



**METROPOLITAN**  
C O U N C I L

# **Information Item: MCES Preliminary Budget, Rates, and Workshops**

**Ned Smith, Director, Pretreatment and Finance**

Environment Committee: May 10, 2022



# 2023 Executive Summary

## Proposed Sources vs. 2022

- Wastewater charge: .....5.5%
- Total Sources.....5.0%

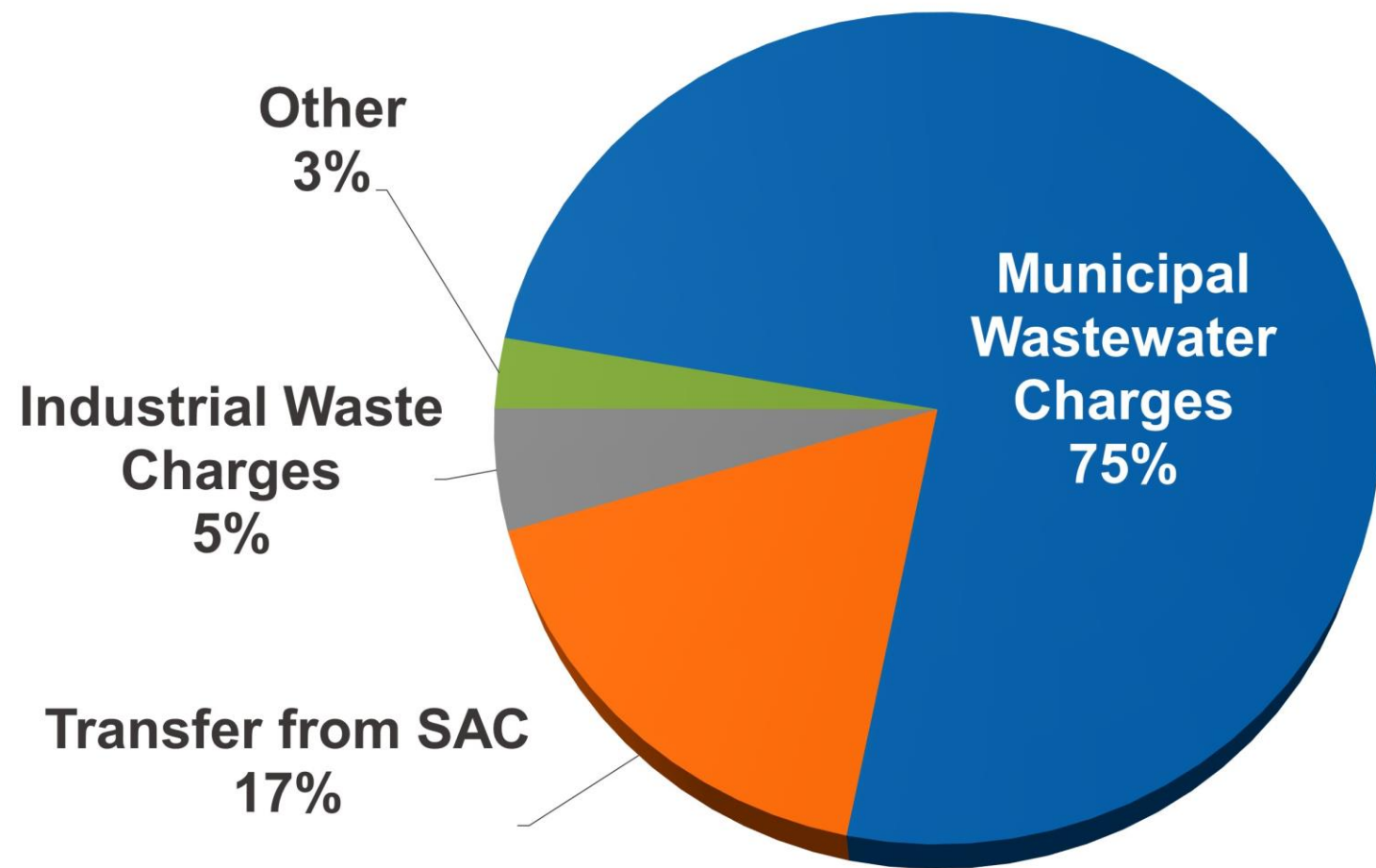
## Proposed Uses vs. 2022

- Total Uses.....5.0%

## Proposed Rates

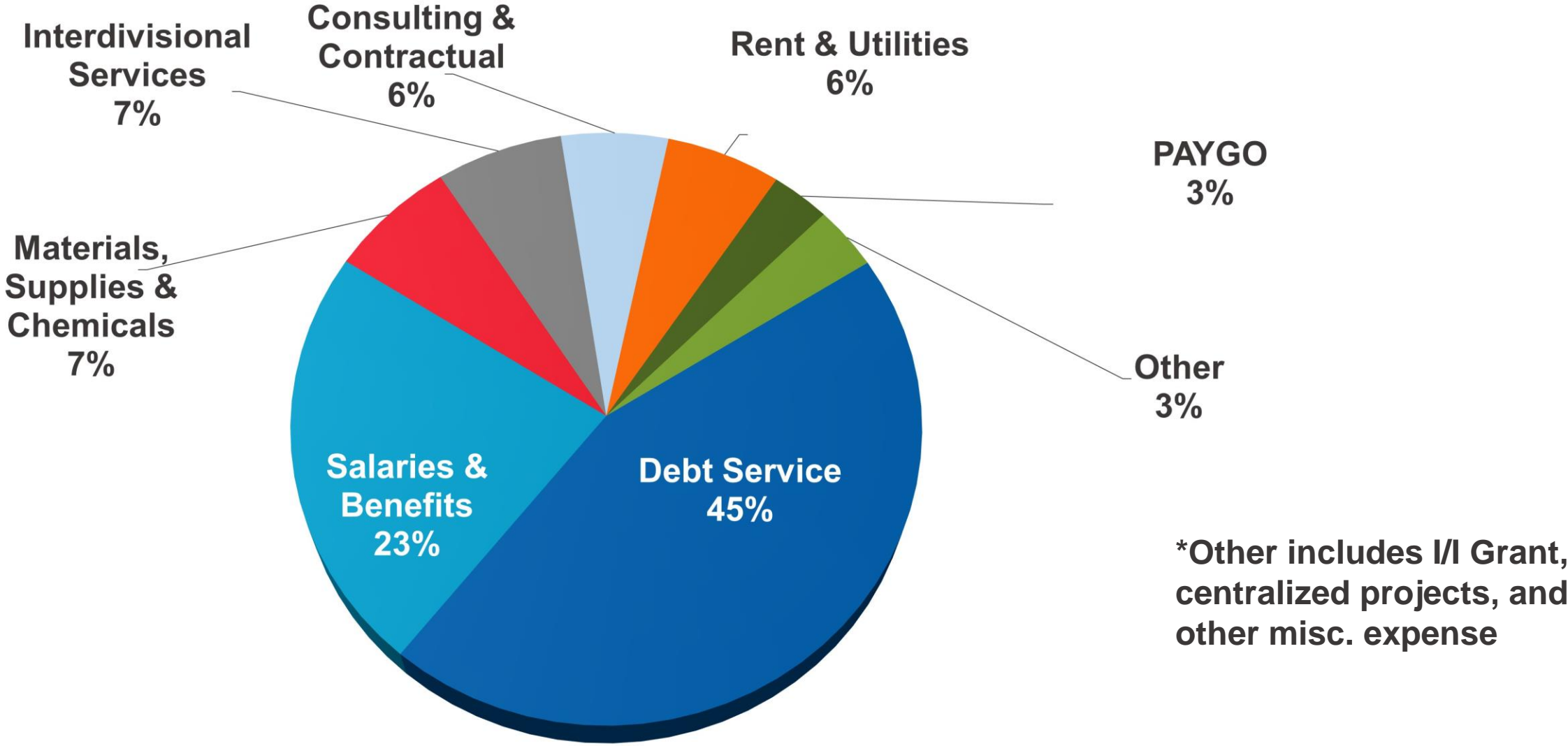
- Sewer Availability Charge: .....No Increase
- Industrial Strength Charge: .....6.6%
- Industrial Permit Fees: .....~5.5% on average

