

Stormwater Utility FAQ



In 2007, the City Council adopted Ordinance No. 1155 establishing a stormwater utility in the City. No fee structure was adopted at that time. The idea of implementing a fee structure for the stormwater utility was considered numerous times as part of the annual City budget for several years prior to adopting the ordinance.

The topic was revisited by the City Council in 2011, as part of the 2012 City budget development. The result of this discussion was the approval of a fee schedule for a stormwater utility that would generate enough revenue to cover approximately one-half of annual stormwater-related costs. Consequently, the General Fund budget for stormwater-related costs was reduced by a comparable amount.

Now, it is anticipated that the stormwater utility fee structure will be increased gradually over a period of years to fund most of the City's costs for stormwater system operation and maintenance.

What is a stormwater utility?

A stormwater utility is a service similar to the water and sanitary sewer utilities and a fee to fund the service are charged to existing landowners. Similar to a sanitary sewer utility, the fee is based on the amount 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, the landowners 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 snowmelt runoff in streets or ditches and then directs the water into storm sewer pipes, ponds, or drainage ways. These systems eventually discharge the water to ponds, wetlands, and the Mississippi River. The system of streets, catch basins, and storm ponds have been built and need to be maintained to control stormwater runoff to:

- Protect people
- Protect property
- Reduce insurance risks
- Improve property values
- Protect 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 system to keep it functional and to maintain water quality benefits. These 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 the 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 parcels based on the premise that parcels that have a high percentage of impervious surfaces, which generate large volumes of runoff, such as commercial and industrial areas, would be charged more than land uses that have a small amount of impervious surface, which generates less runoff, such as single-family or rural residential area.

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

- Grouped parcels into 15 utility groups based on zoning and existing land use
- Using code-allowed percentage of impervious areas for parcel zoning classifications, calculated 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 a 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 fee structure has three different final rates:
 - Rural rate:** for parcels that are in areas not served by a public storm sewer system and for undeveloped land in the Northwest Area (NWA).
 - Urban rate:** for developed parcels served by a system that is maintained by the City.
 - NWA Developed:** rate is 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 City-wide planning/management/permit tasks are covered.

How much will I pay?

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.

2023 Stormwater Monthly Rates & Fees

The approved 2023 monthly rates for the stormwater utility are shown in the table below:

| stormwater Utility Group | | Per Lot (L) or Acre (A) | Rural | Urban | NWA Developed |
|--|-------------------------------------|-------------------------|-----------------------|--------------------|-----------------------|
| | | | (Base Fee) | (Base + Surcharge) | (Base + Surcharge) |
| | | | Monthly | Monthly | Monthly |
| Single-Family Residential | R-1A | L | \$2.41 | \$7.01 | \$14.85 |
| | R-1B | L | \$1.55 | \$4.50 | \$9.53 |
| | R-1C | L | \$1.33 | \$3.31 | \$7.08 |
| | Estate (5 ac cap) | A | \$1.74 | \$5.01 | \$10.58 |
| Multiple Family Residential ⁽¹⁾ | R-2 (Duplex/Twinhomes) | A | \$3.81 | \$11.01 | \$23.33 |
| | R-3 (6+ units/ac) | A | \$4.50 | \$13.05 | \$27.59 |
| | R-4 (Manufactured Home) | A | \$5.19 | \$15.05 | \$31.84 |
| Other | Agricultural/Open Space (10 ac cap) | A | \$1.05 ⁽¹⁾ | \$3.01 | \$1.05 ⁽¹⁾ |
| | Business District | A | \$7.61 | \$22.04 | \$46.69 |
| | General Business | A | \$10.05 | \$29.06 | \$61.53 |
| | Shopping Center | A | \$8.66 | \$25.05 | \$53.06 |
| | Industrial | A | \$7.26 | \$21.04 | \$44.57 |
| Public/Institutional | Schools/Churches/Other | A | \$4.50 | \$13.05 | \$27.59 |
| | Golf Courses/Cemeteries/Parks | A | \$1.05 ⁽¹⁾ | \$3.01 | \$6.37 |
| | City Facilities | A | \$7.61 | \$22.04 | \$46.69 |

⁽¹⁾ The minimum annual fee per parcel is \$15.75.

Why is the NWA Developed rate higher than the Urban rate?

Currently the Northwest Area is comprised of mainly agricultural, open space and rural residential land uses. This area is projected to be fully developed in the future, requiring construction of new measures to treat and manage stormwater. Since there are no stormwater outlets for these areas, the new measures will include the use of low-impact infiltration practices so that land-locked basins in the area do not flood. These measures require additional maintenance activities and therefore will require more revenue generated by the utility to pay for these activities. Prior to development, property in the Northwest Area is charged the same fees as parcels in the rest of the City based on property classification. Once developed, these properties will be charged a higher 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. The above fees were adopted by the City Council on December 12, 2022.

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, addresses 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 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, 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 the developer's plan based on the type of development, and verifies the development meets the City's requirements for stormwater treatment and retention.

Charging ISD 199 property and City land the stormwater Utility Fee is an extra cost to taxpayers. Why was this done?

If these parcels were not charged a fee, the costs would be shifted to the 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 the fees collected, and how is the usage of those funds 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., Northwest Area), or may be collected via other means, such as special assessments for street and utility projects, or stormwater Special Taxing Districts.

How will I be billed?

The 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.