



CITY OF SPRING PARK
WORK SESSION AGENDA
JUNE 17, 2024 – 5:30 PM
SPRING PARK CITY HALL

(Work Session discussion times are approximate)

1. 5:30: Fire District – Chief Pederson
2. 5:45: Utility Billing: Code Language, Current & Proposed
 - a. Chapter 34: Utilities (current code language)
 - b. Utility Invoice: Penalties (back page)
 - c. League of MN Cities: Model Ordinance/Code Language for Utility Rates and Charges (example to update code language and procedure)
 - d. League of MN Cities: Handbook, Securing Water/Sewer Rates (informational)
3. 6:00: Utility Billing Rate Discussion
4. 6:20 Miscellaneous
5. 6:30: Adjourn

CITY CODE

CHAPTER 34: UTILITIES

- **DIVISION 2. - RATES AND CHARGES**

- **Sec. 34-191. - Determination.**

Rates, fees and meter deposits shall be determined by the city council and specified in the utilities department rate schedule.

(Ord. No. 32, ch. III, § 3:00, 6-1-1964)

- **Sec. 34-192. - Charges and methods of payment.**

Charges for water service shall be based upon the metered quantity of water which a property owner or occupant draws from the municipal system. The utilities superintendent shall determine the usage (quarterly) of water for each individual connection in accordance with the utilities department rate schedule, adopted by resolution of the city council. Uniform billing procedures shall be established by the administrator/clerk/treasurer.

(Ord. No. 32, ch. III, § 4:00, 6-1-1964)

- **Sec. 34-193. - Delinquent accounts.**

The individual accounts shall become due immediately following billing. A penalty, as prescribed in the utilities rate schedule, shall be added to the next quarterly billing for any account unpaid one month after the date of billing. An additional penalty shall be added for each subsequent month in which such account is unpaid. All charges which are delinquent one year or more on September 30 of each year and which have been properly billed to the premises may be certified by the administrator/clerk/treasurer to the county auditor between October 1 and 10 of each year. In certifying such charges, the amount, the legal description of the premises served, and the name and owner shall be specified. The amounts so certified, together with the service charges and interest at the rate of six percent per annum, shall be extended by the county auditor on the tax rolls against such premises in the same manner as taxes and shall be paid to the city along with the taxes.

(Ord. No. 32, ch. III, § 4:01, 6-1-1964)

- **ARTICLE IV. - EQUALIZATION CONNECTION FEE**

[SHARE LINK TO SECTION](#)[PRINT SECTION](#)[DOWNLOAD \(DOCX\) OF SECTION](#)[EMAIL SECTION](#)

- **Sec. 34-291. - Purpose.**

[SHARE LINK TO SECTION](#)[PRINT SECTION](#)[DOWNLOAD \(DOCX\) OF SECTION](#)[EMAIL SECTION](#)

(a)

The city municipal sewer system includes lift stations, force mains, trunk lines, laterals and interceptors. The city municipal water system consists of a treatment plant, water tower, deep wells, pumps, hydrants, large and small dispersal lines, and an iron removal treatment plant. These systems have been and are designed, installed, maintained and replaced, when required, to serve the present and future use of all land within the city.

(b)

It is the policy of the city that all users receiving the benefits of the municipal water and sewer systems bear the increasing costs of design, installation, maintenance and replacement of those systems. To accomplish this end, an equalization connection fee is established to be paid for the connection of each self-contained living unit to the municipal water and/or sewer system when such a self-contained living unit is newly created by means of original construction, expansion of existing premises, common interest community conversion or otherwise. This subsection shall not apply to any such units which have previously been specially assessed for the costs of construction and/or expansion of the sewer and water systems described in subsection (a) of this section.

(Ord. No. 32:09, § II, 6-21-1982)

- **Sec. 34-292. - Equalization fee based on units.**

(a) The city council shall determine the costs attributable to increase the reserve capacity necessary for expansion and maintenance of the municipal water and sewer systems, which shall be based on engineering estimates obtained by dividing the cost of sewer and water improvements benefiting future development by the projected number of future equivalent units. Equalization fees shall be adjusted in accordance with the Engineering News Record Construction Cost Index, or similar publication, in order to enable the charges to remain abreast of inflationary trends. Such fees shall be determined by the city council from time to time in accordance with the criteria set forth in this subsection.

