

Information Item: Local and National Competitiveness

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Environment Committee, January 11, 2022



Presentation Overview

- Review two surveys of average retail sewer charges per household:
 - 1) Biennial (every 2 years) survey of charges in the Twin Cities region
 - Overview of our survey and 2020 results
 - Historical average sewer charges
 - Types of local charges
 - 2) Triennial (every 3 years) National Association of Clean Water Agencies (NACWA) survey results
 - Comparison to peers and past surveys
 - Debt per capita comparison

Overview of our biennial local survey

- Based on retail sewer charges by community
 - 110 metro area communities in 2020
 - Includes the wholesale cost from MCES plus city charges that fund local sewer costs
 - About 54% of the average retail sewer charges per household are paid to MCES (\$188 of \$347 in 2020)
- We conduct survey in even numbered years
- Survey has been done for over 30 years
- Since 1986 the study has focused on sewer charges to a single-family detached house
- **Survey is mainly done to see how retail rates compare locally and nationally**

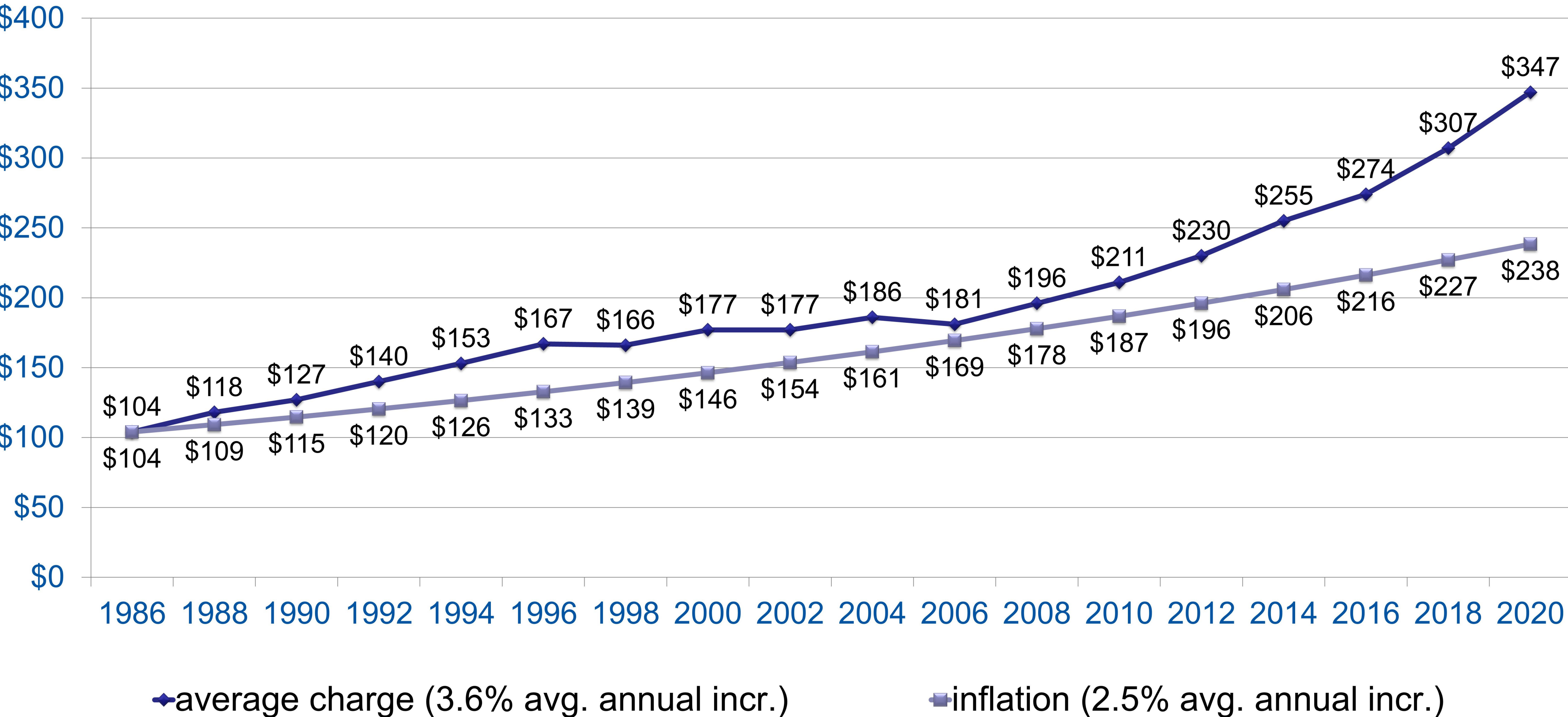
Overview of 2020 survey results

- Weighted average residential annual sewer charge per household in the metro area = \$347
- Range of highest 10 city charges: \$556 to \$924
- Range of lowest 10 cities: \$150 to \$231
- Survey is available on our website
 - <https://metro council.org/Wastewater-Water/Funding-Finance/Finance-Pubs/Survey-of-Municipal-Residential-Wastewater-Ra.aspx>
- Charges in 5 largest cities:

City	# of 1 and 2 Family Homes	Average Sewer Charge
Minneapolis	77,000	\$440
St. Paul	69,600	\$395
Bloomington	25,000	\$299
Woodbury	22,000	\$307
Maple Grove	21,800	\$250



Historical average sewer charges (per household)



Types of rates used by cities

Rate Type	# of Communities Using Rate Type
Base/uniform rate	69
Flat charge	17
Base/increasing block rate	12
Uniform	8
No residential sewer rates (Medicine Lake and Landfall)	2
Increasing block rate (Golden Valley)	1

Flat charges

- Typically, flat charges do not encourage water conservation. So, the reduction in flat-rate charges since 2006 is a positive sign.

