



**Request for Council Action**

**Consider First Reading and Schedule a Public Hearing of an Ordinance Amending City Code Title 3, Chapter 4, Sections 3-4-2 and 3-4-3 and 10-3-8 Adjusting Utility Connection Fees**

		<b>Fiscal/FTE Impact</b>	<b>Mark all that apply</b>
Meeting Date:	October 11, 2021	None	<b>X</b>
Item Type:	Regular	Amount included in current budget	
Contact:	Amy Hove, 651-450-2521	Budget amendment requested	
Prepared by:	Amy Hove, Finance Director	FTE included in current complement	
Reviewed by:	Kris Wilson, City Administrator Heather Rand Community Development Director Allan Hunting, City Planner Klay Eckles, Interim Public Works Director	New FTE requested - N/A	
		Other	

**REQUESTED ACTION:**

- Consider the First Reading to amend the City Code to adjust the fees and charges associated with development activities as they pertain to utility connections.
- Schedule a Public Hearing for November 8, 2021, at 6 p.m. in the Council Chambers, to consider amendment to the City Code for fees and charges associated with development activities as they pertain to utility connections.

**SUMMARY:**

Minnesota Statutes 462.353 directs that all changes to fees associated with municipal planning activities are required to be heard at a public hearing. This includes not only the fees and charges for planning activities, but those associated with building permits and water and sewer connection charges. While it is not explicitly required under State Statute yet, the City Attorney has advised staff that it would be prudent to put all fees associated with development activities into the City's Code.

City code requires three readings for ordinance amendments. For this proposed ordinance, the schedule of readings is proposed as follows:

- First Reading            October 11, 2021
- Second Reading        November 8, 2021
- Third Reading            December 13, 2021

The required public hearing is recommended to be held in conjunction with the second reading scheduled for November 8, 2021.

Staff proposes changes to the fees that address water and sanitary sewer connection fees, storm water connection fees, etc. The proposed increases range between 3.5% and 5% and are based on Ehlers & Associates financial projections from May 2016. As part of the ongoing City/Ehlers/HKGI Northwest Area (NWA) review, staff are optimistic that an updated financial analysis and related recommendations should be available by year-end to be used when setting the fees for 2023 and beyond.

Increases Recommended for 2022:

- Water - 3.5%
- Water NWA - 4%
- Sewer - 3.5%
- Sewer NWA - 5%
- Storm Water NWA - 5%
- No changes proposed to Land Use Approval Fees

The proposed changes are reflected on the attached draft ordinance.

CITY OF INVER GROVE HEIGHTS  
DAKOTA COUNTY, MINNESOTA

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING TITLE 3, CHAPTER 4, SECTION 3-4-2-2 AND SECTION 3-4-2-3 AND SECTION 3-4-3 AND TITLE 10, CHAPTER 3, SECTION 10-3-8 B OF THE INVER GROVE HEIGHTS CITY CODE RELATING TO FEES**

The City Council of Inver Grove Heights does hereby ordain as follows:

**Section 1. Amendment No. 1.** Inver Grove Heights City Code Title 3, Chapter 4, Section 3-4-2-2 is hereby amended in its entirety to read as follows:

**3-4-2-2: WATER, SANITARY SEWER AND STORM WATER SYSTEMS CONNECTION FEES:**

**A. Purpose and Intent.** Minn. Stat. § 444.075, subd 3. and IGH City Code Title 8 allows the City to impose just and equitable charges for connection to the City water utility system to pay for the construction, reconstruction, repair, enlargement, improvement, or other obtainment, the maintenance, operation and use of the facilities, and of obtaining and complying with permits required by law.

Minn. Stat. § 444.075, subd. 3. and IGH City Code Title 8 allows the City to impose just and equitable charges for connection to the City sanitary sewer utility system to pay for the construction, reconstruction, repair, enlargement, improvement, or other obtainment, the maintenance, operation and use of the facilities, and of obtaining and complying with permits required by law.

Minn. Stat. § 444.075, subd. 3. and IGH City Code Title 8 allows the City to impose just and equitable charges for connection to the City storm sewer utility system to pay for the construction, reconstruction, repair, enlargement, improvement, or other obtainment, the maintenance, operation and use of the facilities, and of obtaining and complying with permits required by law.

The City has installed water, sewer, and storm sewer improvements in the Northwest Area without assessing the costs against benefitting properties. The City intends to recover its costs through the collection of utility system connection fees.

