

REQUEST FOR COUNCIL ACTION**MEETING DATE:**
3/21/2016**AGENDA SECTION:**
Reports and Recommendations**ORIGINATING DEPT:**
Public Works**ITEM DESCRIPTION:**
2016-2020 Storm Water Utility Fee (SWUF) Charges (REVISION)**PREPARED BY:**
Heather Peterson

This is a request to the Council to approve a Revised Resolution adopting updated Storm Water Rates for 2016-2020. The previously approved Resolution 568-15 will need to be rescinded.

Public Works staff presented the findings and recommendations from the 2016 - 2020 Storm Water Utility Rate Study prepared by Springsted Incorporated to the City Council on October 12, 2015. Springsted Incorporated was retained to assist the City of Rochester with updating the 2014 Storm Water Financing Alternatives Study. The overall objective of the study was to assist the City of Rochester in evaluating alternatives for financing the needed improvements to be identified by the City in the update of its Storm Water Management Plan. The financing alternatives are needed to insure the Storm Water Fund will have adequate financial resources to pay for 1) needed utility capital improvements and asset replacement; 2) anticipated future operating and maintenance expenses; 3) debt service including principal and interest; and 4) provide an adequate level of cash reserves.

The Council approved Alternatives 5A at it's November 16, 2015 meeting and adopted Resolution 568-15.

Alternative 5A - This is a projection of the Storm Water Utility Fee (SWUF) rates needed to fund maintenance items and the new storm water ponds identified in the Storm Water Utility 2016-2020 Capital Improvement Program. It does not fund the recommended reserve levels (at least three months of the following year's anticipated operating expenses and an emergency reserve equal to 2% of the net assets of the Utility) in all years. Rates, fees and bills for 2016 through 2020 are shown in the table below.

Alternative 5A

Year	Rate	% Rate Increase on SWUF	Customer Charge	Monthly Customer Charge Increase	Residential Monthly Bill	Monthly Residential Bill Increase
2016	\$15.00	10.75%	\$3.30	\$0.30	\$6.85	\$0.68
2017	\$16.61	10.75%	\$3.65	\$0.35	\$7.58	\$0.73
2018	\$18.39	10.75%	\$4.05	\$0.40	\$8.40	\$0.82
2019	\$20.37	10.75%	\$4.50	\$0.45	\$9.30	\$0.90
2020	\$22.56	10.75%	\$5.00	\$0.50	\$10.30	\$1.00

The Storm Water Utility is created by the authority set forth in City Ordinance 77A. Section 77A.05 specifically states how the monthly residential fee is to be calculated by using the storm water unit rate. In the previously adopted Resolution 568-15 the calculation of the monthly residential fee portion of the monthly residential bill was incorrectly calculated. The result was the monthly residential customer charge being off by zero (0) to three (3) cents in the various years.

The following table REVISED Alternative 5 reflects the correct Monthly Residential Bill.

REVISED Alternative 5A

Year	Rate	% Rate Increase	Monthly Customer	Monthly Customer	Residential	Residential Monthly Bill	Residential Monthly Bill

		on SWUF	Charge	Charge Increase	Fee		Increase
2016	\$15.00	10.75%	\$3.30	\$0.30	\$3.53	\$6.83	\$0.65
2017	\$16.61	10.75%	\$3.65	\$0.35	\$3.90	\$7.55	\$0.72
2018	\$18.39	10.75%	\$4.05	\$0.40	\$4.32	\$8.37	\$0.82
2019	\$20.37	10.75%	\$4.50	\$0.45	\$4.79	\$9.29	\$0.92
2020	\$22.56	10.75%	\$5.00	\$0.50	\$5.30	\$10.30	\$1.01

COUNCIL ACTION REQUESTED:

Adopt a new Resolution that rescinds Resolution 568-15 and adopts the REVISED Alternative 5A to serve as the basis for the storm water utility unit rate and customer charges for 2016-2020.