

ORDINANCE NO. 2003-08

AN ORDINANCE ESTABLISHING CHARGES FOR USERS AND PROVIDING FOR THE RECOVERY OF CAPITAL COSTS OF THE WASTEWATER FACILITIES OF THE CITY OF ROCKVILLE, STEARNS COUNTY, MINNESOTA

THE CITY COUNCIL OF THE CITY OF ROCKVILLE, STEARNS COUNTY, MINNESOTA ORDAINS:

Section 2 - Sewer Rate and Cost Recovery Ordinance

Section 2.00. General Recitals.

Subd. 1. The City operates and has undertaken to expand a wastewater collection and conveyance system (the "facilities") to serve properties within the City limits.

Subd. 2. The City has or will issue its general obligation bond to secure certain indebtedness for the procurement of the facilities.

Subd. 3. The City requires an ordinance to provide for the lawful, fair and equitable recovery of the cost of construction of the City's wastewater facilities as well as the lawful, fair and equitable charges for operations, maintenance and replacement of the facilities and the treatment of wastewater generated in the City.

Section 2.01. Purpose and Policy. This Ordinance sets forth a uniform system for charges and user fees for the procurement, operations, maintenance and replacement of wastewater facilities within the City.

The objectives of this Ordinance are:

- a) To provide a system of charges and/or assessments to existing users of the existing facilities and initial users of the expanded facilities in order to recover capital costs associated with procurement of the facilities and the providing of wastewater treatment within the City;
- b) To provide a system of user fees or charges in order to pay for the treatment of wastewater generated by users of the facilities and to provide for the operations, maintenance and replacement of the facilities;
- c) To provide a system of charges and/or assessments to future users of both the existing and expanded facilities in order to recover and offset the capital costs of procurement of the facilities the availability of services; and

- d) To provide a system of area or trunk charges to developing areas of the City in order to recover and offset the capital costs of collection and conveyance infrastructure which will ultimately serve the developing areas.

The Ordinance shall apply to the City and users of the City's facilities.

Section 2.02. Definitions.

Subd. 1. Unless the context specifically indicates otherwise, the following terms, as used in this Ordinance, shall have the meanings hereinafter designated.

Subd. 2. "Area" or "Trunk Charge" means a charge to pay the proportionate share of the increased Capital Cost of the facilities to due the installation of trunk and/or lateral lines, or over capacity constructed into the system to allow for future development of property or expansion of service, it may be assessed, charged in lump sum or installments, or may be converted by consent to become a special assessment on the property.

Subd. 3. "Availability Charge" means a charge to pay a future user's proportionate share of the Capital Cost of the expanded facilities and services, shall reflect the value of the facilities to the property, and shall be paid as a lump sum. Upon consent of the owner, the availability charge may be assessed as a special assessment against the property.

Subd. 4. "Capital Costs" means all reasonable and necessary costs and expenses incurred by the City in planning, designing, financing, and constructing the facilities and obtaining service, including but not limited to costs and expenses for obtaining necessary permits, licenses, approvals and grants for design and construction costs; fees for legal and consulting services; or the acquisition of such facilities and service.

Subd. 5. "Connection" or "Sewer Access Charge" means a charge to pay the cost of connection an individual user with the facilities, it shall reflect the actual cost of connection and impact of connection on the facilities. It shall not include the costs of inspection, permitting and administration.

Subd. 6. "Debt Service" means the principal and interest necessary to pay bonded indebtedness.

Subd. 7. "Debt Service Charge" means the charge related to the principal and interest necessary to pay bonded indebtedness.

Subd. 8. "Existing Facilities" means the system of trunk and lateral lines, gravity and force mains, pumps, lift stations, holding tanks and other appurtenances constructed to collect, convey and treat wastewater from the City which existed on or before August 1, 2003.

Subd. 9. “Expanded Facilities” means the system of trunk and lateral lines, gravity and force mains, pumps, lift stations, holding tanks and other appurtenances constructed to collect, convey and treat wastewater from the City constructed after August 1, 2003.

Subd. 10. “Facilities” means the system of trunk and lateral lines, gravity and force mains, pumps, lift stations, holding tanks and other appurtenances constructed to collect, convey and treat wastewater from the City.

Subd. 11. “Flow” means the quantity of wastewater expressed in gallons or cubic feet per twenty-four (24) hours.

Subd. 12. “Future User” means any person who, not less than 180 days after the facilities are available for use, desires or is required to connect to the facilities, or discharges, causes, or permits the discharge of wastewater into the facilities.

Subd. 13. “Initial User” means any person who, not more than 180 days after the expanded facilities are available for use, desires or is required to connect to the facilities, or discharges, causes, or permits the discharge of wastewater into the facilities.

Subd. 14. “Improvement Assessment” means a charge to pay an initial user’s proportionate share of the Capital Cost of the expanded facilities and services, shall reflect the value of the facilities to the property, and shall be assessed as a special assessment against the property.

