



2024 Residential Wastewater Rates

Informational Item



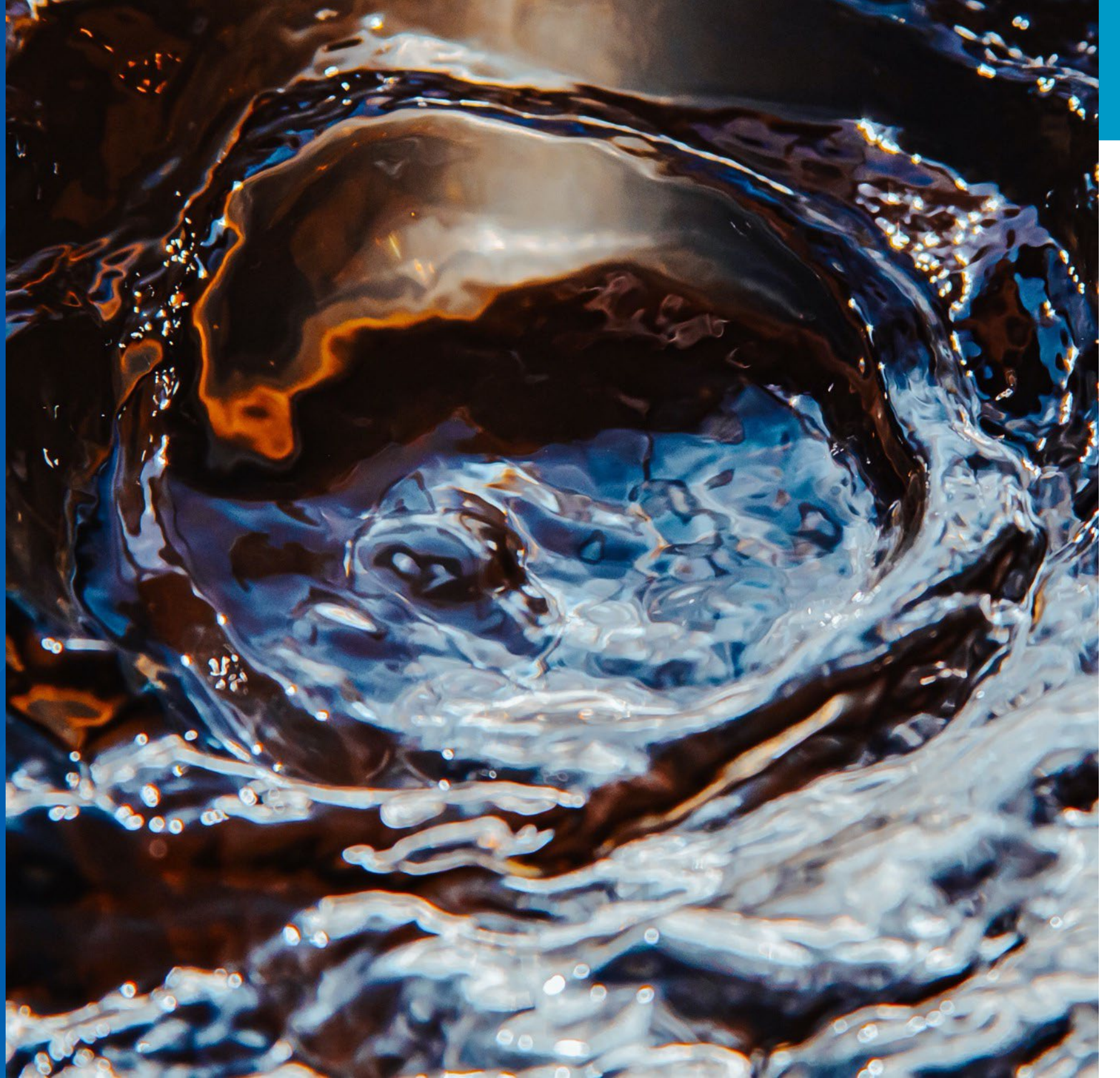
Environmental Committee: January 28, 2025

Outline

- Overview
- Key Findings
- Regionwide Wastewater Costs
- National Comparisons
- Projected Rate Trends



Rates Study Overview



Wastewater Rates Study



Overview

- Biennial review of wastewater (sewer utility) rates Environmental Services (ES) Finance.
- Focus on single-family households across the Twin Cities metro region.
- Wastewater costs report submitted annually to the Legislature [MN 473.5492].



Objectives

- Regionwide average and median wastewater services rates.
- Assess the financial impact of wastewater costs on households.
- Inform and engage customer communities.



National Benchmarking

- Evaluate peer agency rates.
- Data from the National Association of Clean Water Agencies (NACWA) provides insights into national wastewater rate trends.

Rate Setting Overview

How Are Wastewater Costs Determined for Households?