# 2023 Revenue Sources - \$349.9M

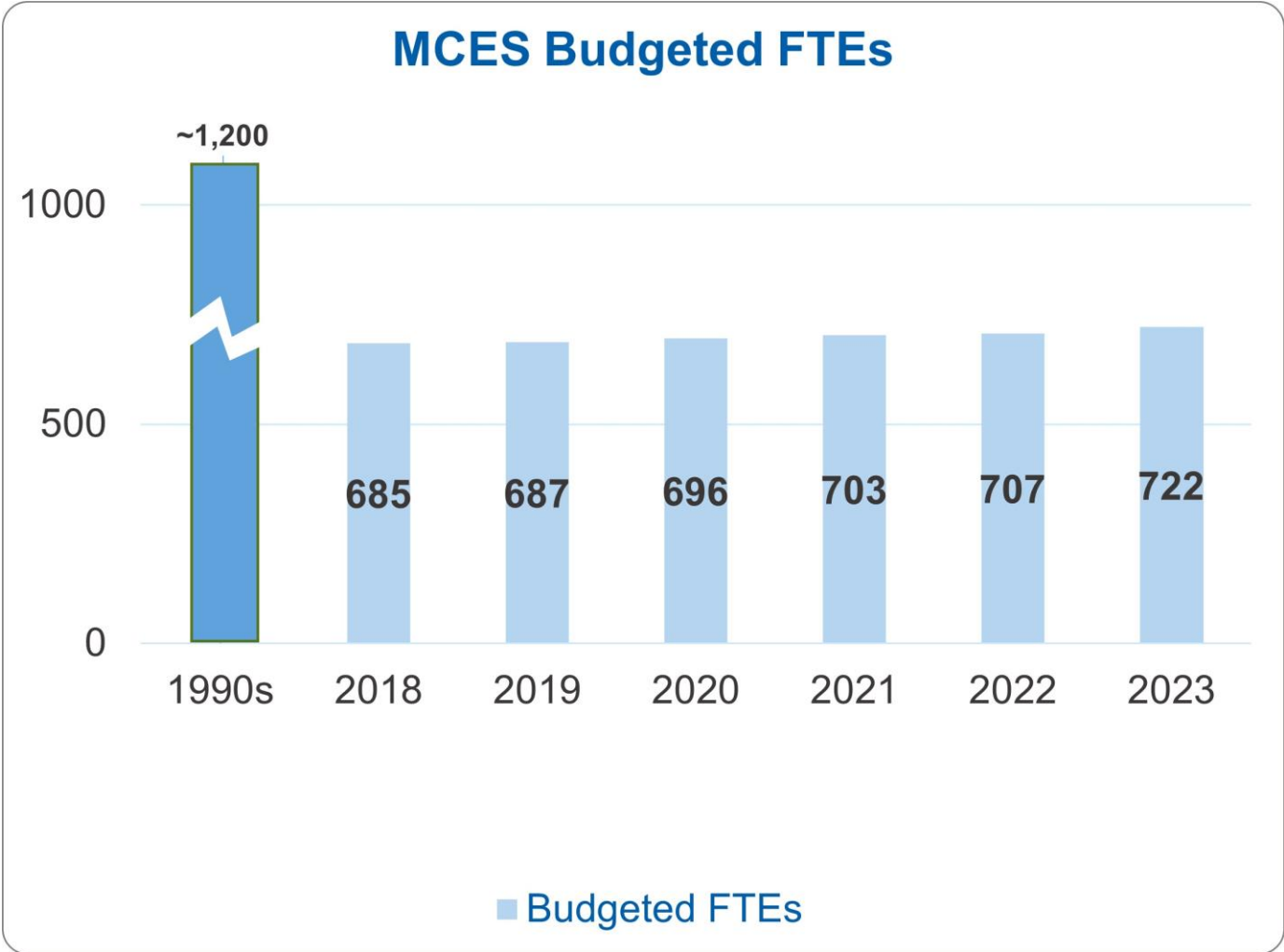


**\*Other includes Inflow and Infiltration (I/I) Grant and \$2M use of Reserves**

# Proposed Uses by Category - \$349.9M



# Proposed Budget: Labor



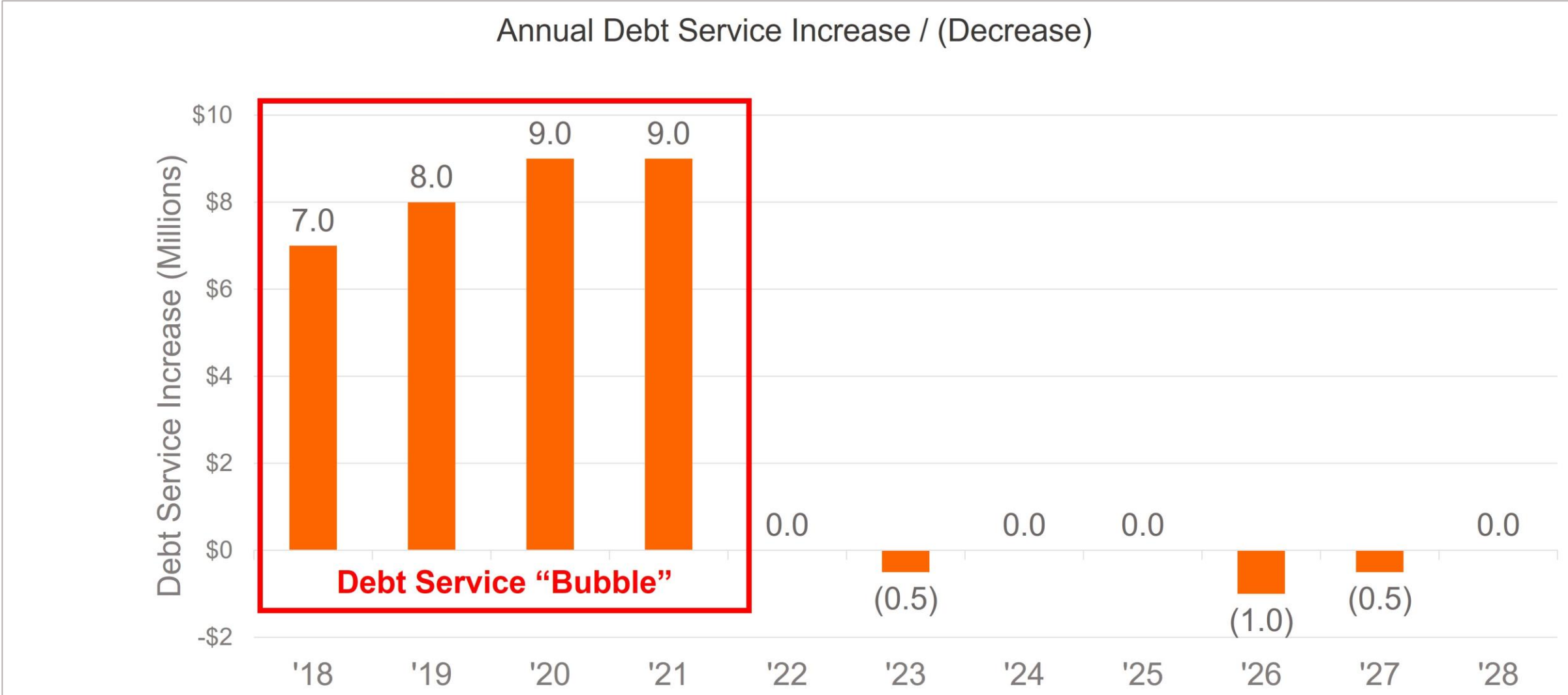
## Full Time Employee Budget Count

- 693 Regular FTEs
- 722 FTEs Including Overtime
