



# SURFACE WATER UTILITY FEE



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# Why a Surface Water Utility?

- Managing surface water is essential to protecting the environment, lakes, streams and rivers
- Provides dedicated revenue
- Equitably funds surface water programs



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# Background

- October 2011 – Staff recommended consultant proposal for a Storm Water Utility
- November 2012 – City Council provided direction to continue to develop a Storm Water Utility



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# Development of Fee Structure

- Review of Statute 444.075
- Review of Surrounding Communities Fee Structures and Ordinances
- Review of 4,000+ Waseca Utility Billing Accounts and Parcels
- Sound Engineering Judgment



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# Minnesota State Statute 444.075

## **Subd. 3b. Storm sewer charges.**

Storm sewer charges may be fixed:

- (1) by reference to the square footage of the property charged, adjusted for a reasonable calculation of the storm water runoff; or
- (2) by reference to a reasonable classification of the types of premises to which service is furnished; or
- (3) by reference to the quantity, pollution qualities, and difficulty of disposal of storm water runoff produced; or
- (4) on any other equitable basis, including any combination of equitable bases referred to in clauses (1) to (3), but specifically excluding use of the basis referred to in subdivision 3a, clause (1); and otherwise without limit.

## **Subd. 3e. Who may be charged; unpaid charges.**

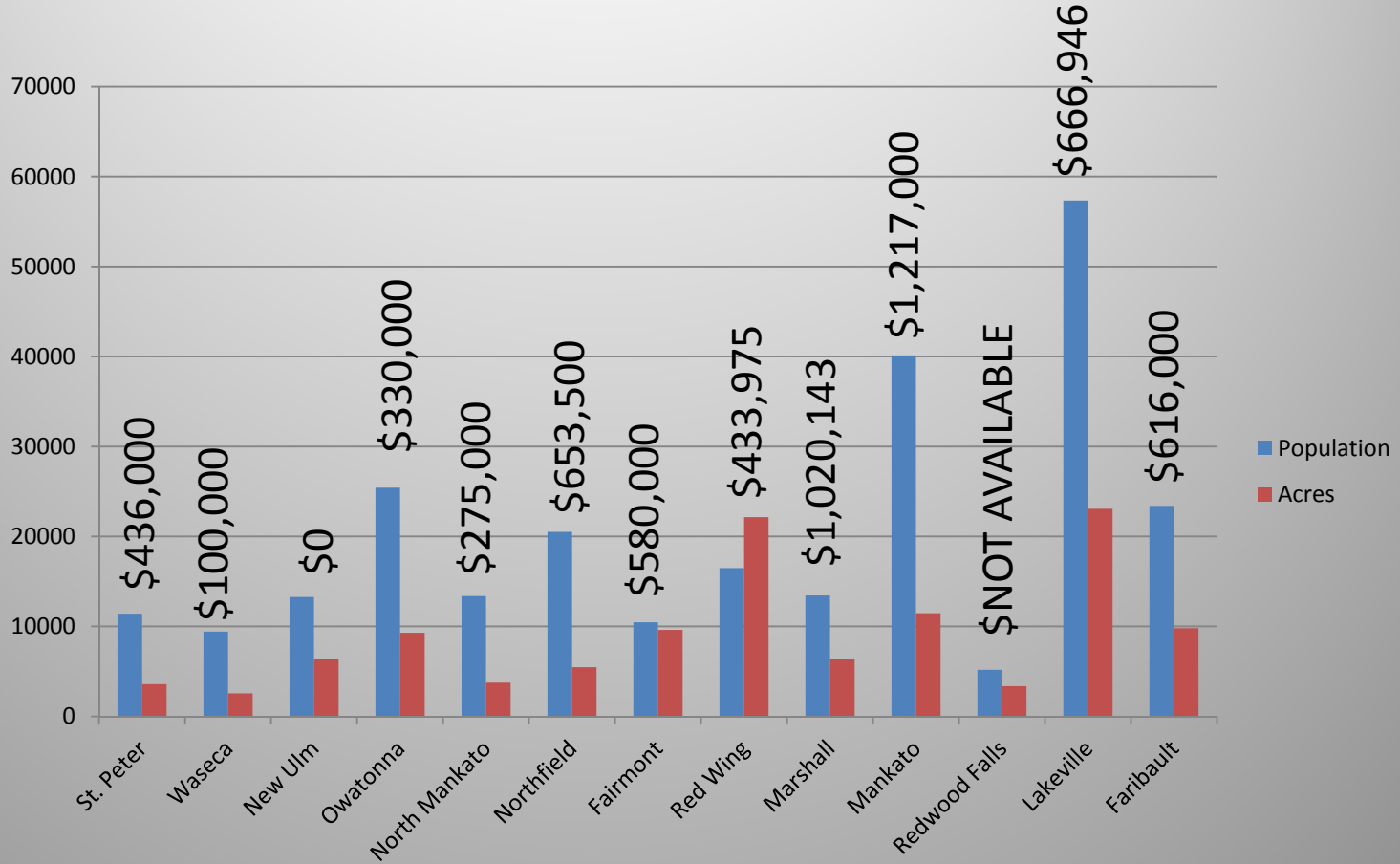
The governing body may make the charges a charge against the owner, lessee, occupant or all of them and may provide and covenant for certifying unpaid charges to the county auditor with taxes against the property served for collection as other taxes are collected.



