Committee Report

Business Item No. 2015-163
NON-CONSENT

Environment Committee

Meeting date: July 14, 2015

For the Metropolitan Council meeting of July 22, 2015

Subject: Adoption of MCES 2016 Wastewater Rates and Charges

Proposed Action

That the Metropolitan Council adopts the following wastewater rates and charges to be effective January 1, 2016:

- Metropolitan Wastewater Charge (total of municipal wastewater charges) of **$201,013,000**;
- Sewer Availability Charge (SAC): **$2,485** per Residence or Residential Equivalent Capacity;
- Temporary Capacity Charge : **$1.25** per thousand gallons;
- Industrial Strength Charge: **$.204** per excess pound of TSS (total suspended solids);
- Industrial Strength Charge: **$.102** per excess pound of COD (chemical oxygen demand);
- Standard Load Charge: **$58.80** per thousand gallons;
- Holding Tank Load Charge: **$9.34** per thousand gallons;
- Portable Toilet Waste Load Charge: **$75.86** per thousand gallons;
- Collar County Load Charge: **$73.80** per thousand gallons;
- Strength component of Industrial Load Charge **$.4090** per excess pound of TSS;
- Strength component of Industrial Load Charge **$.2045** per excess pound of COD;
- Out-of-Region Load Charge Component for hauled waste: **$15.00** per thousand gallons;
- Industrial Permit Fees as shown on Attachment A; and I&I Surcharge Exceedance Rate: **$421,000** per million gallons /day (rate of maximum measured flow within an hour over allowed flow rate).

Summary of Committee Discussion/Questions

Staff provided an update on public forums that were held to review proposed 2016 operating budget rates and charges. In addition, staff reviewed proposed rates and charges for 2016 and highlighted changes from a previous presentation.

Staff stated the Consumer Price Index for the Metro area for 2014 was lower than our proposed 5.4% increase for 2016.

An inquiry was made as to how our increases compare to other utilities. Staff will assemble and report findings to this Committee.

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

Follow Up Post Meeting:

After the conclusion of the meeting, staff reported the following summary of the increase per household.

The proposed Municipal Wastewater charge equates to approximately $140 per household per year based upon 65,000 gallons of wastewater created per household annually. Therefore, the 5.4% increase is an additional $7.15, or $.60 cents per month, per household.

In addition, staff subsequently confirmed the $201 million of 2016 Municipal Wastewater Charges equates to about $2.17 per 1000 gallons. Assuming constant flow, the 5.4% proposed increase is 12 cents.

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District(s), Member(s): All

Policy/Legal Reference: MS 473.517; Water Resources Policy Plan (pages 43-44); and Council Administrative policies 3-2-3 (re. municipal wastewater charges), 3-2-4 (re. industrial charges), and 3-2-5 (re. SAC)

Staff Prepared/Presented: John Atkins, 651-602-1020

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

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- I&I Surcharge Exceedance Rate: **$421,000** per million gallons /day (rate of maximum measured flow within an hour over allowed flow rate).

Background

On May 12, staff presented information to the Environment Committee on the 2016 preliminary budget and rates. In June, this information was shared with community customers at two Municipal Customer Forums and with industrial customers at an Industrial Customer Forum. A combined total of 53 customer representatives attended the customer meetings. A staff summary of customer questions and responses are on Attachment D.

The revenue to be raised through the Metropolitan Wastewater Charge in 2016 is a 5.4% increase from 2015 (although this increase will vary for each city depending on their flow). This increase and the other rate changes, together comply with the Council policy that wastewater charges should enable MCES to meet wastewater regulatory requirements, implement MCES infrastructure rehabilitation and repair needs, and provide wastewater capacity for growth. Further, by Council policy, charges and rates are based on a regional cost-of-service philosophy.

Rates are based on the preliminary or “rate-setting” budget which has total revenues of $266 million and total expenses of $266 million. This proposed balanced budget will not impact the wastewater operating contingency reserve fund balance. This rate-setting budget is further detailed in Attachment C. It is important to note while the Council’s 2016 budget is not adopted by this action, the MCES portion of that budget will be substantially constrained by the revenue anticipated from these rates and charges.

