

Information Item: Rural Centers Policy and Implementation

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Environment Committee: February 25, 2020



Presentation Objective

To explain Metropolitan Council policy on Rural Centers and its implementation through the regional wastewater system.



Topics



Rural Center Policy History



Policy Implementation



Impact of Great Recession



Council Actions



Next Steps



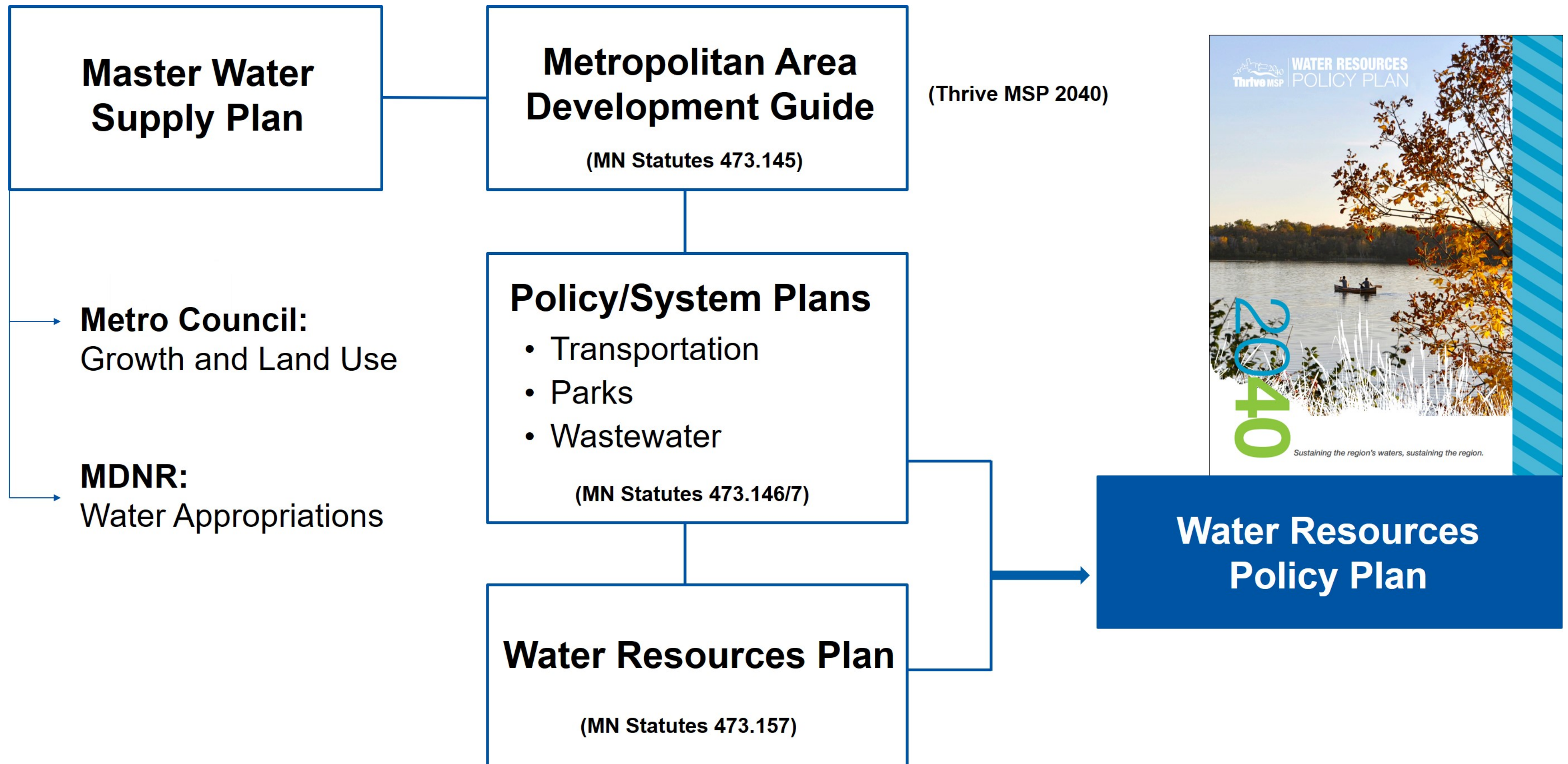
Metropolitan Council



The Council's mission is to foster efficient and economic growth for a prosperous region.