The purpose and intent of this Title 3, Chapter 4, Section 3-4-2-2 is to impose connection fees for the water utility system and the sanitary sewer utility system and the storm water sewer utility system, also known as the storm water system.

**B. Definitions.** For purposes of this Title 3, Chapter 4, Section 3-4-2-2, the following terms shall have the following meanings:

**Northwest Area** means that certain geographic area within the City of Inver Grove Heights defined, established and referred to as the Northwest Area Overlay District pursuant to the City's zoning regulations.

**Net Developable Area** means the number of acres within a property remaining after excluding those portions that are either: a) encumbered by right of way for arterial roads as defined in the Inver Grove Heights Comprehensive Plan; or b) lying below the ordinary high water level of public waters as identified in the Shoreland Overlay District; or c) lying within the boundaries of wetlands delineated according to the Minnesota Wetland Conservation Act; or d) bluffs in Shoreland Overlay Districts abutting public waters; or e) land to be dedicated to the City of Inver Grove Heights for public park/recreation area purposes. Net Developable Area does

not include outlots within a plat that are intended to be replatted at a later date into developable lots.

**Gross Acres** means the total acres within a plat, subdivision or parcel. Gross Acres do not include outlots within a plat that are intended to be replatted at a later date into developable lots.

**SAC Unit** means a unit as determined by the Metropolitan Council Environmental Services according to the Metropolitan Council Service Availability Charge Manual.

**C. Connection Fees For Water Utility System For Land Outside of Northwest Area.** The following connection fees for the water utility system are hereby imposed and required to be paid with respect to land outside of the Northwest Area that is within the Metropolitan Urban Service Area (MUSA).

**Fees Payable At Time of Plat**

The following fee must be paid when the property is subdivided or the property is platted or a building permit is obtained or when connection is made to the municipal water system, whichever occurs first. The fee is not payable if the property has been previously specially assessed on an area basis for a trunk water line.

Water Plat Connection Fee	<del>\$1,450</del> <b>\$1,500</b> multiplied by a density factor of 3.5 multiplied by Gross Acres
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**Fees Payable At Time of Building Permit**

The following fees must be paid by the landowner when a building permit is obtained or when connection is made to the municipal water system, whichever occurs first.

Water Building Permit Connection Unit Fee	<del>\$960</del> <b>\$990</b> per SAC Unit
Water Treatment Plant Fee	<del>\$850</del> <b>\$880</b> per SAC Unit
Water Core Connection Fee (based on water service size)	
1 inch	<del>\$2,010</del> <b>\$2,080</b>
1 ½ inch	<del>\$4,500</del> <b>\$4,660</b>
2 inch	<del>\$7,980</del> <b>\$8,260</b>
3 inch	<del>\$18,920</del> <b>\$19,580</b>
4 inch	<del>\$31,930</del> <b>\$33,050</b>
6 inch (or larger)	<del>\$74,850</del> <b>\$77,470</b>

**D. Connection Fees For Sanitary Sewer Utility System For Land Outside of Northwest Area.** The following connection fees for the sanitary sewer utility system are hereby imposed and required to be paid with respect to land outside of the Northwest Area that is within the Metropolitan Urban Service Area (MUSA).

**Fees Payable At Time of Plat**

The following fee must be paid when the property is subdivided or the property is platted or a building permit is obtained or connection is made to the municipal sanitary sewer system, whichever occurs first. The fee is not payable if the property has been previously specially assessed on an area basis for a trunk sanitary sewer line.

Sanitary Sewer Plat Connection Fee	<del>\$1,450</del> <b>\$1,500</b> multiplied by a density factor of 3.5 multiplied by Gross Acres
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**Fees Payable At Time of Building Permit**

The following fees must be paid by the landowner when a building permit is obtained or when connection is made to the municipal sanitary sewer system, whichever occurs first. The B-Line special connection charge only applies to that area of the City served by the B-Line sanitary system; for properties in the B-Line area, the B-Line special connection charge is payable in addition to the other fees set forth below.

