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**To:** Mayor Nelson and Members of the City Council

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

**Date:** June 10, 2021

**Subject:** Storm Water Utility

Over the past eight years, the City Council has authorized funding for significant improvements to the City's storm water infrastructure. The funding source for these improvements has been unpredictable, preventing the City Council and Staff from effectively planning the improvements. That, coupled with significant deferred maintenance on the City's storm water system, has led to the need for a stable funding source for storm water improvements.

Many cities across Minnesota have established a storm water utility to generate funds to pay for these improvements. Stantec has put together a Storm Water Utility feasibility report 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.

Staff is proposing a \$2/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.

Some sample properties are listed below:

Low density residential (single family home)	\$2.00/month
8466 Highway 65 NE (Sunset Grill)	\$10.20/month
7777 University Avenue (ECC)	\$194.40/month
1066 Co. Rd. 10 (Legends of SLP)	\$46.40/month
1625 Co. Rd. 10 (Blue Sun Soda)	\$15.00/month

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.

With the PFA note scheduled to be paid off in 2023 and \$300,000 in cash reserves in the debt service fund, staff is recommending that the City Council reduce the water treatment plant charge so that the storm water utility implementation is revenue neutral to the City.

If the City Council wishes to move forward, staff would recommend the City Council adopt the storm water utility ordinance in the near future, with an implementation date of January 1, 2022. This will provide City staff with time to input the charge into the City's utility billing software.

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