

## Environment Committee

Meeting date: May 10, 2016

**Subject:** Public Meetings on Preliminary 2017 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 three public meetings for customers regarding the preliminary proposed 2017 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 want to know for their rate setting and total cost-of-government computation. Businesses want to know so they are aware of the cost of the service in order to set their pricing for 2017.

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

- May 24: Municipal Customer Forum at League of Minnesota Cities Building in St. Paul at 9:00 a.m.
- May 26: Municipal Customer Forum at Minnetonka City Hall at 2:00 p.m.
- June 2: Industrial Waste Forum at Metro 94 at 8:30 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 customers.

**Preliminary Rates and Charges**

	<u>2016</u>	<u>2017</u>	<u>Increase</u> <u>(%)</u>
1. Metropolitan Wastewater Charge (MWC)	201,264,000	211,932,000	5.4
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)	\$0.212	\$0.220	7.8
Strength Charge (excess pounds of COD)	\$0.106	\$0.110	7.8
4. Load Charges:			
Standard Load Charge (per 1,000 gallons)	\$59.77	\$62.30	6.0
Holding Tank Load Charge (per 1,000 gallons)	\$9.34	\$10.30	10.3
Collar County Load Charge (per 1,000 gallons)	\$74.77	\$77.30	4.7
Portable Toilet Load Charge (per 1,000 gallons)	\$77.16	\$80.24	5.8
Industrial Strength Component (excess TSS)	\$0.417	\$0.430	5.1
Industrial Strength Component (excess COD)	\$0.2085	\$0.2150	5.1
5. Permit Fees (\$/year)			
<u>Quarterly Reporters</u>			
Significant industrial User (SIU) >50 m gal	8,875	9,775	10.5
SIU <50 m gal	7,400	8,175	10.5
<u>Semi-annual reporters</u>			
SIU > 10m gal	5,850	6,450	10.3
SIU 5-10 m gal	4,425	4,875	10.2
SIU 2-5 m gal	2,925	3,225	10.3
SIU < 2m gal	1,500	1,650	10.0
Non SIU	1,500	1,650	10.0
<u>Annual reporters</u>			
non SIU >1m gal	1,500	1,650	10.0
non SIU <1m gal	925	1,025	10.8
NSCIU (non sig. categorical industrial user)	925	1,025	10.8
<u>Liquid Waste Haulers</u>			
> 1m gal	1,500	1,650	10.0
< 1m gal	925	1,025	10.8
<u>Special Discharges</u>			
General - quarterly reporters	1,500	1,650	10.0
Contingency/low impact	925	1,025	10.8
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)	421,000	421,000	0

## PERFORMANCE

### PERMIT COMPLIANCE, AWARDS

In 2015, 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.

Six MCES treatment plants earned NACWA's Platinum Award for five or more consecutive years of perfect permit compliance through 2014 and awarded in 2015: Hastings (24 years), St. Croix Valley (23), Seneca (14), Blue Lake (9), Eagles Point (9) and Empire (7).

Additionally, all of the discharging MCES treatment plants received 2015 Certificates of Commendation for Operational Excellence from the Minnesota Pollution Control Agency.

Learn more about MCES at  
[www.metrocouncil.org/Wastewater-Water](http://www.metrocouncil.org/Wastewater-Water)

## INVESTMENTS

### ASSET PROTECTION

The estimated replacement value of the regional wastewater system is nearly \$7 billion. The MCES capital investment program invests approximately \$140 million annually (2%), including \$135 million annually for asset preservation.

The largest investment, about \$100 million annually, is being spent on rehabilitation/replacement of pipelines that are in poor condition, primarily due to hydrogen sulfide corrosion of concrete and metal pipes, as well as rehabilitation/replacement of aging pump stations and meter stations. Wastewater treatment plant investments are also focused on asset preservation, as well as energy conservation and recovery.

### SOLAR

MCES is advancing solar projects that provide environmental, societal, and financial benefits (to our ratepayers) - equivalent to electricity from all MCES facilities at an amount close to 10%.

The Blue Lake Plant solar panel installation (front cover) is connected to the facility and generates electricity equivalent to 10% of the plant's demand. Plans are under way to construct a 3MW (megawatt) community solar garden at Blue Lake, and 5 MW at the Empire plant this summer. And more is coming (3MW is equal to the electricity usage in about 500 households).

2016

## MCES Customer Forum



*Solar panel installation at the Blue Lake Plant in Shakopee. The panels became operational in March 2016.*



## MUNICIPAL CUSTOMER FORUM

### When, Where

**Tuesday, May 24, 9-11 a.m.**  
Metro Cities  
145 University Ave. West, St. Paul

—OR—

**Thursday, May 26, 2-4 p.m.**  
Minnetonka City Hall  
14600 Minnetonka Blvd, Minnetonka

### Topics

MCES Overview by the General Manager

Preliminary 2017 Budget & Rates

MCES Service Drivers

Service Expectations

MCES Answering your Questions

### About

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.

### Questions?

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

### RSVP

To attend the *Municipal Customer Forum*, please RSVP to **Sara Haugen** at [sara.haugen@metc.state.mn.us](mailto:sara.haugen@metc.state.mn.us) or 651-602-1016.

## INDUSTRIAL CUSTOMER FORUM

### When, Where

**Thursday, June 2, 8:30 a.m.**  
Metro 94 Business Center, Suite 32  
455 Etna Street North, St. Paul

### About

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 updates on Electronic Reporting, Soluble Non-Reactive Phosphorus, Local Limits and EPA Actions, and the Industrial Pretreatment Incentive Program.

### Questions?

For questions about the *Industrial Customer Forum*, please contact **Bob Nordquist**, Industrial Waste/Pollution Prevention Manager, at [bob.nordquist@metc.state.mn.us](mailto:bob.nordquist@metc.state.mn.us) or 651-602-4706.

### RSVP

To attend the *Industrial Customer Forum*, please contact **Deltry Coles** at [deltry.coles@metc.state.mn.us](mailto:deltry.coles@metc.state.mn.us) or 651-602-4703.

**Rate Setting (Preliminary) Budget**

	2016 Adopted <u>Budget</u>	2017 Preliminary <u>Budget</u>	Change <u>(%)</u>
REVENUE & Other Sources: (\$s in thousands)			
Metropolitan Wastewater Charge	\$201,013	\$211,932	5.4
SAC Fund Transfer	37,500	39,388	5.0
SAC Fund Shift-back	1,700	0	
Industrial Charges	14,705	13,833	-5.9
Other Source	<u>11,054</u>	<u>3,715</u>	<u>-33.6</u>
Total Revenue/Sources	\$265,973	\$268,868	1.1
EXPENSES & Other Uses: (\$s in thousands)			
Wastewater Debt Service	\$115,500	\$124,000	7.4
MCES Labor	66,862	66,994	.2
Non-Labor	62,408	56,323	-9.7
Interdivisional	14,203	15,551	9.5
Pay-as-You-Go for Capital Projects	<u>7,000</u>	<u>7,000</u>	<u>0.0</u>
Total Expenses	\$265,973	\$269,868	1.5
SURPLUS/(DEFICIT) to (from) Op. Reserves	0	(1,000)	