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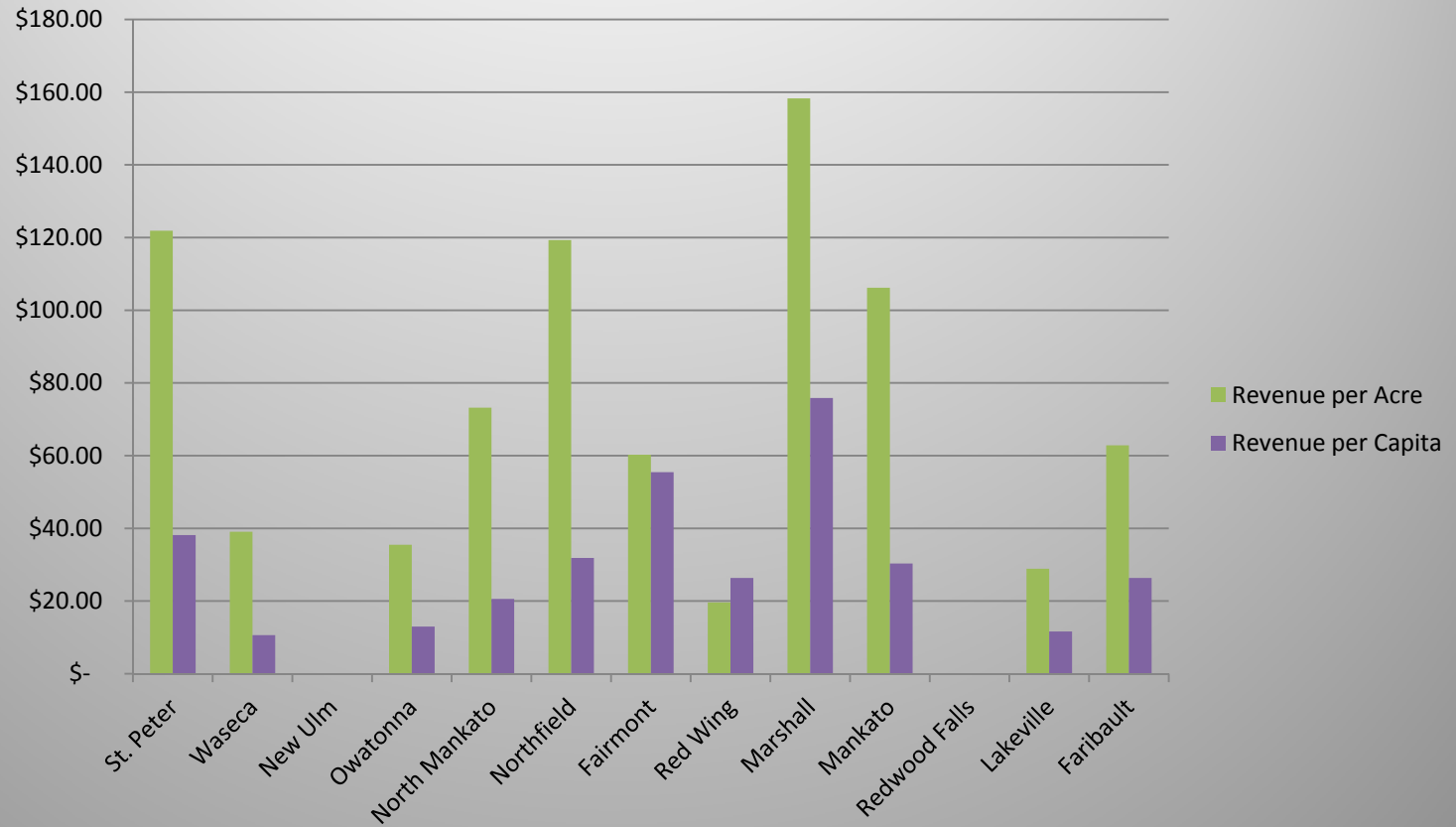
# SURROUNDING COMMUNITY COMPARISON



