

# Memo

**To:** Honorable Mayor and City Council  
**From:** Joe Kohlmann, City Administrator  
**Date:** February 14, 2012  
**Re:** Echo Bay Townhomes- Irrigation Meter

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Staff was contacted by Mark Sweet concerning Council action on the Echo Bay Townhomes. He stated that he will be exploring other options such as installing a well but needs to know the City's position on his proposal.

Staff has researched (*attached is a memo from Greg Kluver*) other townhome associations. The findings have indicated that the irrigation and water meter setup in Echo Bay is consistent with all identified associations by Staff. Also, Staff was unable to identify any special pricing method offered to these associations.

Also, Staff has calculated Mark's proposal and a total reduction in the Water Bill for 2011 would be \$1,609. The City would also need to amend the 2012 Fee Schedule if an alternative rate were to be established. Also, in order to process Echo Bay's proposal, Staff would need to manually calculate the water bills for the 2<sup>nd</sup> and 3<sup>rd</sup> Quarters. This would result in probably 4 -6 hours from our Billing Clerk each Quarter.

*Attached is a Memo from Greg Kluver summarizing his findings  
Attached is the previous Staff Memo regarding this request from Mark Sweet*

**Council Action to be Considered:**

Determine if the current water rate structure should continue to apply to Echo Bay Townhomes or if there is interest in developing an alternative rate or billing method.

Determine if the late fee should be forgiven since Echo Bay was in discussion with the City over the water bill (\$540).

# Memo

**To:** Honorable Mayor and City Council  
Joe Kohlmann, City Administrator

**From:** Greg Kluver, Public Works Superintendent

**Date:** February 9, 2012

**Re:** Survey of Townhome Irrigation Systems.

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As requested Staff has conducted a survey of townhome irrigation systems similar to that of the Echo Bay Townhome development.

As part of the survey staff contacted Ron Clark Construction and Design. Ron Clark Company built the 16 unit townhome development in Echo Bay. They also built townhome developments in Minnetonka, Chanhassen, Edina, Eagan, Savage and Maple Grove.

In speaking with Ron Clark and his Construction manager, all existing townhome associations as well as new construction in progress still use the same method of Irrigation as was done in Echo Bay. One separate meter handles a common irrigation system for all townhomes. Their reasoning to this approach was based on providing even irrigation to each unit; past experience had shown that independent irrigation systems within the association create problems, one green lawn one brown lawn, etc.

There were also no special water rates associated with the association's irrigation meter. The total volume of water each month or quarter is billed at the conservation rate the volume applies to.

Staff also contacted the Cities of Spring Park, Excelsior, Victoria and Mayer. Each of these Cities with the exception of Excelsior had at least one townhome development with an Association similar to Echo Bay. All developments had the same common Irrigation System with one meter and no special irrigation water rate.

# Memo

**To:** Honorable Mayor and City Council  
**From:** Joe Kohlmann, City Administrator  
**Date:** January 24, 2012  
**Re:** Echo Bay Townhome Association

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Staff has been contacted by Mark Sweet, Association Manager for the Echo Bay Townhome Association. He is proposing alterations to the billing for the irrigation line located in the outlot in the development.

Currently, the Townhome Association has one water connection for an irrigation system that serves 16 units. This irrigation system used **1,204,000** total gallons or **75,250** per unit in **2011**.

In the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter examples from 2011, Mark shows that in the 2<sup>nd</sup> Quarter **230,000** gallons were billed in the highest tier. In the 3<sup>rd</sup> Quarter **832,000** gallons were billed in the highest tier. (**\$5.88 per 1,000 gallons** for gallons used over **72,000**).

Mark is proposing to have the total usage divided by 16 each Quarterly billing. This would result in effectively reducing the billing in the 2<sup>nd</sup> Quarter to approximately 18,000 gallons per unit (first tier **\$4.07 per thousand**). In the 3<sup>rd</sup> Quarter, billing would be reduced to approximately 20,000 gallons billed into the third tier (**\$4.71 per thousand**). *See attached proposal from Mark Sweet with our Bookkeeper's adjustments on his numbers.*

According to Staff, the total reduction in Mark's plan would equal **\$1,609.41** for the 2011 2<sup>nd</sup> and 3<sup>rd</sup> Quarters.