The SAC fund continues to recover from the recession and receipts to date indicate sufficiency in the longer term barring any new economic downturn. Accordingly, there is no increase in the SAC rate proposed for 2016. With sufficient SAC units as projected, the SAC reserve balance will stay above the Council's minimum target (Policy 3-2-5).

Once charges are approved and flow measurements finalized, staff will notify customer communities and businesses.

The proposed 2016 "rate sheet" description of rates can be found on Attachment B.

Rationale

Wastewater service rates for 2016 need to be set well in advance to allow communities time to plan their budget, rates revise their ordinances, and allow businesses time to revise pricing structures for 2016 proposals.

Funding

100% of wastewater operations, maintenance, and debt service are funded by these rates. Revenue from these rates and charges are not used for non-wastewater purposes.

Known Support / Opposition

No known opposition.

Attachment A

2016 Industrial Discharge Permit Fees

Quarterly Reporters (SIU>50MGY)	$8,850
Quarterly Reporters (SIU<50 MGY)	$7,400
Semi-annual Reporters (SIU>10 MGY)	$5,850
Semi-annual Reporters (SIU 5-10 MGY)	$4,425
Semi-annual Reporters (SIU 2-5 MGY)	$2,925
Semi-annual Reporters (SIU <2 MGY)	$1,500
Semi-annual Reporters (Non-SIU)	$1,500
Annual Reporters (Non-SIU > 1 MGY)	$1,500
Annual Reporters (Non-SIU < 1 MGY)	$925
Non Significant Categorical user (NSCIU)	$925
Liquid Waste Hauler (> 1 MGY)	$1,500
Liquid Waste Hauler (< 1 MGY)	$925
Special Discharge Permit (quarterly reporter)	$1,500
Special Discharge Permit (contingency/low impact)	$925
General	$100-$500

SIU = Significant Industrial User - a federal designation.

Attachment B

Metropolitan Council Environmental Services' (MCES) 2016 Charges

1. **Municipal Wastewater Charge:** MCES charges communities for sewer service and treatment. All customer communities pay an allocated portion of the Metropolitan Wastewater Charge which is their Municipal Wastewater Charge based on their annual volume of wastewater treated. Most communities cover their own sewer costs by charging a higher "retail" rate to residents and businesses (these rate "mark-ups" are specific to each city).

2016 Municipal Wastewater Charges

Total Metropolitan Wastewater Charge in 2016:	$201,013,000
Allocated based on system flow: in million gallons (mg) (based on estimated flow for July 1, 2014 - June 30, 2015):	92,800 mg
Approximate rate per million gallons:	**$**2,166.09

2. **Metropolitan Sewer Availability Charge (SAC):** The sewer availability charge to communities is imposed for new connections or increased demand to the metropolitan wastewater system. Generally, one SAC unit equals 274 gallons of maximum potential daily wastewater flow capacity. A freestanding single-family residence is charged one SAC unit. Other types of buildings pay a prorated SAC fee, based on the estimated capacity of wastewater required. Communities may also include a "mark-up" on this fee to cover their own costs.

2016 Sewer Availability Charges:	SAC Rate
Base Unit Fee (Single-Family Dwelling)*:	**$2,485.00**
Apartment (without individual laundry facilities)	20% discount
Multi-Dwelling Public Housing (without garbage disposals nor dishwashers)	25% discount
Multi-Dwelling Public Housing (w/o laundry, garbage disposals nor dishwashers)	40% discount
Commercial: Base unit fee times number of residential equivalent connections (RECs) where the number of RECs is based on an estimated maximum daily capacity by use type.	
Outdoor Space Discount:	75% discount
Industrial Process Flow: Base unit fee times number of RECs where the number of RECs is based on maximum normal process flow plus RECs for commercial spaces * Note: Elko New Market, East Bethel and New Germany have higher base SAC rates set by contract.	

3. **Industrial Strength Charge:** Strength charges are MCES fees assessed directly to connected industries for the additional treatment costs caused by industrial wastewater that has more pollutants than typical residential wastewater. Industrial strength charges are based on the concentration of pollutants (as measured by Total Suspended Solids (TSS) and Chemical Oxygen Demand (COD)) and the volume of the discharge. Industrial Users are also subject to normal municipal wastewater charges and SAC through their host communities.