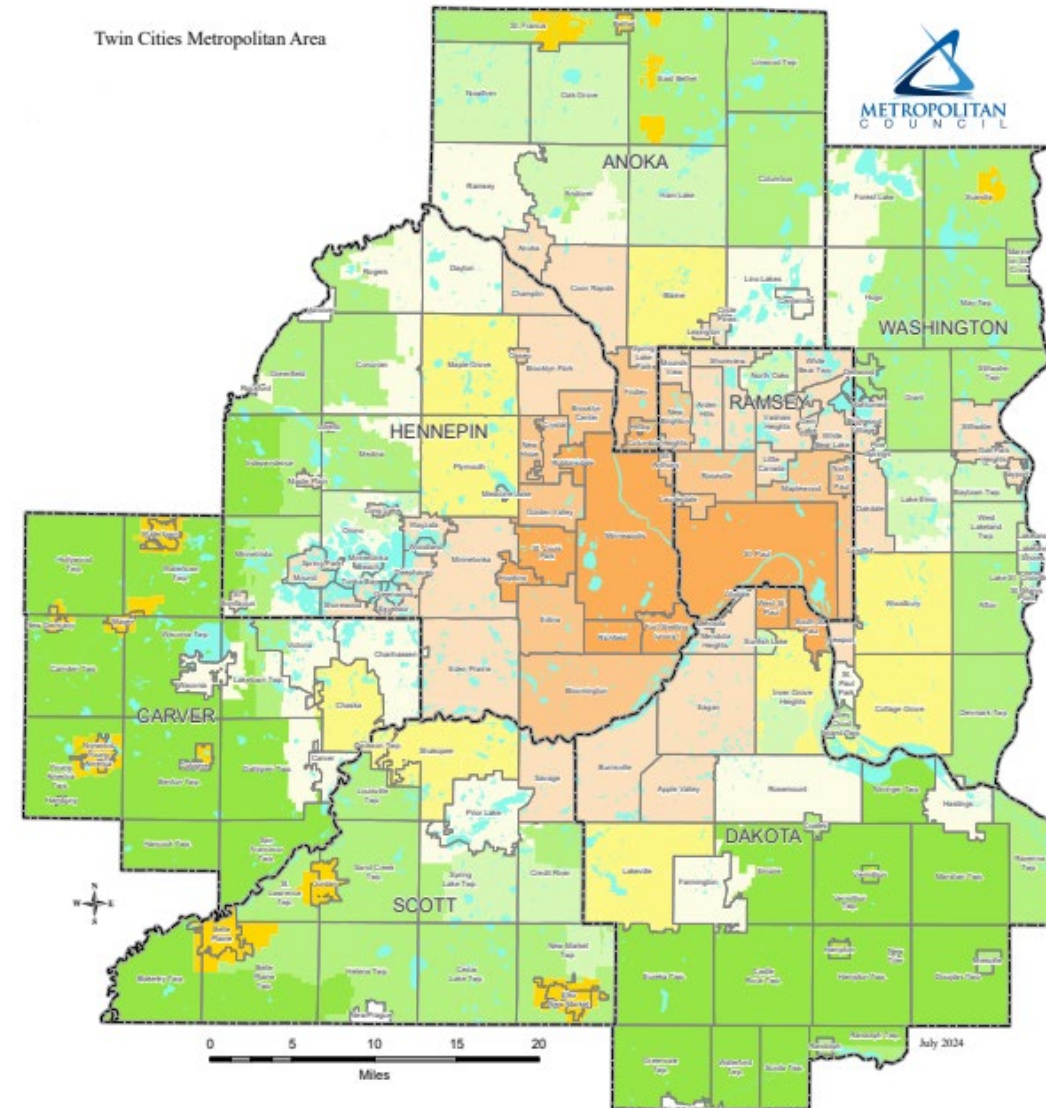


- Met Council charges customer communities a fee to cover the operation and maintenance of the regional wastewater collection and treatment system. MWC is ES' primary revenue stream.
- Cities establish wastewater rates based on ES' MWC and local sewer infrastructure maintenance costs.
- Households connected to the city's sewer system are billed sewer utility fees.

Customer Communities

City and Households

- Rates reviewed for 111 municipalities across 7 counties.
- Municipal customers serve approximately 779,723 households as of 2023.
- Rate calculation assumes an average monthly water usage of 5,000 gallons.
- Data: Obtained from websites and phone interviews with city officials.



