



## **STAFF REPORT**

DATE: March 13, 2018

### **DISCUSSION**

Item #4

**AGENDA ITEM:** Penalty for Delayed Sewer Connection

**SUBMITTED BY:** Kristina Handt, City Administrator

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### **BACKGROUND:**

In 2016, the Council updated Chapter 51 of the city code to require any building used for human habitation or in which a toilet or other plumbing facility for the disposal of human waste is installed and located on property adjacent to a sewer main, or in a platted block through which the system extends, shall be connected to the municipal sanitary sewer system **within 2 years** from the date on which a connection is available to the building. Previously ordinance required connection within 1 year. The change was made to allow for the wastewater incentive credit for existing properties on septic.

We are at the two year mark for Old Village Phase 1 properties which received their notice of connection availability on 3/9/16. We have four properties (2 residential and 2 commercial) which have not yet connected. Staff sent them reminder letters in February 2018.

### **ISSUE BEFORE COUNCIL:**

How should the city respond to those properties not hooking up to municipal sewer within the 2 year time frame?

### **PROPOSAL DETAILS/ANALYSIS:**

Strict interpretation of our ordinances would result in a code violation being passed to the City Prosecutor and penalties under Section 10.99 of the code (misdemeanor for not complying with code). Staff reached out to other communities to see how they handle similar situations. Examples from other communities include: (1) city connecting the property to sewer and assessing the costs to the property, (2) prosecution as code violation, (3) late connection charge, (4) deed restriction recorded against property, or (5) monthly service charge (in communities that charge monthly for utilities).

Staff would propose the Council pursue a variation of the last example by charging the sewer base charge (currently \$53.03 for residential properties) each quarter. This would be the least burdensome to enforce and the least impact to property owners while still balancing the needs of the system (such as providing the funding necessary to maintain the sewer infrastructure that was put in place to extend municipal sewer) and protecting the financial investment.

For commercial properties (which currently don't have a base sewer charge) staff would propose charging the residential base charge multiplied by the number of REC (residential equivalent charge) as determined by the Engineering staff in the feasibility studies for the project. So for one commercial property their quarterly fee would be \$159.09 (3 RECs) and the other would be \$212.12 (4 RECs). The fee would be adjusted annual in the same proportion as the residential sewer base fee until such time as the property connects to municipal sewer.

### **FISCAL IMPACT:**

By charging the base sewer fee, the sewer fund will be less impacted from the loss of revenue as projected in the utility studies. Long range financial plans assume that connections are made within 1-2 years of service being available. Since all of these properties already receive a water bill quarterly, there will not be any additional expense to the city to add this to the billing. Any unpaid charges will then be certified to the property tax levy in the fall in the same manner as any other unpaid utility charges.

**OPTIONS:**

- 1) Direct staff to prepare an ordinance amendment to charge the sewer base charge per REC for properties not connecting to municipal sewer within two years from the date service is available
- 2) Direct staff to prepare a different penalty amendment to the sewer ordinance
- 3) Make no changes to the ordinance (staff will utilize the misdemeanor penalty for enforcement)