

## **STORM WATER UTILITY – FREQUENTLY ASKED QUESTIONS**

In 2007, the City Council adopted Ordinance No. 1155 establishing a storm water utility in the City. No fee structure was adopted at that time. The idea of implementing a fee structure for the utility was considered numerous times as part of the annual City budget preparation for a number of years subsequent to adopting the ordinance.

The topic was revisited by the City Council in 2011, as part of the 2012 City budget development. The result of this discussion was the approval of a fee schedule for a storm water utility that would generate enough revenue to cover approximately one-half of the current annual storm water related costs. In addition, the General Fund budget for storm water related costs was reduced by a comparable amount.

It is anticipated that the storm water utility fee structure will be increased over a period of years (and the General Fund expenses reduced accordingly), to fund the majority of the City's costs for storm water system operation and maintenance.

### **What is a Storm Water Utility?**

A storm water utility is a service similar to the water and sanitary sewer utilities and is charged to existing landowners. Similar to a sanitary sewer utility, the fee is based on the amount each property uses. In the case of storm water, it is based on the amount of storm water runoff generated by each property. For example, a parking lot creates more storm water runoff than a grassy area of the same size; therefore, the parking lot owner would pay a higher rate. In this way, the landowners in the City pay for the management of storm water in proportion to the amount of storm water runoff they contribute to the system.

### **Why is a Storm Water Utility needed?**

No matter where you live in Inver Grove Heights, when it rains, storm water runs off sidewalks, homes, driveways, and lawns and into a storm water management system. The City's storm water management system collects rain and snowmelt runoff in streets or ditches and then directs the water into storm sewer pipes, ponds, or drainage ways. These systems eventually discharge the water to ponds, wetlands, and the Mississippi River. The system of streets, catch basins, and storm ponds have been built and need to be maintained to control storm water runoff to:

- Protect people
- Protect property
- Reduce insurance risks
- Improve property values
- Protect water quality

To control, collect, and treat storm water there is a cost. A storm water utility spreads this cost to those who contribute to storm water runoff. The money generated by the utility is used to conduct routine maintenance activities on the existing system to keep it functional and to maintain water quality benefits. These activities include but are not limited to the following:

- Street sweeping
- Erosion and sedimentation control inspections
- Storm sewer system inspections and repairs
- Storm water pond and infiltration basin cleaning and maintenance
- Drainage ditch cleaning

In addition to financing maintenance and operations costs, a portion of the revenue generated by the storm water utility is utilized by the City to meet the requirements of the Minnesota Pollution Control Agency (MCPA) and other outside agencies related to storm water management. Under these requirements the City must implement a variety of different programs to address and promote storm water pollution prevention. These include the following existing and anticipated programs:

- Water Resources Management Plan
- MS4 General Permit – Storm Water Pollution Prevention Plan
- Lake Pepin Total Maximum Daily Load Implementation Plan

### **How was the rate structure developed?**

The Inver Grove Heights storm water utility assigns costs to parcels based on the premise that parcels that have a high percentage of impervious surfaces, which generate large volumes of runoff, such as commercial and industrial area, would be charged more than land uses that have a small amount of impervious surface, which generates less runoff, such as single-family residential area.

The following activities were completed to establish a storm water utility rate structure for the City of Inver Grove Heights:

- Grouped parcels into utility groups (15) based on zoning and existing land use
- Using code-allowed percent impervious, or measured percent impervious for parcels in a utility group, calculated storm water runoff volume using actual rainfall for April through November from 1995 to 2004
- Using one acre of single-family residential property as the reference (given a value of 1.0); the residential equivalency factor (REF) for each utility group was determined by the ratio of the runoff volume for an acre of given utility group land to that of an acre of single-family residential land
- The base fee for a parcel is determined by multiplying the (REF) X (the base rate) to get the per acre or per lot charge. The surcharge fee amount is calculated the same way, using the surcharge rate in place of the base rate
- The fee structure has three different final rates. The “Rural” rate is for parcels that are in areas not served by a public storm sewer system and for undeveloped land in the Northwest Area (NWA). The “Urban” rate is for developed parcels served by a storm sewer system that is maintained by the City. The “NWA Developed” rate is for developed property in the NWA. Rural property is charged the base rate, urban property is charged the base rate plus the urban surcharge rate, and developed property in the NWA is charged the base rate plus the NWA developed surcharge rate.

The fee calculations included a reduction in acreage for mapped wetland areas. The fee uses a minimum per-parcel annual fee of \$6.00. This was established to insure that annual costs for City-wide planning/management/permit tasks are covered.