Community Designations

Urban Service Areas

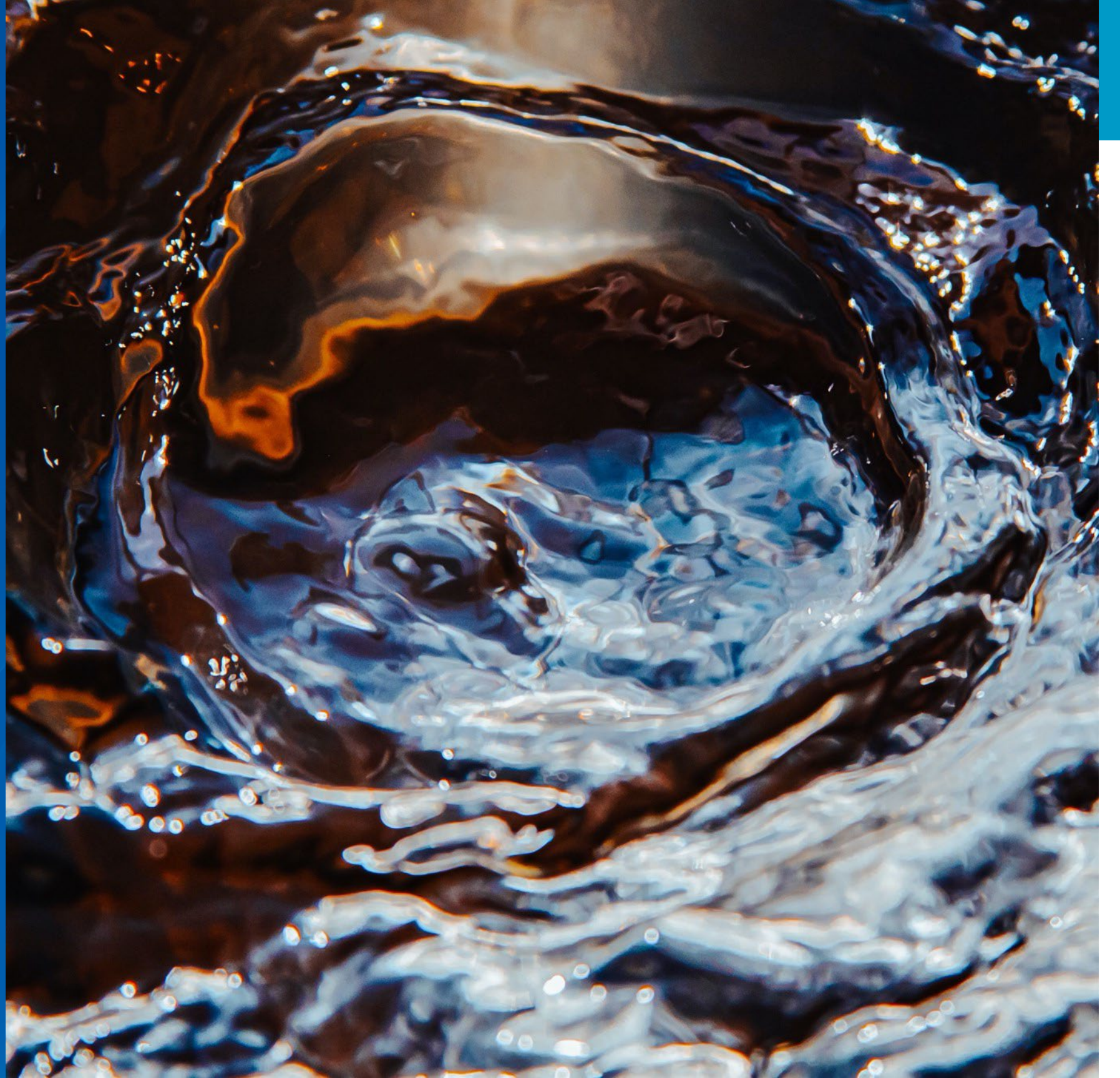
- Urban Center
- Urban
- Suburban
- Suburban Edge
- Emerging Suburban Edge

