

Facilities Improvements Funding Alternatives Summary

City of Burnsville, Minnesota

Project No. 1 City Hall & Police Station	Project No. 2 Fire Station No. 2	Project No. 3 Maintenance Facility	Total All Projects
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Assumptions

Construction Year	2025	2029	2033	
Initial Debt Service	2026	2030	2034	
Term (Years)	20	20	20	
Interest Rate	4.50%	4.75%	5.00%	
Par Amount	\$100,000,000	\$30,000,000	\$80,000,000	\$210,000,000

Alternative No. 1: Franchise Fee Increase Same for All Classes

Annual Residential Franchise Fee Rates

Current	\$96.00	\$211.20	\$276.72	
Increased To...	\$211.20	\$276.72	\$378.24	
Change	\$115.20	\$65.52	\$101.52	\$282.24

Total Change

\$115.20	\$65.52	\$101.52	\$282.24
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Impacts

Advantages

- Maintains strong Facilities Fund balances.
- Maintains current revenue sharing amount classes.
- Potentially easier to explain to the public.

Disadvantages

- May result in fees greater than peer cities.
- Implements the fee increases in a single year.
- Does not adjust individual class rates.
- Highest overall cost among current alternatives.

Other Assumptions

- Assumes no franchise fee increases until 2026 and 3.0% increase annually in any interim years.
- Assumes new residential growth based on information provided by the Community Development Department.

Alternative No. 2: Franchise Fee Increase Variable Across Classes

Annual Residential Franchise Fee Rates

Current	\$96.00	\$192.00	\$251.76	
Increased To...	\$192.00	\$251.76	\$343.44	
Change	\$96.00	\$59.76	\$91.68	\$247.44

Total Change

\$96.00	\$59.76	\$91.68	\$247.44
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Impacts

Advantages

- Maintains strong Facilities Fund balances.
- Allows for a more progressive fee structure.
- Remains more consistent with peer cities.
- Lowest overall cost among current alternatives.

Disadvantages

- May result in fees greater than peer cities.
- Implements the fee increases in a single year.
- Inconsistent increases across rate classes.

Other Assumptions

- Assumes no franchise fee increases until 2026 and 3.0% increase annually in any interim years.
- Assumes new residential growth based on information provided by the Community Development Department.

Alternative No. 3: Variable Franchise Fee for Project No.1 Spread Over 2 Years

Annual Residential Franchise Fee Rates - Step 1

Current	\$96.00			
Increased To...	\$144.00			
Change	\$48.00			\$48.00

Annual Residential Franchise Fee Rates - Step 2

Current	\$144.00	\$198.00	\$252.24	
Increased To...	\$198.00	\$252.24	\$344.40	
Change	\$54.00	\$54.24	\$92.16	\$200.40

Total Change

\$102.00	\$54.24	\$92.16	\$248.40
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Impacts

Advantages

- Maintains strong Facilities Fund balances.
- Allows for a more progressive fee structure.
- Remains even more consistent with peer cities.
- Phases fee increases over two years.

Disadvantages

- More complicated than the other alternatives.
- May require the use additional cash or incur more interest expense.
- May still result in fees greater than peer cities.

Other Assumptions

- Assumes no franchise fee increases until 2026 and 3.0% increase annually in any interim years.
- Assumes new residential growth based on information provided by the Community Development Department.

Facilities Improvements Funding Alternatives Summary
City of Burnsville, Minnesota

Current Franchise Fees	Project No. 1 City Hall & Police Station Increase	Project No. 2 Fire Station No. 2 Increase	Project No. 3 Maintenance Facility Increase	Total All Projects
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Assumptions				
Construction Year	Current Projects	2025	2029	2033
Initial Debt Service	Varies	2026	2030	2034
Term (Years)	Varies	20	20	20
Interest Rate	Varies	4.50%	4.75%	5.00%
Par Amount	Varies	\$100,000,000	\$30,000,000	\$80,000,000
				\$210,000,000

