

Information Item:
**MCES Budget Concepts, Rates, and
Workshops**

Ned Smith, Director, Pretreatment and Finance

Environment Committee: May 11, 2021



2022 Executive Summary

Proposed Sources vs. 2021

- Wastewater charge:4.0%
- Total Sources.....3.2%

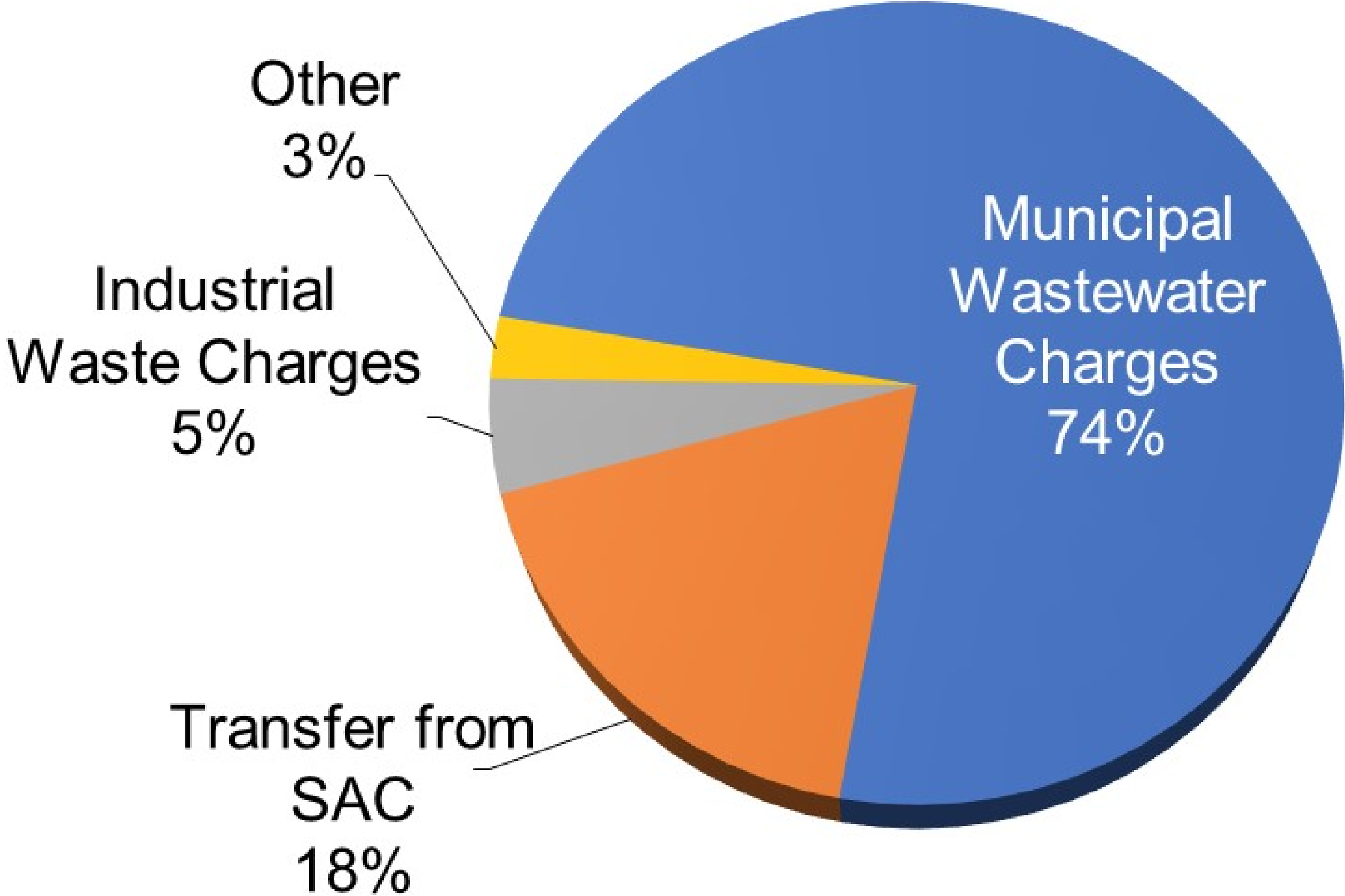
Proposed Uses vs. 2021

- Total Uses.....3.2%

Proposed Rates

- Sewer Availability Charge (SAC): ...No Increase
- Industrial Strength Charge:5.0%
- Industrial Permit Fees:~4.0% on average

