

The City of Owatonna has adopted new stormwater rates effective January 1, 2016. The City is permitted by the Minnesota Pollution Control Agency as a Municipal Separate Stormwater Sewer System (MS4). MS4 requirements have been increased by the State of Minnesota resulting in increased inspections, maintenance and monitoring costs that must be paid from the City's Stormwater Fund.

After flooding in 2007, the City commissioned a report which identified eight areas of concern for potential localized flooding. The City utilized outside funds, such as Minnesota Department of Natural Resources Flood Damage Reduction Grants, to reduce the amount of localized flooding at six of the eight locations identified in this report. Currently, there are no outside sources of funding available for flood mitigation projects. The City of Owatonna is planning a project during 2016 along 18<sup>th</sup> Street SE and 4<sup>th</sup> Avenue SE to reduce potential localized flooding in this commercial and residential area; the preliminary cost estimate for this project is \$2.6 to \$2.9 million dollars. The increased Stormwater Fees will pay a portion of this proposed project. The remaining project is scheduled for 2023 and included in the City's Stormwater Fund Financial Plan.

When considering payment for increased regulations and proposed large construction projects, the City hired an outside consultant to evaluate Stormwater Rates and the Stormwater Rate Structure. They found residential properties are paying a disproportionate share of the rate when compared to the runoff they generate. The consultant prepared a Stormwater Rate Structure to create a more equitable distribution of stormwater costs based on the runoff generated by each parcel type. Non-residential properties will receive a larger rate increases.

Owatonna's Stormwater Rates have not been adjusted since 2008. The Rate Study included comparison with four similar communities. The following table shows Owatonna's current and proposed rates with those of other city's current rates. Several of the communities used for comparison are also considering rate increases.

<b>Municipality</b>	<b>Single Family Residential</b>	<b>High Density Commercial (1 acre, 85% impervious)</b>
Owatonna		
Current (2015)	\$2.45	\$8.04
Proposed – Fees		
2016	\$2.92	\$24.78
2017	\$3.40	\$28.84
2018	\$3.88	\$32.24
2019	\$4.35	\$36.90
Red Wing (2015)	\$11.50	\$38.90
Faribault (2015)	\$3.65	\$38.61
Hastings (2015)	\$3.85	\$18.48
Mankato (2015)	\$3.50	\$37.06

All rates are based on the single family residential rate or equivalent residential unit (ERU) which is estimated on a 1/3 acre lot. The non-residential rates are multiplied by a factor which is derived from the amount of impervious area typically on a type of property and accounting for the size of the parcel. The city's current residential rate of \$2.45 per month will increase to \$2.92 in 2016. 2016 is the first year of a phased-in increased rate plan, additional increases are planned for 2017, 2018 and 2019. Parcels larger than 5 acres are eligible to have their rates evaluated vs. the assumed impervious surface calculation and if the area is found to be less than what is assumed, a rate adjustment can be made.

Please contact the Stormwater Management Department at 507-444-4350 with any questions.