Alternative No. 1: Franchise Fee Increase Same for All Classes

Monthly Electric Utility Franchise Fees	Current Rate	Increase	New Rate	Increase	New Rate	Increase	New Rate	New Rate
Residential	\$4.00	\$4.80	\$8.80	\$2.73	\$11.53	\$4.23	\$15.76	\$15.76
Small C&I – Non-Demand	\$12.00	\$14.40	\$26.40	\$8.22	\$34.62	\$12.67	\$47.29	\$47.29
Small C&I – Demand	\$40.00	\$48.00	\$88.00	\$27.39	\$115.39	\$42.22	\$157.61	\$157.61
Large C&I	\$180.00	\$216.00	\$396.00	\$123.26	\$519.26	\$190.02	\$709.28	\$709.28
Monthly Gas Utility Franchise Fee								
Residential	\$4.00	\$4.80	\$8.80	\$2.73	\$11.53	\$4.23	\$15.76	\$15.76
Commercial A	\$12.00	\$14.40	\$26.40	\$8.22	\$34.62	\$12.67	\$47.29	\$47.29
Commercial B	\$40.00	\$48.00	\$88.00	\$27.39	\$115.39	\$42.22	\$157.61	\$157.61
Commercial C	\$180.00	\$216.00	\$396.00	\$123.26	\$519.26	\$190.02	\$709.28	\$709.28
SVDF A & B	\$40.00	\$48.00	\$88.00	\$27.39	\$115.39	\$42.22	\$157.61	\$157.61
LVDF	\$180.00	\$216.00	\$396.00	\$123.26	\$519.26	\$190.02	\$709.28	\$709.28

Alternative No. 2: Franchise Fee Increase Variable Across Classes

Monthly Electric Utility Franchise Fees	Current Rate	Increase	New Rate	Increase	New Rate	Increase	New Rate	New Rate
Residential	\$4.00	\$4.00	\$8.00	\$2.49	\$10.49	\$3.82	\$14.31	\$14.31
Small C&I – Non-Demand	\$12.00	\$16.80	\$28.80	\$8.96	\$37.76	\$13.82	\$51.58	\$51.58
Small C&I – Demand	\$40.00	\$40.00	\$80.00	\$24.90	\$104.90	\$38.39	\$143.29	\$143.29
Large C&I	\$180.00	\$288.00	\$468.00	\$145.68	\$613.68	\$224.55	\$838.23	\$838.23
Monthly Gas Utility Franchise Fee								
Residential	\$4.00	\$4.00	\$8.00	\$2.49	\$10.49	\$3.82	\$14.31	\$14.31
Commercial A	\$12.00	\$16.80	\$28.80	\$8.96	\$37.76	\$13.82	\$51.58	\$51.58
Commercial B	\$40.00	\$40.00	\$80.00	\$24.90	\$104.90	\$38.39	\$143.29	\$143.29
Commercial C	\$180.00	\$288.00	\$468.00	\$145.68	\$613.68	\$224.55	\$838.23	\$838.23
SVDF A & B	\$40.00	\$40.00	\$80.00	\$24.90	\$104.90	\$38.39	\$143.29	\$143.29
LVDF	\$180.00	\$288.00	\$468.00	\$145.68	\$613.68	\$224.55	\$838.23	\$838.23

Alternative No. 3: Variable Franchise Fee for Project No.1 Spread Over 2 Years

Monthly Electric Utility Franchise Fees	Current Rate	2026 Inc.	New Rate	2027 Inc.	New Rate	Increase	New Rate	Increase	New Rate	New Rate
Residential	\$4.00	\$2.00	\$6.00	\$2.25	\$8.25	\$2.26	\$10.51	\$3.84	\$14.35	\$14.35
Small C&I – Non-Demand	\$12.00	\$8.40	\$20.40	\$9.18	\$29.58	\$8.08	\$37.66	\$13.78	\$51.44	\$51.44
Small C&I – Demand	\$40.00	\$20.00	\$60.00	\$22.50	\$82.50	\$22.54	\$105.04	\$38.44	\$143.48	\$143.48
Large C&I	\$180.00	\$144.00	\$324.00	\$162.00	\$486.00	\$132.72	\$618.72	\$226.39	\$845.11	\$845.11
Monthly Gas Utility Franchise Fee										
Residential	\$4.00	\$2.00	\$6.00	\$2.25	\$8.25	\$2.26	\$10.51	\$3.84	\$14.35	\$14.35
Commercial A	\$12.00	\$8.40	\$20.40	\$9.18	\$29.58	\$8.08	\$37.66	\$13.78	\$51.44	\$51.44
Commercial B	\$40.00	\$20.00	\$60.00	\$22.50	\$82.50	\$22.54	\$105.04	\$38.44	\$143.48	\$143.48
Commercial C	\$180.00	\$144.00	\$324.00	\$162.00	\$486.00	\$132.72	\$618.72	\$226.39	\$845.11	\$845.11
SVDF A & B	\$40.00	\$20.00	\$60.00	\$22.50	\$82.50	\$22.54	\$105.04	\$38.44	\$143.48	\$143.48
LVDF	\$180.00	\$144.00	\$324.00	\$162.00	\$486.00	\$132.72	\$618.72	\$226.39	\$845.11	\$845.11

Other Assumptions

-Assumes no franchise fee increases until 2026 and 3.0% increase annually in any interim years.
-Assumes new residential growth based on information provided by the Community Development Department.