2022 Revenue Sources – \$333M

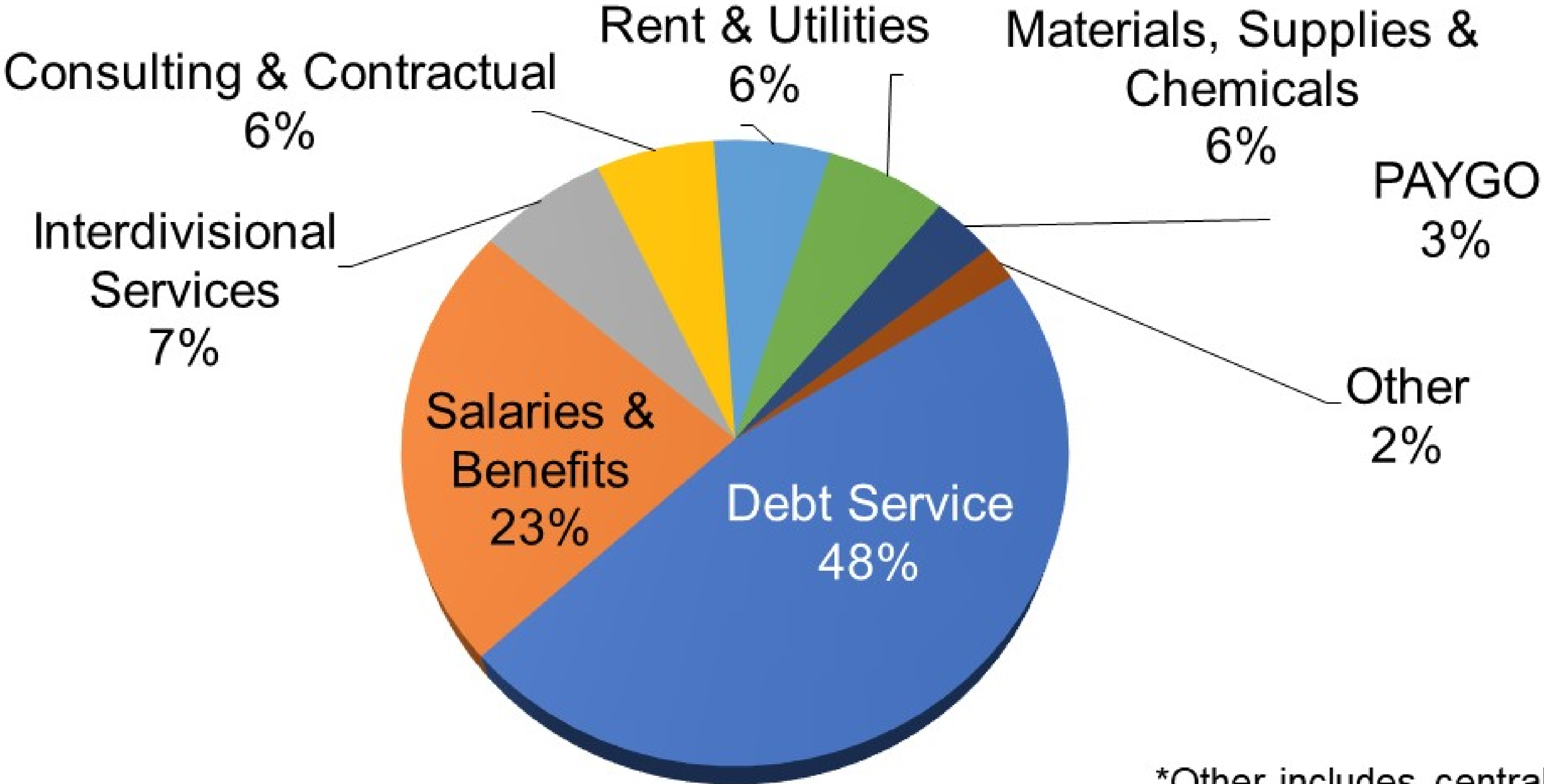


*Other includes OPEB** adj., and \$2M use of Reserves

** OPEB = Other Post Employment