

City of Ramsey
Agenda
City Council Work Session
Tuesday, May 12, 2020

5:30 pm

Remote Locations

Meeting by telephone or other electronic means in accordance with Minnesota Statute 13D.021

Join us via computer at www.cityoframsey.com/meetings.

To join via phone, please use the following information:

+1 480 712 7555 (US Toll)

Meeting ID: 116 6274 4365

Comments are also welcomed and encouraged prior to the meeting and live during the meeting at
meetings@cityoframsey.com or 763-433-9819.

- 1. Call to Order**
- 2. Topics for Discussion**
 1. Discuss Pavement Management Plan Funding Options
 2. Provide Direction on Curbside Recycling Program
- 3. Topics for Future Discussion**
 1. Review Future Topics/Calendar
- 4. Mayor/Council/Staff Input**
- 5. Adjournment**

Meeting Date: 05/12/2020

Information

Title:

Discuss Pavement Management Plan Funding Options

Purpose/Background:

In 2014, the Ramsey City Council adopted a Pavement Management Program that relied on assessments and General Fund Revenue to support the effort. It was concluded that this method was the best approach at the time and that the funding program would be re-evaluated after five years.

The purpose of this case is to discuss Pavement management Plan (PMP) funding options with the Council and to determine a preferred option to fund road repair and maintenance over the next five years. The attached PowerPoint presentation outlines the needs for a sustainable road maintenance program, the results of the past five year's worth of projects, financial projections moving forward under the current plan, and the pros and cons of available funding methods.

The University of Minnesota has submitted a recently completed study of local communities in regard to road funding and those are attached for your information.

Timeframe:

Funding Source:

N/A

Responsible Party(ies):

Kurt Ulrich

Outcome:

Action based upon discussion and desired alternative(s).

Attachments

[2020 RPM Funding](#)

[U of M RAMS Final Report](#)

[U of M Presentation](#)

[FF to Project Cost](#)

[Prop Tax vs FF](#)

[Draft Electric FF Ord](#)

[Draft Gas FF Ord](#)

[Road Funding Online Responses](#)

Form Review

Inbox

Kurt Ulrich

Colleen Lasher

Kurt Ulrich

Kurt Ulrich

Kurt Ulrich

Form Started By: jthieling

Final Approval Date: 05/07/2020

Reviewed By

Kurt Ulrich

Colleen Lasher

Kurt Ulrich

Kurt Ulrich

Kurt Ulrich

Date

06/05/2019 10:00 AM

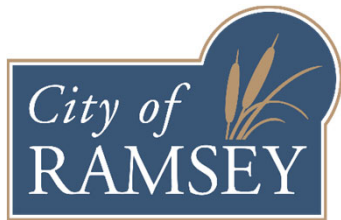
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06/06/2019 03:55 PM

06/20/2019 04:40 PM

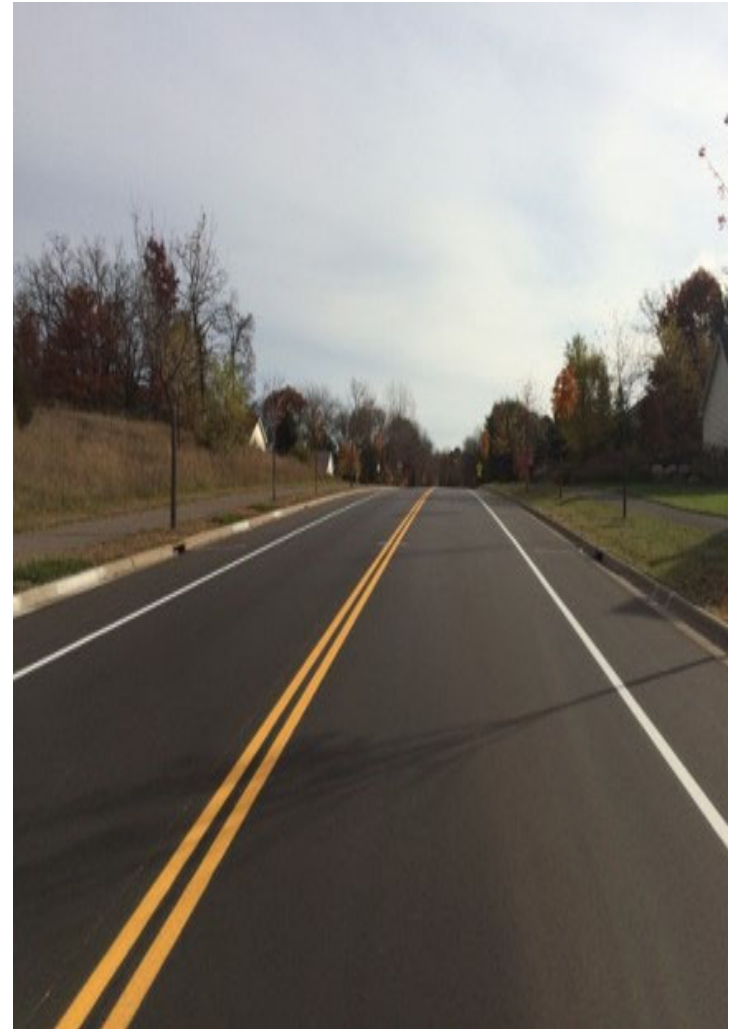
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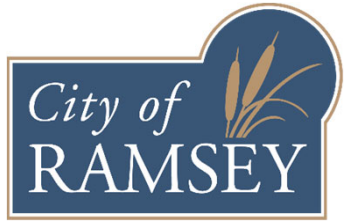
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Pavement Management Funding

City of Ramsey | May 2020





Pavement Management Funding



Overview

- 1 Current street status
- 2 Pavement management basics
- 3 Existing funding program
- 4 Alternative funding options
- 5 Next steps

Current Street Status

Many of Ramsey's streets were constructed in the 1970s, 1980s, and 1990s and are in need of major maintenance or reconstruction.

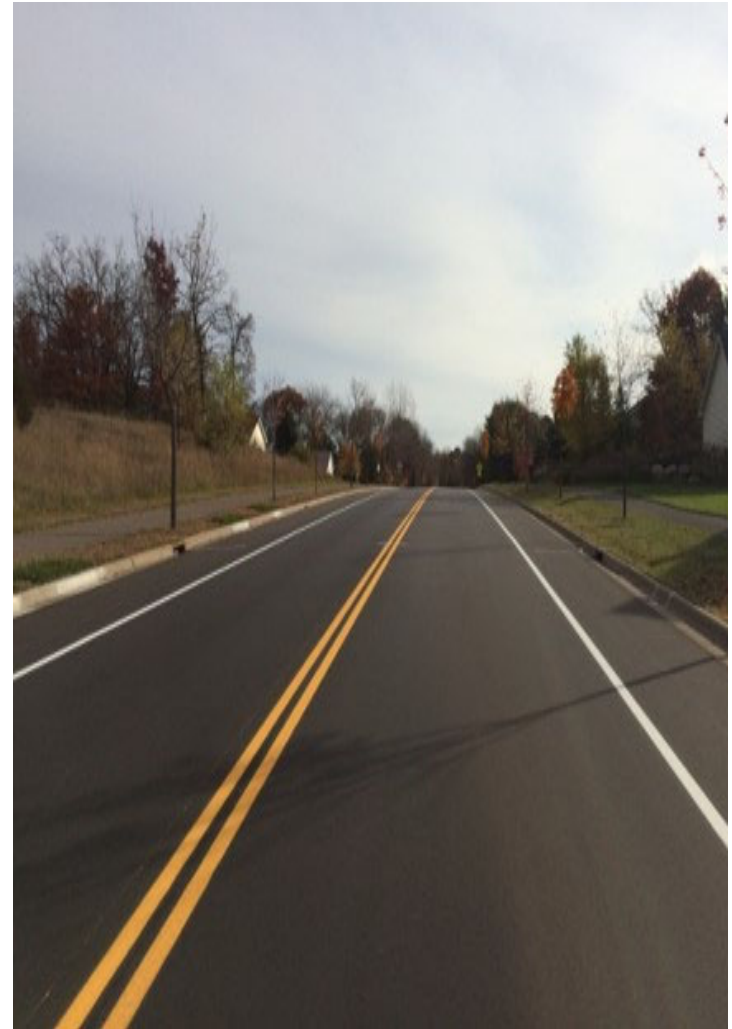
Extending the life of streets requires regular maintenance and good initial design and construction.

As a result of limited funds, the condition of Ramsey's streets are deteriorating faster than the City can fund new construction and repairs.



Pavement Management in Ramsey

- More than 180 miles of paved city streets
- Pavement Surface Evaluation and Rating (PASER) system (1-10 rating system uses visual inspection to evaluate pavement)
- Current practices: crack seal, mill and/or overlay, reconstruction/ reclamation
- Current General budget \$500,000/year for crack seal (seal coating suspended starting in 2020, previously streets were seal coated every 7 years, 13-23 miles/yr)



Ramsey Street Inventory

| Age | Miles | Percent of Total Miles |
|-----------------|------------|------------------------|
| 0 - 10 | 12 | 7% |
| 11 - 20 | 31 | 17% |
| 21 - 30 | 44 | 25% |
| 31 - 40 | 70 | 39% |
| Greater than 40 | 21 | 12% |
| Total | 178 | |

| Paser Rating | Condition | Miles | Percent of Total Miles |
|--------------|-----------|-------|------------------------|
| 1 - 3 | Poor | 14 | 8% |
| 4 - 6 | Fair | 39 | 22% |
| 7 - 10 | Good | 125 | 70%* |

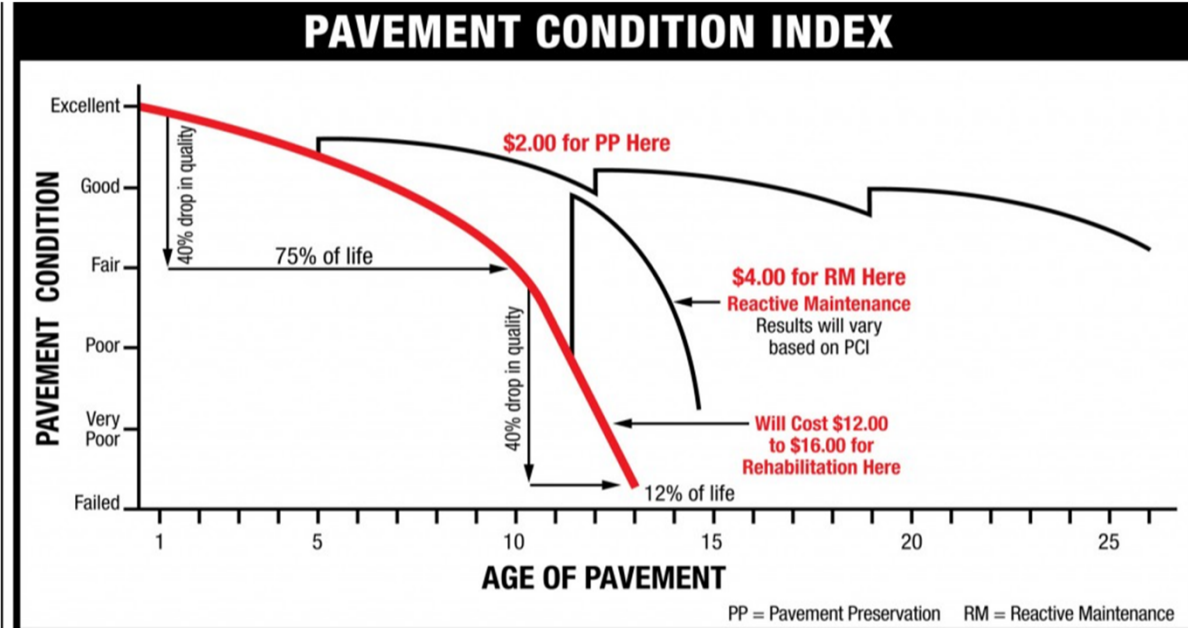
*15% (or 27.85 miles) have a PASER rating of 7, or slightly above Fair



PASER Rating: A PASER scale is a 1-10 rating system for road pavement condition. PASER uses visual inspection to evaluate surface pavement conditions.

Pavement Management in Ramsey

- Pay now, or pay more later: regular maintenance extends life of streets



Pavement Management in Ramsey

- Before and after project



Current Street Funding Method

Currently, the City assesses benefiting property owners 25% of project costs.

The other 75% is funded through the tax levy. This accumulates debt, consisting of annual principal and interest payments.

Our current method cannot keep up with the need to construct and repair Ramsey's 180 miles of roadway.



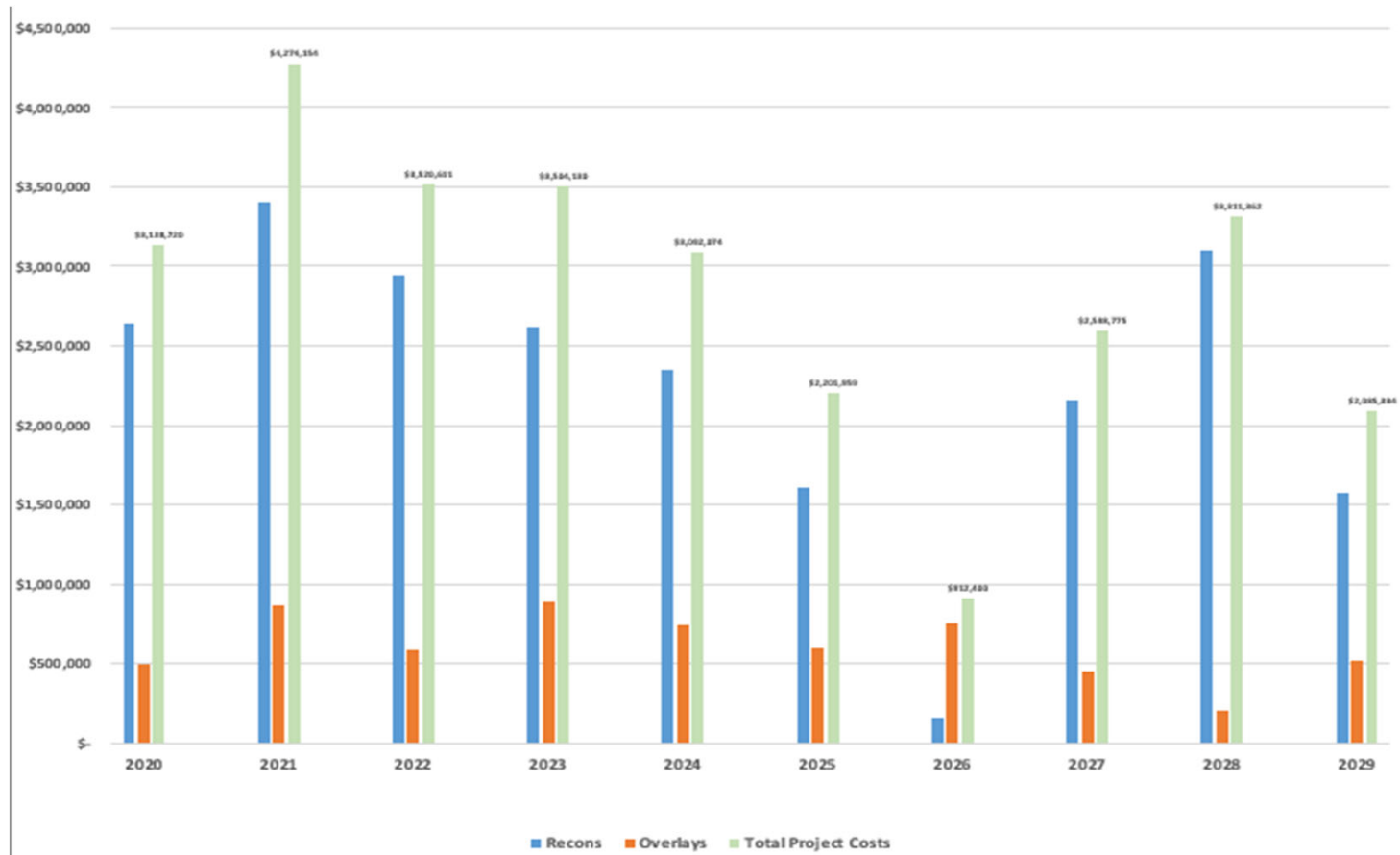
Five Year Review

- City adopted a Special Assessments Policy on December 9, 2014. This policy was used to levy assessments against benefiting property owners with the 2015 PMP projects per the attached summary.

