

Business Item: 2018-199 SW

Adoption of MCES Wastewater Rates and Charges

Ned Smith, Director of Finance

Environment Committee: July 24, 2018



Proposed Action

- That the Metropolitan Council adopt the wastewater rates and charges outlined on page one of the business item, to be effective January 1, 2019.

Overview

- 2019 Rate Setting Schedule
- Customer Workshops & Open Houses
- 2019 Executive Summary
- Proposed 2019 Sources & Uses
- Debt Service
- Sewer Availability Charge (SAC)
- Industrial Rates
- Questions



2019 Rate Setting Schedule

- Industrial Workshops – Metro 94*
 - March 22: Liquid Waste Haulers
 - April 19: Industrial Waste Customers
 - April 24: Industrial Waste Customers
- May 8: Environment Committee Direction for Public Meetings
- Municipal Customer Forums*
 - May 24: Minnetonka Community Center
 - June 7: Eagan Community Center Oaks Room
- July 24: Environment Committee Review of Customer Input and 2019 Rate Adoption Recommendation
- July 25: Council Rate Adoption
- Aug. 22: Council Preliminary Operating Budget Adoption

* *public input*

Customer Workshops & Open Houses



- Open House format with 12 stations featuring Environmental Services departments
- Preliminary Municipal Wastewater Charges (MWCs) sent mid-May to each of our 109 communities
- 40 attendees from 33 communities

Community Feedback

- All participants felt that materials, presentations and information were useful and will help them brief other city officials and staff.
- “[Fact sheets] were/are extremely helpful!”
- “Very informative, helpful information, was very good use of time.”
- “Will try to attend MCES informational meeting in the future.”



2019 Executive Summary

- Proposed Sources & Rates
 - Regional wastewater charge: 3.5%
 - Sewer Availability Charge: No Increase
 - \$2,485 per SAC Unit – same since 2014
 - Industrial Strength Charge: 3.4%
 - Industrial Permit Fee: 3.5%
- Proposed Uses
 - 6.0% increase over 2018
 - 4.7% increase excluding pass-through grants



Changes from May 8 Information Item*

2018:

- Increased expense budget by \$4.7 million for approved carryforward items.

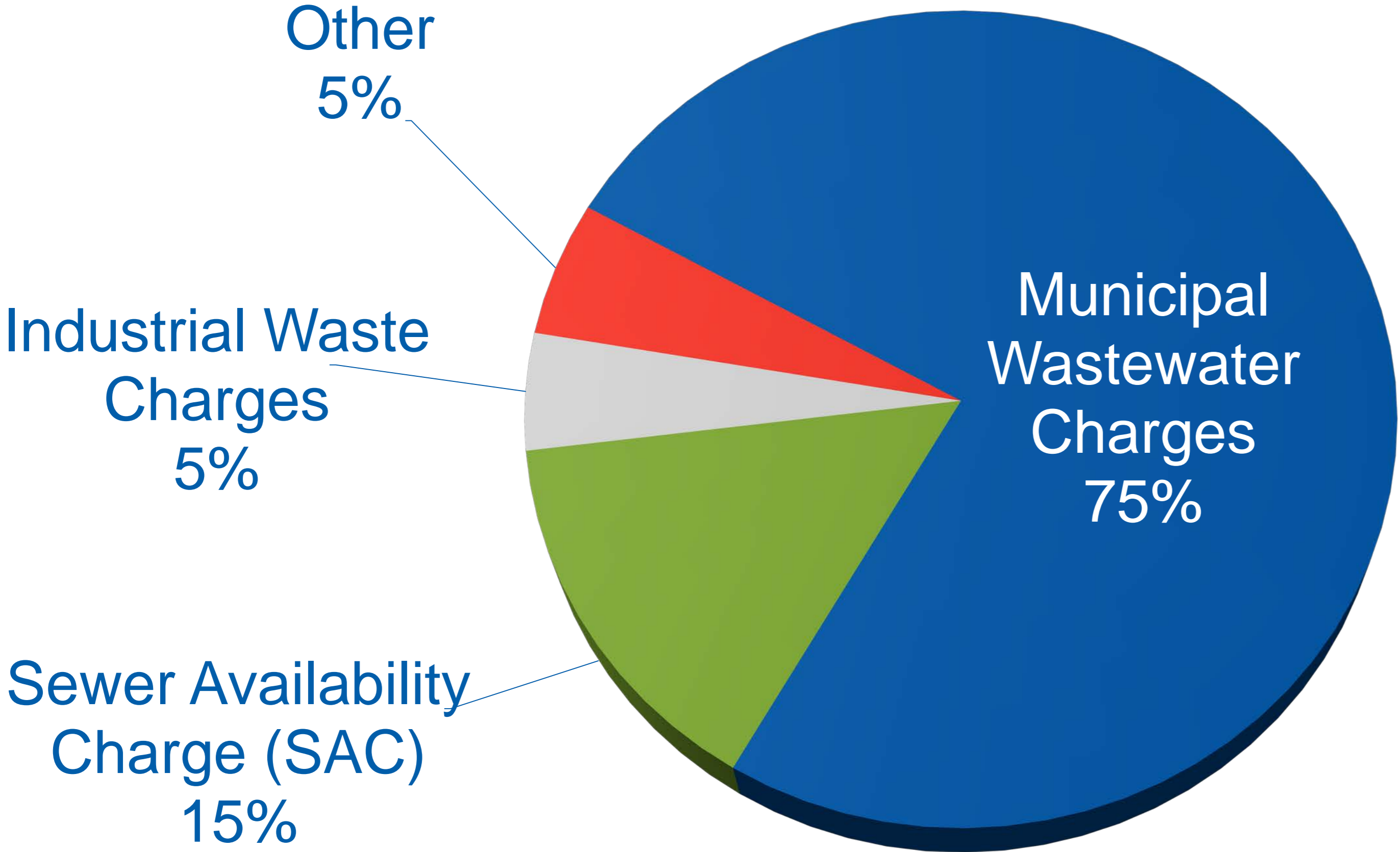
2019:

- Increased expense and revenue budget by \$5 million for pass-through Inflow and Infiltration Grants.
- Decreased interdivisional charges by \$.3 million, per RA.

**Changes will not impact MCES rates.*

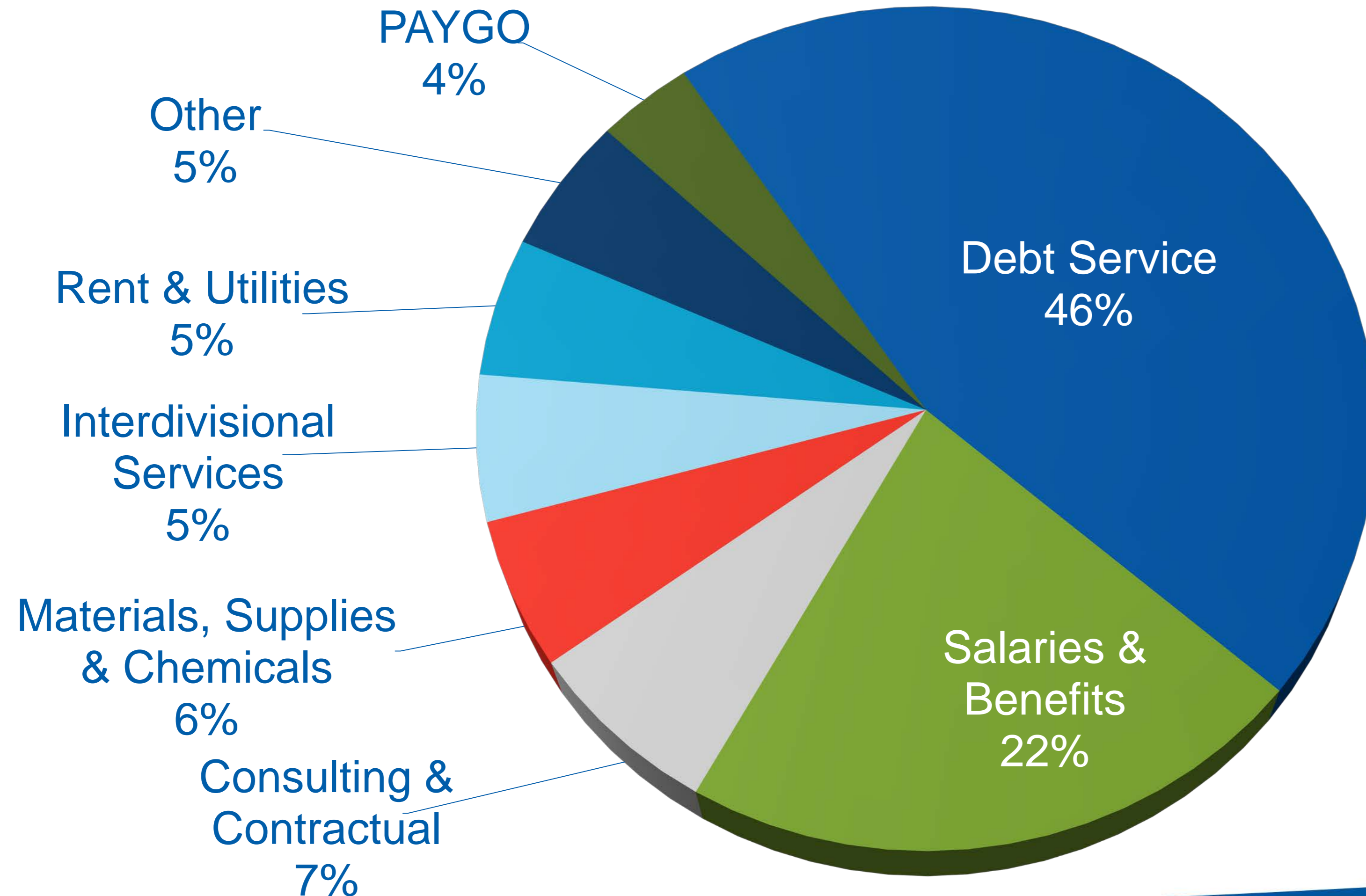
**Preliminary rate-setting numbers were presented at the May 8 meeting of the Environment Committee*

