CITY OF FARGO

Proposed Changes to Storm Water Utility Fees

July 2017

In early 2018, the City of Fargo is proposing to transition from a flat storm water rate to a more equitable fee based on demand. In general, the goal of the new storm water rate structure is to more equitably charge properties according to their individual impact and the service provided from the City's storm water infrastructure.

WHY DOES THE CITY CHARGE A STORM WATER FEE?

When graded lots, structures, and impervious or paved surfaces, such as parking lots, do not allow rain or snowmelt to enter the ground, the precipitation enters the City's storm water system. The storm water system is comprised of pipes, ditches, ponds, and pump stations which are designed to safely convey runoff away from properties and discharge it to the river.

The City of Fargo spends approximately $5 million dollars annually to maintain and renew these systems. Therefore, the City charges a fee for storm water service to fund major portions of this maintenance.

Unlike the City of Fargo's drinking water or sanitary sewer systems which use meters to measure use, storm water service is difficult to meter and measure. Storm water fees that are considered fair and representative of the cost of service provided to each parcel are based on several considerations, including:

- Size of an individual lot/parcel
- Land use (commercial, agriculture, residential, etc.)
- Amount of impervious surface area (paved surfaces cause rain or snowmelt to enter the City's storm system.)

WHY IS THE CITY OF FARGO UPDATING ITS STORM WATER RATES?

- TO ESTABLISH MORE EQUITABLE DISTRIBUTION OF STORM WATER MANAGEMENT COSTS.
- TO BETTER UTILIZE THE STORM WATER UTILITY FOR EXISTING AND EXPANDED STORM WATER FUNDING NEEDS.
- TO PREPARE THE STORM WATER UTILITY TO ADDRESS FUTURE REGULATORY CHANGES.
- TO ADEQUATELY FUND ONGOING SYSTEM MAINTENANCE AND RENEWAL.
- TO EASE THE BURDEN ON OTHER CITY REVENUE SOURCES SUCH AS SALES TAX, PROPERTY TAXES, AND STATE FUNDING.

THE CITY OF Fargo FAR MORE

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WHAT IS THE CURRENT STORM WATER RATE?

Since 2002, the City of Fargo has charged a flat rate of $3 per water meter per month for residential properties and $15 per month for each non-residential property, regardless of each property's size or its impact on storm water runoff.

HOW WILL THE CITY OF FARGO'S STORM WATER RATE CHANGE?

In the near term, the rate change is not expected to significantly affect single-family homes or small commercial properties, as these properties already pay a charge close to their calculated cost of service. Large non-residential properties or properties with substantial amounts of impervious, or paved area, are expected to see an increase. Expected increases to these larger parcels are due to the respective increased service demands placed on the system.

NOTE: The City of Fargo plans to implement a credit policy along with the new fee structure to allow larger and more impacted storm water users to reduce their fee for service based on storm water controls that an individual parcel may already have or have the ability to put in place which exceed the City's existing storm water management policies.

HOW IS THE CITY OF FARGO'S PROPOSED STORM WATER RATE DESIGNED?

In 2018, the City of Fargo's Storm Water Utility is proposing to base monthly storm water fees on each parcel's Impervious Surface Area and Gross Area.

BENEFITS OF CALCULATING STORM WATER FEES BASED ON IMPERVIOUS SURFACE AREA & GROSS AREA:

- Method is far more accurate than the current fixed fee approach.
- Accounts for parcel size and intensity of development.
- All parcels that impact the storm water system can be charged based on their level of service from the system. The current fee approach does not allow for a charge to be levied if a parcel does not receive other utility services.

The table below illustrates how the City of Fargo will use the gross area and amount of impervious area on each property to calculate each parcel's monthly storm water rate.

CITY OF FARGO STORM WATER UTILITY RATE DESIGN BASED ON 2018 RATE REVENUE REQUIREMENTS*

*Final rate determination subject to change through 2018 Budget Process.

MONTHLY MINIMUM RATE (ALL LAND USE TYPES) *Existing Monthly Minimum is proposed to be charged until Impervious and Gross Area charges exceed minimum cost of $3.00/month	$3.00
MONTHLY IMPERVIOUS AREA CHARGE PER 100 SQ FT	$0.04892
MONTHLY GROSS AREA CHARGE PER 100 SQ FT	$0.00535