



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

**Date:** December 8, 2009  
**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Subject:** **Drinking Water Conservation Rate**

**Recommendation:**  
Approve resolution affirming Minneapolis has a water rate that encourages conservation.

**Previous Directives:**  
None

**Prepared by:** Brette Hjelle, Public Works Interagency Coordinator

**Approved by:**  
\_\_\_\_\_  
Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Presenters:** Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Reviews**

Permanent Review Committee (PRC): Approval NA\_ Date \_\_\_\_\_  
Civil Rights Approval Approval NA\_ Date \_\_\_\_\_  
Policy Review Group (PRG): Approval NA\_ Date \_\_\_\_\_

**Financial Impact**  
No financial impact

**Background/Supporting Information**

Minnesota Statutes, section 103G.291, was amended in 2008 to include a requirement for public water suppliers serving more than 1,000 people to adopt a water rate structure that encourages conservation:

Minnesota Statutes, section 103G.291, subd. 4. Conservation rate structure required. (a) For the purposes of this section, "conservation rate structure" means a rate structure that encourages conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. The rate structure must consider each residential unit as an individual user in multiple-family dwellings.

(b) To encourage conservation, a public water supplier serving more than 1,000 people in the metropolitan area, as defined in section 473.121, subdivision 2, shall use a conservation rate

structure by January 1, 2010. All remaining public water suppliers serving more than 1,000 people shall use a conservation rate structure by January 1, 2013.

In addition, Minnesota Statutes, section 103G.291, was further amended to read:

Subd. 3. Water supply plans; demand reduction. (c) Public water suppliers serving more than 1,000 people must employ water use demand reduction measures, including a conservation rate structure, as defined in subdivision 4, paragraph (a), unless exempted under subdivision 4, paragraph (c), before requesting approval from the commissioner of health under section 144.383, paragraph (a), to construct a public water supply well or requesting an increase in the authorized volume of appropriation. Demand reduction measures must include evaluation of conservation rate structures and a public education program that may include a toilet and showerhead retrofit program.

Because Minneapolis has a water rate that is successfully promoting drinking water conservation, Public Works is recommending the City Council retain the current rate structure.

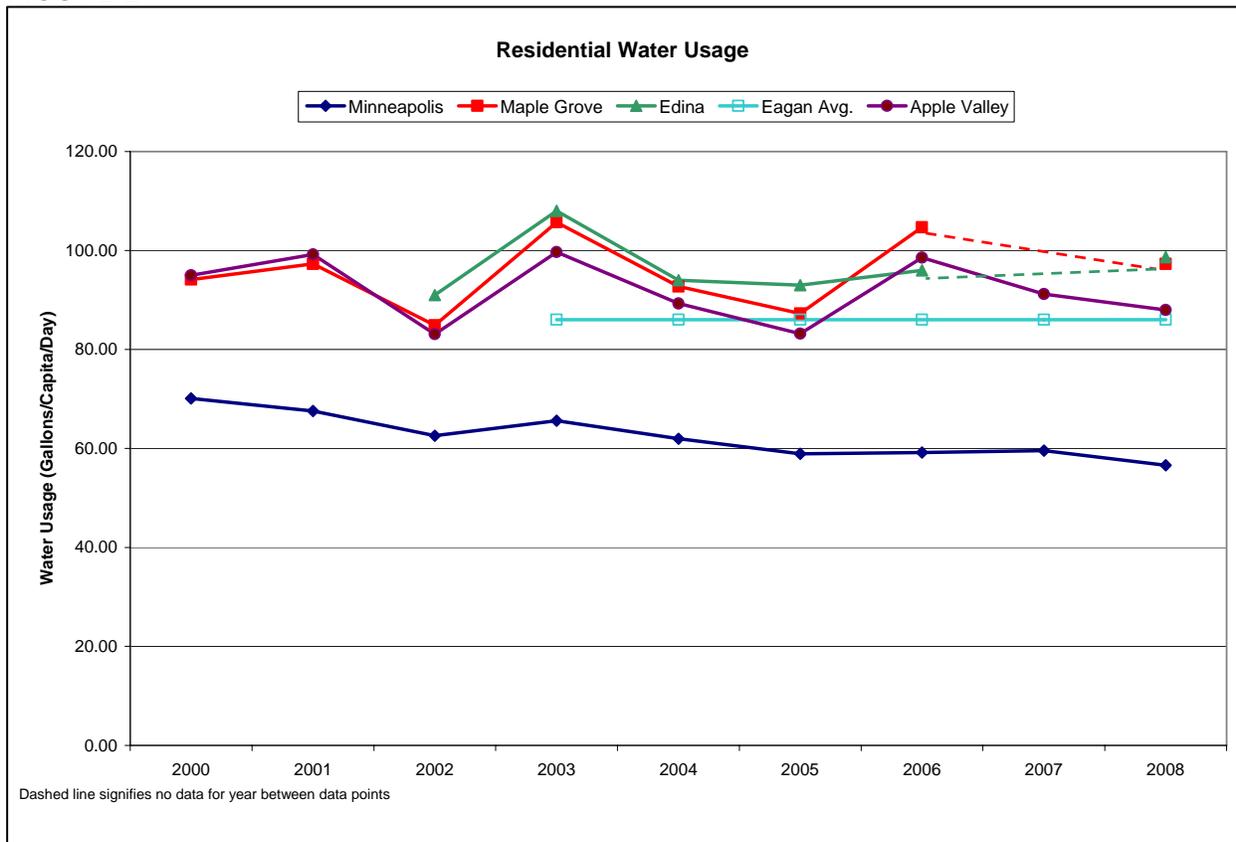
A key component to this recommendation is evidence that Minneapolis is meeting all Minnesota Department of Natural Resources (DNR) conservation goals. FIGURE 1 lays out DNR established measures, DNR Goals per the Water Conservation Plan, and Minneapolis results. It is clear from these numbers that Minneapolis meeting conservation targets set by the state.