Benefits



2022 Proposed Uses by Category – \$333M



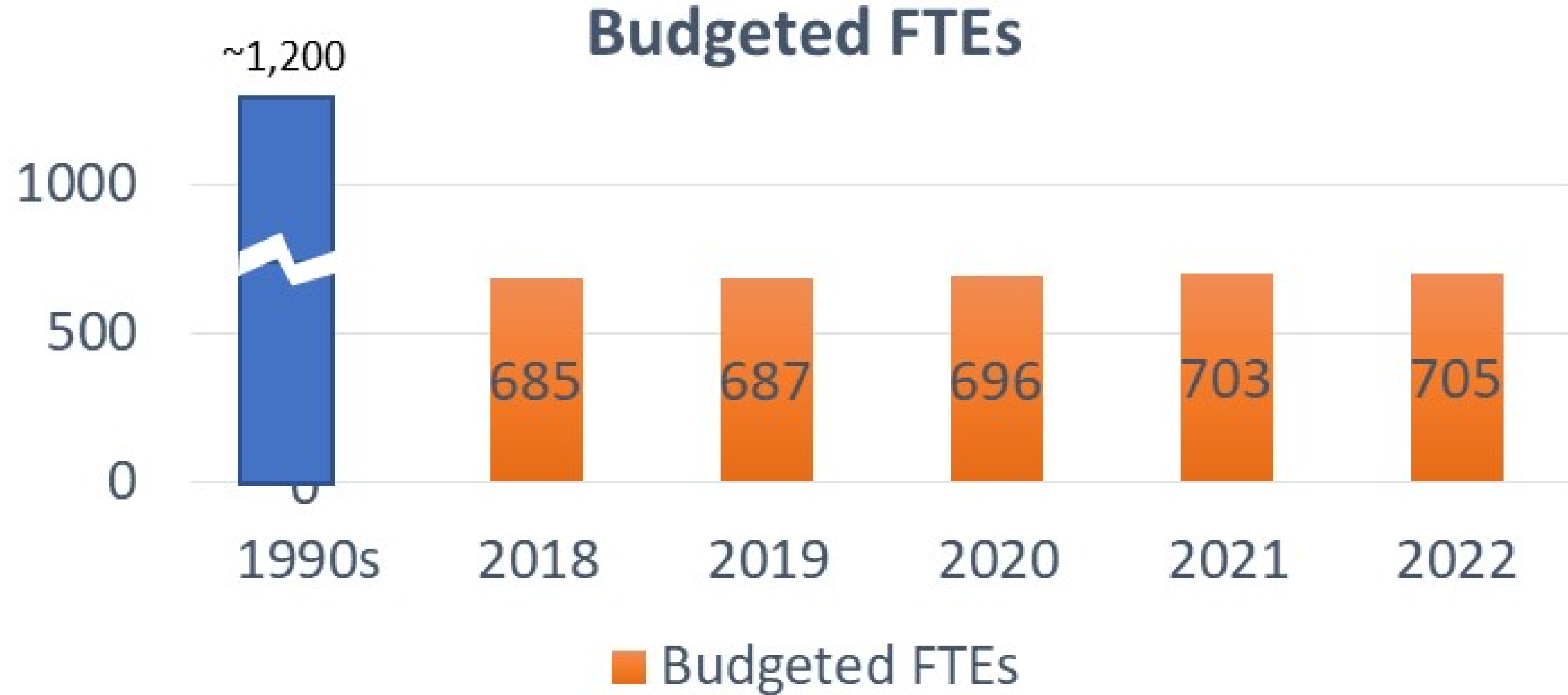
*Other includes centralized projects, and other misc. expense