Proposed 2019 Revenue Sources: \$305 million



*Other includes state appropriations, OPEB adjustment, and \$3 million use of Reserves

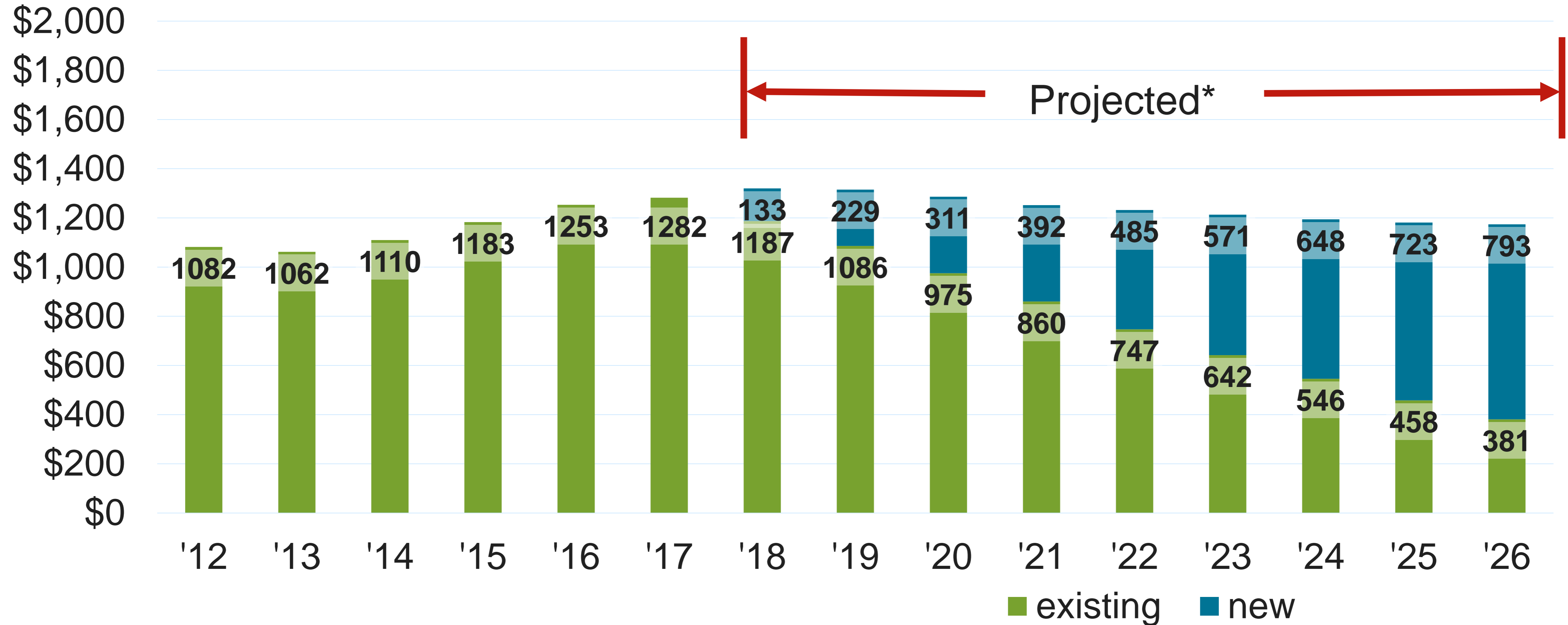
Proposed 2019 Uses by Category: \$305 million



*Other includes pass through grants, centralized projects, and other misc. expense

Wastewater Outstanding Debt

(\$ in millions)

