

Councilmember Holden stated that dynamic display has not been allowed in the past and the City was successful in a previous signage lawsuit. She indicated that she is open, but cautious about possible changes to the City sign ordinance.

Councilmember Holmes was open to amending the sign code to allow dynamic display signs to an extent. She thought it only fair to consider the sign application given the fact a similar sign was already approved for Holiday.

Mayor Grant stated that one thing to consider with gas station price signs is that the sign may only change once a day, or every couple of days. He commented that the overall size of the sign should also be taken into consideration. He reported LED does not cast a great deal of light. He recommended reviewing the provisions in the City Code regarding lighting to see if updates are needed to address LED lights.

Councilmember Werner questioned the dimensions of the existing sign.

Community Development Intern Bachler stated that the sign is roughly 75 square feet in size and is currently non-conforming.

Councilmember McClung did not object to the LED gas station price sign so long as the price is only changed once a day. He recommended that all future LED sign requests be reviewed on a case by case basis.

The Council supported reviewing the sign request further, but their consensus is that the sign code should not be amended at this time.

C. Franchise Fees

City Administrator Klaers stated that per Council direction, earlier this year he discussed franchise fees with neighboring City Managers and learned that Mounds View and New Brighton have existing franchise fee programs and that Shoreview has just approved a franchise fee. Staff has also done some preliminary research with Ramsey County on the City's tax base composition. He has also spoken with Colette Jurek with Xcel Energy to discuss the City's interest in evaluating a franchise fee program.

City Administrator Klaers commented that the Council discussed the possibility of establishing a franchise fee program during the June 17, 2013, work session. The additional revenue would assist the City's in reaching its CIP goals and to address the City's street and trail infrastructure maintenance issues. Benefits of a franchise fee were further reviewed, noting an electric franchise fee would generate more income than a gas franchise fee.

City Administrator Klaers reviewed the estimated revenues that would be generated noting properties within the City would be charged a flat fee. He requested that the Council discuss the matter further and provide staff with feedback.

Colette Jurek, Xcel Energy, introduced herself to the Council, and stated that she would be the City's primary point of contact for any and all Xcel Energy issues.

Ms. Jurek reviewed the proposed flat rate further with the Council and discussed the history of franchise fees. She commented that the flat rate allowed residents to better budget for their heating and electrical bills. She explained that the flat rate would be charged once per meter on a premise.

Councilmember Holden expressed concern that all properties would be charged a flat fee by classification and that the revenues generated would not be based on user consumption.

Discussion ensued regarding how apartment complexes, Presbyterian Homes, and Bethel University would be charged franchise fees.

Ms. Jurek explained that if a franchise fee were pursued, a bilateral agreement would be signed between the City and Xcel after all terms were agreed upon by both parties. She commented that the fee would have to be fair and balanced and not be burdensome to any user within the City.

Councilmember McClung stated that originally he was supportive of the franchise fee, but after reviewing the information further, he has concerns with the regressiveness of the plan. He did not feel it was fair that a flat rate was being charged to all homeowners. He wanted to see the rate vary by use or by home value.

Councilmember Holden asked if residents on energy assistance would be charged the fee.

Ms. Jurek stated that this was the case.

Councilmember Holmes questioned if two residential franchise fee rates could be established for large users and small users.

Ms. Jurek stated that this would not be possible.

Councilmember Holden supported the flat rate due to the fact the proposed park improvements would benefit each residential property regardless of their value in the same manner. She commented that homes with higher property values were already charged higher property taxes.

Mayor Grant discussed the proposed flat rate and how this would affect Arden Hills' residents. He questioned if commercial properties could be charged a higher flat rate than residential properties.

Ms. Jurek stated that there is a little bit of flexibility in this area. She questioned what level of funding the City was hoping to generate. She reported it would take Xcel approximately 60 days to set up the franchise fee on the Arden Hills bills.

Mayor Grant estimated that the City might want to generate approximately \$600,000.

Councilmember Holden was in favor of increasing the rate to 2.9% which would raise approximately \$650,000.

Councilmember McClung stated that if he were to support the franchise fee, he wanted to see the maximum amount pursued so that the benefit could be passed along to the residents. He suggested the rate be higher than 3%.

Councilmember Werner supported the \$600,000-650,000 range.

Councilmember Holmes agreed with this range.

Mayor Grant was in favor of the \$650,000 range and did not agree with going any higher. He recommended that residential properties franchise fees be lower than commercial properties for electric.

Councilmember Holmes stated that she did not want to see the Council drive its commercial property owners out of the City. She encouraged the Council to be sensitive to this issue. She recommended the franchise fees be flat between both residential and commercial properties. She questioned if the franchise fee could be put in place by year end.

Ms. Jurek stated that this timeline would be possible.

The Council was in favor of proceeding with a franchise fee. The Council suggested staff continue working on the numbers and report back to the Council at a future meeting.

