

Information Item

MUSA Policy

October 17, 2016

Community Development Committee



Today's Discussion

- MUSA Review
- Land Use Policy & Density
- Comprehensive Plan Amendments
- Wastewater Efficiency & SAC
- Discussion & Direction

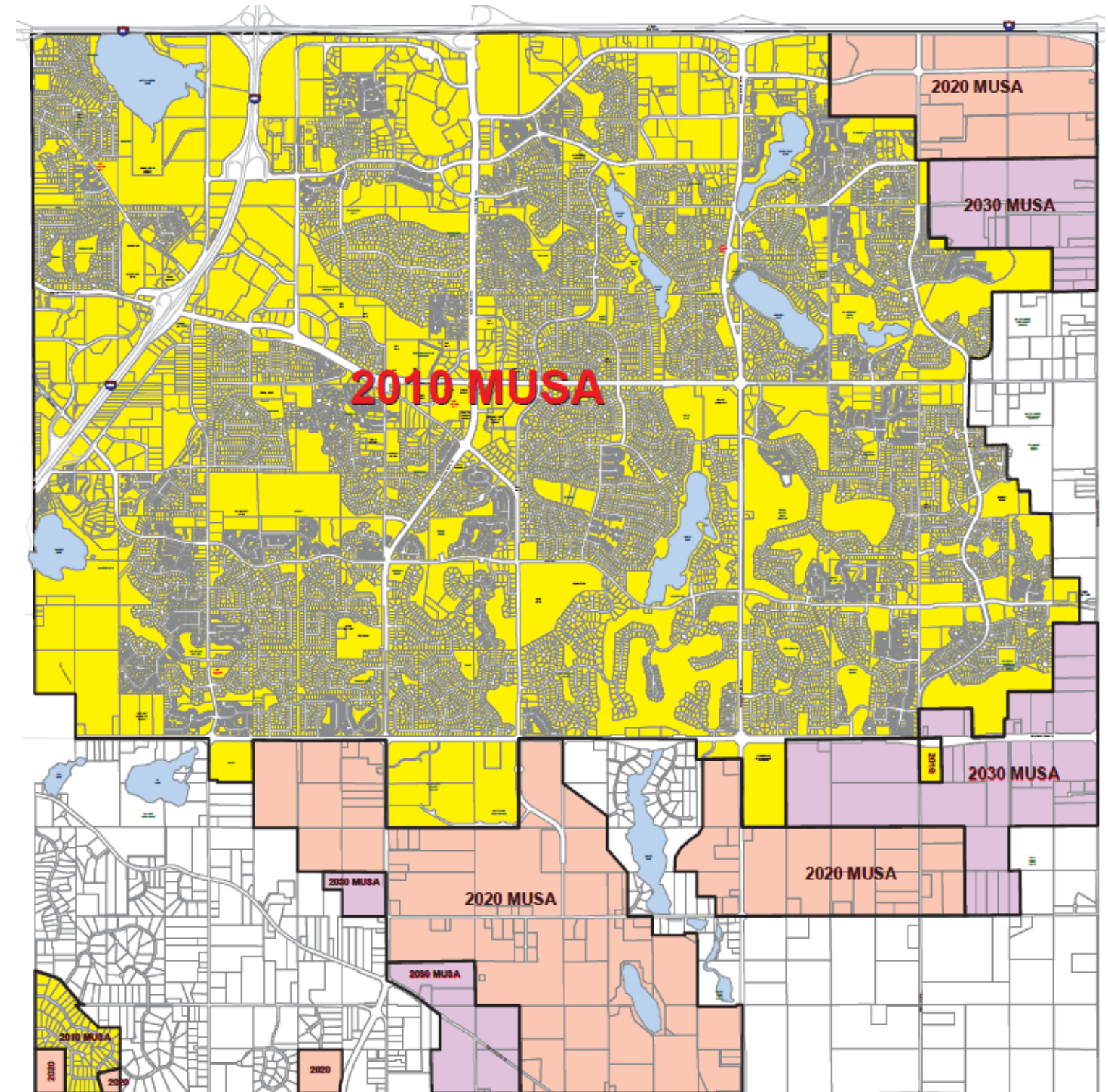
What is the MUSA?



- Defined in comprehensive development guide
 - *Area already served or planned* for regional wastewater services
 - Regional framework + local definition

Application

- Staging identified by local government
- Implementation guidelines for proposed changes to *local* staging and expansions
- Council reviews for system impacts (density/flows), timing, and forecast consistency



Application Types

Expansion into the Rural Area

- Rural Community Designation
- Request to extend regional services for urban-style development

Changes to Local Service in Urban Communities

- Urban Community Designation
- Requests to change:
 - Staging of local services
 - Geography of local services

Land Use Policy & Density

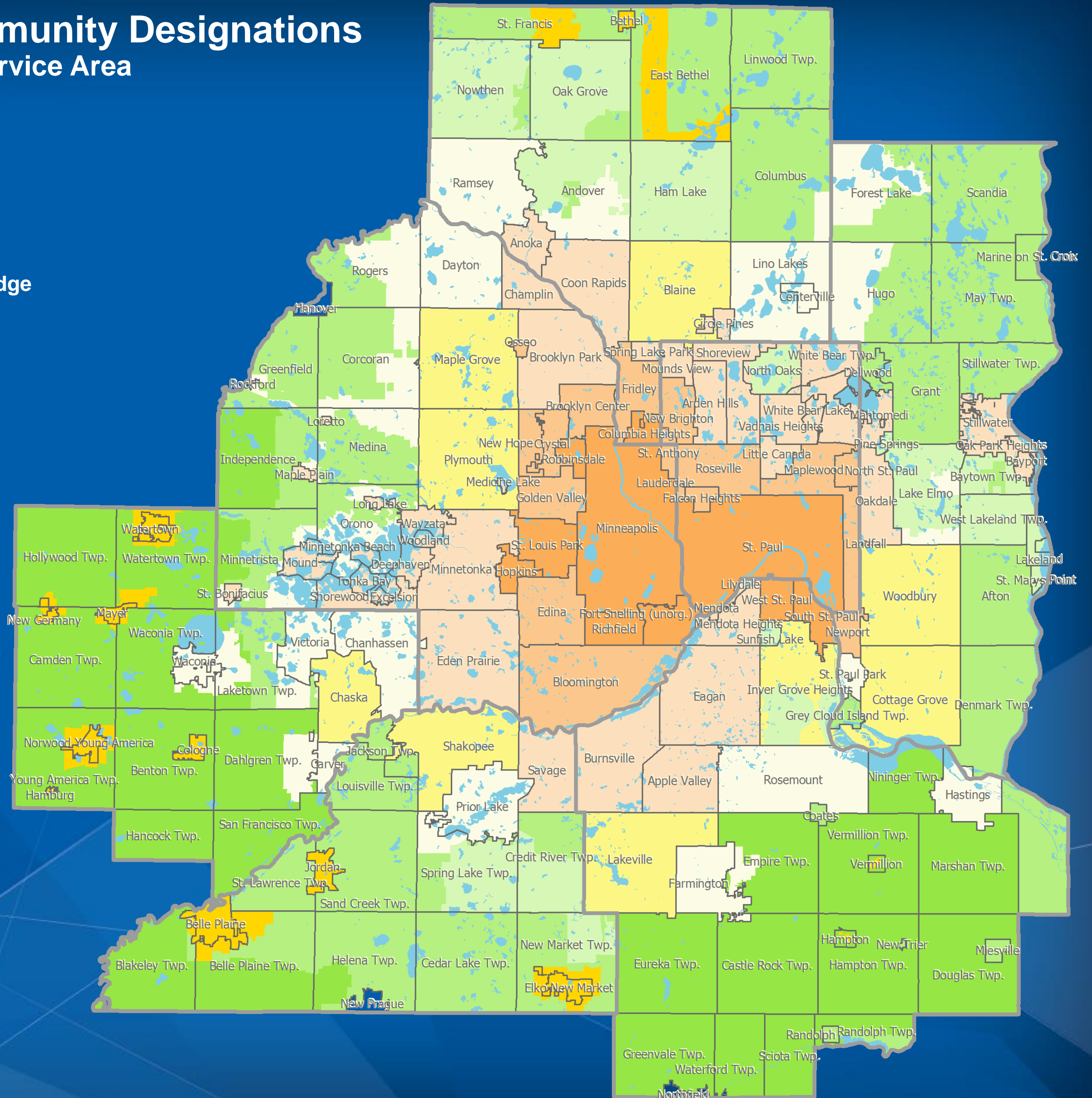
2040 Thrive Community Designations

Metropolitan Urban Service Area

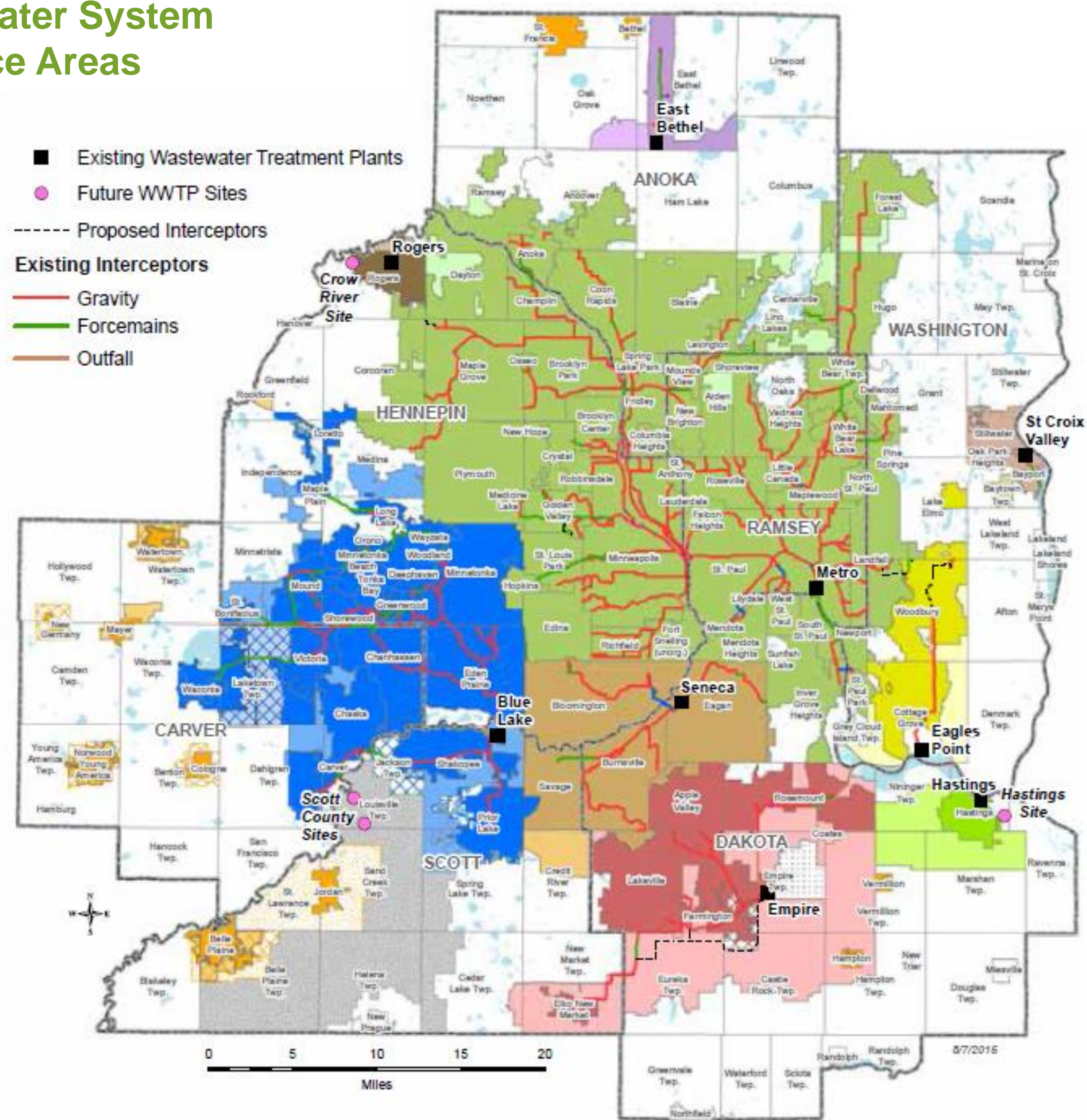
- Urban Center
- Urban
- Suburban
- Suburban Edge
- Emerging Suburban Edge