M.C.E.S. SAC Unit Fee	\$2,485 per SAC Unit
Sanitary Sewer Building Permit Connection Unit Fee	<del>\$530</del> \$550 per SAC Unit
B-Line Special Connection Charge	<del>\$1,350</del> \$1,400 per SAC Unit (applicable only to B-Line Area)
Sewer Core Connection Fee (based on building sewer service size)	
4 inch	<del>\$640</del> \$660
6 inch	<del>\$1,090</del> \$1,130
8 inch	<del>\$1,930</del> \$2,000
10 inch	<del>\$3,000</del> \$3,110
12 inch	<del>\$4,350</del> \$4,500

**E. Connection Fees For Water Utility System For Northwest Area.** The following connection fees for the water utility system are hereby imposed and required to be paid with respect to land within the Northwest Area.

**Fees Payable At Time of Plat (Northwest Area)**

The following fees must be paid when the property is subdivided or the property is platted or a building permit is obtained or when connection is made to the municipal water system, whichever occurs first. The fee is not payable if the property is being platted as an agricultural planned unit development with no connection to the municipal water system.

Water Plat Connection Fee (Northwest Area)	
In the R-1 and R-2 Zoning Districts	<del>\$1,340</del> \$1,390 multiplied by a density factor of 2.0 multiplied by the Net Developable Area
In the R-3A Zoning District	<del>\$1,340</del> \$1,390 multiplied by a density factor of 4.0 multiplied by the Net Developable Area
In the R-3B Zoning District	<del>\$1,340</del> \$1,390 multiplied by a density factor of 6.5 multiplied by the Net Developable Area
In the R-3C Zoning District	<del>\$1,340</del> \$1,390 multiplied by a density factor of 12.0 multiplied by the Net Developable Area
In the B-1 and Office Park Zoning Districts	The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District). The result is the minimum building

	<p>area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 2,400 square feet to arrive at density units. Then multiply the density units by <del>\$1,340</del> <b>\$1,390</b></p>
<p>In the B-2, B-3 and B-4 Zoning Districts</p>	<p>The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District). The result is the minimum building area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 3,000 square feet to arrive at density units. Then multiply the density units by <del>\$1,340</del> <b>\$1,390</b></p>
<p>In the I-1 and I-2 and Industrial – Office Park Zoning Districts</p>	<p>The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District). The result is the minimum building area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 7,000 square feet to arrive at density units. Then multiply the density units by <del>\$1,340</del> <b>\$1,390</b></p>
<p>In the P-Institutional Zoning Districts</p>	<p>The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District). The result is the minimum building area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 2,400 square feet to arrive at density units. Then multiply the density units by <del>\$1,340</del> <b>\$1,390</b></p>

In the Mixed Use – Residential and in the Mixed Use - Commercial Zoning Districts	The fee shall be calculated with respect to each pro-ratable area component of the mixed use development using the appropriate fee calculations set forth above in relation to the respective land use of the component. The respective fees for each component shall then be added to compute the total fee.
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**Fees Payable At Time of Building Permit (Northwest Area)**

The following fees must be paid by the landowner when a building permit is obtained or when connection is made to the municipal water system, whichever occurs first.

Water Building Permit Connection Unit Fee (Northwest Area)	<del>\$3,740</del> <b>\$3,860</b> per SAC Unit
Water Treatment Plant Fee (Northwest Area)	<del>\$790</del> <b>\$820</b> per SAC Unit
Water Core Connection Fee (based on water service size) (Northwest Area)	
1 inch	<del>\$1,960</del> <b>\$2,040</b>
1 ½ inch	<del>\$4,400</del> <b>\$4,580</b>
2 inch	<del>\$7,820</del> <b>\$8,130</b>
3 inch	<del>\$17,580</del> <b>\$18,280</b>
4 inch	<del>\$31,280</del> <b>\$32,530</b>
6 inch (or larger)	<del>\$73,320</del> <b>\$76,250</b>

**F. Connection Fees For Sanitary Sewer Utility System For Northwest Area.**

The following connection fees for the sanitary sewer utility system are hereby imposed and required to be paid with respect to land within the Northwest Area:

**Fees Payable At Time of Plat (Northwest Area)**

The following fee must be paid when the property is subdivided or the property is platted or a building permit is obtained or when connection is made to the municipal sanitary sewer system, whichever occurs first. The fee is not payable if the property is being platted as an agricultural planned unit development with no connection to the municipal water system.

