



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: Chris Eitemiller, Finance Manager
Date: December 18, 2023
Item: Second Reading of Chapter 34: Fees

Council Action Requested:

Council is requested to hold the second reading and approve ordinance amendment adjusting various City fees.

Background Information:

Utility fees

In 2023, the City worked with Northland Securities on a Utility Rate review which looked at the sustainability of our utility funds to cover projected capital needs over the next several years. The review recommends rate increases for water, sewer, and storm water.

In accordance with this review, staff recommends a 3.5% increase in water rates. This will help fund infrastructure improvements and other capital maintenance projects. Corrections were made to five fees from the first reading.

A 4.5% increase is recommended for our sewer rates. This adjustment keeps the fund in line with inflationary increases to expenditures and assist with funding the infrastructure improvements and capital asset purchases in the coming years.

A 4% increase is also recommended for our Storm Water Fund. The Storm Water Fund's future capital projects are driving this proposed increase.

Water and Storm Water rate increases match what was implemented for 2023, whereas the Sewer rates increased from 2.0% to 4.5% due to increased capital expenditure projections.

Credit Card Convenience Fee

The City must pay fees to credit card companies for each credit card transaction. Government agencies and private businesses are allowed to charge a convenience fee for customers paying with a credit card. For 2023, the average percentage of credit card transaction fees paid by the City is 3.7%. Staff requests permission to add this new charge to the City fee schedule.

Ambulance Fees

The Fire/EMS department proposes to increase ambulance run fees. The ambulance fees were last increased in 2022. In comparing rates with neighboring communities, Hastings was considerably lower. Meanwhile, costs have increased for operating our ambulance service. Increasing costs include maintenance, fuel, and replacement of the ambulances, as well as EMS supplies, medications, various EMS equipment and medical devices, as well as additional hiring.

SAC/WAC Fees

These fees charge development-related infrastructure to the new development, rather than passing the costs along to utility customers. As part of the utility rate study conducted by Northland Securities, and presented to the City Council on September 18, 2023, there are recommended increases.

- a. Increase WAC fee from \$2,306.25 to \$2,957 per unit
- b. Increase SAC fee from \$708.75 to \$945 per unit

Arena Fees

The Parks Department proposes to increase ice rental rates, dry floor rental, public skate session fees and birthday party packages beginning on July 1, 2024 to help offset continually increasing operating expenses.

Even with this increase, Hastings will have lower prime time rental rates than all but one of twenty ice arenas in this immediate area. Non-prime time rental rates will also be near the bottom of this area, with seven of the twenty arenas having lower rates at non-prime times. The spring/summer rental rates are also near the bottom of this group of arenas.

Other Parks Fees

The Parks department proposes a number of maintenance-related rate increases in other areas, such as Park rentals and softball league fees. These fees are increased periodically to help offset increasing expenses. Some equipment rental and recreation programs have been discontinued, so this is also noted on the fee table.

Police Fees

The Police department requests to add some fees and update language to conform to state law. The department also requests increasing the animal impound fee to offset increased expenses paid to board these animals. Some of the Dangerous and Potentially Dangerous dog fees had been established in ordinance previously but had not yet been specifically defined in the fee schedule. Language to allow charging data subjects actual cost for requested documents was inadvertently omitted from the 1st Reading.

Cannabis License Fees

Based on changes in state law earlier this year, the cannabis retail license fees are being amended.

Financial Impact:*Utility Fees*

The proposed rate increase is included in the 2024 budget. It is anticipated this increase will create a neutral or positive revenue stream from each of the utility funds. Rate increase requests in future years will be evaluated based on the fund health and are expected to be in line with inflationary measures and capital projects.

If approved, the updated fee structure will be effective with the January 2024 billing.

Residential Impact Chart – quarterly bill

Average Single Family Home City Average Based on 15,000 Gallons					
	2023	2024	Variance		
Water-Consumption	\$ 18.15	\$ 18.79	\$		0.64
Water-Fixed	\$ 20.10	\$ 20.80	\$		0.70
Water-Total	\$ 38.25	\$ 39.59	\$		1.34
Sewer-Consumption	\$ 65.94	\$ 68.91	\$		2.97
Sewer-Fixed	\$ 19.42	\$ 20.29	\$		0.87
Sewer-Total	\$ 85.36	\$ 89.20	\$		3.84
Storm Water-Fixed	\$ 21.55	\$ 22.41	\$		0.86
MN Test Fee	\$ 2.43	\$ 2.43	\$		-
Total Bill	\$ 147.59	\$ 153.63	\$		6.04

Credit Card Convenience Fee

Credit card transaction expenses currently absorbed the City are projected to total approximately \$112,000 in 2023. By adding 3.7% to each credit card payment processed, the City will generate revenue to provide this service rather than needing tax revenues to offset these expenses.

