



**AGENDA**  
**CITY COUNCIL WORK SESSION**  
**February 26, 2024 - 6:30 PM**  
**Lakeville Water Treatment Facility**

The City Council will gather at the Water Treatment Facility at 5:30 p.m. on February 26, 2024, to conduct interviews for Lakeville's advisory commissions.

Members of the public can participate in person at the Lakeville Water Treatment Facility, 18400 Ipava Avenue. Members of the public may join the meeting via Teams Meeting, Meeting ID: 280 091 545 848 or by calling Toll Number 1-323-433-2142; Conference ID: 678 432 13#. The mayor will allow for public comments and questions at the appropriate time.

The City Council is provided background information for agenda items in advance by staff and appointed commissions, committees, and boards. Decisions are based on this information, as well as City policy, practices, input from constituents, and a council member's personal judgment.

1. Call to order, moment of silence and flag pledge

2. Citizen Comments

3. Discussion Items

6:35 p.m. a. City Council Compensation

Courtney Miller

7:05 p.m. b. County Road 50 and Interstate 35 Bridge and  
Interchange Improvements

Zach Johnson

7:30 p.m. c. Franchise Fees

Courtney Miller, Paul  
Oehme, Julie Stahl,  
Zach Johnson

4. Items for Future Discussion

5. Committee/ City Administrator Updates

6. Adjourn



Date: 2/26/2024

## City Council Compensation

### Proposed Action

Staff recommends adoption of the following motion: No formal action required. Staff seeks Council direction on further action.

### Overview

The City Council last discussed Mayor and Council compensation in 2018. On March 19, 2018, the City Council adopted City Ordinance 994, that set the current monthly salaries of \$1,250 for the Mayor and \$833 for Council Members. It also allowed the Mayor and Council Members to receive \$25 for each committee and inter-agency meeting that they attend pursuant to their assignment by resolution adopted by the City Council. The proposed ordinance in 2018 incorporated a bi-annual cost of living adjustment that the City Council removed. Prior to 2018, compensation for the Mayor and City Council was last reviewed and adjusted on January 1, 1999.

Below are charts that show Mayor and Council salary and benefit data from comparable cities.

### Council Member

| Organization Name     | Council Member Average Annual Wage (\$) | Payment for Special Meetings (\$) | Medical coverage offered Y/N | Other Benefits Offered                                                                     |
|-----------------------|-----------------------------------------|-----------------------------------|------------------------------|--------------------------------------------------------------------------------------------|
| City of Apple Valley  | 9,408.00                                |                                   | Y                            | Same medical, dental, life insurance, HSA/HRA and City Contribution as full-time employees |
| City of Blaine        | 10,500.00                               |                                   | N                            |                                                                                            |
| City of Bloomington   | 12,396.00                               | 50.00                             | Y                            |                                                                                            |
| City of Brooklyn Park | 5,636.16                                |                                   | N                            |                                                                                            |
| City of Burnsville    | 12,000.00                               |                                   | Y                            |                                                                                            |
| City of Coon Rapids   | 10,500.00                               |                                   | N                            |                                                                                            |
| City of Eagan         | 10,004.80                               |                                   | Y                            | Dental, Vision, Life Insurance                                                             |
| City of Eden Prairie  | 13,351.10                               |                                   | N                            |                                                                                            |
| City of Edina         | 12,700.68                               |                                   | N                            |                                                                                            |
| City of Lakeville     | 10,000.00                               | 25.00                             | N                            | \$25 per committee meeting and Inter-agency assignments                                    |
| City of Maple Grove   | 13,500.00                               |                                   | Y                            | Deferred Compensation, PERA contribution, Health Care Savings Plan                         |
| City of Minnetonka    | 11,000.00                               |                                   | N                            |                                                                                            |
| City of Plymouth      | 12,615.48                               |                                   | Y                            |                                                                                            |
| City of Woodbury      | 12,006.00                               |                                   | Y                            |                                                                                            |
| <b>Average</b>        | <b>11,115.59</b>                        |                                   |                              |                                                                                            |