Rural Service Area

- Rural Center
- Diversified Rural
- Rural Residential
- Agricultural



Regional Wastewater System Long Term Service Areas



Thrive Land Use Policy

- Sets density expectations
- Overall average density for new growth, development, and redevelopment
- Local gov'ts:
 - Use
 - Location
 - Extent
 - Timing

OVERALL DENSITY EXPECTATIONS FOR NEW GROWTH, DEVELOPMENT, AND REDEVELOPMENT

Metropolitan Urban Service Area: Minimum Average Net Density

| | |
|------------------------|----------------|
| Urban Center | 20 units/acre |
| Urban | 10 units/acre |
| Suburban | 5 units/acre |
| Suburban Edge | 3-5 units/acre |
| Emerging Suburban Edge | 3-5 units/acre |

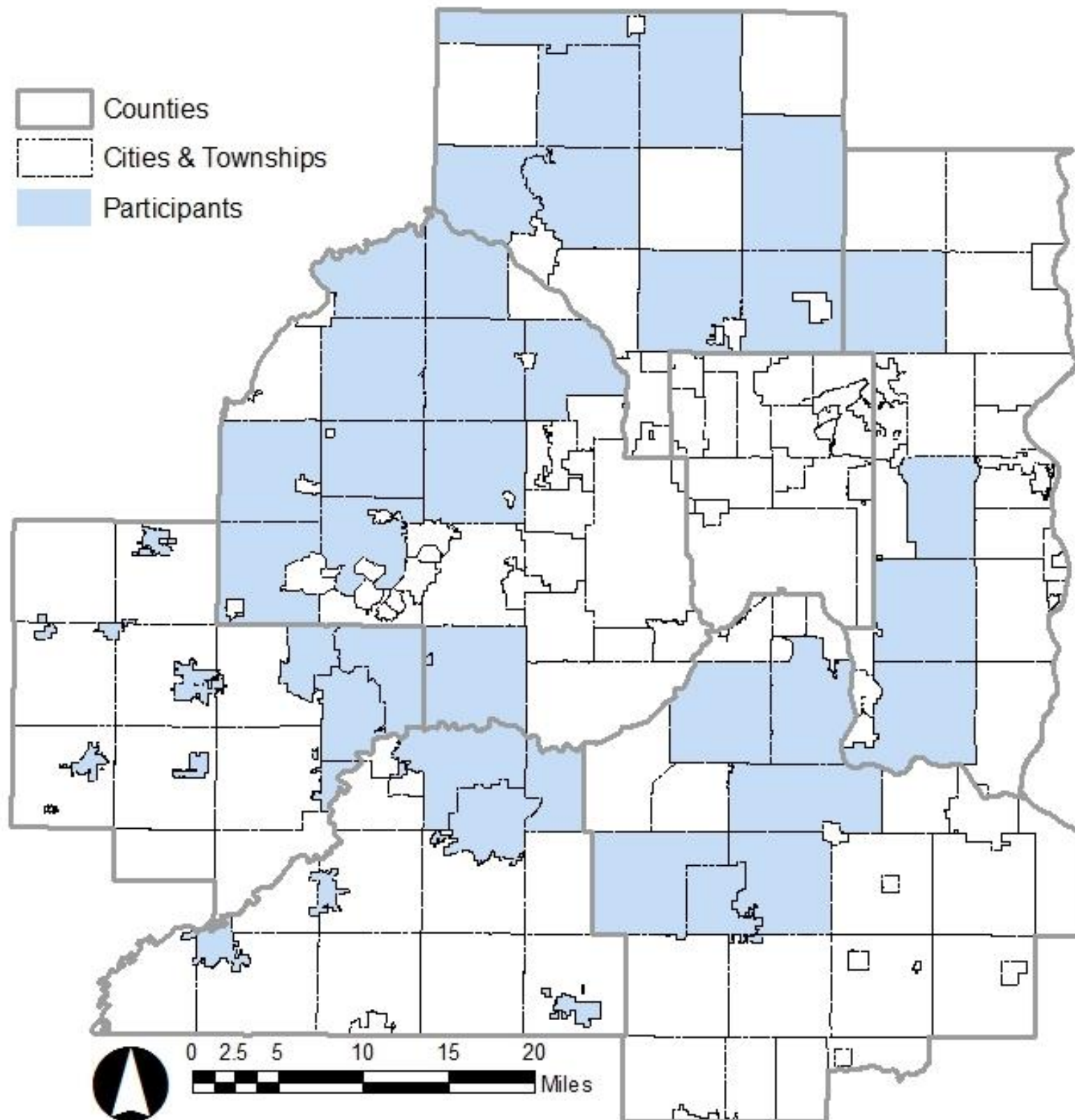
Rural Service Area: Maximum Allowed Density, except Rural Centers

| | |
|-------------------|---|
| Rural Center | 3-5 units/acre minimum |
| Rural Residential | 1-2.5 acre lots existing, 1 unit/10 acres where possible |
| Diversified Rural | 4 units/40 acres |
| Agricultural | 1 unit/40 acres |

Monitoring Development in the Region

- Plat Monitoring Program
- Sewer Connection Permits
- Building Permit Data

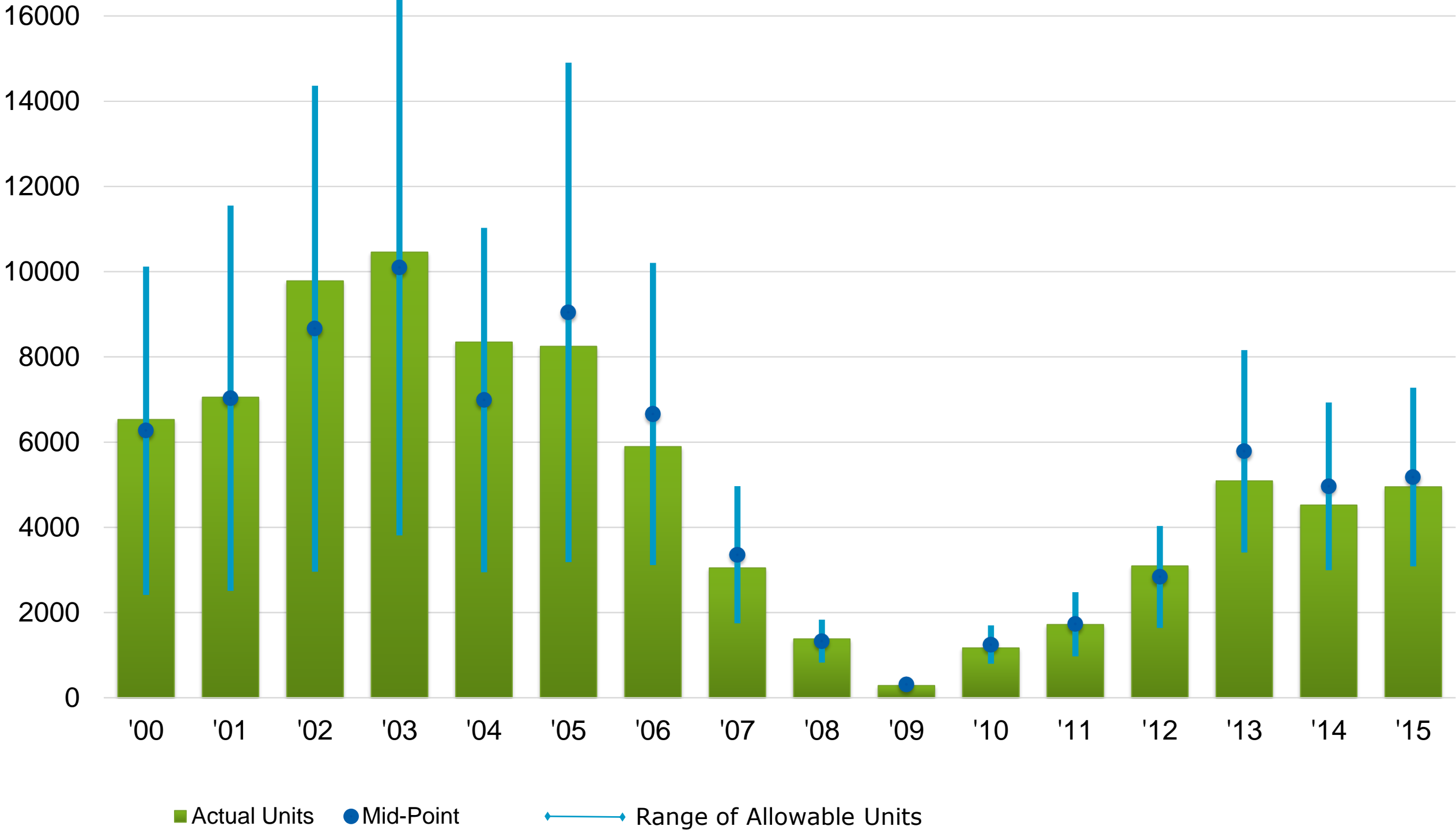
Plat Monitoring Program



- Consistency with Council policies
- Consistency with local comprehensive plans
- Mix of housing types approved each year (single family vs. multi-family)
- Land consumption and use