City of Ramsey 2015 - 2019 Pavement Management Program Summary

| Year Constructed | Improvement Type | Street Segments | Project Length (Miles) | Total Project Cost (1) | % Eligible Costs Assessed | No. Properties Assessed | Assessment per Property |
|----------------------------------|------------------|--|------------------------|------------------------|---------------------------|-------------------------|-------------------------|
| 2015 | Overlays | Misc. | 2.95 | \$326,547.20 | 25.00% | 112 | \$728.90 |
| | Reconstruct | Garnet St & 168th Ave | 0.39 | \$1,032,294.66 | 22.11% | 12 | \$6,500.00 |
| | Reconstruct | Jarvis St | 0.72 | \$485,578.44 | 12.86% | 10 | \$4,500.00 |
| 2015 Totals | | | 4.06 | \$1,844,420.30 | | 134 | |
| 2016 | Overlays | Sunwood Dr | 0.84 | \$232,245.79 | 1.23% | 3 | \$950.00 |
| | Reconstruct | Andrie St & 164th Ave | 1.89 | \$1,828,375.47 | 25.00% | 65 | \$6,636.40 |
| 2016 Totals | | | 2.73 | \$2,060,621.26 | | 68 | |
| 2017 | Reconstruct | Sunwood Dr | 0.58 | \$508,915.64 | 23.37% | 9 | Variable |
| | Reconstruct | Alpine Dr | 0.68 | \$428,131.67 | 0.00% | 0 | \$0.00 |
| 2017 Totals | | | 1.26 | \$937,047.31 | | 9 | |
| 2018 | Overlays | Misc. | 3.46 | \$610,995.00 | 25.00% | 124 | Variable |
| | Reconstruct (3) | North Forty (Petitioned Against) | | | | | |
| | Reconstruct | River's Bend | 0.52 | \$245,819.47 | 25.00% | 44 | \$1,396.70 |
| | Reconstruct | Stanhope Terrace | 0.53 | \$365,456.71 | 25.00% | 16 | \$5,710.30 |
| 2018 Totals | | | 4.51 | \$1,222,271.18 | | 184 | |
| 2019 (2) | Reconstruct (3) | Brookview Estates (Petitioned Against) | | | | | |
| | Reconstruct | Ford Brook Estates | 0.16 | \$323,910.48 | 12.64% | 8 | \$5,116.90 |
| | Reconstruct | Wood Pond Hills & Chestnut Ridge | 0.63 | \$375,047.33 | 25.00% | 59 | \$1,445.00 |
| 2019 Totals | | | 0.79 | \$698,957.81 | | 67 | |
| Grand Total (2015 - 2019) | | | 13.36 | \$6,763,317.86 | | 462 | |

Projected Project Costs (2020-2029 CIP)

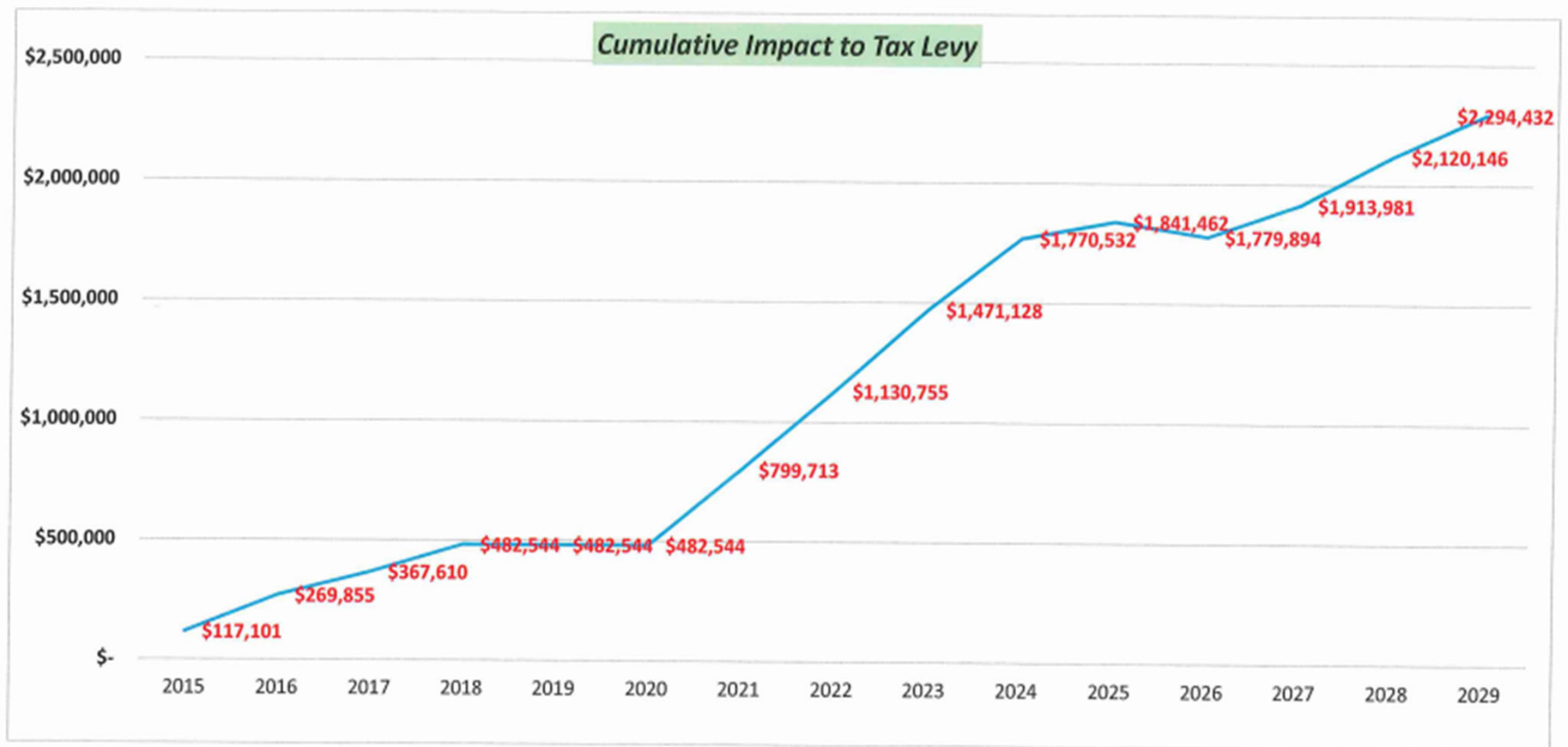


Impact of Long term debt (2020-2029 CIP)

| | | | | | | | \$ | - |
|--|---------------------------|---------------------------------------|------------------------------------|------------------------------------|---|--|---|---|
| Road Reconstruction Debt | | | | | | | \$ | - |
| Issuance of General Obligation Street Reconstruction Bonds | | | | | | | \$ | - |
| Debt Service: 25% Special Assessment - 75% Property Tax Levy | | | | | | | \$ | - |
| | | | | | | Annual Property Tax Levy Per Year Issued | Total Tax Levy on Road Recon Debt | |
| <u>Year Issued</u> | <u># Years Levied</u> | <u>Last Year Levy Payable</u> | <u>Par Amount of Bonds</u> | <u>Annual Debt Service</u> | <u>Annual Special Assessment Levy**</u> | | | |
| | 10 | 2025 | \$ 1,205,000 | \$ 142,451 | \$ 25,350 | \$ 117,101 | \$ 117,101 | |
| 2016 | 10 | 2026 | \$ 1,650,000 | \$ 196,280 | \$ 43,526 | \$ 152,754 | \$ 269,855 | |
| 2017 | 10 | 2027 | \$ 895,000 | \$ 107,988 | \$ 10,233 | \$ 97,755 | \$ 367,610 | |
| 2018 | 10 | 2028 | \$ 1,175,000 | \$ 150,072 | \$ 35,138 | \$ 114,934 | \$ 482,544 | |
| 2019 | | | Remaining Road Funds | \$ - | \$ - | \$ - | \$ 482,544 | |
| 2020 | | | Remaining Road Funds | \$ - | \$ - | \$ - | \$ 482,544 | |
| * 2021 | 10 | 2031 | \$ 3,355,996 | \$ 398,625 | \$ 81,456 | \$ 317,169 | \$ 799,713 | |
| * 2022 | 10 | 2032 | \$ 3,398,977 | \$ 413,541 | \$ 82,499 | \$ 331,042 | \$ 1,130,755 | |
| * 2023 | 10 | 2033 | \$ 3,443,187 | \$ 423,946 | \$ 83,573 | \$ 340,373 | \$ 1,471,128 | |
| * 2024 | 10 | 2034 | \$ 2,984,355 | \$ 371,840 | \$ 72,436 | \$ 299,404 | \$ 1,770,532 | |
| * 2025 | 10 | 2035 | \$ 1,846,962 | \$ 232,860 | \$ 44,829 | \$ 188,031 | \$ 1,841,462 | |
| * 2026 | 10 | 2036 | \$ 895,688 | \$ 112,926 | \$ 21,740 | \$ 91,186 | \$ 1,779,894 | |
| * 2027 | 10 | 2037 | \$ 2,384,656 | \$ 289,722 | \$ 57,880 | \$ 231,842 | \$ 1,913,981 | |
| * 2028 | 10 | 2038 | \$ 3,108,504 | \$ 396,548 | \$ 75,449 | \$ 321,099 | \$ 2,120,146 | |
| * 2029 | 10 | 2039 | \$ 1,687,233 | \$ 215,238 | \$ 40,952 | \$ 174,286 | \$ 2,294,432 | |
| Totals | | | \$ 28,030,558 | | | | | |

* Estimates only - Based on City of Ramsey's 2020-2029 Capital Improvement Plan (CIP) - No Debt Yet Issued
 **Total Annual Special Assessment Levy is Based on 25% Levy

Impact of Long term debt (2020-2029 CIP)



Current Assessment Costs

In Ramsey, assessments to benefiting property owners have ranged from:

- \$730 to \$6,636 for residential properties (overlay to full reconstruction)
- \$6,500 to \$33,364 for commercial/industrial properties





Alternative Methods for Stable Street Funding

Goal: a funding program that reliably delivers consistent funding to reduce overall expenditures and life cycle costs

Pavement Management in Ramsey

Which way to turn?



Goal: a funding program that reliably delivers consistent funding to reduce overall expenditures and life cycle costs

Possible funding options

Combination of tax levy & assessments (current program)

- Special assessments are a charge imposed on properties for a particular improvement that benefits the owners of those properties.
- By paying an assessment in addition to the levy, benefitting properties pay a larger share.

100% tax levy

- The City tax authority sets a percentage rate for the additional tax, which is then calculated against the assessed value of each property.

Franchise fees

- Cities have franchise agreements with each gas and electric utility. Cities may charge utilities a franchise fee for the use of the roads, and rights-of-way, which is generally passed on to the customer.
- Fees generally range from \$8-\$16 per month for residential properties, while commercial and industrial fees are based on meter size.



Other possible funding options

Combination of tax levy & assessments & franchise fee

- General tax levy and special assessments revenue could be used to lower franchise fees.
- Most of the benefit of reduced administrative costs would be eliminated if the city kept assessments low (e.g., public hearings, petitions).

Local Sales Tax

- Many cities across Minnesota have used a local option sales tax (approved by the legislature) to raise additional revenue. A .5% sales tax in Ramsey would raise approximately \$650,000 per year (based on historical sales data).



Funding Options (Comparison)

Assessments

Pro

- Currently in use and legally defensible
- Greatest benefit pays the greatest cost

Con

- More expensive in process costs and a significant burden to property owners
- Administrative and interest charges add at least 5% to project
- Only covers up to 25% of eligible costs
- Assessed projects that are petitioned against still have a large City expenditure with no project delivery
- Not tax-deductible



Funding Options (Comparison)

Tax levies

Pro

- Higher value pays highest cost (i.e., progressive tax)
- Reviewed annually through the budget process

Con

- Less competitive with other cities if taxes are high
- Can be a target for cuts annually, leading to deferred street maintenance
- Not tax deductible.



Funding Options (Comparison)

Franchise fees

Pro

- More manageable to property owners on an annual basis
- Reduced administration fees and no interest charges
- Every property pays a share (e.g., no exemptions for non-profits)
- Greater efficiency for stable funding, planning, and schedule
- Can be dedicated by ordinance to a restricted purpose

Con

- Impact to lower value properties is proportionately greater (i.e., regressive tax)
- All properties pay regardless of direct benefit (e.g., county roads and private streets)



Small Monthly Payment vs. Assessment

| Franchise Fee: | Monthly | Annual | | |
|--|------------|----------------------|-------|--------------|
| \$5/per utility | \$ 10.00 | \$ 120.00 | | |
| \$6/per utility | \$ 12.00 | \$ 144.00 | | |
| \$7/per utility | \$ 14.00 | \$ 168.00 | | |
| \$8/per utility | \$ 16.00 | \$ 192.00 | | |
| Special Assessment: | | | | |
| Average Overlay | \$1,200.00 | Levied over 5 years | | |
| Average Recon | \$5,500.00 | Levied over 10 years | | |
| Principal only. Interest on declining balance | | | | |
| Interest rate: 2 points over 10 year treasury at assessment date | | | | |
| Ranged from 3.75% to 5.22% on last 5 road projects | | | | |
| If the Franchise Fee was Collected how many years would it take to match the amount of a special assessment on: | | | | |
| | | Overlay | | Recon |
| \$5/per utility | | 10.00 years | 45.83 | years |
| \$6/per utility | | 8.33 years | 38.19 | years |
| \$7/per utility | | 7.14 years | 32.74 | years |
| \$8/per utility | | 6.25 years | 28.65 | years |
| Note: Calculation is based on principal only of assessment. If interest is added, number of years will be greater. | | | | |

Funding Options (Comparison)

Combination of tax levy & assessments & franchise fee

Pro

- The pros of each option would be present, except all funding sources could be averaged so that no option is “too high”

Con

- The cons of each option would be present, and an administrative cost would be incurred for each option.



Funding Options (Comparison)

Local Sales Tax

Pro

- Tax impacts consumers (not residents or property owners)

Con

- Competitive disadvantage to local business and/or business recruitment.
- Unreliable and subject to economic swings.
- Not enough to fund entire need.
- Require legislative action and local referendum.





Timelines: the road forward

Tax Levy

- Preliminary levy determination for 2021 in September 2020
- Final tax levy certified in December 2020



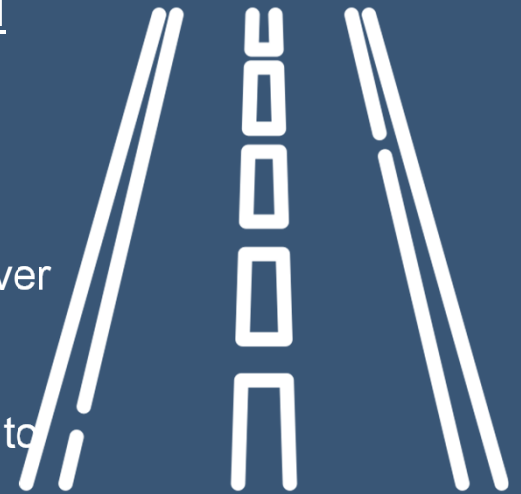
Assessments

- Continue current Special Assessments Policy, or increase above the current 25% of project costs (e.g., 40% of project cost).
- Levy assessments against benefiting property owners with 2021-2025 PMP projects.
- Plan annual tax levy based upon increasing debt.
- Adopt new five-year (2021-2025) Street Reconstruction Overlay Plan before October 2020.



Franchise Fee

- Six months from introduction of ordinance to implementation
- Franchise fee revenues generated collected in lieu of special assessments for street maintenance projects, and shall be dedicated only to long-term street maintenance program projects including pavement preservation and street reconstruction projects
- Rebate Program. The City will rebate the lesser annual amount paid for franchise fees (including pre-paid) versus special assessments over the remaining term of the special assessments.
- Draft ordinance has a 5-year sunset clause, requiring Council action to continue.



Other

- Question submitted to the County Auditor at least 74 days prior to Election Day.
 - If on the August 11, 2020 Primary; notice with the question language is due by May 29, 2020.
 - If on the November 3, 2020 General; notice with the question language is due on or before August 21, 2020.





Next Steps

1

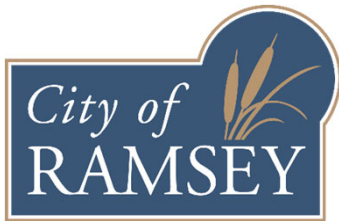
Receive feedback

2

Identify viable options

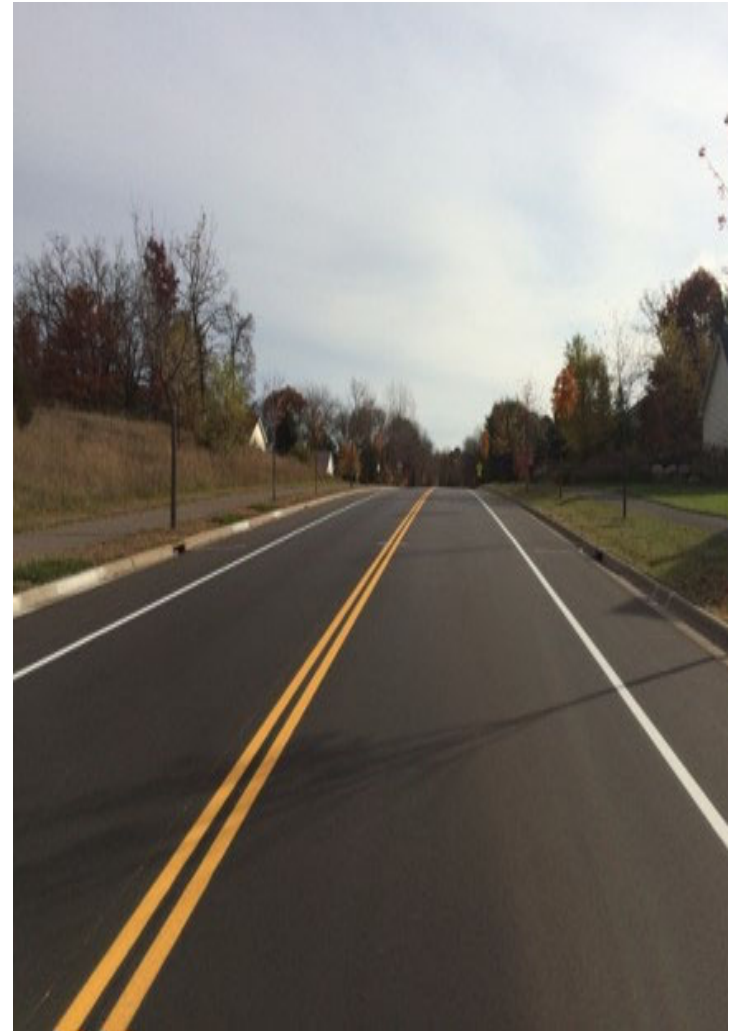
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Schedule next steps



Thank you!