PAYGO= Pay As You Go

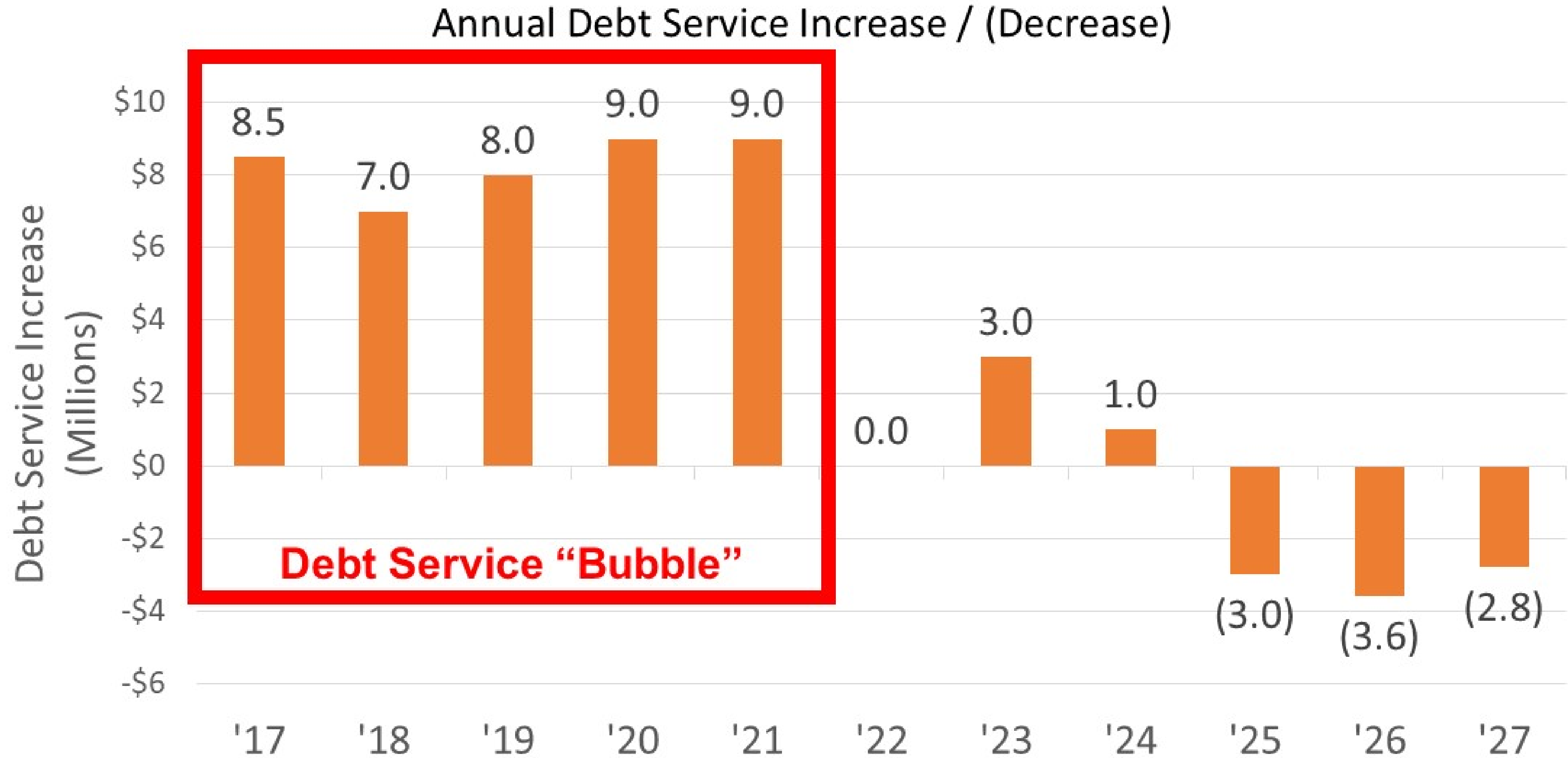


Proposed Budget: Labor

- Labor Costs
 - 676 Regular Full Time Equivalents (FTEs)
 - 705 FTEs including Overtime (OT)
 - Vacancy Factor = 25 FTEs
 - General salary increases, plus medical
- Risk Factors: attrition rates, workforce planning, and health care costs (self-insured)