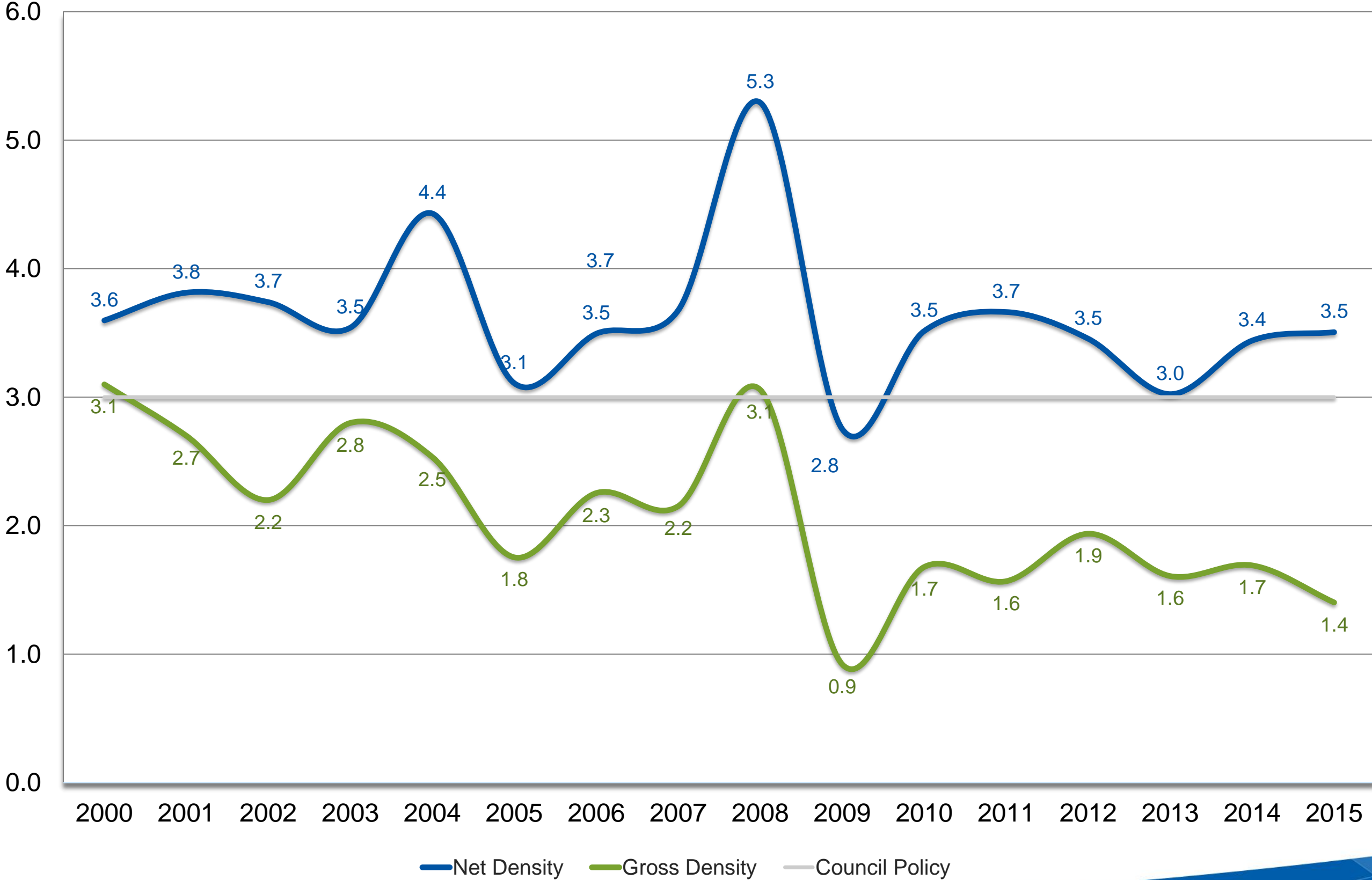
Plat Monitoring Program

Consistency with Comprehensive Plans



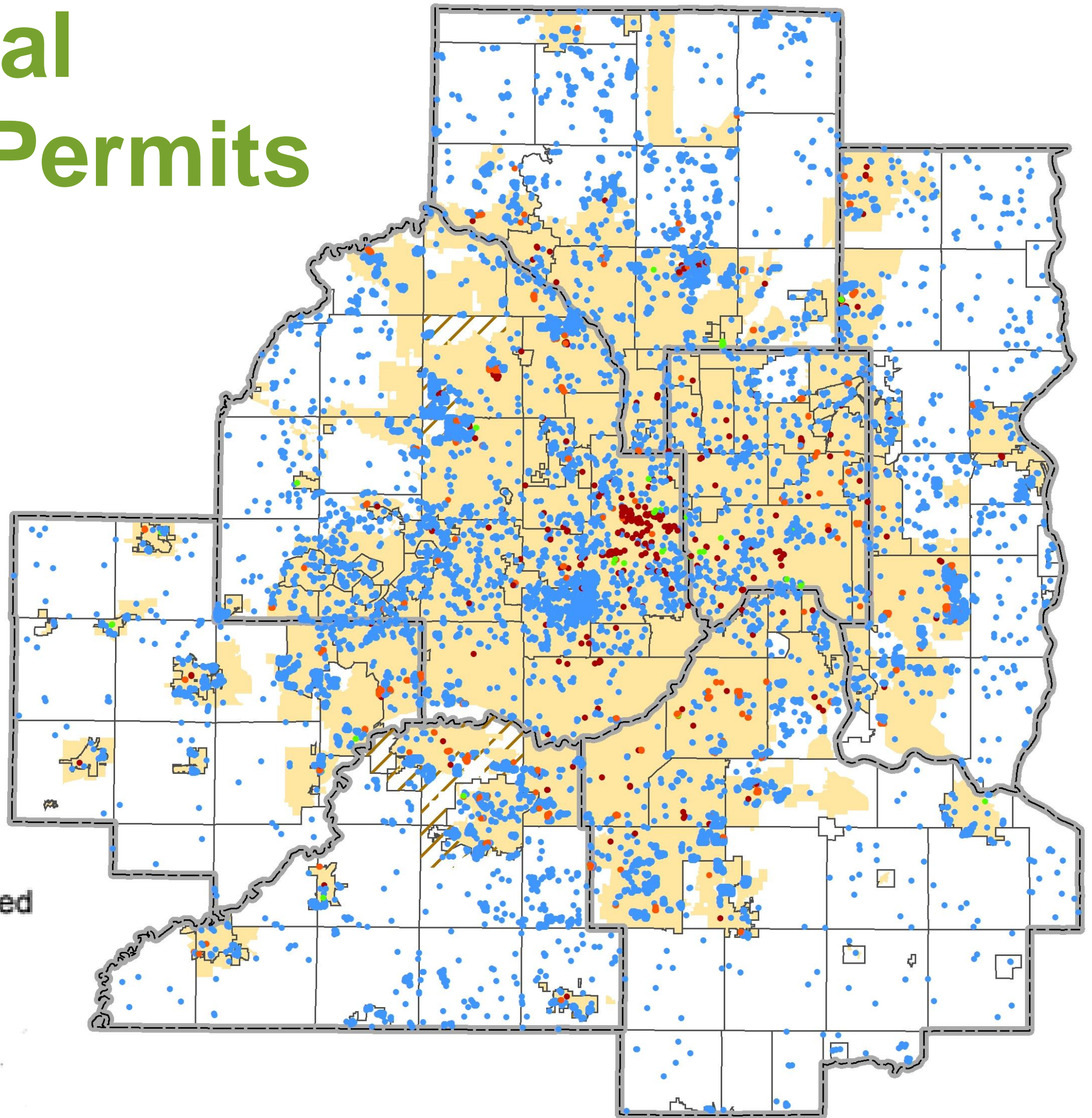
Plat Monitoring Program

Overall Platted Densities, 2000-2015



Residential Building Permits 2010-15

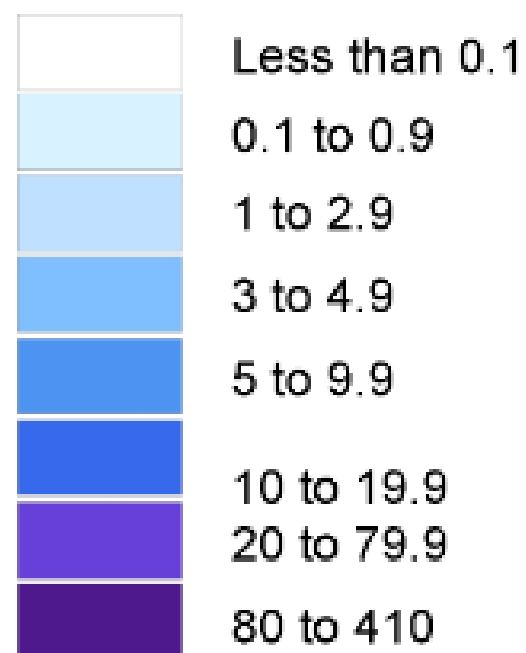
- Single-Family, Detached
- Duplex, Triplex, Quad
- Townhome
- Multifamily



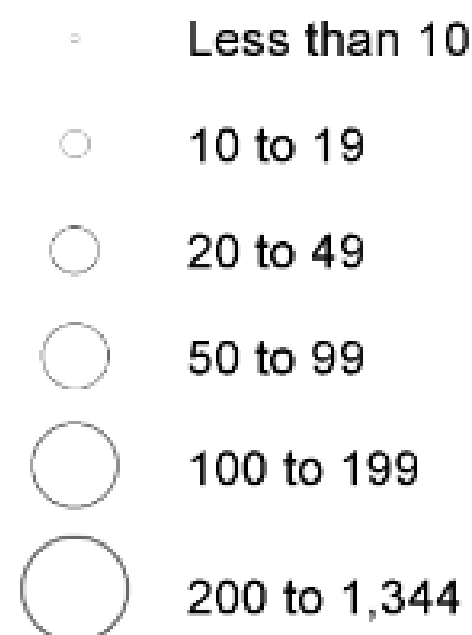
Source: Metropolitan Council Building Permits Survey