- 25 Budgeted Vacant FTEs

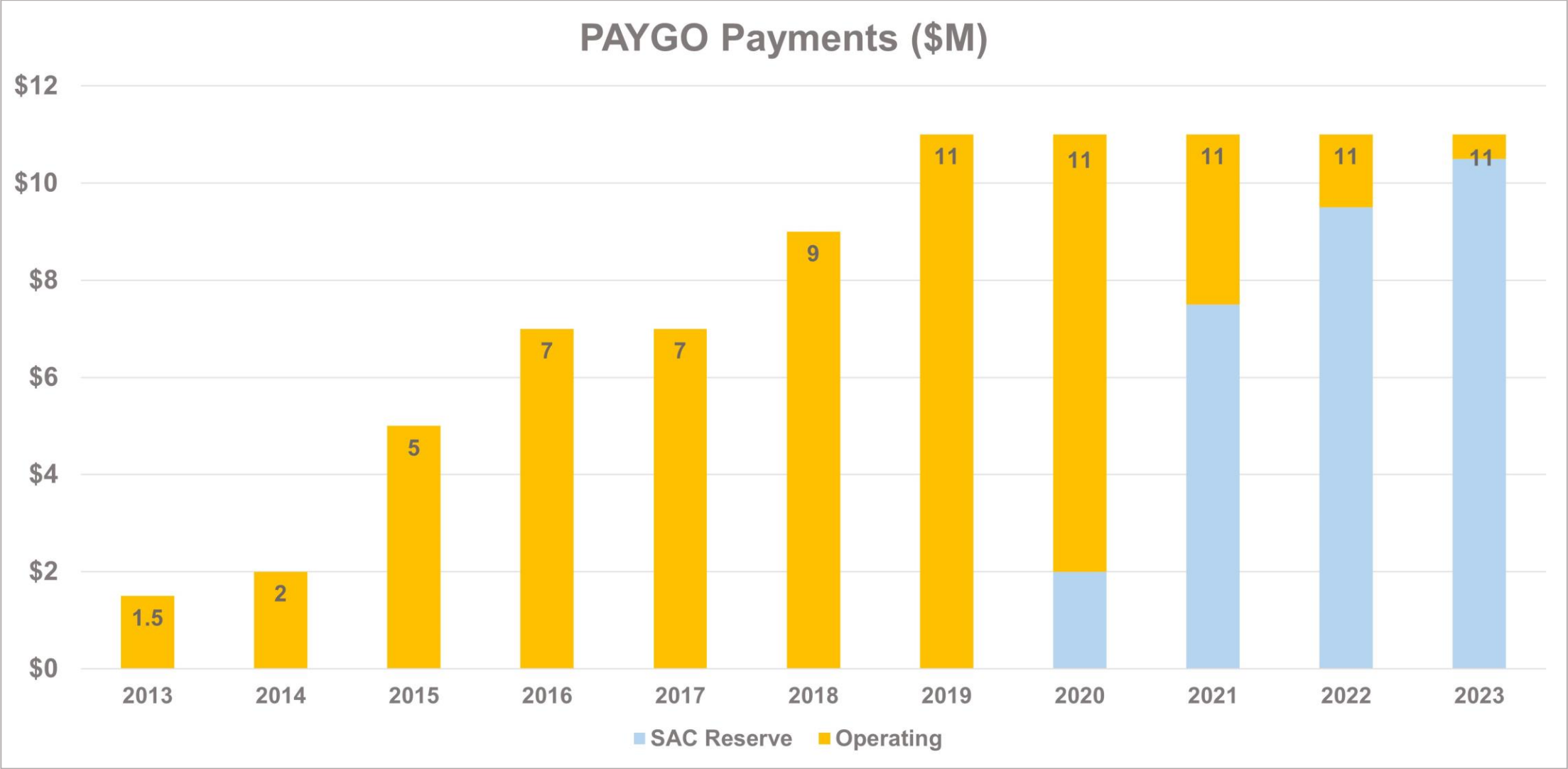
## Risk Factors

- Potential rising wage pressure in response to rising inflation.
- As a self-insured employer, potential for increased medical expense due to pandemic-delayed routine medical care.
- Potential for higher attrition rates leading to higher than planned vacancies.

