

Stormwater Utility FAQ v.1.26.2024



What is a stormwater utility?

A stormwater utility is a service similar to water and sanitary sewer utilities. A fee to fund the service is charged to property owners. Similar to a sanitary sewer utility, the fee is based on the amount that each property utilizes the service. In the case of stormwater, it is based on the amount of stormwater runoff generated by each property. For example, a parking lot creates more stormwater runoff than a grassy area of the same size. Therefore, the parking lot owner would pay a higher stormwater utility rate. In this way, property owners in the City pay for the management of stormwater in proportion to the amount of stormwater runoff they contribute to the system.

Why is a stormwater utility needed?

No matter where you live in Inver Grove Heights, when it rains, stormwater runs off sidewalks, homes, driveways, and lawns and into a stormwater management system. The City's stormwater management system collects rain and snow runoff in streets or ditches and then directs the water into storm sewer pipes, ponds, or drainage ways. These systems eventually discharge the water into ponds, wetlands, and the Mississippi River. A system of streets, catch basins, and storm ponds have been built in IGH and need to be maintained to control stormwater runoff.

Stormwater management:

- Protects people
- Protects property
- Reduces insurance risks
- Improves property values
- Protects water quality

There is a cost to control, collect and treat stormwater. A stormwater utility spreads this cost to all those who contribute to stormwater runoff. The money generated by stormwater utility fees are used to conduct routine maintenance activities on the existing management system to keep it functional and to maintain water quality benefits.

Stormwater system maintenance activities include:

- Street sweeping
- Erosion and sedimentation control inspections
- Storm sewer system inspections and repairs
- Stormwater pond and basin cleaning and maintenance
- Drainage ditch mowing, grading and cleaning

In addition to financing maintenance and operations costs, a portion of the revenue generated by stormwater fees is utilized by the City to meet the requirements of the Minnesota Pollution Control Agency (MCPA) and other outside agencies related to stormwater management. Under these requirements, the City must implement a variety of different programs to address and promote stormwater pollution prevention. These include the following existing and anticipated programs:

- Water Resources Management Plan
- MS4 General Permit - Stormwater Pollution Prevention Plan
- Lake Pepin Total Maximum Daily Load Implementation Plan

How was the current rate structure developed?

The Inver Grove Heights stormwater utility assigns costs to land parcels based on the premise that owners of parcels that have a high percentage of impervious surface, such as commercial and industrial areas, which generate larger volumes of runoff, would be charged more than the owners of land parcels that have a small amount of impervious surface, such as single-family or rural residential areas, which generate less runoff.

The following activities were completed by City staff to establish a stormwater rate structure for the City of IGH:

- Grouping parcels into 15 utility groups based on zoning and existing land use.
- Using code-allowed percentage of impervious areas for parcel zoning classifications, calculating stormwater runoff volume using actual rainfall for April through November from 1995 to 2004.
- Using one acre of single-family residential property as the reference (given a value of 1.0); the residential equivalency factor (REF) for each utility group was determined by the following ratio:

$$\frac{\text{The runoff volume for an acre of given utility group land}}{\text{The runoff volume of an acre of single-family residential land}}$$

- The base fee for a parcel is determined by multiplying the REF by the base rate to get the per acre or per lot charge. The surcharge fee amount is calculated the same way, using the surcharge rate in place of the base rate.
- The stormwater fee structure has three different final rates:
 - **Rural Rate:** for parcels that are outside the current Municipal Urban Service Area (MUSA) boundary and are zoned as agricultural or estate district, and for undeveloped land in the Northwest Area (NWA).
 - **Urban Rate:** for parcels within the current Municipal Urban Service Area (MUSA) boundary.
 - **NWA Developed:** for developed property in the Northwest Area.

Rural property is charged the base rate. Urban property is charged the base rate plus the urban surcharge rate. Developed property in the Northwest Area is charged the base rate plus the NWA developed surcharge rate. The fee uses a minimum per-parcel annual fee. This was

established to ensure that annual costs for citywide planning/management/permit tasks are covered.

What are the current stormwater monthly rates and fees?

The fee billed to landowners is based on the land use of the property and its location within the City. The land use provides an estimate of the amount of stormwater runoff generated by a given property, which is proportional to the fee that is charged. Developed properties within the Northwest Area are charged different rates than developed properties located in the storm-sewered areas in the remainder of the City. Parcels that are charged on a per-acre basis have their billable acreage reduced by the area of any mapped wetlands on the property.

