



CITY OF  
**LONG LAKE**

## City Council Agenda Report

### **City of Long Lake**

450 Virginia Avenue, PO Box 606  
Long Lake, MN 55356

**MEETING DATE / October 3, 2023**

**SUBJECT:** Consider Adoption of New City Utilities/Recycling Billing Schedule and Billing Rates

**Prepared By:** Amanda Nowezki, Finance/Utilities Officer

**Report Date:** 9/28/2023

### Recommended City Council Action

Staff recommends the following:

Motion to adopt Resolution No. 2023-41 approving changing the City's utility and curbside recycling billing cycle from a quarterly basis to a regular monthly basis.

Motion to adopt Resolution No. 2023-42 establishing water, sewer, and storm sewer utility rates and tiers; and establishing curbside residential recycling rates.

### Overview / Background

Over the past five years, the business-type activity funds (Water, Sewer, Storm, and Recycling) have had a combined cash loss of \$572,562. After a review and discussion of proposed utility rates at the August 2 Council meeting, staff recommends moving forward with a billing schedule change from quarterly to monthly billing, and with rate adjustments for all accounts beginning January 2024.

#### *Benefits*

- Will allow for the utility funds to properly pay for annual fund expenses and utility improvements to outdated software and infrastructure.

### **Proposed Rate Changes**

#### *Water Rates*

- Base Rate Change – Increase monthly base rate calculation by \$0.41.
- Add a “per unit” base charge of \$2.75 to apartment complexes that are billed on one meter.
- Manual Meter Read/Entry Fee Change – Increase monthly fee by \$15.00.
- Tier adjustment for a residential user per thousand gallons of water:
  - Tier 1 on a monthly basis would be 0-2,000 gallons (currently 0-8,000/qtr).
  - Tier 2 on a monthly basis would be 3,000-7,000 gallons (currently 9,000-22,000/qtr).
  - Tier 3 on a monthly basis would be anything over 8,000 gallons (currently over 60,000/qtr).
- Tier adjustment for a commercial user per thousand gallons of water:
  - Tier 1 on a monthly basis would be 0-8,000 gallons (currently 0-30,000/qtr).
  - Tier 2 on a monthly basis would be 9,000-16,000 gallons (currently 30,000-60,000/qtr).
  - Tier 3 on a monthly basis would be anything over 17,000 gallons (currently over 60,000/qtr).
- Tier adjustment for an Industrial user per thousand gallons of water:
  - Remove Tier 1 and Tier 3, bill all usage at the Tier 2 commercial rate.

### *Sewer Rates*

- Base Rate Change – Decrease monthly base rate calculation by \$9.43.
- Implement a new MCES Treatment fee of \$10 per month to start covering Metropolitan Council treatment costs.
- Add a “per unit” base charge of \$2.75 to apartment complexes that are billed on one meter.
- Remove residential Tier 1 that includes the first 5,000 gallons (1,670 gallons monthly) free.
- Unmetered residential properties rate change – from \$93.50 a quarter to \$95.00 a month.

### *Surface Water Management Rates*

- Base Rate Change – Increase monthly base rate by \$0.83.
- Retitling business properties for storm water purposes, continue to bill on a per acre basis.
  - Transfer Multi-Family Residential to Residential base with the exception of apartments that would be considered Commercial based on hard cover versus greenspace.
  - Combine Industrial and Commercial properties.
  - Reallocate Churches and Public Properties to either Commercial or Institutional based on hard cover versus greenspace.

### *Recycling Service Rate*

- Base Rate Change – Increase monthly base rate by \$0.50.
- Apartment per unit Base Rate Change – Increase monthly base rate by \$0.50.

### *Annual Rate Escalator*

- Annual Rate Escalator – Increase all water, sanitary sewer, and surface/storm water utility rates by 4% annually hereafter on January 1 of each year.

### **Impact**

- The monthly impact to the Water Fund (601) is anticipated to be around \$3,430.26.
- The monthly impact to the Sewer Fund (602) is anticipated to be around \$9,253.62.
- The monthly impact to the Surface Water/Storm Fund (603) is anticipated to be around \$816.82.
- The monthly impact to the Recycling Fund (604) is \$344.00.

### **Supporting Information**

- Resolution No. 2023-41
- Resolution No. 2023-42
- Rate Adjustment Impact
- Customer Rate Adjustment Bill Scenarios