Density of Single-Family Permits

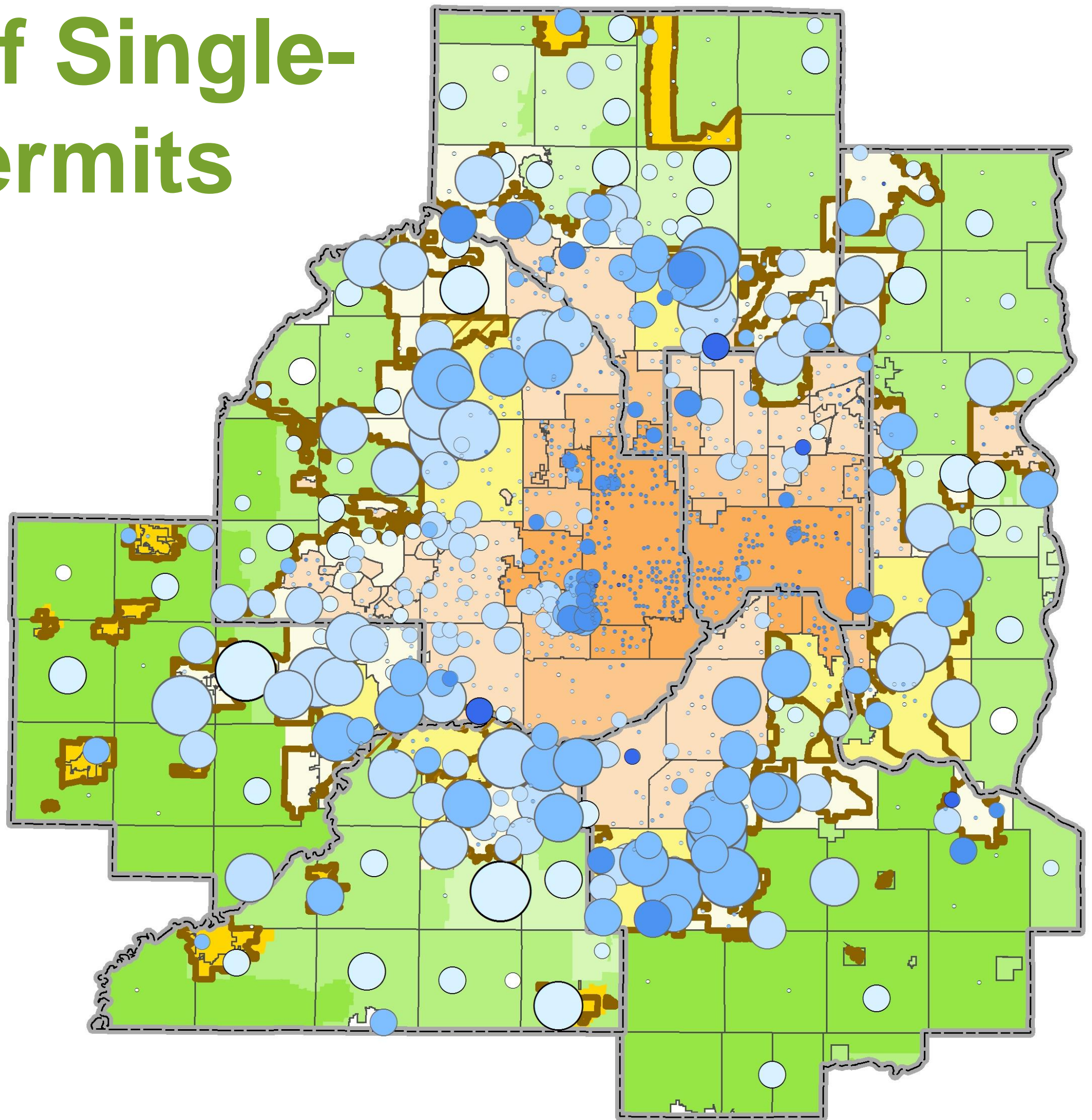
Density Units per Acre



Number of Units *



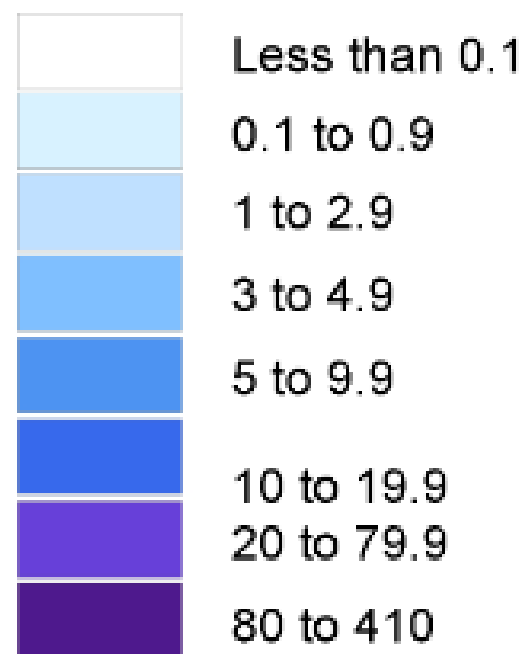
* Permitted Units per Block Group.



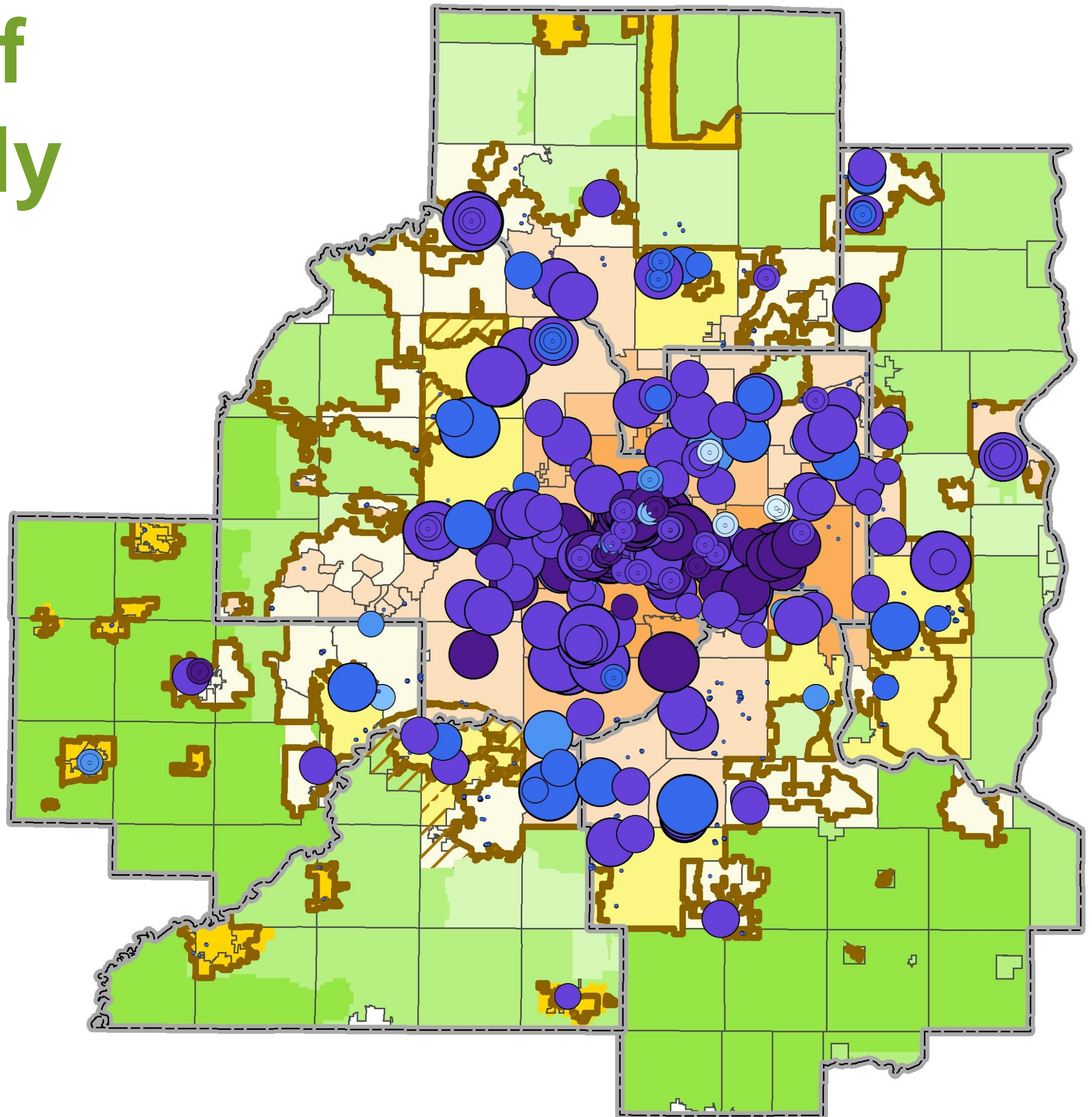
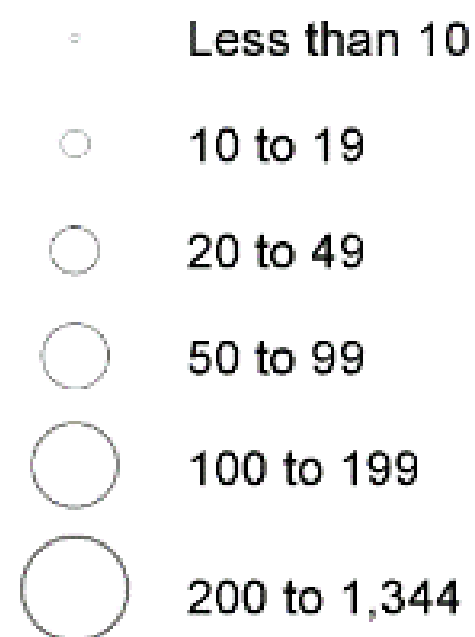
Sources: Parcel boundaries from county parcel data; Metropolitan Council Building Permits Survey

Density of Multifamily

Density Units per Acre



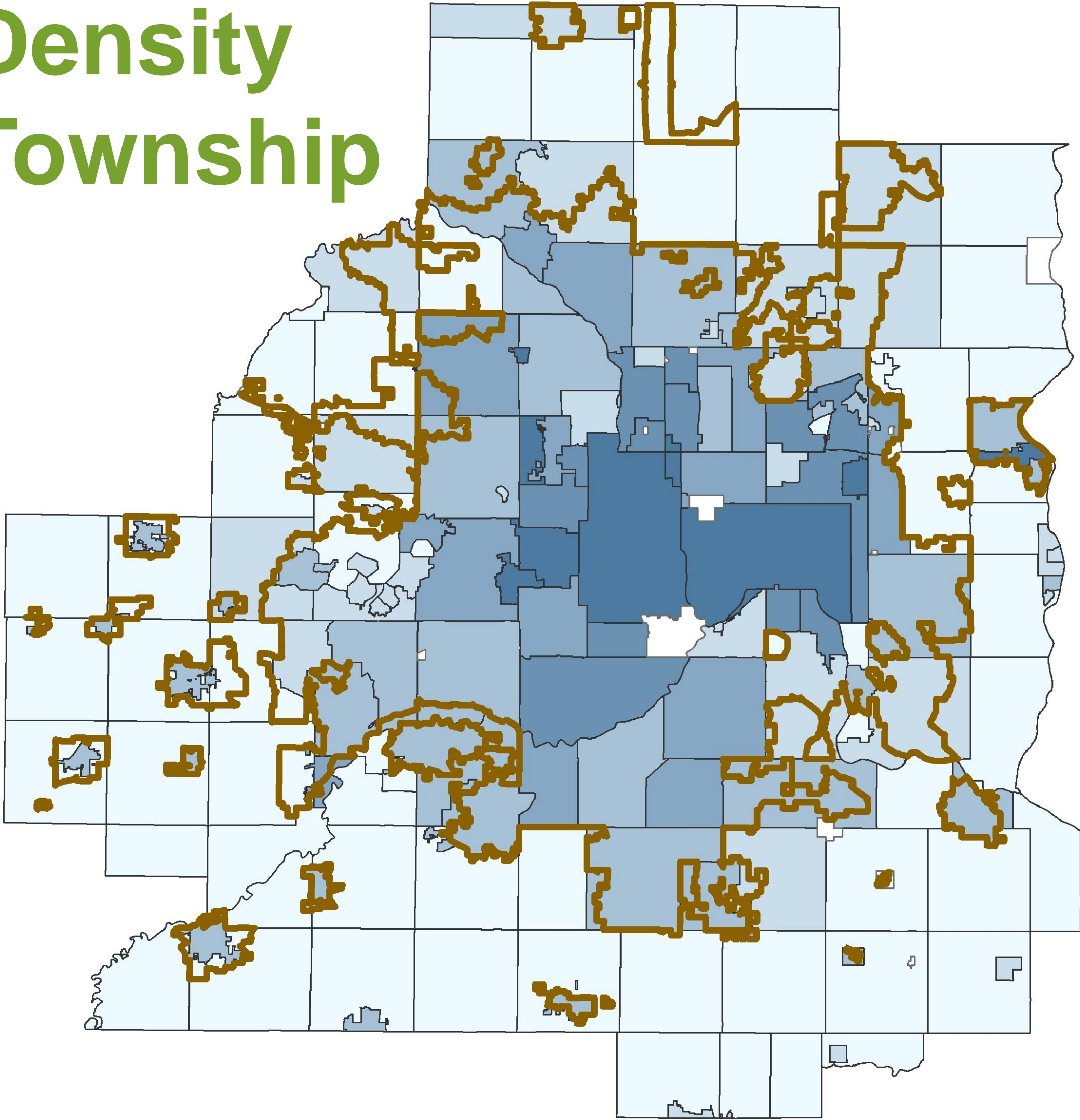
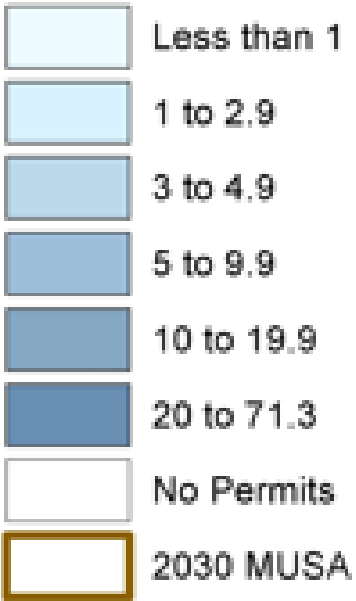
Number of Units *