Rural Service Areas

- Rural Center
- Diversified Rural
- Rural Residential
- Agricultural

- County Boundaries
- City and Township Boundaries
- Lakes and Rivers

Findings

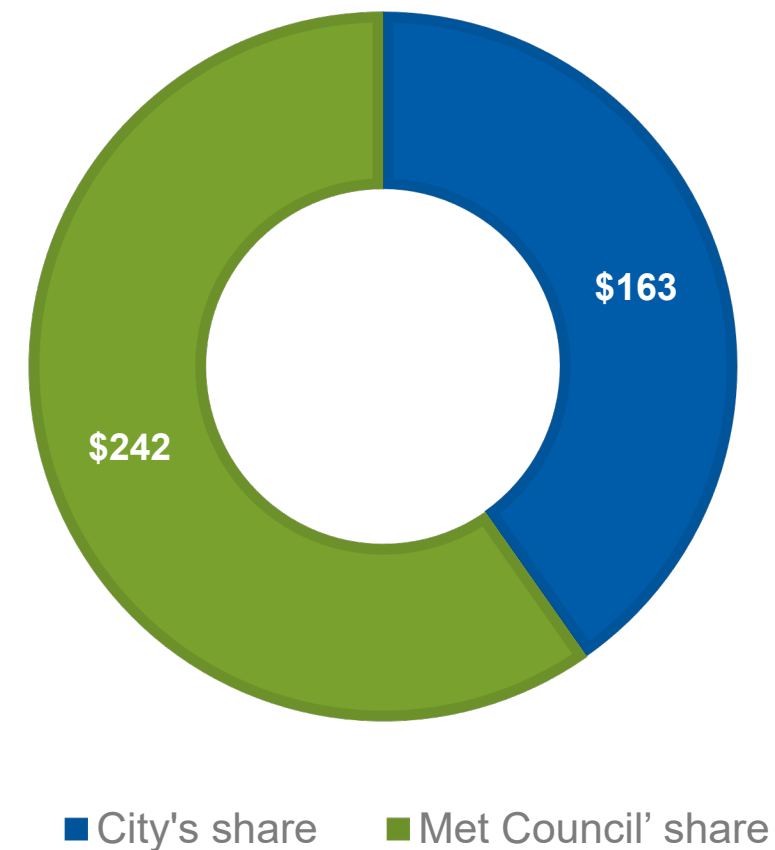


Wastewater Cost



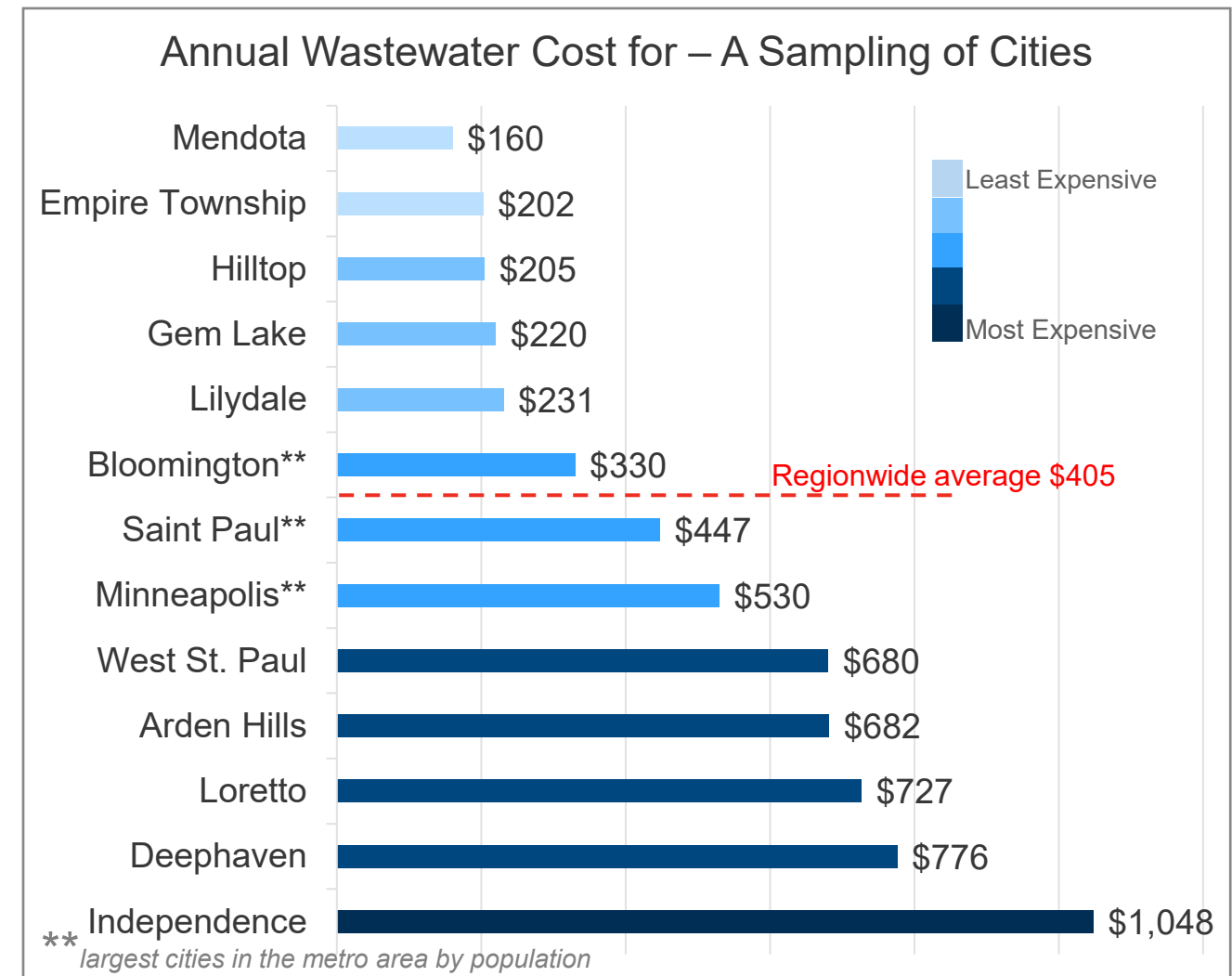
In 2024, the annual wastewater cost for a single-family household is \$405.

- \$405 weighted average reflects a 7.6% increase from 2022.
- 60% of the regional wastewater services charge is attributed to ES to cover the MWC.
- 40% of the wastewater cost is attributed to cities.

