

Business Item 2015-111 Authorization to Amend the 2014 and 2015 Unified Budgets

Ned Smith, Director, Finance and Revenue, Environmental Services
Kyle Colvin, Assistant Manager, Planning & Programs, Environmental Services

Environment Committee: June 9, 2015
Management Committee: June 10, 2015



2014 Operating Amendment Breakdown

- \$682,000 increase to treatment services budget
 - Turbine offline due to performance issues
 - Decreased turbine output increased electricity charges
 - Capital improvements took incinerator offline longer than anticipated due to discovery of additional rehabilitation required
 - Increased hauling of sludge to landfill
 - Increased chemicals to pre-treat sludge
 - Increased natural gas to replace incinerator-generated heat
 - High waters from excess rains in spring and summer
 - Increased electricity to run effluent pumps due to the high river

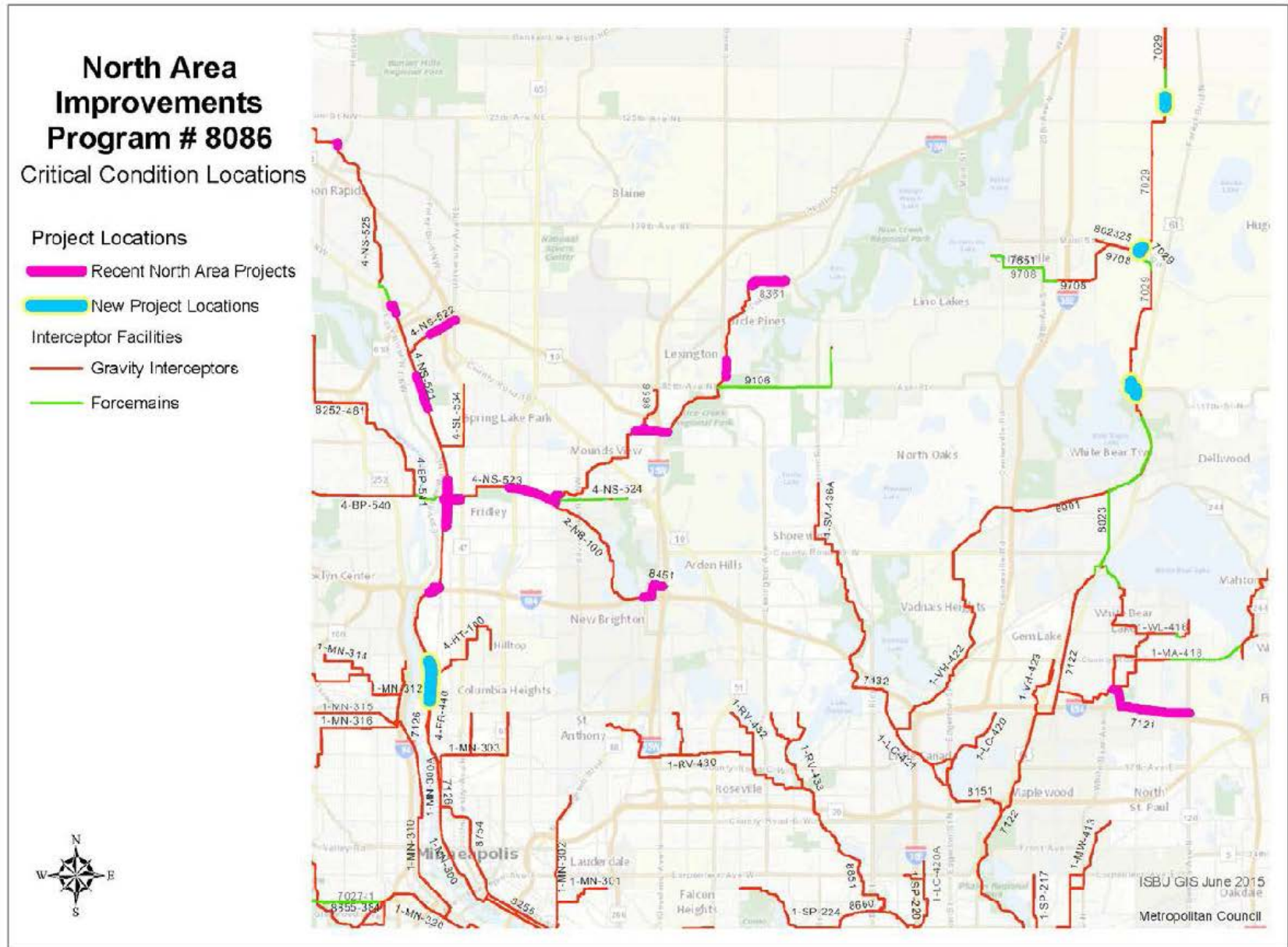
2014 Operating Amendment Breakdown

- Fiscal Impact
 - No impact to wastewater rates
 - Amendment uses available wastewater operating contingency reserve
 - Amendment will not cause wastewater operating contingency reserve to fall below 10% council policy target balance level

