



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

Date: October 25, 2005
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: Public Hearing for decreasing the Stormwater Runoff Coefficient Range for the Multi-Family Residential land use category

Recommendation:

- a) Amend Title 19, Chapter 510 of the Minneapolis Code of Ordinances relating to Stormwater Management System and Operation of a Stormwater Utility to modify the Runoff Coefficient Range for the Multi-Family Residential land use category from “.60-.75” to “.35-.50”,
- b) approve passage of a Resolution amending the Runoff Coefficient for the Multi-Family Residential Land Use Category pursuant to Table 1 from “.75” to “.40”, and
- c) direct Public Works and Utility Billing to apply the modified Runoff Coefficient for the Multi-Family Residential Land Use Category for stormwater changes retroactively to March 1, 2005.

Previous Directives:

- September 27, 2005, Committee set public hearing to consider amending Title 19, Chapter 510, to revise the Runoff Coefficient range for Multi-Family Residential (Duplex & Double Bungalow) accounts.
- August 22, 2005, Committee directed staff to submit a proposal for revising the stormwater utility charges for Multi-Family Residential accounts and to provide an estimate of the timeframe for implementation of a new rate and for application of credits to these accounts for previous months.

Prepared by: Karl E. Westermeyer, Supervising Engineering Technician II (612) 673-2965

Approved by:

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

Presenters: Jane Onorati, Water Resources Engineer
Karl E. Westermeyer, Supervising Engineering Technician II

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Will impact the Stormwater Utility Fee revenues
- Request provided to the Budget Office when provided to the Committee Coordinator

BACKGROUND/SUPPORTING INFORMATION

Basis for Runoff Coefficient Revision

An analysis of GIS data and property records was conducted for Single Family Detached homes (SFD) and Multi-Family Residential (MFR) properties (Multi-Family Residential is the official Assessor's Land Use category for duplex and double bungalow properties). This analysis illustrated the following:

- On average, Multi-Family Residential properties are 41% larger in impervious area than those in the Single Family Detached category and should therefore be billed a higher charge.
- The current coefficient of .75 that was chosen as the estimate for the Multi-Family Residential category is too high and should be adjusted downward.

Applying the same methods as used in the original rate model study, the average impervious area for MFR properties is calculated as 2,165 sq. ft. which is 41% larger than the SFD average of 1,530 sq. ft. of impervious area. Considering an average lot area of 5,500 sq. ft., the 1,530 sq. ft. used as the basis for 1 equivalent stormwater unit (ESU) would represent a coefficient factor of .28 for SFD properties while the corresponding figure for the MFR category would be a coefficient of .40.

The current coefficient of .75 is the result of an assumption that all residential rental properties should be treated the same, and therefore the same coefficient was used for properties in the Multi-Family Residential land use category (duplexes and double bungalows) as the Multi-Family Apartment land use category (larger apartment and condominium properties).

Based on our findings, an Ordinance amendment modifying the coefficient range for Multi-Family Residential land use category from “.60-.75” to “.35-.50” is recommended, as shown on Table 1.

TABLE 1:

Chapter 510. STORMWATER MANAGEMENT SYSTEM AND OPERATION OF A STORMWATER UTILITY	
Excerpt: Table 1 - Ordinance	
TABLE INSET:	
LAND USE	RANGE
Bar-Rest.-Entertainment	.60-.75
Car Sales Lot	.60-.95
Cemetery w/Monuments	.10-.25
Central Business District	.85-1.00
Common Area	.10-.25
Garage or Misc. Res.	.30-.55
Group Residence	.60-.75
Ind. Warehouse-Factory	.50-.90
Industrial Railway	.50-.90
Institution-Sch.-Church	.60-.95
Misc. Commercial	.60-.95
Mixed Comm.-Res-Apt.	.60-.75
Multi-Family Apartment	.60-.75
Multi-Family Residential	.60-.75 .35-.50
Office	.60-.95

Parks & Playgrounds	.10-.25
Public Accommodations	.60-.95
Retail	.60-.95
Single Family Attached	.60-.75
Single Family Detached	ESU
Sport or Rec. Facility	.60-.95
Utility	.50-.90
Vacant Land Use	.10-.25
Vehicle Related Use	.60-.90

Further, we recommend an assumed coefficient of .40 be used in stormwater charge calculations for this category ($[\text{Gross Lot Size in sq. ft.} \times \text{Runoff Coefficient}] / 1,530 \text{ sq. ft.} = \# \text{ of ESU}$). This assumed coefficient would be subject to the dispute, appeals and credit processes already in place, and would replace the assumed coefficient of .75 pursuant to Table 1, Resolution 2005R-064.

Table 2 below displays the distribution of impervious areas for the Multi-Family Residential category.