Sources: Parcel boundaries from county parcel data; Metropolitan Council Building Permits Survey

Average Density by City / Township

Citywide Average Development
Density (in units / acre)



Sources: Parcel boundaries from county parcel data; Metropolitan Council Building Permits Survey

Comprehensive Plan Amendments, 2010-Present



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- Rural Community Designation
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Changes to Local Service in Urban Communities

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Amendment Commonalities

Existing Development

- 5 CPAs
- 26 existing homes
- 40.9 total acres
- SSTS issues rectified
- Proximate to existing local trunk sewer line

New Residential Development

- 3 CPAs
- 214.6 acres
- 2 CPAs for land that part of larger residential subdivision
- Proximate to existing local trunk sewer line

New Non-Residential Development

- 3 CPAs
- 598.52 acres
- 2 for Commercial / Industrial uses
- 1 for a church
- Proximate to existing local trunk sewer line

Wastewater Efficiency & SAC

Ned Smith

Finance and Revenue Director, Environmental Services



SAC is a critical component to a *regional* wastewater treatment system

- Pays 35-40% of outstanding debt service
- Debt is for facilities already built or rehabilitated and paid for
- Investment distribution is evenly dispersed across the entire region
- SAC paid is closely aligned with flow rates (i.e., MWCs)

How Metropolitan Wastewater Charges (MWCs) work:

- MCES charges communities a wholesale fee for annual volume
 - Firm Flow allocation method
 - Communities pay portion of MWC corresponding to their percent of total flow
- Communities charge businesses and residents a retail fee for sewer volume

