

# Elk River Finds Its Way to Smoother Roads

BY ANDREW TELLIJOHN

**M**ayor John Dietz has served about 20 years as a councilmember and then mayor for the City of Elk River. During that span, his least favorite part of the job has been adding assessments to residents' property taxes for road projects near their homes.

But he also thought that was the fairest approach to ensuring that people paid their share for the wear and tear on the roads. And that didn't change right away when City Engineer Justin Femrite and other city staff in 2012 proposed switching from assessments to monthly, pay-as-you-go franchise fees collected from citizens as part of their gas and electric bills.



PHOTO BY MICHAEL BRAUN

“When he first presented [the franchise fee option], I was a little skeptical,” Dietz says. “I kept thinking to myself, ‘Can we really generate enough money from this to do the road projects we need to do?’ I was skeptical we could generate enough funds without having a tremendously high fee.”

But Femrite and his colleagues worked through the numbers. They

proposed charging each customer \$5 on their electric bill and \$4 on their gas bill each month. Businesses pay higher rates. The funds are dedicated specifically to maximizing the lifespan of the city's streets through maintenance and rehabilitation.

“They convinced the Council that this could work,” Dietz says. “Justin convinced the Council to do this, and he deserves the credit.”

## Increased road costs on the horizon

In 2012, about 80 percent of the city's streets were in very good condition, but the upcoming five to 10 years were going to bring an increase in projects and costs because roads that were built in the 1990s and 2000s were coming up for maintenance.

“We had to start spending more money than we were used to spending because we had a larger system,” Femrite says.

That's why he proposed the franchise fee and designed the new model. Under his proposal, special assessments for street improvements—and the lengthy public hearings that came along with them—would be eliminated. The city would pay for improvements as they became necessary, so they could more efficiently use the proceeds of the new fee. In addition, the city agreed to waive



PHOTO BY MICHAEL BRAUN

City Engineer Jason Femrite, left, and Mayor John Dietz stand on Orono Road Northwest, which received the benefits last year of the city's new pavement management program.

the franchise fees for residents paying previously levied assessments until those assessments were paid in full.

The change was implemented in 2013, and the benefits went far beyond eliminating large property tax assessments, Femrite says. By collecting the money ahead of time, the city would be able to keep enough on hand to pay for projects as they were done rather than borrowing the money. That has saved hundreds of thousands of dollars in interest payments, meaning more funds can be dedicated to work.

That also means street upkeep is more frequent and regular, which increases the lifespan of the roads, city officials say.

### Getting community buy-in

Getting the community on board was key to making the change successful.

“We waited until the Council gave direction that they were steering this way,” Femrite says. “They said, ‘Why don’t you gauge the interest level of the community?’”

The city sent mailings to all residents and worked through the Elk River Area Chamber of Commerce to engage business leaders. Staff attended business group meetings and also set up a blog for comments and questions.

Femrite says he responded to many queries, but he had a sense the idea was catching on when some critics were shot down by supporters before he had a chance to answer.

“The one thing I really feel was beneficial for us on that blog was when people would post critical things of government and what we were trying to do, proponents for it outside the city staff would argue for making a change like this,” Femrite says “I think that really helped in having that open dialogue between community members without me necessarily having to make every response. That goes a long way—it’s not the city telling everyone the answers.”

While there were doubters and opponents, Femrite says, once people started understanding that the change would mean an end to the assessment system of the past, momentum gathered in support of the change.

“I don’t care whether it’s real life or Monopoly, nobody likes to get the card saying ‘You received a notice from the city for street repairs; pay this much

money,’” he says. “It wasn’t favorable for anyone—nobody has ever liked going through that process.”

Debbi Rydberg, executive director with the Elk River Area Chamber, says the organization did not take sides on the issue, but did help the city disseminate information about the change to its members. She understands that the change is likely more budget-friendly for most people, and she did credit city officials with being upfront about the proposed change and open to suggested alterations.

“I think [city leaders] were very open about it,” Rydberg says. “They wanted to hear the concerns.”

Since the franchise fees were implemented, she has not heard any complaints from the local business community—an indication that the move has not been problematic.

“I talk to businesses all the time,” she says. “I hear them complain about plenty of things. I would be one of the people to hear about it, especially since we did provide the information.”

### Modeled after St. Louis Park program

The franchise fee model seems to be growing in popularity. Dietz says Elk River officials have been contacted by several cities seeking insight about how the change has worked. And Femrite indicates that the Elk River franchise fee was modeled after programs introduced in a couple cities several years ago.

One of them was a program instituted by St. Louis Park several years ago under which the city collects \$3.25 from both gas and electric users each month to cover the cost of street rehabilitation. St. Louis Park City Manager Tom Harmening says the franchise fee has been adjusted every other year to keep up with the cost of construction, but adds that the fee has allowed St. Louis Park to maintain its roads on a pay-as-you-go basis without assessing residents for the cost.

It’s been around since 2003 and, despite City Council turnover since then, the program has been in place and funds have been used only for the initially intended purpose, Harmening says.



Mayor Dietz and City Engineer Femrite look at distressed pavement in need of reconstruction.

PHOTO BY MICHAEL BRAUN

“We have a traditionally strong commitment to maintaining our infrastructure and upgrading it,” he says. “We do have turnover on the Council, but we’ve always had councilmembers who have seen the value of what we’re doing. That certainly helps. It’s never been an issue, not even remotely.”

St. Louis Park officials are satisfied with their program 13 years after it was implemented. And, so far, Elk River leaders believe city officials now and in the future will agree that this was the right move to make.

“This has been a real positive,” Femrite says.

In fact, Dietz quickly came full circle despite his early doubts and now supports the franchise fee 100 percent.

“I’ve heard very few complaints about this fee since it was implemented,” he says. “To get charged \$108 a year for street repair? I don’t know how you can get by any cheaper than that. I’m a convert. It’s proven that it works.”

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