

## **City of Burnsville Utility Rate Study RFP Questions and Answers:**

Referencing RFP Page 5, first table: Since the number of utility accounts are similar among the three utilities, are there currently parcels exempt from storm drainage charges? If so, do you have a policy for storm drainage credits and exemptions?

*Please see attached policy at the end of this document (Policy 5.055). Undeveloped parcels do not receive storm drainage charges, along with the public uses shown in B.2 of the policy.*

Referencing RFP Page 6, 2A: Do you have list of what you consider to be your "Market Cities"?

*Our Market Cities are Brooklyn Park, Plymouth, Woodbury, Eagan, Maple Grove, Blaine, Eden Prairie, Coon Rapids, Lakeville, Minnetonka, Edina, Apple Valley, Saint Louis Park*

Referencing RFP Page 9: Are folded 11x17 pages allowed if they count as 2 pages toward the 10 page limit?

*Yes they are allowed. For example, one 11x17 page that is printed on the front and back would count as 4 total pages.*

Referencing RFP Page 14, Storm Drainage Charges: How are the REUs currently determined? Is there a set formula or methodology you could provide?

*Please see attached policy (Policy 5.055) and REU Calculation at the end of this document. The charges are based upon Residential Equivalent Units (REU). Using the policy as the guide, the actual computations are completed with the second attachment "Storm Drainage R.E.U. Computations". For single family residential properties, 1 REU is charged. For other zoned properties, the parcel acreage is multiplied by the REU Factor to obtain the REUs for the site. Once the total REUs are calculated, the number of REUs is multiplied by the Storm Drainage Utility Charges Rate in that year's Fees and Charges.*

With respect to analysis and recommendations as to the splitting of the Water and Sewer Enterprise fund into two separate funds, we note that there are outstanding Water & Sewer bonds whose underlying resolution and pledged revenues may be affected. In our proposal, shall we assume that we would have access to the City's bond counsel and financial advisor in the course of this analysis? Is this intended to be a collaborative effort with these additional resources?

*City staff would initially be the contact point for these items.*

With respect to the analysis and recommendations as to an appropriate level of cash reserves, shall we assume that detailed fixed asset records with asset-level original cost, accumulated depreciation, in-service date, and annual depreciation are available?

*Detailed capital asset records that include original cost, accumulated depreciation are available. Infrastructure capital assets are maintained by year of project in an excel document. Additionally, GIS infrastructure records of Utility Infrastructure (ex. pipe) can also be provided.*

What fees are charged to the City of Savage for water?

*Billing is done through a long term water purchase agreement in fixed annual payments payable in equal monthly installments and are not billed through Utility Billing. The agreement provides Savage with access to a minimum annual volume of 300 million gallons up to a maximum amount of 690 million gallons. The fixed annual payments payable in equal monthly installments are as follows:*

2019	\$893,000 annually	\$74,417 per month
2020	\$951,000 annually	\$79,250 per month
2021	\$989,000 annually	\$82,417 per month
2022	\$1,029,000 annually	\$85,750 per month
2023	\$1,070,000 annually	\$89,167 per month

Does the City of Savage have the ability to acquire water through other means?

*They can pump more from their existing wells and treatment plant. They can also work with the DNR to try and receive appropriations for more well drilling, however, it may be difficult given the fens and high value environmental resources that are present. The current arrangement is beneficial to all parties given that the City has the surface water plant.*

## **STORM DRAINAGE UTILITY CHARGES**

### I. PURPOSE AND NEED FOR POLICY

In order to more equally defray the cost of the City drainage system and pursuant to the Minnesota Statutes 444.075, the City has established a storm drainage utility by ordinance. This ordinance authorizes the imposition of just and reasonable charges for the use and the availability of storm drainage facilities and services. This ordinance also requires that these fees be deposited in an enterprise fund. Therefore, this fund must be sufficient to pay for the day to day operation and repair, retirement of long term debt, and cover any unforeseen emergencies for the storm drainage system. This policy covers how and when the user charges are to be established and adopted and the amounts of these charges.

### II. POLICY

The City shall establish user charges that provide adequate funds for both short and long range construction, operations, and maintenance costs for the storm drainage system including building and unrestricted fund balance for contingencies. To do so, the City shall annually update its user charges to reflect current and future costs. Operation and maintenance costs should be monitored and analyzed on a continuous basis, with any changes in policy by outside agencies that affect the City's costs being a portion of the consideration. The user charge rates then should reflect these and any other applicable influences.

In order to equitably assign responsibility for the cost of the City drainage system, the user charges shall be based on the expected storm water runoff from the various parcels of land within the City during a standard rainfall event, calculated based on standard engineering principles.