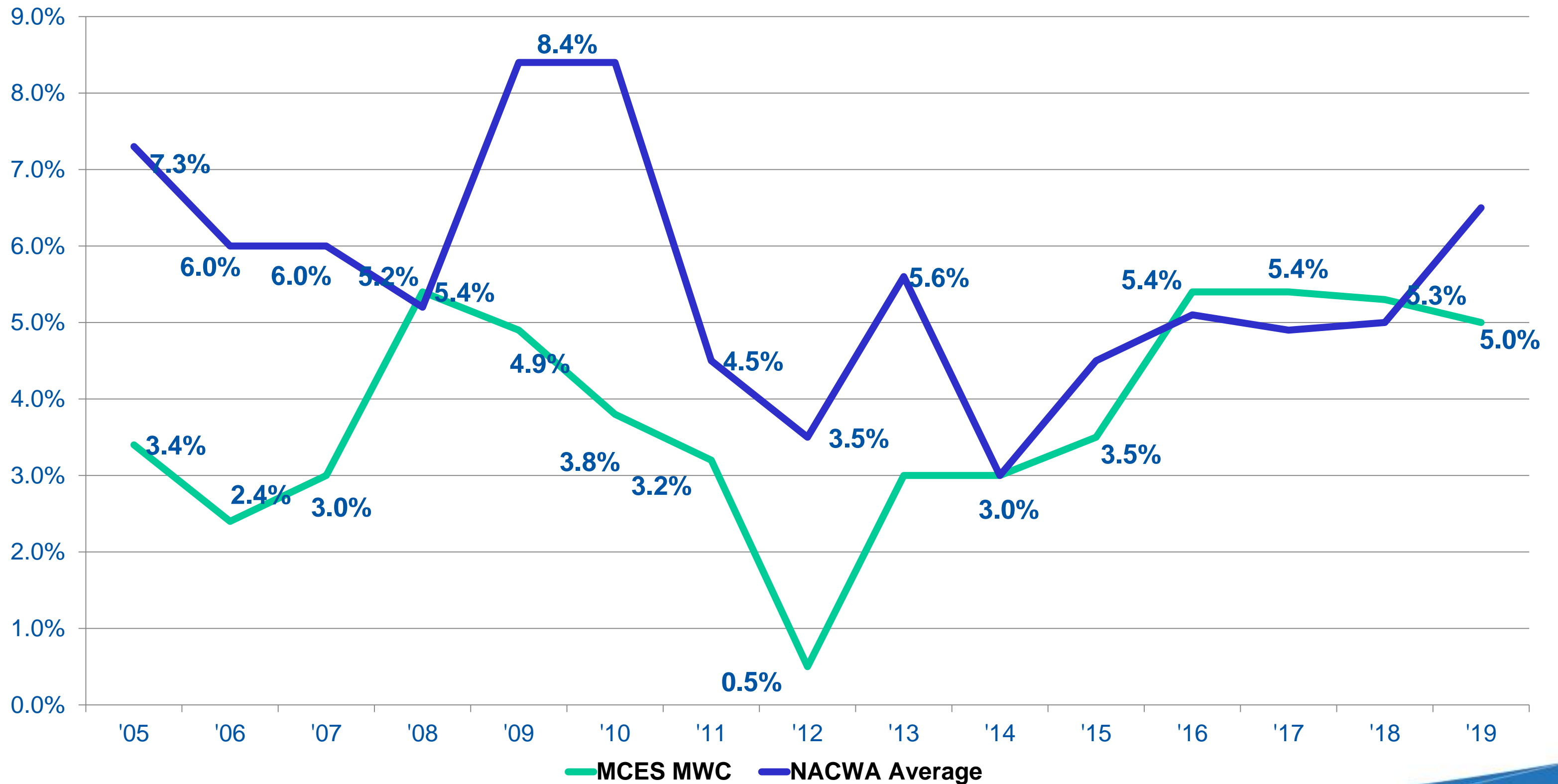
Retail rates are low

25 peer average retail sewer rate per household = \$404



2013 Rates (per 2014 NACWA survey)

MWC Increases are in line with peers

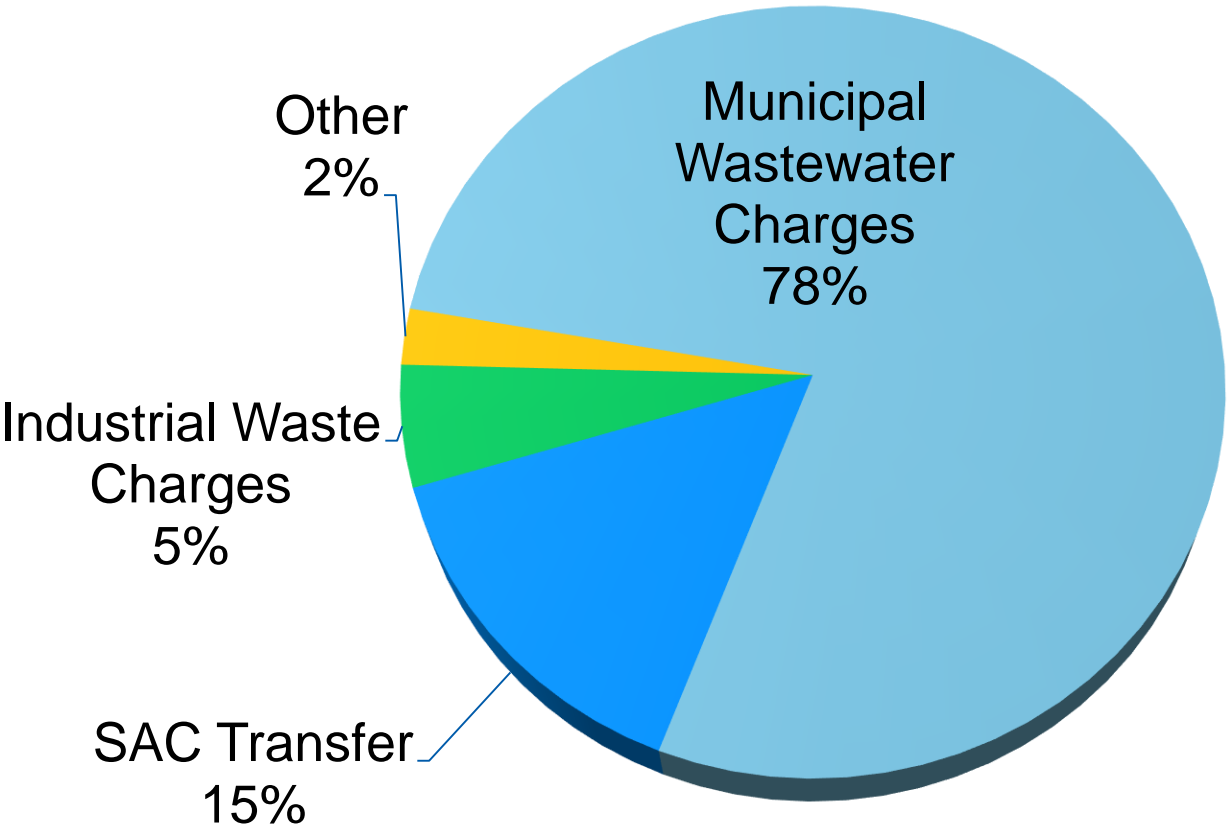


Source is NACWA 2014 Service Charge Index

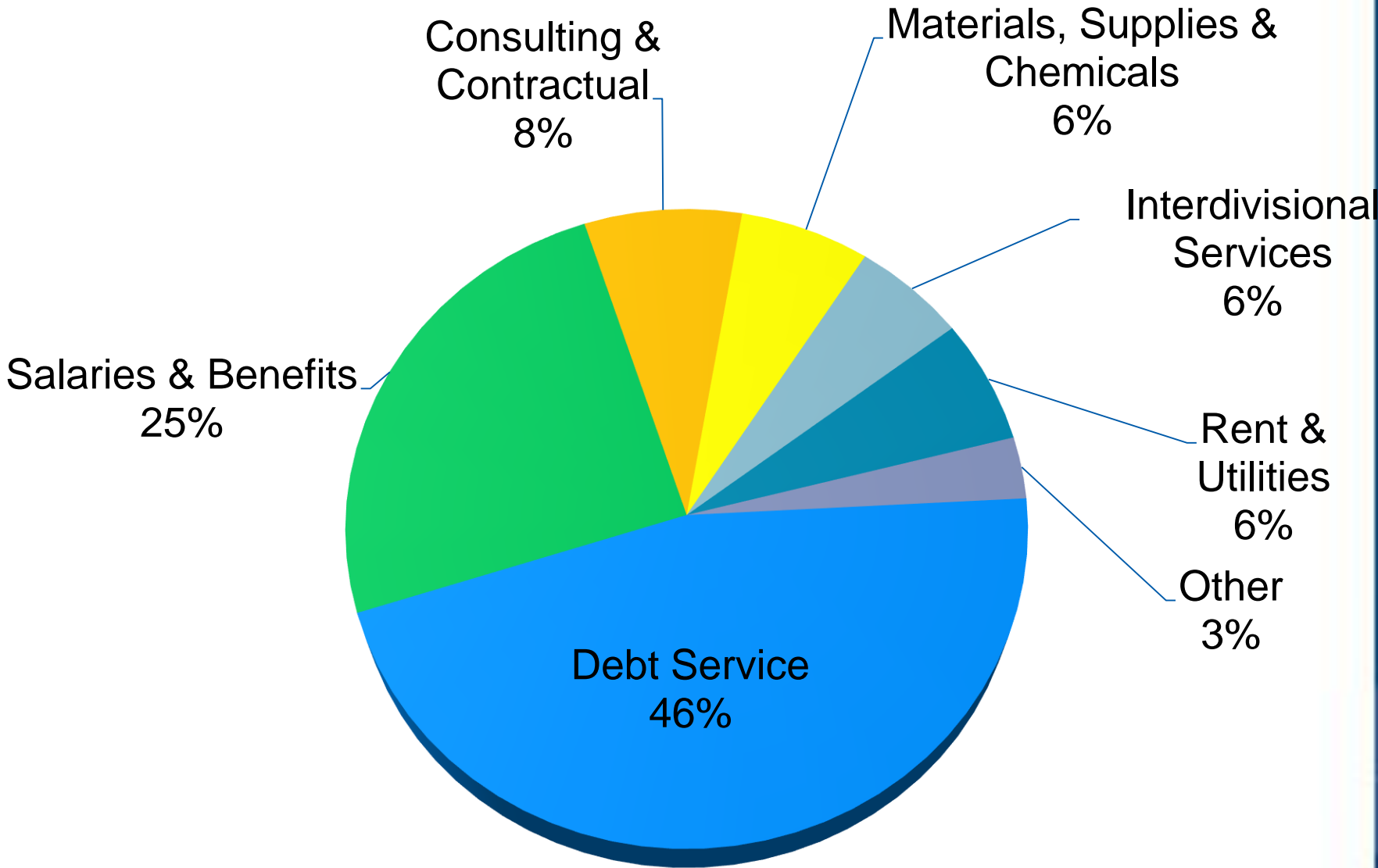
Environmental Services

2017 Proposed Operating Budget - \$272.2M

Sources



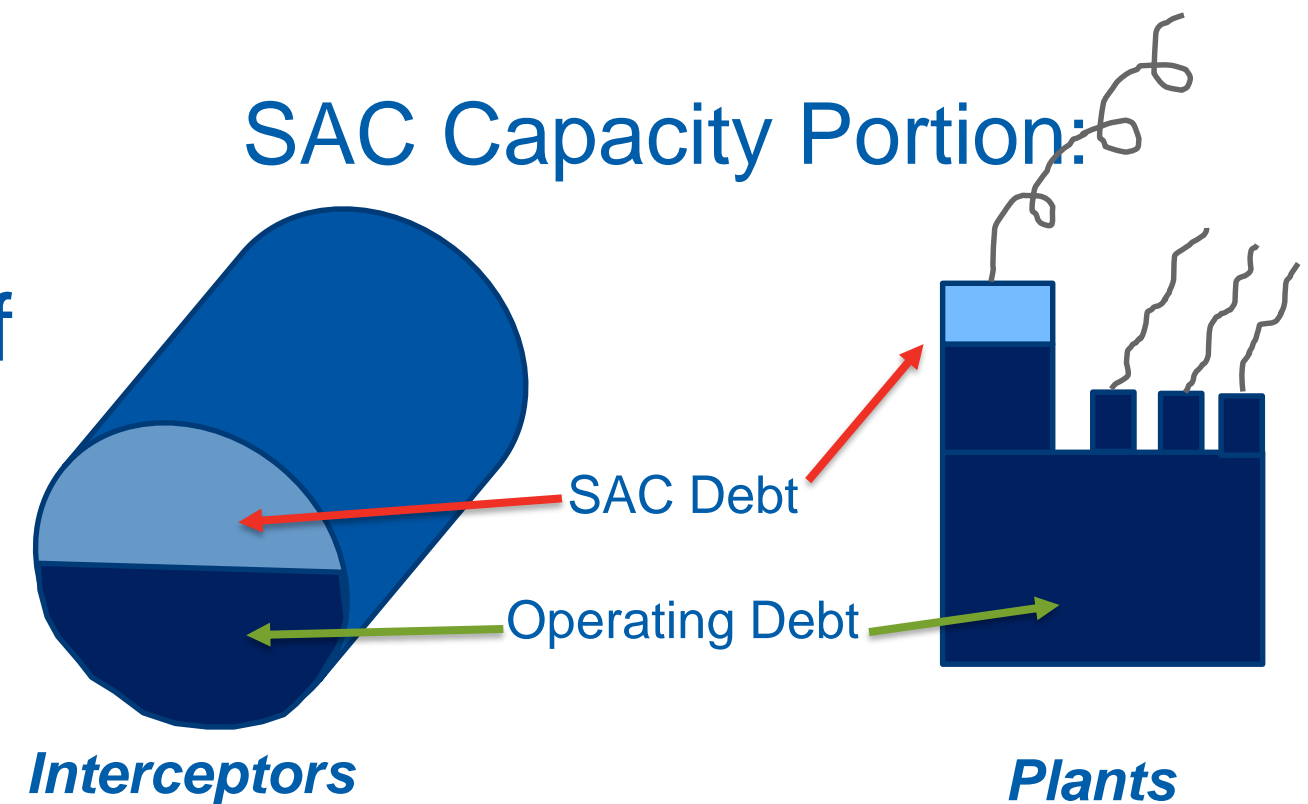
Uses



No tax dollars for wastewater

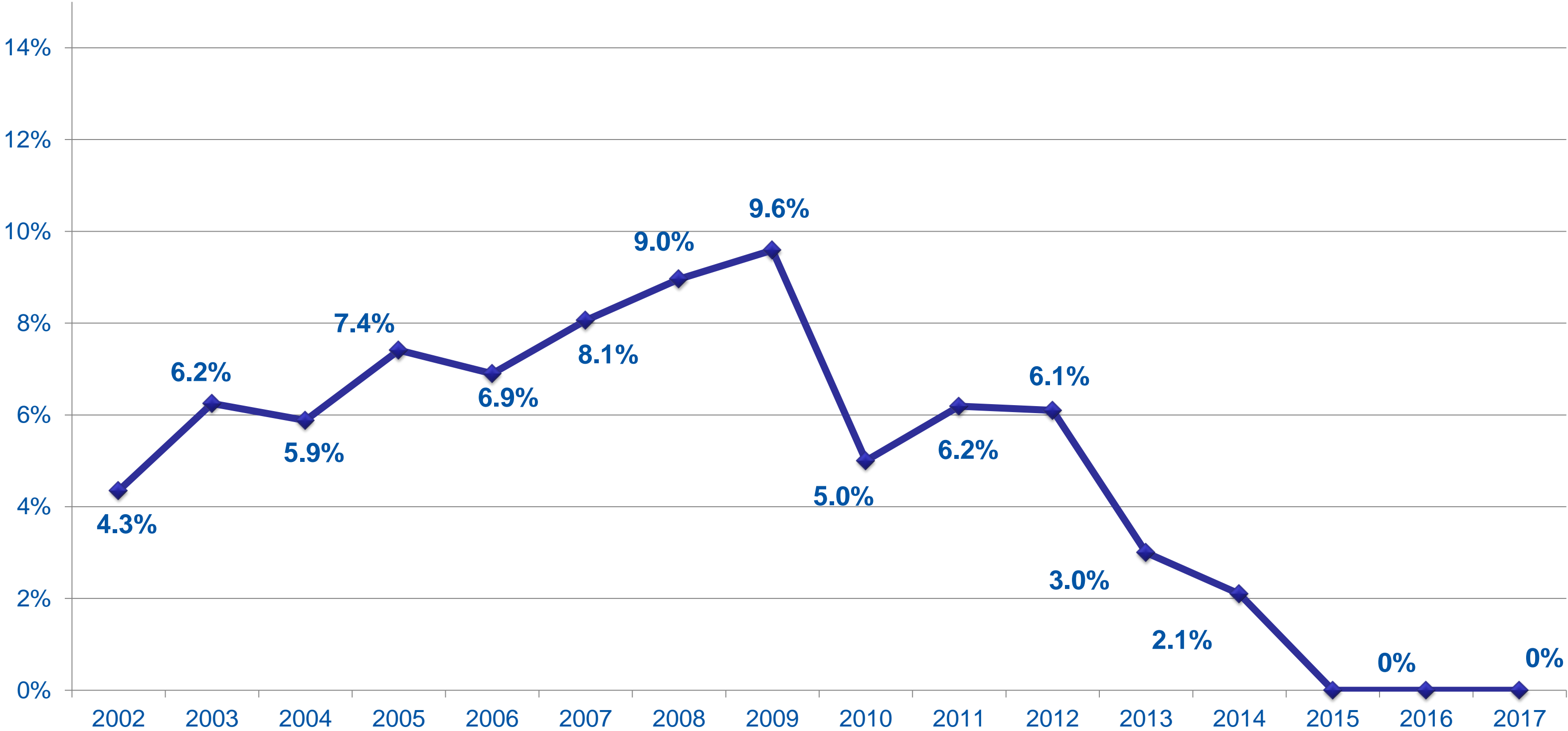
SAC: Source of Funds

- Charged to municipalities (wholesale)
 - Revenue reduces volume charge to cities
- For new connections or increased demand (available capacity)
- 1 SAC unit charged per 274 gallons of maximum daily wastewater flow availability
- Availability \neq Treatment Service
= “Capacity we stand ready to serve”