2015 Capital Amendment Breakdown

- Program 8086: North Area Interceptor System Rehab.
 - Increase Authorized Capital Program by \$44 Million
 - Gravity sewer / condition assessment
 - Several locations (Fridley & Hugo) – severe corrosion
 - Original Capital Program anticipated costs in 2017 and 2019

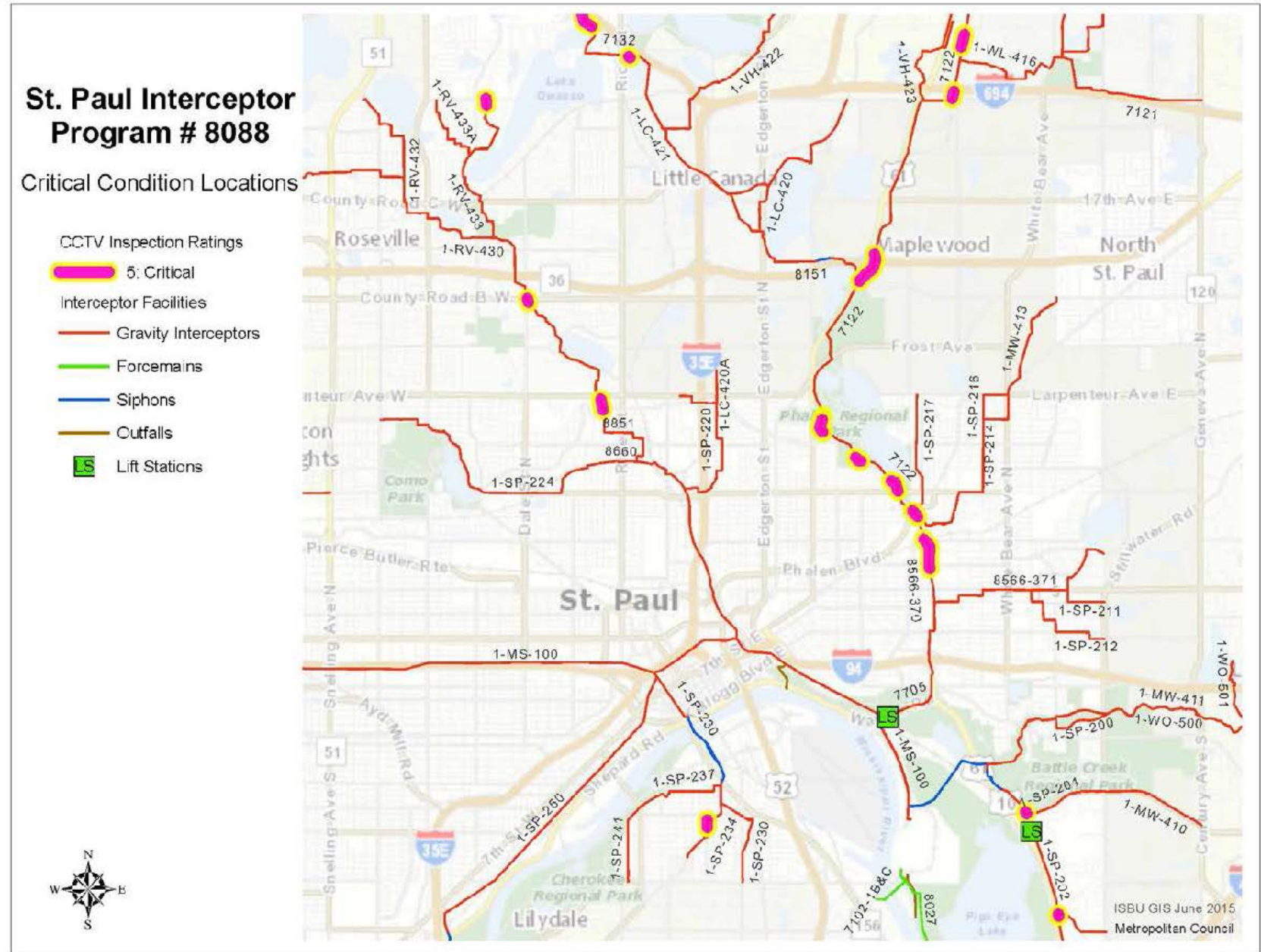
Program 8086: North Area Interceptor System Rehabilitation Project Locations



Amendment Breakdown

- Program 8088: St. Paul Interceptor System Rehab.
 - Increase Authorized Capital Program by \$56 Million
 - Gravity sewer / condition assessment
 - Several locations (St. Paul & surrounding communities)
 - Severe corrosion
 - New scheduled improvements

