

Environment Committee

Meeting date: June 11, 2013

Subject: Public Meetings on Preliminary 2014 Rates and Charges

District(s), Member(s): All

Policy/Legal Reference: Council Policy 3-2-3; Water Resources Management Policy Plan; MN Statute 473.517

Staff Prepared/Presented: Jason Willett 651-602-1196

Division/Department: Environmental Services

Background & Rationale

This information item is intended to brief Environment Committee members on the rates that we will discuss at public meetings regarding the preliminarily proposed 2014 rates and charges (attachment A) and other strategic matters. Two meetings will be held for municipal customers and one for industrial customers. We hope, if you can, that you will join us and hear from our customers personally.

Customers want to know MCES rates as soon as possible: municipalities for their rate setting (which sometimes require ordinance changes) and total cost-of-government computations, and businesses so they know the cost of this service in setting their pricing for 2014.

Staff will bring a summary of the customer input to the Committee in July. The public meetings scheduled are:

June 13: Industrial Waste Forum at Metro 94 at 8:00 am.

June 18: Municipal Customer Forum at Golden Valley City Hall at 9:00 am.

June 24: Municipal Customer Forum at League of Minnesota Cities Building in St. Paul at 1:30 pm.

Funding

The preliminary budget on which these rates are based is Attachment B and is information only. Budget adoption proceeds separately but is materially constrained by the rates and charges (Attachment A).

Funding for the meeting expenses is not material.

Known Support / Opposition

Holding these meetings to get customer input (prior to Committee action) has been our typical practice in recent years and they have been well attended and are appreciated by our customers.

Preliminary Rates and Charges

	<u>2013</u>	<u>2014</u>	<u>Increase (%)</u>
1. Metropolitan Wastewater Charge (MWC)	178,824,000	184,188,000	3.0
2. Sewer Availability Charge (SAC)	2,435	2,485	2.1
Temporary Capacity Charge (per 1,000 gallons)	1.22	1.25	2.4
3. Strength Charge (excess pounds of TSS)	\$0.172	\$0.185	7.6
Strength Charge (excess pounds of COD)	\$0.086	\$0.0925	7.6
4. Load Charges:			
Standard Load Charge (per 1,000 gallons)	\$53.20	\$54.71	2.8
Holding Tank Load Charge (per 1,000 gallons)	\$8.81	\$9.60	9.0
Collar County Load Charge (per 1,000 gallons)	\$68.20	\$69.71	2.2
Portable Toilet Load Charge (per 1,000 gallons)	\$67.79	\$70.26	3.6
Industrial Strength Component (excess TSS)	\$0.351	\$0.373	6.3
Industrial Strength Component (excess COD)	\$0.1755	\$0.1865	6.3
5. Permit Fees (\$/year)			
<u>Quarterly Reporters</u>			
Significant industrial User (SIU) >50 m gal	6,850	7,400	8.0
SIU <50 m gal	5,725	6,175	7.9
<u>Semi-annual reporters</u>			
SIU > 10m gal	4,525	4,875	7.7
SIU 5-10 m gal	3,400	3,675	8.1
SIU 2-5 m gal	2,275	2,450	7.7
SIU < 2m gal	1,150	1,250	8.7
Non SIU	1,150	1,250	8.7
<u>Annual reporters</u>			
non SIU >1m gal	1,150	1,250	8.7
non SIU <1m gal	725	775	6.9
NSCIU (non sig. categorical industrial user)	725	775	6.9
<u>Liquid Waste Haulers</u>			
> 1m gal	1,150	1,250	8.7
< 1m gal	725	775	6.9
<u>Special Discharges</u>			
General - quarterly reporters	1,150	1,250	8.7
Contingency/low impact	725	775	6.9
General Permits	100-500	100-500	
6. Other Fees:			
Encroachment Application Fee (per easement)	600	600	0
Direct Connection Application Fee (per application)	1,000	1,000	0
I/I Exceedance Rate (per excess mgd)	398,000	407,000	2.3

Rate Setting (Preliminary) Budget

	2013 Adopted <u>Budget</u>	2014 Preliminary <u>Budget</u>	Change (%)
REVENUE & Other Sources: (\$s in thousands)			
Metropolitan Wastewater Charge	\$178,824	\$184,188	3.0
SAC Fund Transfer	29,495	31,262	6.0
SAC Fund Shift-back	0	4,400	
Industrial Charges	13,977	14,020	.3
Other Source	<u>3,179</u>	<u>5,172</u>	<u>62.7</u>
Total Revenue/Sources	\$225,475	\$239,042	6.0
EXPENSES & Other Uses: (\$s in thousands)			
Wastewater Debt Service	100,245	103,500	3.2
MCES Labor	63,309	64,218	1.4
Non-Labor	52,403	58,750	12.1
Interdivisional	10,868	10,900	.3
Pay-as-You-Go for Capital Projects	<u>1,500</u>	<u>2,000</u>	33.3
Total Expenses	228,325	239,368	4.8
SURPLUS/(DEFICIT) to (from) Op. Reserves	(\$2,850)	(\$326)	