2016 Industrial Strength Charges:

Cost per excess pound of Total Suspended Solids (TSS)	$0.204
Cost per excess pound of Chemical Oxygen Demand (COD)	$0.102

4. **Liquid Waste Load Charge:** Liquid waste haulers pay directly for septage, leachate and other hauled wastes that are discharged at MCES disposal sites. The load charges combine: i) a strength charge component, ii) a volume component that is based on the MCES metropolitan wastewater rate and iii) a special facilities component for the discharge sites. Also, iv) out-of region waste is assessed an administrative service component.

2016 Liquid Waste Load Charges: (per 1,000 gallons)

Standard Load Charge	**$58.80**	
Portable Toilet Waste Load Charge	**$75.86**	
Holding Tank Load Charge	**$9.34**	
Collar County Load Charge	**$73.80**	(for 10 counties surrounding the Region)
Industrial Load Charge ($ per excess lb.)	**$.4090 TSS and .2045 COD plus $9.34/1,000 gal. volume**	(plus $15.00/1000 gal. service fee for loads generated out of the Council's jurisdiction)

5. **Industrial Discharge Permit Fee:** Those Industrial Users issued a permit must also pay annual permit fees, which recover a portion of the costs to administer the industrial pretreatment program. Permit fees are based on permit type, annual volume of wastewater, Significant Industrial User (SIU) status, and self-monitoring reporting frequency. First-year permit fees for Liquid Waste Haulers and Special Dischargers are required at the time of permit application.

2016 Industrial Discharge Permit Fees:

Volume (MGY)	**>50 m.**	**<50 m.**	**>10 m.**	**5–10 m.**	**2–5 m.**	**<2 m.**	**>1 m.**	**<1 m.**
Quarterly Reporters	$8,850	$7,400						
Semi-annual Reporters			$5,850	$4,425	$2,925	$1,500		
Annual Reporters and Liquid Waste Haulers							$1,500	$925
General Permits	$100-$500							

6. **Temporary Capacity Charge:** A charge assessed for temporary use of the metropolitan system (e.g. capacity for disposal of contaminated groundwater). This charge is assessed in lieu of SAC, due to the temporary nature of the service – essentially renting capacity in the system.

2016 Temporary Capacity Charge:	**$1.25** per 1,000 gallons

7. **Late Report Fee:** A fee assessed to permittees who fail to submit a complete self-monitoring report on a timely basis. The late fee amount is based on the frequency and severity of late reports.

2016 Late Report Fees:	**$150–$800** per report (more detail available on website)

8. **Stipulation Agreement Payment:** These are negotiated monthly payments and daily penalties intended to negate the economic advantage of noncompliance with federal pretreatment standards or local limits.

9. **Cost Recovery Fees:** These fees are used to recover costs from any responsible party associated with spill or enforcement responses, non-routine data requests, special discharge requests, orders to appear, or notices of violation. Two administrative cost recovery fees are the Encroachment Application Fee ($600 per easement) and the Direct Connection Application Fee ($1,000 per connection). Both of these fees are assessed to recover administrative costs for time spent by MCES staff.

Attachment C

Rate Setting Budget

	2015 Adopted Budget* $s in thousands	2016 Preliminary Budget $s in thousands	Change %
REVENUE & Other Sources:			
Metropolitan Wastewater Charge	190,710	201,013	5.4
SAC Transfer (incl. Shift Backs, $2.7M in 2015)	36,068	39,200	8.7
Industrial & Hauler Charges	14,266	14,705	3.1
Other Sources	8,457	11,054	30.7
Total	249,501	265,973	6.6
EXPENSES & Other Uses:			
Wastewater Debt Service	109,000	115,500	6.0
MCES Labor	64,761	66,862	3.2
Non-Labor	58,959	62,798	6.5
Interdivisional Charges	12,741	13,813	8.4
Pay-as-You-Go for Capital Projects	5,000	7,000	40.0
Total	250,462	265,973	6.2
SURPLUS/(DEFICIT) to (from) Op. Reserve*	(961)	0	

* Before carry-over budget amendments.