Ramsey Pavement Management Funding



Road Funding Mechanisms for Small Suburban Cities in the Twin Cities Metro Area

Humphrey School of Public Affairs Resilient Communities Project The City of Ramsey

By: David Ambuel, Sean Crawford, Steven Kutz, and Molly Sir

ABSTRACT

The City of Ramsey is currently wearing down their roads faster than they are able to fund their maintenance and construction. The current funding structure involves special assessments of the roughly 178 miles of road in the City of Ramsey, 142 miles of road are outside of the Municipal State-Aid Street system (MSAS) designation, and therefore are ineligible for certain state aid funds and rely solely on city funding for their upkeep.

In light of this, the City of Ramsey is investigating ways to sustainably fund road reconstruction and maintenance projects and has partnered with the University of Minnesota's Resilient Communities Project to advance this investigation. This report examines how other comparable cities are funding their road maintenance programs and presents recommendations, comparisons, for the City of Ramsey to apply in their own road funding context.

ACKNOWLEDGEMENTS

We would like to thank the City of Ramsey as well as the Resilient Communities Project for the opportunity to work on such an exciting and relevant project. Thank you for providing us with ample feedback and information throughout the project and for your openness and willingness to answer all of our questions. Additionally we would like to thank Professor Greta Friedemann-Sanchez and Sarah Carroll for the feedback and advice on our research project throughout the semester, which has helped us to revise and improve our final product to make it the most valuable it can be. Finally, we would like to thank the city staff that agreed to have a discussion about road funding during a chaotic and uncertain time and when other matters could have easily taken priority. Thank you for your time. This report would not exist without your participation.

INTRODUCTION

State of Road Financing in Minnesota

State and local governments fund almost all of the costs associated with their road construction and maintenance projects, totaling \$128 billion in 2016, 73% at all levels of government (Urban Institute, 2011). According to the Minnesota State Highway Investment Plan (MnSHIP), there are concerns over the next 20 years on funding shortfalls for road infrastructure within the state (American Society of Civil Engineers, 2018). MnSHIP estimates that these compounding factors will cause a \$17.7 billion gap in underfunded roads throughout the state without new public investment (American Society of Civil Engineers, 2018).

There are many benefits to establishing a proactive approach to road maintenance and reconstruction. Estimates suggest that for every \$1 spent on road maintenance, \$7 can be saved on repairs increasing the cost effectiveness of tax-payer dollars (League of Minnesota Cities, 2020). This is in part due to preventative maintenance routines reducing the need for expense repairs and reconstruction projects, prolonging street lifespans by 25-30 years. A proactive approach to road maintenance also has the potential to reduce user costs such as wear and tear on vehicles and traffic congestion delays (City of Ramsey, 2013b).

To help local governments cover the high costs of maintaining roads, Minnesota uses the *Municipal State-Aid Street* (MSAS) system to distribute transportation-related taxes to cities with populations of at least 5,000 (Minnesota House Research). Eligible cities may receive funding for up to 20 percent of their streets that have higher traffic volume, connect major points of interest, and provide an integrated and coordinated highway and street system (Minnesota Department of Transportation, 2020). On average, eligible cities receive \$1.3 million (\$48.6 per capita) from this fund annually (Minnesota Department of Transportation, 2020).

Municipalities are on the hook for the remaining cost - nearly 84% - of street maintenance and reconstruction in Minnesota which they largely pay through property taxes and special assessments. While widely used, these two funding tools are not without their downsides. First, special assessments can be a burden on property owners and can be hard to implement and administer in some cities. And second, property taxes are not always reliable. When revenues are low and budgets need to be stretched, funding roads may not always make the priority list when considering other services that cities need to pay for through their general fund (ex: education, public health, public safety, and public works) (League of Minnesota Cities, 2020).

General Mechanisms to Fund Municipal Roads

There are two types of funds that cities can use to pay for general street improvements: *general revenues* and *special revenues*. *Special revenues* are funds that have been earmarked for a specific program or service, while *general revenues* can be used for unspecified purposes. Typically, cities fund their street maintenance and construction through their general revenues fund (Zhao, 2010).

For most cities, *property taxes* make up the most significant portion of their general fund; however, there are other sources such as *special assessments*, *franchise fees*, *local option sales tax*, and *capital improvement bonds* (Table 1). *Property taxes* and *special assessments* are the largest and most common revenue sources in Minnesota (Zhao, 2010; League of Minnesota Cities, 2020).

While *property taxes* are generated based on each property's assessed value, *special assessments* are a method for having the property owners who more directly benefit from the development pay for a larger portion of the construction. This process is generally familiar to property owners. However, there are high costs associated with the administration of *special assessments*, such as initial design engineering and the ability of public petition to stop progress and create sunk costs (Zhao, 2010). *Franchise fees*, which charge utility companies for use of roads have become increasingly popular in Minnesota cities, with approval in 43 municipalities as of September 2013 (City of Ramsey, 2013). *Local option sales tax* is an increasingly popular funding mechanism; however, this may not be feasible for cities without the ability to generate enough revenue (Zhao, 2010). *Capital improvement bonds* are a form of debt where the city can borrow money by selling bonds, which is then repaid with interest to the lender (Zhao, 2010).

State of Road Financing in the City of Ramsey

The City of Ramsey, situated in Minnesota's Twin Cities' seven county metro is currently wearing down its roads faster than it is able to fund its maintenance and construction¹ (City of Ramsey, 2013b and Ulrich, 2020). Of the roughly 178 miles of road in the City of Ramsey, 142 miles of road are outside of the MSAS designation, and therefore are ineligible for certain state aid funds and rely solely on city funding for their upkeep (City of Ramsey & WSB, 2019). The city estimates costs of \$3.06 million per year, assuming the roads will last a total of 40 years, and assuming that sealcoats and overlays were routinely conducted over the road's lifespan² (Riemer, 2013).

The city's existing funding structure for road maintenance and reconstruction activities assesses property owners for up to 25% of the cost of the roads, while the remaining 75% is funded by the general tax levy in the form of property taxes and debt service payments to general obligation bonds or annual state aid payments³ (Resilient Communities Project & City of Ramsey, 2020 and City of Ramsey, 2013b). The city's assessment rates for benefiting properties range from \$1,400 to \$6,636 for residential properties and \$6,500 to \$33,364 for commercial or industrial properties which are then added to the property tax over a ten-year period (City of Ramsey & WSB, 2019a). Once properties are assessed and sent the assessment bill, owners are able to appeal to the city and contest whether the benefit to their property exceeds the cost of the project (League of Minnesota Cities, 2019 and Ulrich, 2020). The nature of state law governing special assessments and protecting property owners, means that cities can face costly legal processes when residents appeal assessments as well as delays in construction (Ulrich, 2020 and City of Ramsey, 2013b).

Given a number of factors, such as the City's experiences with administering special assessments, the desire to keep the burden on individual property owners low, the increasing annual debt service amount, and the current inadequacy of funding to cover long-term estimated costs, the City has also investigated alternative funding pathways to supplement road related revenue. Specifically, Ramsey has considered implementing a franchise fee, however it was voted down by the City Council in August 2019 (Cummiskey, 2019). To further research road funding mechanisms, the City of Ramsey partnered with the Resilient Communities Project at the Humphrey School of

¹ See Table 2 for explanation of road maintenance and construction

² See Table 2 for description of road maintenance types.

³ See Table 1 for description of funding methods.

Public Affairs to survey road funding mechanisms in cities comparable to Ramsey, focusing on ways cities sustainably fund roads into the future⁴.

STUDY OBJECTIVES

While the literature offers extensive review of the types of funding methods available to cities, further research needs to be done on the mechanisms that are currently being adopted by suburban cities in the seven-county metro of the Twin Cities. Further research also needs to be done that compares the funding mechanisms between suburban cities and identifies themes to explain those differences. Our study focuses on two questions:

- 1.) How are comparable cities funding their roads?
- 2.) What road funding options would make the most sense for the City of Ramsey?

Given the urgency and novelty of this research, our report aims to provide the city with examples of how comparable cities fund road maintenance and reconstruction projects as well as provide them recommendations for which funding strategies may be best suited in the context of Ramsey.

Objective 1: Survey and interview city managers and engineers to document the range and nature (e.g. franchise fees, property taxes, general revenue, special revenues, political feasibility, and community engagement efforts) of sustainable road funding mechanisms in suburban cities in the Twin-Cities Metro Region.

Objective 2: Understand why cities fund the way they do to better assess how various options may fit into the context of Ramsey.

METHODOLOGY

Data Sources

This research comes from a collection of data sources: government memos and reports provided to us by the City of Ramsey detailing their planning efforts in regards to local road maintenance and reconstruction from 2013 and 2019; budget reports obtained from the Minnesota State Auditor's office summarizing city road maintenance and reconstruction budgets; informal interviews with experts in local road funding practices in Minnesota from the Humphrey School of Public Affairs and the League of Minnesota Cities; informal interviews and conversations with the City Administrator of the City of Ramsey; and, semi-structured interviews with City Administrators, Managers, or Engineers from eight comparable cities in Minnesota. From the documents, we gained an understanding of the current trends in local road funding. The documents also gave us important data to consider each cities' local road expenditures. While the documents gave us some road funding information, the interviews filled in the gaps for funding sources not

⁴ For a funding stream to be sustainable it means that it will responsibly and adequately cover the costs associated with the upcoming years of maintenance and road construction projects (Table 2).

included in documents and provided additional insight for why certain funding mechanisms were employed in each city.

Procedure for Constructing the Sample of Cities

A purposeful sampling procedure was used to select the comparable cities for the interviews with City Administrators or Managers. Comparable cities were identified using a set of inclusion and exclusion criteria that were developed, in part, with the input of the City of Ramsey. These criteria include population size between 15,000 and 100,000, location in the 7-county metro region, and per capita spending on roads between \$50-\$150. Each of the criteria used to bound the sample in this study were purposefully chosen. The study used population size because a similar amount of traffic will produce a similar amount of wear and tear on the roads. The study limited the sample to cities within the 7-county metro region because cities within this region will have comparable weather patterns and traffic conditions, both of which also impact the rate at which roads sustain wear and tear. Finally, the study used per capita spending on roads to restrict the sample to cities that closely resemble the City of Ramsey's current road funding levels.

The sample for our first wave of recruitment consisted of two cities from each of the seven counties in the metro region with the exception of Carver⁵. The study initially used the criteria of two cities per county because the research aims to provide a balanced look at cities across the metro, and to control for any differences in road fiscal policy between counties. Due to a low response rate from our first wave, we broadened our sample to a second wave of cities, dispersed throughout each of counties with comparable cities. The cities were identified using State Auditor data from 2017 (the latest year available) to confirm population size, location in the 7-county metro region, and road spending per capita.⁶

Experimental Design

The study followed the conceptual framework found in Appendix A and took place over the course of roughly three months from February through April 2020. We began by conducting a background research and a literature review at the Humphrey School of Public Affairs. The research team next conducted an informal background interview with our client, the City Administrator of the City of Ramsey, to better understand the unique social, economic, and political context in Ramsey. We then arranged an informal informational interview with a local transportation expert to gain a better background and understanding of the different road funding techniques and options available to local governments in Minnesota. From these interviews and conversations, we developed the sample's inclusion and exclusion criteria, the interview protocol seen in Appendix B, and the potential criteria cities use to assess different local road funding techniques (equity, efficiency, adequacy, and feasibility).

We gathered information from the Administrators, Managers, or Engineers from a total of eight comparable cities. Cities were recruited to participate in the research with the help of the City Administrator in Ramsey. The research team developed scripts that the Ramsey City Administrator used to make an introduction to the first wave of interviewees. Of the thirteen cities contacted in

⁵ Only one city from Carver County fit within the bounds of our other inclusion and exclusion criteria so only one city was included.

⁶ Minnesota Office of the State Auditor's comparison tool
<https://www.auditor.state.mn.us/default.aspx?page=ComparisonTools>

the first wave, we successfully completed interviews with two of them. These interviews took place on the phone and Google Hangouts and were semi-structured. Given the low response rate, we developed a list of wave 2 cities, bringing the total number of attempted cities to thirty. The City Administrator from the City of Ramsey sent an updated recruitment letter, designed to reflect the chaos of the COVID-19 demands. After the recruitment letter was sent, our research team followed up with the option to schedule a phone or video conference with us or complete a slightly paired down survey on Google Forms (Appendix C). This second wave of recruitment yielded one video interview over Zoom and three survey responses. In addition to the introductory email from the City of Ramsey's Administrator, this second wave of recruitment included cold calls to four cities, which yielded an additional video interview on Zoom. The interviews were recorded and stored on the secure T-Drive available to Masters students at the Humphrey School of Public Affairs. From the interviews the research team determined what combination of revenue sources each city used to fund their roads and their rationale for choosing these alternatives. The research team also interviewed a representative at the League of Minnesota cities who is knowledgeable about current legislative items that may influence how Minnesota cities fund their roads. This interview provided more data on new road funding options that may become available to the City of Ramsey in the near future. This interviewee also introduced us to an additional city that we were able to video interview over Zoom.

Once the interview and survey data were collected, the research team members who attended the interview or downloaded the survey response developed contact notes summarizing the information. The research team then used ATLAS.ti 8 software to code the contact notes with each member of the team coding every contact note to ensure consistency and to triangulate our results. Using the data we collected and analyzed from the literature review and interviews, we present the City of Ramsey with information about how comparable cities in Minnesota fund their roads and why. We also provide recommendations to the City based on our research to suggest alternatives that could fit within Ramsey's context to more sustainably fund their roads into the future.

Ethical Considerations

The projected risk in undertaking this project is low for researchers and participants. This is primarily assessed through the nature of the risk being at the interpersonal level. This mainly stems through potential negative interaction with City Officials/Administrators, which may then lead to less access for further research. Another possible point of risk may be upcoming elections at the municipal level. With upcoming elections and certain city officials campaigning to keep their positions, there may be limited strength in some of the data we collect through these respondents. This could ultimately weaken our research and skew data results and recommendations; however, keeping names of cities and officials confidential allows us to capture more comprehensive information.

To minimize the risk of breaching ethical standards, this study paid close attention to our preparatory work for introduction with our participants. We provided them with the scope of our research and the interview protocol prior to the interview to allow them the opportunity to understand its intent and assess if they would like to participate. We explained to them that nothing they said would be associated with their name yet we explained that we cannot guarantee their anonymity. Finally, we guided them through an oral informed consent script just prior to the

interview taking place, reiterating the aims of the research and informing them that they can opt out of any question, or the interview, at any time.

The subjects of our research can also benefit from this research. The first opportunity would be substantive research into financial means of road infrastructure. The City of Ramsey is at a crossroads between what road funding methods it wants to pursue in order to meet their infrastructure needs (property tax, special assessment, franchise fee), and they are likely not the only municipality struggling with this issue. Our published results may be beneficial to the State of Minnesota by coming up with recommendations for infrastructure needs for similar communities, benefiting a state as opposed to just one city.

Another policy yield may take the form of greater cooperation and interaction of cities in addressing road infrastructure needs. Our research highlights that the State of Minnesota, specifically the Minnesota State Highway Investment Plan (MnSHIP), is concerned of costs being too high and funding levels being too low for future road infrastructure over the next 20 years. Through our results and recommendations, we may jump-start cooperation and coalitions from other municipal actors in the state to work together in addressing this ongoing issue and create courses of action to mitigate it.

RESULTS

Based on the interviews and surveys collected from eight cities in the 7-County Metro Region the research team was able to document road funding techniques used in each municipality as well as the rationale for their current funding structures. Profiles depicting each of the city's funding structures are presented below followed by an examination of stated rationales corresponding to the two research objectives.

Objective 1: Survey and interview city managers and engineers to document the range and nature (e.g. franchise fees, property taxes, general revenue, special revenues, political feasibility, and community engagement efforts) of sustainable road funding mechanisms in suburban cities in the Twin-Cities Metro Region.

