



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

02-036

SYNOPSIS -

AGENDA:

JANUARY 28, 2002

SUBJECT:

ORDINANCE
CHANGES AND
INCREASED BUS
BENCH AND OTHER
AREAWAY PERMIT
FEES

Approval of an ordinance change to Section 102-618, License Fees for Encroachments Under, Upon or in Public Property, that would increase the fee for issuing public bench permits and other areaway permits. This change would increase the permit fee for bus benches from \$15 to \$25 initially, and then increase in \$25 annual increments to \$100. The portion of the permit fees above the increase to \$30 is proposed to be paid to the Metropolitan Transit Authority (MTA). Annual license fees for bus bench companies would increase from \$270 per year to \$300 per year.

Other flat fee areaway permits are recommended to increase from \$10 to \$20. Fees for areaway permits that are based on the size of the encroachment would increase from \$0.50 per square foot to \$0.75 per square foot.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

Based on an estimate of existing benches, the expected increase in bus bench permit revenue to the City is approximately \$4,150. The fee for a new company who has applied for an annual bus bench license and permits at the new fee rate is \$13,890, bringing the total increase in bus bench revenue to \$18,045 annually. Other areaway permits currently generate approximately \$60,000 annually, which would increase by approximately \$30,000 annually with the recommended new fees.

SUBMITTED BY:

JEB E. BREWER, P.E.
ACTING CITY
ENGINEER

The additional bus bench permit revenue which would be paid to MTA for the future amounts over the annual fee of \$30 is estimated to be \$14,500 in 2002, \$32,500 in 2003, and \$50,000 in 2004 and annually thereafter.

RECOMMENDATION -

Approval.

BACKGROUND -

Fees for bus benches and other areaway permits have not changed since 1975. Currently, bus bench permits include a flat fee of \$15 per bench per year. It is recommended that this fee be increased substantially to \$100 per bench per year. Most areaway permits are non-revenue generating for the owner, and are needed to accommodate an older building that is built right to the property line, so that steps, window awnings or air conditioners, signs, coal chutes, etc. project over or under the City right-of-way. Bus benches, however, are placed exclusively for the purpose of generating advertising revenue for the bench company. They do provide a necessary amenity for transit riders, and are allowed to be placed in the right-of-way under permit where they would not otherwise be allowed by zoning ordinances.

Because of the revenue generated for the bench company by the permitted use of City property, the fees should be substantially increased to a level that is significantly higher than for other areaway permit fees. In order to provide a reasonable transition period for the bench companies and their advertising customers, it is proposed to implement the fee increase over a period of several years. The initial increase from \$15 to \$25 would occur immediately upon approval of the ordinance, and would apply to the renewal fees for this year. The annual fee would increase by \$25 each year until it reached \$100 per bench per year, effective April 1, 2004.

The reason that cities allow bus benches with advertising is to encourage and enhance transit usage. Therefore, it is proposed that the City provide part of the additional revenue generated by the permit fee increase to the MTA. The City would keep the revenue from a doubling of the bench permit fee from \$15 to \$30, along with all other areaway permit fees, for use in the General Fund. The revenue generated from the bus bench permit fees only, in excess of \$30 per bench, would be paid to the MTA on an annual basis.

In addition to individual bench permits, an annual bus bench license is required for each company installing bus benches in the City street right-of-way. The current fee of \$270 per year was last increased in 1991, and is recommended to be increased to \$300 per year.

Other flat fee areaway permits are currently \$10. It is recommended that this fee be doubled to \$20. Other areaway permits are issued based on the size of the encroachment on public property. The permit

fee for these areaway permits is currently \$0.50 per square foot, and is recommended to be increased to \$0.75 per square foot. Some of these encroachments may not be actively used, such as old coal chutes under the sidewalk, and may be quite large with a substantial permit fee. The administrative cost of issuing and renewing this type of permit is about the same as for the smaller flat fee areaway permits. Therefore, the recommended increase in fee is not as great as for the flat fee permits.

Currently, there are two bus bench companies that obtain annual bus bench licenses and permits. These companies are Signature Communications (Frank Hayer, President, 3378 Raccoon Ridge, Adel, Iowa 50003) with 33 benches and Tran-Sit Bench Company (Jan Johnson, President, 765 Foster Drive, Des Moines, Iowa 50312) with 240 benches. The companies are responsible for installation and maintenance of the benches and have been notified of the proposed ordinance change that would increase their permit fees.

A new bus bench company, Bench Ads, L.C. (Scott E. Thomas, President, 1412 - 41st Street, Des Moines, Iowa 50311) has applied for a new annual bus bench license and permits to install and maintain a total of 453 new bus benches in Des Moines. They have also been notified of the proposed fee increase.

Because of the substantial number of proposed new bus benches, staff has also proposed substantial changes in the ordinance that better define the standards for construction, placement, and maintenance of bus benches. The changes also expand the ability of adjacent property owners to object to the location of a bus bench, and add designated neighborhoods as being able to review and object to a bus bench.

In developing the recommended ordinance changes, staff have met with and provided review copies of the changes to the Plan and Zoning Commission, Des Moines Neighbors, and the MTA.

On the Council agenda is a roll call for first reading of the ordinance changes, including the increase in the permit fee and annual license fee. Upon final reading of the ordinance changes, Traffic and Transportation Division staff will present separate roll calls for the Council to approve the annual renewals for the two existing bus bench companies, and to approve the license and permits for one new bus bench company.