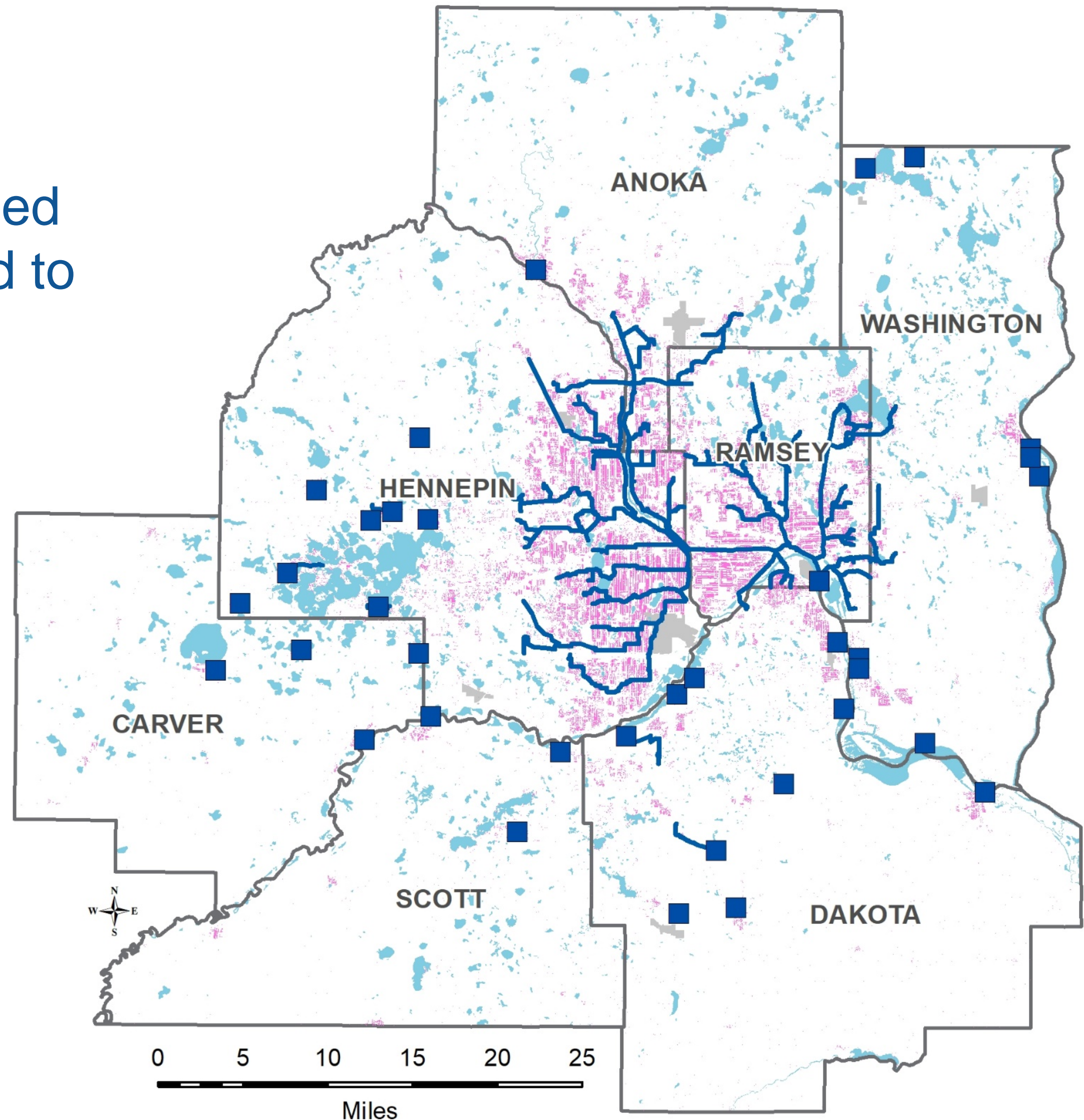
- Transportation
- Wastewater collection & treatment
- Planning & development
- Parks
- Housing

Policy Planning Framework



1969: Metro Area Wastewater Treatment Plants

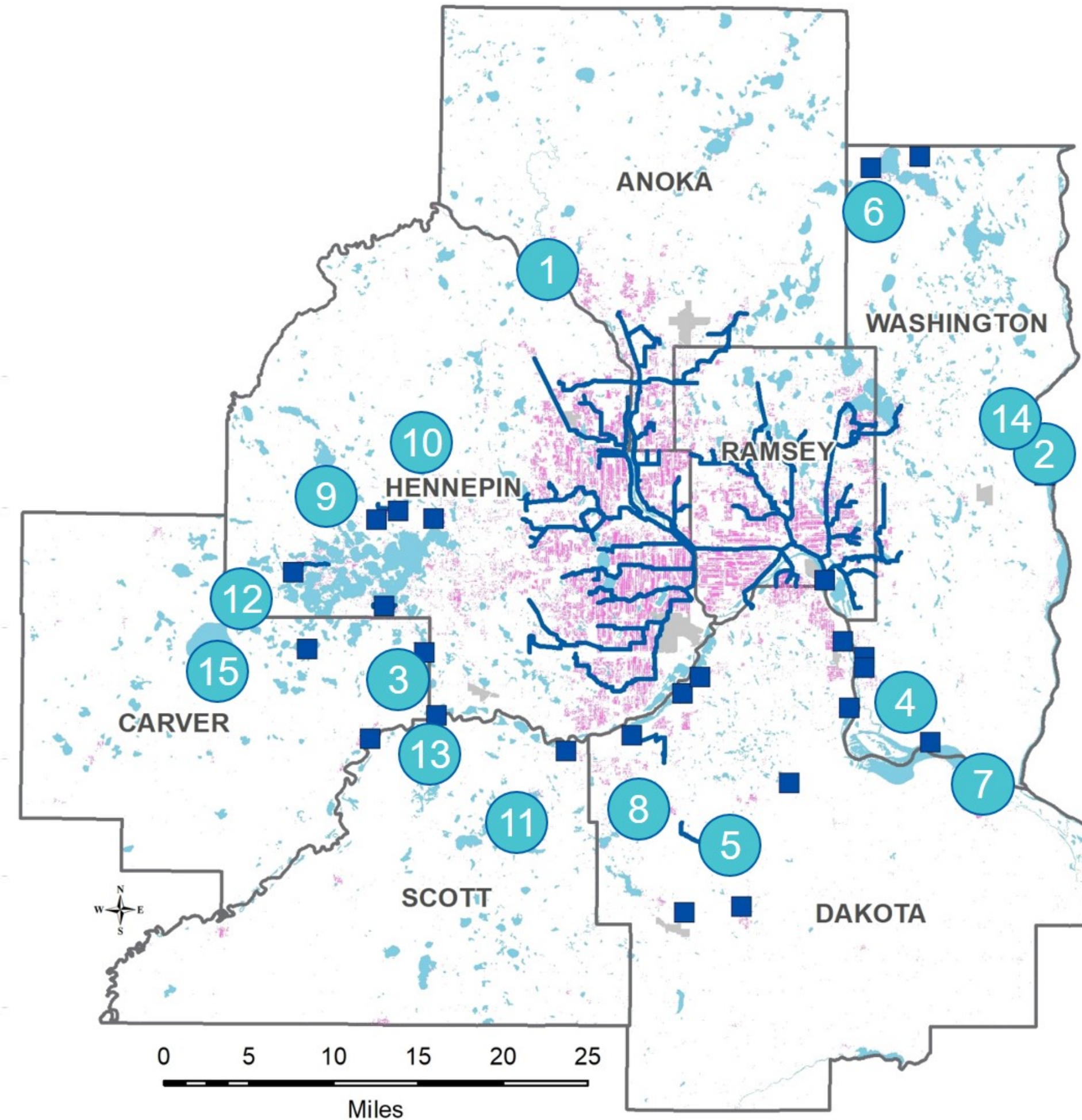
In 1969, the Legislature created the Metropolitan Sewer Board to develop a modern regional wastewater collection and treatment system



