

Business Item: 2017-145 Adoption of MCES Wastewater Rates and Charges

Ned Smith, Director of Finance

Environment Committee: July 11, 2017



Agenda

- Rate Setting Calendar
- Customer Forums Overview
- 2018 Executive Summary
- Proposed 2018 Sources & Uses
- Debt
- SAC
- Industrial Rates
- Questions



2018 Rate Setting Schedule

- Customer Service Listening Sessions *
 - April 6: Metro Cities St. Croix Room
 - April 13: Golden Valley Chambers
 - April 27: Industrial Customer Workshop – Metro94
- May 9: Environment Committee Direction for Public Meetings
- Municipal Customer Budget Forums *
 - May 23: Minnetonka Community Center
 - June 8: Metro Cities St. Croix Room
- **July 11: Environment Committee Review of Customer Input and 2018 Rate Adoption Recommendation**
- July 26: Council Rate Adoption
- Aug. 23: Council Preliminary Operating Budget Adoption

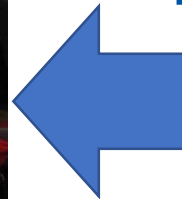
* *public input*

Customer Forums – New Features

- One-pagers for quick reference:
 - Task Forces
 - MWC Calculations
 - Capital Programs



- Detailed billing descriptions
 - Sent mid-May
 - 109 municipality-specific sheets
 - Reviewed 1:1 after presentation



Customer Feedback

- “It was well-organized”
- “It met my expectations”
- “Good Detail”
- “I could understand it (MWC materials and maps) very well”
- “These sessions are outstanding! Please continue to host them. Not only are they informative for their intended purpose – they allow other info exchange between Cities and the Council.”
- “Always packed with info... validated and fact checked... can take this info at face value and use to better manage City processes.”
- “The language MCES uses to describe SAC needs to be mindful of the fact that some sewers were built by local funds long before the advent of SAC and that since then no additional capacity has been added by MCES. The way that ‘paying for capacity’ is described is disingenuous for some portions of the region. It would be preferable to talk about ‘renewing’ capacity as part of rehab.”
- From a non-attendee: *“Cities have no control over your rate structure. What's the point? More fees, more charges. That's all we get.”*

2018 Executive Summary

- Sources & Rates

- Wastewater charge: 3.7%
- Sewer Availability Charge: No Increase
- Industrial Strength Charge: 6.8%
- Industrial Permit Fee: 3.7%