City 1

City 1 uses a combination of special assessments, MSAS funds, and bonding to fund their roads. Their plan for using special assessments was developed in 1997 and aimed to assess 50% of the street surface cost to benefitting properties. The formula was tied to the Construction Cost Index so that assessments would increase as the cost of construction materials increased; however, over time the percentage that properties are assessed has dipped to between 20-30% of project costs as the cost of labor and other associated costs outpaced the Construction Cost Index. Out of the 220 miles of road in City 1, 40 miles are covered under the MSAS system and the city receives roughly \$2.2 million from state transportation funds for maintenance along these routes. The city still assesses the properties adjacent to these routes, but at a lower rate. The city also uses bonds to cover road maintenance and reconstruction costs. Interviewees mentioned that due to the City's good bond rating, and their aggressive approach to maintaining their roads, they believe the City can sustainably manage its debt despite annual debt service increases.

City 2

Upon talking with officials from City 2, little funding towards road maintenance and infrastructure came from their general fund, only accounting for 3%. Capital improvement bonds and competing for national and international grants added another 10% for funding towards roads. Special revenues and franchise fees, in particular, were identified as the main funding mechanisms for the road infrastructure, attributing for 85% of these efforts. The attractiveness of franchise fees for City 2 began in 2016 after an 18-month public outreach campaign. The city council and administration initiated this in order to discover new ways for moving forward in funding the road infrastructure efforts. Special assessments were used prior but not favored by the local population, so a type of “pay as you go” approach where equal fees were paid by all residents was desired; which franchise fees were able to achieve. With a balanced political spectrum, there have been no issues with franchise fees and City 2 views that they will continue to use this method for road funding needs in the foreseeable future.

City 3

City 3 uses special assessments, general revenue, franchise fees, MSAS funds, and other special revenues to fund its roads. Of the approximately \$7 million spent annually on roads, \$1.75 million comes from property taxes, \$1 million comes from their franchise fees, \$500 thousand comes from a special landfill revenue, and the remaining \$3.75 million comes from special assessments and MSAS. City 3 started developing their pavement management plan in 2006 when they saw their roads rapidly declining and budgeting would not keep up with the ongoing costs to repair. The city previously assessed property owners for around 70% of the costs for road repairs; however, given the financial strains on community members, this was becoming increasingly unpopular. Franchise fees, and another special revenue source, appeared as a potential opportunity to raise revenue from everyone who uses the roads at an equal rate. Now, City 3 funds their roads with about 30% special assessments and 70% other sources, reducing the overall burden on their residents.

City 4

City 4 uses a combination of general fund revenue, franchise fees, and MSAS funds to cover costs associated with street maintenance and reconstruction. General fund revenue, specifically from the street maintenance budget, covers small and routine maintenance such as annual crack seals, while more involved maintenance and reconstruction projects are funded by franchise fees and MSAS funds. The city’s franchise fees are flat rate and added to electric and gas utility bills (\$5 to residential electric; \$4 to residential gas; and other unknown rates for commercial and other zoned properties based on utility classification). On average, the franchise fee revenues total roughly \$1.5 million. In special and rare cases, the city also uses special assessments though this only occurs when properties along a gravel road have requested pavement. The current road funding structure has been in place since 2013 when the city council passed the franchise fee system. Their prior funding structure was based on special assessments which are ending in the next couple of years. Properties who have paid assessments since the franchise fee system was implemented have been reimbursed franchise fees for the life of their assessment.

City 5

City 5 has a more balanced approach to how they fund their road infrastructure efforts where assessments (20-30%), capital improvement bonds (30-70%), municipal state aid (if eligible 0-50%), and other sources (5%) all contribute. City 5 has taken the route of using bonds as their

new/experimental funding mechanism, which started in 2018. Criteria the city was looking for when changing to a new model was primarily equity, but also benefit tests. However, this particular form of funding is still fresh, and the City Council is still reacting and examining the changes. In addition to the criteria of equity, the city's political makeup favors keeping costs and taxes low for residents, which is seen as a constraint in finding new funding mechanisms. Public engagement has been limited in City 5, but they continue to follow proposed legislation in order to find new and innovative ways to fund road infrastructure.

City 6

City 6 uses a combination of property tax, franchise fee and MSAS for streets. The City does special assess tax exempt properties, however; other property owners are not assessed for the cost of street projects as a street levy and franchise fee revenues support the pavement management plan. Several years ago, the City completed a 10-year pavement management plan which helped to balance out the annual project cost in an attempt to even out the utilization of resources, while also ensuring the City's Pavement Management Index remains favorable. The City implemented a street infrastructure levy many years ago and recently increased franchise fees to provide additional revenue for streets. The pavement management plan was increased from a five to ten-year plan just a few years ago. The City had a very open process when raising the franchise fees several years back. In addition, they provide several publications and public announcements that highlight the City's street infrastructure levy and how the City's tax rate may differ from other communities that chose to special assess.

City 7

City 7 uses a number of funding tools to cover the costs of their road maintenance and reconstruction activities including general revenues generated from property taxes, special assessments, and MSAS funds. The city's property tax revenue generates roughly \$2.55 million annually for street improvement projects covering about 45% of project costs (1.05% effective property tax rate). The city's special assessment revenue generates roughly 37% of project costs, and has a sliding rate depending on property type (residential = 50%; high density residential = 75%; and commercial/industrial = 100%). The city also accesses MSAS funds amounting to an average of \$3.14 million per year. The current funding structure has been in effect for 30 years.

City 8

While it varies from year to year, special assessments are the largest portion of City 8's road infrastructure projects, attributing for 70%. The remaining funding towards these efforts come in the form of municipal state aid, government bonds, and general taxes. This funding model has existed for 25 years and the approach has met the city's goals of funding these particular needs by offering equity, feasibility, and adequacy. Additionally, over the past 25 years there have been no public engagement in either measuring the popularity of the current road funding model or gaging the public in alternative methods that may provide more efficiency. City 8 has looked into street improvement districts as an innovative approach to funding road maintenance for their municipality.

Objective 2: Understand why cities fund the way they do to better assess how various options may fit into the context of Ramsey.

Throughout the interviews and surveys, respondents discussed a variety of reasons for their City's current road funding structures. Below are a number of key themes that highlight how the cities in our sample rationalize their funding structures:

City 1

City 1 expressed wanting to keep the assessment rate reasonable so that property owners are not surprised with large bills. It creates less "sticker shock". While assessment rates increase on average by 3% per year (tied to the Construction Cost Index), the city council pushes back on additional assessment increases. Interviewees also mentioned that once a special assessment framework is established it is hard to make changes since residents may feel the process is not fair.

City 2

City 2 had used special assessments for a long period of time, but city officials identified that it was not popular among the local population. Utilizing a public outreach method in 2016, they identified that citizens were looking for something more relatable to a "pay as you go" system, or equity for everyone in road usage. Franchise fees were the best way in order to meet these needs and have been positively received.

City 3

City 3 started developing their pavement management plan in 2006 when they saw their roads rapidly declining and budgeting would not keep up with the ongoing costs to repair. The city previously assessed property owners for around 70% of the costs for road repairs; however, given the financial strains on community members, this was becoming increasingly unpopular. Franchise fees, and another special revenue source, appeared as a potential opportunity to raise revenue from everyone who uses the roads at an equal rate.

City 4

City 4 stated that their street funding structure made financial sense. Their franchise fee system was projected to be the most cost-efficient funding tool compared to special assessments, capital bonds, and other funding sources. Their fee rate was set so that the city can adequately cover costs associated with a 60-year road. And, the city considered how feasible its plan would be bringing it to the public. They settled on franchise fees because the tool spread out the financial burden across city residents instead of burdening some residents a lot through assessments and all residents through debt service.

City 5

City 5 leaned forward with using bonds as their new funding model in 2018 for road infrastructure. This is likely due to the political makeup of the city, which is very sensitive to tax increases and why little to no consideration is given to new funding mechanisms. Since using bonds as the primary funding source is new, it is too early to determine whether or not it's an effective funding model as the City Council is still evaluating the results.

City 6

City 6 stated that equity, where all taxpayers contribute to the pavement management program while also avoiding a significant burden that may come from a special assessment for a major road project, was an important factor in their decision making. Also, the City values long-term sustainability-focused approach to capital planning and resource management which has served them very well in ensuring they have current resources to fund the pavement management program and can avoid further issuance of debt for road projects.

City 7

City 7 stated that their funding structure exists in its current form because they believe in the importance of maintaining pavement infrastructure. The city's approach is based on the idea that benefiting properties should be assessed construction costs. In other words, residents who receive the benefit pay the cost. The city mentioned that the plan was created while considering its efficiency, adequacy, and feasibility.

City 8

City 8 has used special assessments for 25 years for road funding needs, while also tapping into state aid, taxes, and bonds. In addition to the length of time for special assessments, City 8 has done no public outreach to gauge whether they public needs or even wants a new funding mechanism. While it did mention they were keeping an eye on street improvement districts as an innovative approach to road funding, City 8 shows no sign in changing their funding method as the current model continues to meet their needs.

DISCUSSION

Funding Techniques

Overall the cities involved in this study seemed to be satisfied with their current funding structures with a number of the cities having updated their road funding policies in the past decade. Each of the cities used the funding techniques at their disposal in unique ways and summarized in the below tables. While general funds, supported by property tax levies and special assessments, seemed to be the most common funding techniques in our sample aligning with the reports background research findings, franchise fees seem to be increasing in importance and popularity as cities search for new ways to raise dedicated road improvement funds. Below is a short summary of our findings for usage of each technique and their respective pros and cons.

| Technique | Usage Summary |
|---------------------|--|
| Franchise Fees | Multiple cities reported that franchise fees are used to adequately address local road funding needs. |
| Special Assessments | Assessments were a common way for cities in our sample to allocate costs of road funding to the properties that directly benefit from the improvements. The majority of cities in our sample are limiting the extent to which they use special assessments, so as not to overly burden property owners. On the other hand, two |

| | |
|---------------|--|
| | cities (Cities 7 and 8) use special assessments more aggressively and have comparatively high assessment rates. |
| Property Tax | Most cities within our sample use property taxes as a way to fund their road projects. It is easily accessible although is inadequate to cover all road funding costs, unless it is accessed at a high rate. |
| Bonds | Bonds are a popular method to fund road infrastructure projects in our city pool. Most cities used bonds as a supplemental, not primary, income source. |
| Other sources | The most common other source that cities in our sample used were MSAS funds. All of the cities in our sample were eligible to designate up to 20% of their roads for MSAS funds. Other funding sources also included national grants, the Local Road Improvement Fund, and Host Community Funds (fees for using a city's street to access a landfill). |

Funding Technique Pros and Cons:

| Technique | Pros | Cons |
|--------------------|--|---|
| Franchise Fees | Everyone, including tax exempt organizations, pay for the roads | Considered regressive because everyone pays the same amount, regardless of income Political feasibility can be difficult given the political makeup of the council and community |
| | Stable and sustainable revenue source | |
| | Because of the large tax base (renters, homeowners, nonprofits, schools, etc.), the franchise fee is often adequate to cover road costs | |
| | The fee is predictable and can be kept low for residents | |
| Special Assessment | Benefitting properties pay for larger share of road costs | Hard change to the special assessment formula from one year to the next because people feel like it is not fair |
| | | Expensive for those assessed |
| | | Incurs interest debt |
| | | Burden placed on the city to prove that the benefits of the project outway the costs; leads to a costly legal process for cities |
| Property Tax | Reliable, major revenue source | Tax amount bears little to no correlation to road usage |
| | Taxes can be levied at people's ability to pay, creating an equitable tax (equity defined as those with higher income pay more and vice versa) | Property tax flows to general fund and general fund used to pay for roads; if property tax is inadequate, other general fund money is needed |
| | | Property tax rate can shift dramatically over a short period, making it unreliable |

| | | |
|---------------|--|---|
| Bonds | Secure investments, easy to sell | Lower rate of return as there is less risk involved in the bond defaulting |
| | Money earmarked for specific projects | Bonds must be paid back with interest |
| | Most government bonds are tax exempt, saving you a good portion of money on the project you are trying to accomplish | Periods of recession could cause defaulting of bonds due to slumping tax revenues |
| Other Sources | MSAS funds allows cities to access funds from the state gasoline tax to supplement local funding streams | Other than MSAS, substantial funds generated from other sources are rare and unreliable |

Innovative funding techniques

Interviewees also discussed a number of innovative funding techniques that they are interested in seeing added to Minnesota municipalities road funding toolbox. The policies - street improvement districts and a city wheelage tax - would help to expand the ability of cities to raise dedicated road maintenance revenue. Street improvement districts would grant cities the authority to collect fees from property owners within established districts to fund road maintenance projects, similar to the State’s storm sewer improvement districts. Legislation for the funding tool passed the Minnesota House in February 2020 (HF 1095) but its companion has not yet been scheduled for a hearing in the Minnesota Senate (SF 1271) (League of Minnesota Cities, 2020). The wheel tax policy would allow Minnesota city to receive wheelage tax revenue. Currently, the wheelage tax authority lies with Minnesota Counties, but the proposed legislation would enable a \$10 surcharge on license tab and title transfers to be applied back to cities. The legislation has been introduced in both the Minnesota House and Senate however to this date no further actions have been taken.

Importance of public opinion

Many of the cities that were interviewed and surveyed discussed the particular methods they used to engage the public and secure support for road improvement funding mechanisms. Considering the previous unsuccessful attempt to pass franchise fees in Ramsey in 2019, the city may find public engagement techniques used in other cities to be particularly useful. For example, one city created an online forum to provide a space for the city to answer the public’s questions while also allowing citizens to engage with each other regarding the different alternatives. Another city used a combination of public meetings, written correspondence, website information, and a mailed newsletter. And, while it is difficult to determine how successful the outreach efforts have been, the city mentioned that the mailed newsletter has been rated as the resident’s favorite source of road improvement information. A third city found success in implementing franchise fees through a series of structured meetings designed to collect community feedback and provide small group presentations to the community making the case for franchise fees (Narvaez, 2017). Finally, one city provides several publications and public announcements that highlight its street infrastructure levy and how it compares to other communities.

Varying definitions of equity

Our conversations with cities highlighted three distinct definitions of equity that factored into evaluating road funding criteria. These equity definitions could be described as: 1.) Ability to pay principle, 2.) Benefits received principle, and 3.) Equal payment principle. Cities that utilized the

ability to pay principle talked about raising revenues in ways that would correspond with how much residents are able to afford it. This came up in conversation with the League of Minnesota Cities, when discussing that franchise fees were somewhat regressive; however, there weren't many other options available. Another definition of equity is based on the benefits received principle. Some cities referenced this principle in regard to special assessments, while others referred to this in the ability to charge tax exempt residents (such as through franchise fees). The last, and most commonly utilized definition of equity can be considered the equal payment principle. Cities that referenced equity in this manner spoke about how each resident is responsible for paying equal parts of local roads and not face a significant burden.

CONCLUSION

This study had two key objectives. First, to survey and interview city managers and engineers to document the range and nature of sustainable road funding mechanisms in suburban cities in the Twin-Cities Metro Region. Second, to understand why cities fund the way they do to better assess how various options may fit into the context of Ramsey. Based on the interviews and surveys collected from eight cities in the 7-County Metro Region the research team was able to document road funding techniques used in each municipality as well as the rationale for their current funding structures. Overall the cities involved in this study seemed to be satisfied with their current funding structures with a number of the cities having updated their road funding policies in the past decade. Key criteria such as equity, defined in numerous ways, led city leaders to make these road financing decisions. While general funds, supported by property tax levies and special assessments, seemed to be the most common funding techniques in our sample, franchise fees seem to be increasing in importance and popularity as cities search for new ways to raise dedicated road improvement funds. As the City of Ramsey is concerned with the future of their road financing, franchise fees could be a good resource that allows the city to collect a reliable stream of revenue from a broad base at a rate that is reasonable and predictable for residents.

Given the COVID-19 crisis and the impact it had on collecting comprehensive data, we recommend the City of Ramsey continue to survey cities throughout the state and continue developing ideas and best practices. Should the City of Ramsey decide to move forward with implementation of franchise fees, we recommended extensive public engagement, such examples of which are provided above, to collect feedback and move forward in a way that reflects the City's residents' interests.

