

## Introduction

The City of Northfield is developing a new utility to pay for the operation and maintenance of the streetlight network throughout the city. Below are a series of questions and answers regarding the reasoning behind the need for the utility, the development of the fee structure, and initial estimates of the utility rates.

Why should the operation and maintenance of city streetlights be funded through a utility rather than property taxes or Local Government Aid (LGA) from the state?

- The City Council would like to reduce the city's dependency on LGA money from the state since it has become a less reliable source of funding in recent years. Relying on uncertain funds to pay for fixed costs such as streetlights can create funding gaps. A lack of funds for a critical city service means that the level of service will be reduced (bulbs are not replaced, lights are turned off). The Council would like to fund fixed-cost services through fixed sources of revenue such as utility fees.
- The operation and maintenance of more than 1,000 lights in the city-run streetlight network is basically a fixed cost. The cost to keep the lights on throughout the year and to replace fixtures and bulbs does not vary much from year to year. In 2008 this cost was roughly \$227,000. The creation of the Streetlight Utility would also provide a source of funds to upgrade the current lighting to be more energy efficient reducing overall energy use and working towards the Council's goal of sustainability.

How does the streetlight network benefit the community?

- The streetlight network is a critical municipal service that benefits the community as a whole. The presence of functional streetlights increases property and personal security, traffic safety, and enhances pedestrian mobility within public rights-of-way.
- The presence of streetlights also helps pedestrians (walking, bicycling, etc.) navigate throughout the City at night, particularly in winter months.

I don't have any streetlights on my street – OR – My business has its own lighting system. Will I have to pay a streetlight Utility?

- The utility does not pay only for lights just outside a residence or business, but for the **ENTIRE** network of streetlights. It will cover ongoing operation and maintenance as well as long-term replacement and upgrade costs.
- Residents and businesses within Northfield benefit from the presence and function of the citywide streetlight network. Mobility and safety of traveling residents is increased by the presences of the streetlights within the public rights-of-way. Businesses benefit from the increased safety of employees and customers traveling to and from their locations.

What is the reasoning behind the streetlight utility fee structure?

- Based on the idea that the streetlight utility is a community benefit that assists travelers to and from properties, the City looked for a means to determine the number of travelers likely to visit different types of properties: residential, commercial, industrial, colleges, etc.

- The administration of the utility fees is intended to reflect many of the different property uses within the community, but also be simple enough that the cost of administration is not too high. Increased administrative costs could result in the individuals paying a higher fee.
- Under the proposed fee structure:
  - Single-family properties will pay a flat fee per month
  - All other types of properties in the city will pay a fee per acre each month
- City Staff found a compromise between counting individual visitors to properties and reasonable staff time with a two-fold approach:
  - Properties are classified by land use: single-family residential; commercial; industrial; public (government, churches, etc.); multi-family residential; colleges; etc.
  - The streetlight benefit of a property (the number of visitors) scales with the acreage of the property. The larger the property, the more likely it is that it has a greater benefit from the city's streetlight network.

What will I be charged for my property?

- The goal is to fund \$250,000 for 2010. This amount includes the basic operation and maintenance costs as well as replacement and upgrade costs. Staff is not recommending short term increases to this amount; however, Staff is recommending that the revenue number be evaluated each year with regard to streetlight network costs.
- Although the council has not acted on the utility, initial rates being explored are a \$2-\$4 flat monthly fee for all single-family residential properties and \$1.20-\$9.50 per acre per month for all other properties.

What if the cost was added to my Property Taxes instead of a fee?

- Using the same revenue goal of \$250,000 for 2010 the increase to property taxes would be as follows for residential (homestead) properties:

2010 Est. Market Value	2010 Tax Increase	Per Month
\$100,000	\$16.50	\$1.38
\$200,000	\$33.00	\$2.75
\$300,000	\$49.50	\$4.13
\$400,000	\$66.00	\$5.50
\$500,000	\$82.51	\$6.88

- Commercial/industrial property tax increase:

2010 Est. Market Value	2010 Tax Increase	Per Month
\$100,000	\$20.63	\$1.72
\$500,000	\$152.64	\$12.72
\$1,000,000	\$317.65	\$26.47
\$5,000,000	\$1,637.74	\$136.48
\$20,000,000	\$6,588.08	\$549.01

Facts about Northfield streetlights:

- The city operates and maintains over 1,000 streetlights
- Most streetlights are located at intersections where research indicates they reduce the frequency of traffic accidents
- Some mid-block streetlights are used for longer streets or where the road curves
- Decorative streetlights are used in the downtown area and some neighborhood boulevards



City Utility Website:

<http://www.ci.northfield.mn.us/government/finance/utilitybilling>

*We thank you for your interest and feedback on this proposal!*



Please contact the City Council or City Staff with questions or comments

**City Staff:**

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## Proposed Streetlight Utility

### Background and Frequently-Asked Questions

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