METROPOLITAN COUNCIL

Attachment D

Staff Notes
MCES Customer Forums
League of Minnesota Cities – June 9, 2015
Golden Valley City Hall Chambers – June 11, 2015

Preliminary 2016 Rates & Budget:

Question: Pay as you go – what are bond rates as compared to inflation and sustained CPI?
Answer: Following is a five year history of MCES borrowing rates (weighted average of PFA loans and bonds) and the Consumer Price Index:

	National CPI	Mpls./St. Paul CPI	MCES borrowing rate*
2010	1.6%	1.8%	3.1%
2011	3.2%	3.6%	1.8%
2012	2.1%	2.3%	2.3%
2013	1.5%	1.9%	1.0%
2014	1.6%	1.4%	2.1%
Average	2.0%	2.2%	2.2%

*For $506 million of debt ($290 million PFA loans and $216 million bonds).

Question: What was the past 5 year's average annual increase for wastewater charges?
Answer: 3.1% including 2016:

2012	.5%
2013	3.0%
2014	3.0%
2015	3.5%
2016	5.4%
Average	3.1%

Question: Is the presentation's PowerPoint available on your website? If not, can it be?
Answer: Yes, and copies were emailed to all customer contacts.

Question: How much money is generally spent on televising? Lining? These are costs that a City Council can understand.
Answer: On an annual basis, MCES spends approximately $1M for televising the agency's interceptor system which is approximately 600 miles long. The work varies from year to year based on the costs of the inspection. The inspection costs are impacted by the size and the depth of the interceptor being televised. MCES interceptor facilities range in diameter from 12 inches to 14 feet. Some of the MCES facilities are buried to a depth of 100' deep. Interceptor televising is accomplished by a combination of MCES staff and outside contractors.

Between 2009-2014, MCES spent an average of $57M per year on interceptor rehabilitation (this includes all types of rehabilitation methods such as slip lining, cured in place pipe, and total

replacement). The cost estimate also includes engineering, administration, and where necessary, easement acquisition. Based on the age and condition of MCES' system, MCES plans to spend $92M per year for interceptor rehabilitation between 2015 and 2021.
Question: Is there an available funding source for MCES to assist municipalities with flow mitigation by disconnecting sump pumps from the sanitary system?
Answer: At this time, there are no funds available to assist with the cost of disconnecting sump pumps or foundation drains from private property to the sanitary sewer system. During the 2015 legislative session, Metro Cities requested an allocation of Clean Water Legacy funds that would be available to assist with private property I&I mitigation activities including sump pump disconnection, but Clean Water Legacy funds were not authorized.

MCES recognizes that supporting communities in addressing private property sources of I&I is critical in some of our regional communities. In the near future, MCES plans to establish a task force of city officials who will be asked to assist in identifying strategies and funding sources that will assist communities with private property I&I mitigation.

Question: At the East Bethel Plant, how does the ground water recharge system control endocrine disruptors, BOD and bacteria from entering the ground aquifer?
Answer: The East Bethel Water Reclamation Plant was uniquely designed to meet MPCA requirements for Wastewater Reuse. This means that the plant has multiple biological, mechanical, physical, and chemical processes to limit BOD and bacteria in our effluent and that the effluent meets limits for toilet flushing, irrigation, or groundwater recharge. Prior to the design and construction of the plant the area's groundwater was tested for the presence of endocrine disruptors. After six months of operation the effluent and groundwater were tested and showed no increase in endocrine disruptors.

Question: How successful is the East Bethel Plant?
Answer: The East Bethel plant has been adjusted for operating at lower than expected flows.

Question: Can MCES provide a one-page cheat sheet on both I&I and SAC programs?
Answer: Please see Attachment E.

Comments & Questions from Industrial Waste Customer Forum June 5, 2014

Question: Where do you see SAC Rates headed?
Answer: A healthy economic recovery should allow MCES to keep the rates flat for the near future, but for planning purposes, inflation should be factored into SAC rate estimates.

Question: Will there be any changes to how MCES does their Capacity Demand Reviews in the next few years?
Answer: IWPP is looking to better define an operating day to be a day where typical or full operation is occurring; any other day would be considered to be a partial day. Also, we will be implementing criteria for when a facility will be granted the opportunity to conduct a 30-day volume study. Facilities need to demonstrate permanent reductions in wastewater discharge volumes. As an aside, customers were reminded that when a review is done, MCES will also look at commercial SAC such as adding a new building.
IWPP is looking to better define operating day, days where typical or full operation is occurring – any other days considered as partial. Also, putting in place criteria for when a 30 day volume study will be granted and when it will be accepted. IWPP wants to see concrete changes which will reduce industry water usage and therefore discharge volume.