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Table 1: Current and Potential Road Funding Mechanisms for the City of Ramsey

* Indicates the City of Ramsey is currently using this funding mechanism

| Mechanism | Description |
|----------------------------|--|
| Special Assessments* | City imposed levies on property owners as a percentage of a public project cost that benefits the charged properties. In Ramsey adjacent properties are assessed 25% of total project costs. |
| Property Tax Levy* | The city tax authority sets a percentage rate for additional tax to cover road costs, which is then calculated against the assessed value of each homeowner's property. |
| MSAS | Eligible cities (population of greater than 5,000) are able to access assistance from the Municipal State-Aid Street System funded by the State's transportation related taxes. |
| Franchise Fee | The city taxes local utilities for the utilities' use of public roads to ply their services. The tax is either a flat rate per customer, a percentage of the utility's gross revenue, or a percentage rate of each customer's utility usage. Utilities pass the cost of the tax onto consumers, raising everyone's utility bill. |
| Sales Tax | The city applies a local sales tax to local business transactions |
| Capital Improvement Bonds* | Cities can raise money to pay for capital improvements by selling bonds, which guarantee full repayment plus interest to the lender. |

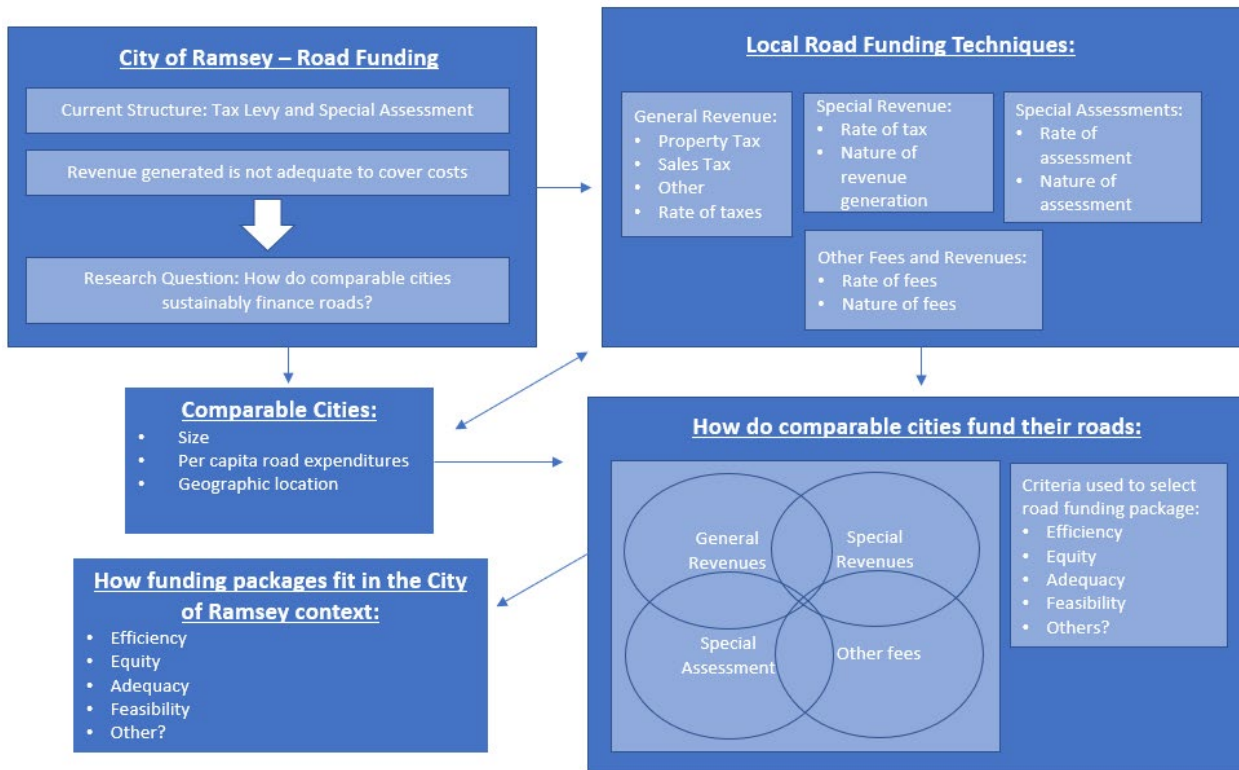
Source: Zhao, Z.J., Das, K.V., & Becker, C.E. (2010). Funding Surface Transportation in Minnesota: Past, Present, and Prospects.; City of Ramsey and WSB. (2019). Pavement Management One-Pager.; City of Ramsey. (2013) Joint Meeting on Long-term Options for Street Maintenance.; City of Ramsey and WSB. (2019). Ramsey Pavement Management Funding Commission Meeting Presentation.

Table 2: Road Lifecycle Maintenance Types and Costs

| Type of Maintenance | Purpose | Frequency | Cost |
|--|--|--|--|
| Bituminous Road Construction | Create new roads from ground surface of raw land | Once, at the beginning of the life cycle | None given |
| Purchase Updated Asset Management System | Track road condition and previous maintenance to prioritize road projects | Every 5 years | None given |
| Sealant | Seal cracks in road, which naturally occur from freeze/thaw cycle | Annually | Together with Top Coating - \$500,000 for 13-23 miles of roads |
| Top Coating | Seals entire road surface to help prevent cracking from freeze/thaw cycle | Every 7 years | Together with Sealant - \$500,000 for 13-23 miles of roads |
| Overlay | Removal and replacement of the top three inches of the road surface | Every 20 years; at road age 20 and road age 40 | None given |
| Reconstruction | Completely rebuild road; involves complete removal of previous road, regrading, subsurface replacement, and pavement replacement | Every 60 years | None given |

Table Sources: City of Ramsey and WSB. (March 2019). Pavement Management Funding Presentation and City of Ramsey and WSB. (January 2019). Pavement Management Funding Presentation.

Appendix A: Conceptual framework



Appendix B: Interview Guide

Qualitative Review of Minnesota's Local Road Funding Strategies

The City of Ramsey and The Resilient Communities Project

Humphrey Team: Molly Sir, Sean Crawford, Steven Kutz, and David Ambuel

Final Interview Protocol

Objective: Survey quantitatively and qualitatively the range and nature (e.g. franchise fees, property taxes, general revenue, special revenues, political feasibility, and community engagement efforts) of sustainable road funding mechanisms in suburban cities in the Twin-Cities Metro Region.

- 1) (Main Question) What is your city's perspective on long term planning for road maintenance and reconstruction?
 - a) (Probe) Is there political bias within the city as it relates to road infrastructure? (e.g. conservative voter base, pro or against tax increases)
 - b) (Probe) Are there other political actors at play outside of city administrators influencing this perspective in any particular direction? (e.g. City Council, Charter Commission, State Representatives, etc.)

- 2) (Main Question) What funding mechanisms does the city use to fund road maintenance and reconstruction activities?
 - a) (Follow Up Question) What portion of the city's road maintenance and reconstruction budget comes from general revenues?
 - i) (Probe) Do the general revenues consist of more than just a property tax?
 - ii) (Probe) What are general revenue tax rates?
 - b) (Follow Up Question) What portion of the city's road maintenance and reconstruction budget comes from special revenues?
 - i) (Probe) What are the special revenue mechanisms that you use?
 - ii) (Probe) What are the special revenue rates that you use?
 - c) (Follow Up Question) What portion of the city's road and maintenance and reconstruction budget comes from special assessments?
 - i) (Probe) What is the nature of these special assessments?
 - ii) (Probe) What is the special assessment rate that you use?
 - d) (Follow Up Question) What portion of the city's road and maintenance and reconstruction budget comes from capital improvement bonds?
 - i) (Probe) What percent of funding comes from capital improvement bonds?

- e) (Follow Up Question) What other fees or charges do you use to fund local road maintenance and reconstruction?
 - i) (Probe) What is the nature of these fees?
 - ii) (Probe) What is the rate of the fee and does it differ with zoning or something else
 - iii) (Probe) Is it earmarked?
 - iv) (Probe) Is there a sunset provision with your fees?
 - v) (Probe) Is there a cap on how much is collected (individually and aggregate)?

- 3) (Main Question) Are there any innovative funding models for local road maintenance and reconstruction that your city is considering?
 - a) (Follow Up Question based on Yes or No response to Main Question) If yes, where did you reach out to learn of these methods.
 - i) (Probe) Do you see these innovative methods being implemented in the near future?
 - b) (Follow Up Question based on Yes or No response to Main Question) If no, why have you not looked into new methods to help your road infrastructure's future?
 - i) (Probe) Do you intend to look for new methods in the near future?

Objective: Understand why cities fund the way they do to better assess how various options may fit into the context of Ramsey.

- 4) (Main Question) How long has your current funding structure for local road maintenance and reconstruction existed and can you describe the decision making process?
 - a) (Follow Up Question) What was the city's rationale for enacting the current funding structure?
 - b) (Follow Up Question) What criteria did the city consider when implementing their current local road funding plan?
 - i) (Probe) When the city developed its local road funding plan, did it consider how the plan would affect the equity of its citizens? What was the nature of this consideration?
 - ii) (Probe) Was efficiency considered?
 - iii) (Probe) Was adequacy considered?
 - iv) (Probe) Was feasibility considered?

- 5) (Main Question) Tell me about the political makeup of your district and how that plays out in the feasibility of passing local tax increases?
 - a) (Follow Up if answer is Yes) What do attribute to that funding mechanism being unfavorable?

- 6) (Main Question) What public engagement, if any, has your city conducted in order to increase public understanding and support of certain funding mechanisms?
- a) (Follow Up Question based on Yes or No response to Main Question) If yes, what types of public engagements were conducted and how would you rate its success?
 - b) (Follow Up Question based on Yes or No response to Main Question) If no, why did you forfeit the opportunity to use public engagement methods?
-

Objective: Demographic/Close-out Questions

- 7) (Main Question) Tell me your current position and in which city you currently serve as it relates to road infrastructure.
- a) If the respondent is uncomfortable answering position or which location they work in omit this line of questioning.
- 8) (Main Question) Are you willing to give a little information on your background to include age, where you received your education, and how long you've been a part of policy work at the local, state, and/or federal level?
- a) Government positions, and how long for each

Appendix C: Survey Questions

1. What city do you work for and what is your current position title?
2. What road funding mechanisms does your city use to fund road maintenance and reconstruction activities? (ex. general/special revenues, special assessments, capital improvement bonds, other fees/charges?) And, how are the rates structured? What portion of the costs does each mechanism cover?
3. How long has your current funding structure for local road maintenance and reconstruction existed and can you describe the decision making process?
4. What criteria has your city considered when coming up with funding structure?



Road Funding Mechanisms

RAMS GROUP

DAVID AMBUEL, MOLLY SIR, SEAN
CRAWFORD, AND STEVEN KUTZ

Research Question:

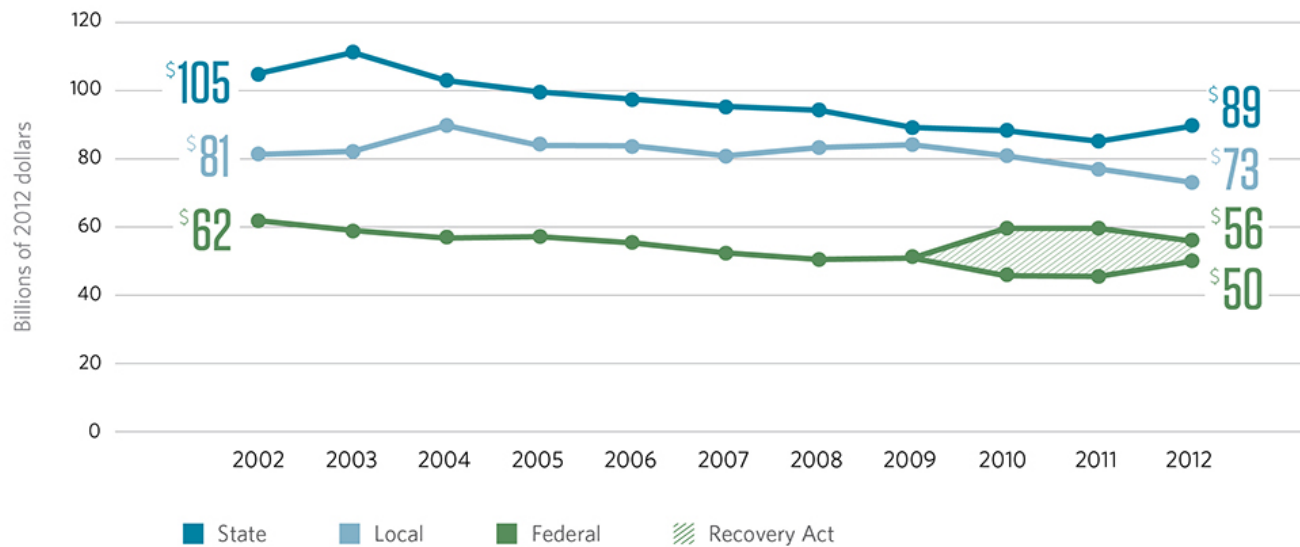
What are the best road maintenance funding mechanisms for small suburban cities in the 7-County Metro area?

CLIENT: CITY OF RAMSEY

National Road Funding Outlook:

Surface Transportation Investment Is Declining

Highway and transit spending by level of government, adjusted for inflation, 2002-12



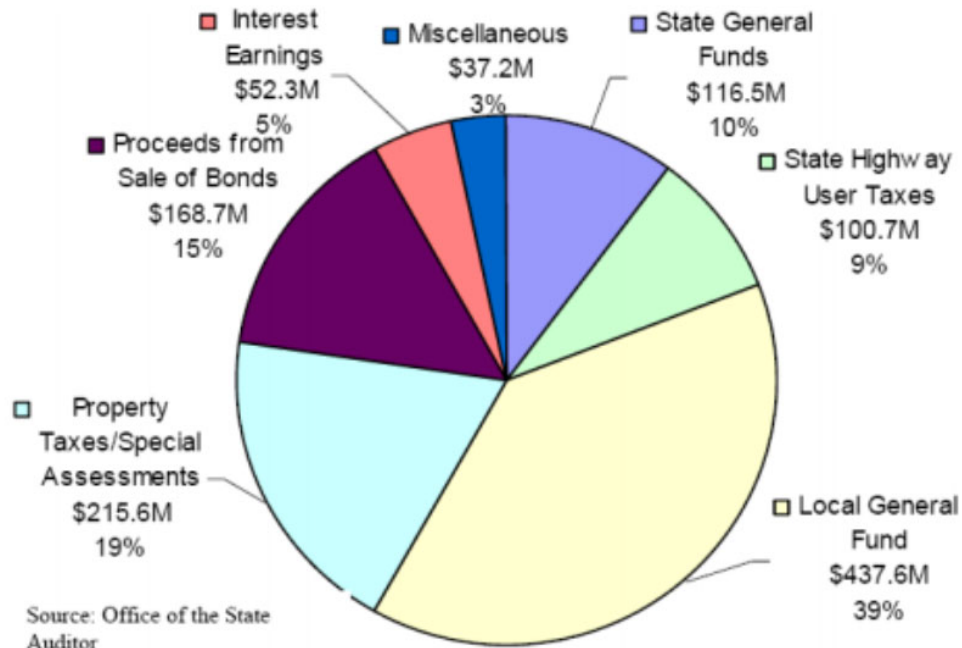
Notes: Inflation-adjusted using Bureau of Economic Analysis' price index for state and local government investment in structures (Table 3.9.4, Line 36). Years are in state fiscal years. Excludes federal spending directly on projects.

Sources: Pew's analysis of U.S. Census Bureau's Annual Survey of State and Local Government Finances, 2002-12; Recovery.gov agency-reported data, 2009-12

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State Road Funding:

Funding for local roads (MN)



Only 19% of local road funding is from the state

Local Funding Mechanisms:

General Fund

- City pays for road through property tax, sales tax, and other general revenue.

Special Assessments

- City assesses all or part of road costs to benefiting property owners.

Franchise Fees

- A fee on utility companies for use of city infrastructure; cost passed to customers.

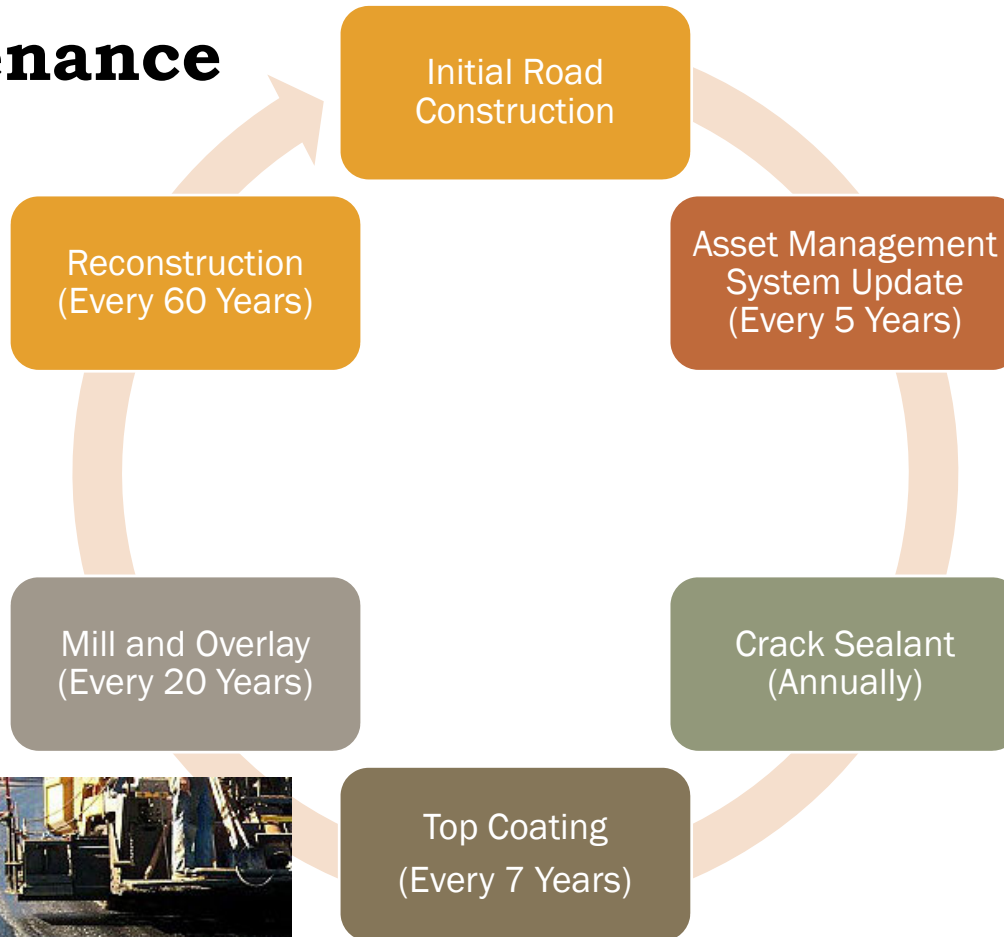
Capital Bond

- City can issue bonds to raise capital. Bond require repayment with interest.