(b) Definition and computation of units shall be as follows:

(1) Single-family houses, townhouses and duplex units shall comprise one unit for each living unit.

(2) Common interest communities and apartments shall each comprise one unit for each living unit.

(3) Other buildings and structures shall be assigned one unit for each 100,000 gallons of flow per year which it is estimated they will discharge, and commercial and industrial building units shall be assigned a minimum of one unit.

(4) Basis for determination of units for commercial, industrial and institutional connection shall be the same as determined by metropolitan waste control commission's SAC charge schedule.

(Ord. No. 32:09, § III, 6-21-1982)

- **Sec. 34-293. - Payment of equalization/availability fees.**

The equalization connection fee shall be due and payable in full upon application for a building permit for original construction or expansion of existing premises when such construction or expansion is intended to create one or more new self-contained living units, or, in the alternative, upon application for a common interest community conversion license.

(Ord. No. 32:09, § IV, 6-21-1982)

PLEASE REMIT TO
CITY OF SPRING PARK
4349 WARREN AVENUE
SPRING PARK, MINNESOTA 55384

Please Remember

- Do not send cash through the mail
- Write your account number on your check or money order
- Make sure you sign your check
- Include your payment stub with your check

PENALTIES

Delinquent Bills: Bills are due 30 days after presentation, after which, if unpaid a 10% penalty will be added. A 5% penalty will also be added to the unpaid balance on the next quarter's billing statement.

Dishonored Checks: Whoever issues a check that is dishonored is liable for a \$30.00 service charge.

Damage To Meters: There is a \$200 minimum service charge for any repairs the City makes on water meters due to damage.

Property Owners: Property owners are responsible for utility bills. No matter if they occupy the property or not. If requested, courtesy copy can be mailed to the occupants.

If an unpaid balance remains for more than 90 days, water service will be shut off without further notice. For restoring this service a fee for shut off and turn on shall be paid in addition to the unpaid balance.

If a delinquency exists for more than one year, the unpaid amount plus penalties and interest shall be certified to the County Auditor for collection on the property taxes.

Establishing City Water and Sewer Accounts, LMC Model Ordinance

League models are thoughtfully developed by our staff for a city's consideration. Models should be customized as appropriate for an individual city's circumstances in consultation with the city's attorney. Helpful background information on this model may be found in ["Securing Payment of Utility Charges"](#).



This icon marks places where the city must customize the model. They offer additional provisions, optional language, or comments for your consideration. The icon, and language you do not wish to include, should be deleted from this model before use. Make other changes, as needed, to customize the model for your city.

ORDINANCE NO. XX

AN ORDINANCE ESTABLISHING CITY WATER AND SEWER ACCOUNTS, RATES AND PROVIDING FOR COLLECTION OF DELINQUENT CHARGES

The City Council of **Spring Park**, Minnesota ordains:

SECTION 1. DEFINITIONS

For the purposes of this Ordinance, the following capitalized terms listed in alphabetical order shall have the following meanings:

1.1 Account. A record of utility services used by each property and the periodic costs for those utility services.

1.2 City. The City of **Spring Park** County of Hennepin, State of Minnesota.

1.3 City Utility System. Facilities used for providing public utility service owned or operated by City or agency thereof, including sewer, storm sewer and water service.

1.4 Utility Rate Schedule. A schedule of all utility rates and charges set by ordinance of the City.

1.5 Waterworks System. Water and sewer transmission pipes, lines, fixtures, meters and all necessary equipment and appurtenances owned or operated by the City utility system for the purpose of providing water and sewer services for public or private use.

SECTION 2. ACCOUNTS.

All accounts shall be carried in the name of the owner who personally, or by his or her authorized agent, applied for such service. The owner shall be liable for water and sewer services supplied to the property, whether he or she is occupying the property or not, and any unpaid charges shall be a lien upon the property.

SECTION 3. BILLING.

