

# Committee Report

Environment Committee



Committee meeting date: July 08, 2025

For the Metropolitan Council: July 23, 2025

## Business Item: 2025-157

Adoption of Metropolitan Council Environmental Services (ES) Wastewater Rates and Charges

### Proposed action

That the Metropolitan Council adopts the following wastewater rates and charges to be effective January 1, 2026:

- Regional Wastewater Charge (total of municipal wastewater charges) of **\$314,622,000**;
- Sewer Availability Charge (SAC): **\$2,485** (\$3,185 for East Bethel and \$4,685 for Elko/New Market);
- Temporary SAC: **\$1.25** per thousand gallons;
- Industrial Capacity Charge: **\$2.38** per 1,000 gallons (\$3.05 for E. Bethel, \$4.49 for Elko NM)
- Industrial Strength Charge: **\$3.359** per excess pound of TSS (total suspended solids);
- Industrial Strength Charge: **\$1.180** per excess pound of COD (chemical oxygen demand);
- Brewery Strength Charge: **\$1.13** per barrel;
- Standard Load Charge: **\$67.27** per thousand gallons;
- Holding Tank Load Charge: **\$12.74** per thousand gallons;
- Portable Toilet Waste Load Charge: **\$86.20** per thousand gallons;
- Collar County Load Charge: **\$82.27** per thousand gallons;
- Strength component of Industrial Load Charge **\$4.40** per excess pound of TSS;
- Strength component of Industrial Load Charge **\$2.20** 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
- Inflow and Infiltration (I&I) Surcharge Exceedance Rate: **\$555,000** per million gallons per day (rate of maximum measured flow within an hour over allowed flow rate).

### Summary of Environment Committee discussion/questions

- CM Vento asked: Within the budget do you anticipate the impacts of tariffs?
- Staff responded: We have considered the impacts of tariffs. We don't believe we will see immediate impacts on our larger items. Some smaller pieces could be affected. We increased our contract services budget in 2026 to account for tariffs, so we have made some minor adjustments.

Motion by CM Vento, seconded by CM Morales. Motion carried.

# Business Item

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## Business Item: 2025-157

Adoption of Metropolitan Council Environmental Services (ES) Wastewater Rates and Charges

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	MS 473.517; Water Policy Plan (pages 53-55); and Council Administrative policies 12-5 (re. municipal wastewater charges), 12-6 (re. industrial charges), and 12-7 (re. SAC)
<b>Staff Prepared/Presented:</b>	Matt Gsellmeier, Budget Manager, 651-602-1802
<b>Division/Department:</b>	ES, c/o Leisa Thompson, 651-602-8101

### Proposed Action

That the Metropolitan Council adopts the following wastewater rates and charges to be effective January 1, 2026:

- Regional Wastewater Charge (total of municipal wastewater charges) of **\$314,622,000**;
- Sewer Availability Charge (SAC): **\$2,485** (\$3,185 for East Bethel and \$4,685 for Elko/New Market);
- Temporary SAC: **\$1.25** per thousand gallons;
- Industrial Capacity Charge: **\$2.38** per 1,000 gallons (\$3.05 for E. Bethel, \$4.49 for Elko NM);
- Industrial Strength Charge: **\$0.359** per excess pound of TSS (total suspended solids);
- Industrial Strength Charge: **\$0.180** per excess pound of COD (chemical oxygen demand);
- Brewery Strength Charge: **\$1.13** per barrel;
- Standard Load Charge: **\$67.27** per thousand gallons;
- Holding Tank Load Charge: **\$12.74** per thousand gallons;
- Portable Toilet Waste Load Charge: **\$86.20** per thousand gallons;
- Collar County Load Charge: **\$82.27** per thousand gallons;
- Strength component of Industrial Load Charge **\$0.440** per excess pound of TSS;
- Strength component of Industrial Load Charge **\$0.220** 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
- Inflow and Infiltration (I&I) Surcharge Exceedance Rate: **\$555,000** per million gallons per day (rate of maximum measured flow within an hour over allowed flow rate).

### Background

On May 13, 2025, staff presented information to the Environment Committee on the 2026 preliminary budget and rates. On May 22, 2025, and June 5, 2025, this information was shared with community customers at two Customer Meetings (one virtual and one in-person). 63 customer representatives attended the meetings. A staff summary of customer comments and responses is

included in Attachment D.

The revenue proposed to be raised through the Regional Wastewater Charge in 2026 is a 5.8% increase from 2025 (note: this increase will vary for each city depending on their 2024 flow). This increase and the other rate changes comply with Council policy and enable ES to meet wastewater regulatory requirements, implement ES infrastructure rehabilitation and repair needs, and provide wastewater capacity for growth. Furthermore, per Council policy FM 12-5, proposed charges and rates are based on a regional cost-of-service methodology.