Subd. 15. “Multiple Unit User” means any person, authorized under agreement with the City, who discharges wastewater to the facilities from multiple sources through one connection to the system or discharges a volume of wastewater to the facilities in excess of the volume of a single REU as defined in this ordinance (i.e., a bar, apartment, or other multi-unit property use).

Subd. 16. “Non-residential User” means any person who discharges, causes, or permits the discharge of wastewater into the facilities from a structure other than a residence.

Subd. 17. “Normal Residential Strength Waste” means wastewater that is produced primarily in a residence with Biochemical Oxygen Demand concentrations not greater than 300 mg/l and total suspended solid concentrations not greater than 300 mg/l.

Subd. 18. “Operations, Maintenance, and Replacement Costs (OM&R)” means the expenditures necessary to provide for the dependable, economical, and efficient functioning of the Facilities throughout their useful life, including operator training and permit fees, and the cost of replacement of certain equipment appurtenant to the facilities.

Subd. 19. “Ordinance” means the set of rules contained herein and in the City’s Sewer Use Ordinance.

Subd. 20. “Person” means the State or any agency or institution thereof, any municipality, governmental subdivision, public or private corporation, individual, partnership, or other entity, including, but not limited to, association, commission or any interstate body, and including any officer or governing or managing body of any municipality, governmental subdivision or public or private corporation, or other entity.

Subd. 21. “Residence” means a single family dwelling, home, cottage or cabin within which wastewater is capable of being produced.

Subd. 22. “Residential Equivalent Unit (REU)” means a unit of measure applied, for the purpose of the Ordinance, to users of the Facilities. One REU equals an average annual discharge of wastewater to the Facilities of 250 gallons per day, or 7,600 gallons per month.

Subd. 23. “Shall” is mandatory; “May” is permissive.

Subd. 24. “Treatment Cost” means the actual cost of treatment per 1000 gallons of wastewater collected, conveyed and treated by the facilities.

Subd. 25. “User” means any person who discharges, causes, or permits the discharge of wastewater into the Facilities.

Subd. 26. “User Fee” means the fee paid by all users of the facility to pay the treatment cost, the cost of OM&R and any Debt Service Charge.

Subd. 27. “Wastewater” means the liquid and water-carried industrial or domestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, which is discharged into or permitted to enter the Facilities.

Section 2.03. Mandatory Connection, Charges, Initial Users.

Subd. 1. Connection to the Facilities by initial users within the City is mandatory within 60 days of the availability of service within the City provided the main service line is within 350’ of the affected property.

Subd. 2. Prior to the time a connection is made to the Facilities, each Initial User shall either pay or be subject to an improvement assessment.

Subd. 3. Any improvement assessments certified to the County Auditor of Stearns County under this section shall be certified for payment over a period not greater than 20 years at an interest rate up to 3% above the rate charged on the bonded indebtedness.

Subd. 4. In the event an owner shall fail to connect to the Facilities, as required by this Ordinance, the City may undertake to have said connection made and shall charge the cost

thereof against the property and said charge shall be a lien against said property. Such charge, when made, shall bear interest at the rate of eight percent (8%) per annum and shall be certified to the auditor of the County in which the land is situated and shall be collected and remitted to the City in the same manner as assessments for local improvements. The rights of the City under this subdivision shall be in addition to any other remedial or enforcement provisions of this Ordinance.

Section 2.04. Mandatory Connection, Charges, Future Users.

Subd. 1. Connection to the expanded Facilities by Future Users within the City is mandatory prior to the production of wastewater by the User.

Subd. 2. Prior to the time a connection is made to the expanded facilities, each Future User shall either pay or be subject to an Availability Charge, adjusted for inflation, and a connection charge to the City.

Subd. 3. The Availability charge shall be adjusted for inflation according to the Consumer Price Index (CPI) for the Midwest for the period from the construction of the expanded facilities through the date of connection.

Subd. 4. The connection charge shall be established by the City Council at a public hearing for such purpose.

Subd. 5. In the event an owner shall fail to connect to the Facilities, as required by this Ordinance, the City may undertake to have said connection made and shall charge the cost thereof against the property and said charge shall be a lien against said property. Such charge, when made, shall bear interest at the rate of eight percent (8%) per annum and shall be certified to the auditor of the County in which the land is situated and shall be collected and remitted to the City in the same manner as assessments for local improvements. The rights of the City under this subdivision shall be in addition to any other remedial or enforcement provisions of this Ordinance.

Section 2.05. Existing Facilities

Subd. 1. Connection to the existing facilities by future users within the City is mandatory prior to the production of wastewater by the User.

Subd. 2. Prior to the time a connection is made to the existing facilities, each Future User shall either pay or be subject to a connection charge to the City.

Subd. 3. The connection charge shall be established by the City Council at a public hearing for such purpose.