D. South Water Tower Logo and Color

Public Works Director Maurer stated that the south water tower was being repainted at this time. He presented the colors from the north water tower that Council had at an earlier meeting decided the south water tower should be painted.

He also presented a graphic layout of the logo and a plan view which showed the two logos generally facing east and west I-694.

E. State of the City Topics

City Administrator Klaers reviewed an Economic Development Commission list of State of the City topics with the Council. He noted that the TCAAP redevelopment, B-2 District improvements, recent development projects, and transportation improvements are recommended as the main topics of discussion.

Councilmember Werner indicated that the EDC was in favor of providing a full report on TCAAP.

Mayor Grant stated that in the past, each Councilmember presented a topic at the State of the City meeting.

Councilmember McClung commented that he would not be able to attend the State of the City meeting.

Attachment B

**Arden Hills: Franchise Fee Scenarios
Council Workshop Session – 9/16/13
Xcel Energy Documentation**

Rate Classifications	Scenario #1	Scenario #2	Scenario #3
ELECTRIC			
Residential	2.75	2.80	3.00
Small C&I Non-Demand	3.75	4.00	4.50
Small C&I Demand	25.00	30.00	45.00
Large C&I	100.00	125.00	150.00
Public Street Lighting	0.00	0.00	0.00
Municipal Pumping Non-Demand	0.00	0.00	0.00
Municipal Pumping Demand	0.00	0.00	0.00
Total Electric Collection	\$233,133.00	\$263,914.00	\$321,516.00
GAS			
Residential	\$1.75	2.00	2.25
Commercial Firm Non-Demand	\$15.00	15.00	16.00
Commercial Firm Demand	\$25.00	40.00	50.00
Small Interruptible	\$75.00	100.00	120.00
Medium & Large Interruptible	\$100.00	125.00	150.00
Firm Transportation	\$100.00	125.00	150.00
Interruptible Transportation	\$100.00	125.00	150.00
Total Gas Collection	\$117,720.00	\$128,760.00	\$142,800.00
TOTAL (Electric & Gas)	\$ 350,853.00	\$ 392,674.00	\$464,316.00

CONSIDERATIONS:

1. Unique customer account situation within Arden Hills. Three large customers with multiple premises (some in excess of 150) impacting collection schedule: Bethel College, Boston Scientific and Land O'Lakes.
2. Difficult to raise city's objective of collecting between \$650-700,000 without significant impact to businesses with multiple premises.
3. Need to discuss/investigate possibility of creative collection measures: formal exception/private negotiations with large businesses.
4. Companies may have established 2014 operating budgets w/o knowledge of franchise fee collection that could be initiated in 1Q 2014.
5. Possible consideration to implement a lower initial fee collection with annual increases. This method allows residential and commercial customers an adequate adjustment period.
6. Xcel Energy will be informing customers of fee discussions in hopes that city staff and affected customers can discuss fee collection.

Patrick Klaers

From: Jurek, Colette C [colette.c.jurek@xcelenergy.com]
Sent: Friday, June 14, 2013 10:08 AM
To: Patrick Klaers
Subject: Arden Hills: Franchise Fee Analysis

Follow Up Flag: Follow up
Flag Status: Flagged

Pat,

As a follow-up to a recent telephone conversation regarding the City of Arden Hill's consideration of a franchise fee collection, I wanted to provide you with the following additional information:

- (1) List of communities within Xcel Energy service territory where franchise fees are currently being collected. For the most up-to-date information, I am going to direct you to our website which is www.xcelenergy.com

Our Company
 About Us
 Rates & Regulations
 Rates, Rights & Service
 Click on MN
 Electric Rate Book
 Section 5: Rate Schedules
 Go to pdf pages 109 thru 121

Follow same procedure for the Gas Rate Book
 Section 5: Rate Schedules
 Go to pdf pages 46 thru 51

The listing of cities collecting franchise fees will show up in table format.

- (2) Customer counts (listed below).

Arden Hills: Electric Customers

Rate Classification	Customer Count
Residential	3,051
Small C&I Non-Demand	190
Small C&I Demand	173
Large C&I	60
Public Street Lighting	17
Municipal Pumping: Non-Demand	2
Municipal Pumping: Demand	10

Arden Hills: Gas Customers

Rate Classification	Customer Count
Residential	2,720

Commercial Firm: Non-Demand	285
Commercial Firm: Demand	1
Small Interruptible	6
Medium & Large Interruptible	3
Firm Transportation	0
Interruptible Transportation	0

If the city wishes to pursue a fee collection, I can begin working with you to draft a mutually agreeable fee schedule. I can draft and provide you with the necessary fee ordinances for adoption by your council. Please let me know if you require any additional information from me at this time.

Thanks,
Colette

Colette Jurek

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