- Uses

- 3.1% increase over 2017

- Other Significant

- Flow Year Change
- Thrive

Changes from May 9 Information Item*

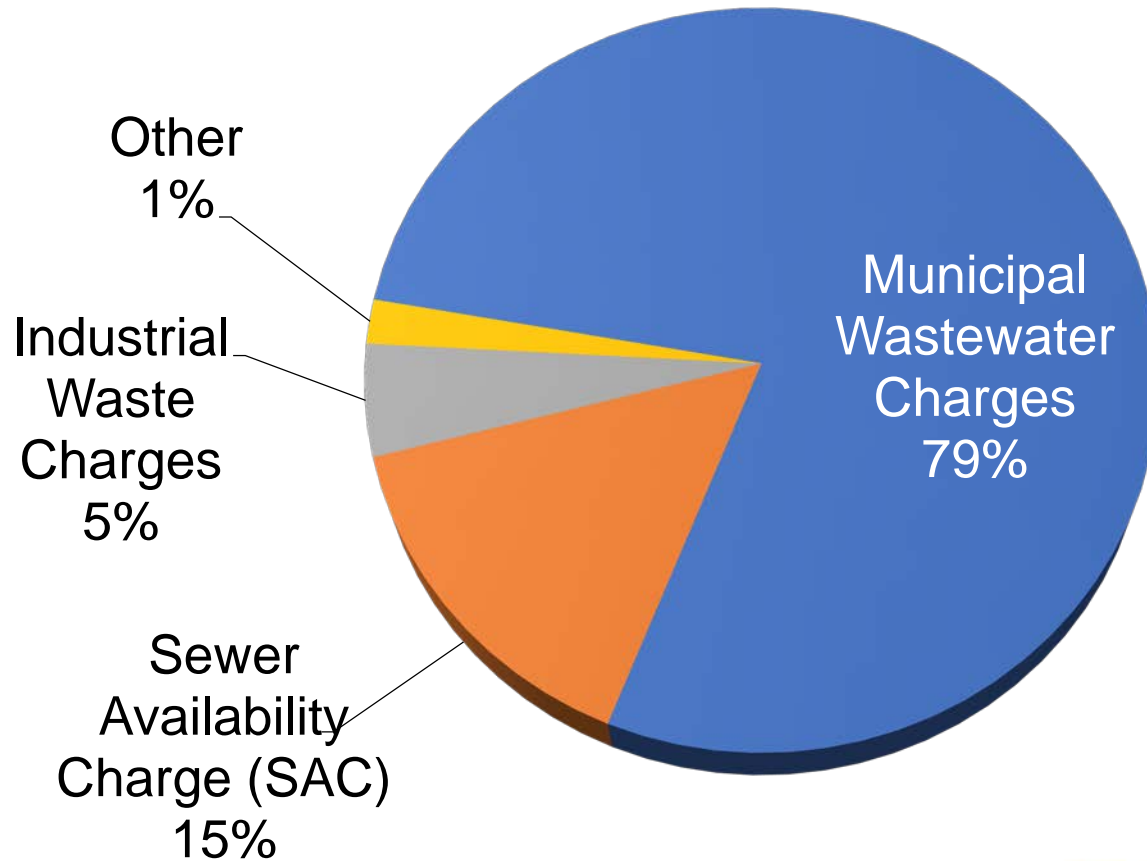
Sources (\$000s)	Preliminary	Final	\$ Change
MCES Reserves	2,000,000	2,225,863	225,863
Council Levy	0	2,000,000	2,000,000

Uses (\$000s)	Preliminary	Final	\$ Change