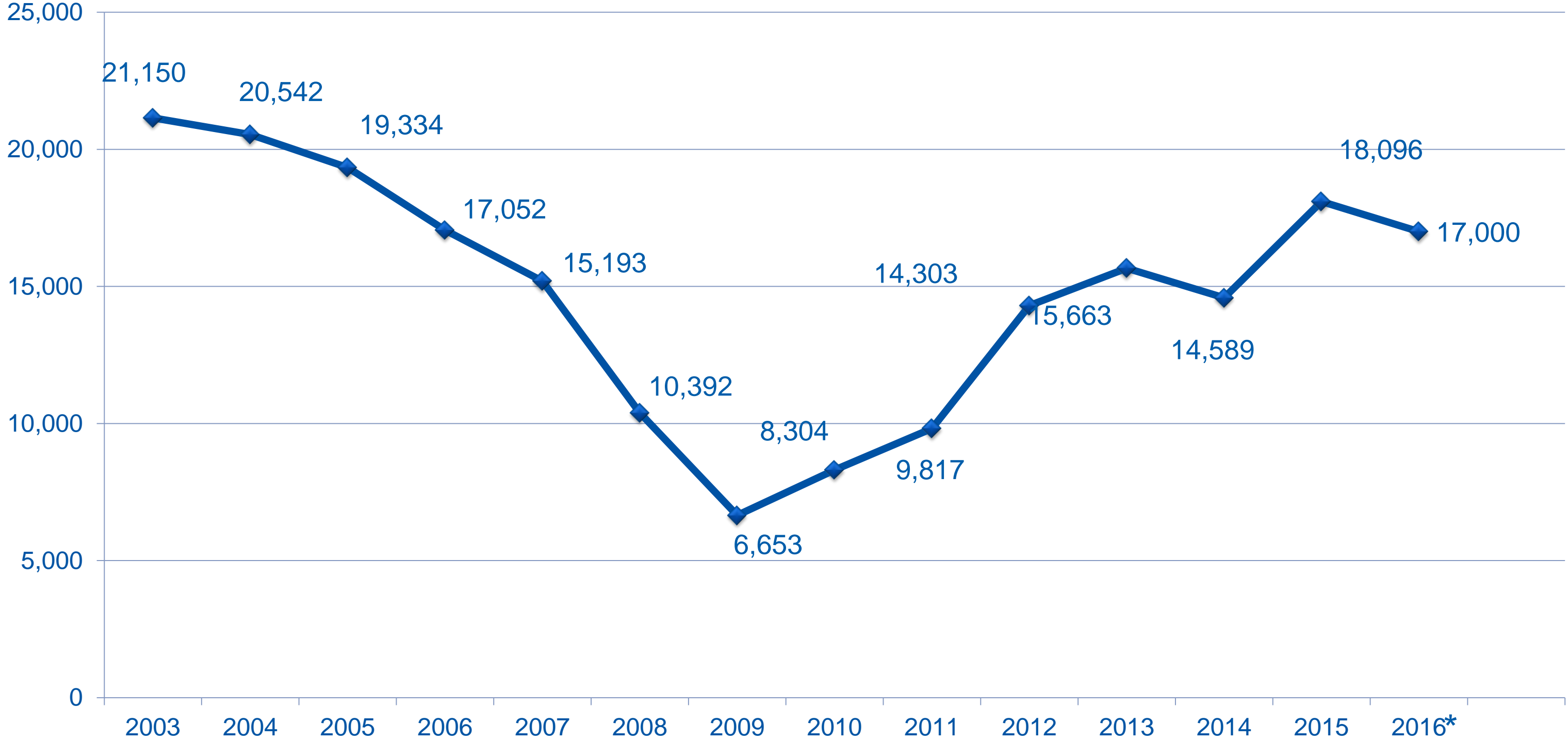


There are options to ease the SAC burden, including SAC deferral program

SAC rates held steady for 4 years



SAC Units: Recovering



*- Budget



Capital Spending Overview

\$6B - \$7B infrastructure across entire system (estimated replacement cost)

\$120-140MM per year capital spend (represents ~2% per year)

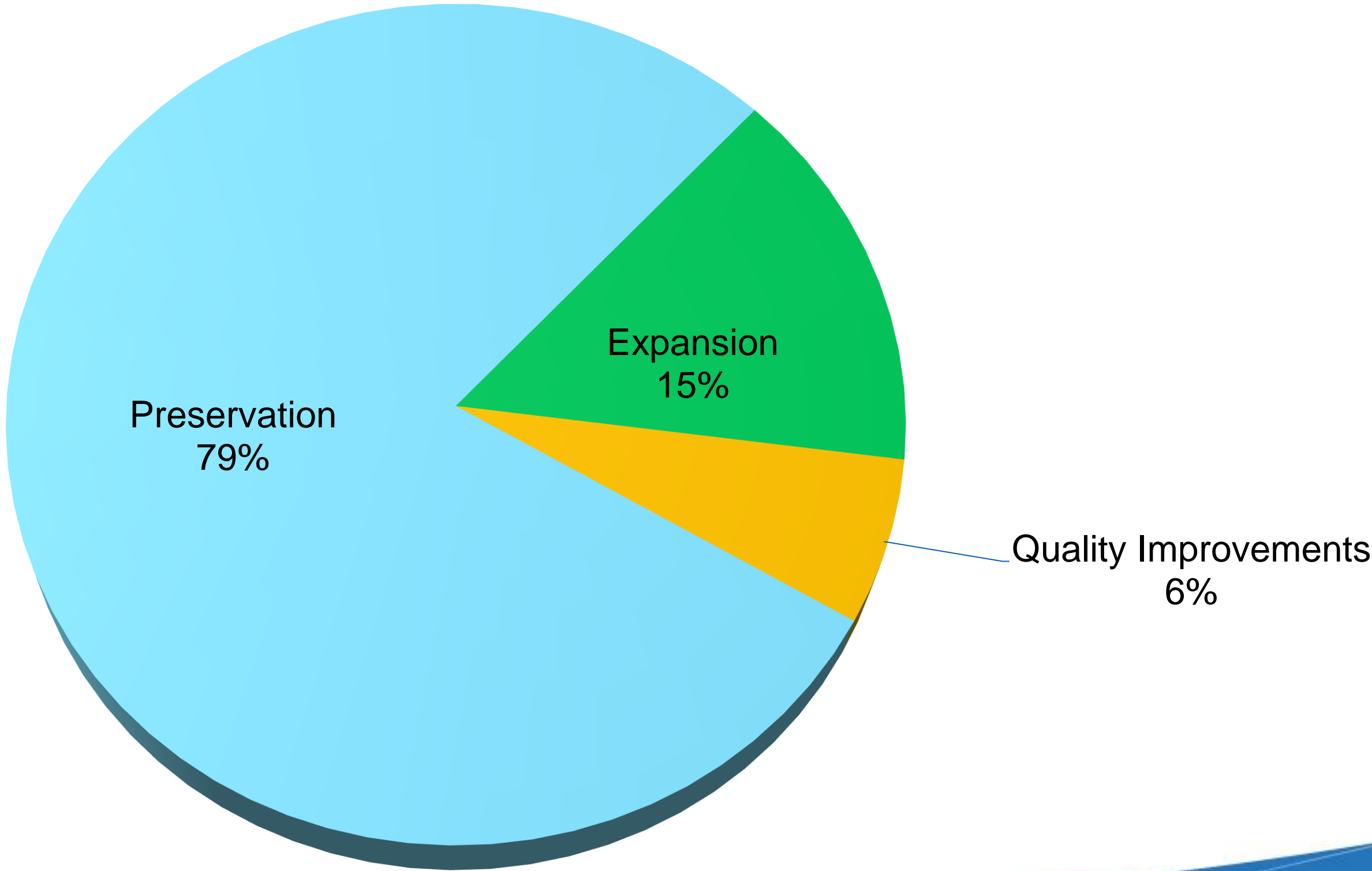
Majority of capital \$ spent on rehabilitation

Recent shift to focus on interceptor rehabilitation

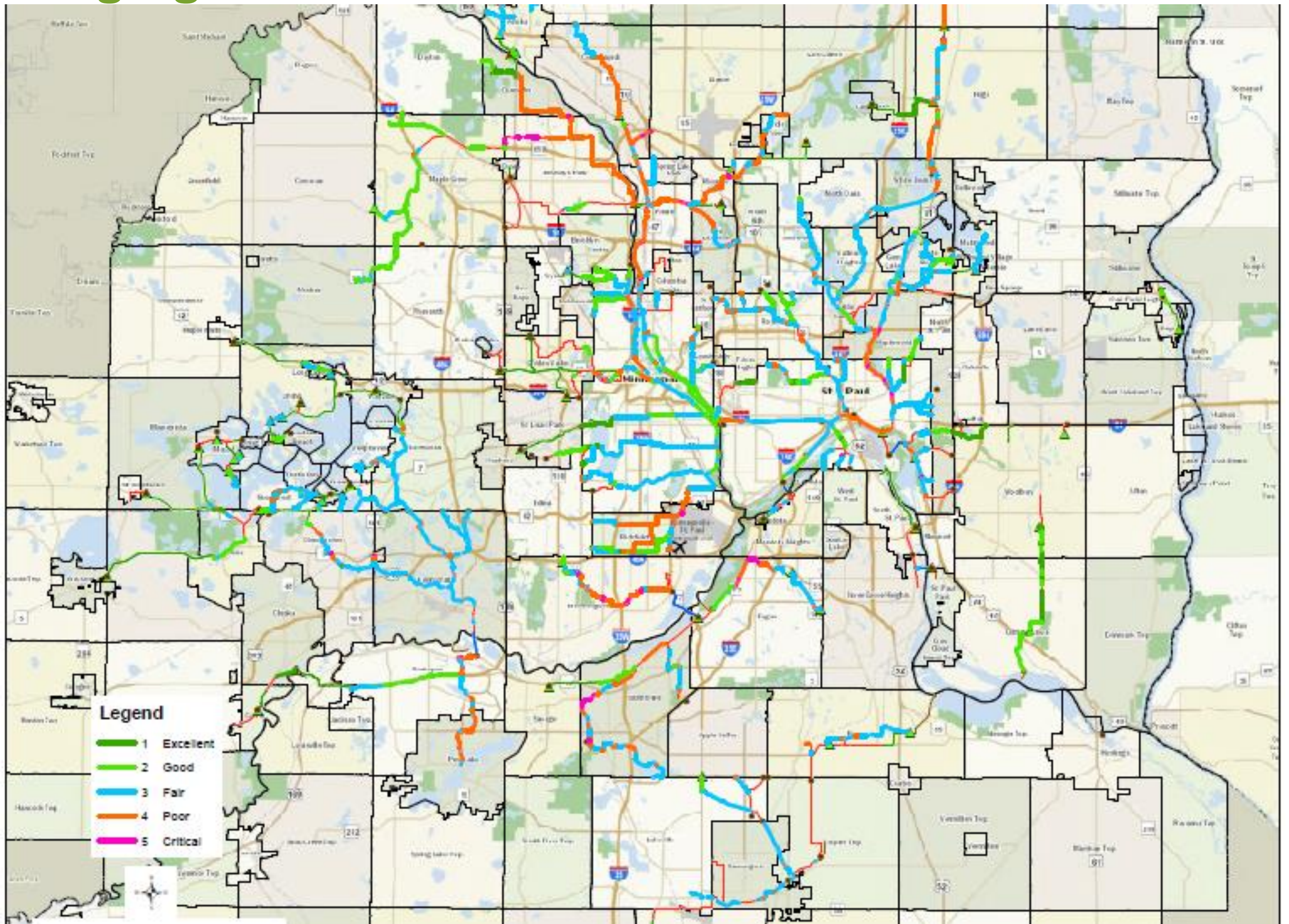
Debt is serviced through:

- General obligation council bonds
- MN PFA (Public Facilities Authority) subsidized loans

Capital Spending Breakdown



Aging Infrastructure

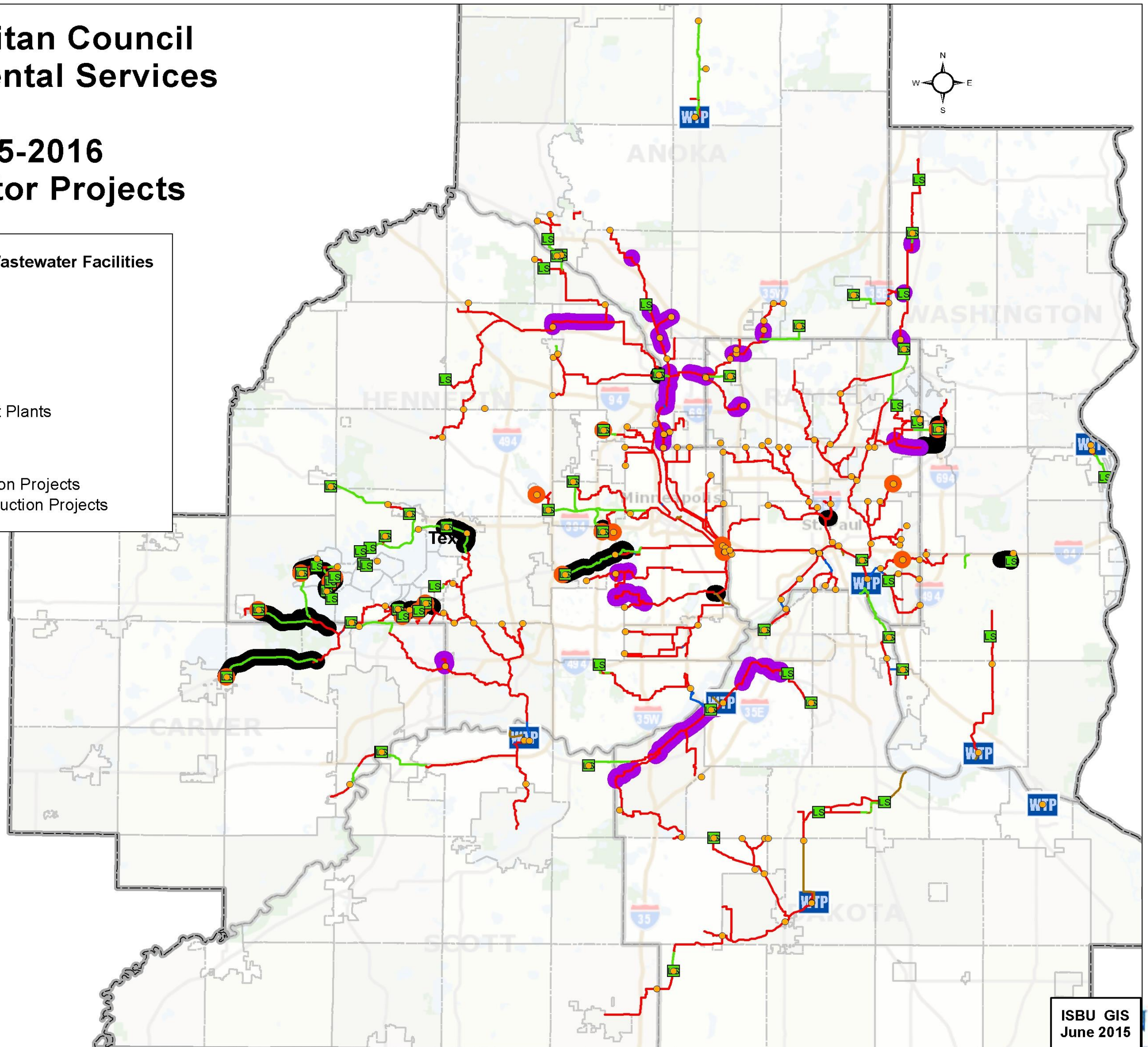


Interceptor System Investments

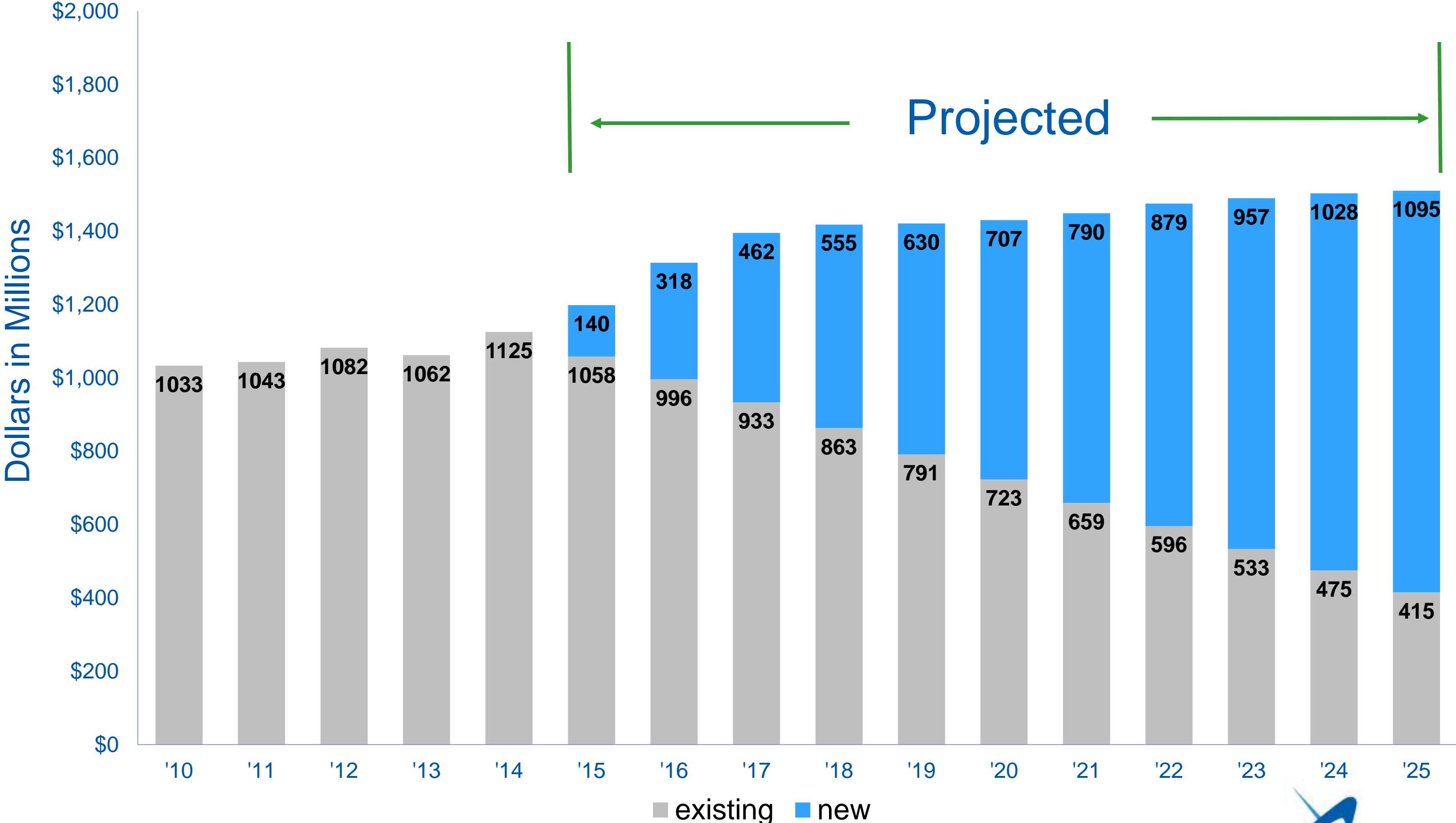
Metropolitan Council Environmental Services

2015-2016 Interceptor Projects

- Environmental Services Wastewater Facilities**
- Gravity Interceptors
 - Forcemains
 - Siphons
 - Outfalls
 - Lift Stations
 - Meters
 - WTP Wastewater Treatment Plants
- Project Locations**
- Facility Projects
 - Interceptor Rehabilitation Projects
 - New Interceptor Construction Projects



Wastewater Outstanding Debt



(Average 3.1% Increase)

■ existing ■ new



MCES has low debt relative to peer agencies

Debt per capita (person)*

| | | | | | |
|----------------|--------------|----------------|---------|---------|---------|
| Los Angeles | \$188 | Philadelphia | \$766 | Seattle | \$2,607 |
| Denver | \$370 | Sacramento | \$922 | Boston | \$2,647 |
| MCES | \$392 | Milwaukee | \$930 | | |
| Virginia Beach | \$451 | Washington, DC | \$939 | | |
| Orange County | \$464 | Cleveland | \$987 | | |
| Chicago | \$473 | Miami | \$1,037 | | |
| Phoenix | \$525 | Austin | \$1,259 | | |
| San Antonio | \$622 | Columbus | \$1,514 | | |
| St. Louis | \$653 | Louisville | \$1,971 | | |

* 2013 data from 2014 NACWA survey

SAC is a critical component to a *regional* wastewater treatment system

- MCES has low rates relative to its peers
- MCES has low debt (per capita) relative to its peers
- Capital Spending is focused on rehabilitation
- Capital spending is distributed across the region

Discussion & Direction

Proposed Next Steps

- CDC Direction
- Staff Identified Needs
 - Housekeeping update: reflect Thrive MSP 2040 and current practice
 - Consideration for failing SSTS
 - Incorporate into density calculations publicly owned stormwater areas that incorporate BMPs for stormwater management
- Draft Updated Guidelines
 - Additional CDC direction
- Collaboration with MetroCities
- CDC review/recommendation of Updated Guidelines
- Council approval

Discussion

- Feedback and direction on updating MUSA Implementation Guidelines
- Other information needs or studies to inform the next round of policy development

Questions?