# Projected Debt Service Change



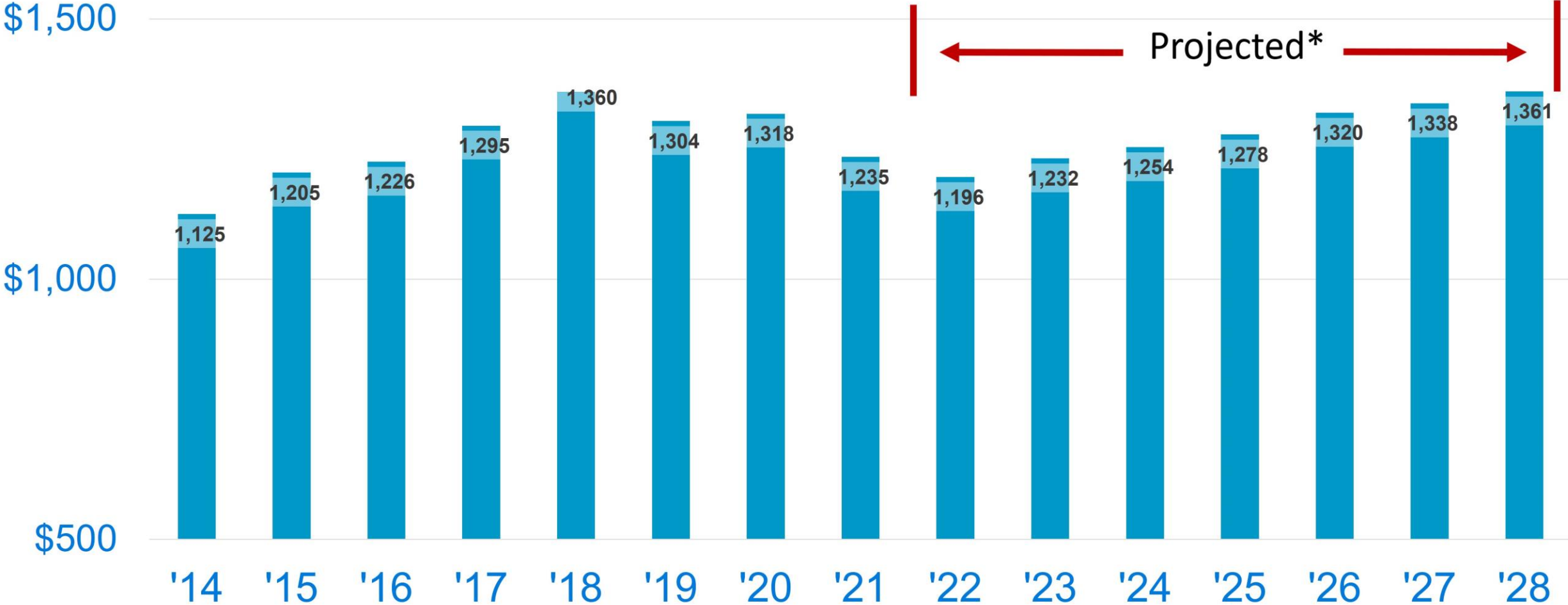
# Pay-As-You-Go (PAYGO)



PAYGO is funded from the operating fund except for these amounts funded from the SAC fund: \$2M in 2020, \$7.5M in 2021, \$9.5M in 2022 and \$10.5M in 2023.

# Wastewater Outstanding Debt

(\$ in millions)



- Assumes 75% of ACP is spent
- 3/20/22 Bond Sale – AAA, \$47.3M, 20 year fixed, 3.247%