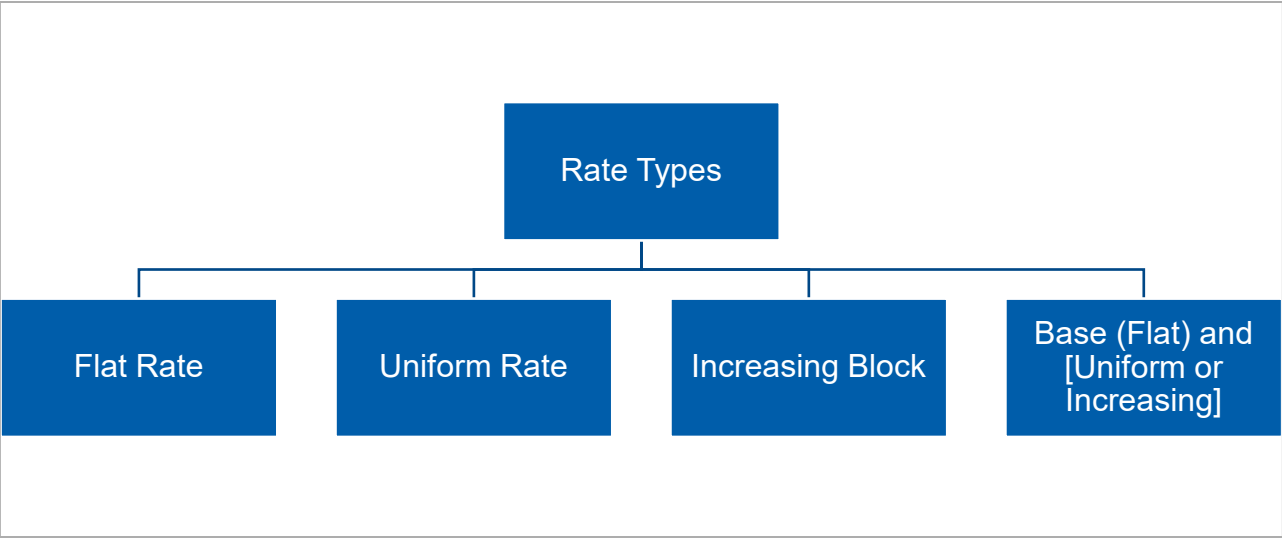


Summary of Findings

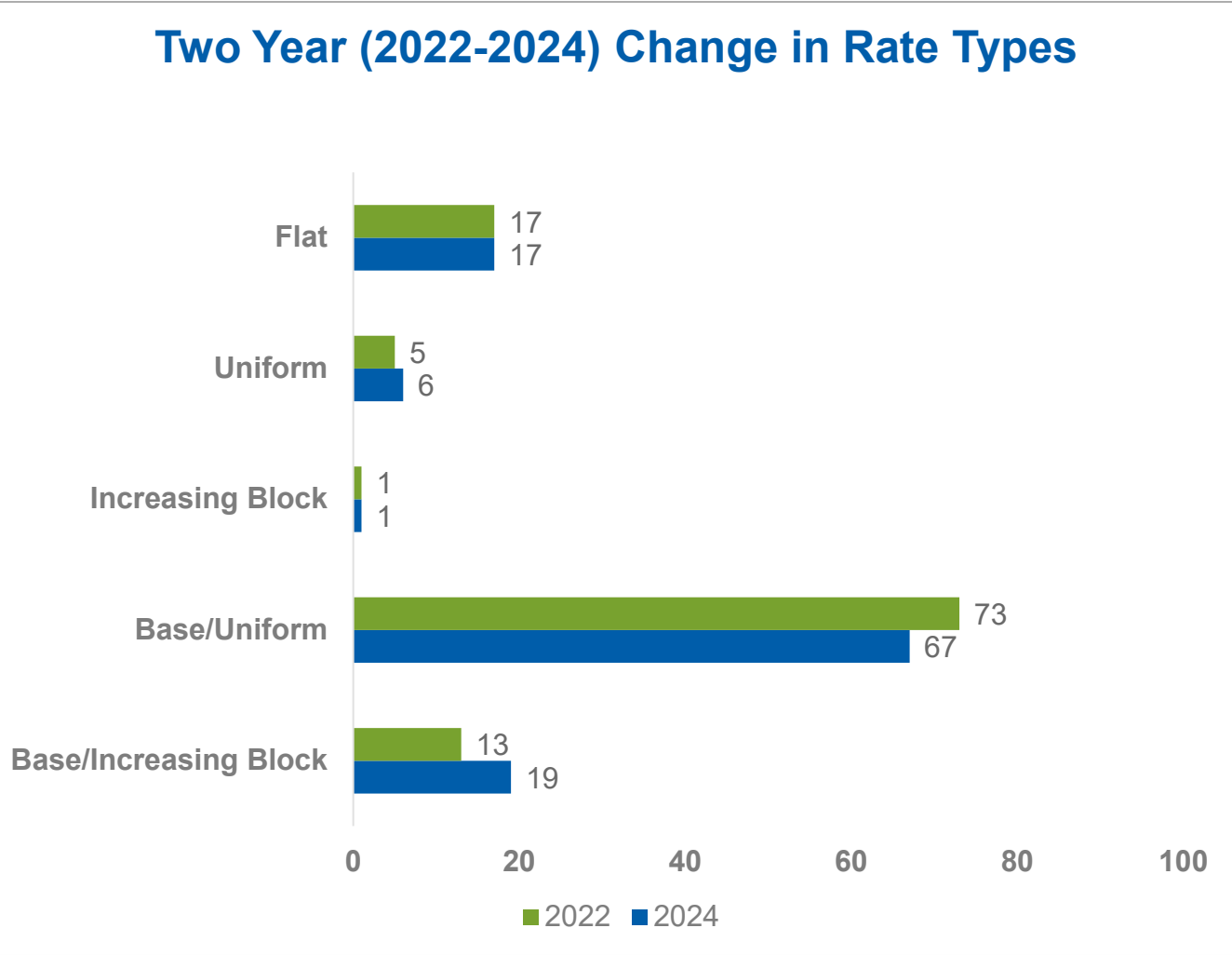
	2024	2022	2020	2018	2016	2014
Cities	111	109	107	107	105	102
Average	\$405	\$377	\$347	\$307	\$274	\$255
2-Year Rate Change	7.6%	8.5%	13.1%	12%	7.5%	8.5%
Minimum	\$160	\$160	\$160	\$160	\$160	\$160
Maximum	\$1048	\$968	\$924	\$672	\$672	\$672
Median	\$375	\$357	\$326	\$303	\$267	\$242