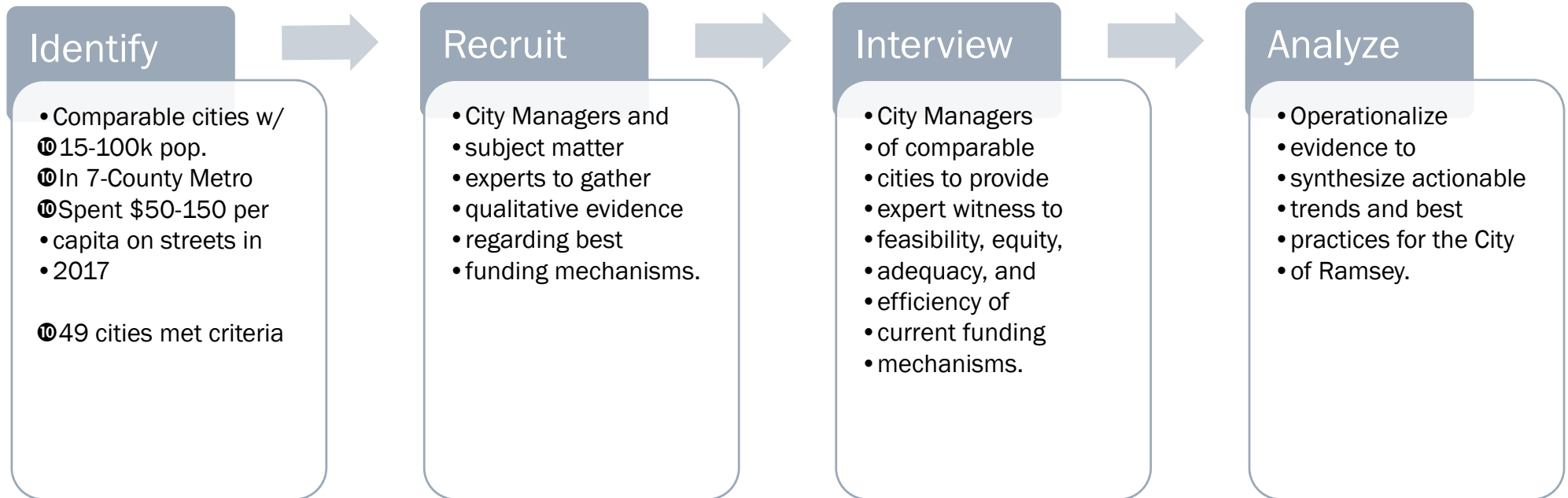
Other Sources

- State funding, federal grants, landfill host community fee, and novel approaches

Road Maintenance Definition:



Research Design:



Research Skills:

Challenges

Solutions

Scope

- Group decision: empirical, verifiable criteria

Recruitment

- Ramsey City Manager (CM) sent invites to 13 CMs; one interview
- Google Forms survey created; modeled off interview guide
- Second set of personal invites sent to 14 CMs w/ survey option; one interviews conducted and four surveys completed
- Four cold calls; one interview
- Two SME interviews; snowballed into one more CM interview

Interview

- Flexibility: interview platform and date/time
- Triangulation: everyone coded everything in Atlas

Research Analysis:

General Fund

- Common. To be adequate, effective, and efficient, property tax rate must be high, which impacts feasibility; generally equitable

Special Assessments

- Common. Expensive. To be adequate, assessments must be very high, which impacts equity, effectiveness, efficiency, and feasibility.

Capital Bond

- Common. Expensive, inadequate. inequitable and inefficient in long-term. Inconclusive effectiveness and feasibility.

Other Sources

- Rare to be able to fund roads primarily from “other sources.” When possible, it is due to unique position (e.g. landfill, majority state roads)

Franchise Fees

- Increasingly common. At correct level, are adequate, effective, and efficiency.
- Feasibility impacted by political will and public opinion.
- Equity impact is inconclusive.

Extension:

Explore Novel Funding Types:

- Street improvement districts
- Street utility fees
- City wheelage fees

Apply Lessons to Ramsey Context:

- Explore political support franchise fee
- Explore public engagement plan

Questions?



| Fee Per Utility* | Monthly Franchise Fee* | Year | Estimated Project Costs (Franchise Fee Portion Only) (See Chart**) | | Franchise Revenue Generated | Franchise Fee Rebate**** | Funds Remaining |
|---------------------------|------------------------|------|---|-----|-----------------------------|--------------------------|-----------------|
| \$5.00 per utility | | | | | | | |
| | \$ 10 | 2020 | \$ (259,098) | *** | \$ 1,471,860 | \$ (40,443) | \$ 1,172,319 |
| | \$ 10 | 2021 | \$ (2,211,174) | | \$ 1,471,860 | \$ (40,443) | \$ 392,562 |
| | \$ 10 | 2022 | \$ (2,147,291) | | \$ 1,471,860 | \$ (40,443) | \$ (323,311) |
| | \$ 10 | 2023 | \$ (2,522,422) | | \$ 1,471,860 | \$ (40,443) | \$ (1,414,316) |
| | \$ 10 | 2024 | \$ (2,466,927) | | \$ 1,471,860 | \$ (40,443) | \$ (2,449,826) |
| \$6.00 per utility | | | | | | | |
| | \$ 12 | 2020 | \$ (259,098) | *** | \$ 1,695,708 | \$ (44,343) | \$ 1,392,267 |
| | \$ 12 | 2021 | \$ (2,211,174) | | \$ 1,695,708 | \$ (44,343) | \$ 832,458 |
| | \$ 12 | 2022 | \$ (2,147,291) | | \$ 1,695,708 | \$ (44,343) | \$ 336,532 |
| | \$ 12 | 2023 | \$ (2,522,422) | | \$ 1,695,708 | \$ (44,343) | \$ (534,525) |
| | \$ 12 | 2024 | \$ (2,466,927) | | \$ 1,695,708 | \$ (44,343) | \$ (1,350,087) |
| \$7.00 per utility | | | | | | | |
| | \$ 14 | 2020 | \$ (259,098) | *** | \$ 1,926,084 | \$ (46,521) | \$ 1,620,465 |
| | \$ 14 | 2021 | \$ (2,211,174) | | \$ 1,926,084 | \$ (46,521) | \$ 1,288,854 |
| | \$ 14 | 2022 | \$ (2,147,291) | | \$ 1,926,084 | \$ (46,521) | \$ 1,021,126 |
| | \$ 14 | 2023 | \$ (2,522,422) | | \$ 1,926,084 | \$ (46,521) | \$ 378,267 |
| | \$ 14 | 2024 | \$ (2,466,927) | | \$ 1,926,084 | \$ (46,521) | \$ (209,097) |
| \$7.25 per utility | | | | | | | |
| | \$ 14.50 | 2020 | \$ (259,098) | *** | \$ 1,980,414 | \$ (47,021) | \$ 1,674,295 |
| | \$ 14.50 | 2021 | \$ (2,211,174) | | \$ 1,980,414 | \$ (47,021) | \$ 1,396,514 |
| | \$ 14.50 | 2022 | \$ (2,147,291) | | \$ 1,980,414 | \$ (47,021) | \$ 1,182,616 |
| | \$ 14.50 | 2023 | \$ (2,522,422) | | \$ 1,980,414 | \$ (47,021) | \$ 593,587 |
| | \$ 14.50 | 2024 | \$ (2,466,927) | | \$ 1,980,414 | \$ (47,021) | \$ 60,053 |
| \$8.00 per utility | | | | | | | |
| | \$ 16 | 2020 | \$ (259,098) | *** | \$ 2,149,932 | \$ (48,609) | \$ 1,842,225 |
| | \$ 16 | 2021 | \$ (2,211,174) | | \$ 2,149,932 | \$ (48,609) | \$ 1,732,374 |
| | \$ 16 | 2022 | \$ (2,147,291) | | \$ 2,149,932 | \$ (48,609) | \$ 1,686,406 |
| | \$ 16 | 2023 | \$ (2,522,422) | | \$ 2,149,932 | \$ (48,609) | \$ 1,265,307 |
| | \$ 16 | 2024 | \$ (2,466,927) | | \$ 2,149,932 | \$ (48,609) | \$ 899,703 |

* Residential Rates only. Commercial/industrial are based on meter size

**See attached chart showing engineers estimate of project costs for years 2020-2024.

***First year of project cost has been reduced by \$202,000 which is the remaining 2013 excess road funds

****75% of eligible rebate

Possible Other Funding Sources (one-time funding):

Capital Maintenance Fund: \$835,000

Public Improvement Fund (PIR): Approximately \$2M not currently committed. Unknown is City's share for Hwy 10

\$1.696M per year additional for roads \$12mo Franchise Fee vs Property Taxes \$1,780,800 (+500k already allocated from property tax, add 5% to ff amount for uncollected taxes or if bond underwriting costs)

| Value | | **2019 levy amount | **2019 levy amount + additional \$1.780M road levy | Additional amount if Property Tax | Additional amount if "Franchise Fee" | difference between property tax vs franchise fee | franchise fee is this percentage of property tax to cover 1.545 million additional income | | additional property tax for roads instead of franchise fee as percentage of 2019 levy | franchise fee as percentage of 2019 levy | # of Residential Properties that would pay more in franchise fees than property taxes |
|----------------------------|----------------------------------|--------------------|--|-----------------------------------|--------------------------------------|--|---|--|---|--|---|
| RESIDENTIAL VALUES: | | | | | | | | | | | |
| Res -\$150,000 | | \$ 1,215.16 | \$ 1,305.66 | \$ 90.50 | \$ 144.00 | \$ 53.50 | 159.12% | Everyone with a property value less than \$218,500 pays more in franchise fees than they would in property tax. Everyone above 218,500 pays less in franchise fees than property tax. (Per County Tax Numbers 5-24-19) | 7.45% | 11.85% | 202 |
| Res -\$175,000 | | \$ 1,476.85 | \$ 1,586.65 | \$ 109.80 | \$ 144.00 | \$ 34.20 | 131.15% | | 7.43% | 9.75% | |
| Res - \$200,000 | | \$ 1,739.51 | \$ 1,869.07 | \$ 129.56 | \$ 144.00 | \$ 14.44 | 111.15% | | 7.45% | 8.28% | 1306 |
| Res -\$211,000 | Breakeven with \$5 Franchise fee | \$ 1,854.97 | \$ 1,993.13 | \$ 138.16 | \$ 144.00 | \$ 5.84 | 104.23% | | 7.45% | 7.76% | 398 |
| Res -\$213,500 | Median Value | \$ 1,880.94 | \$ 2,021.04 | \$ 140.10 | \$ 144.00 | \$ 3.90 | 102.78% | | 7.45% | 7.66% | 123 |
| Res -\$218,500 | | \$ 1,932.90 | \$ 2,076.86 | \$ 143.96 | \$ 144.00 | \$ 0.04 | 100.03% | | 7.45% | 7.45% | |
| Res -\$250,000 | | \$ 2,263.87 | \$ 2,432.48 | \$ 168.61 | \$ 144.00 | \$ (24.61) | 85.40% | | 7.45% | 6.36% | |
| Res - \$300,000 | | \$ 2,788.22 | \$ 2,995.89 | \$ 207.67 | \$ 144.00 | \$ (63.67) | 69.34% | | 7.45% | 5.16% | |
| Res - \$400,000 | | \$ 3,836.93 | \$ 4,122.71 | \$ 285.78 | \$ 144.00 | \$ (141.78) | 50.39% | | 7.45% | 3.75% | |
| Res - \$500,000 | | \$ 4,810.60 | \$ 5,168.90 | \$ 358.30 | \$ 144.00 | \$ (214.30) | 40.19% | | 7.45% | 2.99% | |
| Res - \$600,000 | | \$ 6,013.25 | \$ 6,461.13 | \$ 447.88 | \$ 144.00 | \$ (303.88) | 32.15% | | 7.45% | 2.39% | |
| | | | | | | | | | | | |

Tax levy amounts are based on 2019 certified tax levy and residential properties homesteaded Anoka Hennepin School District

City of Ramsey Parcel Breakdown (from Anoka County)

| Value | Residential | Commercial/Ind/Apt | Exempt | Public Utility | Total | | Additional Income from Franchise Fee-Residential Only | Residential Only - Additional Income from Prop. Tax | |
|------------------------------|-------------|--------------------|-----------|----------------|-------------|-----------|---|---|----------------|
| 100,000 - 150,000 | 202 | 3 | 12 | 0 | 217 | \$ 144.00 | \$ 29,088.00 | \$ 18,281.00 | See Note Below |
| 150,001 - 200,000 | 1306 | 15 | 1 | | 1322 | \$ 144.00 | \$ 188,064.00 | \$ 169,205.36 | |
| 200,001-211,000 | 398 | 2 | 1 | | 401 | \$ 144.00 | \$ 57,312.00 | \$ 54,987.68 | |
| 211,001-213,500 | 123 | 1 | | | 124 | \$ 144.00 | \$ 17,712.00 | \$ 17,232.30 | |
| 213,501-218,500 | 306 | | | | 306 | \$ 144.00 | \$ 44,064.00 | \$ 51,594.66 | |
| 218,501-300,000 | 4110 | 19 | 11 | | 4140 | \$ 144.00 | \$ 591,840.00 | \$ 853,523.70 | |
| 300,001 - 400,000 | 1806 | 24 | 0 | | 1830 | \$ 144.00 | \$ 260,064.00 | \$ 249,516.96 | |
| 400,001 - 500,000 | 377 | 25 | 4 | | 406 | \$ 144.00 | \$ 54,288.00 | \$ 63,565.97 | |
| 500,001-1,000,000 | 176 | 65 | 11 | 0 | 252 | \$ 144.00 | \$ 25,344.00 | \$ 36,549.92 | |
| 1,000,001-5,000,000 | 7 | 89 | 10 | 0 | 106 | \$ 144.00 | \$ 1,008.00 | \$ 2,000.46 | |
| 5,000,000+ (Non-Residential) | 0 | 13 | 4 | 0 | 17 | \$ 144.00 | \$ - | | |
| Total | 8811 | 256 | 54 | 0 | 9121 | | \$ 1,268,784.00 | \$ 1,516,458.01 | |

| Property Values | Residential Units/Parcels | % of Total Households | Total Franchise Fees | of 1.780,800 million total | Total Property Tax | % of \$1.780,800 million total |
|---------------------|---------------------------|-----------------------|----------------------|----------------------------|--------------------|--------------------------------|
| \$100,000-\$218,500 | 2335 | 26.50% | \$ 336,240.00 | 18.8814% | \$ 311,301.00 | 17.48% |

2019 Average Market Value: \$223,100

2019 Median Market Value: \$213,500

NOTE: The \$90.50 Property Tax increase was based on a residential home that has received a market value exclusion (phased out after \$413,800) and whose tax capacity rate is 1% for the first \$500,000.

(PROPOSED) ORDINANCE NO. 19-XX

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

AN ORDINANCE IMPLEMENTING AN ELECTRIC FRANCHISE FEE ON CONNEXUS ENERGY, A MINNESOTA COOPERATIVE AND CITY OF ANOKA ELECTRIC, A MUNICIPAL ELECTRIC DISTRIBUTOR, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING ELECTRIC SERVICE WITHIN THE CITY OF RAMSEY, ANOKA COUNTY, MINNESOTA.