## Mayor

| Organization Name     | Council Member Average Annual Wage (\$) | Payment for Special Meetings (\$) | Medical coverage offered Y/N | Other Benefits Offered                                                                      |
|-----------------------|-----------------------------------------|-----------------------------------|------------------------------|---------------------------------------------------------------------------------------------|
| City of Apple Valley  | 13,140.00                               |                                   | Y                            | Same medical, dental, life insurance, HSA/HRA and City Contribution as full-time employees. |
| City of Blaine        | 14,313.52                               |                                   | N                            |                                                                                             |
| City of Bloomington   | 26,400.00                               | 50.00                             | Y                            | Dental offered as well: Single Annual - \$5497; Family Annual - \$1,477                     |
| City of Brooklyn Park | 9,916.20                                |                                   | N                            |                                                                                             |
| City of Burnsville    | 15,600.00                               |                                   | Y                            | Dental                                                                                      |
| City of Coon Rapids   | 14,000.00                               |                                   | N                            |                                                                                             |
| City of Eagan         | 13,624.00                               |                                   | Y                            | Dental, Vision, Life Insurance                                                              |
| City of Eden Prairie  | 17,245.07                               |                                   | N                            |                                                                                             |
| City of Edina         | 15,964.53                               |                                   | N                            |                                                                                             |
| City of Lakeville     | 15,000.00                               | 25.00                             | N                            | \$25 per committee meeting and Inter-agency assignments                                     |
| City of Maple Grove   | 15,500.00                               |                                   | Y                            | Deferred Compensation, PERA contribution, Health Care Savings Plan                          |
| City of Minnetonka    | 15,000.00                               |                                   | N                            |                                                                                             |
| City of Plymouth      | 17,413.32                               |                                   | Y                            |                                                                                             |
| City of Woodbury      | 16,680.00                               |                                   | Y                            |                                                                                             |
| <b>Average</b>        | <b>15,699.76</b>                        |                                   |                              |                                                                                             |

If the City Council is considering salary changes, the salaries must be established by amending ordinance 994, and it would take effect January 1, 2025. Staff is seeking Council direction.

### Supporting Information

- History of Lakeville City Code Title 1, Chapter 5

**Financial Impact:** \$    **Budgeted:** No    **Source:**  
**Envision Lakeville Community Values:** Good Value for Public Service  
**Report Completed by:** Courtney Miller, Assistant to the City Administrator

HISTORY: 1-5-1: SALARIES; MAYOR AND COUNCIL

1996

Ordinance 593, adopted 12/18/1996, amends Title 1, Chapter 5.

- Effective 1/1/1998, the Mayor's monthly salary is \$809.00, and City Council's monthly salary is \$701.00.
- Effective 1/1/1999, the Mayor's monthly salary is \$833.00, and City Council's monthly salary is \$722.00.

1998

Ordinance 642, adopted 12/21/1998, amends Title 1, Chapter 5.

- Effective 1/1/2000, the Mayor's monthly salary is \$858.00, and City Council's monthly salary is \$744.00.
- Effective 1/1/2001, the Mayor's monthly salary is \$879.00, and City Council's monthly salary is \$762.00.

1999

Ordinance 655, adopted 8/2/1999, repeals Ordinance 642.

- The Mayor's monthly salary is \$833.00, and City Council's monthly salary is \$722.00.

2018

Ordinance 994, adopted 3/19/2018, repeals Ordinance 655.

- The Mayor's monthly salary is \$1,250.00, and City Council's monthly salary is \$833.33.

There are no additional amendments to Title 1, Chapter 5 since 2018.



**Date:** 2/26/2024

## **County Road 50 and Interstate 35 Bridge and Interchange Improvements**

### **Proposed Action**

Staff recommends adoption of the following motion: No action required. Staff will provide a project update, including information on related project elements and ongoing efforts to advance the project.