2024 Stormwater Monthly Rates & Fees

The approved 2024 monthly rates for the stormwater utility are shown in the table below:

Stormwater Utility Group		Per Lot (L) or Acre (A)	Rural (Base Fee)	Urban (Base + Surcharge)	NWA Development (Base + Surcharge)
			Monthly	Monthly	Monthly
Single-Family Residential	R-1A	L	\$3.01	\$8.76	\$15.59
	R-1B	L	\$1.94	\$5.63	\$10.01
	R-1C	L	\$1.66	\$4.14	\$7.53
	Estate (5 acre cap)	A	\$2.18	\$6.26	\$11.11
Multi-Family Residential	R-2 (Duplex/Twinhomes)	A	\$4.76	\$13.76	\$24.50
	R-3 (6+ units/acre)	A	\$5.36	\$16.31	\$28.97
	R-4 (Manufactured Home)	A	\$6.49	\$18.81	\$33.43
Other	Agricultural/Open Space	A	\$1.31*	\$3.76	\$1.31*
	Business District	A	\$9.51	\$27.55	\$49.02
	General Business	A	\$12.56	\$36.33	\$64.61
	Shopping Center	A	\$10.83	\$31.31	\$55.71
	Industrial	A	\$9.08	\$26.30	\$46.80
	Schools/Churches/Other	A	\$5.63	\$16.31	\$28.97
	Golf Courses/Cemeteries/Parks	A	\$1.31*	\$3.76	\$6.69
	City Facilities	A	\$9.51	\$27.55	\$49.02

(*) The minimum annual fee per parcel is \$19.69.

How will I be billed?

The stormwater fee appears as a line item on existing utility customer billing statements. Customers not connected to City water or sanitary sewer are billed either annually or quarterly, based on property classification.

Why is the Northwest Area Developed rate higher than the Urban rate?

Due to the topographical challenges associated with development in the Northwest Area (NWA), this area has been developed in a manner to fully retain and infiltrate stormwater into

the ground, as opposed to routing the stormwater to the Minnesota or Mississippi Rivers, which is more typical of the other “urban” areas of development in Inver Grove Heights. This type of development requires the use of “low-impact” design methods to reduce the potential for flooding while still treating stormwater for certain types of surface-level contaminants before infiltrating back into the ground.

These design methods require a higher level of maintenance over their lifespan, and as such, require a higher amount of revenue to maintain. Undeveloped properties are treated as “rural” classification properties, but upon development, these properties are charged the NWA rate.

How are rates approved?

The stormwater Utility Fee Rates and Structure may be modified based on the stormwater needs of the City. Adjustments to the stormwater Utility Fee Rates and Structure can only be made by the City Council. The fee is reviewed annually as part of the City’s budget process.

Why doesn’t the City use property tax revenue to cover these costs?

Prior to the development of a stormwater utility, the City paid for stormwater improvements exclusively via property tax revenue. The establishment of the stormwater utility, and the associated fee structure, address two key areas regarding fee equity:

1. It includes tax-exempt properties in the generation of revenue for operation and maintenance of the system, which benefits all properties (not just taxable properties).
2. It provides diversification of the means of paying for mandated stormwater requirements in the event the State Legislature invokes tax levy limits in the future. An established utility would not be affected by such a legislative action.

How does the fee structure address properties that retain most, or all, of the stormwater runoff they generate?

The land area used to calculate the fee is reduced by the area of any mapped wetlands on a property. This reduces both the base fee, which is charged to all parcels, and the surcharge fee, which is charged to parcels in storm-sewered areas.

What happens to existing stormwater Special Tax District levies?

The stormwater Special Tax District levies will run their full terms. The City currently has three special tax district levies, all of which will expire in 2027. The City could decide to use this funding source for a major stormwater management project in the future.

Are all of the various stormwater management features in the Northwest Area required, or are they unnecessary enhancements being forced on developers by the City?

The rain gardens, infiltration swales (narrow, grassy channels), pervious pavements and other features are selected by the developers as part of their overall stormwater management plan to meet the required performance standards for development in the Northwest Area. Developers have a list of possible features they can use to meet the standards. They decide which ones they will use and where they are installed. The City reviews and approves a developer’s plan based

on the type of development, and verifies that the development meets the City's requirements for stormwater treatment and retention.

Charging ISD 199 property and City-owned property the stormwater Utility Fee is an extra cost to taxpayers. Why was this action taken?

If ISD 199 property and City-owned property were not charged a fee, the costs would be shifted to remaining parcels and their fees would increase. The idea behind a stormwater utility is that all users contribute to cover the costs of managing stormwater in the City.

How are fees collected, and how is fund use tracked?

A separate stormwater Utility Fund Account has been established by the City's Finance Department. Fee revenue is placed in this fund. Budget line-item costs are documented throughout the year.

What are the benefits to my property of paying a stormwater fee? Why am I required to pay it?

The fee pays the costs for mandated planning and permit tasks that affect every parcel in the City. It also pays for operation and maintenance of the stormwater management system that serves the public streets, which are necessary to access parcels throughout the City. Stormwater system upkeep is not limited to pipes and ponds; it includes street sweeping activities, maintenance of ditches, culverts, and ravines, and addressing a wide variety of drainage concerns from all types of property across the City. Costs specific to certain areas are reflected in the surcharge portion of the fee for those areas (i.e., the Northwest Area), or may be collected via other means, such as special assessments for street and utility projects, or stormwater Special Taxing Districts.

Who can I call with questions about stormwater?

Please call the City of Inver Grove Heights with questions at 651-450-2500.