Interdivisional Charges	15,820,000	16,045,863	225,863
Council Levy Funded Grants	0	2,000,000	2,000,000

* Preliminary Rate-Setting numbers were presented at the May 9th Environment Committee

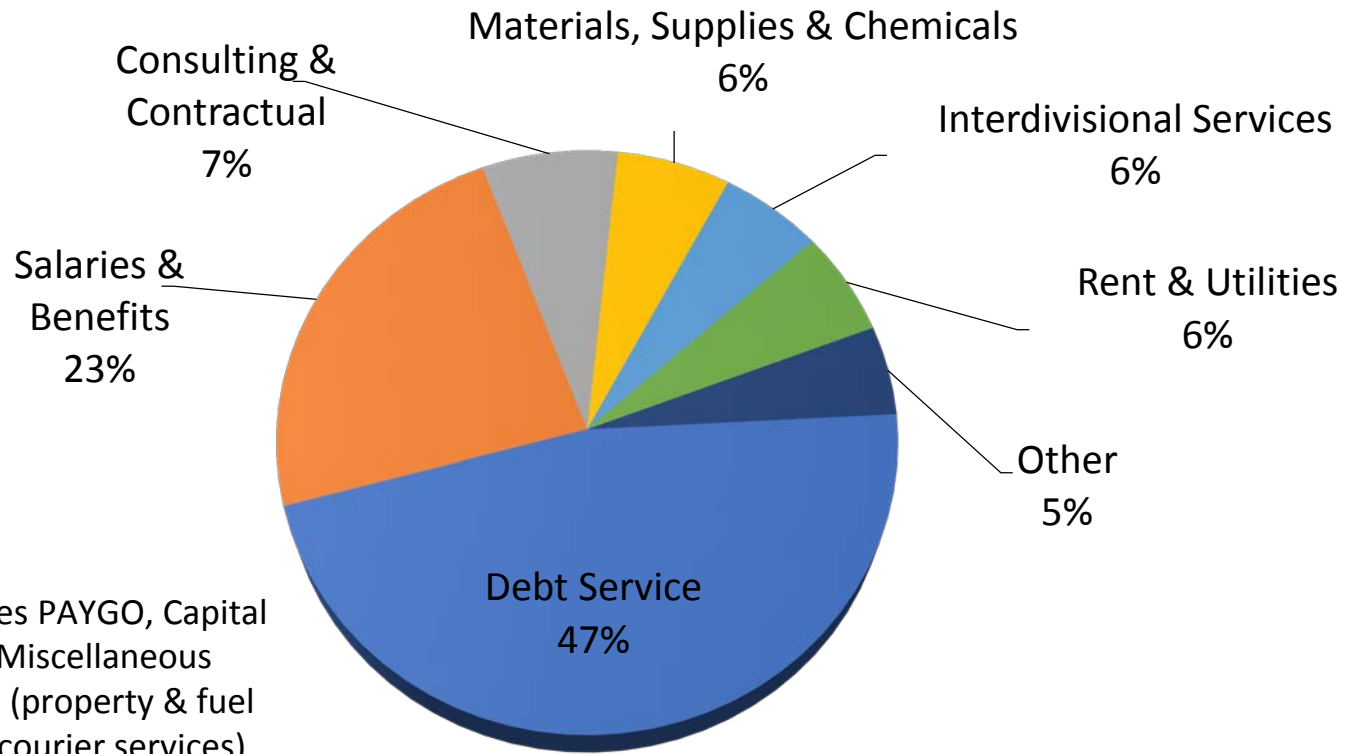
None of these changes have a Municipal Wastewater Charge Impact in 2018