Year	Percent of Households that are Charged Flat Rate
2006	19.0%
2008	18.0%
2010	15.2%
2012	11.5%
2014	8.6%
2016	8.4%
2018	8.1%
2020	5.9%



NACWA triennial survey results

- NACWA does a comprehensive survey every three years.
- **Our average charge is below the peer agency average (first line below):**

Metric (2019 data)	MCES	Peer average	MCES rank	Percentile rank
Average annual retail charge	\$347	\$535	8 of 20	63.2%
O&M expenses per MG	\$1,641	\$1,900	9 of 22	61.9%
Total expenses per MG	\$3,075	\$3,650	12 of 22	47.6%
FTEs per billion gallons	6.9	8.7	9 of 22	61.9%
Debt per capita	\$445	\$991	7 of 21	70.0%



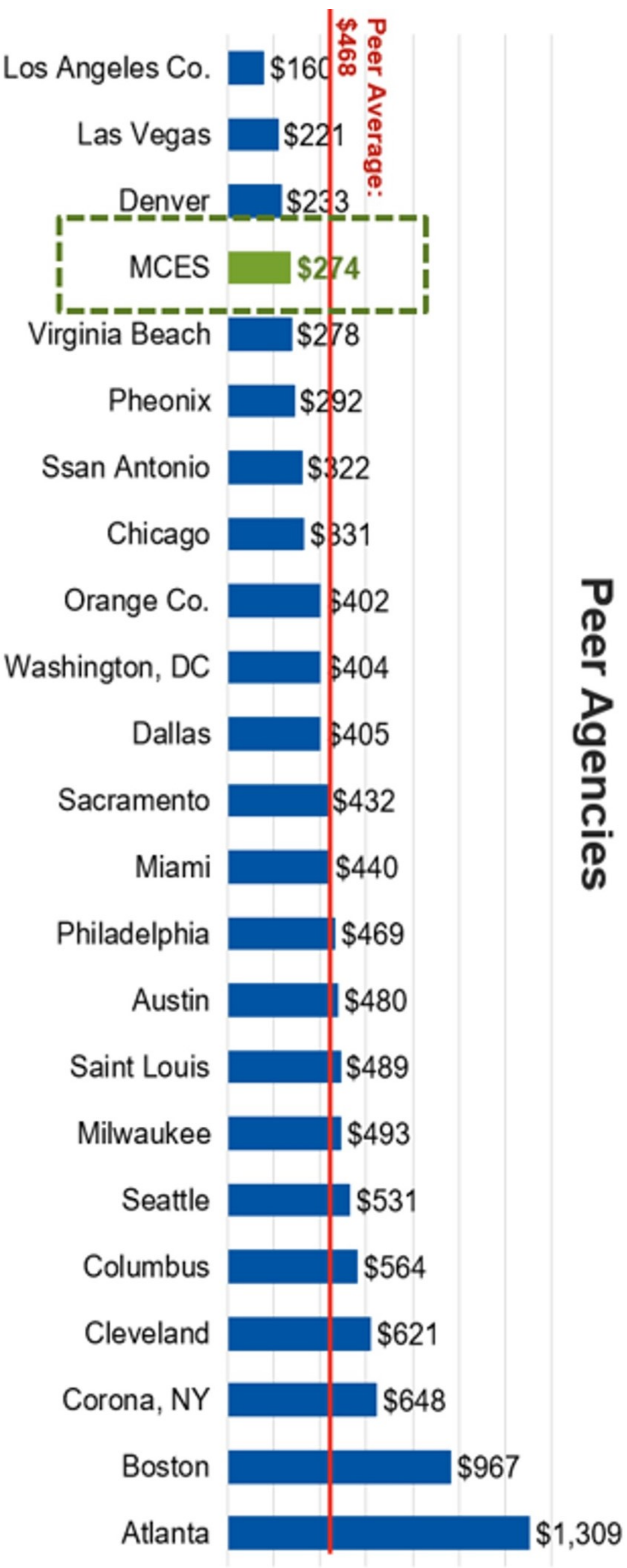
Comparison to past NACWA surveys

Survey	MCES retail charge	Peer rank	Percentile rank*
2020	\$347	8 th of 20	63.2%
2017	\$274	4 th of 23	86.4%
2014	\$242	7 th of 25	75.0%
2011	\$216	5 th of 24	82.6%
2008	\$186	5 th of 22	81.0%
2005	\$192	6 th of 23	77.3%
2002	\$174	6 th of 31	83.3%
1999	\$170	9 th of 30	72.4%
1996	\$167	8 th of 29	75.0%

* Indicates percent of agencies with higher charges.