Program 8088: St. Paul Interceptor System Rehabilitation Project Locations



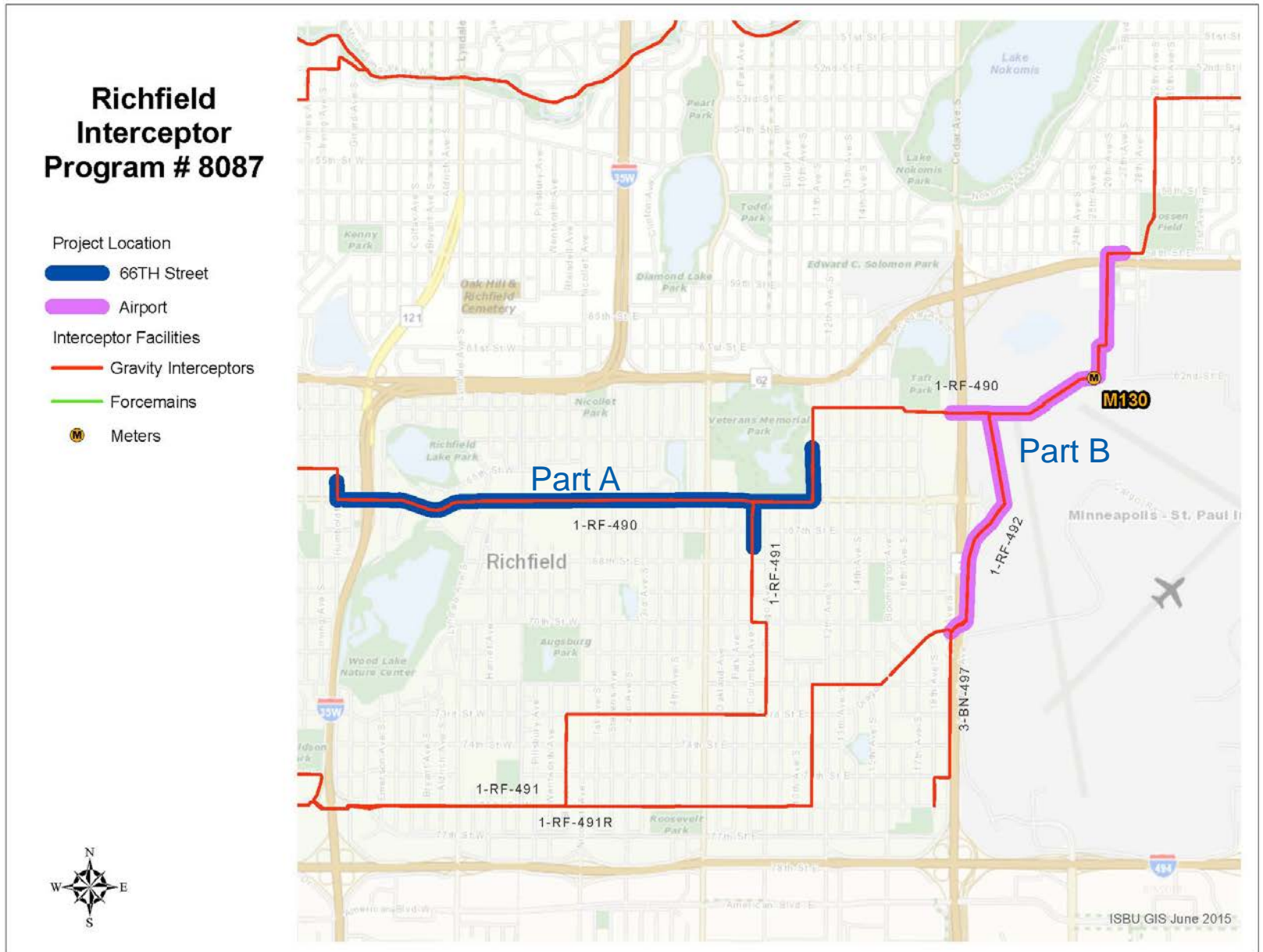
Amendment Breakdown

- Program 8087: Richfield Interceptor System Rehab.
 - Part A (66th Street)
 - Increase Authorized Capital Program by \$24 Million
 - Gravity sewer / condition assessment
 - MCES Interceptor 1-RF-491 – moderate corrosion
 - Rehabilitation needed within 10 years
 - County & City scheduled reconstruction of 66th Street for 2016-2017
 - Coordinate interceptor rehabilitation with street reconstruction

Amendment Breakdown

- Program 8087: Richfield Interceptor System Rehab.
 - **Part B** (vicinity of Minneapolis / St. Paul International Airport)
 - Increase Capital Improvement Program by \$29 Million
 - Gravity sewer / condition assessment
 - MCES Interceptor 1-RF-491 & 1-MN-346 & M130
 - New scheduled improvements – moderate to severe corrosion

Program 8087: Richfield Interceptor System Rehabilitation Project Locations



Fiscal Impact

- If no other projects were re-prioritized, the increase in debt service would result in:
 - 0.5% Municipal Wastewater Charge increase per year for 4 years.
 - 2.0% Sewer Availability Charge increase per year for 4 years.
- Throughout 2015, MCES will re-evaluate other lower priority projects to decrease the rate impacts.

Proposed Actions

- That the Metropolitan Council authorizes the amendment of the 2014 Unified Budget as indicated in Attachment A and authorize the amendment of the 2015 Unified Budget as indicated and in accordance with Attachment B.