Rates are based on the preliminary or “rate-setting” budget, which has total sources of \$400.9 million and total uses of \$405.5 million. This proposed budget includes a \$4.5 million use of the wastewater operating contingency reserve fund. Most of this use of reserve is the result of grant timing where state grant revenues were received in 2024, but the expenses will occur in 2025. The operating reserve balance will remain above the Council Policy minimum balance of \$17 million. The proposed budget also includes a \$3 million use of the SAC reserve fund to be dedicated to a portion of the Pay-As-You-Go expenditure. This rate-setting budget is further detailed in Attachment C.

SAC receipts to date indicate a financially sound SAC reserve fund balance. Accordingly, there is no increase in the SAC rate proposed for 2026 (and the related Temporary Capacity Charge). With 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 distribute final community-specific municipal charges in August.

The proposed 2026 “rate sheet” description of rates can be found in Attachment B.

## **Rationale**

Wastewater service rates for 2026 need to be set well in advance to allow communities and businesses (e.g., industrial permittees, waste haulers, etc.) time to plan their budgets and rates.

## **Thrive Lens Analysis**

### ***Outcomes:***

Stewardship: the budget reflects ES’ ongoing effort to be good stewards of ratepayer revenue: seeking savings where possible but prudently investing in the ongoing maintenance and rehabilitation of the system to minimize long-term expenses.

### ***Principles:***

Collaboration: ES customer outreach efforts around the budget preparation and presentation ensure we are working with our customers on operating and maintaining our system in a way that meets their level of service expectations.

Accountability: ES budget forums and workshops are a means to share all details of the budget, our operating plans, and our capital plans with our customers.

## **Funding**

100% of wastewater operations, maintenance, and debt service are funded by these charges and rates.

## **Small Business Inclusion**

There are no direct impacts to small businesses with this action.



## Attachment A

### 2026 Industrial Discharge Permit Fees

Quarterly Reporters (SIU>50MGY)	\$13,800
Quarterly Reporters (SIU<50 MGY)	\$11,525
Semi-annual Reporters (SIU>10 MGY)	\$9,200
Semi-annual Reporters (SIU 5-10 MGY)	\$6,925
Semi-annual Reporters (SIU 2-5 MGY)	\$4,525
Semi-annual Reporters (SIU <2 MGY)	\$2,300
Semi-annual Reporters (Non-SIU)	\$2,300
Annual Reporters (Non-SIU > 1 MGY)	\$2,300
Annual Reporters (Non-SIU < 1 MGY)	\$1,400
Annual R. (Non-Significant Categorical user (NSCIU))	\$1,400
Annual Reporters (standard low impact)	\$1000
Annual Reporters (Sewer cleaning waste (vactor))	\$500
Liquid Waste Hauler (> 1 MGY)	\$2,300
Liquid Waste Hauler (< 1 MGY)	\$1,400
Liquid Waste Hauler (< 50,000 KGY)	\$775
Special Discharge Permit (quarterly reporter)	\$2,300
Special Discharge Permit (contingency/low impact)	\$1,400
General	\$550

*SIU = Significant Industrial User - a federal designation.*



## ES 2026 Charges (preliminary)

1. **Budget Municipal Wastewater Charges:** Metropolitan Council Environmental Services charges communities for sewer service and treatment. All customer communities pay an allocated portion of the Regional Wastewater Charge, which is their Municipal Wastewater Charge and is based on their estimated portion of the system's wastewater to be treated, which in turn is based on actual measured wastewater volume from 2024. Most communities cover their own sewer costs by charging a higher "retail" rate to residents and businesses. Retail rates are determined by each community.

**2025 Regional Wastewater Charge**

Total Regional Wastewater Charge in 2026	\$314,622,000
Allocated based on system flow: in million gallons (mg), based on flow for calendar year 2024	90,689
Rate per million gallons	\$3,469

2. **Metropolitan Sewer Availability Charge (SAC):** The sewer availability charge to communities is required for new connections or increased demand on the metropolitan wastewater system. Generally, one SAC unit equals 274 gallons of maximum potential daily wastewater flow capacity (100,000 gallons per year). 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 additional local charges (e.g., local SAC and local Water Availability Charge or WAC) on this fee to cover their own capital costs.

**2026 Sewer Availability Charges**

Base Unit Fee (Single Family Dwelling) *	\$2,485.00
Apartment	20% discount
Multi-Dwelling Public Housing (without garbage disposals nor dishwashers)	25% discount
Multi-Dwelling Public Housing (without laundry, garbage disposals, or dishwashers)	40% discount
Commercial Outdoor Space Discount	75% discount
* Note: Elko/New Market and East Bethel have higher base SAC rates set by contract (\$3,185 for E. Bethel and \$4,685 for Elko/New Market).	