THE CITY OF RAMSEY ORDAINS:

SECTION 1: ELECTRIC FRANCHISE FEE

- (a) *Definitions.* For the purposes of this Ordinance, the following terms shall have the following meanings:
- (1) City. The City of Ramsey, County of Anoka, State of Minnesota.
 - (2) Company. Connexus Energy and City of Anoka Electric, its successors and assigns.
 - (3) Franchise Agreement. The franchise agreement between the City and Company pursuant to City Ordinance #03-16.
 - (4) Notice. “Notice” means a writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to Connexus Energy, 14601 Ramsey Boulevard NW, Ramsey, Minnesota, 55303 and City of Anoka Electric, 501 Pierce Street, Anoka, Minnesota, 55303. Notice to City shall be mailed to the City Clerk, City of Ramsey, 7550 Sunwood Drive NW, Ramsey, Minnesota, 55303.
- (b) *Purpose.* The Ramsey City Council has determined that it is in the best interest of the City to impose a franchise fee on those public utility companies that provide natural gas and electric services within the City. Pursuant to the Franchise Agreement, the City has the right to impose a franchise fee on Company. All franchise fee revenues generated through this Ordinance shall be collected in lieu of special assessments for street maintenance projects, and shall be dedicated only to long-term street maintenance program projects including pavement preservation and street reconstruction projects.
- (c) *Franchise Fee Statement and Schedule.* A franchise fee is hereby imposed on Company commencing with the _____, 20____ billing month, and in accordance with the following fee schedule:

| <u>Electric Utility</u> <u>Customer Classification</u> | <u>Amount per Account per Month (\$)</u> |
|---|--|
| Residential | \$ 6 |
| Small Commercial/Industrial – Non-Demand | \$ 8 |
| Small Commercial/Industrial – Demand | \$ 45 |
| Institutional (Schools) | \$210 |
| Large Commercial/Industrial | \$210 |

- (d) *Account Fee.* This fee is an account based fee and not a meter-based fee. In the event that an entity covered by this Ordinance has more than one meter, but only one account, only one fee shall be assessed to that account. In the event any entities covered by this Ordinance have more than one account, each account shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any account, the highest possible fee amount shall apply.
- (e) *Payment.* Franchise fees are to be collected by the Company and submitted to the City as follows:
- January – March collections due by April 30
 April – June collections due by July 31
 July – September collections due by October 31
 October – December collections due by January 31
- (f) *Record Support for Payment.* The Company shall make each payment when due and, if requested by the City, shall provide a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total made to account for any non-collectible accounts, refunds or error corrections. The Company shall permit the City, and its representatives, access to the Company’s records for the purpose of verifying such statements.
- (g) *Payment Adjustments.* Payment to the City will be adjusted where the Company is unable to collect the franchise fee. This includes non-collectible accounts.
- (h) *Dispute Resolution.* If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this Ordinance or for such other relief permitted by law.

- (i) *Effective Date of Franchise Fee.* The effective date of this Ordinance shall be after its publication and ninety (90) days or more after sending written notice enclosing a copy of this adopted Ordinance to Company by certified mail. Collection of the fee shall commence as provided above.
- (j) *Relation to Franchise Agreement.* This Ordinance is enacted in compliance with the Franchise Agreement and shall be interpreted as such.
- (k) *Periodic Review.* The City Council may review this Ordinance from time to time in whatever manner the City Administrator then determines to be appropriate, including, but not limited to, review by the City Council in either a work session or a regular session. Failure to review this Ordinance shall not in any way invalidate or limit it.
- (a) *Rebate Program.* The City will rebate the lesser annual amount paid for franchise fees versus special assessments over the remaining term of the special assessments, regardless if the assessment was pre-paid or is currently being paid through property taxes. Rebates will be in the form of a check to qualifying property addresses. This rebate program applies strictly to qualifying property addresses during the effective term of their current assessment or this Ordinance, whichever expires first.

SECTION 2: EFFECTIVE DATE.

This Ordinance takes effect as provided by the City Charter. This Ordinance shall terminate _____ years from the date passed and adopted by the City. If the termination date falls within the middle of a three-month collection period, the Ordinance shall terminate at the end of the collection period.

PASSED by the Ramsey City Council this the ____ day of _____, 20 ____.

Mayor

ATTEST:

City Clerk

Introduction Date:
Posting Dates:
Adoption Date:
Publication Date:
Effective Date:

(PROPOSED) ORDINANCE NO. 19-XX

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

AN ORDINANCE IMPLEMENTING A GAS FRANCHISE FEE ON CENTERPOINT ENERGY MINNESOTA, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING GAS SERVICE WITHIN THE CITY OF RAMSEY, ANOKA COUNTY, MINNESOTA.

THE CITY OF RAMSEY ORDAINS:

SECTION 1: GAS FRANCHISE FEE

- (a) *Definitions.* For the purposes of this Ordinance, the following terms shall have the following meanings:
- (1) *City.* The City of Ramsey, County of Anoka, State of Minnesota.
 - (2) *Company.* Centerpoint Energy Minnesota, its successors and assigns.
 - (3) *Franchise Agreement.* The franchise agreement between the City and Company pursuant to City Ordinance #03-16.
 - (4) *Notice.* “Notice” means a writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to Centerpoint Energy Minnesota, 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota, 55459-0038. Notice to City shall be mailed to the City Clerk, City of Ramsey, 7550 Sunwood Drive NW, Ramsey, Minnesota, 55303.
- (b) *Purpose.* The Ramsey City Council has determined that it is in the best interest of the City to impose a franchise fee on those public utility companies that provide natural gas and electric services within the City. Pursuant to the Franchise Agreement, the City has the right to impose a franchise fee on Company. All franchise fee revenues generated through this Ordinance shall be collected in lieu of special assessments for street maintenance projects, and shall be dedicated only to long-term street maintenance program projects including pavement preservation and street reconstruction projects.
- (c) *Franchise Fee Statement and Schedule.* A franchise fee is hereby imposed on Company commencing with the _____, 20____ billing month, and in accordance with the following fee schedule:

Gas Utility

Customer Classification

Amount per Account per Month (\$)

| | |
|--------------------------------------|-------|
| Residential | \$ 6 |
| Comm/Ind A (Up to 1,500 Therms) | \$ 8 |
| Comm/Ind B (1,500-4,999 Therms) | \$ 20 |
| Comm/Ind C (5,000 + Therms) | \$ 70 |
| Small Volume, Dual Fuel A (“SVDF A”) | \$148 |
| Small Volume, Dual Fuel B (“SVDF B”) | \$148 |
| Large Volume, Dual Fuel (“LVDF”) | \$800 |

- (d) *Account Fee.* This fee is an account based fee and not a meter-based fee. In the event that an entity covered by this Ordinance has more than one meter, but only one account, only one fee shall be assessed to that account. In the event any entities covered by this Ordinance have more than one account, each account shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any account, the highest possible fee amount shall apply.
- (e) *Payment.* Franchise fees are to be collected by the Company and submitted to the City as follows:
- January – March collections due by April 30
April – June collections due by July 31
July – September collections due by October 31
October – December collections due by January 31
- (f) *Record Support for Payment.* The Company shall make each payment when due and, if requested by the City, shall provide a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total made to account for any non-collectible accounts, refunds or error corrections. The Company shall permit the City, and its representatives, access to the Company’s records for the purpose of verifying such statements.
- (g) *Payment Adjustments.* Payment to the City will be adjusted where the Company is unable to collect the franchise fee. This includes non-collectible accounts.
- (h) *Dispute Resolution.* If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this Ordinance or for such other relief permitted by law.

- (i) *Effective Date of Franchise Fee.* The effective date of this Ordinance shall be after its publication and ninety (90) days or more after sending written notice enclosing a copy of this adopted Ordinance to Company by certified mail. Collection of the fee shall commence as provided above.
- (j) *Relation to Franchise Agreement.* This Ordinance is enacted in compliance with the Franchise Agreement and shall be interpreted as such.
- (k) *Periodic Review.* The City Council may review this Ordinance from time to time in whatever manner the City Administrator then determines to be appropriate, including, but not limited to, review by the City Council in either a work session or a regular session. Failure to review this Ordinance shall not in any way invalidate or limit it.
- (l) *Rebate Program.* The City will rebate the lesser annual amount paid for franchise fees versus special assessments over the remaining term of the special assessments, regardless if the assessment was pre-paid or is currently being paid through property taxes. Rebates will be in the form of a check to qualifying property addresses. This rebate program applies strictly to qualifying property addresses during the effective term of their current assessment or this Ordinance, whichever expires first.

SECTION 2: EFFECTIVE DATE.

This Ordinance takes effect as provided by the City Charter. This Ordinance shall terminate _____ years from the date passed and adopted by the City. If the termination date falls within the middle of a three-month collection period, the Ordinance shall terminate at the end of the collection period.

PASSED by the Ramsey City Council this the _____ day of _____, 20____.

Mayor

ATTEST:

City Clerk

Introduction Date:
Posting Dates:
Adoption Date:
Publication Date:
Effective Date:

Meeting Date: 05/12/2020

Information

Title:

Provide Direction on Curbside Recycling Program

Purpose/Background:

The City is currently in the final year of a three (3) year contract with ACE Solid Waste for curbside collection of recyclable materials. The current contract will expire on December 31, 2020. Please note that this case and discussion focuses on the City's current organized curbside recycling contract. The current discussion does not contemplate extending the organized collection into solid waste disposal (garbage).

The purpose of this case is to begin discussions on policy direction before the current contract expires. There are essentially three (3) options that could be considered by the City:

1. Enter into negotiations with the current service provider to extend or renew the contract.
2. Prepare a Request for Proposals (RFP) for competitive bids for curbside collection of recyclables.
3. Migrate to an open hauling system that would not include management and oversight by the City, but would still involve licensing of haulers, reporting to Anoka County, and education efforts.

State Statute (Chapter 115A Waste Management) requires that residents, including both single family and multifamily residences, have the opportunity to recycle. The City has historically satisfied this requirement with a contract for curbside collection of residentially generated recyclables. The current contract specifically addresses all town homes as well as single family residential homes. Note that apartment complexes and the manufactured home park are treated as commercial accounts and are not part of the current contract.

There are several advantages to operating with a contracted service:

- Participation rates are typically higher than in an open hauling system (currently, Ramsey's participation rate is at 90%).
- Generally decreases the number of trucks that would be on a street on collection day (depending on what services a hauler offers, there could be up to four [4] trucks servicing one address: garbage, recycling, yard waste, and organics), reducing both traffic volumes and wear and tear on residential streets.
- More efficient from an administrative and reporting perspective (generally only one hauler submitting tonnage reports, with the exception of the apartment complexes).
- More efficient from a promotion and marketing perspective (oftentimes, haulers have slightly different standards for accepted materials and thus, in an open hauling system, promotion and marketing is more generalized). This is even more critical now with the current downward trend of commodity values and the need to ensure clean recycling.
- Opportunity for the City to implement various standards/requirements such as providing labor and equipment for recycling events and assistance with program promotion and education.

Historically, communities that provide recycling service through a contract generally have higher participation rates and greater quantities of materials recycled compared to communities that operate in an open hauling system. One exception to this may be when a community has a year-round recycling center available for residents, such as those facilities operated by the cities of Andover and Coon Rapids.

One drawback to providing recycling service through a contract that has come up occasionally is that every household is billed for recycling (presently, \$2.85 per month), whether they participate in the program or not. It is considered a utility, much like the priority street light charge and stormwater management charge, all three of these are charged to every household in the city.

Should the City move to an open hauling system, this would provide more flexibility for property owners to select their own recycling service provider. This would, however, require various ordinance amendments related specifically to the licensing requirements. Most notably, City Code would need to be amended to specify licensed haulers offering garbage service must also offer recycling service and that each licensed hauler shall provide monthly tonnage reports to the City. This would also likely lead to increased traffic volumes on collection days and possibly more wear and tear on roads as well.

As a reminder, the City's recycling program is funded through the Select Committee On Recycling and the Environment (SCORE). Each community in Anoka County receives a base of \$10,000.00 plus another \$5.00 per household and has the ability to apply for additional enhancement funds to make improvements to their recycling program. Ramsey's allocation for 2020 is \$77,566.00. Additionally, the Anoka County Board of Commissioners also sets a tonnage goal for each community (based on 215 pounds per person per year per single family home and 160 pounds per person per year for multifamily buildings of five [5] units or more) and Ramsey's current goal is set at 2,840 tons. Ramsey has now achieved its recycling goal for sixteen(16) consecutive years.

The City has had a contract with ACE Solid Waste since approximately 1996. ACE Solid Waste calls Ramsey home and has provided good service for over twenty (20) years. The City and ACE continue to have a good working relationship. While ACE Solid Waste is headquartered in Ramsey, its parent company, Waste Connections Inc. (purchased in 2013), is headquartered in Texas.

ACE Solid Waste continues to provide dependable service and is investing in the community. In 2019, ACE Solid Waste initiated a \$2,000,000 building expansion on their property to improve their overall waste management operations. This expansion has created potential new opportunities as well, including a 'convenience center' for customer drop-off opportunities and the possibility of hosting recycling day events at ACE's site in the future.

EPB Recommendation

The Environmental Policy Board (EPB) reviewed this topic at their March meeting. There was consensus to attempt to negotiate either an extension or new contract with ACE Solid Waste. As part of this discussion, the EPB noted the program seems to be working well and that ACE is headquartered right here in Ramsey. The EPB was not supportive of converting to an open hauling system.

Timeframe:

15 minutes

Funding Source:

Staff is handling this case as part of its normal recycling duties, which is covered through SCORE funds.

Responsible Party(ies):

City Planner

Outcome:

Provide Staff direction on preferred method to manage curbside recycling program prior to expiration of current contract.

Attachments

Current Recycling Contract

Draft EPB Meeting Minutes Dated March 16, 2020

Form Review

Inbox
Tim Gladhill

Reviewed By
Tim Gladhill

Date
05/06/2020 07:18 PM

Kurt Ulrich
Form Started By: Chris Anderson
Final Approval Date: 05/07/2020

Kurt Ulrich

05/07/2020 03:18 PM
Started On: 05/05/2020 11:42 AM

**CITY OF RAMSEY
CONTRACT FOR CURBSIDE RECYCLING SERVICES**

This agreement is made as of the 1st day of January, 2018, between the City of Ramsey, a Minnesota municipal corporation located at 7550 Sunwood Drive, Ramsey, MN 55303 (“City”), and Ace Solid Waste, Inc a Minnesota corporation located at 6601 McKinley St. N.W., Ramsey, MN 55303 (“Contractor”).

The City and the Contractor agree as follows:

SECTION 1. PURPOSE

The purpose of this agreement is to establish a curbside Recycling Program for the collection of Recyclable Materials from residents of the City of Ramsey.

SECTION 2. DEFINITIONS

For purposes of this Contract, the following words and terms shall have the definitions given them by this section.

- A. “CITY ADMINISTRATOR” means the then duly appointed and qualified City Administrator of the City of Ramsey.
- B. “CONTAINER” means plastic wheeled carts with lids provided by and maintained by the Contractor in which Recyclable Materials can be stored and later placed at curbside for collection as specified by the City.
- C. “EXCLUDED WASTE” means any radioactive, volatile, corrosive, highly flammable, explosive, biomedical, infectious, biohazardous, toxic or hazardous material as defined by applicable federal, state or local laws or regulations.
- D. “RECYCLING PROGRAM” means the collecting of all Recyclable Materials accumulated in Containers at Residential Properties located within the City and the transporting of the Recyclable Materials to a site where they can be processed for the marketplace as determined by the Contractor.
- E. “RECYCLABLE MATERIALS” means glass containers having no plastic, metal or other lids, plastic containers, tubs and lids, metal beverage and food cans, newspapers, corrugated cardboard, boxboard defined as cereal, cake, and chip boxes, paper cartons defined as juice, milk, soup and broth cartons, mixed mail, paperback books, magazines and phone books and other materials as mutually agreed by the City and Contractor.
- F. “RESIDENTIAL PROPERTY” means all single family and other residential dwelling units where a separate driveway and/or garage exists for each unit or group of units within City limits. Multi-unit apartment buildings and residential dwelling

units above commercial businesses, which, for the purposes of this contract, are not defined as Residential Property, are specifically excluded from this contract.

- G. "SINGLE SORT RECYCLING" means residents may place all Recyclable Materials in the Container provided without sorting by type of material.

SECTION 3. SERVICES TO BE PERFORMED

- A. For recycling purposes, the City is divided into two collection areas: the east side and west side. The dividing line is Sunfish Lake Boulevard and Nowthen Boulevard. The Contractor shall collect at curbside all Recyclable Materials from every Residential Property in the City on an every other week schedule, with the east side collected one week and the west side collected the next week. The Contractor will inform the City of the current collection schedule and update the schedule if it changes. If the Contractor desires to change the collection day for any Residential Property, or group of properties, the request must be submitted in writing to the City. Changes in collection days cannot be made without advance approval of the City. The Contractor is responsible for educating residents of any day change with at least two education notices.
- B. The Contractor shall not be required to make regular collections on State of Minnesota legal holidays; provided, however, that collection shall occur on the routes reasonably in advance thereof or thereafter in the opinion of the City and Contractor so that the every other week schedule can be completed regardless of a holiday.
- C. The Contractor shall provide the following equipment and labor biannually for recycling events:
1. Roll-off boxes or equivalent as mutually agreed upon by the City and Contractor for the drop off of scrap metal and Recyclable Materials by City residents.
 2. All required labor for loading and removal of materials collected
 3. Trucking services for the delivery and removal of the roll-off boxes
- D. The Contractor will provide every Residential Property with a Container. Single family homes will receive a sixty-five (65) gallon size Container and each townhome will receive a thirty-five (35) gallon size Container. After ninety (90) days, residents may exchange their delivered Container with a smaller or larger Container based on their needs. Container exchanges for size are limited to once per year per resident.
1. The Contractor shall provide a second Container to a Residential Property upon request at no cost as long as the Residential Property already has the largest available Container size.
- E. The Contractor will support Recycling Program promotion as follows:

1. When Containers are delivered for the Single Sort Recycling Program, the Contractor will include a printed flyer detailing and promoting the program.
 2. The Contractor, in conjunction with City, will develop a promotional program that includes a quarterly recycling participation contest and an "opt-in" e-mail address database for those residents who want to be kept informed on the latest recycling developments.
 3. In order to help the City identify new recyclers, the Contractor will send a monthly "Cart Delivered" report to the City.
 4. All Containers delivered for recycling will have a printed education flyer attached to the lid outlining the details of the Recycling Program.
 5. The Contractor will meet with the City at least once every quarter to discuss and consider outreach and educational information and materials to promote recycling, target specific Recyclable Materials, and identify problem materials that are not acceptable.
 - a. Contractor shall assist with preparation of articles for inclusion in the City's bi-monthly newsletter and the Ramsey Recycler publication. Articles shall focus on seasonal problem materials and/or seasonal increases in certain Recyclable Materials and other topics that will help improve tonnage and participation and reduce contamination.
- F. The Contractor will provide Containers or equivalent at the City's public works facility for delivery of Recyclable Materials collected by City employees in the City parks and at City events. Size of Containers and frequency of collection will match the need. Public "drop-off" will not be allowed.
- G. The Contractor shall work with the City to develop and implement new programs and pilot projects to help increase tonnage and participation in the Recycling Program. Examples may include:
1. Expanding the list of Recyclable Materials.
 2. Providing equipment for additional drop-off opportunities (e.g. additional cardboard over holidays, organics collection, yard waste collection in the fall, etc.)
 3. Working with the City to provide additional curbside pick-up services (e.g. City-wide curbside appliance and/or electronics collection).
- H. Notwithstanding any other term contained herein, the Contractor shall have no obligation to collect any waste which is, or which the Contractor reasonably believes to be, Excluded Waste. Title to and liability for any Excluded Waste shall remain with resident/generator of such Excluded Waste, even if the Contractor inadvertently collects and disposes of such Excluded Waste. If the Contractor finds what reasonably appears to be discarded Excluded Waste, the Contractor shall notify the resident/business/generator, if such can be determined, that the Contractor may not lawfully collect such Excluded Waste and leave a tag specifying the nearest location available for appropriate disposal.

