



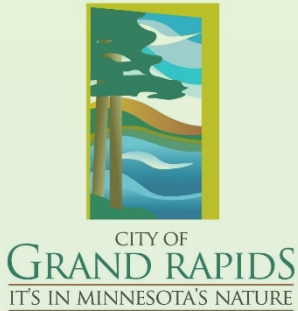
Franchise Fee Review

Work Session

September 28th, 2026

GRAND RAPIDS

IT'S IN MINNESOTA'S NATURE



Franchise Fee Review

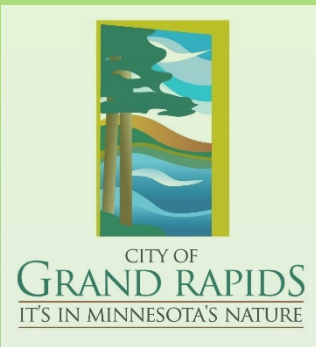
Street CIP Funding

Background

- Electric Franchise Fees were implemented in September of 2025
- Rates are shown below:

	Amount per	
	Account per Month	
Customer Classification	2025	2026
Residential	\$1.25	\$2.50
Commercial / Industrial (all customers)	2.50%	5.00%
Maximum amount per month	\$2,000	\$4,000

- Collections have averaged \$68,000 / month
- To date, collections have totaled \$583,356 through June 2026
- Projected total collections at the end of 2026 is \$960,000



Franchise Fee Review

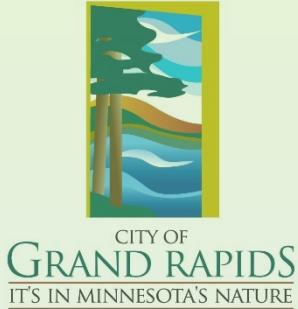
Street CIP Funding

Street CIP Fund Balance

- Levy buy down payment - \$118,333

	2025 Levy Payable 2026 Amount	2026 Levy Payable 2027 Amount	2027 Levy Payable 2028 Amount	2028 Levy Payable 2029 Amount	2029 Levy Payable 2030 Amount	2030 Levy Payable 2031 Amount	2031 Levy Payable 2032 Amount	2032 Levy Payable 2033 Amount
Levies for Infrastructure:								
2009 Improvement Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2010 Improvement Bonds	-	-	-	-	-	-		
Adjustment for Debt Study	(120,000)	(75,000)	(25,000)	-	-	-		
2011 Improvement Bonds	60,309	-	-	-	-	-		
2012 Improvement Bonds	124,165	123,784	-	-	-	-		
2013 Improvement Bonds	104,522	109,864	113,854	-	-	-		
2014 Improvement Bonds	163,345	164,363	165,077	165,476	-	-		
2016 Improvement Bonds	150,184	152,284	149,029	151,024	152,914	149,102		
2017 Improvement Bonds	167,670	168,352	168,641	168,765	168,555	168,001	167,093	
2017 Refunding Imp Bonds	-	-	-	-	-	-		
2018 Impr & CIP Bonds	140,690	142,677	144,507	140,929	137,351	144,089	139,999	146,213
2019 GO/Abatement Bonds	85,114	137,057	133,591	136,532	134,116	136,952	134,305	131,660
2020 GO St Reconst Bonds	163,331	165,720	168,005	164,935	167,115	165,283	168,534	166,293
2021 Abtmtn VGO	102,939	100,918	98,897	102,126	99,960	98,385	102,060	100,380
2021 Fire Hall GO Bonds	304,579	203,909	203,096	302,138	306,285	306,705	307,020	307,230
2023A St. Reconstruction	215,670	114,883	113,832	117,770	115,933	119,082	116,458	218,820
2024B Eqpt Certificates	62,108	64,995	62,370	59,745	62,370	60,060	-	
2025A St. Reconstruction	311,220	313,845	315,945	312,270	313,583	314,370	314,633	314,370
Franchise Fee buy down	(118,333)	(118,333)	(118,333)	(118,333)	(118,333)	(118,333)	(118,333)	(118,333)
	-	-	-	-	-	-	-	-
Total Levies-Infrastructure	\$ 1,917,513	\$ 1,769,319	\$ 1,693,511	\$ 1,703,376	\$ 1,539,849	\$ 1,543,696	\$ 1,331,769	\$ 1,266,633
Levy (Increase)/Decrease		\$ (148,195)	\$ (75,808)	\$ 9,866	\$ (163,527)	\$ 3,847	\$ (211,927)	\$ (65,136)





Franchise Fee Review

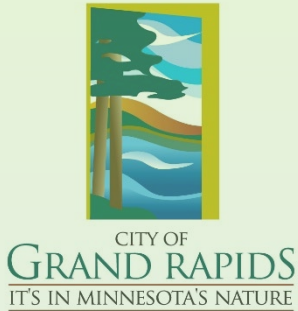
Street CIP Funding

Street CIP Fund Balance

- Deducting the levy buy down in 2026, projected balance 1/1/27 is \$840,000
- Deducting the levy buy down in 2027, projected balance prior to any collections is \$720,000

Street CIP Needs

- 2027: Block 19 Improvements: \$1,000,000
- 2028: Sylvan Bay Phase 2: \$2,000,000



Franchise Fee Review

Street CIP Funding Options

Proposed Increases:

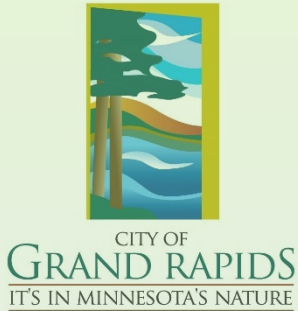
Residential - \$4.00 / month

Commercial /Industrial – 6.0% of monthly bill (max of \$5,000/month)

Residential Home will pay \$48/ year.

Would generate approximately \$1,000,000 per year to fund street projects.

As prior years Improvement Bonds are paid off, could consider bonding for larger projects.



Franchise Fee Review

What's Next?

- To implement a rate increase, 90-day notice is required to utility companies
- If approved, notice will be given of proposed increase

Schedule:

September 28th Work Session – Rate Review

September 28th Council Meeting – Consider approving rate increase

September 29th – Notify franchisees of proposed rate increase

January 1st, 2027 – Rate increase implemented



Franchise Fee Review

Street CIP Funding

September 28th, 2026

