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# CITY FEST

2025 ANNUAL  
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JUNE 25-27  
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# ROW, ROW, ROW, Your Rights-of-Way

Kyle Hartnett  
League of Minnesota Cities

# Agenda

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What is ROW

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Who Uses ROW

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Regulating ROW

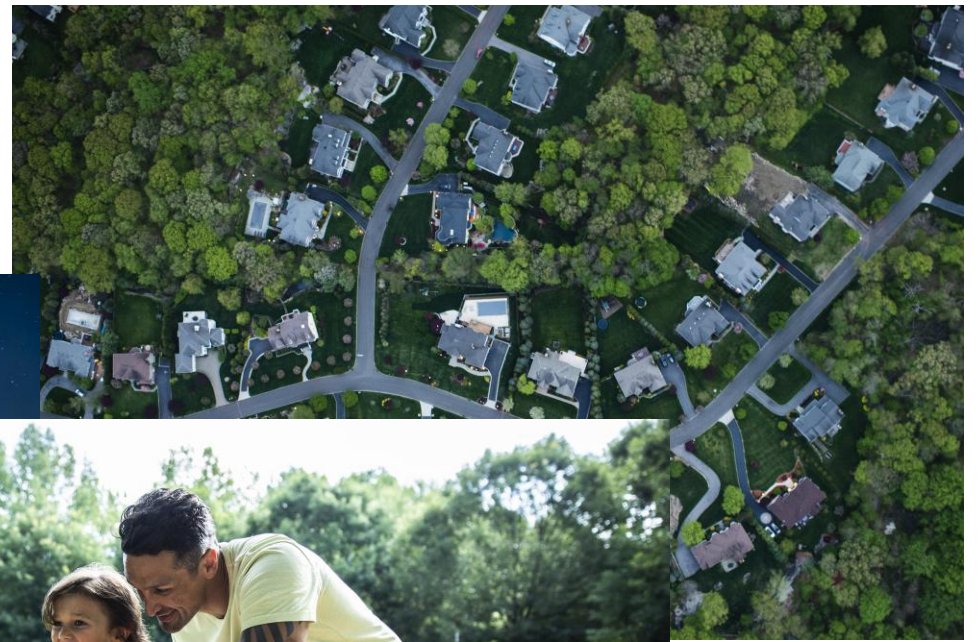
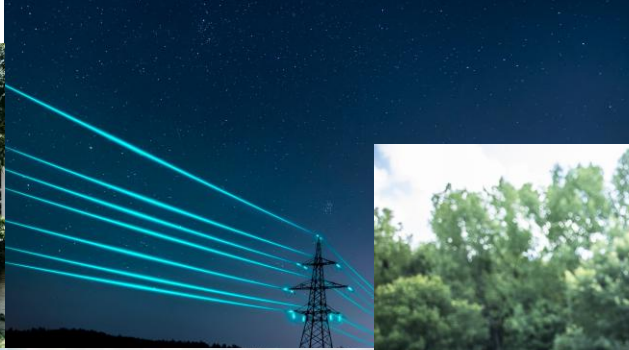
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Franchise

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# Who Uses ROW?



# What is ROW?

- Street and area on either side used to support the street
  - Sidewalks
  - Shoulders
  - Ditches
- Cartways
- Bike lanes
- Alleys
- Utility Easements

# Role of Cities

- Cities hold ROW as an asset in trust for citizens.
- Typically, easement.
- Adopt ROW ordinance.



# ROW Ordinance

- Authority to regulate is an option that needs to be exercised by ordinance.
- Ordinances include
  - Permits
  - Registration
  - Reporting
  - Penalties
  - Fees
  - Moving facilities
  - Restoration
  - Inspection







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# UNDERSTANDING UTILITY FRANCHISE AGREEMENTS AND FEES

Trisha Duncan  
Director, MN Community Relations & Gas Business Development



# AGENDA

## Minnesota Energy Service Providers

- Use of Public Rights-of-Way
- Statutory Obligations

## Utility Franchise Agreements

- Definition and Purpose
- Benefits of Franchise Agreements

## Utility Franchise Fees

- Establishment of Franchise Fees
- Implementation and Collection
- Negotiation Points

## Franchise Fee Considerations

## Timeline for Implementing Franchise Fees



# USE OF PUBLIC RIGHTS-OF-WAY



## State Law and Utility Access

Utilities can use public rights-of-way  
Subject to reasonable regulation



## Access Points for Infrastructure

Includes public roads, highways, streets  
Also bike lanes and sidewalks



## Local Government Responsibilities

Manage rights-of-way under their jurisdiction  
Ensure reasonable management



# STATUTORY OBLIGATIONS



# DEFINITION AND PURPOSE



## Purpose of Franchise Agreements

Set expectations between city and utility company  
Include construction, operation, and maintenance of equipment



## Additional Services Addressed

Tree trimming  
Roadway restoration post-project



## Permit Requirements

Cities may require permits for work within right-of-way



## Exclusions of Franchise Agreements

Do not determine energy goals or resource mix  
Do not set energy prices or service standards  
Policy decisions are set by the MNPUC

# BENEFITS OF FRANCHISE AGREEMENTS



**Enhances Strong Working Relationships  
between utilities and the communities they  
serve**

**Provides Clear Expectations**

**Ensures both parties understand their roles  
and responsibilities**

**Supports Consistent Operations**

**Promotes uniformity in service delivery**

**Ensures Efficient Service**

**Streamlines processes for better  
performance**



# ESTABLISHMENT OF FRANCHISE FEES

## Establishment of Franchise Fees

- Implemented as part of franchise agreement
- Requires cooperation with the utility

## Execution of Franchise Fees

- Typically executed through a separate ordinance
- Can be implemented at any time during the franchise agreement
- Requires agreement on terms by both parties





# IMPLEMENTATION AND COLLECTION

## **Franchise Fees Implementation**

Allowed by the PUC

Passed directly to customers

Itemized on bills as a city fee

## **Utility's Role**

Collects the fee

Remits it to the city

## **Conditions for Implementation**

Must be allowed by the city's existing franchise agreement

## **Community's Role**

Determines if a franchise fee is appropriate

Negotiates various points with utilities



# NEGOTIATION POINTS

## Franchise Fees Ordinance

- Authorized by a separate ordinance from the franchise agreement

## Equivalent Fee for All Energy Suppliers

- Applies to all energy suppliers serving the city

## Utility Exemption from Permit Fees

- Not subject to permit fees while franchise fees are in effect

## Utility Prepares Fee Schedule Options

- To collect the total revenue sought by the city

## Flat Fee Per Premise

- Applied equally for all customers in a given rate class

## Quarterly Fee Payments

- Fees are paid to the city on a quarterly basis



# FRANCHISE FEE CONSIDERATIONS



## Potential Negative Impacts of Franchise Fees

Increases the cost of energy for all customers in the city

Utilities' Perspective

Urge careful consideration before implementing new revenue sources



# TIMELINE FOR IMPLEMENTING FRANCHISE FEES

## Written Notice

- The city provides the utility with written notice of intent to enact a fee prior to formal consideration.
- Contact your Community Relations Manager to start process

## Negotiation

- The city negotiates the fee with the utility.

## PUC Requirements

- The approved fee ordinance must be received by the utility at least 90 days before the anticipated start of fee collection.

## Fee Collection

- The utility collects the fee from its customers monthly and transfers it to the city on a quarterly basis.





# CONTACT INFORMATION



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**Contact your Community Relations Manager**  
(map available if you are not connected with them yet)





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