SECTION 4. TERM OF CONTRACT

- A. The term of this Contract shall be January 1, 2018 through December 31, 2020 (the "Contract Term").
- B. This Contract may be renewed at the City's option. Any renewal shall be subject to mutual Contract amendments proposed by the City and/or the Contractor. The unit cost of the Recycling Program shall be negotiated by the City and the Contractor prior to the granting of the renewal. The City may, however, in its sole discretion, seek competitive bids for renewal, and in its discretion, select another Contractor.
- C. The City shall notify the Contractor a minimum of three (3) months prior to the Contract's termination if the City intends to request a renewal. If the Contractor does not intend to renew this Contract, it shall notify the City at least six (6) months prior to the Contract's termination. If the Contractor notifies the City of its intent not to renew this Contract, it shall not bid on the new Contract.

SECTION 5. PREPARATION FOR COLLECTION

- A. All occupants of Residential Properties in the City will be directed to prepare and store Recyclable Materials in a manner consistent with the Contractor's collection program.
- B. City residents will be advised that Containers in which Recyclable Materials have been stored must be placed on the boulevard area of the street in front of their residence for collection. Containers must be placed for collection by **6:30 a.m.** on the scheduled day of collection.
- C. All Recyclable Materials placed for collection shall be owned by, and be the responsibility of, the occupants of each Residential Property until said materials are handled by the Contractor. Upon handling of the Containers and Recyclable Materials by the Contractor, the Recyclable Materials become the property and responsibility of the Contractor.

SECTION 6. CONTRACTOR'S EQUIPMENT

- A. All vehicles used by the Contractor in picking up the Recyclable Materials from the Residential Properties shall be painted and marked uniformly and shall be identified on both sides of the vehicle. Broom and shovel in good usable condition shall be placed and maintained on each vehicle.
- B. The Contractor shall make all collections of Recyclable Materials in vehicles with closed tops on the load portion so that contents will not spill or leak. All of the Contractor's receptacles and vehicles shall be kept clean and as free from offensive

odors as possible and shall not be allowed to stand in any street or other place longer than is reasonably necessary to collect Recyclable Materials.

- C. The Contractor shall keep all equipment used in the performance of the work required by this Contract in good operating condition and in a clean, sanitary condition and shall thoroughly wash each vehicle at least twice each month or before each semi-monthly collection unless the same has not been used since the last washing. All of the Contractor's equipment is subject to periodic inspection by the City to assure that said vehicles and/or equipment are being maintained in a clean and sanitary condition.

SECTION 7. CONTRACTOR'S OPERATIONS

- A. The Contractor shall establish and maintain, in a location approved by the City Administrator, an office staffed and capable of accepting complaints and customer calls. The office shall be in service during the hours of 8:00 a.m. to 5:00 p.m. on all days of collection as specified herein. The address and telephone number of the office shall be given to the City in writing. Any changes in address and telephone number of the office shall be given to the City in writing at least ten (10) working days prior to such change.
- B. The Contractor shall collect curbside Recyclable Materials between the hours of 7:00am and 6:00pm or as mutually agreed upon by the Contractor and the City.
- C. Complaints on service will be taken and collected by the City in addition to those received at the Contractor's office. The City will notify the Contractor of all complaints it receives. The Contractor is responsible for all corrective actions. A record of all such complaints and the action taken thereon shall be kept by the Contractor and reported to the City's Community Development Department whenever requested. All complaints shall be answered by the Contractor courteously and promptly.
- D. The City shall notify the Contractor by 12:00 noon on the work day following the scheduled pick-up of all missed stops. The Contractor is required to service such locations before 5:00 p.m. on the date of notification.
- E. The Contractor's employees shall handle all Containers with reasonable care to avoid damage, shall replace all Containers in an upright position and shall immediately clean up and dispose of any Recyclable Materials which may have fallen out of a Container.
- F. The performance of the Contract shall be done by the Contractor with forces adequate to insure the satisfactory collection and disposal of the Recyclable Materials at all times. Contractor's failure to perform shall not be excused by adverse conditions of weather, breakdown and similar hindrances, including those caused by force majeure.

- G. The Contractor shall certify that the materials collected in the Recycling Program are delivered to a recycling processing center. Materials found to be landfilled are in violation of City ordinance and will cause the Contractor to incur the penalties listed in the City's recycling ordinance.

SECTION 8. COMPENSATION

- A. The City will compensate the Contractor for the collection of Recyclable Materials from City residents at a rate of \$2.95 per month per Residential Property for the duration of the Contract. The City shall make payment to the Contractor by the 20th day of each month for the charges incurred during the immediately preceding month.
- B. The number of Residential Properties will be updated not less than every calendar quarter and will be equal to the number of Residential Properties billed for participation in the Recycling Program through the City's utility billing system.
- C. The monthly rate per Residential Property is fixed and cannot be changed without mutual agreement of both parties.

SECTION 9. FILING OF REPORTS

The Contractor shall submit a monthly summary describing the residents' participation rate, the quantity (tonnage) and kinds of all Recyclable Materials collected and the primary purchaser(s) of the Recyclable Materials. Monthly summaries shall be submitted to the City's Recycling Coordinator, either electronically or via mail, no later than the 15th day of the month following the month for which the report is submitted.

SECTION 10. ACCESS TO RECORDS

The Contractor shall permit the City to review its books, documents, papers and records that are directly related to the performance of this Contract for the purpose of making an audit, and other examinations deemed necessary by the City.

SECTION 11. INSURANCE

Prior to the commencement of this Contract, the Contractor shall furnish the City with certificates or copies of the following policies of insurance, approved by the City Administrator, showing that such insurance is in force. All endorsements shall apply to both bodily injury or death and property damage coverage.

- A. Comprehensive general public liability insurance insuring against liability for bodily injury or death, in the sum of \$500,000 for any one person and in the sum of \$1,000,000 for two or more persons in the same occurrence, and for damages to property in the sum of \$500,000.
- B. Workers' compensation insurance and employers' liability insurance as required

by law.

- C. Automobile liability and property damage insurance, including coverage for non-owned and hired vehicles, in limits as for comprehensive general public liability coverage stated above.

The City shall be named as an additional insured on the above policies, for coverage needed only for work, as specified in this Contract. The Contractor shall provide the City with thirty (30) days' written notice prior to any cancellation or termination of any of the insurance policies required hereunder.

No policy shall contain any provisions for exclusions from liability other than provisions for exclusion from liability forming part of the standard basic unamended and unendorsed form of policy, except that no exclusion will be permitted in any event if it conflicts with a coverage expressly required in this Contract, and in addition, no policy shall contain any exclusion from bodily injury to, or sickness, disease or death of any coverage under the contractual liability endorsement of the liability of the Contractor under this Contract. Compliance by the Contractor with the foregoing requirements to carry insurance and furnish certificates shall not relieve the Contractor from liability assumed under any provisions of this Contract.

SECTION 12. INDEMNIFICATION

The Contractor shall indemnify and hold harmless the City and its officers, agents and employees from and against all claims, damages, losses or expenses, including attorney fees, for which it may be held liable, arising out of or resulting from the assertion against them of any claims, debts or obligations in consequence of the performance of this Contract by the Contractor, its employees, agents or subcontractors. Notwithstanding anything contained herein to the contrary, the Contractor shall have no obligation to indemnify the City, or any of the City's subsidiaries, affiliates, or related companies, or any of their respective employees, agents, representatives, officers, managers, contractors, or subcontractors, or any other party, to the extent any claims, suits, actions, losses, damages, liabilities, costs or expenses arise out of: (i) the negligence or willful misconduct of the City, or any of the City's officials, employees, agents, representatives, officers, managers, contractors, or subcontractors, or any other party, (ii) the City's breach of any of the terms, conditions, representations, or warranties contained in this Contract, or (iii) the violation of any law, rule, regulation, ordinance, order, permit, or license by the City, or any of the City's officials, employees, agents, representatives, officers, managers, contractors, or subcontractors, or any other party.

Nothing in this Contract shall be construed to create an employer/employee, partnership, joint venture, license or agency relationship between the parties hereto and neither party shall have the right or authority to bind the other in any manner. For purposes of this Contract, Contractor shall be deemed an "independent contractor" as defined by law. Contractor's employees shall not be entitled to any employment benefits given to City employees.

SECTION 13. TERMINATION

If during the Term of this Contract either party shall be in breach of any provision of this Contract,

the other party may suspend its performance hereunder until such breach has been cured or terminate this Contract; provided, however, that no termination of this Contract shall be effective until the complaining party has given written notice of such breach to the breaching party and the breaching party has failed to cure such breach within ten (10) days after its receipt of such notice. Upon any such failure to cure, the complaining party may terminate this Contract by giving the breaching party written notice of such termination, which shall become effective upon receipt of such notice.

SECTION 14. PENALTIES AND DAMAGES

- A. Failure by the Contractor to perform under this Contract, may result in its termination and/or claims by the City for damages.
- B. In the event of breach of this Contract by the Contractor, or proven negligence by the Contractor, the Contractor agrees to pay, in addition to the actual damages sustained by the City as a result thereof, the reasonable attorney's fees incurred by the City in pursuing any of its rights under this Contract.

SECTION 15. SUCCESSORS AND ASSIGNS

The Contractor binds itself, its successors, executors, administrators and assigns to the City in respect to all covenants of this Contract, except that the Contractor shall not assign or transfer any part of its interest in this Contract nor shall the Contractor assign any moneys due, or to become due, without the City's written consent.

SECTION 16. AMENDMENT, MODIFICATION OR WAIVER

No amendment, modification, or waiver of any condition, provision, or term of this Contract shall be valid or of any effect unless made in writing, signed by the party or parties to be bound or by its duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification, or waiver. Any waiver by any party or any default of another party shall not affect or impair any right arising from any subsequent default.

SECTION 17. SEVERABLE PROVISIONS

Each provision, section, sentence, clause, phrase, and word of this Contract is intended to be severable. If any provision, section, sentence, clause, phrase, or word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Contract.

SECTION 18. ENTIRE CONTRACT

This Contract contains the entire understanding of the parties hereto with respect to the transactions contemplated hereby and supersedes all prior agreements and understanding between the parties with respect to such subject matter. No representations, warranties, undertakings, or promises, whether oral, implied, written, or otherwise, have been made by either party hereto to the other unless expressly stated in this Contract or unless mutually agreed to in writing between the parties

hereto after the date hereof, and neither party has relied on any verbal representations, agreements, or understandings not expressly set forth herein.

SECTION 19. CAPTIONS, HEADINGS OR TITLES

All captions, headings or titles in the paragraphs or sections of this Contract are inserted for convenience of reference only and shall not constitute a part of this Contract as a limitation of the scope of the particular paragraphs or sections to which they apply.

STATE OF MINNESOTA)
) ss.
COUNTY OF ANOKA)

On this 31 day of July, 2017 before me, a Notary Public, personally appeared David Wiggins, the Div Vice President of Ace Solid Waste, Inc., a Domestic Corporation under the laws of the State of Minnesota, on behalf of the corporation.


SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL



5.02: Curbside Recycling Contract Status Update

Deputy City Administrator Gladhill presented the staff report. He stated that the City is currently in the final year of a three-year contract with ACE Solid Waste for curbside collection of recyclable materials. The current contract will expire on December 31, 2020. Please note that this case and discussion focuses on the City's current organized curbside recycling contract. The current discussion does not contemplate extending the organized collection into solid waste disposal. The purpose of this case is to begin discussions on policy direction before the current contract expires. There are essentially three options that could be considered by the City:

1. Enter into negotiations with the current service provider to extend or renew the contract.
2. Prepare a Request for Proposals (RFP) for competitive bids for curbside collection for recyclables.
3. Migrate to an open hauling system that would not include management and oversight by the City, but would still involve licensing of haulers, reporting to Anoka County and education efforts.

Chairperson Valentine asked what happens with the materials that are picked up.

Deputy City Administrator Gladhill commented that the material is brought to the appropriate sorting facility and goes through the sorting process, then being exported to the appropriate site.

Chairperson Valentine commented that the recycling market is in a time of change and a lot of the material ends up being combined with solid waste and ending in landfills. He stated that he would like additional information from staff in the future.

Deputy City Administrator Gladhill confirmed that City Planner Anderson would have that additional information and could bring back those answers as recycling continues to be discussed in the future.

Board Member Covart commented that she has experienced sorted recycling and single-sort and found that she recycled much more under the single-sort system.

City Planner Anderson provided additional details on the current curbside hauling process for recycling noting that statute prohibits haulers from picking up recyclable materials and then landfilling them. He also noted that it is different if there is such significant contamination in a load of recyclables that it is rejected by a Materials Recovery Facility (MRF). That is essentially deemed as garbage.

Board Member Fetterley stated that she would not favor open hauling as that would increase the number of trucks on the street and could decrease participation. She stated that she would like to see the City negotiate the best rate, whether that be with ACE or another hauler. She commented that the current program is working well, and the City should attempt to keep that consistent.

Board Member Moore echoed the comments of Board Member Fetterley.

Deputy City Administrator Gladhill confirmed the consensus of the Board to continue to negotiate with ACE for organized curbside and/or also review rates from other vendors for similar service.

DRAFT

CC Work Session

3.1.

Meeting Date: 05/12/2020

By: Colleen Lasher, Administrative Services

Information

Title:

Review Future Topics/Calendar

Purpose/Background:

Attached is the current list of future topics for work session discussion. Items are drawn from Council requests at meetings, or are related to topics that have been identified in the City's strategic plan. Tentative dates have been assigned.

Recommendation:

N/A

Action:

For Council review - no formal action necessary.

Attachments

Future Topics List

Form Review

Inbox

Kurt Ulrich

Form Started By: Colleen Lasher

Final Approval Date: 05/07/2020

Reviewed By

Kurt Ulrich

Date

05/07/2020 03:12 PM

Started On: 05/05/2020 03:17 PM

City Council Future Topics – Work Session

(Tentative Dates)

| Proposed Date | Topics for Discussion – Council Action | Minutes |
|----------------------|---|----------------|
| 5-26-20 | Receive Revised Offer for Purchase for Greenway Terrace 2nd Addition; Case of Aeon | TBF |
| | | |
| 7/28/2020 | Crime Free Multifamily Housing Program - Katers | 30 |
| 2020 | Discussion Regarding Recycling Services - Anderson | 30 |
| 2020 | Discuss the General Topic of Holding Joint Meeting(s) with the Council and Commissions & Other Cities. Based on discussion, future work sessions TBD. | 20 |
| | Topics for Discussion – Planning and Budget | |
| 6/9/2020 | Water Supply Study and Treatment Options | 60 |
| 7/14/2020 | Initial Budget Discussion | 60 |
| 2020 | Discuss Historic Town Hall – Ulrich | 30 |
| 2020 | City Branding Presentation - Ulrich | 40 |
| 2020 | Fire Department Duty Crew Analysis - Kohner | 20 |
| 2020 | Comprehensive Plan Review - Gladhill | 30-45 |
| 2020 | CR-5 Corridor Study Review - Westby | 45 |
| 2020 | Park System Plan – Riemer/Riverblood | 60 |
| 2020 | Union Contracts - Lasher | 45 |
| 2020 | Review Council Member Compensation Study | 20 |
| | Topics for Discussion – Policy | |
| 6/23/2020 | Trail Maintenance Policy – Westby/Riemer | 30 |
| 6/23/2020 | Stormwater Pond Maintenance Policy –Westby/Riemer | 30 |
| 8/25/2020 | Accounting of City Engineering Staff Time for City Projects - Westby | 30 |