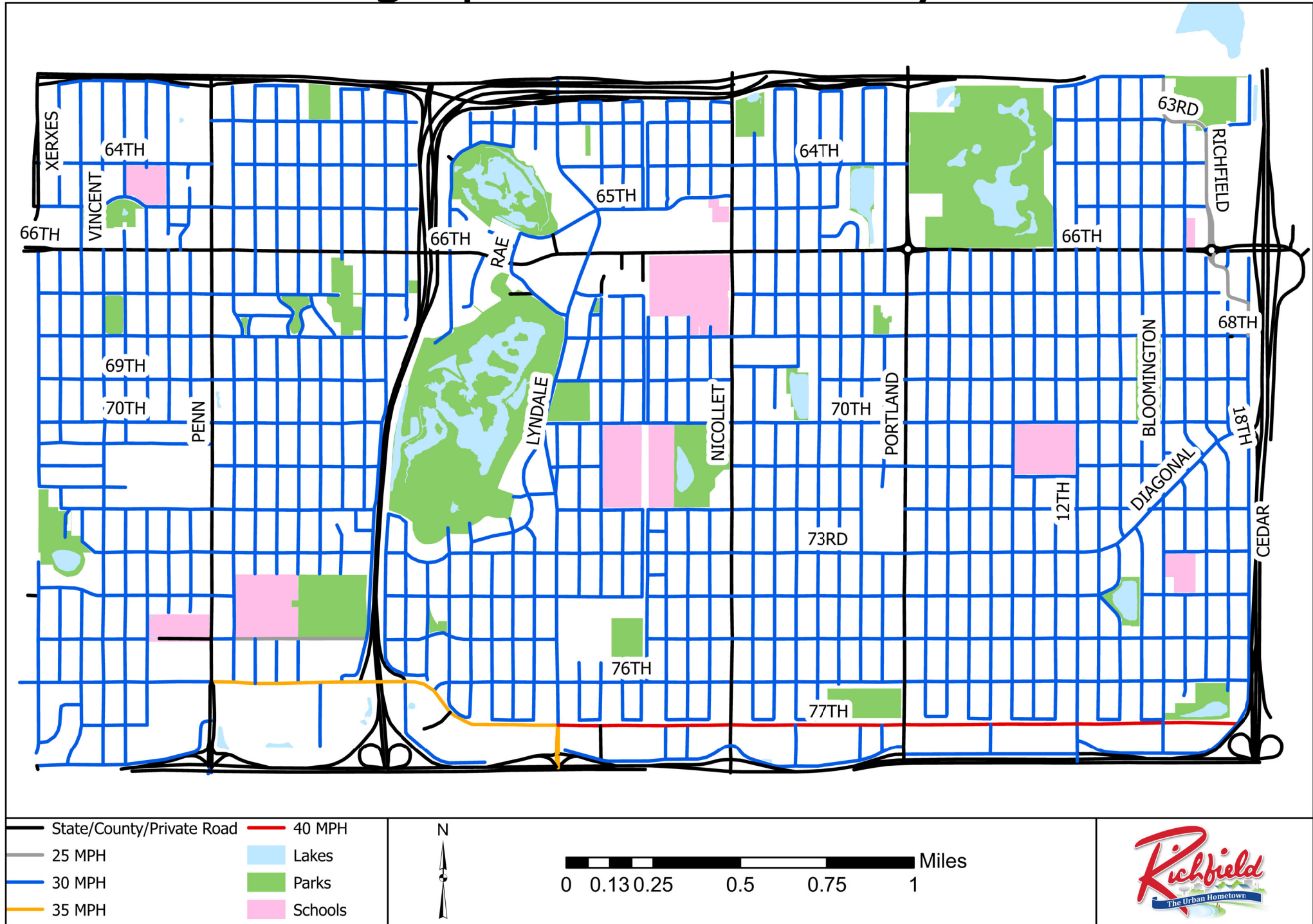
PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
Existing Speed Limits Map	Backup Material
Staff Recommendation Speed Limits Map	Backup Material

Existing Speed Limits - May 2023



Proposed Speed Limits - May 2023

