

Information Item: Public Comments & Proposed Policy Amendment to the Water Resources Policy Plan

Jeannine Clancy, Assistant General Manager, Technical Services

Environment Committee: April 10, 2018





Summary of Wastewater-Reuse Related Amendments to the Water Resources Policy Plan Alternatives

The following summarizes the alternative amendments to the Water Resources Policy Plan's chapter on "An Integrated Strategy for Water Resources," after the Finance section on page 43.

*Text in Blue is different from Alternative 1

Item	ALTERNATIVE 1 No Regional Cost Share	ALTERNATIVE 2 Includes Regional Cost Share Based on Regional Environmental and Economic Benefits	ALTERNATIVE 3 Includes Regional Cost Share Based on Regional Wastewater System Benefit Only
WASTEWATER REUSE POLICY	<ul style="list-style-type: none"> Reclaimed water cost: cost-of-service, case-by-case basis; no regional cost share Cooperate and partner with local communities Pursue sources of non-Council funding Project is consistent with host community's comprehensive plan Council may enter into a joint powers or other agreement with the host community for the reclaimed water service Council shall enter into a long-term reclaimed water service agreement with each user 	<ul style="list-style-type: none"> Reclaimed water cost: cost-of-service, case-by-case basis Cooperate and partner with local communities If regional environmental and economic benefits exist, implement a regional cost share Cap the cumulative regional cost share of all reuse projects at maximum of 0.75% of total annual municipal wastewater charges (approximately\$1.65M or \$1/REC) Pursue sources of non-Council funding Project is consistent with host community's comprehensive plan Council may enter into a joint powers or other agreement with the host community for the reclaimed water service Council shall enter into a long-term reclaimed water service agreement with each user 	<ul style="list-style-type: none"> Reclaimed water cost: cost-of-service, case-by-case basis Cooperate and partner with local communities If regional wastewater system benefit exists, implement regional cost share Cap the cumulative regional cost share of all reuse projects at maximum of 0.75% of total annual municipal wastewater charges (approximately\$1.65M or \$1/REC) Pursue sources of non-Council funding Project is consistent with host community's comprehensive plan Council may enter into a joint powers or other agreement with the host community for the reclaimed water service Council shall enter into a long-term reclaimed water service agreement with each user
REGIONAL BENEFIT CRITERIA & PROCESS	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Regional environmental and economic benefits of reuse project: <ol style="list-style-type: none"> Increases region's wastewater reuse capability Fosters region's environmental sustainability, and Fosters economic growth for a prosperous region (job creation and/or uniquely adding to the region's industrial/business portfolio) that would not happen without reclaimed water. Council public hearing to obtain public input prior to final determination on regional benefit and regional cost share 	<ul style="list-style-type: none"> Regional wastewater system benefit from a wastewater reuse project: <ol style="list-style-type: none"> Regional wastewater system has been built to serve long-term growth in a sub-regional service area and the Department of Natural Resources has stated that issuance of a water appropriation would involve a complex and protracted process due to concerns about the area's long-term water supply, and/or Project reduces MCES' surface water discharge, delaying capital improvements to meet more stringent regulatory requirements Council public hearing to obtain public input prior to final determination on regional benefit and regional cost share

Public Meetings on Wastewater Reuse-Related Alternative Policy Amendments

WORKSHOPS

South Metro Location:
Inver Grove Heights Community Center
8055 Barbara Ave. E.
Inver Grove Heights, MN
Community Room 1

Tuesday, February 27, 2018
1:00 PM to 3:00 PM

North Metro Location:
Brooklyn Park Library
8500 W. Broadway Ave.
Brooklyn Park, MN
Mississippi River Room

Thursday, March 1, 2018
2:00 PM to 4:00 PM

PUBLIC HEARING

Metropolitan Council
390 Robert Street North
Saint Paul, MN
Room LLA

Tuesday, March 13, 2018
2:30 PM to 3:30 PM

Next Steps: Wastewater Reuse-Related Amendments to Water Resources Policy Plan

Action	Timeframe
Council authorized Wastewater Reuse Policy Task Force	March 22, 2017
Task Force meetings	April through November 2017
Committee of the Whole meeting	January 17, 2018
Council authorizes public hearing	February 14, 2018
Public workshops on policy alternatives	February 27, 2018 and March 1, 2018
Public hearing on policy options	March 13, 2018
Public comment period closes	March 23, 2018
Environment Committee hears summary of public comments on policy alternatives	April 10, 2018
Committee of the Whole considers public comment summary & draft policy	April 18, 2018
Environment Committee considers and recommends policy language to Council	April 24, 2018
Council acts on adoption of recommended policy amendment	May 9, 2018

Comments Received From

- State Representatives Garofalo and Barr
- Labor-related organizations:
 - North Central States Regional Council of Carpenters
 - St. Paul Building Trades
 - International Union of Operating Engineers, Local 49
 - Iron Workers Local 512
 - IBEW Local 110
- Local Cities (MCES wastewater customers):
 - Minneapolis
 - Lakeville
 - Burnsville
 - Hugo
 - Cottage Grove
 - Rosemount
- Metro Cities
- SKB Environmental
- Minnesota Department of Natural Resources

