



Request for Council Action

TITLE:

		Fiscal/FTE Impact	Mark all that apply
Meeting Date:	Nov. 22, 2021	None	
Item Type:		Amount included in current budget	
Contact:	Kris Wilson, 651-450-2511	Budget amendment requested	
Prepared by:	Kris Wilson, City Administrator	FTE included in current complement	
Reviewed by:		New FTE requested - N/A	
		Other	<i>Built into proposed 2022 utility budgets</i>

ACTION REQUESTED

The Council is asked to adopt the attached Resolutions establishing utility rates for 2022 for the City's water, sanitary sewer and stormwater utilities.

BACKGROUND

Establishing utility rates for the upcoming year is an annual action item for the City Council that corresponds with establishing operating budgets for the three utilities. Single-family residential properties are billed quarterly for utility services, while multi-family and business properties are billed monthly. The revenue generated by these fees serves two purposes: 1) it funds ongoing operation and maintenance of the system, including wages and benefits for employees in the Utilities Division, operating costs for the water treatment plants, etc., and 2) it is intended to fund depreciation of the infrastructure so that the City will have funds available for significant maintenance and life-cycle replacements, as needed.

Water Rates

Staff is recommending a 2% increase to water rates for 2022. While this is not enough to fully fund depreciation, it is consistent with the annual increase that has been applied going back to at least 2013. An examination of any future increases to water rates will be part of the Utility Rate Study that staff and Council have been discussing. However, until that study is complete, staff recommends remaining consistent with past practice by applying a 2% increase for 2022.

Sewer Rates

Staff is recommending a 5% increase to sewer rates. The largest single expense in the sewer fund, making up over half of the budget, is the fees the City pays to the Metropolitan Council for treatment of the wastewater collected. With the Metropolitan Council's fees increasing by 4.94% for 2022, a 5% increase to the city's sewer rates is needed to keep pace with expenses. Sewer rate increases in

recent years have varied from 3.5% to 7.0%, depending on the year. These rates will also be examined by the upcoming rate study.

Stormwater Rates

In the last 25 years there have been major new regulations requiring cities to manage stormwater runoff to protect against pollution, and a realization that more intense rainfall events are likely. Most cities have responded to these challenges by use of a stormwater utility (SWU) fee for property owners. IGH implemented a SWU, but our fees have not kept up with the increasing responsibilities imposed by state agencies. So compared to other cities, we are falling behind on meeting our responsibilities and we are not funding the effort to the level of most other cities. The Utility Rate Study will look at the growing needs in the area of stormwater management, and better quantify the long-term needs. It will also look at fairness and equity issues among different property types. In the meantime, rates for 2022 need to be established.

The City currently has established two tiers of stormwater rates - with higher fees for properties inside the northwest area (NWA) and significantly lower fees for properties outside the NWA. For 2022, staff is recommending that the two rate structures be brought a little closer together, via a 5% increase inside the NWA and a 25% increase elsewhere in the City. While a large percentage, the dollar value of the proposed 25% increase would equal just \$6.06 annually on an urban-style, single-family lot. It would also bring stormwater rates in Inver Grove Heights somewhat closer to rates in other metro-area communities.

<i>Urban-Style, Single-Family Lot</i>	<i>2021 Annual Fee</i>	<i>Proposed 2022 Annual Fee</i>	<i>\$ Increase</i>	<i>% Increase</i>
Inver Grove Heights	\$24.24	\$30.30	\$6.06	25%
Inver Grove Heights NWA	\$73.32	\$76.99	\$3.67	5%
Overall Area Average	\$78.50			

The Interim Public Works Director provided a presentation on the topic of stormwater rates at the Council’s October 4 work session. A copy of that presentation is attached as a refresher on the subject.

Unlike water and sewer rates, which are paid only by properties connected to municipal services, stormwater rates are applied to all properties in the City, based on property type. As a result, properties that don’t have municipal water and sewer are billed just once a year for stormwater charges. Additionally, charges for these properties, which are generally larger than a typical urban, single-family lot, are somewhat higher. Keeping in mind that the proposed annual increase for single-family lots with municipal services and outside the NWA is \$6.06, the following are the anticipated impacts for properties without municipal services, but also outside the NWA:

Increase for properties without municipal services	# of Properties
\$100 or more	23
\$50 - \$100	26
\$25 - \$50	124
Less than \$25	All others

The largest increase would be a \$1,041.55 increase for a parcel owned by GLG properties. In total, GLG properties would see a \$3,099.51 increase spread across 16 parcels they own in the city. The second highest increase would be a \$403.45 increase to a parcel owned by the City.



RESOLUTION NO. 2021-302

RESOLUTION ESTABLISHING WATER UTILITY RATES EFFECTIVE JANUARY 1, 2022

WHEREAS, Title 8, Chapter 2, Section 8-2-10A of the City Code states that the City Council shall determine water rates by resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF INVER GROVE HEIGHTS THAT:

Water utility usage rates commencing January 1, 2022, for the first monthly or quarterly billing cycle that contains only 2022 usage, are established as follows:

Single Family Dwelling	
The first 6,000 gallons or less	\$24.50 per quarter
6,001 - 20,000 gallons	\$2.84 per 1,000
20,001 - 40,000 gallons	\$3.27 per 1,000
40,001 and more gallons	\$3.54 per 1,000

The minimum charge per quarter shall be \$24.50. A common example: is if your household uses approximately 30,000 gallons per quarter, your bill would be approximately \$100 per quarter.

