



**Request for City Council Committee Action
From the Department of Public Works**

Date: December 13, 2005
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: **Stormwater Utility Status Update**

Recommendation:
Receive & file report and presentation

Previous Directives:
August 23, 2005: Stormwater Utility Status Update Receive and File

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Approved by:

Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Rhonda Rae, Director of Engineering Services

<p>Financial Impact (Check those that apply)</p> <p><input checked="" type="checkbox"/> No financial impact - or - Action is within current department budget. (If checked, go directly to Background/Supporting Information)</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Capital Budget</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Operating Budget</p> <p><input type="checkbox"/> Action provides increased revenue for appropriation increase</p> <p><input type="checkbox"/> Action requires use of contingency or reserves</p> <p><input type="checkbox"/> Other financial impact (Explain):</p> <p><input type="checkbox"/> Request provided to the Budget Office when provided to the Committee Coordinator</p>

BACKGROUND/SUPPORTING INFORMATION

The previous full report on August 23, 2005 highlighted the following areas of concern for the ongoing operation of the Stormwater Utility program:

- Revenue base and anticipated revenues (Comparison of actual billing and revenues received with initial revenue projections)
- Billing adjustments (Requests for Corrections and Credits)
- Additional issues and investigations (Townhomes, Co-ops and Condominiums, and Land use and other property information discrepancies)
- Staffing (including Education Outreach)

This document in particular provides updates on the following:

- Ongoing negotiations to determine the level of account adjustments and credits for several large property holders in Minneapolis
- The overall impact of requests for account adjustments and the stormwater credits program
- Determination of new rates, account adjustments and credits for MFRS (Duplex) accounts
- 2005 and 2006 Education Outreach

Revenue: The projected revenue requirement for stormwater management programs in 2005 called for collections \$30,478,524 in total stormwater utility fees. As stormwater billing did not begin until March, the first two months of revenue were paid into the stormwater fund from collections through the former system of combined storm and sanitary sewer charges. Projected revenues from stormwater fees were based on estimates from the original rate study of billable area in Minneapolis. While the study made some allowances for the impact of future adjustments, primarily for the stormwater credits program, projections did not fully account for the impact of account adjustments and credits. The following table gives figures by land use categories for year to date billing, current monthly billing, outstanding balances and revenues received through Nov. 21, 2005:

Table 1 - Stormwater Utility Billing & Revenues
March – November 21, 2005

LAND USE CATEGORY	YTD BILLED	MONTHLY BILLING	OUTSTANDING BALANCE	PAYMENTS MADE (AS OF 11/21)
VEHICLE RELATED USE	\$388,756.14	\$52,102.90	\$96,472.24	\$292,283.90
BAR - REST - ENT.	\$165,855.45	\$20,192.90	\$21,750.00	\$144,105.45
MIXED COMM - RES - APT	\$227,984.70	\$37,781.71	\$25,306.56	\$202,678.14
OFFICE	\$915,807.54	\$118,206.32	\$251,418.96	\$664,388.58
RETAIL	\$794,233.42	\$97,894.53	\$97,070.68	\$697,162.74
INSTIT., SCH - CHURCH	\$953,138.46	\$111,439.92	\$88,443.59	\$864,694.87
UTILITY	\$217,669.98	\$25,016.21	\$22,913.07	\$194,756.91
GARAGE - MISC. RES.	\$149,424.34	\$22,775.06	\$19,463.13	\$129,961.21
GROUP RESIDENCE	\$382,680.75	\$44,418.45	\$98,698.46	\$283,982.29

