

**E** Environment Committee  
Meeting date: November 13, 2012

For the Council Meeting of November 28, 2012

ADVISORY INFORMATION	
<b>Date:</b>	October 25, 2012
<b>Subject:</b>	Approval of Municipal Wastewater Charge (MWC) Adjustment Agreements with the Cities of Hugo and Forest Lake
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Procedure 3-2-3a (Community Billing Adjustments and Disputes) Policy 3-8 (target fund balances) / MN Statutes 573.517 (MWCs) and 541.05 (statutory limitation)
<b>Staff Prepared/Presented:</b>	John Atkins 651-602-1020; Kyle Colvin 651-605-1151
<b>Division/Department:</b>	MCES

**Proposed Action**

That the Metropolitan Council authorizes its Regional Administrator to execute agreements with the cities of Hugo and Forest Lake to adjust prior year Municipal Wastewater Charges (MWCs).

**Background**

In the fall of 2011, MCES technical staff became aware of potential flow measurement concerns affecting the cities of Hugo and Forest Lake. Various analysis and assessments indicated Meter M043, measuring flow out of Forest Lake and into Hugo was malfunctioning and reading artificially high. This had resulted in improbable flow measurements for Hugo, creating the need to estimate flows based on other methods.

Once M043 was verified to be malfunctioning, additional temporary meters were added to accurately measure flow attributable to both Forest Lake and Hugo. A capital project has been initiated to replace the permanent meter at M043.

Billing adjustments for both Forest Lake and Hugo MWCs were calculated using total net wastewater flow from both communities and proportioning this total to each community based on each community's water consumption data. This resulted in reductions to the flow attributed to both Forest Lake and Hugo. Council policy recognizes Mn Statute 541.05 which limits, to six years, the time frame in which adjustments to billings can be corrected. Since the issue with billing was first identified in 2011, the Council is proposing to correct six years of MWCs from 2011 to 2006.

Based on the method described above, the total credit due to Forest Lake is \$1,181,672.74 and the total due to Hugo is \$880,684.93 including, for both, accrued interest at a rate of 3%. Note that early 2012 billings have been corrected by adjusting the billings that had yet to be made.

**Rationale**

MCES is responsible for the maintenance and accuracy of metering system and is obligated to resolve technical issues and customer disputes in an equitable and timely manner while maintaining Council customer service standards and adhering to legal requirements.

**Funding**

Funding for these agreements will come from 2012 Municipal Wastewater Charge receipts and reduce that revenue this year. However, based on recent revenue and expense projections, the 2012 budget is still expected to result in a positive variance for 2012 and the reserve funds well above the target fund balance.

**Known Support / Opposition**

The two cities have been involved in this discussion and support this resolution.