Ambulance Fees

The proposed rate increase is not included in our 2024 budget. Due to two years of poor Ambulance revenues, staff requests this rate increase be allowed as a method to improve the Fire/EMS fund’s financial position. Whatever the new rates generate would first go to replenishing the Fire/EMS fund’s equity. The 2024 revenues generated would provide a dependable baseline to be used in building the 2025 budget. Eventually, increased ambulance revenues, while supporting Ambulance services, will simultaneously help reduce the amount of property taxes needed to provide this service.

Arena Fees

The ice rental rates are schedule to begin on July 1, 2024, and would generate funding to help pay for increasing costs.

Other Parks and Police Fees

The other proposed fee changes for both Police and Parks would not generate substantial revenues and are intended to maintain a similar level of revenue to offset cost increases.

Advisory Commission Discussion:

N/A

Council Committee Discussion:

The November 27th Finance Committee meeting included discussion on the utility funds and rate increase requests.

Attachments:

Ordinance amendment and full Fee Schedule changes

SECOND READING

CITY OF HASTINGS, MINNESOTA

ORDINANCE NO. 2023- THIRD SERIES

AN ORDINANCE OF THE CITY OF HASTINGS, MINNESOTA AMENDING CHAPTER 34 OF THE HASTINGS CITY CODE PERTAINING TO FEES FOR MUNICIPAL SERVICES

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HASTINGS AS FOLLOWS:

Chapter 34 of the Hastings City Code is hereby amended as follows: Section 34.03

Fee Schedule

Public Works Fee Changes		
	Current	Proposed
SAC Fee	\$780.75 per unit	\$945.00 per unit
WAC Fee	\$2,306.25 per unit	\$2,957.00 per unit
Water Base Charges		
5/8" & 3/4" Meter	\$20.10	\$20.80
1.0" Meter	\$50.25	\$52.00
1.25" & 1.5" Meter	\$100.50	\$104.02
2.0" Meter	\$160.79	\$166.42
3.0" Meter	\$301.50	\$312.05
4.0" Meter	\$653.21	\$672.81
6.0" Meter	\$1,406.92	\$1,456.16
Irrigation Base Charges		
5/8" & 3/4" Meter	\$40.20	\$41.60
1.0" Meter	\$100.50	\$104.00
1.25" & 1.5" Meter	\$201.00	\$208.04
2.0" Meter	\$321.58	\$332.84
3.0" Meter	\$603.00	\$624.10
4.0" Meter	\$1306.42	\$1,345.62
6.0" Meter	\$2,813.84	\$2,912.32

Water Consumption		
Residential Users (applies all year)		
0 – 15,999 gallons	\$1.21/1,000 gallons	\$1.25/1,000 gallons
16,000 – 30,999 gallons	\$1.57/1,000 gallons	\$1.62/1,000 gallons
31,000 – 60,999 gallons	\$2.52/1,000 gallons	\$2.61/1,000 gallons
61,000 gallons and above	\$4.78/1,000 gallons	\$4.95/1,000 gallons
Other Users		
0 – 15,999 gallons	\$1.21/1,000 gallons	\$1.25/1,000 gallons
16,000 – 75,999 gallons	\$1.57/1,000 gallons	\$1.62/1,000 gallons
76,000 – 200,999 gallons	\$2.52/1,000 gallons	\$2.61/1,000 gallons
201,000 gallons and above	\$4.78/1,000 gallons	\$4.95/1,000 gallons
Sewer Rates		
Sewer Fixed Charges	\$19.42	\$20.29
Sewer Consumption Charge (based on metered use during winter billing quarter)	\$4.40/1,000 gallons	\$4.60/1,000 gallons
Storm Water Utility Rates		
Low Density Residential	\$21.55/lot	\$22.41/lot
Medium Density Residential	\$11.85/lot	\$12.32/lot
High Density Residential	\$84.00/acre	\$87.36/acre
Manufactured Housing	\$64.62/acre	\$67.20/acre
Commercial/Office	\$103.38/acre	\$107.52/acre
Industrial	\$90.45/acre	\$94.07/acre
Public/Institutional	Exempt/acre	Exempt/acre
Golf Course	\$19.40/acre	\$20.18/acre
Open Space/Vacant	\$21.55/lot	\$22.41/lot
Agricultural	\$21.55/lot	\$22.41/lot

Parks and Recreation Fee Changes		
	Current	Proposed
Civic Arena Dry Floor Rental (effective July 1, 2024)		
Per hour	\$85.00 plus tax	\$90.00 plus tax
All Day	\$780.00 plus tax	\$900.00 plus tax
Civic Arena Ice Rental (effective July 1, 2024)		
Prime	\$215.00 per hour plus tax	\$220.00 per hour plus tax
Birthday Party Package	\$100.00 plus tax	\$120.00 plus tax
Public Skate:		
Ice Skating	\$5.00	\$6.00
Ice Hockey	\$7.50	\$8.00
Free Style	\$10.00	\$12.00
Session book of 10	\$40.00	\$50.00
Skate Rental	\$3.00	\$4.00

