

Minutes

Environment Committee



Meeting Date: May 10, 2022

Time: 4:00 PM

Location: 390 Robert Street

Members Present:

- Chair, Peter Lindstrom D11
- Vice Chair, Wendy Wulff D16

- Raymond Zeran, District 9
- Susan Vento, District 11

- E Kris Fredson, District 14
- Phillip Sterner, District 15
- = present, E = excuse

Call to Order

A quorum being present, Committee Chair Lindstrom called the regular meeting of the Environment Committee to order at 4:03 p.m.

Agenda Approved

It was moved by Wulff, seconded by Vento to approve the agenda. **Motion carried.**

Approval of Minutes

It was moved by Wulff, seconded by Sterner to approve the minutes of the April 26, 2022 regular meeting of the Environment Committee. **Motion carried.**

Consent Business

1. Approval of the Consent Agenda (Item 2022-127 JT)

It was moved by Vento, seconded by Wulff to approve the consent agenda business item. Motion carried.

2022-127 JT: City of Gem Lake 2040 Comprehensive Plan and Comprehensive Sewer Plan, Review File 22063-1

Requests that the Metropolitan Council adopt the attached Advisory Comments and Review Record and take the following actions:

Recommendation of the Environment Committee

1. Approve the City of Gem Lake's Comprehensive Sewer Plan.

Non-Consent Business

2. 2022-130: Interceptor 1-MN-303 Rehabilitation, Project 809211; Land Acquisition

It was moved by Wulff, seconded by Vento, that the Metropolitan Council pass Resolution 2022-10 authorizing acquisition of temporary and permanent easements for Interceptor 1-MN-303 Rehabilitation Project 809211 and staff to initiate condemnation proceedings.

Abstain by Zeran. Motion carried.

3. 2022-131: Interceptor 1-MN-345 Rehabilitation, Project 809208; Land Acquisition

It was moved by Sterner, seconded by Wulff that the Metropolitan Council pass Resolution

2022-11 authorizing acquisition of temporary and permanent easements for Interceptor 1-MN-345 Rehabilitation Project 809208 and staff to initiate condemnation proceedings.

Motion carried.

4. **2022-132: Approval of Master Contracts for Geotechnical Engineering and Other Testing Services, Contract 21P318**

It was moved by Vento, seconded by Wulff that the Metropolitan Council authorize the Regional Administrator to negotiate and execute Contract 21P318A with American Engineering Testing, Inc., Contract 21P318B with Braun Intertec Corporation and Contract 21P318C with Terracon Consultants Inc., for geotechnical engineering and other testing services in the amounts of \$2,000,000 each, for a total not to exceed a value of \$6,000,000.

Motion carried.

5. **2022-135: Bassett Creek Tunnel MnDOT Agreement Amendment**

It was moved by Zeran, seconded by Sterner that the Metropolitan Council authorize the Regional Administrator to execute the contract amendment for Master Utility Agreement 221011 with the Minnesota Department of Transportation (MnDOT) for a total contract value of \$906,210.96.

Motion carried.

Information

1. **MCES Preliminary Budget, Rates, and Workshops**

Ned Smith, Director of ES Pretreatment and Finance presented information for 2023 as follows:

- MCES overall Municipal Wastewater Charge (MWC) will increase 5.5% across the region.
- SAC will remain flat for the 9th year in a row at \$2,485 per unit. This is a result of the robust development seen for the past 6-8 years.
- Industrial Strength Charges will increase 6.6%.
- Permitting fees will increase ~5.5%.
- The budget reflects a \$2.0 million use of operating reserves to keep our rate increase as low as possible.
- Expense increases were mostly driven by inflation in chemicals, utilities and materials & supplies.
- Overall outstanding debt for MCES peaked in 2018 at \$1.4B. it will level off at \$1.3B for the remainder of the 2020s.
- The debt service “bubble” peaked in 2021 and is expected to be flat in 2022 and 2023.
- Retail sewer rates in the region are ~35% below the national average for peer agencies (per the 2017 National Association of Clean Water Agencies triennial survey).

Staff will share the budget, capital, and other MCES programs at the upcoming Budget Workshop Webinars, scheduled for May 26 and June 7.

Comments and Questions:

Committee Member Wulff inquired the peer agency comparative information for Milwaukee was available due to major construction and storage. Staff stated they may not have reported, and some municipalities use property taxes to pay for their capital program which would change their cost structures. Staff later researched Milwaukee rates and found they last reported on the 2017 NACWA report; at that time, it was \$492.55 per year.

Chair Lindstrom asked for clarification of how the structure of the workshops have changed



over the years. Staff stated workshops were turned in to an open house format called a forum with a portion about the budget with the remaining focused on other topics. Workshops have become information sharing sessions covering topics such as Covid wastewater testing, capital program highlights, customer portal or online billing systems, and other topics occurring that are pertinent at the time and has increased our engagement with our customers. We are looking for ways to increase awareness on fats, oils, and grease as well as rags in the system.

Upcoming virtual municipal customer forums will be held on May 26 at 1 p.m. and June 7 at 9 a.m. Invitations should be available in Council Member email boxes and are encouraged to attend as schedules allow.

