

TO: Honorable Mayor and City Council.
FROM: Dave Maroney, Director of Economic Development.
SUBJECT: Storm Water Utility (Ordinance Number 291).
DATE: January 10, 2019.

BACKGROUND.

Sheryl Bauer requested that the City of Cannon Falls rebate \$4,695.15 (75%) as a Storm Water Utility credit for the Caravan Hotel. The request was considered by the Public Works Commission on September 4, 2018, October 9, 2018, November 8, 2018 and December 11, 2018. Since first discussing the request, Staff conducted further research and prepared the following findings for consideration by the Commission and City Council:

- (1) Section 1, Subdivision 6 of Ordinance Number 291 (Storm Water Utility) stipulates that “adjustments” (credits) shall not be made retroactively; and
- (2) Currently, 159 customers (Commercial, Industrial, Institutional and Multi-Family) are billed a Storm Water Utility fee and a total of 13 customers have been approved to receive a credit (an 8% participation rate); and
- (3) On October 3, 2018 a 75% Storm Water Utility credit was approved for the Caravan Motel, going forward. Staff believes that a number of the 146 property owners (“customers”) that have apparently not applied for Storm Water Utility credit may own property “similar” to the Caravan Motel. That said, deviating from current policy (irrespective of Ordinance Number 291) based upon circumstances that do not appear to be unique will be difficult to defend; and
- (4) The Storm Water Utility finances numerous “projects” that are designed to maintain and improve the public drainage system in Cannon Falls. Current and future financial obligations require that sufficient revenue is generated to pay existing and anticipated expenditures. Currently, long term liabilities financed by the Storm Water Utility fund includes approximately \$550,000 of outstanding bond debt.

Given the aforementioned findings, Staff recommended to the Commission that the request to retroactively rebate a storm water credit should be denied unless and until: (1) Ordinance Number 291 is amended to allow “adjustments” (credits); and (2) A financial analysis of the Storm Water Utility is completed, including a forecast to represent any change of rates, charges or to current policy as may be directed by the City Council.

REQUESTED ACTION.

The Commission asks that the City Council discuss and determine whether or not the storm water utility fee should be retroactively credited as requested by Sheryl Bauer. If the Council favors consideration of Ms. Bauer’s request the Commission will prepare verbiage to amend Ordinance Number 291.