



AGENDA

**City Council Work Session
Monday, January 27, 2025
Mankato Room
(following the Regular Meeting at 6 p.m.)**

1. Discussion re Right-of-Way Obstruction Fees
2. Adjournment



AGENDA RECOMMENDATION

City Council Work Session

1.

Meeting Date: 01/27/2025

Agenda Item:

Discussion re Right-of-Way Obstruction Fees

Recommendation/Action(s):

Discussion only.

Summary:

Background:

City Code (Sec. 6.06 – Right of Way Management) allows the City to manage activities within public rights-of-way (ROW) and charge fees for that management. The actual fee amounts are set by the City Council as part of the broader fee schedule. The City charges private developers for obstructing public rights-of-way (ROW) during construction projects. However, the current fee structure has raised concerns among both developers and city staff. Staff are seeking direction from the City Council on how to proceed with obstruction fees. After the Council discussion, staff will propose revisions to the fee structure and bring those changes back to the Council for approval.

Current Fee Structure:

The current ROW obstruction fees were established to address the significant impacts that development projects—particularly in the Downtown Area—have on public spaces, as these projects often require blocking parts of the ROW during construction. These fees are intended to encourage developers to minimize their impact on public access to roads, sidewalks, and other ROW areas, and to consider public safety.

The existing fee schedule is straightforward but lacks detail, making it challenging to apply consistently to different development projects. Developers must obtain an obstruction permit before construction begins, based on their planned schedule and anticipated ROW impacts. Staff inspect the project during construction and invoice the developer for the actual obstruction observed.

Current Obstruction Fee Schedule:

- Downtown Central Business District (CBD): \$300 per block per day
- Arterial/Collector Streets: \$150 per block per day
- Local/Residential Streets: \$50 per block per day

Currently, the fee schedule and the Code do not differentiate between obstructions to streets, sidewalks, or other parts of the ROW. While staff have adjusted fees to account for these differences, such adjustments may not be allowed under the current fee structure. Developers have expressed that they feel the fees, particularly in the Downtown CBD, are excessive.

Proposed Adjustments:

Staff have explored several options to revise the existing fee structure, considering factors like the duration of obstructions and the percentage of the ROW that is obstructed. The following proposed fee schedule provides more detail than the current one while still being relatively simple.

Potential Fee Schedule for Discussion:

This updated schedule addresses typical ROW uses and strongly encourages developers to maintain some vehicle access on affected streets. A new category, *Offroad Trails*, has been introduced to cover trail closures in areas not adjacent to roads, such as parks or natural areas.

Obstruction Type	Downtown (per block/day)	Arterial/Collector (per block/day)	Local/Resid/Alley (per block/day)
Sidewalk Only	\$75	\$50	\$25
Parking/Turn Lane (includes sidewalk)	\$150	\$100	\$50
Driving Lane/Partial Street (incl parking/turn lane & sidewalk)(up to 1 lane in each direction remaining)	\$225	\$150	\$75
Complete Street	\$450	\$300	\$150

Example: For example, the Hotel Mankato project in the Downtown Area is expected to cause significant obstructions on both 2nd Street and Main Street through 2026. Under the current fee structure, our early estimates for the obstructions related to this project would face approximately \$296,000 in obstruction fees. With the proposed new schedule, the fees would be reduced to about \$247,000.

Stakeholder Input:

Staff shared this memo with two developers recently involved with similar issues in the Downtown area. As of now, no feedback has been received. The City may consider broader engagement with the business community before any changes are made.

Policy Considerations:

The following points are offered to guide the City Council's discussion:

- **Encourage minimal disruption:** Obstruction fees should incentivize developers to minimize disruptions to public ROW usage without discouraging development and investment in the community.
- **Clear fee schedule:** The fee structure should be clear and address common scenarios that arise during development.
- **Flexibility:** It's likely that future situations will differ from those anticipated by the fee schedule. Some flexibility in applying the fees may be necessary, if the original intent is preserved.
- **Development costs:** Obstruction fees are generally small compared to the overall cost of development. However, managing project costs is critical for developers, especially when facing financing challenges.

Next Steps:

- **Feedback Review:** Staff will continue to gather input from key stakeholders to refine the potential fee adjustments.
 - **Revised Fee Schedule:** Based on the City Council's direction, staff will present amendments to the current fee structure and the related sections of the City Code for Council approval.
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