Question: What is the status of a potential PFC limit or Endocrine disrupter limit?
Answer: PFC litigation is ongoing but is tied up in the courts. MCES anticipates no limits for PFC in the near future. MCES continues to work with industries to reduce and/or eliminate their usage of PFCs.

MCES does not anticipate a limit in the near future for endocrine disrupters. Many studies continue to look at these compounds. Please note that DEA is no longer recommending the discharge of controlled substances to the sanitary sewer.

Question: Does rain water have an impact on sewage treatment?
Answer: Rainwater does have an effect on MCES treatment Facilities in that infiltration and inflow increases the volume load on our treatment operations, and decreasing I&I decreases our capital needs. MCES has been proactive in separating its sewers, encouraging communities to reduce their infiltration/inflow through a special surcharge program and grants, and has taken other measures to reduce the effect rainwater has on our treatment plant loading.

Question: What will be the affect of MCES encouraging more surface water use verses groundwater?
Answer: MCES –in collaboration with communities- is looking at many options to insure a sustainable water supply for future generations. These options include conservation, reuse, and evaluation of potential use for surface water and groundwater sources. This issue is being addressed via the Master Water Supply Plan. There are many opportunities for public input. Details can be found here: *http://metrocouncil.org/Wastewater-Water/Planning/Water-Supply-Planning.aspx*

Question: Does MCES have any recommendation on pond sediment from storm water collection ponds?
Answer: MCES recommends following the Minnesota PCA published guidelines for managing dredged materials from storm ponds. Refer to *http://www.pca.state.mn.us/index.php/water/water-types-and-programs/wastewater/dredged-materials-management.html*

Question: Is there a date when electronic reporting is required?
Answer: MCES will be evaluating the system and is anticipating a high usage rate. Once the system is sound and reliably working, MCES may evaluate a requirement for all its users to use Electronic Reporting.

Question: Will Permit Holders be able to see historical data once the Electronic Reporting System is operable.
Answer: No, this was found to be too expensive. In the dashboard, users will be able to see all past submittals made using the system. And once the system has been in use for a while, users will be able to access PDF copies of their past submissions.

Question: Will the Electronic Reporting System have multiple roles to allow for approval and preparation/data loading?
Answer: There will be two types of users. One type is the Responsible Official (RO) which will need to meet EPA signatory requirements to submit data for a facility. The second type will be a Consultant, which is a person who can load data and/or prepare reports for the RO. The RO will then review the data entered by the Consultant and sign and certify the data prior to submission.

Comment: A request was made to notify Industrial Customers sooner of this meeting.
Response: MCES will make every effort to notify Industrial Customers sooner.

Submitted Post Forum

Question: It was mentioned that in the coming years it is expected that total nitrogen removal will be required. Is this something that will apply to the MCES in the WWTP NPDES permits? Or, will this be something that is written into MCES special discharge permits to industrial users.
Response: Total nitrogen removal is expected to be required in the WWTP NPDES permits. When and if this happens there will be a certain cost associated with it that will be passed along to the users of the sanitary sewer system. Exactly how this will be allocated will have to be determined. If large dischargers of nitrogen are identified it may be appropriate to impose a strength charge or limit on nitrogen. If the sources of nitrogen are more evenly spread throughout the system, including a large domestic contribution, then the cost for removal of nitrogen will likely affect the general wastewater rate instead of a strength charge. The industrial waste section is currently adding nitrogen analysis to all of its industrial and collection system monitoring. We are in the second year of three years of initial data collection. We are also required to conduct and submit a local limits evaluation in fall of 2016. Any strength charge or limit is likely to be several years away.

Question: Is there an alternative receiving facility for hauled industrial wastewater other than the St Paul Receiving facility?
Response: At the present time only the Liquid Receiving Station at the Metropolitan Wastewater Treatment plant on Childs Road in St. Paul is set up to receive Industrial loads.