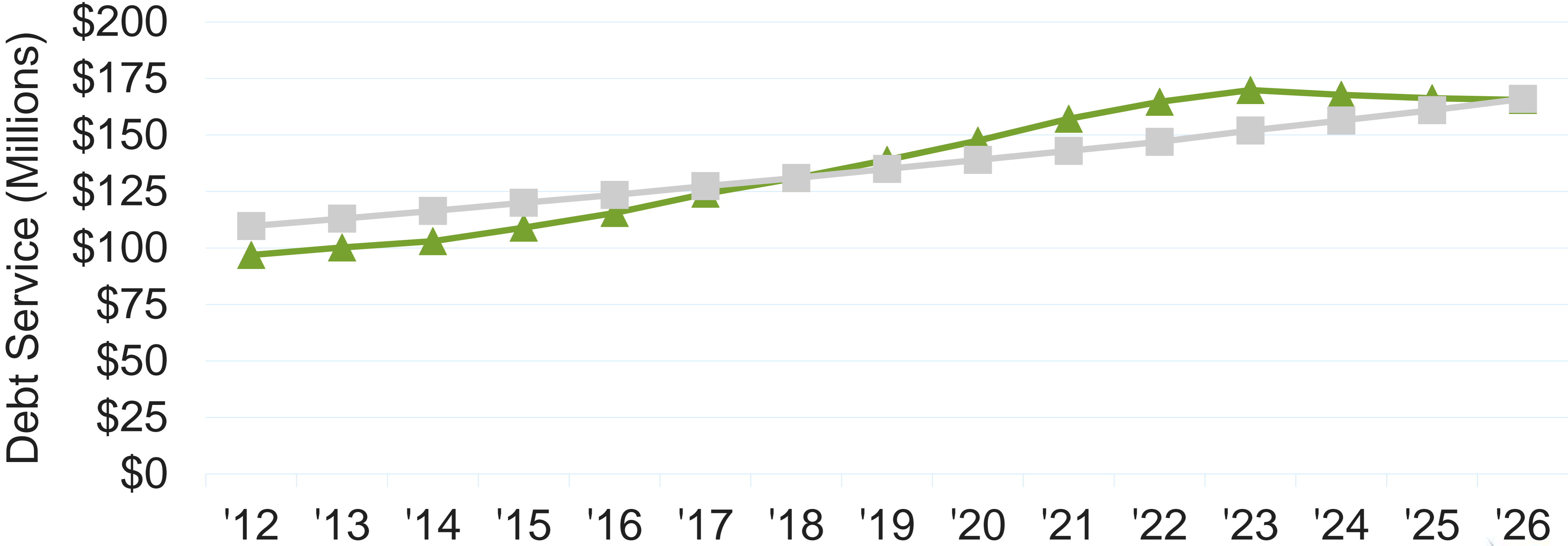


	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total (in millions)	\$1,320	\$1,315	\$1,286	\$1,252	\$1,232	\$1,213	\$1,194	\$1,181	\$1,174