Water, sewer, charges shall be billed on one bill as applicable to each account. All charges for water, sewer, shall be due upon receipt and considered delinquent after the tenth day of the following month. All bills shall contain the title, address and telephone number of the official in

charge of billing; the title, address and phone number shall be clearly visible and easily readable. Bills shall be mailed to the customers on or before the fifth day of January, April, July, and October of each year and specify the water consumed and the sewer charges in accordance with the current fee schedule set by ordinance of the City council.



You may insert “and” followed by any other utility service charges you may wish to name in all the blanks provided in Section 3. If the city has none, delete this field. Note: Consult the city attorney before adding unpaid electrical charges to this ordinance.

SECTION 4. UTILITY RATE SCHEDULE.

4.1 The utility rate schedule shall be adopted annually by ordinance of the City Council.

4.2 The City Council ordinance setting out the utility rate schedule shall also establish the number of certification cycles per year. At least one certification cycle will be timed each year to coincide with Hennepin County’s requirements for certification to the following year’s taxes. Additional certification cycles may be set in the annual rate schedule ordinance. Each year, the council shall establish one or more certification cut-off dates. All city utility accounts, unless exempt for other legal reason, which have been billed a delinquent bill and remain unpaid as of the certification cut-off date shall have the balance on the account including in a preliminary certification list.

SECTION 5. DELINQUENT ACCOUNTS.

5.1 Penalties. A late payment penalty of [redacted] percent shall be assessed on all accounts with a past due balance.

5.2 Shut-off for nonpayment. Water shall not be shut-off until notice and an opportunity for a hearing before the city council or an employee designated by the city council have provided to the occupant and owner of the premises involved.

5.2.1 If any bill is not paid by the due date listed on the bill, a second bill will be mailed by first class mail and shall state that if payment is not made within ten days of the mailing of the second bill, water service to the premises will be shut off for nonpayment.

5.2.2 The second bill and shut-off notice contain the title, address and telephone number of the official in charge of billing; the title, address and phone number shall be clearly visible and easily readable.

5.2.3 The notice shall also state that any occupant or owner has the right to a hearing before the water service is shut off. The owner or occupant may be represented in person and by counsel or any other person of his or her choosing. The owner or occupant may present orally or in writing his or her complaint to the city official in charge of utility billing. This official shall be authorized to order continuation of the customer’s service and shall have the authority to adjust the customer’s bill or enter into a mutually agreeable payment plan.

5.2.4 If an occupant or owner requests a hearing, the water shall not be shut off until the hearing process is complete.

5.2.5 If a customer fails to pay and fails to request a hearing under this part, service will be shut off at the time specified in the notice but not until the charges have been due and unpaid for at least 30 days.

5.3 Certification for collection with taxes. Unpaid charges on sewer and water accounts shall not be certified to the county auditor until notice and an opportunity for a hearing have been provided to the owner of the premises involved. The notice shall be sent by first class mail and shall state that if payment is not made before the date for certification, the entire amount unpaid plus penalties will be certified to the county auditor for collection as other taxes are collected. The notice shall also state that the occupant may, before such certification date, attend or schedule a hearing on the matter to object to certification of unpaid utility charges.

In addition to any penalties provided for in this ordinance if any person, firm or corporation fails to comply with any provision of this ordinance, the Council or any city official designated by it, may institute appropriate proceedings at law or at equity to procure payment.

5.4 Optional payment before certification. The owner of the property shall have the option of paying the balance due on the account until the date the notice of the certification hearing is mailed. After the date the notice of certification hearing is mailed, payments will still be accepted but will include unpaid penalties.

5.5 Hearing required. A hearing shall be held on the matter by the City Council. Property owners with unpaid utility charges shall have the opportunity to object to the certification of unpaid charges to be collected as taxes are collected. If, after the hearing, the City Council finds that the amounts claimed as delinquent are actually due and unpaid and that there is no legal reason why the unpaid charges should not be certified for collection with taxes in accordance with this ordinance, the City may certify the unpaid charges to the county auditor for collection as other taxes are collected.