PUBLIC ACCOMODATION	\$51,637.46	\$6,092.10	\$6,105.55	\$45,531.91
INDUST WHSE FACTORY	\$3,871,021.34	\$496,438.98	\$452,891.47	\$3,418,129.87
MULTI FAMILY APT	\$1,927,483.19	\$248,730.77	\$181,564.87	\$1,745,918.32
MULTI FAMILY RES	\$2,706,112.36	\$345,162.92	\$328,243.52	\$2,377,868.84
MISC COMM	\$253,620.79	\$33,687.65	\$90,618.03	\$163,002.76
COMMON AREA	\$9,370.22	\$1,901.34	\$979.07	\$8,391.15
SINGLE FAMILY ATTACHED	\$10,918.11	\$1,160.38	\$281.51	\$10,636.60
SINGLE FAMILY DETACHED	\$5,706,028.05	\$693,808.05	\$619,431.34	\$5,086,596.71
SPORTS - RECREATION	\$375,790.54	\$45,002.92	\$202,600.73	\$173,189.81
VACANT APT	\$34.97	\$0.00	\$0.00	\$34.97
VACANT COMM	\$2,833.48	\$272.76	\$12.12	\$2,821.36
VACANT IND	\$9,049.73	\$1,088.08	\$4,906.39	\$4,143.34
VACANT RES	\$9,027.62	\$736.88	\$2,318.80	\$6,708.82
RAILWAY	\$319,585.73	\$39,616.74	\$305,552.67	\$14,033.06
AUTO SALES	\$37,239.97	\$4,476.34	\$30,929.42	\$6,310.55
CEMETARY	\$149,443.33	\$18,858.93	\$39,018.91	\$110,424.42
VACANT	\$62,543.93	\$6,936.99	\$11,809.00	\$50,734.93
PARK & PLAYGROUND	\$2,175.24	\$268.32	\$2,270.59	-\$95.35
DOWNTOWN CORE	\$465,777.73	\$58,008.94	\$76,687.10	\$389,090.63
NO LAND USE CODE	\$1,450.06	\$411.16	\$732.88	\$717.18
TOTALS	\$20,166,694.63	\$2,532,488.25	\$3,078,490.66	\$17,088,203.97

Due to billing adjustments that have not yet been finalized or applied, it is not possible to annualize these figures as a reliable basis for projections of the full year's revenue. The cause and impact of anticipated revenue adjustments are detailed in the following sections.

Multi-family Residential (Duplex) account adjustments: In October, a reduction in the billing coefficient for Multi-Family Residential accounts from .75 to .40 of total lot area was approved, to bring charges to these accounts in line with their typical impervious areas. This adjustment will reduce annual revenues from these accounts by \$1,763,050 (48%). This action was retroactive to March 2005, which will result in a revenue deduction of approximately \$1,240,000 from the amounts collected to date as shown in Table 1. These Multi-Family Residential account adjustments have been calculated and Utility Billing has submitted the information to Systems & Software Inc. for batch processing of the account changes and credits. Completion of this process is anticipated for bills mailed in February, 2006.

Large entity account adjustments: As noted in previous reporting Public Works has been engaged in ongoing discussions with several organizations holding large tracts of property in Minneapolis. These discussions have involved the analysis of parcel data to insure accurate and complete billing of all property, and discussions to arrive at billing adjustments consistent with the Stormwater Utility Ordinance concerning claimed exemptions.

- University of Minnesota: The east campus area of the University contains substantial areas that are drained by storm drain infrastructure and outfalls constructed and maintained by the University. The University holds a separate National Pollution Discharge Elimination System (NPDES) permit for these areas and this portion of the

campus is exempt from city stormwater fees. The University has worked cooperatively with Engineering Services to identify these areas and reach a final determination of stormwater fees for property drained by City of Minneapolis infrastructure and to fully comply with the terms and conditions of the City's Stormwater Ordinance. The investigation process is now complete and information for account adjustments has been submitted to the Utility Billing Office for processing. The results of these adjustments are shown in table 2 below. The net difference of \$183,120.84 will be returned to the University through credits to their stormwater accounts.