Disc Golf Tournament		
Resident	\$100.00 plus tax per day	\$120.00 plus tax per day
Non-Resident	\$150.00 plus tax per day	\$170.00 plus tax per day
Park Rentals:		
Open Air Shelter Rental		
Resident	\$40.00 plus tax	\$50.00 plus tax
Non-Resident	\$50.00 plus tax	\$60.00 plus tax
Enclosed Shelter Rental		
Resident	\$50.00 plus tax	\$60.00 plus tax
Non-Resident	\$60.00 plus tax	\$70.00 plus tax
Park Space Rental		
Resident	\$40.00 plus tax	\$50.00 plus tax
Non-Resident	\$50.00 plus tax	\$60.00 plus tax
Levee Park:		
Rent entire park		
Resident	\$300.00 plus tax	\$310.00 plus tax
Non-Resident	\$360.00 plus tax	\$370.00 plus tax
Rotary Pavilion – Full Day		
Resident	\$150.00 plus tax	\$160.00 plus tax
Non-Resident	\$180.00 plus tax	\$190.00 plus tax
Rotary Pavilion – Half Day		
Resident	\$80.00 plus tax	\$90.00 plus tax
Non-Resident	\$100.00 plus tax	\$110.00 plus tax
Amphitheater		
Resident	\$100.00 plus tax	\$110.00 plus tax
Non-Resident	\$120.00 plus tax	\$130.00 plus tax
Party Wagon	Multiple rates	\$125.00 plus tax
Softball/Per team:		
Adult Spring/Summer		
Men's League	\$740.00	\$750.00
Women's League	\$590.00	\$600.00
Co-ed League	\$510.00	\$600.00
Adult Fall		
Men's League	\$360.00	\$375.00
Co-ed League	\$360.00	\$375.00
Adult Sand Volleyball		\$260.00 tax included
Adult Bags League		\$50.00 tax included
Memorial Bench Sponsorship	\$800.00	\$1000.00
Parks and Recreation Fees to Remove as Offerings and Programs are no longer in place:		
1) Park Equipment, Winter Equipment, and Picnic Table Rental		

2) Recreation fees for Basketball, Broomball, Disc Golf, Dodge Ball, Football, Kickball

X-E-01

Fire Fees		
	Current	Proposed
Code BLS	\$1,510.00	\$1,992.00
Code ALS-1	\$1,795.00	\$2,685.00
Code ALS-2	\$1,984.00	\$2,826.00

Finance Fees		
	Current	Proposed
Credit Card Convenience fee		3.7%
Late Payment Penalty	10% of amount billed or \$25.00, whichever is greater	10% of amount billed

Police Fees		
	Current	Proposed
False Alarms		
4 th False Alarm	\$150.00	\$200.00
5 th and each subsequent alarm	\$250.00	\$300.00
Dog License		
Two-year (non-spayed or non-neutered)	\$12.00	\$15.00
Dog Pick Up Impound Fees	\$70.00	\$80.00
Potentially Dangerous/Dangerous Dog		
Dangerous Dog Annual Registration Fee	\$500.00	\$500.00
Potentially Dangerous Dog Annual Registration Fee	\$0.00	\$250.00
Dangerous Dog Warning Symbol Signage (required)	\$0.00	\$15.00
Dangerous Dog Warning Symbol Tag (required)	\$0.00	\$7.00
Dangerous Dog Non-refundable Appeal Filing Fee	\$200.00	\$200.00
Police Reports		
Commercial Use Reports – Accident Reports	\$0.00	\$0.50 per record
Commercial Use Reports – Arrest and Citation Reports	\$0.00	\$0.25 per page single-sided \$0.50 per page double-sided
Copies – Member of the Public – 100 or fewer pages black and white copies	\$0.25 per page	\$0.25 per page single-sided \$0.50 per page double-sided
Copies – Member of the Public – 100 or fewer pages color copies	\$0.25 per page	\$0.50 per page single-sided \$1.00 per page double-sided

Copies – Data Subject	\$0.00	Actual Cost
Photos	\$5.00	Actual Cost
Video	\$5.00	Actual Cost
Audio Recording Statements	\$5.00	Actual Cost

X-E-01

City Clerk		
	Current	Proposed
Cannabis Product Retail License	\$8,000.00	\$500.00 Initial and First Renewal \$1000.00 Subsequent Renewals
Cultivation License	\$200.00	\$0.00

Moved by Councilmember
adopt the ordinance as presented.

, seconded by Councilmember to

X-E-01

Adopted by the Hastings City Council on this 18th day of December 2023, by the following vote:

Ayes:

Nays:

Absent:

CITY OF HASTINGS

Mary Fasbender, Mayor

ATTEST:

Kelly Murtaugh, City Clerk

I hereby certify that the above is a true and correct copy of the Ordinance presented to and adopted by the City of Hastings, County of Dakota, Minnesota, on the 18th day of December 2023, as disclosed by the records of the City of Hastings on file and of record in the office.

Kelly Murtaugh, City Clerk