Budgeted Debt Service

Debt Service

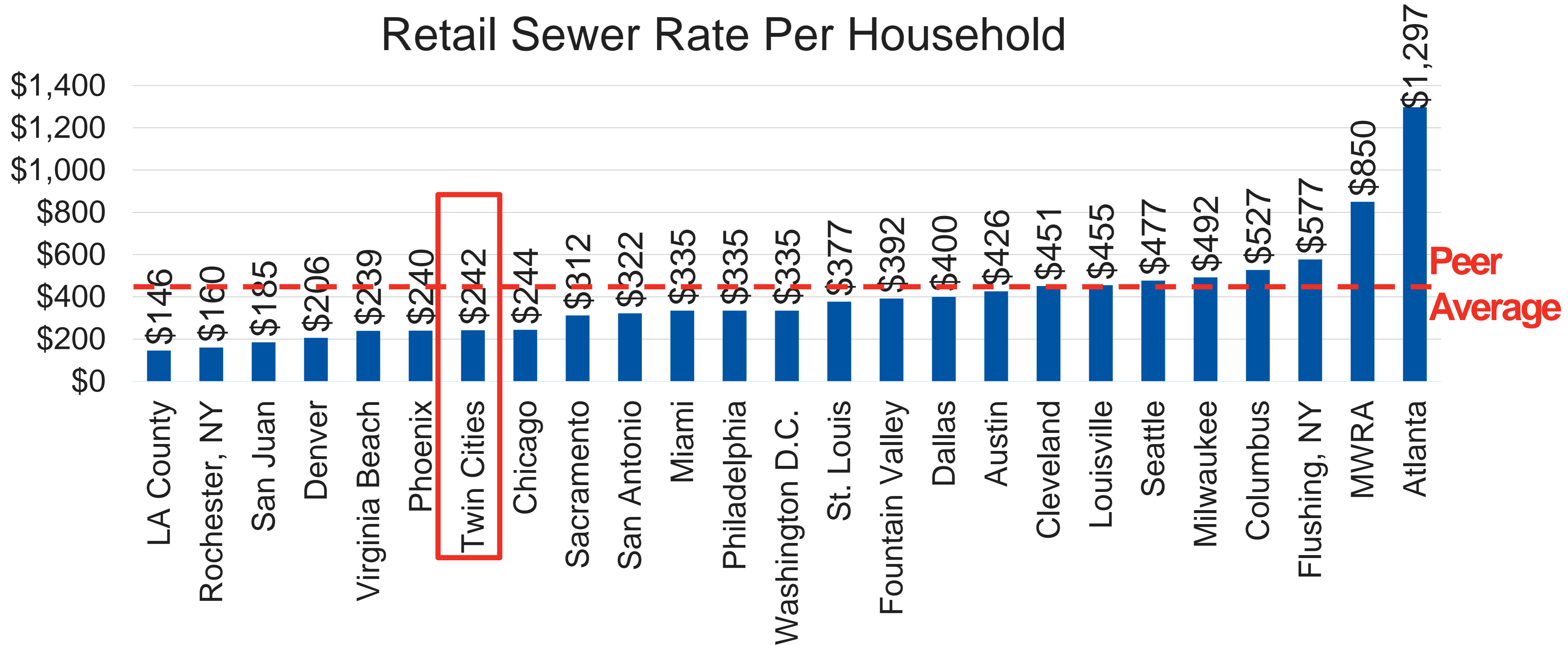
▲ 2012-2018 Actual Debt Service, projected thereafter



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)

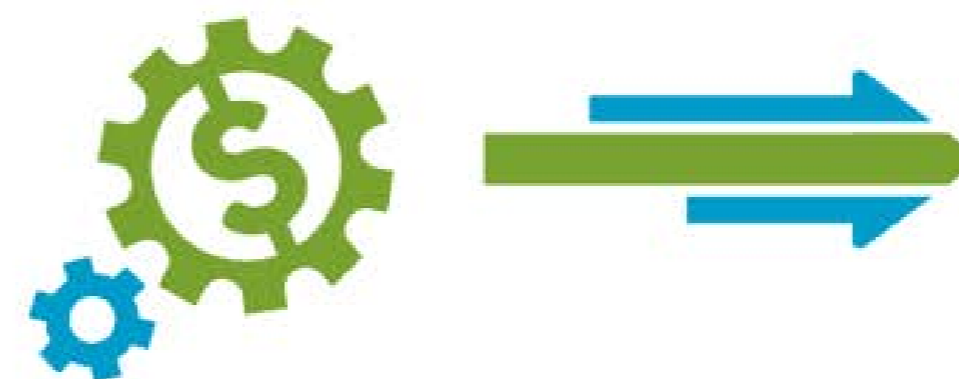
Proposed Changes to Industrial SAC

- Industrial Capacity Charge (ICC) provides industries an option to pay for Industrial Process SAC on an as-needed basis
 - Can still purchase SAC up-front, increasing baseline, reported through the cities
 - ICC does not change baseline
 - ICC in 2019 is \$2.10 per 1,000 gallons of flow that exceeds baseline
 - Does not impact commercial (i.e., building) SAC
- ICC would be paid ***directly*** to MCES
- Activity would still be reported to cities
- **Outreach coming as collaboration is needed to work with communities that charge local SAC and WAC**