(OVER)

**Considerations:**

- 1) The averaged out water bills for the irrigation would need to be applied to each individual unit (i.e. 18,812 would be added in second quarter to each unit's bill, not just billed at the lowest tiered rate).
- 2) Tonka Village Shopping Center is the only other connection in the City with a similar configuration; any adjustments should be applied to them as well.
- 3) Our utility billing software does not support his proposal operationally and each bill would need to be calculated manually for each unit. The City would need to apply several hours of Staff time plus 30% (weighted) to calculate the bills manually.
- 4) There is no mention of this 17<sup>th</sup> water connection in the Development Agreement. However, there was a permit in the file for the installation.
- 5) Staff has taken the position that the bill is valid and should be paid.  
*See attached email communication.*
- 6) The Association has accumulated a \$540 late fee for not paying these bills (10% of open balance).
- 7) Any changes would require an ordinance amendment to our fee schedule.

*Attached is Mark Sweet's proposal with corrections from Staff on the numbers.  
Attached is email communication between Mark and Staff.  
Attached is Fee Schedule concerning Water Rates.*

**Council Action Requested:**

Discuss Mark Sweet's proposal. At this point, Staff has taken the position that the bill should be paid as is. Council will also need to determine validity of the late fee since Mark was in discussion with the City over the bill.

# Echo Bay Townhomes Irrigation Water Invoicing

## Background

Echo Bay HOA is a 16-unit townhome association located in Tonka Bay, with one main irrigation line. With the newer tiered pricing structure in effect, the HOA's consumption is largely placed into the highest pricing tier – without taking into consideration that there are 16 homes that consume the irrigation water coming off one main water line (meter).

## Tonka Bay's Current Tiered Pricing Structure

<19,000 gallons = \$4.07 per 1,000 gallons  
 #19,000 but <37,000 gallons = \$4.27 per 1,000 gallons  
 #37,000 but <72,000 gallons = \$4.71 per 1,000 gallons  
 #72,000 gallons = \$5.88 per 1,000 gallons

## Echo Bay Actual 2<sup>nd</sup> Quarter 2011 consumption of 301,000 gallons:

18 19,000 gallons in the 1st tier = \$4.07 rate was applied for a cost of ~~\$77.33~~ 73.26  
 18,000 gallons in the 2nd tier = \$4.27 rate was applied for a cost of \$76.86  
 35,000 gallons in the 3rd tier = \$4.71 rate was applied for a cost of \$164.85  
 230 229,000 gallons in the 4th tier = \$5.88 rate was applied for a cost of ~~\$1,346.52~~ 1352.40

Connection  
 11,33 base fee

\$ 1698.70  
 wtr charge

## Echo Bay Actual 3<sup>rd</sup> Quarter 2011 consumption of 903,000 gallons:

18 19,000 gallons in the 1st tier = \$4.07 rate was applied for a cost of ~~\$77.33~~ 73.26  
 18,000 gallons in the 2nd tier = \$4.27 rate was applied for a cost of \$76.86  
 35,000 gallons in the 3rd tier = \$4.71 rate was applied for a cost of \$164.85  
 832 831,000 gallons in the 4th tier = \$5.88 rate was applied for a cost of ~~\$4,886.28~~ 4892.16

11,33 c. connection

\$ 5,218.46  
 wtr charge

2011 Consumption = 1,204,000 total gallons or 75,250 gallons per each home if averaged

## Equitable Billing

A more equitable approach to billing townhome associations of multiple homes like Echo Bay – again when they have (1) main irrigation water line as their source – is to recognize and reflect that there are 16 homes drawing off this main water source, and hence total consumption should be averaged by these 16 homes, to make a fair representation of these homes. As such, the below analysis is what consumption and pricing would look like for 2011 if reflected more equitably by averaging out these 16 homes:

### 2<sup>nd</sup> Quarter 2011 consumption if averaged out to reflect 16 homes in Echo Bay HOA:

18,812 gallons (average per home) in the 1st tier = \$4.07 rate x 16 homes = \$1,224.91

### 3<sup>rd</sup> Quarter 2011 consumption if averaged out to reflect 16 homes in Echo Bay HOA:

18 19,000 gallons in the 1st tier = \$4.07 rate x 16 homes = ~~\$1,237.28~~ 1172.16  
 18,000 gallons in the 2nd tier = \$4.27 rate x 16 homes = \$1,383.48  
 20 19,438 gallons in the 3rd tier = \$4.71 rate x 16 homes = ~~\$1,464.85~~ 1507.20

\$ 4,062.84

## Summary

The cost difference between the current tiered pricing structure (\$6,870.88 actual water bill in 2011) and the HOA's proposed averaged tiered pricing structure (~~\$5,310.52~~ calculated on 2011 consumption) is \$1,560.36 1609.41

Echo Bay Townhome Association understands the need for a tiered pricing structure. However, the current pricing structure does not fairly take into consideration that there are 16 homes in this HOA, and a more equitable approach would be to average water consumption **to accurately reflect that 16 homes consume this water.**

Echo Bay Townhomes would like the Tonka Bay city council to take into consideration our proposal to average irrigation water consumption by the number of homes in our HOA. This approach fairly takes into consideration that 16 homes consume the irrigation water, because we only have one main water line source.

## Joe Kohlmann

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**From:** Joe Kohlmann [jkohlmann@cityoftonkabay.net]  
**Sent:** Tuesday, January 17, 2012 11:16 AM  
**To:** 'Mark Sweet'  
**Cc:** Greg Kluver (gkluver@cityoftonkabay.net)  
**Subject:** RE: Echo Bay water bill - late fee  
Mark,

We have you on the agenda for the City Council meeting on January 24<sup>th</sup>. I would recommend being there at 7:00 p.m. Since we know you are coming, we will try to address your issue right away.

In regards to the late fee invoice, I would anticipate action by the City Council (if any) would address future billing. As stated in a previous email from Greg Kluver:

*I received your request and presented it to the City Manager for consideration, after review of the City Water Ordinance and current fee schedule it is his position that the current bill is appropriate and should be paid. He said you could certainly call him to discuss it further if like. Also an additional option would be to appear before the City Council and present your case.*

I realize there are circumstances surrounding this particular bill. As part of the Council decision, consideration of the late fee will be discussed. They may consider the fact that we have been discussing the bill and waive the late fee. I will definitely present the matter for them to consider forgiving the late fee due to the circumstances.

Hope this provides a clear direction at this point.

Please contact me with any questions.

Thanks,

Joe Kohlmann  
City Administrator  
City of Tonka Bay  
4901 Manitou Road  
Tonka Bay, MN 55331  
(952) 474-7994  
[jkohlmann@cityoftonkabay.net](mailto:jkohlmann@cityoftonkabay.net)

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**From:** Mark Sweet [mailto:marks@citiesmanagement.com]  
**Sent:** Monday, January 16, 2012 6:39 AM  
**To:** 'Joe Kohlmann'  
**Subject:** RE: Echo Bay water bill - late fee

Hello Joe – couple of things for you.

1. Do you have Echo Bay set up for the January 24<sup>th</sup> meeting? Should we plan to be there at 7:00 pm? Anything else we need to do?
2. I just received a \$528 late fee invoice from the city for the last quarterly water bill. I would like this dismissed, as during this time frame I was communicating with you and trying to figure this whole billing situation out – certainly not trying to avoid paying this bill. Given the fact that we are working on a solution here, and are going to present to the council on January 24<sup>th</sup>, would appreciate you removing this fee given all the particulars involved here.