2018 Revenue Sources – \$278.7M



*Other includes State Appropriations, Investment Earnings, and Other Misc. Revenue

2018 Uses by Category – \$280.9M

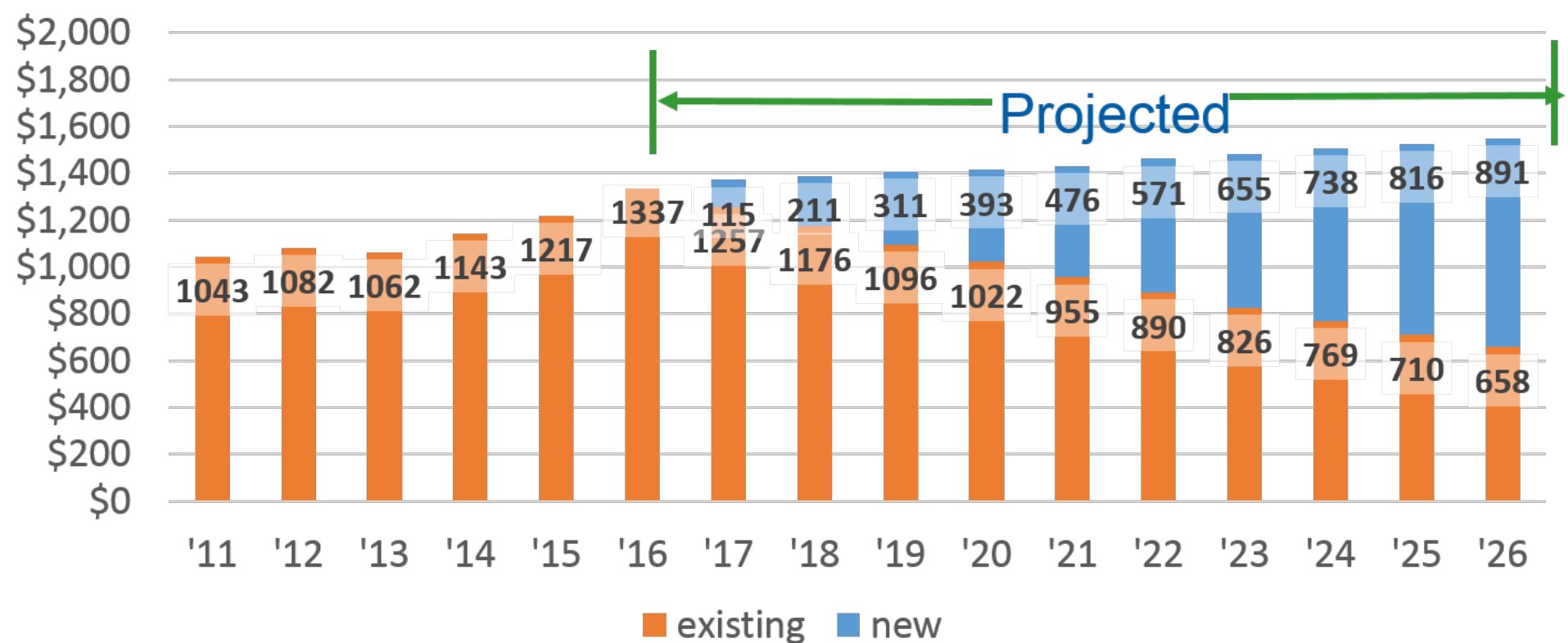


MCES MWC Increase Drivers

Driver	Line Item Increase \$M	Growth in MWC Rate from Line Item
2017 MWC	211.9	
Debt Service	7.0	3.3%
Labor	2.3	1.1%
Pay As You Go (PAYGO)	2.0	0.9%
Chemicals	0.3	0.1%
Capital Outlay	(0.6)	(0.3%)
Utilities, Contracts, Materials	(1.0)	(0.5%)
Use of Reserve	(2.2)	(1.0%)
TOTAL 2018 MWC Budget	219.7	3.7%

Wastewater Outstanding Debt

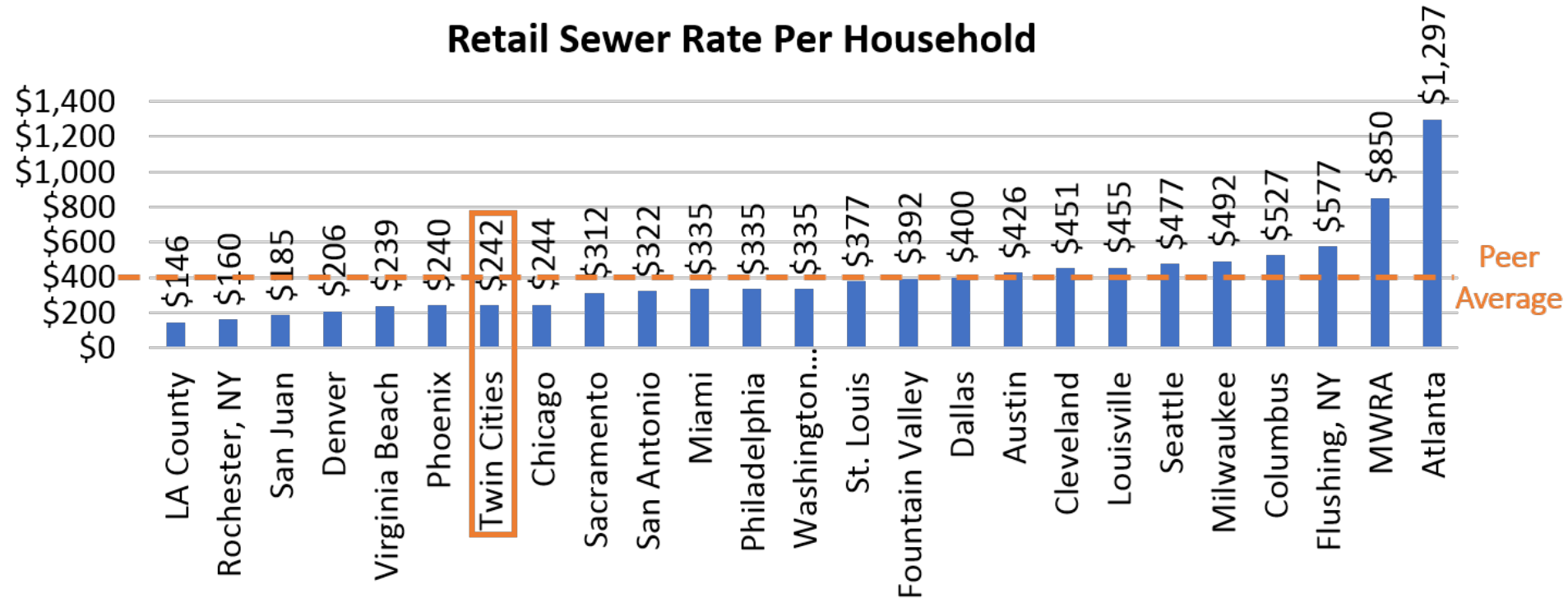
(\$ in millions)