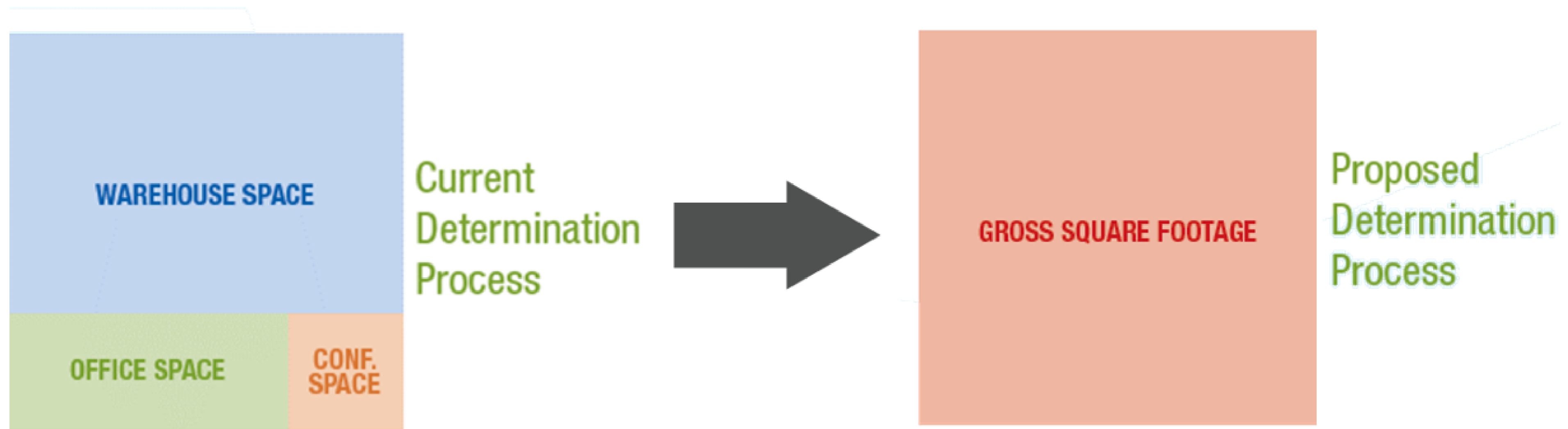
Up-front Industrial Charge

or

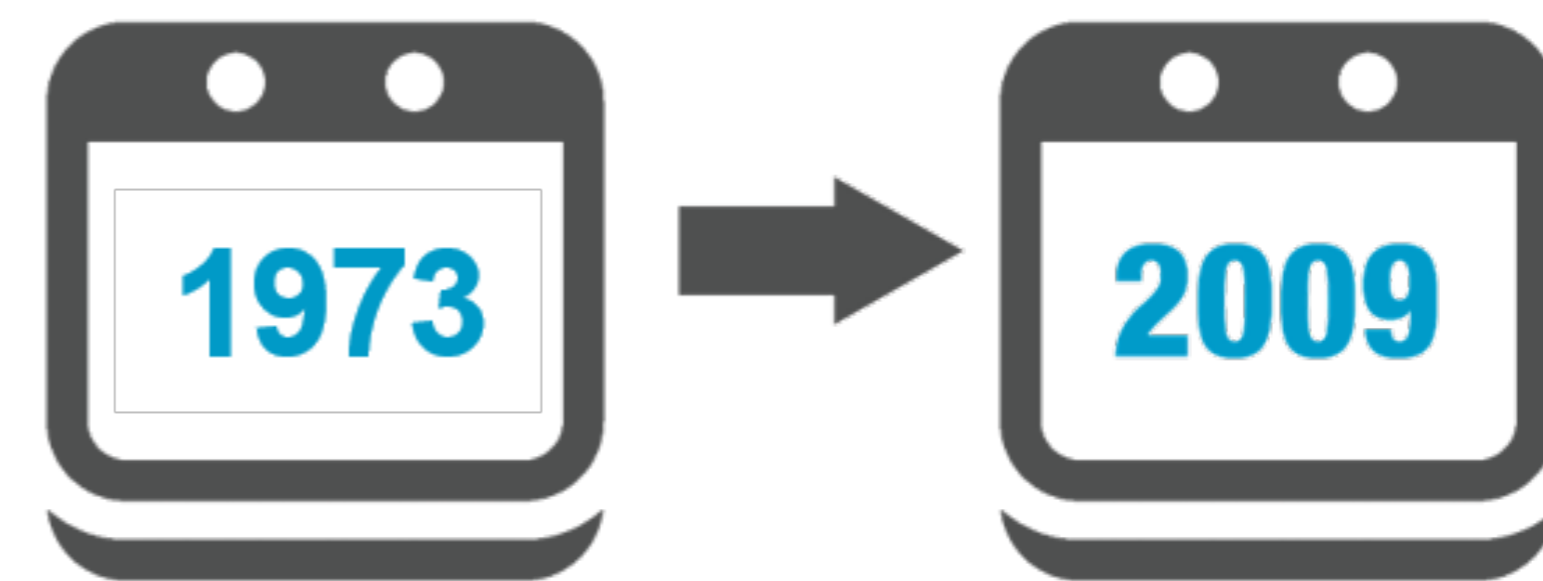


Ongoing Charge

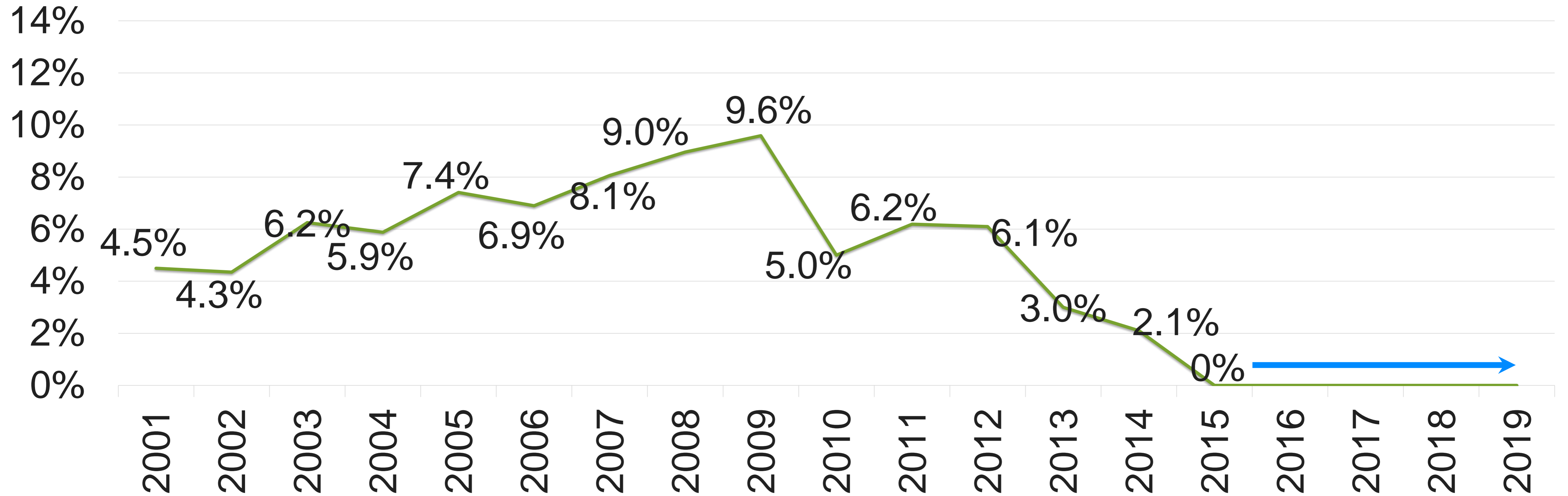