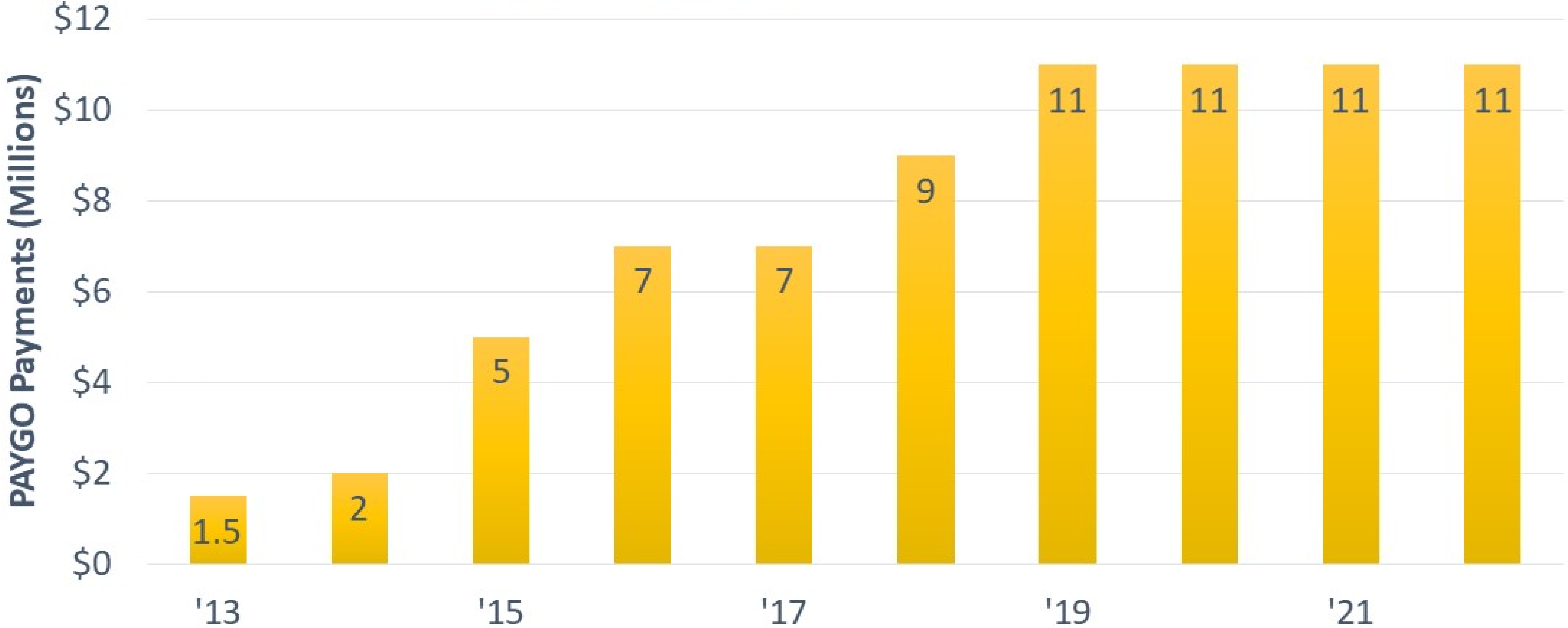


Projected Debt Service Change



Pay-As-You-Go (PAYGO)