**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.

**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

3. **Industrial Strength Charge:** Strength charges are ES fees assessed directly to connected industries for the additional treatment costs caused by industrial wastewater that has more pollutants than typical domestic 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.

#### 2026 Industrial Strength Charges

Cost per excess pound of Total Suspended Solids (TSS)	\$0.359
Cost per excess pound of Chemical Oxygen Demand (COD)	\$0.180

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

#### 2026 Liquid Waste Load Charges (per 1000 gallons)

Standard Load Charge	\$67.27
Portable Toilet Waste Load Charge	\$86.20
Holding Tank Load Charge	\$12.74
Collar County Load Charge (for 10 counties surrounding the region)	\$82.27
Industrial Load Charge (\$ per excess lb.)	\$0.440 TSS

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.

#### 2026 Liquid Waste Load Charges (per 1000 gallons)

Volume (MGY)	>50 m.	<50 m.	>10 m.	5-10 m.	2-5 m.	<2 m.	>1 m.	<1 m.
Quarterly Reporters	\$13,800	\$11,525						
Semi-annual Reporters			\$9,200	\$6,925	\$4,525	\$2,300		
Annual Reporters & Liquid Waste Haulers							\$2,300	\$1,400
General Permits	\$550							



6. **Temporary Capacity Charge:** A charge assessed for temporary use of the metropolitan disposal 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.

2026 Temporary Capacity Charge	\$1.25 per 1,000 gallons
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7. **Industrial Capacity Charge (ICC):** As of January 1, 2019, industries have another option for paying SAC for process discharge (which may reduce or eliminate large SAC payments). In lieu of paying SAC for process flow that exceeds the established baseline flow, industries can choose to pay a smaller but ongoing ICC; ICC is like renting capacity instead of owning it. The ICC will be applied to discharges above an industry's SAC baseline, and it will be invoiced after each industry's reporting period. Depending on the variability of flow, it may make sense to purchase SAC units instead of continuing to rent; purchasing SAC permanently increases an industry's SAC baseline, which decreases or eliminates future ICC payments. ICC payments do not increase the baseline.

2026 Industrial Capacity Charge	\$2.38 per 1,000 gallons over baseline flow (\$3.05 for East Bethel and \$4.49 for Elko/New Market)
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8. **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.

2026 Late Report Fees:	\$150-\$800 per report (more details available on website)
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9. **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.
10. **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 ES staff.





## Attachment C

Rate Setting Budget	2025 Original Budget \$s in thousands	2026 Rate- Setting Budget \$s in thousands	% Change
<i>REVENUE &amp; Other Sources:</i>			
Regional Wastewater Charge	297,360	314,622	5.8
SAC Transfer (2026 incl. \$3 million committed to PAYGO)	52,751	47,374	-10.2
Industrial & Hauler Charges	19,630	21,661	6.1
Other Sources*	4,716	17,318	267.1
<b>Total</b>	<b>374,457</b>	<b>400,976</b>	<b>7.1</b>
<i>EXPENSES &amp; Other Uses:</i>			
Wastewater Debt Service	156,500	149,000	-4.8
ES Labor	92,666	101,348	9.4
Non-Labor **	91,302	109,495	19.9
Interdivisional Charges	27,813	32,677	13.7
Pay-as-You-Go for Capital Projects	11,000	13,000	18.2
<b>Total</b>	<b>379,282</b>	<b>405,521</b>	<b>6.9</b>
SURPLUS/(DEFICIT) to (from) Op. Reserve	(4,824)	(4,545)	

\*Other Sources includes \$12M in municipal I/I pass through grants in 2026

\*\*Non-Labor expense includes \$12M in municipal I/I pass through grants in 2026





## Attachment D

### Customer Forum Feedback

#### ***Attendees***

50 non-council attendees from 30 communities

#### ***Meeting Topics***

- Introductory remarks
- Cost Containment Efforts
- Proposed 2026 Budget
- Municipal Wastewater Charge (MWC)
- Capital Improvement Program

#### ***Questions Received from Participants***

- What are the future plans for the Private Property Inflow and Infiltration grant program?
- Can the Private Property Inflow and Infiltration grant program be expanded to include homes and apartments?
- What will Environmental Services' future rate increases be?
- What causes flow to increase and decrease over a year?
- Can you help me understand my flow information and understand how to find information on the Customer Portal?
- Has the Council considered increasing the 1% SAC discount to cover Recent SAC city-specific administrative costs?
- Are there any Industry updates on PFAS removal?
- Can you share some history of the MWC task force and how the current rate structure was established?
- Can you meet with my city to discuss our specific rates?

#### ***Webinar Materials and Video***

<https://metro council.org/Wastewater-Water/Funding-Finance/Budget-Workshops.aspx>