### **How much will I pay?**

The fee billed to landowners is based on the land use of the property and its location within the City. The land use provides an estimate of the amount of storm water runoff generated by a given property which is proportional to the fee that is charged. Developed properties within the Northwest Area are charged different rates than developed properties located in the storm-sewered areas in the remainder of the City. Parcels that are charged on a per-acre basis have their billable acreage reduced by the area of any mapped wetlands on the property. Developments that maintain private storm water facilities under a Storm Water Facilities Maintenance Agreement with the City receive a credit against their fee based on the level of treatment or runoff volume control provided.

## Annual Rates

The approved 2017 annual rates for the storm water utility are shown in the table below:

### 2017 STORM WATER UTILITY FEES

Storm Water Utility Group		REF	Per Lot (L) or Acre (A)	Rural (Base Fee)		Urban (Base + Surcharge)		NWA Developed (Base + Surcharge)	
				Monthly	Annual	Monthly	Annual	Monthly	Annual
Single-Family Residential	R-1A	0.7	L	\$ 0.92	\$ 11.09	\$ 2.68	\$ 32.11	\$ 8.03	\$ 96.32
	R-1B	0.9	L	0.59	7.13	1.72	20.64	5.16	61.92
	R-1C	1.0	L	0.50	6.00	1.27	15.26	3.82	45.87
	Estate (5 ac cap)	0.5	A	0.66	7.92	1.91	22.94	5.72	68.60
Multiple-Family Residential <sup>(1)</sup>	R-2 (Duplex/Twinhomes)	1.1	A	1.45	17.42	4.20	50.45	12.61	151.36
	R-3 (6+ units/ac)	1.3	A	1.72	20.59	4.97	59.62	14.91	178.88
	R-4 (Manufactured Home)	1.5	A	1.98	23.76	5.73	68.78	17.20	206.40
Other	Agricultural/Open Space (10 ac cap)	0.3	A	0.40	4.75 <sup>(2)</sup>	1.15	13.75	0.40	4.75 <sup>(2)</sup>
	Business District	2.2	A	2.90	34.85	8.40	100.85	25.23	302.72
	General Business	2.9	A	3.83	45.94	11.08	132.96	33.25	399.04
	Shopping Center	2.5	A	3.30	39.60	9.55	114.62	28.67	344.00
	Industrial	2.1	A	2.77	33.26	8.02	96.29	24.08	288.96
Public/Institutional	Schools/Churches/Other	1.3	A	1.72	20.59	4.97	59.62	14.91	178.88
	Golf Courses/Cemeteries/Parks	0.3	A	0.40	4.75 <sup>(2)</sup>	1.15	13.75	3.44	41.28
	City Facilities	2.2	A	2.90	34.85	8.40	100.85	25.23	302.72

<sup>(1)</sup> For multiple family housing developments with a homeowners association (HOA), the fee will be changed one of two ways at the desire of the HOA. 1) The total fee for all parcels in the HOA, including common areas, will be divided equally among all tax parcels with living units. 2) The total fee will be billed to the HOA.

<sup>(2)</sup> The minimum annual fee per parcel is \$6.00.

### Why are there different rates?

Currently the Northwest Area is comprised of mainly agricultural, open space and rural residential land uses. This area is projected to be fully developed in the future, requiring construction of new measures to treat and manage storm water. Since there are no storm water outlets for these areas, the new measures will include the use of low-impact infiltration practices so that the land-locked basins do not become flooded. These measures require additional maintenance activities and therefore will require more revenue generated by the utility. Prior to development, property in the Northwest Area is charged the same fees as parcels in the rest of the City. Once developed, these properties will be charged a higher rate.

**Who oversees the Storm Water Utility?**

The City's Public Works Director is the administrator of the storm water utility. The administrator is responsible to make determinations as to which projects and activities are eligible for funding through the use of storm water utility fees. The administrator is responsible for reviewing appeals and making adjustments, if necessary, to storm water utility charges through the appeal process.

**Is there any way my fee can be reduced?**

Property that is covered by a Storm Water Facilities Maintenance Agreement will be given a credit toward the surcharge portion of its utility fee.

Property owners may appeal their storm water utility fee by contacting the utility administrator. The City will utilize the most recent Dakota County aerial photography to measure the amount of impervious area on the parcel. If the amount of impervious area is substantially less than that for the class of parcels in its utility group, the parcel will be moved to the appropriate utility group and its fee will be adjusted. However, in no circumstance shall adjustments to the utility fee be made retroactive.

Should the proposed adjustment affect the charge and the calculation for all, or substantially all, of the land uses in a particular utility group, the administrator will bring the proposed adjustments to this classification before the City Council who will consider modifying and amending the class charge rate calculation table.