1969: Metro Area Sewered Development

Free-Standing Cities

- | | |
|-----------------|-------------------|
| 1 Anoka | 8 Lakeville |
| 2 Bayport | 9 Maple Plain |
| 3 Chaska | 10 Medina |
| 4 Cottage Grove | 11 Prior Lake |
| 5 Farmington | 12 St. Bonifacius |
| 6 Forest Lake | 13 Shakopee |
| 7 Hastings | 14 Stillwater |
| | 15 Waconia |



2017: Metro Area Sewered Development

How Did We Get Here? Policy History

1969

Creation of Metropolitan Sewer Board

1970's

Acquisition of 35 WWTPs

1980's

Free-Standing Growth Centers
Acquisition of WWTPs recommended by Council and opposed by Cities

1990's

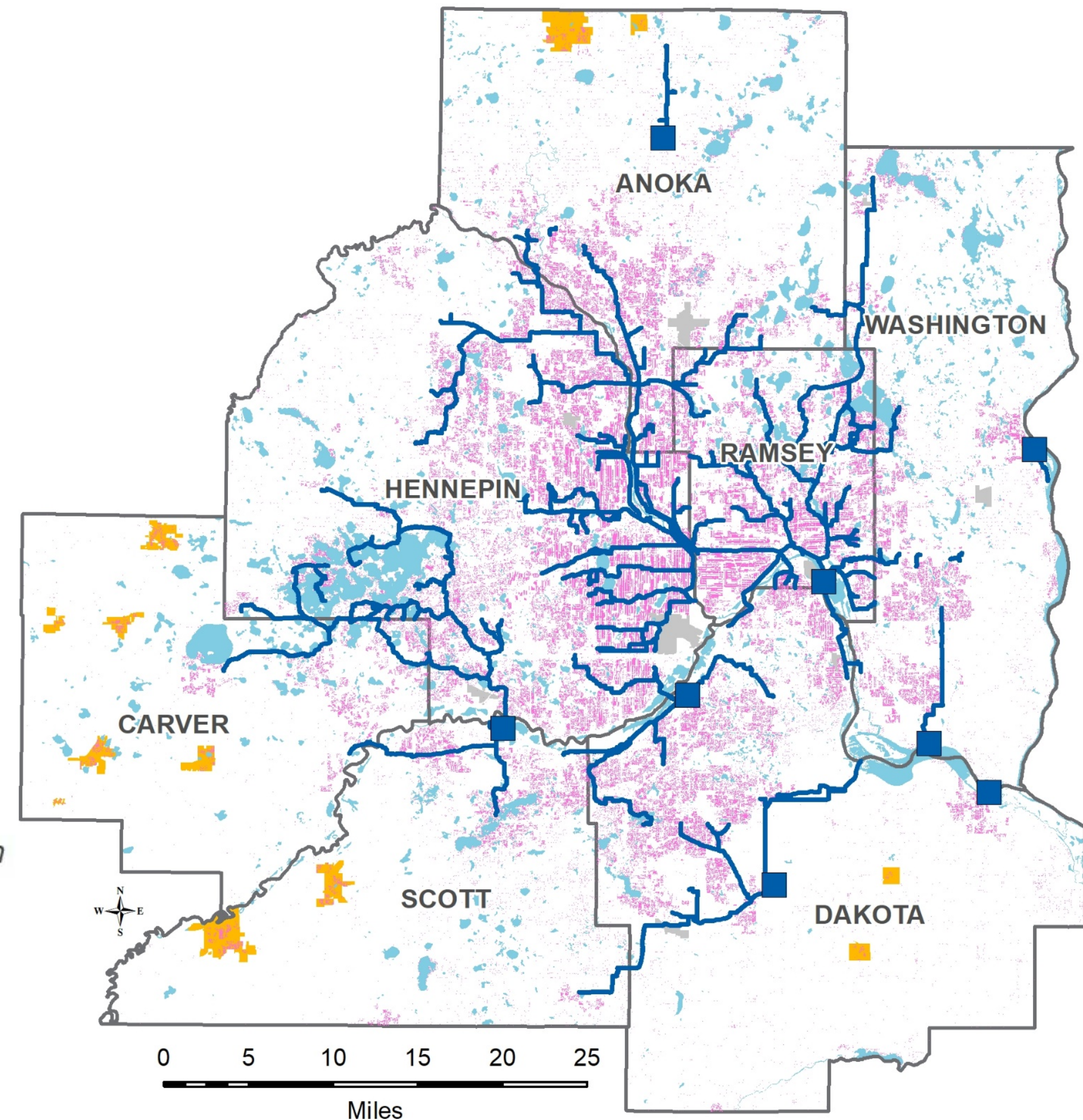
No Policy
Rejected Mayer's request for WWTP acquisition