Subd. 4. In the event an owner shall fail to connect to the Facilities, as required by this Ordinance, the City may undertake to have said connection made and shall charge the cost thereof against the property and said charge shall be a lien against said property. Such charge, when made, shall bear interest at the rate of eight percent (8%) per annum and shall be certified to the auditor of the County in which the land is situated and shall be collected and remitted to the City in the same manner as assessments for local improvements. The rights of the City under this subdivision shall be in addition to any other remedial or enforcement provisions of this Ordinance.

Section 2.06. Area or Trunk Charges.

Subd. 1. Each large tract of property within the service area of the facilities, which also is zoned for residential, commercial or industrial development or presented to the City for development by PUD, shall be subject to, upon appropriate proceedings, an area or trunk charge to pay the proportionate share of the increased Capital Cost of the facilities due to the installation of trunk and/or lateral lines, or over-capacity constructed into the facilities to allow for future development of property or expansion of service, it may be assessed, charged in lump sum or installments, or may be converted by consent to become a special assessment on the property.

Subd. 2. Area Charges are established as follows within the City and shall increase on January 1 of each year by 5%:

Single Family Residential (R1)	\$2,020/acre
Multi Family Residential (R2)	\$4,040/acre
Commercial (B1)	\$4,040/acre
Light Industrial (I1)	\$3,370/acre
Industrial (I2)	\$3,370/acre

Subd. 3. Area Charges are due upon approval of a final plat or PUD for the property unless converted to special assessment by consent under agreement between the owner and the City.

Section 2.07. User Fees.

Subd. 1. User fees shall be set by the City in ordinance, reviewed annually and adjusted as necessary to pay the cost of treatment, OM&R and Debt Service.

Subd. 2. User fees shall be charged bi-monthly and be payable within 30 days of receipt of billing. Users are responsible to provide the City with proper billing information.

Subd. 3. User fees shall consist of the following components pro-rated by REU:

- a. Treatment Costs
- b. OM&R, consisting of

- i. **Operations:** Cost of operating the facilities, including but not limited to the cost of administering the Facilities and cost of operating lift stations, test equipment and measuring devices.
 - ii. **Maintenance and Replacement:** Cost of maintaining the facilities in efficient working order, including but not limited to routine maintenance, line clearing, repairs, and replacement of equipment appurtenant to the Facilities
- c. Debt Service Charges

Subd. 4. Each User shall be presumed to produce wastewater at a volume equal to one REU.

Subd. 5. Multiple Unit Users shall be presumed to produce wastewater at a volume equal to the number of REUs specified by the City in its agreement with the Multiple Unit User. The City may require Multiple Unit Users to install meters to monitor flow. Multiple Unit Users may be charged additional treatment costs as part of the User Fee to account for volumes of wastewater actually produced in excess of the REU volume.

Subd. 6. Unpaid User Fees shall become a lien on the property served by the Facilities. In the event an owner shall fail to pay User Fees, as required by this Ordinance, the City may undertake to have said fees certified as an assessment against the property at an interest rate of eight percent (8%) per annum to be collected and remitted to the City in the same manner as assessments for local improvements. The rights of the City under this subdivision shall be in addition to any other remedial or enforcement provisions of this Ordinance.

Section 2.08. Finances of the City.

Subd. 1. The City shall maintain separate accounts for funds collected for recovery of Capital Costs, Treatment Costs, Operations costs, Maintenance costs, and Replacement costs. The accounts shall be appropriate and suitable for the deposit of municipal funds.

Subd. 2. The City shall neither deposit nor invest funds collected for recovery of Capital Costs in any account or investment bearing an interest rate greater than the interest rate on the bonded indebtedness for the project.

Subd. 3. Subject to subdivision 2 above, the City may invest funds, in its discretion, in investments appropriate and suitable for municipal funds, and only in a manner consistent with existing law.

Subd. 4. Interest earned on any fund, deposited or invested, shall remain in and become part of the fund from which it is earned, and be used for the purpose of the fund from which it is earned.

Subd. 5. The City may lend and/or borrow between funds only under an obligation to repay the borrowee fund with interest, and only in a manner consistent with existing law regarding such activity.

Subd. 6. The City may, as necessary, and as allowed by law, certify to the Auditor of Stearns County, a tax upon property within the City to pay administrative costs associated with operation of the City. Such funds shall be maintained in the account established for operation of the facilities.

Subd. 7. The City of Rockville, its clerk, its officers and its agents shall be considered fiduciaries to the City in the collection, handling, deposit, investment, use and disbursement of the funds of the City.

Subd. 8. The City Council shall order an annual audit of the City's finances and provide an annual report to the residents of the City at a meeting held for such purpose.

Section 2.09. Notice of Amendment. Prior to any amendment of this ordinance or any amendment to the system of user charges established under this ordinance, the City shall publish notice of the proposed amendment, at least once per week for two successive weeks, in a qualified newspaper in general circulation in the town.

Adopted this ____ day of _____, 2003.

CITY OF Rockville

Mayor

Attest:

Clerk