### **Overview**

The County Road 50 and Interstate 35 Bridge and Interchange Improvement project is identified as a 2024 City of Lakeville Legislative Priority. City and County staff continue to partner in efforts to advance the project. City staff will share a progress update on active project elements, including:

- The Minnesota Department of Transportation's Interstate 35 Burnsville to Lakeville Corridor Study
- Dakota County's Request for Proposal for Preliminary Engineering
- Overview of project funding applications

### **Supporting Information**

None

|                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Financial Impact:</b> \$    <b>Budgeted:</b> No    <b>Source:</b><br/><b>Envision Lakeville Community Values:</b> Safety Throughout the Community<br/><b>Report Completed by:</b> Zach Johnson, City Engineer</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



**Date:** 2/26/2024

## **Franchise Fees**

### **Proposed Action**

Staff recommends adoption of the following motion: No formal action required. Staff seeks Council direction on further action.

### **Overview**

Under Minnesota Statute 216B.36, cities can impose a fee on utility companies that use the public rights-of-way to deliver service. The City can determine the amount, structure, and use of franchise fees. Generally, they are structured as a flat rate per utility account, or a percentage of consumption used by each utility account. In Minnesota, most franchise fees are flat rates. The information included in this report reflects the flat rate approach, since it is not susceptible to energy price and usage patterns, allowing the revenues to be more predictable.

Lakeville currently has franchise agreements with all four utility providers; CenterPoint Energy, Minnesota Energy Resources Company ("MERC"), Xcel Energy, Inc. ("Xcel Energy"), and Dakota Electric Association, that allow franchise fees to be implemented.

### **Structuring Franchise Fees**

Each service provider has unique customer classifications to differentiate pricing for residential and various commercial and industrial customers. A fixed charge could be applied to all users, regardless of type. However, most cities use a tiered approach because residential, commercial, and industrial customers' consumption vary greatly, making it difficult to implement a flat fee with equitable impact.

| <b>Electric Franchise Fee Classification</b>           | <b>Gas Franchise Fee Classification</b>             |
|--------------------------------------------------------|-----------------------------------------------------|
| Residential                                            | Residential                                         |
| Small Commerical/Industrial – Non Demand Franchise Fee | Commerical/Industrial, Small Volume A Franchise Fee |
| Small Commerical/Industrial - Demand Franchise Fee     | Commerical/Industrial, Small Volume B Franchise Fee |
| Large Commerical Electric Franchise Fee                | Commerical/Industrial, Small Volume C Franchise Fee |
|                                                        | Commercial/Industrial, Small Volume Duel Fuel A & B |
|                                                        | Commercial/Industrial, Large Volume Duel Fuel A & B |

## What Other Cities Collect Utility Franchise Fees?

Below is a chart that shows Lakeville's comparable market cities and their franchise fee rate structures. Some uses of funds include pavement management, sustainability, and trail/park maintenance.