PAYGO Payments

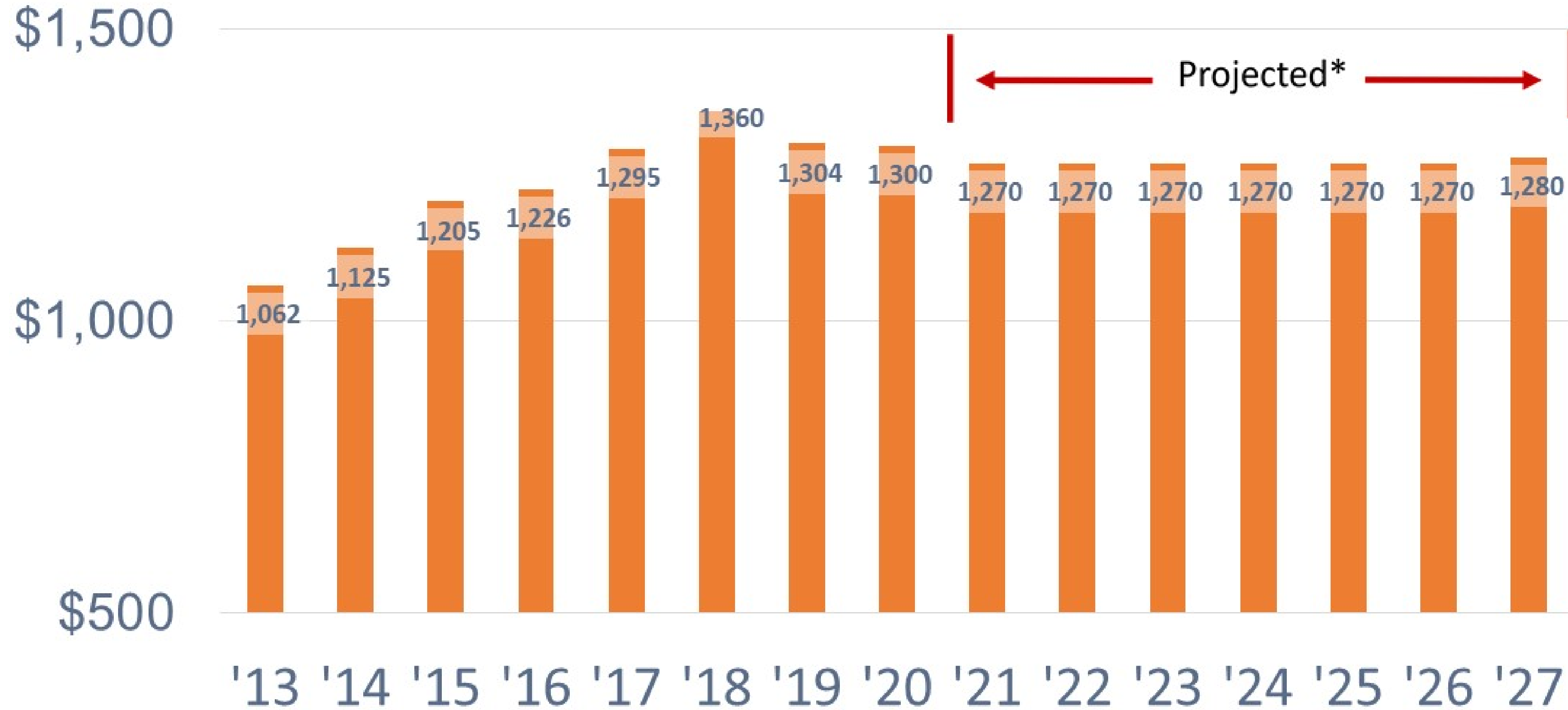


PAYGO is funded from the operating fund except for \$2M in 2020 , \$7.5M in 2021 and \$9.5M in 2022 will be from the SAC fund.



Wastewater Outstanding Debt

(\$ in millions)



* Assumes 80% of ACP is spent.

ACP = Authorized Capital Program



Debt per Capita*

| | | | | | |
|----------------|-------|--------------|---------|------------|---------|
| Los Angeles | \$149 | Chicago | \$528 | Cincinnati | \$1,131 |
| Newark | \$174 | Philadelphia | \$803 | Wash. D.C. | \$1,238 |
| Denver | \$325 | Milwaukee | \$839 | Cleveland | \$1,548 |
| Phoenix | \$382 | Columbus | \$872 | Dallas | \$1,934 |
| Orange County | \$388 | St. Louis | \$912 | Seattle | \$2,263 |
| MCES | \$448 | Austin | \$1,010 | Boston | \$2,288 |
| Las Vegas | \$471 | Sacramento | \$1,025 | Atlanta | \$2,486 |
| Virginia Beach | \$509 | San Antonio | \$1,074 | | |

**Per agency 2016 data from 2017 National Association of Clean Water Agencies (NACWA) survey (2020 survey available this summer)*