Sanitary Sewer Plat Connection Fee (Northwest Area)	
In the R-1 and R-2 Zoning Districts	<del>\$2,340</del> <b>\$2,460</b> multiplied by a density factor of 2.0 multiplied by the Net Developable Area
In the R-3A Zoning District	<del>\$2,340</del> <b>\$2,460</b> multiplied by a density factor of 4.0 multiplied by the Net Developable Area
In the R-3B Zoning District	<del>\$2,340</del> <b>\$2,460</b> multiplied by a density factor of 6.5 multiplied by the Net Developable Area
In the R-3C Zoning District	<del>\$2,340</del> <b>\$2,460</b> multiplied by a density factor of 12.0 multiplied by the Net Developable Area

<p>In the B-1 and Office Park Zoning Districts</p>	<p>The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District). The result is the minimum building area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 2,400 square feet to arrive at density units. Then multiply the density units by <del>\$2,340</del> <b>\$2,460</b>.</p>
<p>In the B-2, B-3 and B-4 Zoning Districts</p>	<p>The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District). The result is the minimum building area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 3,000 square feet to arrive at density units. Then multiply the density units by <del>\$2,340</del> <b>\$2,460</b>.</p>
<p>In the I-1 and I-2 and Industrial – Office Park Zoning Districts</p>	<p>The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District). The result is the minimum building area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 7,000 square feet to arrive at density units. Then multiply the density units by <del>\$2,340</del> <b>\$2,460</b>.</p>
<p>In the P-Institutional Zoning Districts</p>	<p>The fee shall be calculated as follows. First, multiply the Net Developable Area by 43,560 to express in square feet. Then multiply the square footage by 0.25 (the minimum Floor Area Ratio – FAR required by the Northwest Area Overlay District).</p>



	The result is the minimum building area required by the Northwest Area Overlay District. Divide the minimum building area by the density factor of 2,400 square feet to arrive at density units. Then multiply the density units by <del>\$2,340</del> <b>\$2,460</b> .
In the Mixed Use – Residential and in the Mixed Use - Commercial Zoning Districts	The fee shall be calculated with respect to each pro-ratable area component of the mixed use development using the appropriate fee calculations set forth above in relation to the respective land use of the component. The respective fees for each component shall then be added to compute the total fee.

**Fees Paid At Time of Building Permit (Northwest Area)**

The following fees must be paid by the landowner when a building permit is obtained or when connection is made to the municipal sanitary sewer system, whichever occurs first.

M.C.E.S. SAC Unit Fee (Northwest Area)	\$2,485 per SAC Unit
Sanitary Sewer Building Permit Connection Unit Fee (Northwest Area)	<del>\$6,430</del> <b>\$6,750</b> per SAC Unit
Sewer Core Connection Fee (based on building sewer service size)	
4 inch	<del>\$640</del> <b>\$670</b>
6 inch	<del>\$1,070</del> <b>\$1,120</b>
8 inch	<del>\$1,920</del> <b>\$2,020</b>
10 inch	<del>\$3,010</del> <b>\$3,160</b>
12 inch	<del>\$4,320</del> <b>\$4,540</b>

**G. Connection Fees For Storm Water Sewer Utility System For Northwest**

**Area.** The following connection fees for the storm water sewer utility system also known as the storm water system are hereby imposed and required to be paid with respect to land within the Northwest Area:

**Fees Payable At Time of Plat (Northwest Area)**

The following fees must be paid by the landowner when the property is subdivided or the property is platted or a building permit is obtained, whichever occurs first.

The fees are not payable for outlots if the property is being platted as an agricultural planned unit development.

Storm Water Plat Connection Fee (Northwest Area)	
In the R-1 and R-2 and R-3A Zoning Districts	<del>\$15,290</del> <b>\$16,050</b> per acre multiplied by the Net Developable Area

In the R-3B and R-3C Zoning Districts	<del>\$15,290</del> <b>\$16,050</b> per acre multiplied by the Net Developable Area
In the B-1 and Office Park Zoning Districts	<del>\$17,570</del> <b>\$18,450</b> per acre multiplied by the Net Developable Area
In the B-2, B-3 and B-4 Zoning Districts	<del>\$17,090</del> <b>\$17,940</b> per acre multiplied by the Net Developable Area
In the I-1, I-2 and I-Office Park Zoning Districts	<del>\$16,610</del> <b>\$17,440</b> per acre multiplied by the Net Developable Area
In the P-Institutional Zoning District	<del>\$15,660</del> <b>\$16,440</b> per acre multiplied by the Net Developable Area
In the Mixed Use - Residential Zoning District	<del>\$15,660</del> <b>\$16,440</b> per acre multiplied by the Net Developable Area
In the Mixed Use - Commercial Zoning District	<del>\$16,610</del> <b>\$17,440</b> per acre multiplied by the Net Developable Area

**H. Outlots.** With respect to calculating the fees payable at the time of platting, the acreage within the outlots that are intended to be replatted into buildable lots at a later date shall not be included within the calculations. When the acreage within the outlots are subsequently replatted into buildable lots, the fees for such acreage shall then be paid at the time of the replat.