|                | ELECTRIC Franchise Fees |                          |                      |               |                |                 | GAS Franchise Fees        |                                        |                             |                                  |                                  |                |  |
|----------------|-------------------------|--------------------------|----------------------|---------------|----------------|-----------------|---------------------------|----------------------------------------|-----------------------------|----------------------------------|----------------------------------|----------------|--|
| City           | Residential Electric    | Small Com/Ind Non Demand | Small Com/Ind Demand | Large Com/Ind | Effective Date | Residential Gas | Less than 1,500 therms/yr | Com/Ind B 1,500 > or < 5,000 therms/yr | Com/Ind C > 5,000 therms/yr | Com/Ind, Small Volume Fuel A & B | Com/Ind, Large Volume Fuel A & B | Effective Date |  |
| Apple Valley   | 2%                      | 2%                       | 2%                   | 2%            | 6/24/2004      | N/A             | N/A                       | N/A                                    | N/A                         | N/A                              | N/A                              | N/A            |  |
| Blaine         | N/A                     | N/A                      | N/A                  | N/A           | N/A            | N/A             | N/A                       | N/A                                    | N/A                         | N/A                              | N/A                              | N/A            |  |
| Bloomington    | \$5.95                  | \$ 11.90                 | \$ 63.00             | \$182.00      | 1/1/2024       | \$5.95          | \$ 11.90                  | \$ 11.90                               | \$ 63.00                    | \$ 63.00                         | \$ 182.00                        | 1/1/2024       |  |
| Brooklyn Park  | \$7.00                  | \$ 7.50                  | \$ 45.00             | \$160.00      | 3/1/2016       | \$7.00          | \$ 6.50                   | \$ 20.00                               | \$ 70.00                    | \$ 160.00                        | \$ 160.00                        | 3/1/2016       |  |
| Burnsville     | \$4.00                  | \$ 12.00                 | \$ 40.00             | \$180.00      | 9/1/2020       | \$4.00          | \$ 12.00                  | \$ 40.00                               | \$180.00                    | \$ 180.00                        | \$ 180.00                        | 9/1/2020       |  |
| Coon Rapids    | 4%                      | 4%                       | 4%                   | 4%            | 1/1/1992       | 4%              | 4%                        | 4%                                     | 4%                          | 4%                               | 4%                               | 1/1/1992       |  |
| Eagan          | \$1.85                  | \$ 10.00                 | \$ 10.00             | \$ 20.00      | 6/1/2023       | \$1.85          | \$ 10.00                  | \$ 10.00                               | \$ 10.00                    | \$ 10.00                         | \$ 20.00                         | 6/1/2023       |  |
| Eden Prairie   | \$6.50                  | \$ 8.50                  | \$ 20.50             | \$ 89.50      | 4/1/2018       | \$6.50          | \$ 8.50                   | \$ 20.50                               | \$ 89.50                    | \$ 89.50                         | \$ 89.50                         | 4/1/2018       |  |
| Edina          | \$3.55                  | \$ 71.00                 | \$ 71.00             | \$ 71.00      | 1/1/2024       | \$3.55          | \$ 6.00                   | \$ 17.00                               | \$ 71.00                    | \$ 71.00                         | \$ 71.00                         | 1/1/2024       |  |
| Maple Grove    | N/A                     | N/A                      | N/A                  | N/A           | N/A            | N/A             | N/A                       | N/A                                    | N/A                         | N/A                              | N/A                              | N/A            |  |
| Minnetonka     | \$4.50                  | \$ 4.50                  | \$ 13.50             | \$ 45.00      | 1/1/2019       | \$4.50          | \$ 4.50                   | \$ 13.50                               | \$ 45.00                    | \$ 45.00                         | \$ 45.00                         | 1/1/2019       |  |
| Plymouth       | \$3.53                  | \$ 5.31                  | \$ 17.71             | \$ 70.85      | 3/11/2024      | \$3.53          | \$ 5.31                   | \$ 17.71                               | \$ 70.85                    | \$ 70.85                         | \$ 70.85                         | 3/11/2024      |  |
| St. Louis Park | \$6.75                  | \$ 12.00                 | \$ 48.00             | \$148.50      | 6/1/2021       | \$6.75          | \$ 6.75                   | \$ 12.00                               | \$ 48.50                    | \$ 48.50                         | \$ 148.50                        | 6/1/2021       |  |
| Woodbury       | \$3.25                  | \$ 3.50                  | \$ 23.00             | \$ 90.00      | 1/1/2022       | \$1.75          | \$ 10.00                  | \$ 10.00                               | \$100.00                    | \$ 90.00                         | \$ 55.00                         | 1/1/2022       |  |
| Average        | \$4.69                  | \$ 14.62                 | \$ 35.17             | \$105.69      |                | \$4.54          | \$ 8.15                   | \$ 17.26                               | \$ 74.79                    | \$ 82.79                         | \$ 102.19                        |                |  |

## Funding Targets

The City currently has 443 commercial accounts and 23,576 residential accounts. Based on that information, the tables below show various funding targets with different fee amounts.

