



City of Pipestone

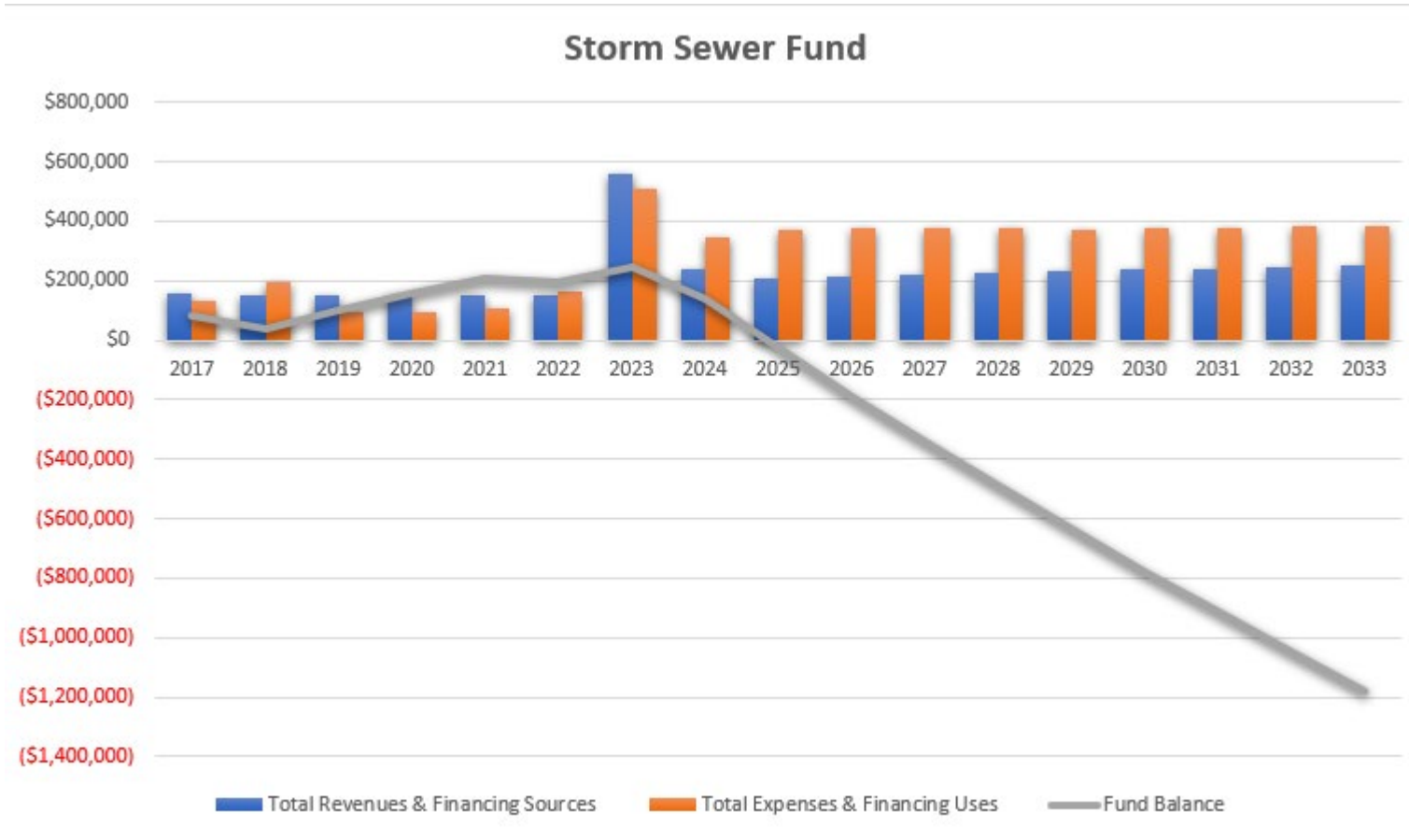
Storm Sewer Rate Study

June 28, 2023

Current Rate Structure

Property Class	Monthly Rate
Residential (<25,000 sq ft)	\$5.50
Large Residential (>25,000 sq ft)	\$7.00
Commercial	\$13.00
Large Commercial	\$16.00

Current Fund Balance Projection



Capital Improvement Plan

Improvement	Year	Amount
Equipment	Annually	\$ 10,000
Nichols' and Sanfords' Addition Phase 3	2024	\$267,200
Placeholder	2025	\$250,000
Placeholder	2026	\$250,000
Placeholder	2028	\$250,000
Placeholder	2030	\$250,000
Placeholder	2032	\$250,000

Proposed Rate Design

Residential Equivalency Factor (REF) x Acreage x Fee

- Most common rate design
- Balances equity with ease of administration
- Single-Family Homes and Duplexes are billed the fixed monthly fee

Proposed Fee = \$10.00 per month

Proposed Rate Structure

Property Class	Proposed Monthly Rate	New Proposed Rate
Residential (2 acres)	\$10.25	\$10.00
Large Residential (> 2 acres)	\$20.50	
All other developed parcels	\$10.25 x REF x Acreage <i>(Up to \$100 maximum charge)</i>	\$10.00 x REF x Acreage <i>(Up to \$100 maximum charge)</i>