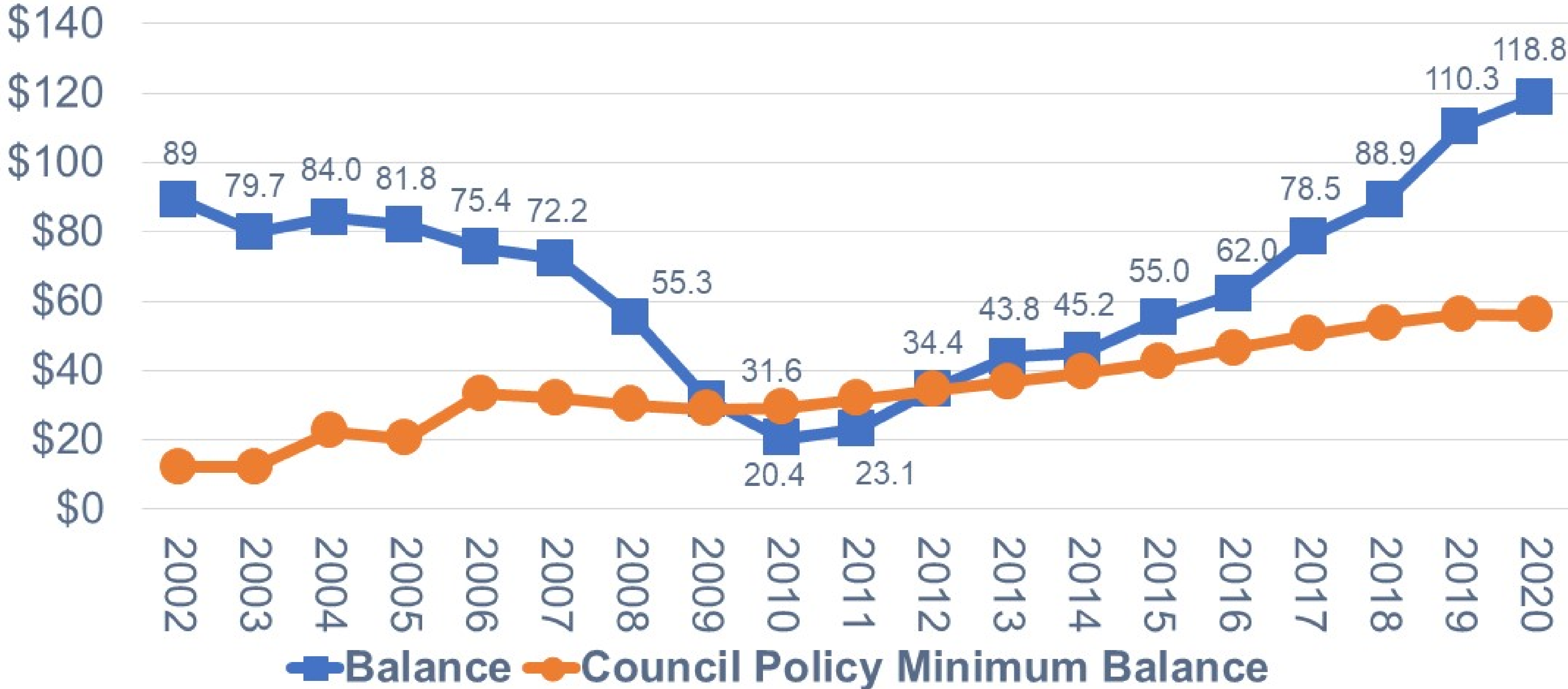
Historical SAC Rate Increases (%)