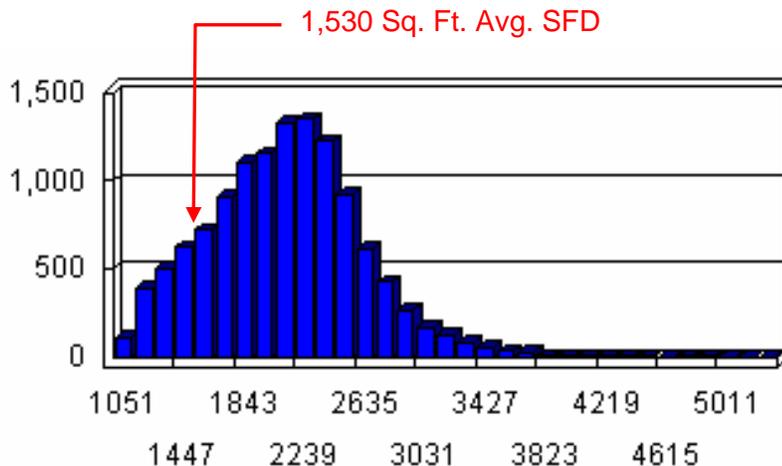


TABLE 2: Multi-Family Residential Land Use Category Impervious Areas

The coefficients for all land use categories are derived from a range reflecting the average assumed impervious area of properties in that class. In the case of the Multi-Family Residential category, setting an assumed coefficient of .40 within a range of .33 to .50 will result in billing that is more accurate than the current assumed coefficient of .75. While billing is still based on an estimate of impervious area, individual property owners may submit measurements of actual impervious area with a request for billing adjustment.

Financial impact

The current coefficient of .75 results in annual revenues of \$ 3,673,000 from the Multi-Family Residential category or approx 12.2% of total program revenues. A coefficient of .40 results in annual revenues of \$1,909,950 for a net reduction of \$1,763,050 (48%) in annual revenues for this category which is a 5.8% reduction in total program revenues.

This revenue reduction will have an impact on the Stormwater fund. There are other billing and collection adjustments happening as well during this 2005 start-up period. In our report to the August 23, 2005 Transportation & Public Works Committee, we noted that 2nd quarter billings

were about \$290,000 (for the quarter) above original projection. However, because we anticipate some of these billings may be reduced by a number of corrections (including the larger entities such as the Park Board and the railroads), we have been updating our projections to show that revenues collected from the billings would be somewhat close to original estimates, although lower. The fact that we are doing ongoing changes and adjustments has made an accurate projection of 2005 revenue difficult.

While the revenue shortfall may result in the need for an overall increase in the ESU rate over and above the increase currently programmed in the Stormwater Fund Finance Plan, such an increase should be delayed pending further analysis of the impact that other billing adjustments and stormwater credit applications will have on the revenue base. In particular, final determination of Stormwater Credits and billing adjustments for larger entities such as the Park Board and the Soo Line and Burlington Northern Railroads may have an additional negative impact on revenues. It is anticipated that any required rate increase could be phased in gradually over a period of two to three years, beginning in 2007.

Implementation:

Implementation of a new coefficient and processing of account credits will proceed as follows:

- Public Works Engineering Services will identify all of the Multi-Family Residential parcels, and will calculate new estimates of impervious area and monthly fees based on the .40 coefficient. This information will be forwarded to the Utility Billing Office.
- The Utility Billing Office will use the PID (parcel id numbers) to match these records to existing stormwater accounts. Utility Billing will examine the account history to determine amounts billed in previous billing cycles and will calculate the amount of credits due. The completed information will be sent to Systems & Software Inc., the City's vendor and support provider for the Enquesta software used by the Utility Billing Office.
- Systems & Software Inc. will be responsible for applying these changes to the central database where account records are maintained. Once the changes have been applied to the account credits and the new billing calculation will appear on the bills mailed in the next billing cycle.

Following the Public Hearing and Council approval of the coefficient modifications, the calculation of new estimates of impervious area and monthly fees by Engineering Services could be completed within one to two weeks. The Utility Billing Office estimates that once the revised information has been received, total processing time will be an additional four to six weeks. The timing of these adjustments with respect to the billing cycle could push changes into the next month, resulting in an estimate of six to 12 weeks for full implementation of account changes and credits following the Public Hearing and Council approval.

Cc:
Utility Billing
Assessor

RESOLUTION 2005R-_____
By Colvin Roy and Johnson

Amending Resolution 2005R-064 passed on January 28, 2005 to modify Table 1 Coefficient Applied for Multi-Family Residential Land Use category for stormwater service charges.

Resolved by The City Council of The City of Minneapolis:

That the Coefficient Applied to the Multi-Family Residential Land Use Category in Table 1 be changed from .75 to .40.