Table 2 – University of Minnesota Account Adjustments

49 Active U of M Accounts	March 1st - November 21st 2005	Adjusted Billing	Difference
Impervious Area Billed (Sq. Ft.)	11,172,242	7,174,450	3,997,792
Monthly Billing	\$63,674.48	\$40,889.68	\$22,784.80
Total Billing to date	\$510,238.25	\$327,117.41	\$183,120.84

- Railroads: The Soo Line / Canadian Pacific Railroad (Soo Line) has been working with the city to reach an agreement on adjustments to accounts. We expect to finalize the adjustments by the end of December. Due to the size and complexity of the issues involved, and the need to devote resources to the large volume of customer service requests, Public Works has agreed to apply final adjustments and credits from the date of their first submission and to waive late fees due when these accounts are made current. The final adjustments and credits will be fully in compliance with the Stormwater Ordinance, and involve reduction in measured impervious areas as compared to estimates, credits for stormwater management practices, and also identifying parcels operating as right-of-way and therefore exempt.
- Minneapolis Parks & Recreation Board (MPRB): Discussions between Public Works and MPRB personnel have not as yet resolved an approach to stormwater utility fees for Park Board property that is consistent with the Stormwater Utility Ordinance. MPRB stormwater fees have gone unpaid for all billing to date, except where required to avoid cutoff of water service. As of November 21, \$224,000 in stormwater fees is past due and owed by the MPRB to the City of Minneapolis. Ongoing discussions with MPRB are taking place to reach joint agreement on the issues.
- Status of Stormwater Utility for other large property holders:
 - Minneapolis School Board: All requests for account adjustments and review have been completed and the School Board is in full compliance with the Stormwater Utility Ordinance.
 - CPED: Payments are current for most accounts and CPED has worked cooperatively to establish accurate billing for their accounts. CPED accounts are complicated by frequent property sales and acquisitions, however they are working with Utility Billing to establish procedures for processing these changes in a timely manner.
 - City of Minneapolis accounts: There have been some initial difficulties in insuring accurate billing for all City accounts, however the Property Services Division of Public Works is working with Utility Billing to insure complete and accurate billing.

Summary of Account adjustment requests: At the time of August 23 report, Public Works had processed 774 requests for account adjustment. Since that time there have been 164 requests, for a current total of 938.

- 5% Institutional (includes University of Minnesota)
- 14% Single-Family homes
- 12% Industrial or Commercial (Includes Railroads)
- 48% Multi-family Residential (Duplex)
- 34% All other Land Uses

Of these requests, approximately 90% have been approved. The average number of approximately 55 disputes per month for the period from August 11 thru December 1 reflects a declining rate of new requests, as had been anticipated. The basis of requests for adjustment remain similar to those cited in the August report: Impervious Area 80%, Land Use 15%, Both 5%.

Stormwater Credit applications: Public Works personnel began review of stormwater credit applications in August following a reduction in the rate of requests for account adjustments. There have been 101 credit applications processed through December 1. Although this is a somewhat lower number than had been anticipated, analysis of the applications is often complex, particularly as concerns larger entities submitting applications for multiple accounts as in the case of the Soo Line railroad. While the great majority of these applications have been for quality credits for single-family homes, those for larger properties have had a far greater effect on program revenues.

- 53% Single family dwellings
- 28% Commercial industrial (includes railroads)
- 15% Multi-family Residential (duplex)
- 4% Townhomes & condominiums

Approximately 95% of these requests have been approved. Credit applications for rain gardens accounted for 87%, dry wells 6%, ponds & wetlands 4% and infiltration basins, swales or underground storage the remaining 3%. The total impact for the credits program is a revenue reduction of approximately \$140,000 per year. It is anticipated that the rate of credit applications will rise as public knowledge of the program increases and stormwater education efforts are expanded.

Revenue Enhancements: Although customer service calls along with review of adjustment requests and credit applications has occupied the majority of staff resources, investigation of property records to insure complete and accurate billing has proceeded as time permits. In connection with these investigations, 345 properties have been identified that were not receiving stormwater bills, and 1,118 accounts have been identified that were being incompletely billed due to a lack of accurate land use data. As many of these accounts involve larger properties in intensive land use categories, new and adjusted billing will lead to future revenue increases. However, it is still difficult at this time to predict final amounts, or the effect of any disputes or credit applications for these accounts.

Education Outreach:

2005 Stormwater Education Program – Highlights of Events and Outreach Activities

The 8th Annual Children's Water Festival took place on Wednesday September 28, 2005, targeting fifth-grade students from the seven county metro area. We helped reinforce the "Water is Life" message. Forty-four Metro area classrooms attended the event, held at the Minnesota State Fairgrounds in St. Paul. Many representatives from various government agencies around the Metro area participated, and the city's attendance underscored its commitment to water quality education.