1/19/2012

**CITY OF TONKA BAY  
2011 FEE SCHEDULE**

<b>FEE</b>	<b>AMOUNT</b>
<b>Quarterly Utilities</b>	
<b>Water (quarterly):</b>	
Residential & Commercial -	\$11.33 flat rate AND
0-18,999 gallons =	\$4.07 for every 1000 gallons
19,000 – 36,999 gallons =	\$4.27 for every 1000 gallons
37,000 – 71,999 =	\$4.71 for every 1000 gallons
72,000 and above =	\$5.88 for every 1000 gallons
MN Water Testing Fee	1.59
<b>Sewer (quarterly):</b>	
Residential (base)	123
Commercial	123
Water usage over 10,000 gal.	4.07 for every 1,000 gal.
<b>Garbage (quarterly):</b>	
Non-recycling	64.72
Recycling	37.74
Senior Citizen (one can)	35.70
Recycling	21.60
<b>Storm Water Drainage Fee</b>	
Residential	3.50
Commercial	Based on sq. ft.
<b>Right-of-Way Permit</b>	100
<b>Sanitary Sewer – Connection/Disconnection Permit</b>	
Residential	60
Commercial	100
SAC Charge	2,100
<b>Sewer/Water Maps</b>	15
<b>Sign Permit</b>	75
<b>Sprinkler System – Connection Permit</b>	
4" Pipe or less	215
6" Pipe	325
8" Pipe	430
12" Pipe	650
<b>Tank Removal</b>	55
<b>Temporary/Seasonal Sales</b>	55
Water Connect/Disconnect/Reconnect Permit	60
Water Curb Box Driveway Casting	99
Water Hydrant Use (per month, min. 1 month) + water usage	27
<b>Water Meter Estimating Fee</b>	30
<b>Water Meters with radio (plus tax)</b>	
¾ inch	294
1-inch	382
1-1/4 inch	407

**CITY OF TONKA BAY  
2011 FEE SCHEDULE**

<b>FEE</b>	<b>AMOUNT</b>
1-1/2 inch	803
2-inch	877
Frost plate	28
Radio reader	170
Wire (per foot) (plus tax)	.22
1" Meter Horn and Connections	66.50
<b>Water meters without radio (plus tax)</b>	
3/4" meter	114.40
1" meter	198.64
1-1/4" meter	407
1-1/2" meter	471
2" meter	658
<b>Water/Sewer Connection Charges</b>	
Sewer System	3,452.08
Water System	3,347.86
Water Tower	987.75
<b>Zoning Map</b>	20
<b>Zoning Ordinance Book</b>	100

Effective 1/1/11

## Joe Kohlmann

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**From:** Mark Sweet [marks@citiesmanagement.com]  
**Sent:** Monday, January 16, 2012 6:39 AM  
**To:** 'Joe Kohlmann'  
**Subject:** RE: Echo Bay water bill - late fee  
**Attachments:** late fee invoice.tif

Hello Joe – couple of things for you.

1. Do you have Echo Bay set up for the January 24<sup>th</sup> meeting? Should we plan to be there at 7:00 pm? Anything else we need to do?
2. I just received a \$528 late fee invoice from the city for the last quarterly water bill. I would like this dismissed, as during this time frame I was communicating with you and trying to figure this whole billing situation out – certainly not trying to avoid paying this bill. Given the fact that we are working on a solution here, and are going to present to the council on January 24<sup>th</sup>, would appreciate you removing this fee given all the particulars involved here.

Please advise on both points. We'll see you next week.

Thanks,  
Mark

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**From:** Mark Sweet  
**Sent:** Tuesday, January 10, 2012 1:22 PM  
**To:** 'Joe Kohlmann'  
**Cc:** Mark Sweet  
**Subject:** RE: Echo Bay water bill

Hi Joe – the Echo Bay Board of Directors would like to attend the January 24<sup>th</sup> city council meeting. I've attached a summary page which you can present to the city council in advance for consideration. Please let me know when we should show up, and any other pertinent information.