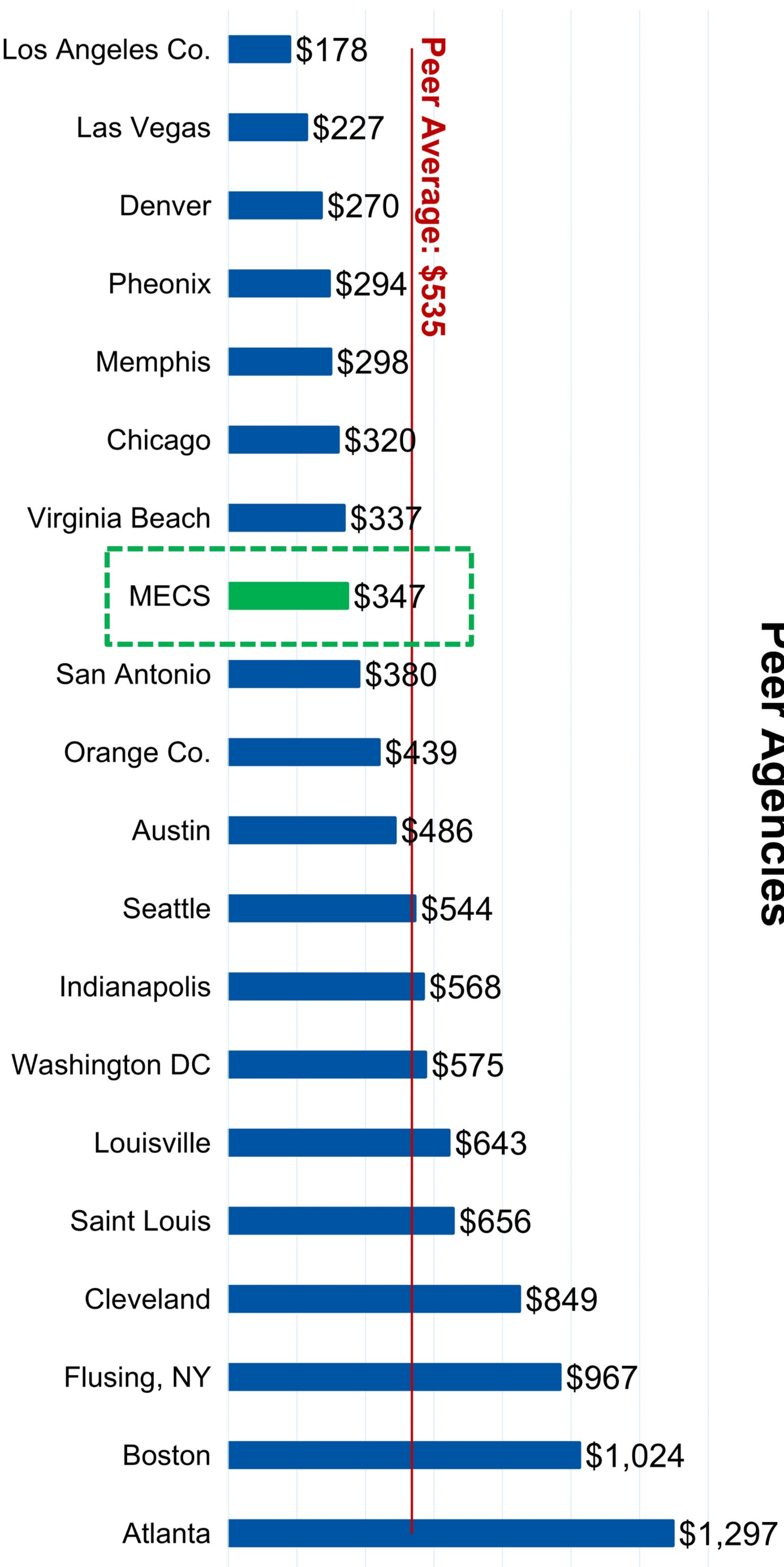
2016 retail sewer charges per household



2017 NACWA survey (2016 rates)

2019 retail sewer charges per household

Peer Agencies



2020 NACMA survey (2019 rates)

Debt per capita (person)*

Los Angeles	\$121	Chicago	\$533	Boston	\$2,139
Denver	\$265	San Antonio	\$654	Indianapolis	\$2,817
Memphis	\$271	Arlington TX	\$842	Atlanta	\$2,866
Phoenix	\$345	Austin	\$894	Honolulu	\$3,062
Orange County	\$354	St. Louis	\$1,162	Louisville	\$3,322
Las Vegas	\$440	Wash D.C.	\$1,512		
MCES	\$445	Cleveland	\$1,812		
Virginia Beach	\$511	Seattle	\$2,006		

* 2020 NACWA survey (2019 data)



Questions

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