Changes to Commercial SAC



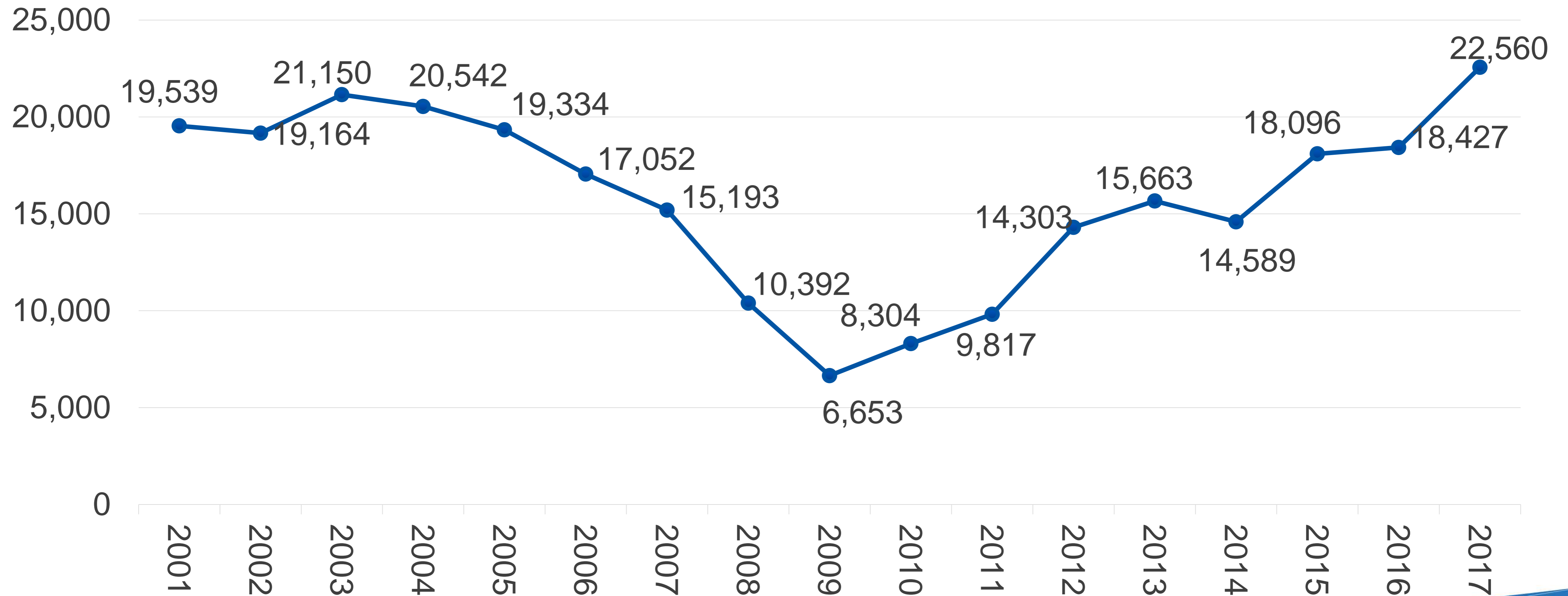
New Grandparent Credit Date



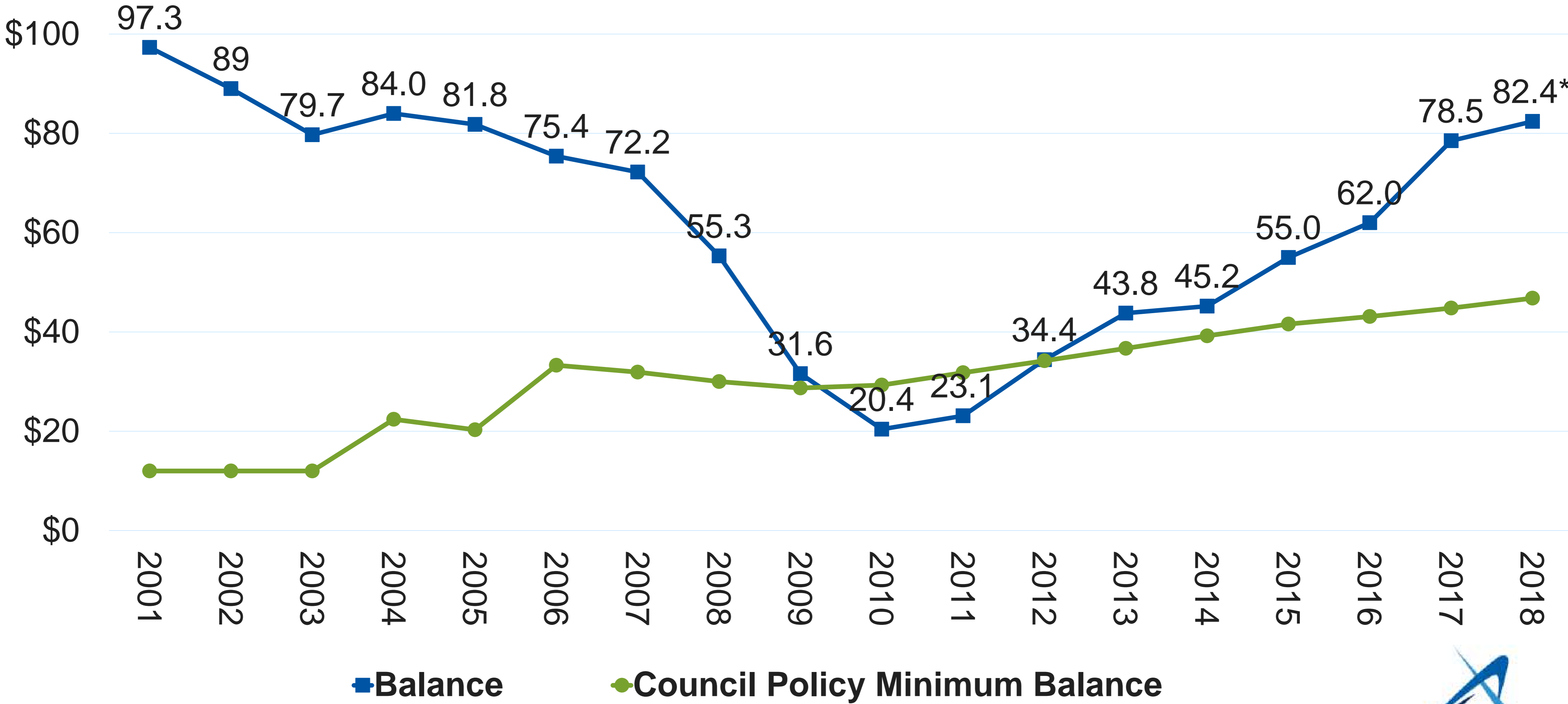
Historical SAC Rate Increases (%)



SAC Units: Recovering



SAC Reserve Fund



* 2018 is projected balance.



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Questions