



Legislation Text

File #: Ord. 1018, **Version:** 1

City Council Meeting Date: December 1, 2020

To: Mayor and City Council

From: Ben Martig, City Administrator

Consider Ordinance Implementing Electric Service Franchise Fee.

Action Requested:

The Northfield City Council consider the second reading of the attached ordinance implementing an electric service franchise fee on Northern States Power Company, A Minnesota Corporation, D/B/A Xcel Energy, Its Successors and Assigns, for Providing Electric Service Within the City of Northfield.

Summary Report:

The City Council held a public hearing and approved the first reading of Ordinance No. 1018 on November 10, 2020. At the November 17, 2020 Council meeting, the following amendment was added to Section 1; Subd. 1 (b) No more than eight percent (8.0%) of the annual revenues collected up to a cumulative annual \$100,000 collected, pursuant to Ordinance 1017 and 1018, may be used for climate action projects. The first reading was held and summary publication approved for both ordinances.

The Northfield City Council has been exploring the possibility of implementation of franchise fees for gas and electric for some time. On October 20, 2020, the Northfield City Council approved a motion calling for a public hearing on November 10, 2020 at 6 pm to consider proposed ordinance for gas and electric franchise fee with the following two ordinance combinations:

Option C:

- Gas Franchise Fee 5.0% streets & trails and Climate; and
- Electric Franchise Fees 4.0% streets and trails and Climate

The proposed attached amended electric service franchise fee ordinance was posted on the City's website on November 18, 2020.

Alternative Options:

Council could choose not to approve the second reading of the ordinance.

The following is a summary of a comparison of what an approximate property tax increase would be to replace special assessments (it would be slightly higher as the estimated revenue is \$1,300,000 rather than \$1,000,000).

Northfield	
Current Levy	\$10,239,167
Levy Increase	\$1,000,000
<i>Pecent Increase</i>	9.8%
TAX IMPACT ANALYSIS	
2019/2020 Net Tax Capacity	\$17,153,344
Tax Rate Increase	5.83%
Residential Market Value	
\$150,000	\$74
\$300,000	\$169
\$500,000	\$291
Commercial Market Value	
\$100,000	\$87
\$250,000	\$248
\$500,000	\$539
\$1,000,000	\$1,122
\$2,000,000	\$2,288
Apartment Market Value	
\$200,000	\$146
\$500,000	\$364
\$1,000,000	\$729
\$1,500,000	\$1,093
\$2,000,000	\$1,457

Financial Impacts:

See attached presentation for financial background information.

Tentative Timelines:

Please see attached information.