Should a property owner determine that the utility administrator has erred in the decision to adjust rates per parcel, they may appeal the utility administrator's decision to the City Council.

**How are rates approved?**

The Storm Water Utility Fee Rates and Structure may be modified based on the storm water needs of the City. Adjustments to the Storm Water Utility Fee Rates and Structure can only be made by the City Council. The fee is reviewed annually as part of the City's budget process.

**Why doesn't the City use property tax revenue to cover these costs?**

Historically, that is what was done. The change to a utility fee does two things. It includes tax-exempt properties in the generation of revenue for operation and maintenance of the system. It also provides another means of paying for these mandated tasks in the event the State Legislature invokes levy limits in the future. A utility would not be affected by such a legislative action.

**How does the fee structure address properties that retain most, or all, of the storm water runoff they generate?**

There are two aspects of the fee structure that recognize this situation. First, the land area used to calculate the fee is reduced by the area of any mapped wetlands on a property. This reduces both the base fee (which is charged to all parcels) and the surcharge fee (which is charged to parcels in storm-sewered areas). Second, the surcharge fee is reduced (by as much as 75 percent) for parcels that maintain private storm water facilities covered by a Storm Water Facilities Maintenance Agreement.

**Do parcels that receive runoff from adjacent parcels receive a fee credit?**

See answer to previous question.

**What happens to existing Storm Water Special Tax District levies?**

The levies will run their full terms. The City could decide to use this funding source for a major storm water management project in the future.

**How will existing developed (pre-NWA standards) parcels in the NWA be charged?**

They are charged the base fee. If the storm water system they use is updated to NWA standards in the future, they would then pay the NWA-developed fee.

**How much of the storm water system operation and maintenance (O & M) cost is the result of federal or state mandates?**

While we have always performed some of the O & M activities, all of them are tied to requirements due to either federal mandates (the Clean Water Act and the federal storm water permit) or state mandates (the Metropolitan Surface Water Management Act and the Wetland Conservation Act).

**Are all of the various storm water management features in the NWA required, or are they unnecessary enhancements being forced on developers by the City?**

The rain gardens, infiltration swales, pervious pavements and other features are selected by the developers as part of their overall storm water management plan to meet the required performance standards for new development in the NWA. They have a list of possible features they can use to meet the standards. They decide which ones they will use and where they are installed. The City reviews and approves the developer's plan.

**Did the City consider breaking single-family residential properties into more groups, based on parcel size?**

The City did increase the number of single-family residential utility group categories from two to four earlier in the fee development process at the direction of the City Council.

**Charging ISD #199 property and City land the Storm Water Utility Fee is an extra cost to taxpayers. Why was this done?**

If these parcels were not charged a fee, the costs would be shifted to the remaining parcels and their fees would increase. The idea behind a storm water utility is that all users contribute to cover the costs.

**How much of the storm water management system O & M is completed by City staff?**

Approximately 60 percent of our current O & M is done by City forces.

**How are the fees collected, and how is the usage of those funds tracked?**

A separate storm water utility fund account has been established by the Finance Department. Fee revenue is placed in this fund. Budget line item costs are documented throughout the year.

**I don't see any benefit to my property as a result of paying this fee. Why am I required to pay it?**

The fee does not cover the cost of an improvement that would benefit a property. It does pay costs for mandated planning and permit tasks that affect every parcel in the City. It also pays for O & M of the storm water management system that serves the public streets, which are necessary to access the parcels throughout the City. Costs specific to certain areas are reflected in the surcharge portion of the fee for those areas.

**How will I be billed?**

The fee appears as a new line item on existing utility customer billing statements. New customers (properties that are not connected to City water or sanitary sewer) are billed either annually or quarterly.

**I already pay a storm water fee that is forwarded to the City of Eagan. Why am I required to pay an additional fee for Inver Grove Heights?**

A few hundred properties in western Inver Grove Heights are provided utility service from Eagan via a Joint Powers Agreement between the cities. The Eagan storm water fee is required under that agreement. It helps Eagan offset its cost to operate and maintain the Eagan storm water system that the Inver Grove Heights' neighborhood connects to. However, Inver Grove Heights owns, operates and maintains the portion of the system in Inver Grove Heights. In addition, the base fee that was referenced earlier is charged to all properties in Inver Grove Heights. In the case of the properties served by Eagan's system, Inver Grove Heights is only charging its base fee. Comparable properties in Inver Grove Heights that drain to the Inver Grove Heights system are required to pay the appropriate surcharge as well.