2005

Rural Growth Center Policy

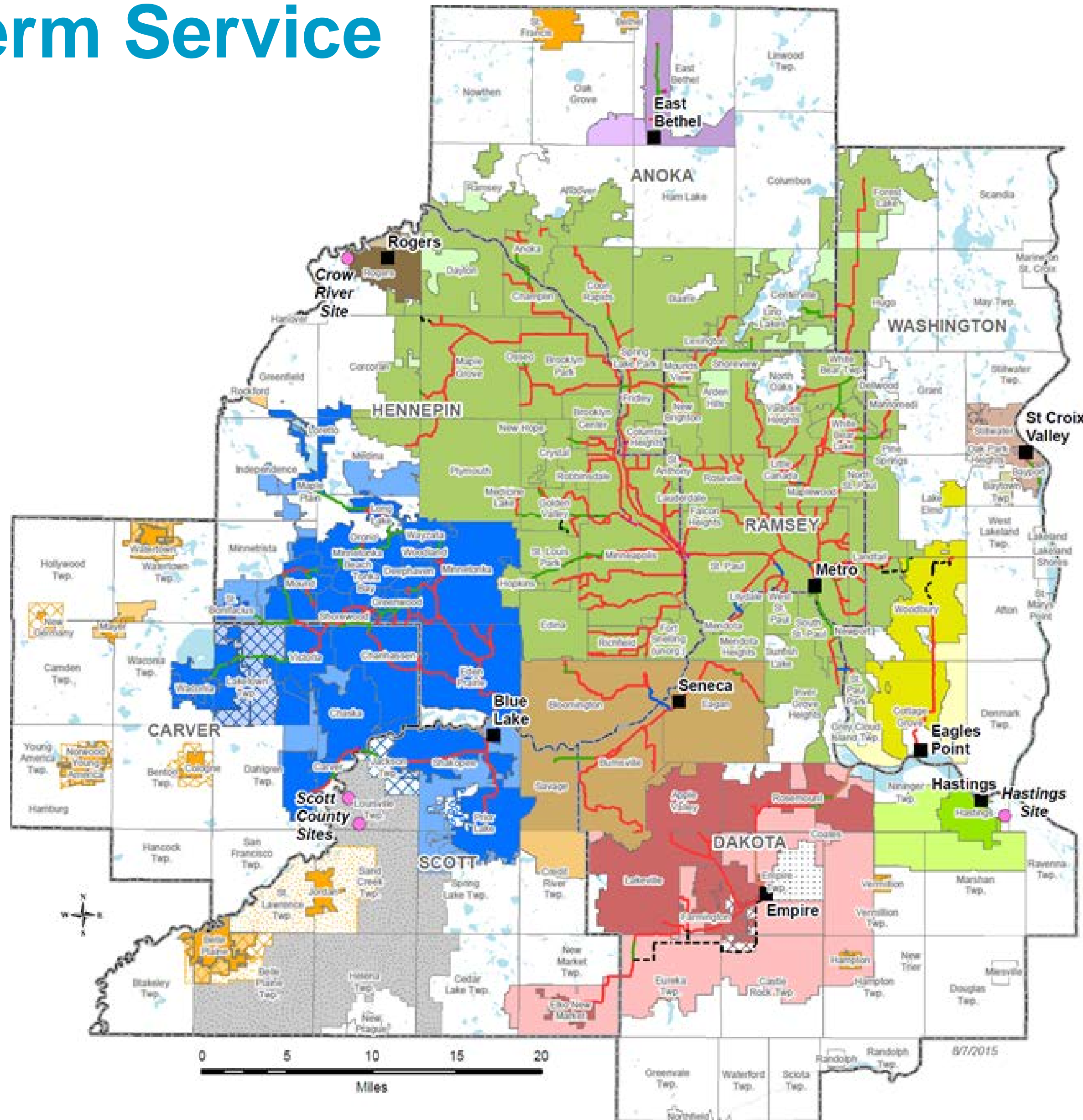
2015

Rural Center Policy



Current Long-Term Service Areas

- Existing Wastewater Treatment Plants
 - Future WWTP Sites
 - Proposed Interceptors
 - Existing Interceptors**
 - Gravity
 - Forcemains
 - Outfall
- | | Current | Potential |
|------------------|---------|-----------|
| Rural Centers | | |
| Metro | | |
| Blue Lake | | |
| Seneca | | |
| Empire | | |
| Eagles Point | | |
| St. Croix Valley | | |
| Hastings | | |
| Rogers | | |
| East Bethel | | |
-
- | Orderly Annexations | Legend |
|-------------------------|--------|
| Rural Centers Pre-2030 | |
| Blue Lake Pre-2030 | |
| Rural Centers Post-2030 | |
| Blue Lake Post-2030 | |
| Empire Post-2030 | |



2005 Rural Growth Center Policy

Land Use Rationale:

Help Rural Centers attract people to “rural” sewer development rather than large lots with septic systems.

Preserve land for other uses until needed for urban development.

Financial Rationale:

Protect existing residents and businesses in Rural Center from increased fees that subsidize growth.

