

Environment Committee

Meeting date: May 12, 2015

Subject: Public Meetings on Preliminary 2016 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: Ned Smith, 651-602-1162; John Atkins, 651-602-1020

Division/Department: MCES c/o Leisa Thompson, 651-602-8101

Background

Staff will hold two public meetings for customers regarding the preliminary proposed 2016 rates and charges (Attachment A) and other strategic matters (Attachment B – meeting brochure). This information item is to brief Committee members on the rates we will discuss. 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 (which some give to their constituents with their proposed levies) and businesses so they know the cost of this service in setting their pricing for 2016.

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

June 9: Municipal Customer Forum at League of Minnesota Cities Building in St. Paul at 9:00 a.m.

June 11: Municipal Customer Forum at Golden Valley City Hall at 2:00 p.m.

June 17: Industrial Waste Forum at Metro 94 at 8:00 a.m.

Funding

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

Funding for the meeting expenses is not material.

Known Support / Opposition

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

Preliminary Rates and Charges

	<u>2015</u>	<u>2016</u>	<u>Increase</u> <u>(%)</u>
1. Metropolitan Wastewater Charge (MWC)	190,710,000	201,264,000	5.5
2. Sewer Availability Charge (SAC)	2,485	2,485	0.0
Temporary Capacity Charge (per 1,000 gallons)	1.25	1.25	0.0
3. Strength Charge (excess pounds of TSS)	\$0.190	\$0.212	11.6
Strength Charge (excess pounds of COD)	\$0.095	\$0.106	11.6
4. Load Charges:			
Standard Load Charge (per 1,000 gallons)	\$56.31	\$59.77	6.2
Holding Tank Load Charge (per 1,000 gallons)	\$9.39	\$9.34	(0.5)
Collar County Load Charge (per 1,000 gallons)	\$71.31	\$74.77	4.9
Portable Toilet Load Charge (per 1,000 gallons)	\$72.49	\$77.16	6.4
Industrial Strength Component (excess TSS)	\$0.388	\$0.417	7.5
Industrial Strength Component (excess COD)	\$0.1940	\$0.2085	7.5
5. Permit Fees (\$/year)			
<u>Quarterly Reporters</u>			
Significant industrial User (SIU) >50 m gal	8,025	8,875	10.6
SIU <50 m gal	6,700	7,400	10.5
<u>Semi-annual reporters</u>			
SIU > 10m gal	5,300	5,850	10.4
SIU 5-10 m gal	4,000	4,425	10.6
SIU 2-5 m gal	2,650	2,925	10.3
SIU < 2m gal	1,350	1,500	11.1
Non SIU	1,350	1,500	11.1
<u>Annual reporters</u>			
non SIU >1m gal	1,350	1,500	11.1
non SIU <1m gal	850	925	8.9
NSCIU (non sig. categorical industrial user)	850	925	8.9
<u>Liquid Waste Haulers</u>			
> 1m gal	1,350	1,500	11.1
< 1m gal	850	925	8.9
<u>Special Discharges</u>			
General - quarterly reporters	1,350	1,500	11.1
Contingency/low impact	850	925	8.9
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)	415,000	421,000	1.4

PERFORMANCE

PERMIT COMPLIANCE, AWARDS

In 2014, MCEs treatment plants continued to perform at a high level in complying with clean water discharge permits. System-wide, wastewater was treated to 100% NPDES compliance and all air emissions permits and stack tests were successfully passed. The interceptor system had no Notices of Violations.

Seven MCEs treatment plants earned Peak Performance Awards from the National Association of Clean Water Agencies (NACWA). Six of the plants earned NACWA's Platinum Peak Performance Award for 5 or more consecutive years of compliance through 2013 and awarded in 2014: Hastings (23 years), St. Croix Valley (22), Seneca (13), Blue Lake (8), Eagles Point (8) and Empire (6).

Additionally, MCEs received Certificates of Commendation for seven of its treatment plants from the Minnesota Pollution Control Agency.