| # Res HsHlds | # Elec Comm Accts | # Gas Comm Accts | ELECTRIC Franchise Fees |                                 |                              |            | GAS Franchise Fees |                           |                           |                           |                                         |                                          | Total Annual Revenues |
|--------------|-------------------|------------------|-------------------------|---------------------------------|------------------------------|------------|--------------------|---------------------------|---------------------------|---------------------------|-----------------------------------------|------------------------------------------|-----------------------|
|              |                   |                  | Residential             | Small Comm / Indust - NonDemand | Small Comm / Indust - Demand | Large Comm | Residential        | Comm/ Indust, Small Vol.A | Comm/ Indust, Small Vol.B | Comm/ Indust, Small Vol.C | Comm/ Indust, Small Vol.Duel Fuel A & B | Comm/ Indust, Large Vol. Duel Fuel A & B |                       |
| 23,576       | 150               | 88               | \$ 2.00                 | \$ 10.00                        | \$ 30.00                     | \$ 100.0   | \$ 2.00            | \$ 10.00                  | \$ 30.00                  | \$ 30.00                  | \$ 30.00                                | \$ 100.00                                | \$ 1,594,848          |
| 23,576       | 150               | 88               | \$ 4.00                 | \$ 14.00                        | \$ 32.00                     | \$ 110.0   | \$ 2.00            | \$ 14.00                  | \$ 32.00                  | \$ 32.00                  | \$ 32.00                                | \$ 110.00                                | \$ 2,210,592          |
| 23,576       | 150               | 88               | \$ 6.00                 | \$ 16.00                        | \$ 35.00                     | \$ 120.0   | \$ 6.00            | \$ 16.00                  | \$ 35.00                  | \$ 35.00                  | \$ 35.00                                | \$ 120.00                                | \$ 3,957,240          |
| 23,576       | 150               | 88               | \$ 12.00                | \$ 20.00                        | \$ 40.00                     | \$ 120.0   | \$ 12.00           | \$ 20.00                  | \$ 40.00                  | \$ 40.00                  | \$ 40.00                                | \$ 120.00                                | \$ 7,388,448          |

|                                    | Annual Levy Required |             |             |             |             |                      |
|------------------------------------|----------------------|-------------|-------------|-------------|-------------|----------------------|
| Financial Targets                  | FY2025               | FY2026      | FY2027      | FY2028      | FY2029      | 2025 - 2029<br>Total |
| Pavement Management *              | \$2,130,500          | \$2,194,415 | \$2,194,415 | \$2,260,247 | \$2,260,247 | \$11,039,824         |
| Public Safety Training Facility ** | \$1,116,613          | \$1,116,613 | \$1,116,613 | \$1,116,613 | \$1,116,613 | \$5,583,067          |
| Fire Station Remodels/Builds ***   | \$2,372,803          | \$2,372,803 | \$2,372,803 | \$3,768,251 | \$3,768,251 | \$14,654,913         |
| Building Maintenance Fund *        | \$150,000            | \$150,000   | \$150,000   | \$150,000   | \$175,000   | \$775,000            |
| Veh/Equip Rplcmt Fund *            | \$500,000            | \$1,500,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$8,000,000          |

| Construction<br>Timeline |                                       | 2025         | 2026         | 2027 | 2028         | 2029 | 2025-2029    |
|--------------------------|---------------------------------------|--------------|--------------|------|--------------|------|--------------|
|                          | Public Safety Training<br>Facility ** | \$16,000,000 |              |      |              |      | \$16,000,000 |
|                          | Fire Station<br>Remodels/Builds ***   | \$26,000,000 | \$18,000,000 |      | \$20,000,000 |      | \$64,000,000 |

\* Current funding source is Operating Levy

\*\* Current funding source is bonding (\$16M) or additional grants. Total project is \$21M-\$24M, \$7M fed grant secured; constr in 2025

\*\*\* FD Option D3 - Current funding source is bonding (\$44M in 2025, \$20M in 2028). 2024 Renovation costs (Stn1 & 4) total \$389K (from Bldg fund-Psfty Aid)