Allay urban customer concerns about subsidizing exurban growth

The Twin Cities region experiences rapid growth in exurban area



2005 Rural Growth Center Policy



WWTP Acquisition

MCES will acquire and operate Rural Growth Center WWTP upon request and meeting criteria (developable land and WWTP expansion/discharge feasibility).

Interceptor Expansion

Alternatively, MCES will extend interceptor service, rather than acquiring the Rural Growth Center's WWTP.

SAC

Rural Growth Center will pay SAC based on debt service and reserve capacity of facilities that serve that Center.

Policy Implementation

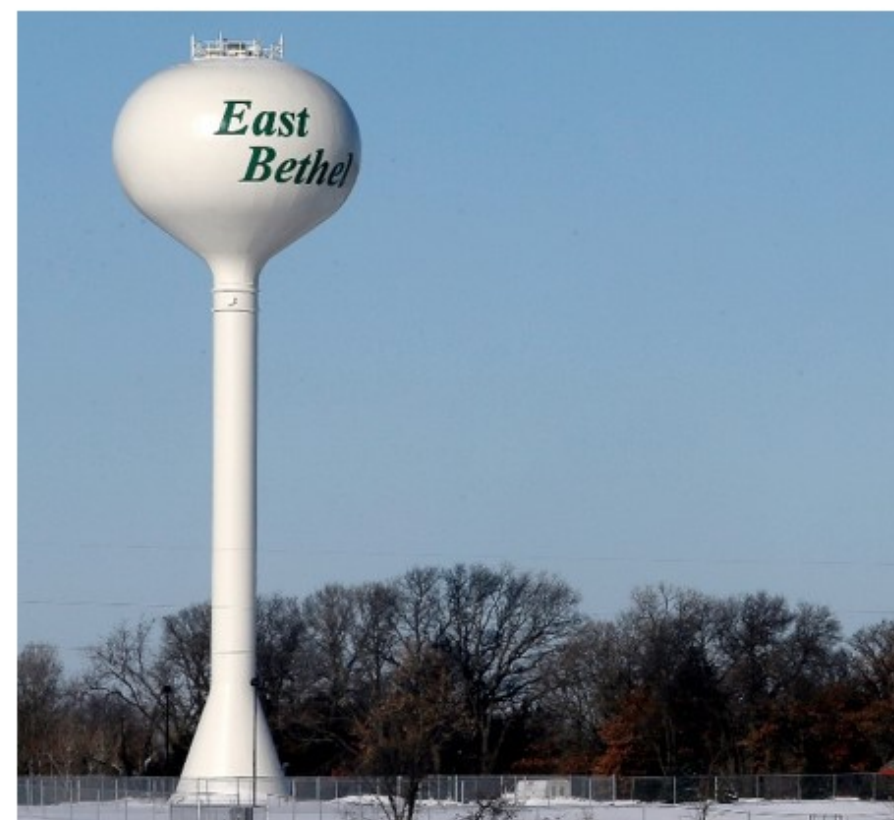
Wastewater service requests:



Carver



Elko New Market

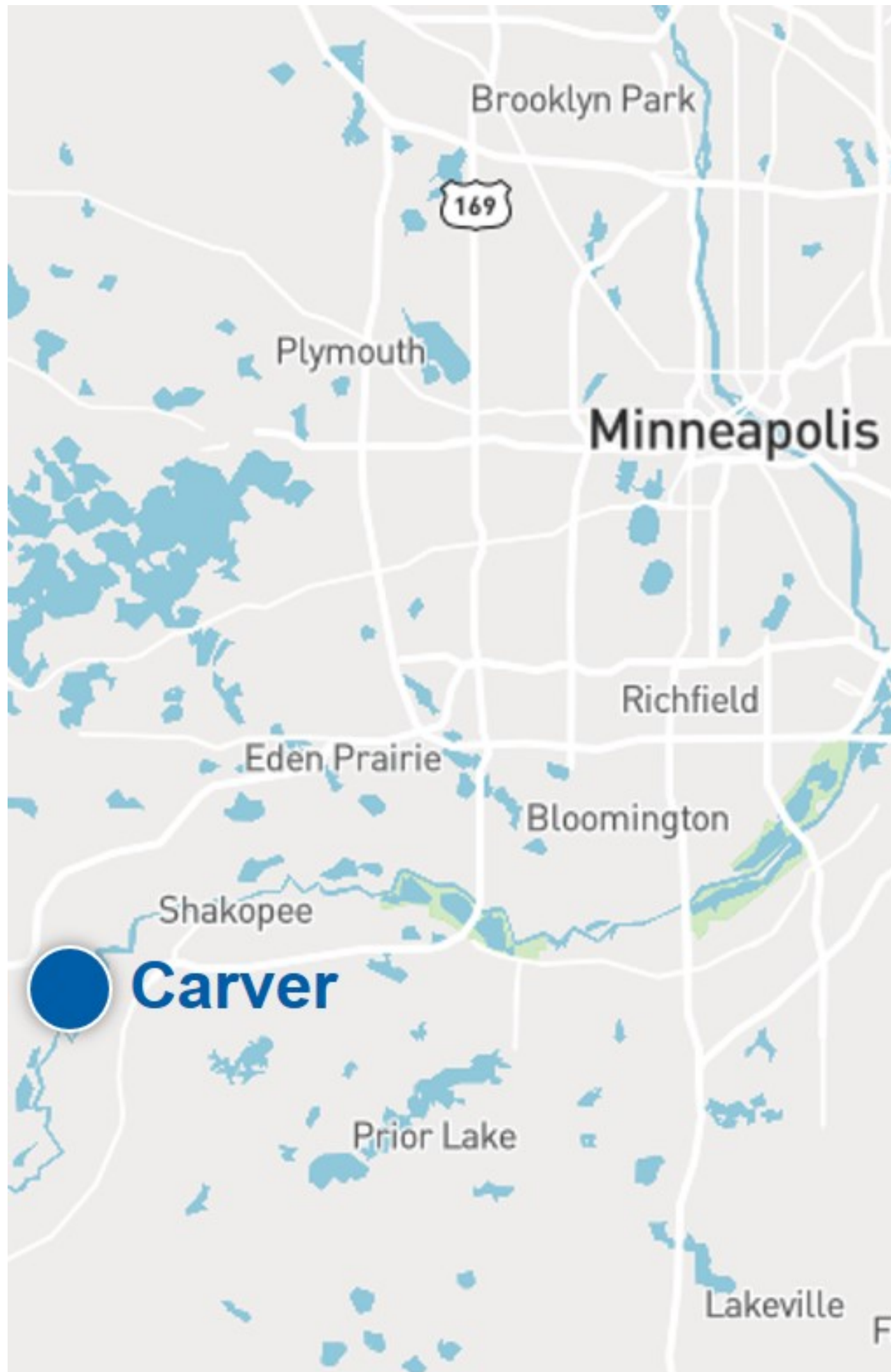


East Bethel



New Germany

Policy Implementation: Carver



Driver

Rapid growth pressure after new Highway 212 completed

Policy

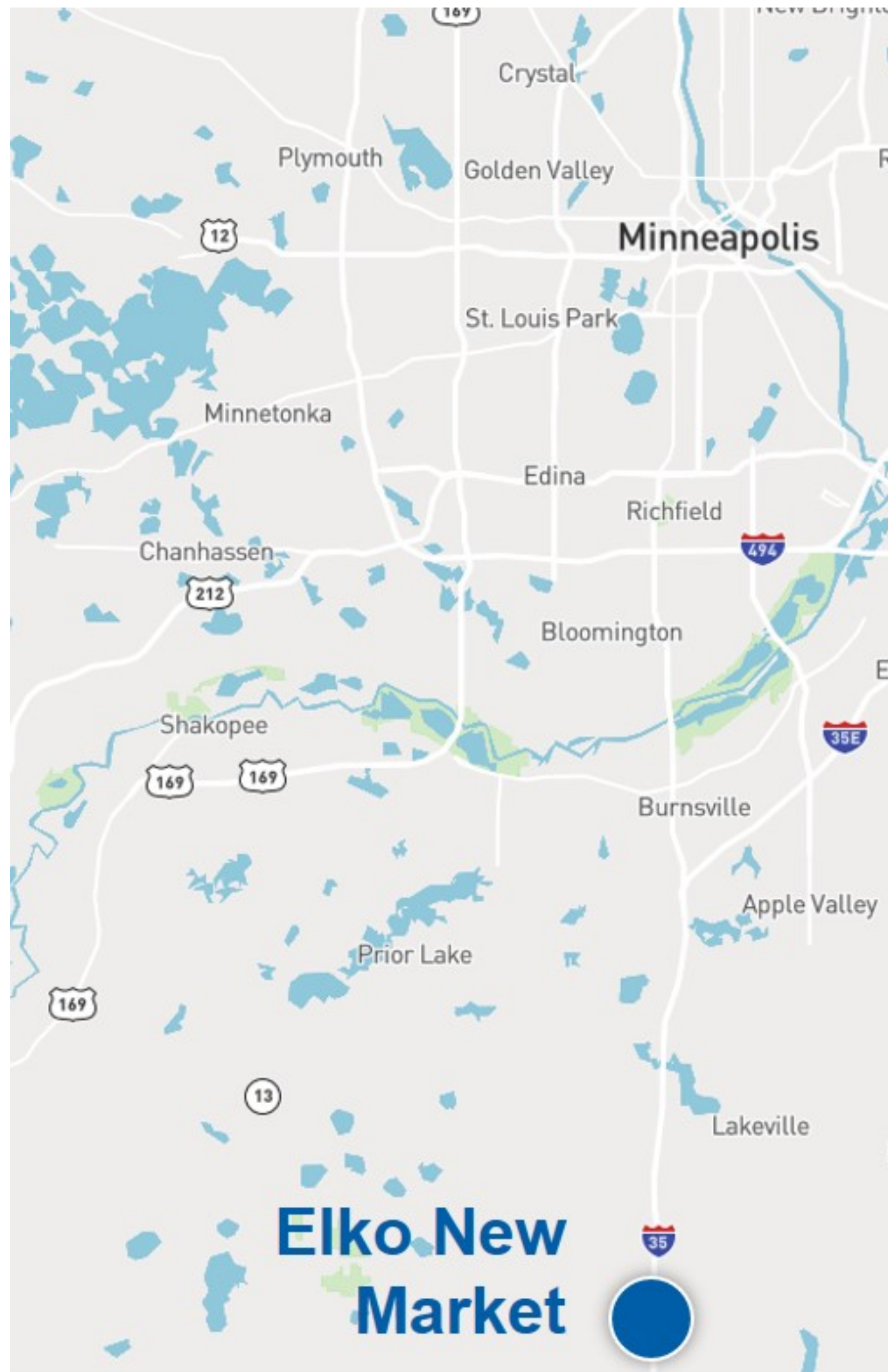
Comprehensive Plan process showed development contiguous to urban area (Chaska).

Changed designation to Developing Community.

Outcome

- MCES extended interceptor service from Chaska.
- MCES did not acquire WWTP.
- MCES did decommission WWTP.
- Facilities ownership within Carver transferred to Carver.

