



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: June 25, 2021

Subject: Storm Water Utility

The City has experienced significant street flooding during significant rainfall events. These rainfall events have caused damage to the City's infrastructure, damage to resident and City vehicles alike, and threatened damage to property. In light of these flooding issues, the City commissioned the preparation of a Local Surface Water Management Plan (LSWMP) to serve as a comprehensive planning document to guide the City in conserving, protecting and managing its surface water resources and comply with the requirements of M.S. 103B, M.R. 8410, and the Metropolitan Council's 2040 *Water Resources Policy Plan* in 2018. In that planning process, the City modeled its storm water treatment system and identified a list of system-wide capital projects to improve the operation of the storm water system.

The 2018 Local Surface Water Management Plan identified \$1,469,000 in projects over the next ten years and \$25,000 in annual maintenance, inspection and reporting costs. The City has completed \$569,000 in projects identified in the 2018 LSWMP, thanks in large part to a significant water quality grant from Rice Creek Watershed District. However, additional projects have been identified, including repairs to the City's storm sewer mains to prevent sinkholes in the City's infrastructure.

Many cities across Minnesota have established a storm water utility to generate funds to pay for these types of improvements. The City is proposing a \$2.00/month per REF (residential equivalency factor) to fund the City's storm sewer maintenance. This would generate approximately \$95,000 per year for storm water operations and maintenance. These charges would be included as a line item on the City's utility bill, to be collected in the same manner as water, sanitary sewer, recycling, and street light charges.

The City is proposing that the storm water utility fee begin on January 1, 2022. This will provide time for staff to program the fee into the City's utility billing software.

The City understands that the storm water utility fee will be a hardship for some residents and business owners. To reduce that hardship, the City will be reducing the water treatment plant charge on the City's utility bill in a commensurate amount. This is possible because the City's two

water treatment plants will be paid off in 2023 and sufficient cash reserves are available to cover the debt service with reduced revenues from the water treatment plant charge.

The proposed ordinance is included with this memorandum for review. In addition, staff has included the Storm Water Utility feasibility report, prepared by Stantec, which explains what the purpose of the storm water utility is, how the fee is calculated and allocated to parcels within the city, and how the fee would be implemented. Finally, staff wanted to provide the City Council with a link to the 2018 Local Surface Water Management Plan, which is available on the City's website at <http://www.slpmn.org/public-works.html>.

The City does not take its obligation to preserve its infrastructure lightly, nor does it take for granted the cost associated with maintaining that infrastructure in a cost-effective manner. Staff recommends approval of Ordinance 475, with a fee implementation date of January 1, 2022.

If you have any questions, please don't hesitate to contact me at 763-784-6491.