5.6 Hearing options. For each certification sustained, the property owner shall have the following options after the hearing,

5.6.1 To pay the delinquent amount listed on the preliminary roll, but without additional interest after the hearing, within ten day of the hearing date.

5.6.2 To pay the certified delinquent amount after the hearing date, but before the county certification deadline, with interest at the rate set in the adopted rate schedule, accrued beginning on eleventh day following the hearing date through the date of payment.

5.6.3 To pay the certified charges as billed to them by Hennepin County on their property tax statement with a collection term of one year.

5.7 Delivery to County. Fifteen days after the hearing, the certified roll, minus any payments, shall be delivered to Hennepin County.

SECTION 6. OTHER REMEDIES

In addition to any procedures or penalties provided for this ordinance if any person, firm or corporation fails to comply with any provision of this ordinance, the council or any city official designated by it may institute appropriate proceedings at law or at equity to procure payment and or enforce the provisions of this ordinance.

Passed by the City Council of **Spring Park**, Minnesota this _____ day of Month, Year.

Mayor

Attested:

City Clerk

**LEAGUE OF MN CITIES - HANDBOOK FOR MN CITIES CHAPTER 11: CITY REGULATORY
FUNCTIONS**

SECURING PAYMENT OF UTILITY CHARGES

Informational memo including statutes and relevant links

Full Article can be found [here](#).

Municipal sewer, water, and storm water charges set by ordinance:

To enforce collection of utility charges, include an explanation of charges and methods of collection in the local ordinance. The fee schedule itself should be adopted by ordinance, rather than resolution, to give it the weight and enforceability of a local law.

Water Conservation:

Current water conservation law provides flexibility to municipal water utilities. To conserve groundwater, municipal water utilities serving more than 1,000 people must include a “conservation rate structure” or a uniform rate structure combined with other ways to reduce demand for water before requesting approval from the commissioner of Health to construct a public water supply well or requesting an increase in the authorized volume of water appropriation. “Demand reduction measures” are measures that reduce water demand, water losses, peak water demands, and nonessential water uses.

Conservation rates:

If a conservation rate is applied to multifamily dwellings, the rate structure must consider each residential unit as an individual user. For multi-unit dwellings, the rate schedule must include calculating water rates based on counting each residential unit as an individual user. The law does not specify the type of conservation rate system required but now, city water utilities must **not** offer a rate structure that rewards consumption. So, rates must not go down based on increased consumption of water.

Sanitary sewer charges:

The law defines “sanitary sewer” to include sanitary sewer systems, sewage treatment works, disposal systems, and other facilities for disposing of sewage, industrial waste, or other waste. For sanitary sewers, cities may assess charges according to the amount of water consumed or by reference to a reasonable classification of the types of premises receiving the service. Cities may also combine these formulas to set sanitary sewer charges based on the type of property and the amount of water used. Sanitary sewer charges must not be based on the size, or square footage, of the property served.

Water charges:

Cities may charge based on water consumed. In addition, cities may charge flat rates, or usage charges based on property classification, availability, and connection charges, for municipal water or sewer service. A flat rate is a constant charge independent of water usage that may vary based

on the classification of the property (for example, commercial or residential). The advantage of a flat rate is simplicity; the disadvantage is that it does not encourage conservation.

Metered usage charges are based on the amount of water consumed and on classifications of property. Typically, the classifications are residential, farm, commercial, industrial, and institutional. Connection charges may be set by reference to actual cost of connection as well as by reference to assessments paid by connecting property or by any other method, if connection charge is "just and equitable." The governing body of the utility (either the city council or the local public utilities commission) decides what method to use to determine the connection charges. Availability or standby charges are additional charges or fees imposed by a municipal water utility on the owners of structures equipped with fire protection systems such as standpipes, hydrants, or automatic fire protection sprinkler systems. State law limits availability or standby charges to the cost of supplying water, and the actual cost of installing, inspecting, and maintaining the system. The term "availability charge" is also used as a basis for an acceptable charge against landowners whose property abuts a water or sewer line, even if the owner does not connect to the line. This charge recognizes the ability to connect to the system as a value to the property