

2021

Banner Permit Rate Study City of Grand Rapids, Michigan



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City of Grand Rapids

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1. PREFACE

The City of Grand Rapids - Energy, Lighting and Communication (ELC) Department owns, operates, and maintains a substantial Street Lighting System, which covers nearly the entire geographical area of the City. This Street Lighting System is comprised of pole lines (utility poles, and street lighting poles). These assets allow for power and communication lines to be systematically distributed throughout the City's network of streets. When this expansive pole line was constructed, the City had the foresight to design it with the ability to accommodate banner. Through the years, the City of Grand Rapids has allowed others to place banners on the poles for a minimal fee. This rate study is to update the fees associated with banner applications to cover the cost of the program.

2. EXECUTIVE SUMMARY

This study considered the City's costs of maintenance, and administration in determining proposed User fees. As a result, the proposed User fees for the City have been determined, for the most part, to be in line with user fees charged by similar utilities and municipalities.

As a result of studying the actual applicable costs, this study recommends the adoption of the following User fees for applications FY2022:

Fee Description	Rate	Unit
Application Fee	\$150.00	Per permit
Pole Rental Fee	\$0.10	Per pole-day
Engineering Rate	\$100.00	Per hour

3. DEFINITIONS

The following definitions shall apply to terms used in this Rate Study. Other terms shall be as defined in the Ordinance.

Pole: a City owned utility or street lighting pole.

Pole Attachment: a physical attachment of banner to a City pole. The attachment shall meet the space and elevation requirements of the City.

Pole Rental Fee: the daily User fee per pole attachment as approved by the City Commission.

System: The Grand Rapids Pole System consisting of all poles, and pole attachments now or hereafter existing, used for hanging banners.

Use: the use of parts of the System by attaching banners

User charge: a fee or charge payable by a User for Use of any part of the System or for costs related to that Use.

User: the person or company who attached banners to the City's pole system.

4. POLE ATTACHMENT RATE CALCULATION

System Data

The system is comprised of approximately 978 poles that are available for banner placement.

In FY2021 the City started using an asset management program to track banner applications. This software has an annual licensing fee of \$10,000.

Application Fee

Tracking of City staff and consultants time spent processing banner applications averages out to a cost of \$150 per application. Therefore, the application fee is proposed to be a nonrefundable \$150 for each application.

Pole Rental Fee

It is anticipated that approximately 28% of the poles are occupied during the year. To cover the annual software expense, a daily pole rental fee has been calculated.

$$\begin{array}{rccccccccc} \text{Annual License Fee} & \div & (\# \text{ of Poles} & \times & \% \text{ Utilized}) & \div & \text{Days} & = & \text{Daily Rental Rate} \\ \$10,000 & \div & (978 & \times & 28\%) & \div & 365 & = & \$0.10 \end{array}$$

Therefore, the daily pole rental fee is proposed to be \$0.10 per pole. The User will be invoiced according to their application request payment is required prior to approval of the application.

Engineering Hourly Rate

In some instances, additional engineering may be required, such as nonstandard banner request or structural review of new poles. In this case a rate for additional engineering review of \$100 per hour is proposed to cover the City's additional expense.

Pole Make-Ready Costs

Occasionally, make ready work may be required to repair broken banner arms. Any such maintenance is the Users responsibility to replace the broken arms with a new break away arm.

5. SUMMARY

In the interest of making the banner system work on a cost recovery model, the study demonstrates the methodologies for calculating the rates, and proposing Grand Rapids User fees. As a result of studying the actual applicable costs, this study recommends the adoption of the following User fees for FY2022:

Fee Description	Rate	Unit
Application Fee	\$150.00	Per permit
Pole Rental Fee	\$6.63\$0.10	Per pole-day
Engineering Rate	\$100.00	Per hour