Policy Implementation: Elko New Market



Drivers

Rapid growth pressure due to proximity to I-35.
WWTP discharge to trout stream (Vermillion River).
MPCA requested help with resolution, i.e. interceptor service extension by MCES.

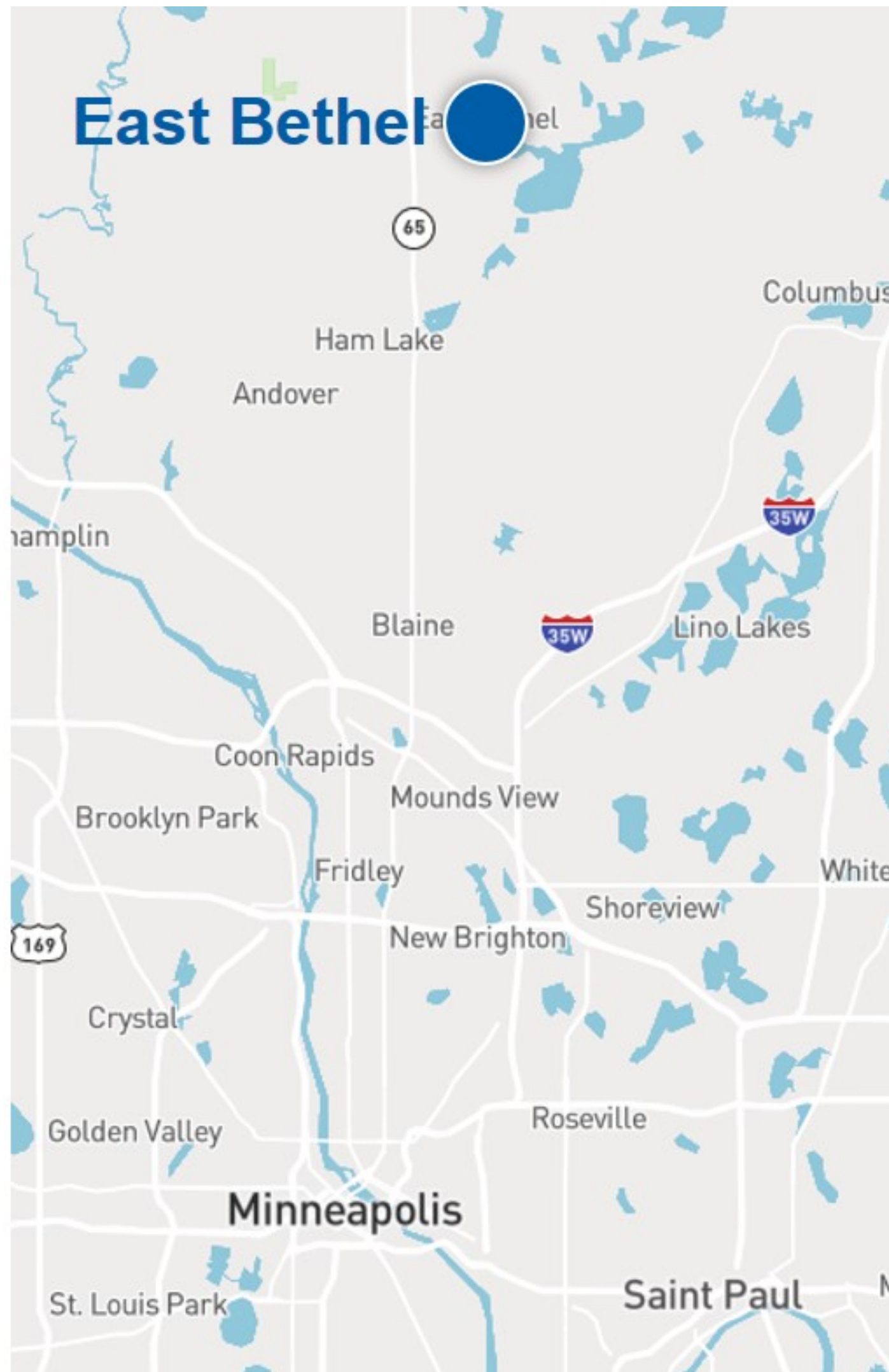
Policy

Rural Growth Center

Outcome

- MCES extended interceptor service from Lakeville, as phase one of an interceptor that eventually would connect directly to Empire WWTP and provide service to Eureka and Castle Rock Townships.
- MCES did not acquire WWTP.
- MCES did not decommission WWTP.
- Elko New Market pays urban SAC plus an increment of Rural Growth Center-based SAC

Policy Implementation: East Bethel



Drivers

City requested assistance with a new wastewater system to support sewer development along Hwy 65 (all unsewered up to then).

Council saw opportunity for sewer development in northern Anoka County.