### III. PROCEDURE

#### A. ESTABLISHMENT OF CHARGES AND RESIDENTIAL EQUIVALENT UNIT

1. The Residential Equivalent Unit (REU) shall be defined as an area of land that generates an equivalent volume of surface water runoff as a standard one-third (1/3) acre, single-family lot with Type A soils, during a 5-year 24-hour SCS Type II rain event.
2. For single family homes, each unit shall be assigned 1 REU. For two-family homes, each unit shall be assigned 0.8 REUs.
3. For all other land uses, the number of REUs assigned to the property shall be in proportion to the volume of surface water runoff discharged from the site in comparison to the standard one-third acre, single-family lot, described above. The volume of surface water runoff shall be determined using standard engineering principles. For the purposes of the runoff volume calculation, Type A soils and no on-site storage shall be assumed. The following impervious surface percentages by lot area shall also be utilized in the calculation:
  - a. Commercial Use: 75%
  - b. Industrial Use: 75%
  - c. Apartment and Condominiums: 65%
  - d. Townhomes and Manufactured Homes: 50%
  - e. Churches: 50%
  - f. Schools: 30%
  - g. Cemetery, Golf Course, Park/Open Space: 2%

B. ADJUSTMENT OF CHARGES

1. The Director of Public Works may authorize the adjustment of charges, as detailed in this policy.
2. Public rights of way; public roadway easements; public drainage and utility easements over stormwater ponds, wetlands or waterways that receive public surface water runoff; conservation easements; and City owned land are exempt from storm drainage utility charges.
3. A property owner may request to have their REU determination adjusted based on information demonstrating the actual surface water runoff volume is less than the calculated amount and/or the property contains any of the above exemptions.
4. To request an adjustment of the storm drainage utility charge, the property owner shall provide calculations demonstrating the actual surface water runoff volume discharged from the site; and/or legal descriptions and areas of exempt properties. The property owner shall also submit any data necessary to support the calculations, as determined by the Director of Public Works.
5. Once a property has been re-developed, the charge may not be decreased to less than 60% of the above calculated charge based on the property zoning. A reduction to this level reflects the increased runoff volume attributed to soil compaction from development. It is assumed, that due to compaction, the soils will behave similar to Type C soils, post-development

C. DETERMINATION OF REU USER RATE

1. The Public Works Division, in conjunction with the Finance Department prepares an annual budget for the storm drainage system. Additionally, this department also estimates the funds necessary to retire existing and future long term debts for the storm drainage systems and to recover any costs due to actions and requirements by outside agencies.
2. The Public Works Division then analyzes the anticipated user rate base for the following year and determines the number of chargeable REUs.
3. Utilizing this data, rates are computed in accordance with the applicable resolutions and ordinances and submitted to the City Council for consideration along with the other fees and charges, during the annual policies and procedures review.
4. When adopted, the rates are applicable to all charges made in the following calendar year.

IV. RESPONSIBILITY

The Public Works Division and Finance Division shall be responsible for the implementation of this policy.

V. AUTHORITY

Administrative implementation of policy and powers and responsibilities reserved for the City under the above mentioned state statutes and section 7-2-23 of the City Code.

Submitted by: Steve Albrecht Date: April 17, 2012  
Reviewed by: Craig Ebeling Date: April 17, 2012

STORM DRAINAGE  
R.E.U. COMPUTATIONS

# 7.33/REU  
5-97

LAND USE	LAND USE CODE	LAND USE CLASS
Rural Residential	RR	1
Single Family Residential	SFR	1
Two Family Residential	TFR	1
Medium Density Residential	MDR	2
High Density Residential	HDR	3
Regional Center Residential	RCR	3
Mobile Home Park	MHP	2
Office Business	OB	7
Neighborhood Business	NB	7
General Business	GB	7
Highway Business	HB	7
Commercial Recreation Business	CRB	7
Light Industrial	LI	8
General Industrial	GI	8
Office & Industrial Park	OIP	8
Church	C	4
Hospital	H	7
School	S	5
Public	PUB	6
Cemetery	CEM	6
Golf Course	G	6
Park/Open Space	P	6

Land Use Class 1 = 1 R.E.U.) We still need vacancy status, zoning, and land use.  
Land Use Class 2 = .8 R.E.U.) code

For Land Use Class 3 Total parcel acreage \* 10.21 = R.E.U.

For Land Use Class 4 Total parcel acreage \* 6.43 = R.E.U.

For Land Use Class 5 Total parcel acreage \* 3.00 = R.E.U.

For Land Use Class 6 Total parcel acreage \* 0.36 = R.E.U.

For Land Use Class 7 Total parcel acreage \* 13.21 = R.E.U.

For Land Use Class 8 Total parcel acreage \* 13.21 = R.E.U.

R.E.U. should be computed for each parcel. If the parcel has a vacant status, the R.E.U. sent ASCII to City mainframe equals zero.

SPECIAL SITUATIONS

For parcels with multiple land use class, identify the polygon, the structure most occupies and assign that Use Class to the whole parcel area and use the above formula.

For parcels with multiple land use class that the structure has been placed from building permit file (not digitized from aerial photo) identify the polygon with the largest area and assign that Use Class to the whole parcel area and use the above formula.