Thanks,  
Mark

**Joe Kohlmann**

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**From:** Joe Kohlmann [jkohlmann@cityoftonkabay.net]  
**Sent:** Tuesday, December 06, 2011 1:48 PM  
**To:** 'Mark Sweet'  
**Cc:** Joe Kohlmann  
**Subject:** RE: Echo Bay water bill

Mark,

You are welcome to come to the December 13<sup>th</sup> Meeting. I can also pencil you in for the January 10<sup>th</sup> Meeting as well. It is up to you. The City Council is aware of the situation and that you may be coming forward to contest the water bill. Let me know when you would like to be placed on the Agenda and we can go from there.

Thanks,

Joe Kohlmann  
City Administrator  
City of Tonka Bay  
4901 Manitou Road  
Tonka Bay, MN 55331  
(952) 474-7994  
[jkohlmann@cityoftonkabay.net](mailto:jkohlmann@cityoftonkabay.net)

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**From:** Mark Sweet [mailto:marks@citiesmanagement.com]  
**Sent:** Tuesday, December 06, 2011 7:19 AM  
**Cc:** Joe Kohlmann; Mark Sweet  
**Subject:** RE: Echo Bay water bill

Hi Joe – any further update on this from the Council? At this point I don't think we could pull it off to appear at the December 13<sup>th</sup> meeting, more likely we'd have to appear before the council in the new year. We'll wait to hear from you before we do anything, though.

Thanks,  
Mark

**Mark Sweet, AMS, CMCA**  
*Association Manager*  
(p) 612.381.8600  
(f) 612.381.8601  
[CitiesManagement.com](http://CitiesManagement.com)

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**From:** Greg Kluver [mailto:gkluver@cityoftonkabay.net]  
**Sent:** Wednesday, November 16, 2011 6:57 AM  
**To:** Mark Sweet  
**Cc:** Joe Kohlmann  
**Subject:** RE: Echo Bay water bill

Good Morning Mark,

I received your request and presented it to the City Manager for consideration, after review of the City

1/17/2012

Water Ordinance and current fee schedule it is his position that the current bill is appropriate and should be paid. He said you could certainly call him to discuss it further if like. Also an additional option would be to appear before the City Council and present your case. The next council meeting is November 22, 2011. The City Managers name is Joe Kohlmann; he can be reached at 952-474-7994.

I see that you will be modifying your sprinkling times and zones to reduce consumption which is a good idea. The last time we talked we discussed connecting and metering each of the 16 homes individually. Although this would be expensive it would reduce the individual rate per home.

Please feel free to contact me if you have any further questions

Thanks

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**From:** Mark Sweet [mailto:marks@citiesmanagement.com]  
**Sent:** Tuesday, November 15, 2011 7:59 AM  
**To:** Mark Sweet  
**Cc:** 'gkluver@cityoftonkabay.net'  
**Subject:** RE: Echo Bay water bill

Hi Greg – it looks like I had your email address at .com instead of .net so I'm hoping it goes through. Please read below.

**Mark Sweet, AMS, CMCA**  
*Association Manager*  
(p) 612.381.8600  
(f) 612.381.8601  
[CitiesManagement.com](http://CitiesManagement.com)

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**From:** Mark Sweet  
**Sent:** Tuesday, November 01, 2011 9:06 AM  
**To:** Mark Sweet; 'gkluver@cityoftonkabay.com'  
**Subject:** RE: Echo Bay water bill

Hi Greg – can you please confirm you received my last email (below) and a status? I'm holding off on paying the bill until you let us know more.

