

**AGENDA**  
**SPECIAL FINANCE & PERSONNEL COMMITTEE**  
**CITY HALL COUNCIL CHAMBERS**  
**THURSDAY, AUGUST 24<sup>th</sup>, 2023**  
**3:30 PM**

Go to: [www.zoom.com](http://www.zoom.com)  
Meeting ID: 978 6396 1227  
Call-in only: 312 626-6799, enter meeting number

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF THE AGENDA**
- 4. PUBLIC PARTICIPATION**
- 5. DISCUSSION AND POSSIBLE MOTION SETTING A REVENUE PURPOSE STATEMENT FOR THE PURPOSE OF FRANCHISE FEE ADOPTION**

City Manager Summary: At the June 12<sup>th</sup> Finance and Personnel Committee meeting, the committee supported setting Franchise Fees for the purpose of protecting the City’s future revenue structure knowing that property tax cut mandates are coming to all Cities. On the August 14<sup>th</sup> meeting, the Finance & Personnel Committee did not have a definitive ruling on the use of Franchise Fee Revenue due to the uncertainty of a City’s rights to change Revenue statements as needed. City Staff promised to follow up with legal counsel to investigate how often revenue purpose statements can change.

The City’s legal firm representing the City in this process, Ahlers & Cooney, has stated the City may change the Revenue Purpose Statement in future budget years. Ahlers & Cooney is not aware of any change limitations. However, Ahlers & Cooney was clear in their advice to adopt a statement that has the broadest reach allowed by State Code. With that in mind, we review the original Revenue Purpose Statement that was used for discussion purposes only on June 12<sup>th</sup>:

Franchise Fee Revenue Statement Estimate					
Business	Revenue	5%	Street Projects - 55%	Park Capital Improvements - 5%	Property Tax Reduction - 40%
MMEU	\$ 7,700,000	\$ 385,000	\$ 211,750	\$ 19,250	\$ 154,000
Black Hills	\$ 3,200,000	\$ 160,000	\$ 88,000	\$ 8,000	\$ 64,000
BLB	\$ 540,000	\$ 27,000	\$ 14,850	\$ 1,350	\$ 10,800
		\$ 572,000	\$ 314,600	\$ 28,600	\$ 228,800
This is \$68,800 greater than the current MMEU share of \$160,000 to the General Fund					

Black Hills Energy was consulted in the drafting of the above chart. Their figures incorporated the average of the previous 3 financial years and not the current year which had extraordinarily high gas prices.

Based on the feedback heard from the Finance & Personnel Committee, discussion internally with City Staff, and guidance from Ahlers & Cooney, City Staff is recommending the following revenue purpose statement:

<b>Franchise Fee Revenue Purpose Statement</b>				
<b>Business</b>	<b>Revenue</b>	<b>5%</b>	<b>Street Projects (40%)</b>	<b>Property Tax Reduction (60%)</b>
MMEU	\$ 7,700,000	\$ 385,000	\$ 154,000	\$ 231,000
Black Hills	\$ 3,200,000	\$ 160,000	\$ 64,000	\$ 96,000
		\$ 545,000	\$ 218,000	\$ 327,000

Some initial thoughts at the June 12<sup>th</sup> committee meeting were to focus on Parks but City Management also wants to ensure we are adequately funding property tax reduction strategies absorbed by the General Fund including Police & Fire Vehicle CIP fundings. This will also be valuable communication to consumers so the excess fee revenue is locked and earmarked for high-concern issues in the community.

Further, the Parks CIP is funded by General Fund Property Tax Revenue. The anticipated FY2023-2024 Property Tax Revenue for the City is \$1,577,218. This revenue broadly applies to almost every City function including Parks CIP. The Parks Capital Improvements column featured in the chart from the June 12<sup>th</sup> meeting has been intentionally removed but certainly not forgotten in the mission to help channel assistance to the most critical City goals.

Overall, City Staff feels this broad 60% approach is effective for how the City manages the budget and is consistent with Ahlers & Cooney’s advice for use of excess funds as a result of Franchise Fees. City Staff position on the 40% for Street Projects is rooted in the 2023 10-Year Street Improvement where the total estimated cost of improvements in Exhibit 11 exceeds \$12,000,000. Passage of this plan would yield an extra \$2,570,543 over the next 10 years, based on the above chart data, for roadway improvements such as valuable fill & fills, sealing, and total reconstruction. The City has continuously seeked out grant assistance as well but this would be an incredible boost to help our local roadway conditions improve and satisfy community concerns.

Consideration and final direction is requested.

**6. OTHER BUSINESS**

**7. ADJOURN**