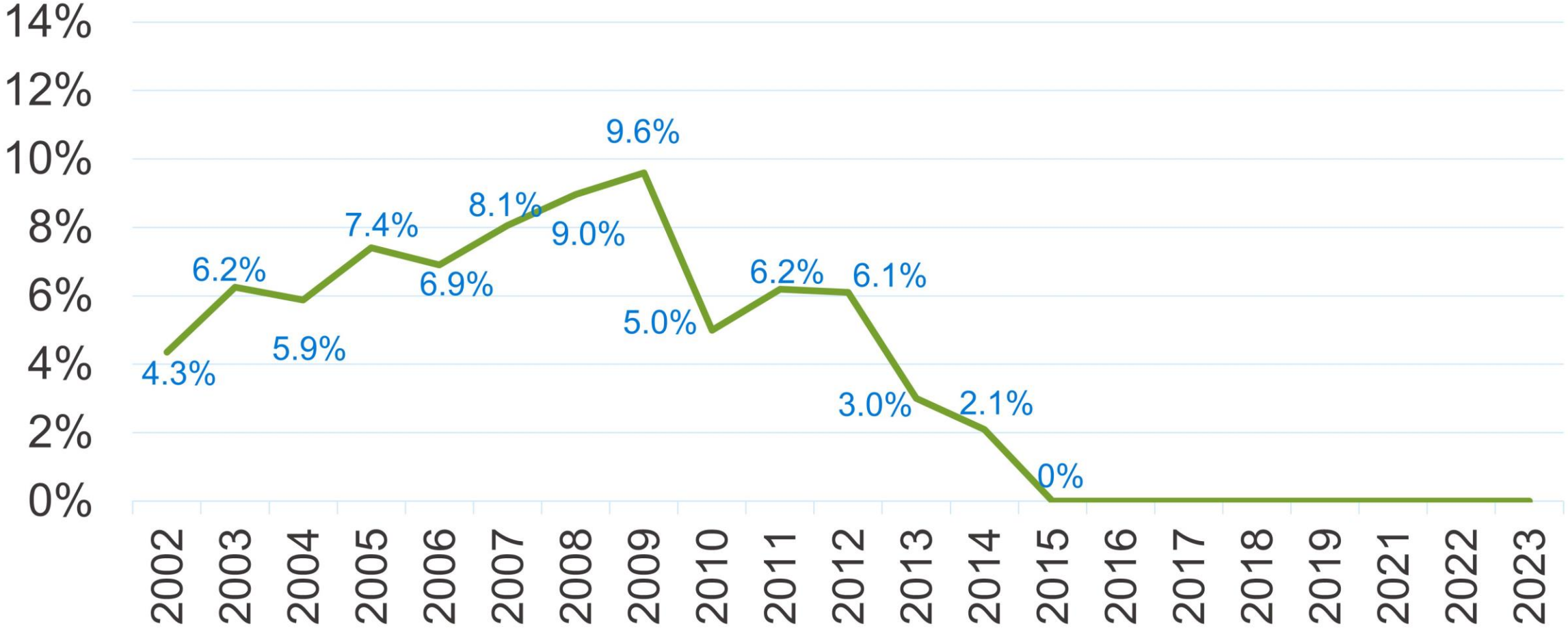


# Debt per Capita\*

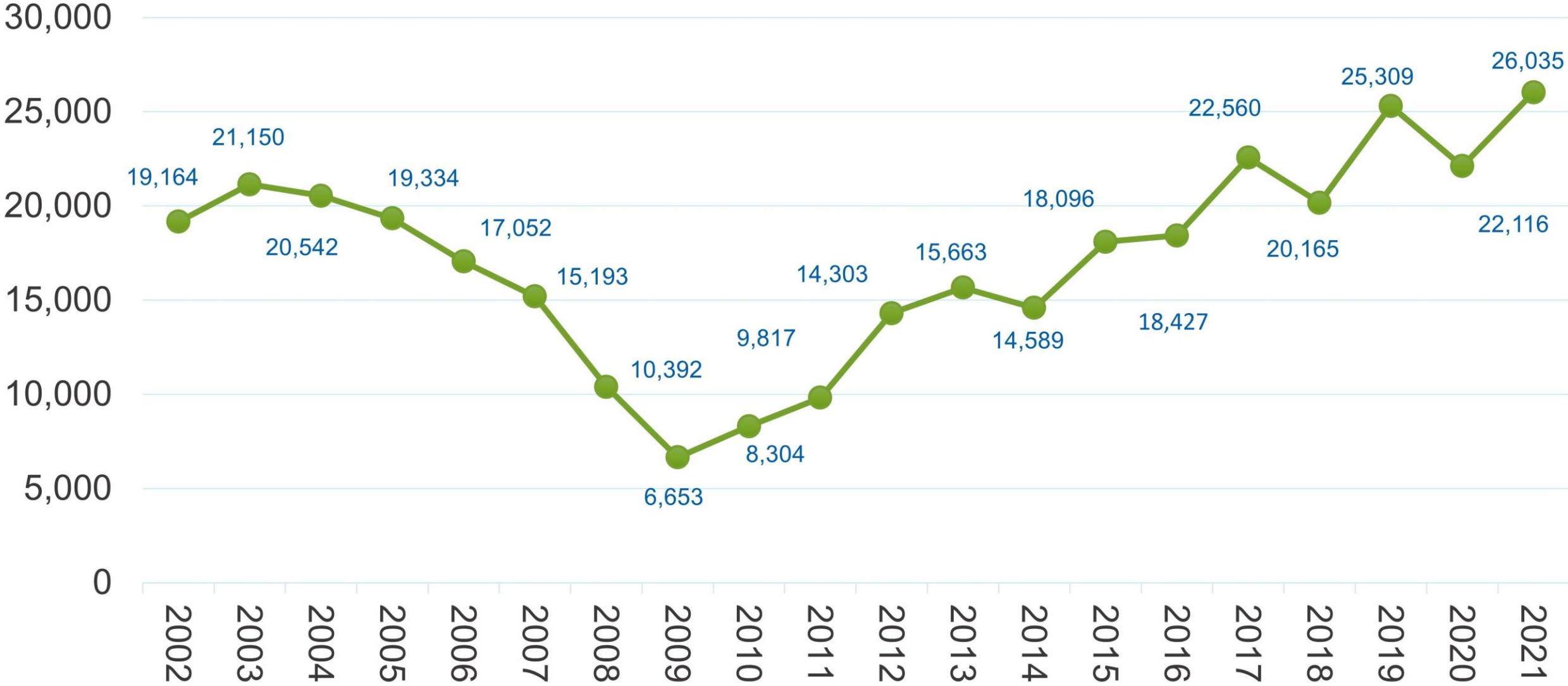
Los Angeles	\$121	Chicago	\$533	Boston	\$2,139
Denver	\$265	San Antonio	\$654	Indianapolis	\$2,817
Memphis	\$271	Arlington TX	\$842	Atlanta	\$2,866
Phoenix	\$345	Austin	\$894	Honolulu	\$3,062
Orange County	\$354	St. Louis	\$1,162	Louisville	\$3,322
Las Vegas	\$440	Wash D.C.	\$1,512		
<b>MCES</b>	<b>\$445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

