

September 16, 2026

Council President Rebecca Noecker
Councilmember Anika Bowie
Councilmember Saura Jost
Councilmember Molly Coleman

Councilmember Hwa Jeong Kim
Council Vice President Nelsie Yang
Councilmember Cheniqua Johnson

Re: Saint Paul Proposed Franchise Fee Agreements

Dear Council President Noecker and members of the City Council,

On behalf of the St. Paul Area Chamber and our 1,600+ members and affiliates, I am writing to express our opposition to the proposed overhaul of the City's franchise fee agreements.

Commercial and industrial ratepayers in Saint Paul are already absorbing rising property taxes, licensing fees, and a higher overall cost of doing business. The proposed franchise fee agreement increases another line item to that total, at a moment when businesses are making real-time decisions about where to locate and expand. If Saint Paul is serious about being "open for business," our policies should reinforce that message – not undercut it.

Policy choices matter. They determine whether cranes continue to dot our skyline, whether vacant storefronts become thriving businesses, and whether employers choose to invest in Saint Paul or elsewhere. Cities don't simply grow because they hope to; they grow because they create an environment where investment is welcomed and success is possible. A fee structure that raises costs for commercial and industrial ratepayers does not create that environment.

We have questions about the City's characterization of existing commercial and industrial franchise fees as being disproportionately low relative to residential customers. The City's own figures show a median annual electric franchise fee of approximately \$52 for residential customers compared with \$2,644 for large C&I customers. Under the proposed structure, residential customers are projected to save approximately \$11 annually, while large C&I customers are projected to see an increase of approximately \$1,606, bringing the annual fee to approximately \$4,251. How is the City defining and measuring the disparity between customer classes?

A similar question arises with the proposed gas franchise fees. The City's projections show a residential customer paying approximately \$58 annually, compared with approximately \$2,479 for a medium or large interruptible customer. We recognize that usage, customer class, and the structure of the fee all factor into these comparisons, but the magnitude of the differences warrants a clearer explanation of the policy rationale.

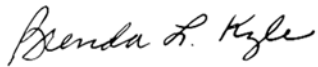


Finally, given the complexity of the proposed changes and the number of customer classes affected, it is important that businesses have a clear avenue to understand how the new structure would apply to them. What resources or City contacts will be available to help businesses understand their specific impacts and get answers to questions that may not be addressed by the aggregate projections presented to the Council?

The St. Paul Area Chamber urges the City Council to pause this proposal and engage the business community directly in shaping it before it is finalized. Any restructuring should be weighed against its cumulative effect on the cost of doing business in Saint Paul, not considered in isolation. Saint Paul's growth depends on remaining a place where businesses choose to invest, and this proposal, as currently structured, works against that goal.

Thank you for your consideration.

Sincerely,



B Kyle
President and CEO
St. Paul Area Chamber