Attachment E

Inflow and Infiltration Information

1. **Inflow and infiltration (I&I)** are terms that describe storm water runoff and groundwater that makes its way into sanitary sewer pipes and eventually gets treated, unnecessarily, at wastewater treatment plants. Inflow is clear water that enters the wastewater system through rain leaders, sump pumps, or foundation drains that are illegally connected to sewer lines. The largest amount of inflow occurs during heavy rainstorms. Infiltration is groundwater that seeps into cracked or broken wastewater pipes. Infiltration is a steady contributor to the problem, causing water that should be filtering down and recharging the region's aquifers to end up in rivers and flow out of Minnesota.

2. **I&I is a problem for a number of reasons**:
    a. It takes up fixed capacity in large regional sewer pipes (interceptors) needed for future households and businesses.
    b. It is costly to communities and their utility ratepayers. Once clear water gets mixed with wastewater, it all must be treated at the wastewater treatment plant. Communities are charged for these treatment costs, and in turn, the costs are passed on to property owners.
    c. It can result in public health and environmental concerns when wastewater is released into the environment or backed up into private property during storm events. Oftentimes, these outcomes are a result of capacity issues in the local (or community) collection system.

3. Background on the MCES Ongoing I&I Reduction Program:

In 2003/2004, the Council appointed a Task Force made up of local officials. After studying the costs associated with I&I reduction versus the cost to store, convey, and treat excess I&I, the Task Force recommended that the Council adopt an I&I Surcharge Program. The goal of the I&I Surcharge Program was to encourage communities to mitigate I&I by making improvements to local and private wastewater collection systems. Communities were assigned a work plan based on the amount of excess I&I they were contributing to the regional system. Communities met their work plan requirements by improving their local collection system and/or by working with private property owners to remove illegal connections or replace faulty sanitary sewer laterals.

In 2009/2010, the Council appointed a second Task Force made up of local officials to review the I&I Surcharge Program. The Task Force affirmed the goals of the surcharge program and recommended that the Council adopt the *Ongoing I&I Mitigation Program,* which is the program that is in place today. Similar to the original surcharge program, the *Ongoing I&I Reduction Program* focuses on source removal and encourages local wastewater infrastructure investment.

4. I&I Mitigation Activities documented between 2004 and 2013 include:

Public Infrastructure	$ 78.8 M
Private Services/Sources	$ 36.2 M
Total	$115.0 M

Public Infrastructure improvements included investigative studies and inspections, pipeline repair or replacement, and manhole rehabilitation.

Private property mitigation includes cross connection discovery and disconnection; sump pump/foundation drain disconnection program; rain leader disconnection program; service line inspection and repair/replacement.

5. Current Program:

Under the current program, 42 communities have developed work plans based on excessive I&I recorded in 2014. Communities have four years to complete their work plans. It is estimated that $68 M in I&I mitigation work will be completed.

6. Financial assistance to communities:

Since 2008 the Council has administered approximately $11 million in grants for I&I mitigation efforts. This has included $9 M for public infrastructure grants (state bond funds) and $2 M for private property assistance (Clean Water Legacy and Council funds). The initiative to obtain these funds was led by Metro Cities.

7. Cooperation by local communities:

Since the inception of the program in 2004, communities have complied with the program.
Keeping in mind the intent of the program, MCES staff have worked diligently to support cities in developing their work plans. Only once since 2005 was a community surcharged, which was later resolved and the surcharge returned to the city.

8. Technical assistance and public education:

Council staff works to support local officials in I&I mitigation activities by providing technical assistance, hosting workshops, and by providing a toolbox for program information.

9. MCES invests in the Interceptor system:

Since the wastewater collection system is comprised of three components (the local collection system, the private service laterals, and the MCES interceptor system), it is important that MCES mitigates I&I from its own system. From 2009-2014, MCES spent $342 M on interceptor rehabilitation. Between 2015 and 2021, MCES plans to spend an additional $645 M on interceptor rehabilitation. I&I reduction is a primary goal in these rehabilitation efforts.