**Section 2. Amendment No. 2.** Inver Grove Heights City Code Title 3, Chapter 4, Section 3-4-2-3 is hereby amended in its entirety to read as follows:

**3-4-2-3: SANITARY SEWER AND WATER TRUNK AREA ASSESSMENTS:** With respect to special assessments under Chapter 429 of the Minnesota Statutes, the assessments rolls for sanitary sewer and water trunk lines shall initially be calculated using the following per acre assessment amounts for trunk line area benefit.

~~\$5,030~~ **\$5,210** per acre for water trunk line area benefit

~~\$5,030~~ **\$5,210** per acre for sanitary sewer trunk line area benefit

The Council may adjust the assessment roll and special assessments after public hearing pursuant to Minn. Stat. § 429.061 and the Council shall determine the final assessment roll and special assessments by resolution.

**Section 3. Amendment No. 4.** Inver Grove Heights City Code Title 3, Chapter 4, Section 10-3-8 is hereby amended to read as follows:

B. Fee Amounts and Escrow Deposit: The city may require that applicants deposit in escrow with the city, together with the application filing fees, the sums required by the city toward prepayment of the attorney, planning and engineering costs. The prepayment amounts shall be a credit toward the fees for the attorney, planning and engineering and other professional consultant fees to be reimbursed by the applicant. All such fees, if not paid by the escrow, shall be paid by the applicant within sixty (60) days of final action on the matter by the city council. If such fees are less than the escrowed amount, such escrow will be returned to the applicant within sixty (60) days of the final action on the matter by the city council. The following escrow amounts shall be deposited, together with land use approval applications: (Ord. 1098, 11-8-2004)

TYPE OF LAND USE APPROVAL	BASE FEE	GIS FEE	ESCROW
Conditional Use Permit, single family residential	\$250		
Conditional Use Permit, Impervious surface single family residential	\$250		\$1,500
Conditional Use Permit, other	\$500		\$5,000
Conditional Use Permit, other – amendment	\$150		\$1,000
Comprehensive Plan Amendment	\$500	\$50	\$2,500
Comprehensive Plan Amendment - minor	\$200		\$250
Zoning Code Amendment	\$500		\$500
Zoning Code Amendment – minor	\$100		\$250
Rezoning	\$500	\$50	\$500
Variance - Residential	\$200		
Variance - Commercial	\$200		
Planned Unit Development Preliminary	\$1,000 + plat fees		\$5,000
Final	\$500		\$3,000
Planned Unit Development Amendment	\$250		\$1,000
Determination of Substantially Similar Use	\$200		\$200
Major Site Plan Review	\$500		\$5,000
Preliminary Plat	\$500/+ \$5 per lot		\$5,000
Final Plat – single family	\$500	\$25/lot	\$5,000
Final Plat - other	\$200	\$100/acre	\$5,000
Waiver of Plat	\$300	\$25	
Administrative Subdivision	\$100	\$25/lot	
Street Easement Vacation	\$150	\$50	\$500
Street Dedication	\$150	\$50	
Wetland Conservation Act Certification	\$75		
Wetland Replacement Plan	\$200	\$100/acre	\$2,500
Northwest Area Sketch Plan Review			\$1,000
Northwest Area Environmental Studies Fee	\$80/gross acre		
Abstract Fee	\$46		
Interim Use Permit	\$500		\$1,250
Non Conforming Use Certificate	\$500		\$1,250

(Ord. 1180, 12-10-2007)

**Section 4. Effective Date.** This Ordinance shall be in full force and effect on January 1, 2021 and after its passage and publication according to law.

Passed this 13<sup>th</sup> day of December, 2021.

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Tom Bartholomew, Mayor

ATTEST:

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Rebecca Kiernan, City Clerk