Thanks,  
Mark

---

**From:** Mark Sweet  
**Sent:** Wednesday, October 12, 2011 5:54 PM  
**To:** 'gkluver@cityoftonkabay.com'  
**Cc:** Duane Peterson; Duane Peterson (work); Kirby Posthuma; Mike Tenney  
**Subject:** Echo Bay water bill

Hi Greg - I wanted to follow up our conversation from today in regard to the irrigation bill. I am copying the Board of Directors for the association so they are also in the loop on this situation. The irrigation bill for this year totals around \$7,000 which is up more than \$2,000 from last year. I do believe our consumption was up slightly over last year, but I think the primary reason for the higher cost is Tonka Bay's tiered pricing system and the inequitable way it is structured so that associations with multiple homes pay a higher rate. After we talked today I spent some time putting together usage / rate cost information:

1/17/2012

The association consumed 301,000 gallons of water in qtr 2, and 903,000 gallons in qtr 3. As I understand it, these are the (4) pricing tiers:

<19,000 gallons = \$4.07 per 1,000  
 >19,000 but <37,000 gallons = \$4.27 per 1,000  
 >37,000 but <72,000 gallons = \$4.71 per 1,000  
 >72,000 gallons = \$5.88 per 1,000

**For Echo Bay, qtr 2 consisted of 301,000 gallons broken out with these tiers:**

19,000 gallons in the 1st tier = \$4.07 rate was applied for a cost of \$77.33  
 18,000 gallons in the 2nd tier = \$4.27 rate was applied for a cost of \$76.86  
 35,000 gallons in the 3rd tier = \$4.71 rate was applied for a cost of \$164.85  
 229,000 gallons in the 4th tier = \$5.88 rate was applied for a cost of \$1,346.52

**For Echo Bay, qtr 3 consisted of 903,000 gallons broken out with these tiers:**

19,000 gallons in the 1st tier = \$4.07 rate was applied for a cost of \$77.33  
 18,000 gallons in the 2nd tier = \$4.27 rate was applied for a cost of \$76.86  
 35,000 gallons in the 3rd tier = \$4.71 rate was applied for a cost of \$164.85  
 831,000 gallons in the 4th tier = \$5.88 rate was applied for a cost of \$4,886.28

The tiered system appears flawed because it does not reflect the fact that the association has 16 homes - yet the water invoice is billed for the associations one main line (meter) and thereby does not reflect that 16 homes are consuming the volume. In all fairness, the equitable solution is to recognize that there are multiple homes in this association, and split out the consumption of gallons by 16 homes. That significantly drops the water rate and each home is being fairly represented and accounted for.

By my calculation, if you take the consumption in qtr 2 and divide it by 16 homes, the lower rates applied should equate to a cost of \$1,225.07 versus the \$1,665.56 that was charged.

By my calculation, if you take the consumption in qtr 3 and divide it by 16 homes, the lower rates applied should equate to a cost of \$3,914.01 versus the cost of \$4,886.28 that was charged.

All totaled, we strongly feel that the association is being over-charged \$1,412.76 because the city is not dividing consumption by the actual number of homes in this association. On our end, we have a plan in place for next year to reduce overall consumption, and also to split out the front/back yard zones to mirror the topography and grade of the land, which should also reduce consumption.

I will hold off paying the current invoice until I hear back from you.

Thanks,

Mark Sweet  
 Cities Management  
 612-381-3648

**Joe Kohlmann**

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**From:** Greg Kluver [gkluver@cityoftonkabay.net]  
**Sent:** Monday, November 28, 2011 9:54 AM  
**To:** Joe Kohlmann  
**Subject:** FW: Echo Bay water bill

Morning Joe,

Please let me know what you would like to do in response to this request. I'm assuming he should call you and ask to be put on the agenda. There is only one meeting left in December right the 13<sup>th</sup> of December. I thought I had given him adequate direction in my last e-mail. Let me know.

Thanks

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**From:** Mark Sweet [mailto:marks@citiesmanagement.com]  
**Sent:** Monday, November 28, 2011 5:45 AM  
**To:** 'Greg Kluver'  
**Subject:** RE: Echo Bay water bill

Greg - when are the upcoming city council meetings for the next few months? Dates, time, location please.

Also, the Board does not want to pay this water bill until they've had a chance to go before council. I'm assuming the city can be fair and not charge them late fees until they've heard their case? Please advise in that regard.

Mark

-----Original Message-----

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**Sent:** Wednesday, November 16, 2011 6:57 AM  
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**Sent:** Tuesday, November 15, 2011 7:59 AM  
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11/28/2011

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