Rate Types Across Customer Communities

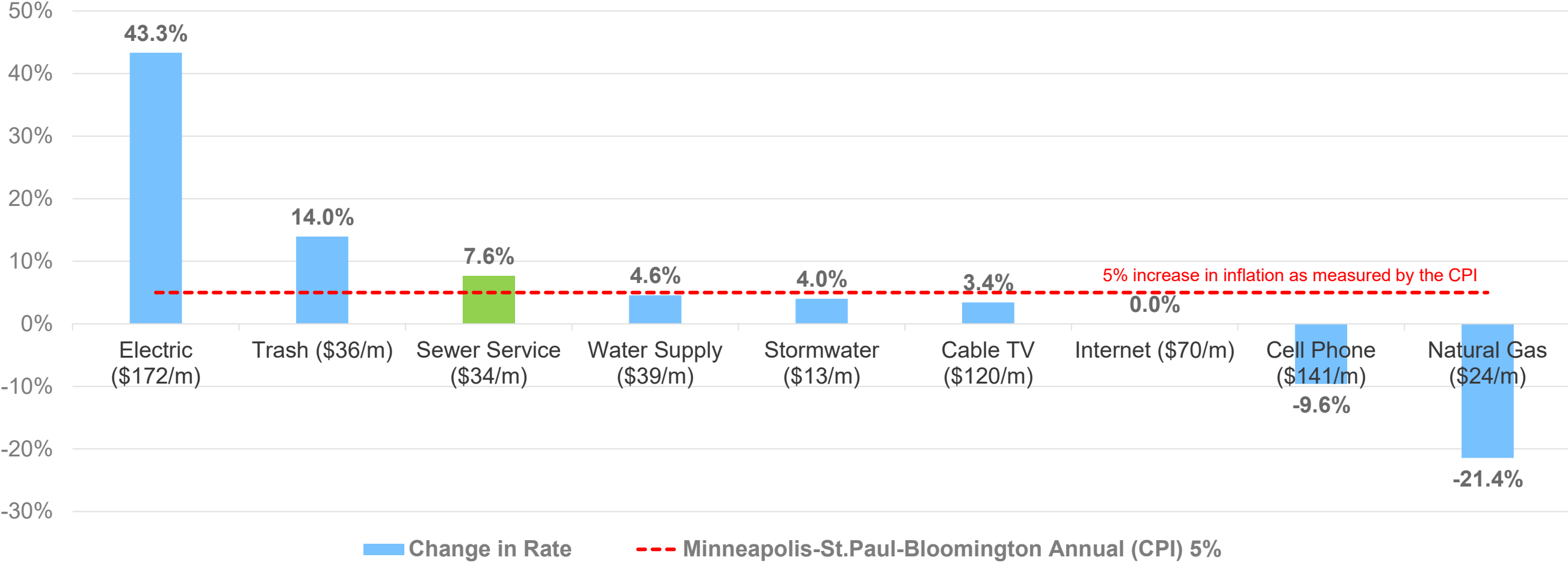


Rate Type	Number of Municipal Customers
Flat	17 (15%)
Uniform	6 (5%)
Increasing Block	1 (1%)
Base/Uniform	67 (60%)
Base/Increasing Block	19 (17%)



