



**CITY OF MENDOTA HEIGHTS
CITY COUNCIL WORK SESSION AGENDA**

**Tuesday, October 17, 2023 • 5:00 p.m.
CITY HALL • COUNCIL CHAMBERS • 1101 Victoria Curve, Mendota Heights**

- 1. Call to Order**
- 2. Discussion**
 - a. Utility Franchise Fees
 - b. Cellular Coverage
- 3. Adjourn**

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City Council Work Session Memo

DATE: October 17, 2023

TO: Mayor and City Council

FROM: Cheryl Jacobson, City Administrator
Kristen Schabacker, Finance Director

SUBJECT: Utility Franchise Fees

BACKGROUND

Minnesota Statutes 216B.36 provides that a city may impose franchise fees on gas and electric utilities for the use of public right of way by adopting an ordinance that establishes the fee terms, including structure, collection, schedule and effective dates.

Utility franchise fees are common among cities in Minnesota and are another way in which local units of government can pay for specific programs or projects within the city. Once franchise fees are established, utility companies are required to collect the fee.

City of Mendota Heights Utility Franchise Fees. The city's electric and gas utility provider is Xcel Energy. The city's Gas Franchise and Electric Franchise ordinances were adopted in 2014 and are codified in city code Title 13, Chapters 1-4 (Electric Ordinance 463 and Gas Ordinance 464, approved November 18, 2014).

In 2014, the then city council had several discussions about the charging of utility franchise fees which could be used as a funding source to augment or replace the city's property tax levy. At that time, the city council decided to delay any franchise fee implementation. Section 13-2-9 and section 13-3-9, provide the following franchise fee language:

The city at the time of adopting this franchise agreement does not desire to require the company collect a franchise fee from its customers in the city. At a future date during the term of this franchise agreement, the city may require company to collect a franchise fee in accordance with applicable law. If so, the city may give company notice to amend this franchise agreement to authorize collection of a franchise fee by separate ordinance in an amount and upon such terms and conditions as company at that time is willing to incorporate in its electric franchise agreements with other cities. Upon receipt of such notice company

shall negotiate in good faith with city to so amend this franchise agreement. (Ord. 463, 11-18-2014) (Ord. 464, 11-18-2014)

At a June work session, the council directed staff to research establishing franchise fees for both gas and electric utilities for fiscal year 2024. Staff has started the discussion and is working with Kirsten Sersland, SE Metro Community Relations Manager with Xcel Energy to analyze the implementation of utility franchise fees in the city.

ACTION TO BE CONSIDERED

At the October 17 work session, staff will provide additional information and answer questions regarding the process to implement utility franchise fees in Mendota Heights.



City Council Work Session Memo

DATE: October 17, 2023

TO: Mayor and City Council

FROM: Cheryl Jacobson, City Administrator
Ryan Ruzek, Public Works Director

SUBJECT: Cellular Coverage

BACKGROUND

One of the most common complaints the city receives is in relation to the quality of cellular phone coverage in the city. Complaints cover all well-known carriers (i.e. Verizon, ATT, T-Mobile).

The city and residents have been told by carriers that the city's terrain creates coverage issues; as well as the weather, air quality (e.g. Canadian fires had a significant impact on signal this past summer), demands on network capacity, and the city's zoning code for placement of cell towers have been cited as reasons for poor signal.

ACTION TO BE CONSIDERED

At the October 17 work session, staff will provide additional information on cellular coverage in the city.