SAC Units: Development Continues



SAC Reserve Fund

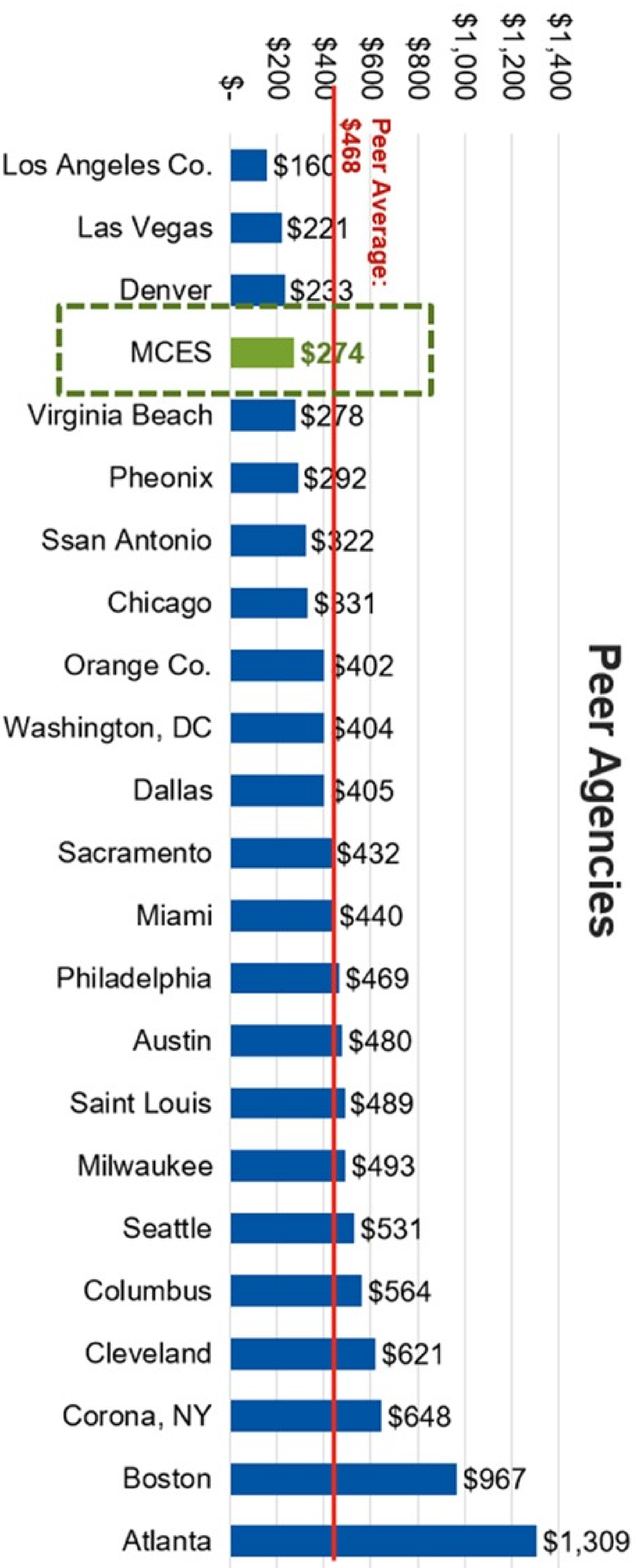


Strong reserve will help MCES manage future SAC rates



Comparative Information

Average retail sewer rates per household



* 2017 NACWA survey of 2016 rates
(2020 survey available this summer)

Municipal Wastewater Charges

| | | |
|-----------------|---|-------------------------------|
| 2018-2022: | { | Promise: 5-year <4% Increase |
| 2018 - 2020: | { | 3.5% - 3.7% Increase |
| 2021: | { | 2% Increase |
| 2022-2024: | { | TBD based on pandemic impacts |
| Long-Term Goal: | { | ≤ Wastewater Inflation Rate |



Proposed Industrial Rates

| Rate Type | Prelim. 2022 | % Increase |
|---|--------------------|------------|
| Strength Charge (excess lb. TSS*) | \$0.274 | 5.4 |
| Brewery Strength Charge (per barrel) | \$0.859 | 5.4 |
| Standard Load Charge (per 1000 gallon) | \$60.24 | 0.0 |
| Industrial Load Charge (excess lb TSS*) | \$0.413 | 0.0 |
| Collar County Load Charge (per 1000 gallon) | \$75.24 | 0.0 |
| Portable Toilet Load Charge (per 1000 gallon) | \$77.46 | 0.0 |
| Holding Tank Load Charge (per 1000 gallon) | \$11.40 | 1.0 |
| Annual Permit Fee | \$1,125 - \$10,975 | ~4.0 |
| General Permit Fee | \$100 - \$500 | 0 |

*Total Suspended Solids (TSS)



2022 Rate Setting Schedule

- Industrial Workshops – May 6, 20 and 22 (virtual meetings)
- May 11: Environment Committee Direction for Public Meetings
- Municipal Customer Forums*
 - May 25: WebEx / Virtual Meeting
 - June 10: WebEx / Virtual Meeting
- July 13: Environment Committee Review of Customer Input and 2022 Rate Adoption Recommendation
- July 21: Council Rate Adoption
- Aug. 25: Council Preliminary Operating Budget Adoption

* *public input*

Questions

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