REF's for Property Classes Other Than Single Family Homes and Duplexes

PROPERTY CLASS	Prior REF	New REF
Agricultural/Undeveloped	0.00	0.00
School	1.50	1.70
Multifamily	1.60	1.80
Institutional	1.60	1.80
Commercial	1.70	1.90
Industrial	1.70	1.90

Rate Design

- Undeveloped properties will not pay a storm sewer fee
 - ✓ Vacant lots
 - ✓ Agriculturally zoned property
- City-owned property will not pay fee
- Minimum storm sewer fee of \$17.50 for all non-residential parcels
- Maximum fee will be \$100 per month per parcel

Sample Storm Sewer Bills – Commercial

Property	Acreage	Current Fee	2024 Proposed Fee	\$ Monthly Increase
Mark's Electric	.07 Acres	\$13.00	\$17.50	\$4.50
Windy Ridge Vet Clinic	1.94 Acres	\$5.50	\$36.87	\$31.37
Coborn's Inc	4.14 Acres	\$16.00	\$78.58	\$62.58
S & S Truck Repair	5.17 Acres	\$16.00	\$98.31	\$82.31

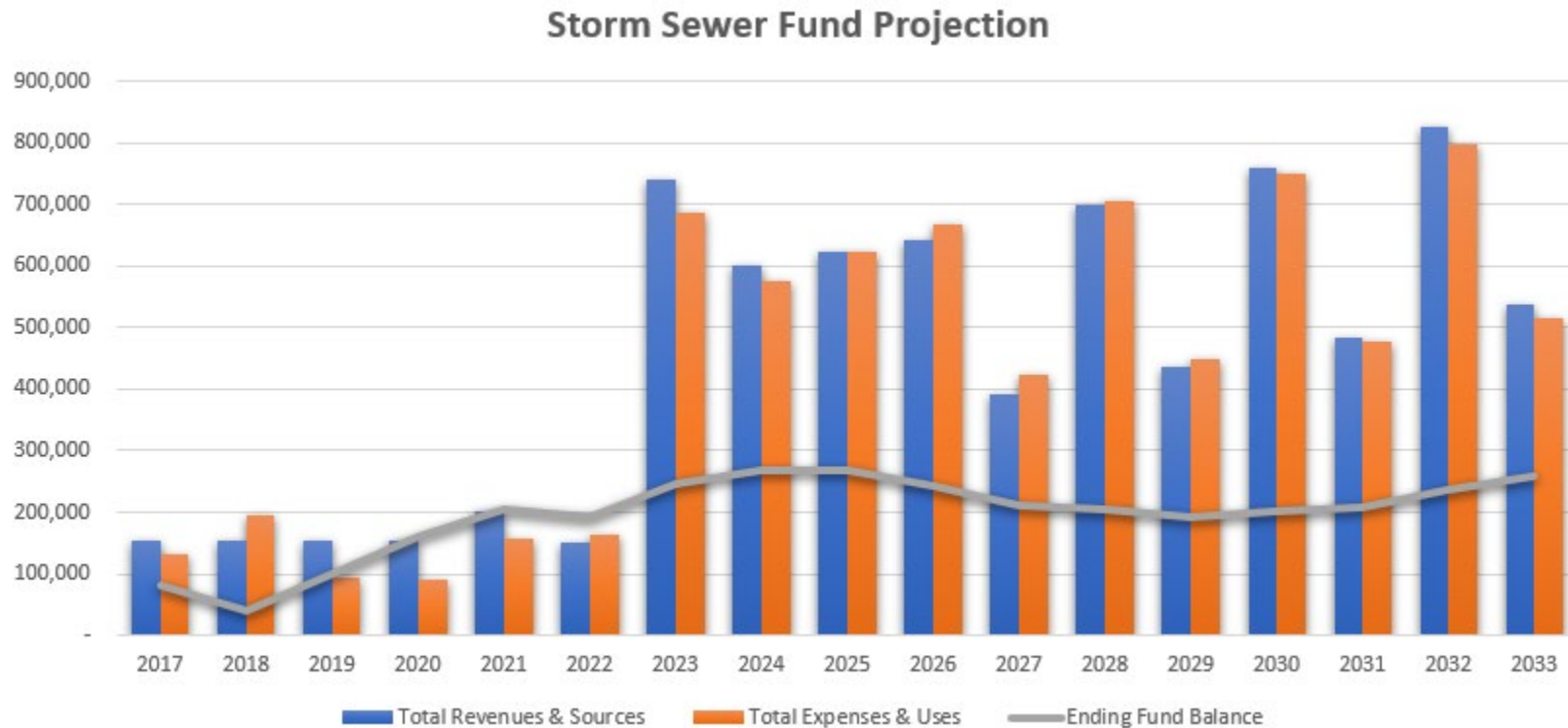
Future Rates and Revenue

Assumes \$250,000 in additional street projects in 2025, 2026, 2028, 2030, and 2032

Residential Storm Fees

	2024		2025		2026		2027		2028	
Monthly Rate	\$	10.00	\$	10.60	\$	11.24	\$	10.93	\$	12.62
Yearly Revenue	\$	294,136	\$	311,784	\$	330,491	\$	350,321	\$	371,340

Storm Sewer Fund Balance Projection



Next Steps

- Committee discussion and feedback
- Council work session
- Draft ordinance with attorney
- Council adopts new rate ordinance

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