

Environment Committee

For the Metropolitan Council meeting of May 8, 2013

Subject: Authorization to Hold a Public Hearing on an Industrial Pretreatment Partnership Incentive Program (IPPIP)

Proposed Action

That the Metropolitan Council authorizes staff to hold a formal public hearing to gather input and discuss a proposed new program that incentivizes industrial customers to put pretreatment facilities on their sites.

Summary of Committee Discussion/Questions

Motion to approve proposed action was made, seconded, and passed unanimously.

Environment Committee

Meeting date: April 23, 2013

For the Metropolitan Council meeting of May 8, 2013

Subject: Authorization to Hold a Public Hearing on an Industrial Pretreatment Partnership Incentive Program (IPPIP)

District(s), Member(s): All

Policy/Legal Reference: MN Statute 116J.994 (Regulating Business Subsidies)

Staff Prepared/Presented: Jason Willett, 651-602-1196

Division/Department: MCES c/o Leisa Thompson 651-602-8101

Proposed Action

That the Metropolitan Council authorizes staff to hold a formal public hearing to gather input and discuss a proposed new program that incentivizes industrial customers to put pretreatment facilities on their sites.

Background

Metropolitan Council Environmental Services (MCES) is proposing a new program that will provide a partnership and incentive to help high-strength wastewater industrial dischargers build and operate pretreatment equipment (e.g. anaerobic digestion facilities) on their sites. The proposed incentive would require that the Council finance (at low public financing rates) and own the pretreatment equipment, and also pay up to 30% of annual debt service payments (up to a budget limit). The industry applicant would be responsible for all other costs including site and operating costs and risks. In addition, at the end of the agreement term, the applicant would agree to assume ownership of the equipment, regardless of its condition.

A preliminary schedule for a public hearing and Council approval follows:

April 23	Environment Committee recommendation to hold public hearing
May 8	Council approval to hold public hearing
Late May	MCES makes program proposal available
June 25	Public Hearing
July 5	Public input period ends
July 9	Environment Committee recommendation
July 24	Council approval

Rationale

This action authorizes staff to get public input on this proposed new program.

Funding

The Council would need to issue bonds to finance the industrial pretreatment facilities.

If the pretreatment facilities work, the wastewater rate base would lose strength charge revenue and would also pay a portion of the debt service on the bonds (if and when the pretreatment works).

The direct public benefits include reduced operating costs (mostly energy savings) and a delay of future capital costs to expand the MCES plants. Financial analyses show that the benefits to

Council (energy cost savings and present value of avoided capital costs) exceed the costs (lost revenue and incentive payment) over the term.

Known Support / Opposition

The St. Paul Port Authority has supported the concept in writing, and some industries have expressed interest.