Committee Member Sterner inquired how the charge for breweries is factored. Staff clarified the charge is for industrial discharge that is organic. Committee Member Wulff clarified the charge is per barrel so that it is easier for them to budget rather than having to monitor each brewery. This is also a significant savings for the brewery as they do not have to dedicate staff, resources, or dollars to ongoing monitoring of their discharge.

Committee Member Sterner asked if there is a way to determine a lower cost per barrel. Staff stated the per barrel fee is a good deal. When it was introduced, it was after a 3-year study of small, medium, and larger breweries. Where there was variance in results, staff chose the lower figure. The head of Brewer's Guild at the time sent a note to all members that the final charge was considerably lower than what the region's largest brewers were paying. MCES has presented its method to several industry groups as well as the MPCA.

Committee Member Sterner asked if our rates are competitive across the state. Committee Member Wulff stated the comparison in other areas of the state are not equitable due to how they are funded. Staff has since reached out to WLSSD, the WW treatment utility for Duluth and found they have a different billing structure all together. Strength is charged to the city of Duluth based on daily influent measurements. So far, Duluth has chosen not to isolate strength charges to the individual brewers. There is a brewer further north that must haul certain solids to WLSSD, since the brewery's local provider cannot process the brewery's solids. That hauled material must pay a BOD and TSS strength charge to WLSSD.

Chair Lindstrom asked about federal infrastructure funds for wastewater improvements and if we are looking to them. Staff stated we are awaiting to see how it will be allocated to our public facilities authority and other funding streams. We will apply when appropriate. Further research by staff has shown the infrastructure funds are especially focused on lead service line replacement (MCES would not be involved here) and serving lower-income communities. MCES service area would not qualify as low-income overall but may be able to argue for census-block based investments.

Committee Member Sterner asked about capital expenditures and whether we were on track for this spending. Staff stated we are right where we want to be. We have adopted a program to assess infrastructure to be proactive on maintenance and rehabilitation. Capacity is another factor which we have accounted for in our capital program. We also have an unlimited bonding authority. If we need, we can issue the bonds necessary to ensure a robust capital program.

Committee Member Sterner inquired about the interest rates. Staff said interest rates are indeed rising. Our 2020 offering was less than 1.75% whereas the offering completed in April of this 2022 was 3.274%. We planned to do a refinance in the Spring, but rates had risen to a rate where it was no longer advantageous to refinance.

Chair Lindstrom asked how much has been saved by the refinancing. Staff stated approximately \$1 million per year.

Committee Member Sterner observed the average retail sewer rates per household on the lower end of the comparative information graph were predominantly on the west coast. Is there an indication on why they are lower? Staff checked with our operations and maintenance staff and they proposed 3 possible reasons. 1) Western cities are "newer" than eastern and midwestern cities, so their infrastructure is newer (i.e., not 120 years old). 2) Since they are



newer, their systems (like ours) are most likely separated. Older cities are less likely to have separate stormwater and wastewater systems. 3) It rains less in the west, so they probably have less I/I to treat.

2. Minneapolis Pipe-in-Pipe Repairs

Staff provided an information item on Minneapolis pipe-in-pipe repairs. Smoke testing of the Pipe-in-Pipe (PIP) segment of Interceptor 1-MN-341 under 38th St E between 26th Ave S and Edmund Blvd in Minneapolis during 2018 identified over 30 defects in the sanitary Corrugated Metal Pipe (CMP) installed in the invert of the brick storm sewer. The defects were repaired in 2022 to eliminate comingling of the storm and sanitary sewers during wet weather events.

Comments and Questions:

No comments or questions.

Reports

General Manager Report:

Ned Smith, Director, ES Pretreatment and Finance attended the meeting on behalf of General Manager Thompson, who is out of the office.

He stated staff began a phased in approach to return to office and the start of hybrid schedules starting April 18 following the pandemic. Most teams will be working their new schedules by June.

He shared special recognition and thanks to front line workers who were onsite during the pandemic and helped us retain perfect compliance.

In addition, Environmental Services earned an Association of Public Water Agencies (APWA) National Project of the Year award for projects ranging from \$5 million to \$25 million in the environmental category. The project that won the award was the Minnehaha Park Area Sewer Rehabilitation that rehabilitated a deep sandstone tunnel (1-MN-344) that is 70 feet deep with temporary conveyance at 15 million gallons per day over 2 years. We were the only recipient of this award in this category for 2022. Collaboration with National Park Service, Minneapolis Park and Rec Board, City of Minneapolis, and Minnehaha Watershed. We worked with the National Park Service to monitor closely the groundwater flow to Cold Water Springs.

Committee Member Wulff recalled when the project began. Temporary conveyance was a concern with big pipes and whether there would potentially be vandalism. Staff confirmed that there was no vandalism to the temporary conveyance pipes during the project.

Adjournment

Business completed; the meeting adjourned at 5:30 p.m.

Certification

I hereby certify that the foregoing narrative and exhibits constitute a true and accurate record of the Environment Committee meeting of May 10, 2022.

Council Contact:

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