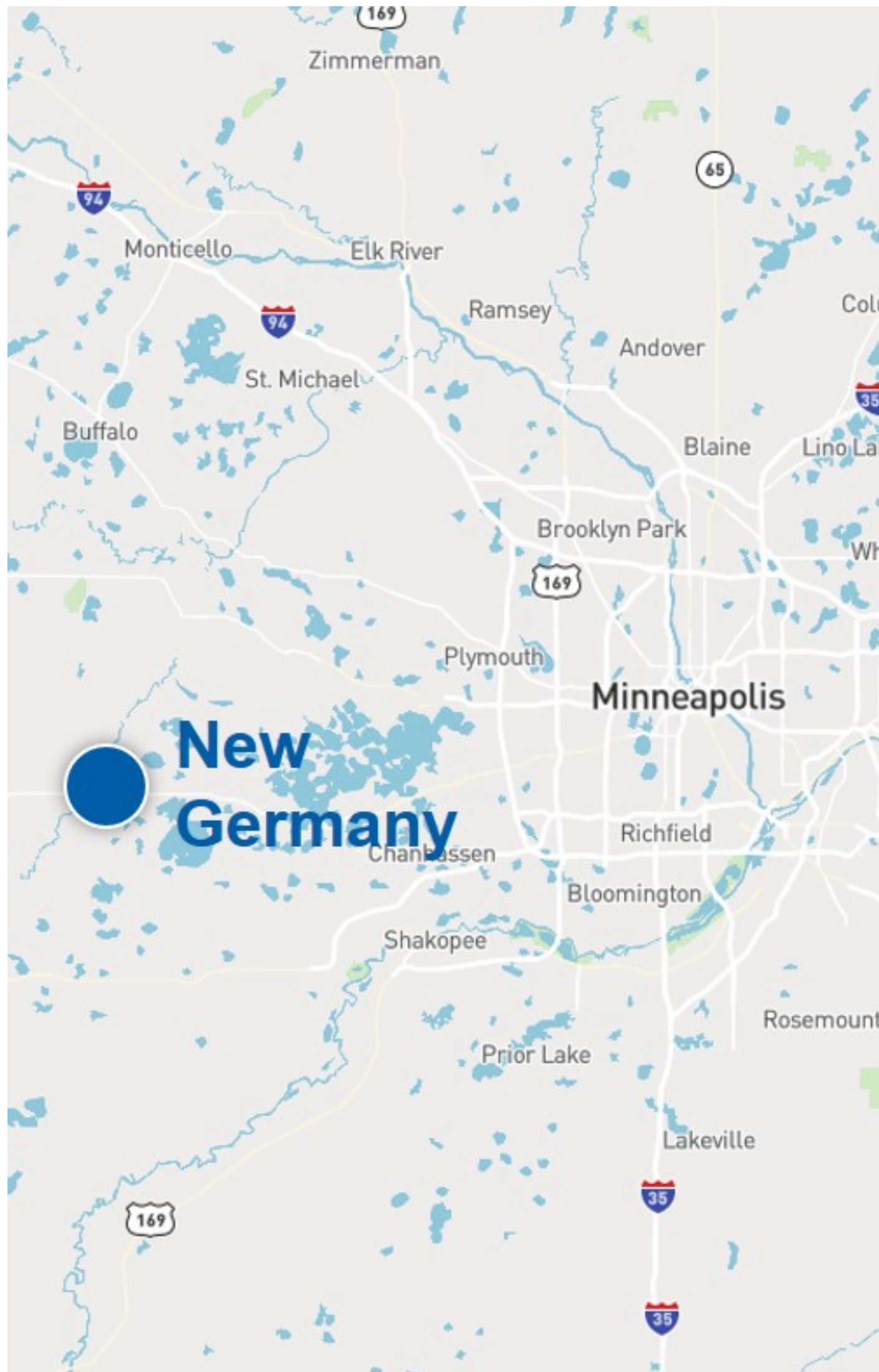
Policy

Rural Growth Center policy was amended to include new sewer community.

Outcome

- Wastewater reclamation facilities began operation in 2014; treatment facilities phased (410,000 gpd initially, 1,200,000 planned).
- Interceptor constructed along Hwy 65 and Viking Dr for potential future service to Oak Grove, with East Bethel paying share of costs for the local trunk sewer benefit.
- East Bethel pays Rural Growth Center-based SAC

Policy Implementation: New Germany



Drivers

City was experiencing growth that would quickly exceed its stabilization pond capacity.

Metropolitan Council and Carver County had executed Memorandum of Understanding regarding Rural Growth Center WWTP assistance in exchange for agricultural land use density, which supports Council policy

Policy

Rural Growth Center

Outcome

- Wastewater acquisition agreement executed in 2010 with acquisition in 2015.
- Amended agreement in 2015 to defer acquisition until City requests it (expires in 2030).
- City obtained financial assistance to rehabilitate its sewer system to reduce I/I (however, this did not address private property).
- City and MPCA are discussing potential sewer extension request and other capacity issues

Impact of Great Recession

Exurban growth stopped for several years.

Wastewater Service Agreements with East Bethel and Elko New Market based SAC on pre-recession growth forecasts from comprehensive plans

Agreements include automatic loan when growth is less than forecast.

Loans were increasing rapidly, with potential adverse impact on community's financial health, which would further hinder growth.



Council Actions



SAC Loan Capped at \$2 million

SAC Loan in wastewater service agreements with East Bethel and Elko New Market has been capped at \$2,000,000, to avoid adverse impact on communities' financial health.

WRF Deemed Regional Project

The portion of East Bethel wastewater reclamation facility cost associated with groundwater recharge has been deemed a regional demonstration project, thus reducing the community's total SAC requirement.

2015 Policy on Rural Centers Expanded

2015 Policy on Rural Centers expanded the criteria to ensure regional benefits and enhanced the decision-making process through consultation with our urban customers.

Analysis Going Forward

Rural Centers want to retain local control, so additional service requests are unlikely for many years

**Rural Centers
vary in
circumstances:**

- ✓ **Surrounding Land Use**
- ✓ **Transportation Systems**
- ✓ **Ability to be served by Council facilities**
- ✓ **Presence and condition of local wastewater treatment facilities**

Future Considerations



Retain 2015 Policy on serving Rural Centers.



Consider the financial policy to be flexible to address specific Rural Center circumstances and to support our regional cost of service fees and charges.



Evaluate need for changes to status and/or financial assistance rules to address Rural Center challenges in comparison to the statewide picture.

Questions

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