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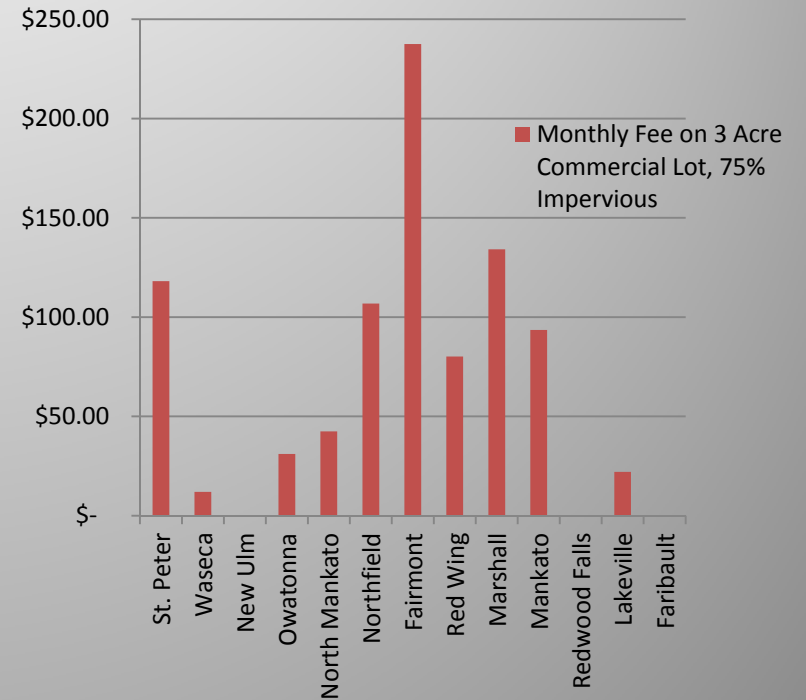
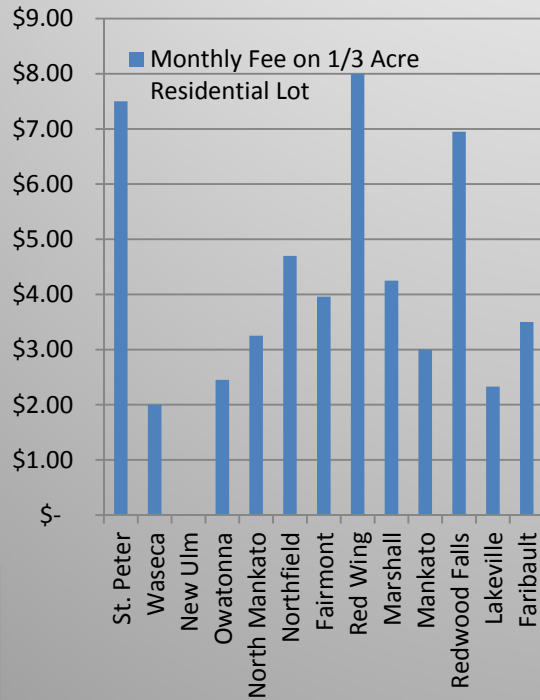
# SURROUNDING COMMUNITY COMPARISON



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# Utility Factor

- *Utility factor* means the ratio of runoff volume, in inches, for a particular land use, to the runoff volume, in inches, for a one-quarter-acre residential lot with 38% impervious surface, assuming a 2.5-inch 24 hour 1-year rainfall event and Soil Conservation Service (SCS) “type B” soil conditions.



