

Stormwater Utility Fund Snapshot

Talking Points

- ◇ Foth Infrastructure and Environment, LLC developed the rate structure based on study findings for projected needs
- ◇ Much of the system is old and in need of upgrading and the growth of the City is placing greater demands on the system.
- ◇ Major, expensive flood mitigation projects have been identified to take place in the near future.
- ◇ Increased regulations from the Minnesota Pollution Control Agency—Since 2003, Owatonna has been responsible for an unfunded federal and state mandate to manage stormwater through a state permit. A new permit was issued in 2013 detailing more stringent requirements.
- ◇ The new MPCA permits will greatly impact the City’s budget at the administrative, operations and maintenance, and capital level.
- ◇ Major regulatory and non-regulatory influences have created an unsustainable stormwater funding environment using the historic rate structure and fee schedule.
- ◇ Fee update necessary to provide an equitable and stable funding source for all stormwater management activities.
- ◇ Commercial and industrial properties will see a significant increase in fees that are more consistent with their land use, impervious area, and potential pollutant generation.
- ◇ All citizens benefit from adequate stormwater management, regardless of location and land use

How do we compare?

Municipality	Single Family Residential	High Density Commercial (1 Acre, 85% impervious)
Owatonna		
Historic	\$2.45	\$8.04
2016	\$2.92	\$18.92
Red Wing	\$11.50	\$38.90
Faribault	\$3.65	\$38.61
Hastings	\$3.85	\$18.48
Mankato	\$3.50	\$37.06

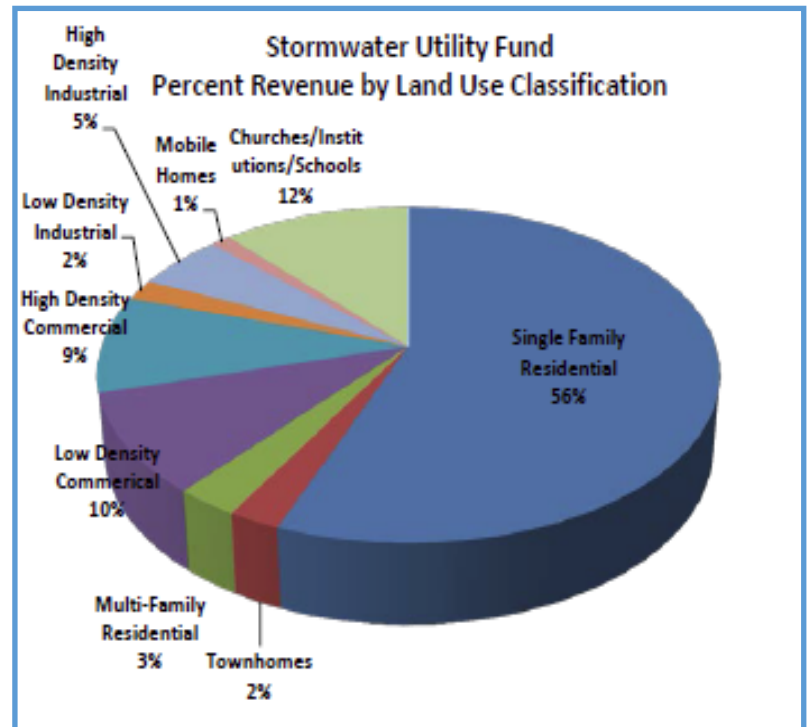
Year	ERU
2015	\$2.45
2016	\$2.92
2017	\$3.40
2018	\$3.87
2019	\$4.35

How are the funds used?

- ◇ Inspections, maintenance, and replacement of storm sewer infrastructure
- ◇ Flood mitigation
- ◇ Construction of regional water quality and quantity control structures
- ◇ Routine stormwater BMP inspection and maintenance
- ◇ Detection and elimination of illicit discharges
- ◇ Inspection of construction sites for erosion and sediment control
- ◇ Response to citizen inquiries, violations reports, and complaints
- ◇ Grading, drainage, and SWPPP plan review
- ◇ Public education, outreach, and involvement programs
- ◇ Stormwater management planning
- ◇ Street sweeping

How was the rate modified?

- ◇ Adjustments to the intensity factor for different land use
- ◇ Increase to the base Equivalent Residential Unit (ERU)
- ◇ ERU is based on 0.33 acres lot
- ◇ Commercial and Industrial properties will be held accountable for realistic contribution
- ◇ **FEE = (Parcel Acreage/0.33 Acres) X Intensity Factor X Current ERU**
- ◇ Multi-family, townhomes, mobile homes with individual meters billed at 80% of current ERU
- ◇ Single family residential billed at current ERU



Rate Adjustments

Fee Adjustment Analysis

All parcels that are 5 acres or greater will be eligible for a rate review. The review will include an analysis of the actual impervious versus pervious surface areas. The fee will be adjusted accordingly.

In no case, will the customer be billed more than the assumed rate assigned to the rate class. *Property owners must make this request directly with the Engineering Department.*

Stormwater Utility History

The City originally established a stormwater utility in 1998 and implemented its first stormwater rate structure and fee schedule in 2000. It was later amended in 2008.

Foth Infrastructure and Environment, LLC contracted in 2014 Study Findings

- ◇ Projected expenses far outpace current revenues using the historic rate structure and fee schedule
- ◇ Historic rate structure placed a large burden on single family residences that is not warranted
- ◇ New rate structure aims to balance run-off generated and percent of revenue generated from that land use
- ◇ **Average cost for carrying out MS4 Program requirements in Minnesota is \$51.39 per household annually (2013)**

Capital Improvement Projects

- ◇ **4th Avenue SE and 18th St SE Storm Sewer**
- ◇ **Vine Street Downtown Drainage Rehabilitation**
- ◇ **Sunnydale Pond Dredging**
- ◇ **Kriel Pond Dredging**
- ◇ **NW Industrial Park Pond**
- ◇ **Sunnydale Pond Storm Sewer Reconstruct**
- ◇ **Leo Rudolph Nature Reserve Pond**
- ◇ **Mineral Springs, Hammond Park, Kaplan's Woods Ravine Stabilization**