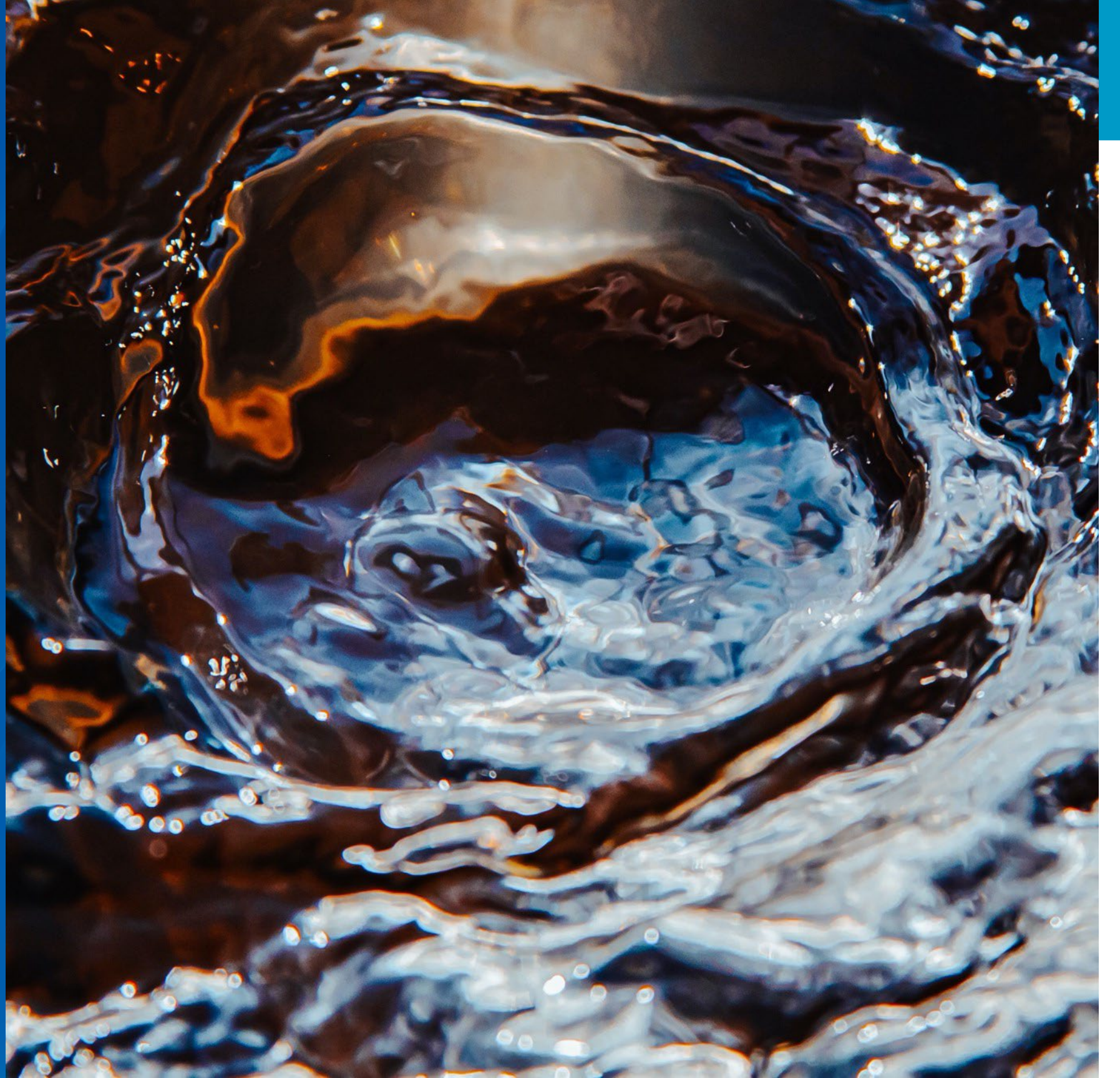
Change in Household Utility Costs

2 year change (2022-2024) in Household Utilities compared to the Consumer Price Index



Sources: 1. City Of Minneapolis 2. City of Saint Paul 3. J.D. Power 4. Minnesota Public Utilities Commission 5. U.S. Energy Information Administration 6.Xfinity