10. *Additional information about the MCES I&I Reduction efforts:*

Jeannine Clancy, Manager, Environmental Services Community Programs
Jeannine.Clancy@metc.state.mn.us
651.602.1210
Rebecca Fabumni, Principal Engineer, Environmental Services Community Programs
Rebecca.Fabumni@metc.state.mn.us
651.602.1517

For more information about I&I, please check out these links:

Stormwater/wastewater not a good mix
http://www.metrocouncil.org/News-Events/Wastewater-Water/Newsletters/Stormwater-and-wastewater-not-a-good-mix.aspx

I&I facts:
http://metrocouncil.org/About-Us/Facts/Wastewater-WaterF/Inflow-and-Infiltration.aspx
Infographic:
http://www.metrocouncil.org/News-Events/Wastewater-Water/Photos/Inflow-Infiltration-Sources-graphic.aspx

SAC Overview

What is SAC?

SAC or Sewer Availability Charge is a one-time fee charged by MCES to local governments for use of reserve capacity in the Metropolitan Disposal System. It is charged any time a new property is built or an existing property renovation/remodel causes increased capacity demand on the system. Local governments may also charge, on top of the MCES charge, a local SAC or add-on fee for capacity in the local sewer system.

What does SAC pay for?

SAC pays for the reserve capacity that must be built into the Metropolitan Disposal System to accommodate the maximum potential use of any given site. It pays for this capacity through capital or debt payments associated with providing reserve capacity in the Metropolitan Disposal System.

What determines the number of SACs charged?

1 SAC is based on 274 gallons per day of *potential capacity*. It is not based on actual or *expected usage.* Low usage benefits will be realized through low monthly treatment bills. However, the system has to be designed to flow effectively under *maximum potential* usage. This way, if every business turned on every fixture all day, the system would not back up. The potential capacity of a business is determined by the expected flow caused by the people and any discharge (dishwashing, janitor use, etc.) within the location.

I have a business that is opening in an existing building and not changing any fixtures. Why are there additional SAC due?

SAC is generally determined by the expected use of a location, not necessarily the actual fixtures (although some business types are fixture driven). If the new business will result in people spending more time in a location or utilizing/discharging more into the sewer through other means, the capacity for that location must go up. A recent example was a retail shop that converted to a smoking lounge. For retail, customers come in, make a purchase, and get out. For a smoke shop, customers will linger, perhaps for hours, resulting in increased demand on the wastewater system for that location.

How do I get a SAC Determination?

Contact *sacprogram@metc.state.mn.us*

Where can I go for additional information?

http://metrocouncil.org/Wastewater-Water/Funding-Finance/Rates-Charges/Sewer-Availability-Charge.aspx

MCES Overview

Who are we and what we do

- Wastewater treatment service provider for the 7-county metropolitan region
- 600+ miles of interceptor pipes, connecting over 5,000 miles of municipal feeders
- 8 water treatment plants
- 250 million gallons treated per day
- 2.8M residents
- 108 communities
- 848 industrial customers, representing 180,000 employees

We collect fees to operate as a self-funded utility

- No tax dollars are used to operate our wastewater treatment system
- We bill wholesale Municipal Wastewater Charges (MWCs) that are allocated based on the previous year's metered flow data and resulting % of system use
- Influences on your community's municipal waste water charge:
    - Inflow & Infiltration (fluctuates with rain)
    - Growth
    - Capital Costs for aging infrastructure
- Municipalities then pass the charges on to customers
- Rates are 40% lower than the national average (2014 NACWA Survey)
- We bill strength charges directly to industrial customers
    - Based on measured flow
    - Rates are ~50% lower than the national average
- Water Supply planning services are NOT included in fees: these are funded through separate revenues – mostly Clean Water Legacy funds and state bonds

System fees and increase determined by:

- Operations – generally increases with inflation
- Debt Service – for 2016, debt service increases drove 3.4% of the 5.4% rate increase
    - ~$130M/year of capital programs on $7B base
    - Most capital programs focused on rehabilitation
        - Aging interceptors, pipes, lift stations
    - Remaining capital investments in plant improvements to increase efficiency and environmental compliance

Future rate outlook is 5-7% increases for the next 5 years

- ~4% of increase driven by increased debt service
- ES is increasing operating efficiency to minimize rate increases through:
    - Manage attrition to increase labor efficiency
    - Implement Asset Management discipline
    - Technology upgrades
    - Construction is partnering with communities to look for timing efficiencies