FIGURE 1

<b>Measure</b>	<b>DNR Goal*</b> *From Water Conservation Plan	<b>Minneapolis Result*</b> *From Water Conservation Plan
Residential Gallons per Capita	75 GPCD	61 GPCD
Total Per Capita Demand	10 year Decline	Avg. 1.3% Annual Decrease from 1998 to 2007
Peak Demand (Avg. maximum day to average day ration)	2.6	1.90
Rates	Rate that encourages conservation	Minneapolis has one of the highest water rates in metropolitan area

FIGURE 2 further illustrates how Minneapolis is performing on a per capita consumption measure relative to other cities in the metro area. Again, Minneapolis consumption is lower than our suburban, groundwater consuming neighbors, and Minneapolis consumption is trending down over time.

FIGURE 2



Secondly, along with Moorhead, St. Cloud, and St. Paul, we are the only other water utility in the state to utilize surface water for drinking water. It is widely acknowledged that the legislative intent of the statute amendment was focused on groundwater users.

Finally, Minneapolis is a regional drinking water supplier. We currently supply drinking water to Golden Valley, New Hope, Crystal, Hilltop, Columbia Heights, Edina/Morningside, Bloomington, and the Metropolitan Airports Commission. There is the desire and capacity to add wholesale customers. Minneapolis also places a high value on retaining its current customers.

The Minneapolis water rate is the single greatest challenge in recruiting new customers. Treatment costs of surface water are inherently higher than treating groundwater. The trade off is treating surface water for consumption is a better utilization of a natural resource. This is especially the case within a region where growth centers will further tax the groundwater system.

Any customers Minneapolis gains would remove demand from the groundwater system. Any customers Minneapolis loses would likely add demand to the groundwater system. For these reasons, Minneapolis believes that it is in the best interest of the region to recognize the successful conservation within Minneapolis and to acknowledge that the city's efforts to provide a viable surface water source are to the benefit of the groundwater system in the metropolitan area.

Attachment: Resolution

# **Resolution of the City of Minneapolis**

## **Water Conservation Rate**

Whereas, water is a valuable resource and all cities have a role in being responsible stewards for this shared resource; and

Whereas, the City of Minneapolis recognizes and appreciates the importance of water conservation; and

Whereas, water treatment professionals recognize the higher operational costs associated with treating surface water for consumption as the trade-off for better utilization of a natural resource; and

Whereas, the unique costs of treating surface water for consumption result in drinking water rates in the City of Minneapolis that are higher than conservation rates for communities utilizing ground water; and

Whereas, the City of Minneapolis is experiencing a conservation trend in its city with a noticeable downward consumption trend over the past eight years; and

Whereas, the City of Minneapolis is meeting the legislative intent of Minnesota Statutes, section 103G.291, subd. 4;

Now, therefore be it resolved by Minneapolis

That the City of Minneapolis submits that it has met the requirements of Minnesota Statutes, section 103G.291, subd. 4 by utilizing a rate structure that encourages conservation.