



STAFF REPORT

DATE: August 8, 2017

AGENDA ITEM: Wastewater Incentive Program Extension to Community Septic Systems

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

In June of last year, the Finance Committee recommended and the Council adopted a Wastewater Incentive Program for properties with an existing private on-site sewage treatment system. To encourage people to connect to the municipal sewer sooner rather than later and potentially eliminate environmental concerns related to some private systems, an incentive of 50% or (\$2,000) of the SAC and connection fee is available to those connecting to municipal sewer within one year of the date the connection is available. City ordinance and Met Council rules otherwise allow properties two years to connect.

ISSUE BEFORE COUNCIL:

Should the incentive be extended to both private and public community septic systems?

PROPOSAL DETAILS/ANALYSIS:

A map showing the city owned community septic systems is included in your packet. Approximately 50 RECs (Residential Equivalent Connections) could be impacted by this incentive. The community septic systems shown on the second page are not currently within the MUSA but could be added at a future date.

Currently, these properties are exempt from paying the \$2,485 Met Council SAC charge per REC.

The Mayor asked that we discuss extending the incentive to community septic systems at a previous work session. It went to the Finance Committee in May. They did not make a recommendation on it, as they wanted to wait for an updated utility pro forma. The pro forma is scheduled to be presented to the Finance Committee in September.

FISCAL IMPACT:

Impact to the wastewater fund could be a loss of \$100,000 in future revenue if all participate in the incentive. The wastewater fund had an ending unrestricted balance of \$2,406,958 as of 12/31/16.

OPTIONS:

- 1) Recommend the Wastewater Incentive be extended to those properties on city owned community septic systems.
- 2) Offer another incentive for these properties
- 3) Do not recommend the Wastewater Incentive be extended to those properties on city owned community septic systems.

ATTACHMENT:

- Community 201 Systems Map