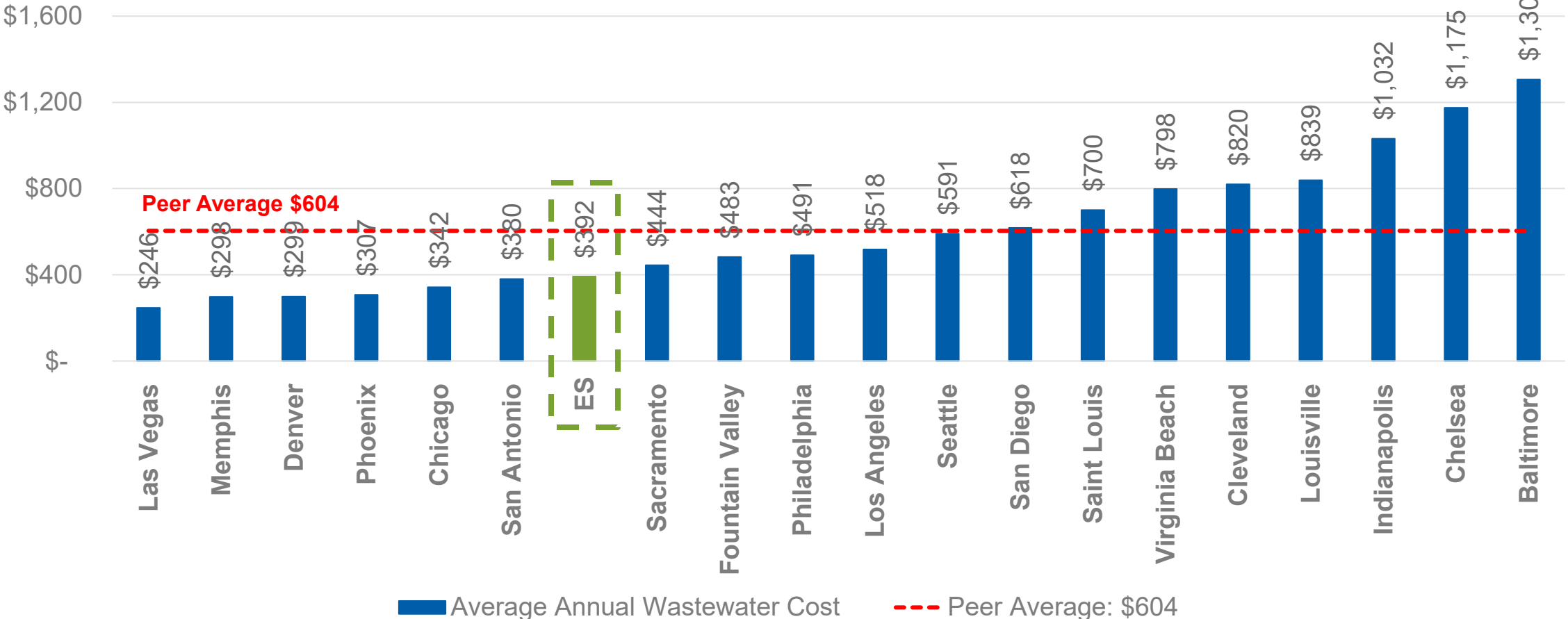
National Rate Trends



36% Less than Peer Agencies

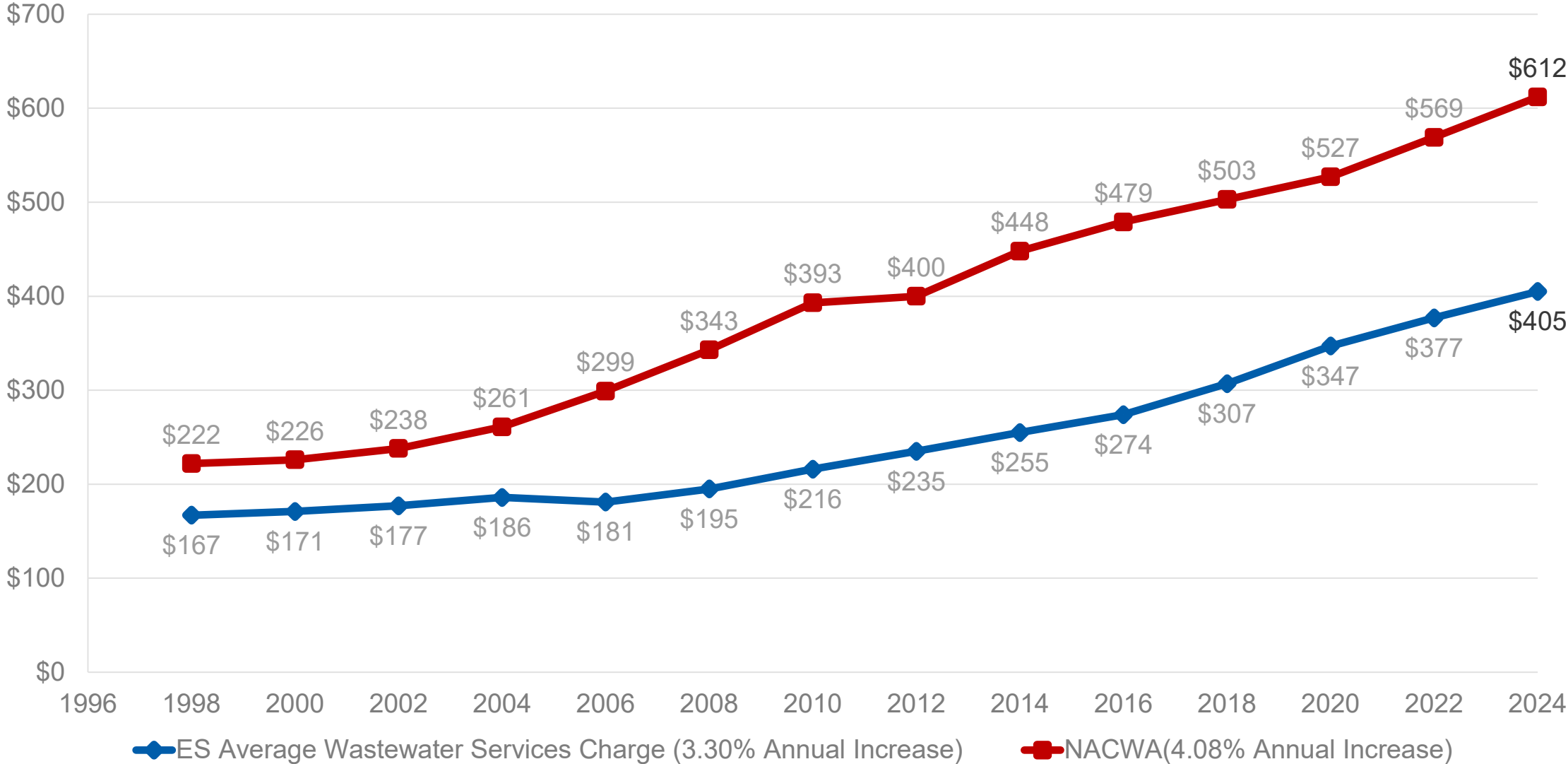
36% below wastewater service rates among peer agencies nationally (2023)

Data from the 2023 NACWA Financial Survey



Historical Cost Trend

ES rate comparison with NACWA cost of wastewater services index



Looking Ahead



Projected Rate Increases

- Nationwide, wastewater service rates are projected to increase by 4% to 8% annually from 2024 to 2028 per NACWA.
- ES' MWC is projected to increase by 4% to 6% annually from 2025 to 2028 assuming no major regulatory changes.
- The next rate study (2026) will incorporate updated data and address customer feedback.
- We invite suggestions from municipal customers to ensure the study remains a valuable tool for planning and decision-making.



Thank You

Matt Gsellmeier

Budget Manager, ES Finance

matthew.gsellmeier@metc.state.mn.us

Aaron Boaitey

Financial Analyst, ES Finance

aaron.boaitey@metc.state.mn.us

