

## Proposal for Use of a Franchise Fee

Three City Council members (Isom, Schneider, Walker) and Mayor Greer met to discuss the ways in which a Franchise Fee could be used and how to enact such a fee. The goal of this proposal is to increase the funding available for use on essential City services and enhance infrastructure upgrades throughout the community.

### **Proposed Use of Funds**

Iowa Code section 384.3A provides multiple ways in which a Franchise Fee can be used within a community. The City can pursue a franchise fee of no more than 5 percent, and that is what is proposed. A 5 percent fee will allow the City to maintain current property tax relief dollars while also making drastic improvements in streets and operations. With one percent equating to approximately \$525,000, a 5 percent fee is estimated to generate \$2.625 million dollars annually.

The City of Marshalltown is putting out an **S.O.S. (Streets, Operations, Safety)** and providing a long-term vision to fund vital parts of our community's infrastructure.

- **Streets – Addressing the Top Citizen Concern**
  - \$1.8 million annually (~70% of franchise fee)
  - **\$35 million in street improvements in 5 years**
  - Prioritized list with ward-specific projects
  - Work to kick-off in 2024
  
- **Operations – Setting the Example for Building Maintenance**
  - \$227,500 annually (~10% of franchise fee)
  - \$25 million of new/renovated facilities since 2016
  - Build community pride
  
- **Safety – Protecting Our Biggest Asset – the Community**
  - \$227,500 annually (~10% of franchise fee)
  - Support for K-9 Program, equipment purchases
  - Increased training opportunities for Police and Fire staff
  
- **Property Tax Relief – Maintaining a Stable Tax Levy**
  - \$350,000 (current LOST funding)

### **Implementation Process**

The recommendation is to bring forward the necessary resolutions for the City Council to set a special election on March 7, 2023, in order to allow the voters to provide input on the implementation of the franchise fee starting July 1, 2023. The City must work together with the citizens of Marshalltown on moving the community forward, and calling for a special election as a first step is the best way to show transparency on this item. It

is recommended that both elected officials and City staff work together to host multiple education sessions in February in order to provide information to voters ahead of the election. Staff should also come up with a website, handout and other requested materials to help educate voters on the issue.

The following schedule is proposed for moving forward with a franchise fee:

- December 12, 2022 - City Council considers ballot language for special election
- January/February 2023 – City holds informational sessions throughout the community
- March 7, 2023 – Special election held
- May/June 2023 – Council sets and holds a public hearing for general obligation bond for street improvements
- July 1, 2023 – Franchise fee is implemented