Comparative Information

25 peer city average retail sewer rate per household = \$404

Retail Sewer Rate Per Household

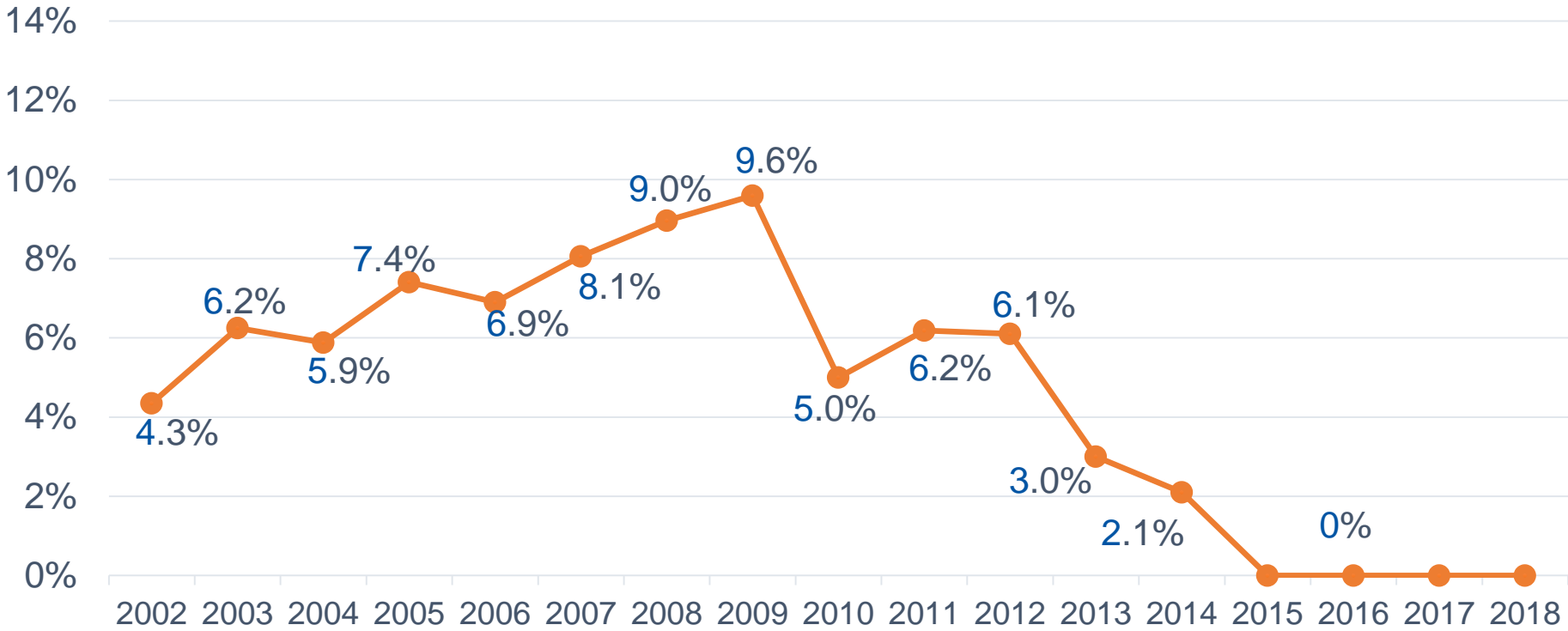


*2013 Rates (per 2014 NACWA survey, next update 2018)

SAC Units: Recovering



Historical SAC Rate Increases (%)



Industrial Rates

Rate Type	Prelim. 2018	% Increase
Strength Charge (excess lb TSS*)	\$0.235	6.8
Standard Load Charge (per 1000 gal.)	\$60.24	0.0
Industrial Load Charge (excess lb TSS*)	\$0.413	0.0
Collar County Load Charge (per 1000 gal.)	\$75.24	0.0
Portable Toilet Load Charge (per 1000 gal.)	\$77.46	0.0
Holding Tank Load Charge (per 1000 gal.)	\$10.92	6.0
Annual Permit Fee	\$1,000-\$9,675	3.7
General Permit Fee	\$100-\$500	0

**Total Suspended Solids*

Proposed Action:

That the Metropolitan Council adopts the wastewater rates and charges outlined on page one of the business item to be effective January 1, 2018.

Questions