\* Source is the 2020 NACWA triennial financial survey, which includes 2019 data

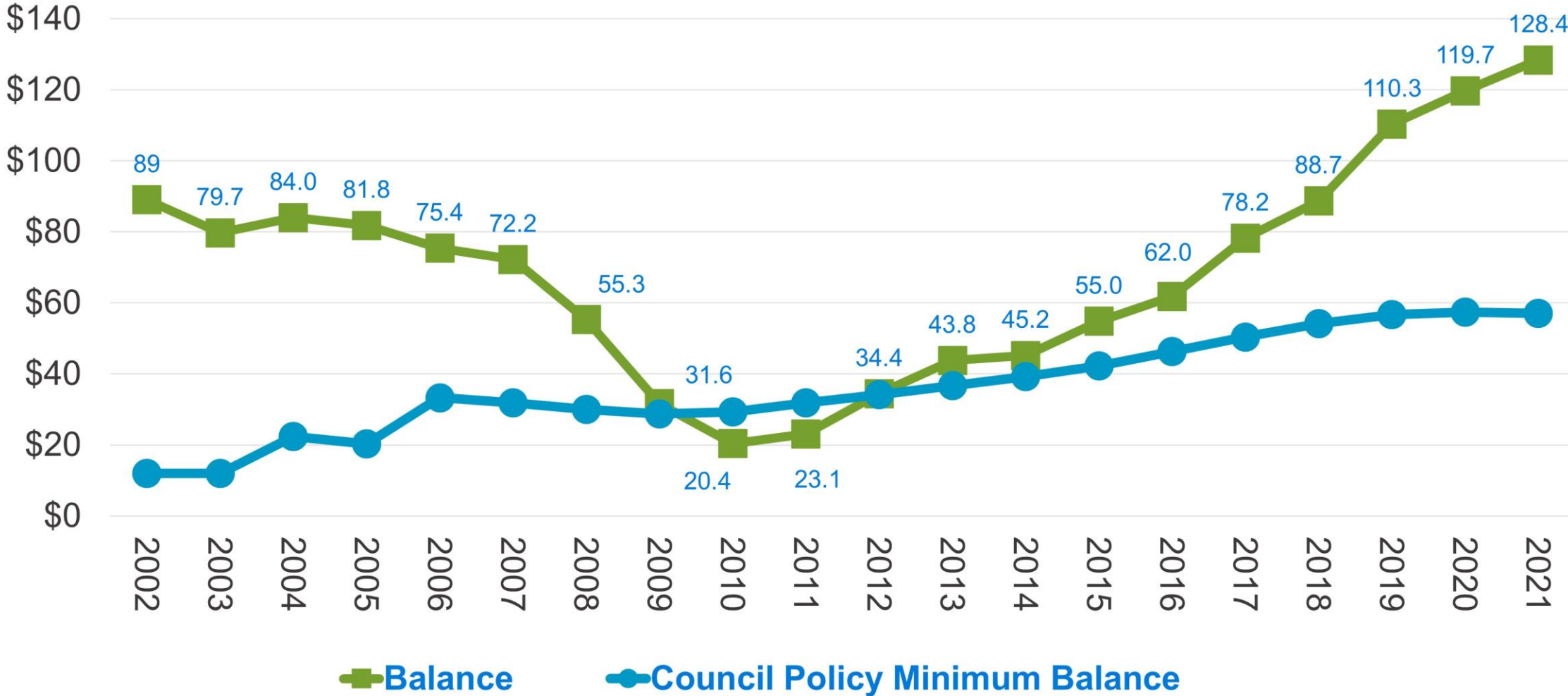
# Historical SAC Rate Increases (%)