EAST BETHEL

The new East Bethel Wastewater Reclamation Facility was completed and began operation in 2014. Treated wastewater from this facility is used to recharge the groundwater, not discharged to a river, and is planned to be used for irrigation, as well.

SAVINGS

SAVING ENERGY, MONEY

Since 2007, MCEs has reduced its energy purchases for wastewater treatment. The savings result in lower wastewater rates for rate payers as well as significant environmental benefits. In 2014 alone, these savings were **\$4.6 million**.

MCEs is continuing its energy conservation and renewable energy projects that generate energy to be used onsite. The division reduced purchased energy by 19% (200,000 MMBTU) by the end of 2014, and has a goal to be at 25% purchased energy reduction goal by 2015. This 19% reduction equates to 58 million kilowatt hours.

SOLAR

A solar project at the Blue Lake Plant is currently in construction.

This project is a collaboration to design, build, own and operate a 1.25 mega watt facility. MCEs is considering expanding solar to its other facilities, both for its own load and with community solar gardens that include voluntary local government participation.

MCEs Customer Forum



The East Bethel Wastewater Reclamation Facility began service in 2014. Its treated wastewater is used to recharge the groundwater and is not discharged into a waterway.

MUNICIPAL CUSTOMER FORUM



Tuesday, June 9, 9-11 a.m.
Golden Valley City Hall Chambers
7800 Golden Valley Road, Golden Valley

--OR--

Thursday, June 11, 2-4 p.m.
League of Minnesota Cities
145 University Ave. West, St. Paul



General Manager's Comments
Water Sustainability in the Region
Preliminary 2016 Budget & Rates
Your Questions Answered



The annual Municipal Customer Forum provides the MCES municipal communities' staff with an opportunity to discuss and provide input on MCES's current topics, services and upcoming fiscal year budget and rates.



For questions and comments about the *Municipal Customer Forum*, please contact **Ned Smith**, MCES Finance & Revenue Director, at ned.smith@metc.state.mn.us or 651-602-1162.



To attend the *Municipal Customer Forum*, please contact **Sara Haugen** at 651-602-1016 or sara.haugen@metc.state.mn.us.

INDUSTRIAL CUSTOMER FORUM



Wednesday, June 17, 8 a.m.
Metro 94 Business Center, Suite 32
455 Etna Street, St. Paul



The annual *Industrial Customer Forum* provides MCES's 800+ **industrial** customers a chance to share their ideas and concerns on issues that may affect their businesses. Topics include preliminary 2016 budget and rates, regulatory issues, and relevant emerging concerns.



Please direct questions and comments about the *Industrial Customer Forum* to **Bob Nordquist**, Industrial Waste/Pollution Prevention Manager, at bob.nordquist@metc.state.mn.us, or 651-602-4701.



To attend the *Industrial Customer Forum*, please contact **Kimberly Anez** at kimberly.anez@metc.state.mn.us or 651-602-4703.

Rate Setting (Preliminary) Budget

	2015 Adopted <u>Budget</u>	2016 Preliminary <u>Budget</u>	Change <u>(%)</u>
REVENUE & Other Sources: (\$s in thousands)			
Metropolitan Wastewater Charge	\$190,710	\$201,264	5.5
SAC Fund Transfer	33,368	37,500	12.4
SAC Fund Shift-back	2,700	1,700	(37.0)
Industrial Charges	14,266	14,705	3.1
Other Source	<u>7,982</u>	<u>10,054</u>	<u>25.96</u>
Total Revenue/Sources	\$249,501	\$265,223	6.3
EXPENSES & Other Uses: (\$s in thousands)			
Wastewater Debt Service	\$109,000	\$115,500	6.0
MCES Labor	64,761	66,874	3.3
Non-Labor	58,960	61,749	4.7
Interdivisional	12,651	14,100	11.5
Pay-as-You-Go for Capital Projects	<u>5,000</u>	<u>7,000</u>	<u>40.0</u>
Total Expenses	\$250,372	\$265,223	5.9
SURPLUS/(DEFICIT) to (from) Op. Reserves	(\$871)	0	(100.0)