Summary of Comments

Summary of Public Comments on Wastewater Reuse Alternative Policy Amendments

Table 1: State Representatives

Person/Organization	Representative Comments
Rep. Garofalo & Rep. Barr	<p>Both Representatives commented:</p> <ol style="list-style-type: none"> (1) Potential cost share alternatives are prime examples of cost-sharing model between Council & local gov't project developers (2) Support for SKB-E project: <ul style="list-style-type: none"> • Benefits align with State's bi-partisan policy re: environmental development & economic stewardship • Jobs – construction & permanent • Cost share necessary to make wastewater reuse feasible • Enormous regional economic benefits • Without cost-sharing alternative, project would very likely be developed elsewhere

Table 2: Local cities (MCES wastewater customers) and Metro Cities

Person/Organization	Representative Comments
Minneapolis	<ol style="list-style-type: none"> (1) Minneapolis is committed to sustainable growth. (2) Wastewater reuse projects would likely occur in areas other than the City, driven by difficulty in obtaining groundwater appropriation in those areas (3) Demonstrating regional benefit to the whole wastewater system is needed; more work needed to demonstrate there is sufficient economic benefit to the region from any reuse project (4) Municipal Wastewater Charge (MWC) rate payers should not subsidize unrelated activities for the benefit of an industry or one private entity (5) Alternative funding sources for reuse projects should be pursued (6) If Council pursues cost share alternatives, select one pilot project and comprehensively evaluate the benefits & report back to MWC ratepayers (7) Future maintenance of reuse facilities should be borne by user and not MWC rate payers
City of Rosemount	<ol style="list-style-type: none"> (1) No cost share (Alternative 1) is acceptable because it involves no cost to the City (2) Opposes Alternative 2 because it is unclear what metrics would be used to confirm a regional benefit (3) Cost share based on wastewater system impacts (Alternative 3) acceptable because of its direct tie to the system
City of Lakeville	<ol style="list-style-type: none"> (1) City would support Alternative 1 (2) In order to maintain the integrity and intent of the MWC, City would not support Alternative 2 (3) Could consider supporting Alternative 3 if cost share was fully vetted through a public process, as stated in the alternative description
City of Burnsville	Same comments as City of Lakeville's
City of Hugo	<ol style="list-style-type: none"> (1) Wastewater reuse is a responsible & forward-looking practice with multiple regional environmental & economic benefits, particularly in relation to groundwater use (2) Supporting industries with recycled effluent is preferable to using groundwater resources (3) In light of potential regional benefits, Hugo supports the "very minor cost share" for environmental or economic reasons
City of Cottage Grove	<ol style="list-style-type: none"> (1) Wastewater reuse provides environmental, water sustainability, and economic benefits (2) Wastewater reuse could foster the economy and economic development through job creation (3) Wastewater reuse may also facilitate development that otherwise would happen that may add to the region's industrial & business portfolio
Metro Cities	<ol style="list-style-type: none"> (1) MWC fees should fund only services or programs for which they are collected (2) Alternative 2 strays from the MWC's stated purpose (3) Metro Cities supports wastewater reuse partnerships and efforts that do not have a regional cost share (4) If Council pursues cost share based on wastewater system impact (Alternative 3) , proceed with caution by (a) careful evaluation of projects on a case-by-case basis; (b) appropriate analysis of regional benefits and costs; and (c) fully involve stakeholders in all of the above

Conclusions from Public Comments

- Comments reflect varied opinions about regional cost share issue
 - Consistent with task force findings
 - Consistent with previous Council discussions
- Council's wastewater customers (i.e., cities) either can support Alternative 3 (cost share based on wastewater system benefits) or have provided comments on what they would want to see if Council proceeded with Alternative 3
- For pilot program, projects under consideration could proceed equally well under Alternative 2 (cost share based on environmental and economic benefits) or Alternative 3
- Given Council's commitment to collaboration and not competition overall and particularly in its wastewater reuse activities, staff recommend Alternative 3

Recommended Policy

- Staff recommend a wastewater reuse pilot program with a cost share component based on wastewater system benefits (Alternative 3)
- Recommendation reflects:
 - Listening to public comments
 - Thrive's commitment to sustainability and collaborate with local communities as its wastewater reuse initiative develops
 - Department of Natural Resource's comments
 - See handout with recommended policy amendment
 - Opportunity to discuss further at April 18, 2018 Committee of the Whole meeting

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Thrive MSP 2040 Lens

Council's role as stated in Thrive MSP 2040 Plan

Pursue wastewater reuse where economically feasible as a means to promote sustainable water resources.



2040 Water Resources Policy Plan



**Work
with our
partners**



**Maximize
regional benefits
from regional
investments**



**Provide efficient,
high-quality,
sustainable
wastewater
services**

Questions