## Next Steps

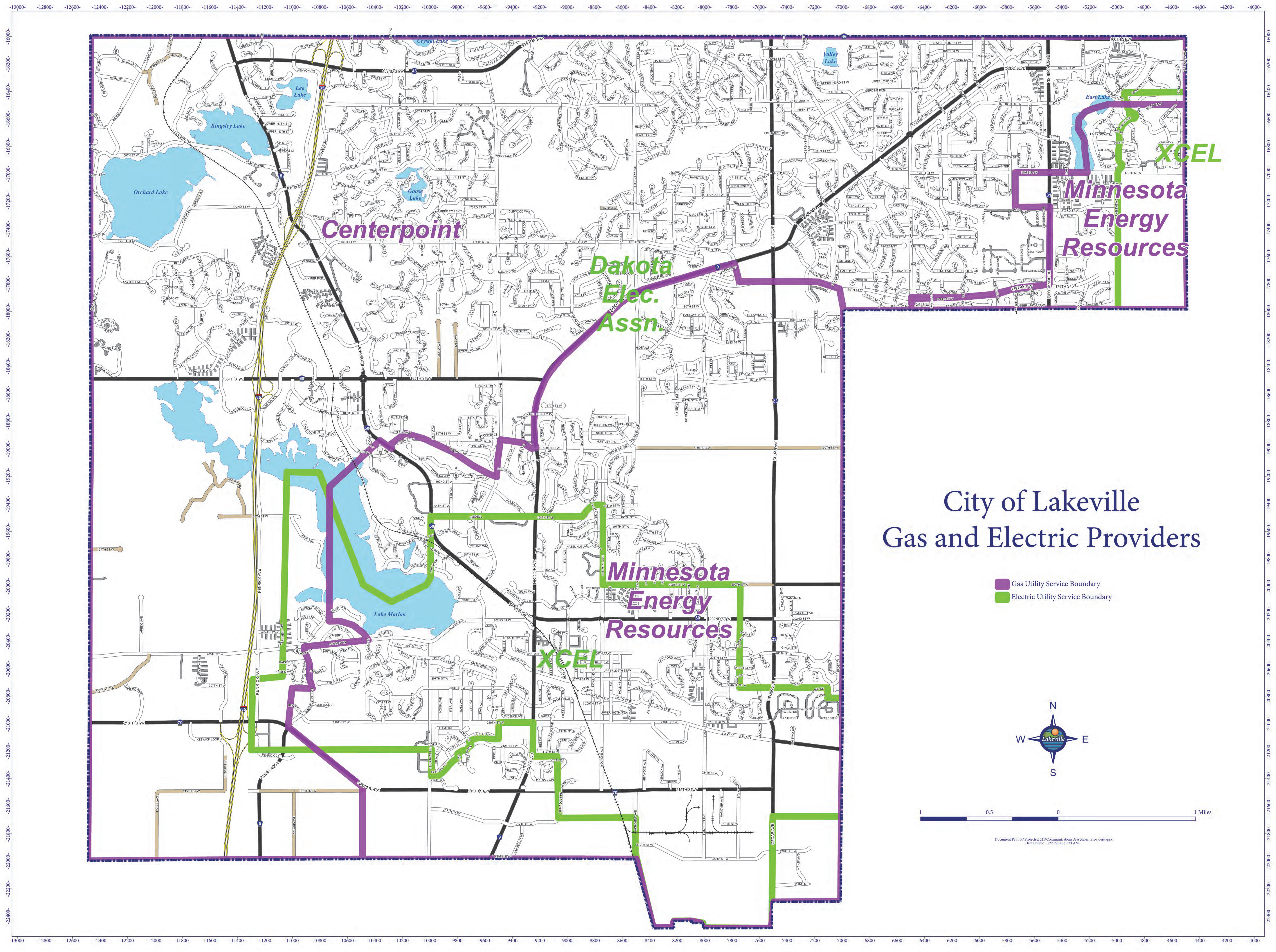
If the City Council wishes to move forward with franchise fees, staff will begin preliminary communications with the two gas and two electric providers in Lakeville regarding the requirements for implementing new franchise fees. Each provider has a franchise agreement in place that will need to be amended. The City would then adopt an ordinance for each service provider to enact the fee. The ordinance would contain the governing terms of the fees imposed, along with setting effective and expiration dates. Future City Council action may change or eliminate the fee within a new ordinance.

After City Council approval, the City would be required to notify the Minnesota Public Utility Commission and then allow time for the utility companies to implement the fees into their billing processes. The new revenue is collected by the utility providers from their customers along with their normal billing procedures. Service providers transfer funds to the City on a quarterly basis.

## Supporting Information

- Map of City of Lakeville Gas and Electric Providers

**Financial Impact:** \$    **Budgeted:** No    **Source:**  
**Envision Lakeville Community Values:** Good Value for Public Service  
**Report Completed by:** Courtney Miller, Assistant to the City Administrator



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