Multi-Family/Mobile Homes	
The first 2,000 gallons or less	\$8.17 per unit/month
2,001 - 7,000 gallons	\$2.84 per 1,000
7,001 - 13,000 gallons	\$3.27 per 1,000
13,001 and more gallons	\$3.54 per 1,000

The minimum charge per unit per month shall be \$8.01

Commercial/Institutional/Industrial	
The first 2,000 gallons or less	\$8.17 per month
2,001 - 7,000 gallons	\$2.84 per 1,000
7,001 - 13,000 gallons	\$3.27 per 1,000
13,001 and more gallons	\$3.54 per 1,000

The minimum charge per month shall be \$8.17

Special Senior Rates	
0 - 6,000 gallons per quarter	\$12.03 per quarter
6,001 and more gallons	Same as applicable rate above

Adopted this 22nd day of November 2021 by the City Council of Inver Grove Heights, MN

AYES:

NAYS:

Tom Bartholomew, Mayor

ATTEST:

Rebecca Kiernan, City Clerk



Sewer Rates

RESOLUTION NO. 2021-303

RESOLUTION ESTABLISHING SEWER UTILITY RATES EFFECTIVE JAN. 1, 2022

WHEREAS, Title 8, Chapter 4, Section 8-4-6 of the City Code states that the City Council shall determine sewer rates by resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF INVER GROVE HEIGHTS THAT:

Sewer Utility Usage Rates Outside the Northwest Area commencing January 1, 2022, for the first monthly or quarterly billing cycle that contains only 2022 usage, are established as follows:

Single Family Dwelling	
The first 6,000 gallons or less	\$39.54 per quarter
All over 6,000 gallons	\$4.99 per 1,000 gallons

The minimum charge per quarter shall be \$39.54

Multi-Family/Mobile Homes	
The first 2,000 gallons or less	\$13.18 per unit/per month
All over 2,000 gallons	\$4.99 per 1,000 gallons

The minimum charge per unit per month shall be \$13.18

Commercial/Institutional/Industrial	
The first 2,000 gallons or less	\$13.18 per unit/per month
All over 2,000 gallons	\$4.99 per 1,000 gallons

The minimum charge per month shall be \$13.18

Sewer Utility Usage Rates Inside the Northwest Area commencing January 1, 2022, for the first monthly or quarterly billing cycle that contains only 2022 usage are established as follows:

Single Family Dwelling	
The first 6,000 gallons or less	\$51.54 per quarter
All over 6,000 gallons	\$6.99 per 1,000 gallons

The minimum charge per quarter shall be \$51.54

Multi-Family/Mobile Homes	
The first 2,000 gallons or less	\$17.18 per unit/per month
All over 2,000 gallons	\$6.99 per 1,000 gallons

The minimum charge per unit per month shall be \$17.18

Commercial/Institutional/Industrial	
The first 2,000 gallons or less	\$17.18 per unit/per month
All over 2,000 gallons	\$6.99 per 1,000 gallons

The minimum charge per unit per month shall be \$17.18

Adopted this 22nd day of November 2021 by the City Council of Inver Grove Heights, MN

AYES:

NAYS:

Tom Bartholomew, Mayor

ATTEST:

Rebecca Kiernan, City Clerk



Stormwater Rates

RESOLUTION NO. _____

RESOLUTION ESTABLISHING STORMWATER UTILITY RATES EFFECTIVE JANUARY 1, 2022

WHEREAS, Title 8, Chapter 7 of the Inver Grove Heights City Code, established a storm water utility and provided for the establishment and imposition of fees to pay the normal, reasonable, and current costs of constructing, operating, maintaining, and improving the storm water management system; and

WHEREAS, a fee schedule has been developed that considers the relative use of the storm water management system by different types of land uses.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF INVER GROVE HEIGHTS THAT: Monthly stormwater utility rates commencing January 1, 2022 for the first monthly or quarterly billing cycle that covers only 2022, rates are established as follows:

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	\$1.93	\$5.61	\$14.14
	R-1B	L	\$1.24	\$3.60	\$9.08
	R-1C	L	\$1.06	\$2.65	\$6.74
	Estate (5 ac cap)	L	\$1.39	\$4.01	\$10.08
Multi-Family Residential	R-2 (Duplex/Twinhomes)	A	\$3.05	\$8.81	\$22.22
	R-3 (6+ units/ac)	A	\$3.60	\$10.44	\$26.28
	R-4 (Manufactured Home)	A	\$4.15	\$12.04	\$30.32
Other	Agricultural/Open Space	A	\$0.84*	\$2.41	\$0.84*
	Business District	A	\$6.09	\$17.63	\$44.47
	General Business	A	\$8.04	\$23.25	\$58.60
	Shopping Center	A	\$6.93	\$20.04	\$50.53
	Industrial	A	\$5.81	\$16.83	\$42.45
Public/ Institutional	Schools/Churches/Other	A	\$3.60	\$10.44	\$26.28
	Golf Courses/Cemeteries/Parks	A	\$0.84*	\$2.41	\$6.07
	City Facilities	A	\$6.09	\$17.63	\$44.47

()The minimum annual fee per parcel is \$12.60.*

These fees shall be included in the existing utility billing for parcels on City sewer or water, or they will be a new billing for parcels not on City sewer or water.

Adopted this 22nd day of November 2021 by the City Council of Inver Grove Heights, MN

AYES:

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Tom Bartholomew, Mayor

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