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## City of Waseca - Proposed Surface Water Utility Rate Structure

Classification	Land Use	Utility Factor	Fee (Monthly)	Description
1	Residential	1.00	\$ 2.00	Each
2	Duplex/Triplex	0.50	\$ 1.00	Each
3	Apartment or Townhome - separate utility accounts (4+ Units)	0.25	\$ 0.50	Each
4	Manufactured Home	0.25	\$ 0.50	Each
5	Apartment Building - single utility account	2.60	\$ 5.20	Per acre rates
6	Commercial or Industrial	2.60	\$ 5.20	Per acre rates
7	Public/Quasi Public Institutions	2.60	\$ 5.20	Per acre rates

- a. Properties (charged at per acre rates) with less than 42 percent impervious surface will receive a credit, the fee will be adjusted by multiplying the fee by the percentage of impervious surface and then dividing by 42 percent.
- b. Properties will be charged a minimum monthly fee of \$0.50
- c. Non-exempt properties will be billed a monthly customer charge until a final bill is generated, properties with no existing City water, sewer, or electric account will be billed annually.



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# EXEMPTIONS

- Cemeteries
- Public right-of-way
- Lakes and wetlands
- Railroads
- Agricultural without a home
- Undeveloped land with no impervious surface coverage



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# Example Calculations

- *Classes 1-4*

Fee = Base Fee X Utility Factor

- *Classes 5-7 with Greater than 42% Impervious Surface*

Fee = Base Fee X Utility Factor X Acreage

- *Classes 5-7 with Less than 42% Impervious Surface*

Fee = Previously Calculated Fee X  
(Percentage Impervious Surface/.42)



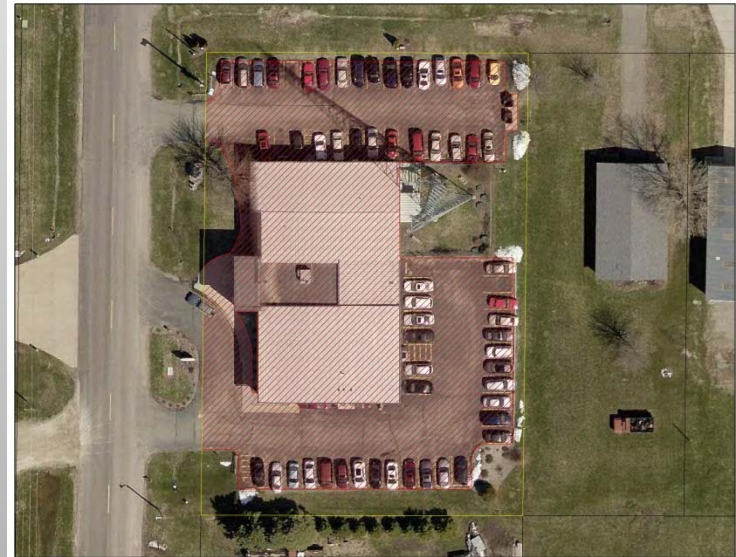
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# Example Comparisons



1 Acre Parcel, 32% Impervious  
Fee=Base Fee x REF X Acres X % Imp/42%  
Fee = \$2.00 X 2.60 X 1 Acre X 32%/42% = \$3.96/Month

1 Acre Parcel, 75% Impervious  
Fee=Base Fee x REF X Acres  
Fee = \$2.00 X 2.60 X 1 Acre = \$5.20/Month



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# Surface Water Utility – 2014 Budget

Description	Amount	Comments
<u>Revenues</u>		
General Fund Transfer	\$38,500	One-time transfer to provide operating fund balance
Surface Water Fees	\$108,000	Annual Revenue
<u>Expenses</u>		
Administration	\$15,834	5% Utility Billing Staff/Engineer
UB Software Programming	\$3,600	One-time Civic Systems Fee
Surface Water Operating	\$50,306	Moved from General Fund
Professional Services/ System Improvements	\$38,000	Approximately \$36k (33%) for expenses not previously funded



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# Next Steps

## October 15, 2013: City Council Meeting

- Set Public Hearing Date for Surface Water Utility Ordinance

## November 19, 2013: City Council Meeting

- Public Hearing Date for Surface Water Utility Ordinance

## January 1, 2014:

- Anticipated Implementation Date for the Surface Water Utility

## February 15, 2014:

- Property Owners receive 1<sup>st</sup> billing with Surface Water Utility Fee



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