At the 11th Annual Latino Family Resource Fair ("La Feria") on August 13, 2005, we provided the message that storm sewers drain directly into local water bodies. The display attracted mostly children, but a few adults asked questions and talked about the display with their children.

On September 8, we attended the Longfellow Business Association Tour of 7-Sigma Rain Gardens, and gave a stormwater management presentation including discussion of the City's Stormwater Utility Fee credit system. The new rain gardens installed in the employee parking lot are aesthetically pleasing and capture 95% of the stormwater that previously ran off the parking lot and into the street. They are now credited under the City's new stormwater credit program.

We provided a storm sewer information session to the Clean Water Action (CWA) non-profit, advocate organization on September 15. The session was a general explanation of Minneapolis's water infrastructure, and gave the message "When I flush or when it rains, where it goes?" The presentation reinforced the city's role in water quality.

The Department of Public Works also assists citizens with Stormwater Utility Fee concerns and disputes, including assistance with sizing lots to scale, Best Management Practices (BMPs), and quality/quantity credit application terminology.

2006 Stormwater Education Program – New Partnerships and Outreach Activities

This fall the Department of Public Works has made significant progress towards the development of a Stormwater Education and Outreach Program for 2006. To this end the Department has begun partnering with the Minneapolis Blooms Program, the Committee on Urban Environment (CUE), Friends of the Mississippi River, the Green Institute, and Minneapolis Park and Recreation Board (MPRB).

The topics generally include the following:

- How to implement rainwater gardens
- Multilingual storm drain stenciling
- Neighborhood pilot projects
- Cable Network education programs
- Walk the Watershed
- Walk the Raindrop
- MPRB Pontoon Field (Lake) Trips
- Earth Day
- other hands-on water quality education events

Public Works personnel have been developing Stormwater Education guidance documents and website updates. For its 2006 Stormwater Education and Outreach Program, Public Works is in discussions with –

- the Minneapolis Park and Recreation Board (MPRB) regarding a Stormwater Education partnership. Past MPRB efforts include displays of water quality materials at community events, Earth Day Clean Up, hands-on water quality education programs focused on the Mississippi River, and water quality programs at recreation centers.
- the Minneapolis Blooms Program regarding Spring 2006 Rain Garden Workshops, including workshop facilitation, rainwater garden design, program funding, facilities for the rainwater garden events, and establishing a workshop message.
- CUE and SuperTerrific Productions regarding potential for stormwater education productions that would be broadcast on city cable channel #14 and on Minnesota Public Television. The television presentation/s could be a combination of small/medium segments that would work to instill a sense of growth or follow-up on previous segments. The topics would lean toward a ‘Stormwater 101’ format, and would highlight city water quality improving initiatives, information regarding the city’s stormwater utility fee, stormwater Best Management Practices (BMPs), and possibly the city’s Combined Sewer Overflow (CSO) Elimination program. City personnel and CUE will meet again to arrive on specifics of the program, which may include costs, timeline, and television program content.
- Friends of the Mississippi River regarding storm drain stenciling efforts for 2006, with specific objectives to identify and organize approximately 900 volunteers to stencil at least 1,500 storm drains, distribute 5,500 education door hangers to residences and business in the stenciled neighborhoods, provide classroom visits, and reach out to non-English speaking communities with multilingual materials. Water quality education programs and materials would target non-English speaking households.
- The Green Institute regarding potential for Stormwater Education pilot projects that would target both business and neighborhood organizations. Possibilities under consideration include:
 - Presentations on BMP options, credits, and the purpose and benefits of the Stormwater Utility Fee program from the perspective of the Green Institute, a non-profit environmental organization
 - Opportunities for property owners to view successful BMPs at the Green Institute
 - Brochures, manuals and a business directory of BMP/SW management consultants
 - Meeting facilitation, multilingual stenciling messages, and professional services, such as horticulturalist (plant biologist), environmental planner, and/or landscape architect to assist with technical needs of the general public