# SAC Units: Development Continues



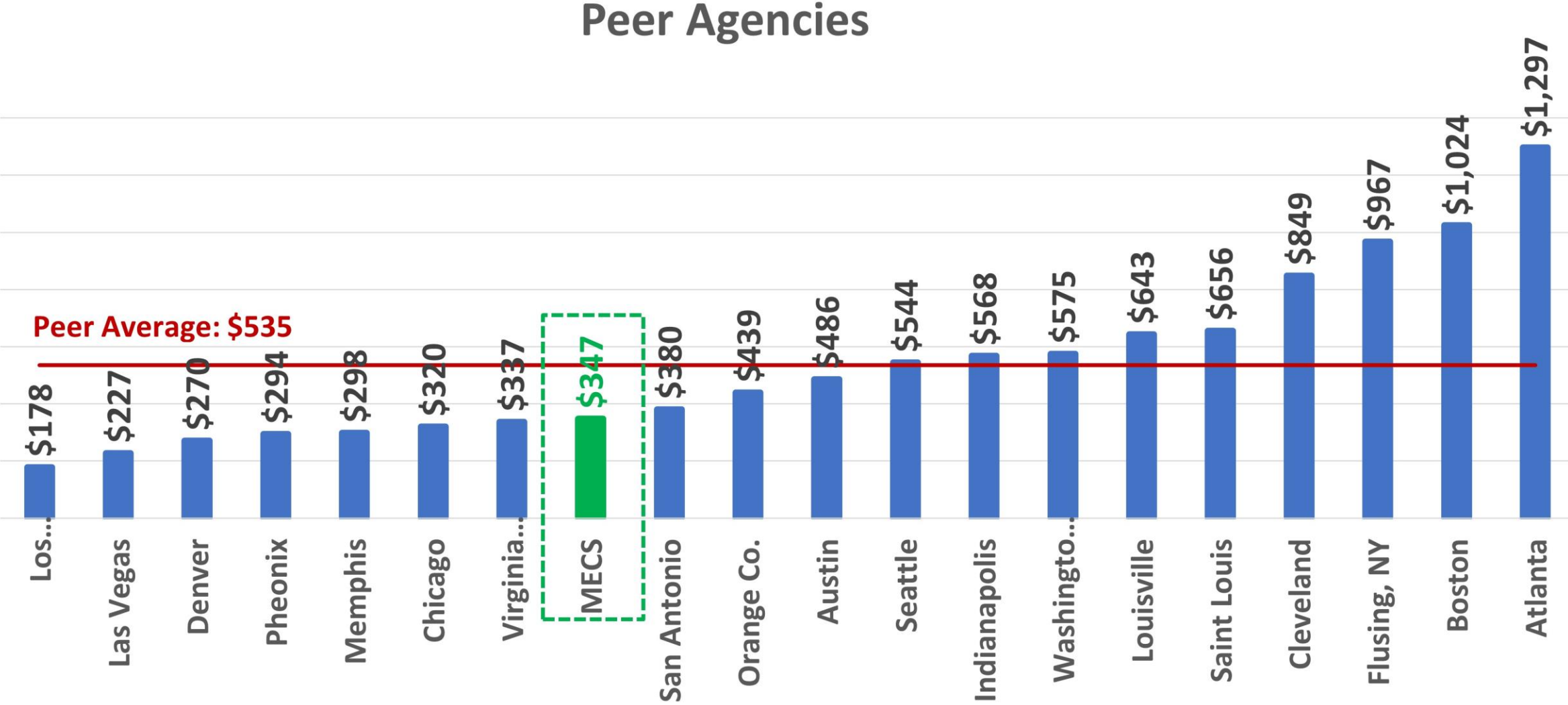
# SAC Reserve Balance



Strong reserve balance will help MCES manage future SAC rates

# Comparative Information

- Average retail sewer rates per household



\* 2020 NACWA survey of 2019 rates

# Municipal Wastewater Charges

**2018-2022:**

**Promise: 5-years  $\leq$  4% Increase**

**2021:**

**2% Increase**

**2022:**

**4% Increase**

**Wastewater Inflation:**

**6% -10% Increase (see next slide)**

**2023 :**

**5.5% Increase**

**Long-Term Goal:**

**$\leq$  Wastewater Inflation Rate**

# Inflation

- ES specific inflation\* is higher than general CPI-U inflation
- Inflation can be calculated different ways
- The table below shows 3 methods that compare general and ES specific inflation

2021 Inflation	CPI-U	ES Specific
Monthly average compared to prior year monthly average	4.7%	6.4%
December compared to prior December	7.0%	8.5%
March 2022 compared to March 2021	8.5%	10%

\* ES specific inflation is calculated as the weighted average of inflation specific to each of ES' line-item expenses. In other words, it is the average inflation for chemicals, materials & supplies, labor, energy, and capital expenses (debt service).

# Proposed Industrial Rates

Rate Type	Prelim. 2023	% Increase
Strength Charge (excess lb. TSS*)	\$0.292	6.6
Brewery Strength Charge (per barrel)	\$0.916	6.6
Standard Load Charge (per 1000 gal.)	\$60.24	0.0
Industrial Load Charge (excess lb TSS*)	\$0.413	0.0
Collar County Load Charge (per 1000 gal.)	\$75.24	0.0
Portable Toilet Load Charge (per 1000 gal.)	\$77.46	0.0
Holding Tank Load Charge (per 1000 gal.)	\$11.69	2.6
Standard Permit Fee	\$1,175-\$11,575	~5.5
General Permit Fee	\$100-\$500	0

\*Total Suspended Solids (TSS)



# 2023 Rate Setting Schedule





# Questions

## **Ned Smith**

Director, ES Pretreatment and Finance

651-602-1162

[ned.smith@metc.state.mn.us](mailto:ned.smith@metc.state.mn.us)

