

# 2020 MCES Budget Webinar

Charlie Zelle, Chair, Metropolitan Council

Ned Smith, Director of Finance

Kyle Colvin, Manager, Engineering Programs

Jeannine Clancy, Assistant General Manager, Technical Services

**May 21, 2020**



# Welcome to the 2020 Customer Budget Webinar.



You are muted and your video is disabled upon entry.



Please utilize the "chat box" to type in comments or questions throughout the session. Questions will be answered after the presentation during the Q & A session.



**If you experience any technical difficulties,  
please call 512.685.2958 or  
email [Hannah.Lang@hdrinc.com](mailto:Hannah.Lang@hdrinc.com).**

**The webinar will begin at 9 a.m.**

# Meet the presenters of the **2020 Customer Budget Webinar.**



**Anna  
Bessel**



**Charlie  
Zelle**



**Ned  
Smith**



**Kyle  
Colvin**

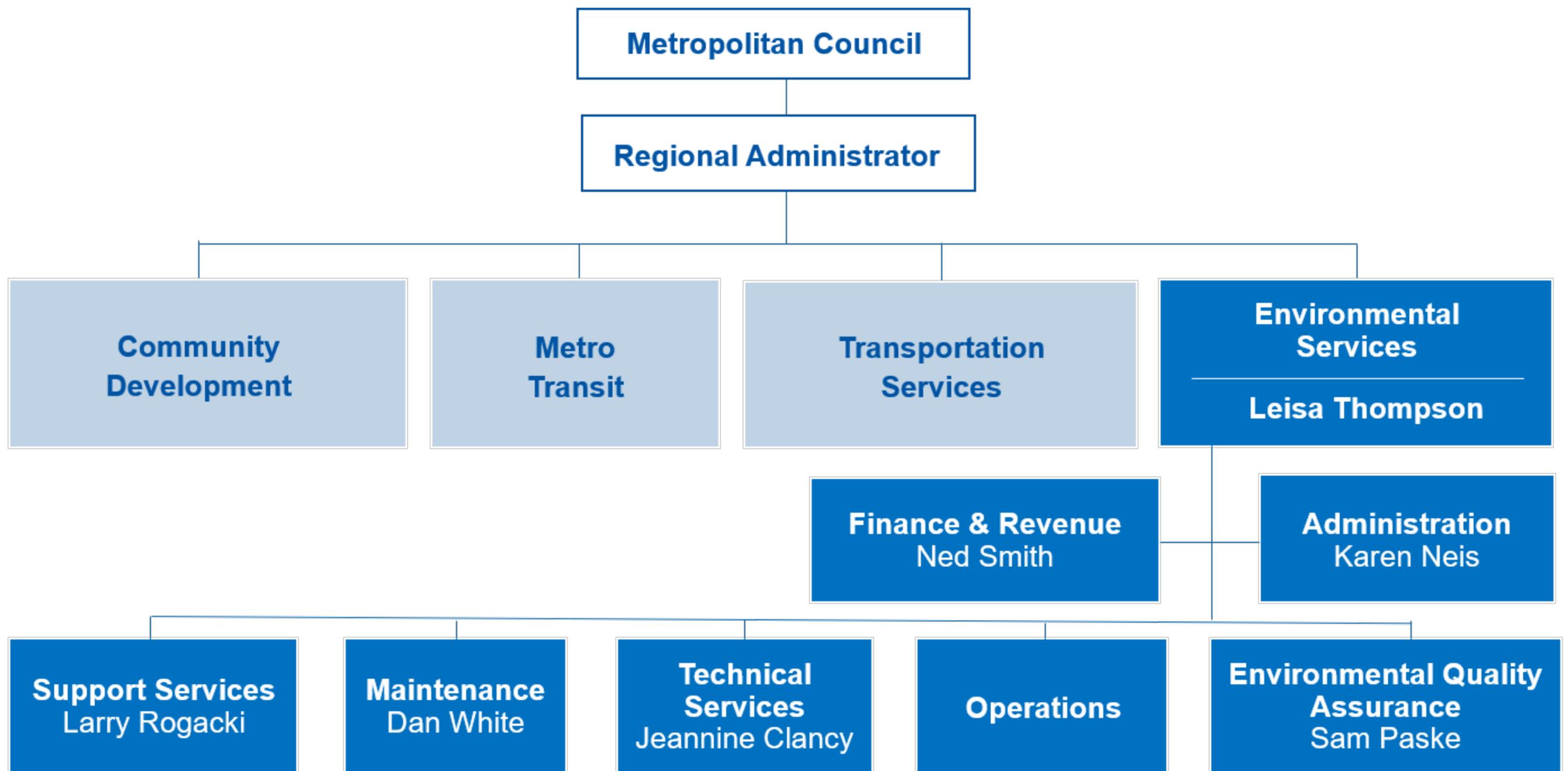


**Jeannine  
Clancy**

# Metropolitan Council Environmental Services

**Mission:** *Provide wastewater services and integrated planning to ensure sustainable water quality and water supply for the region*

**Vision:** *Be a valued leader and partner in water sustainability*



# Agenda



**Welcome!**



**2021 Budget and Finance**



**MWC Calculation &  
Customer Portal**



**Capital Program**



**Questions and Discussion**





# 2021 Budget & Finance

# 2021 Executive Summary (vs. 2020)

## Regional Wastewater Charge



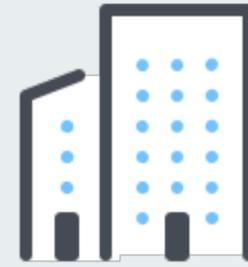
**2.0%**

## Sewer Availability Unit Charge



**No  
Increase**

## Industrial Waste Strength Charge



**2.4%**

## Industrial Permit Fee



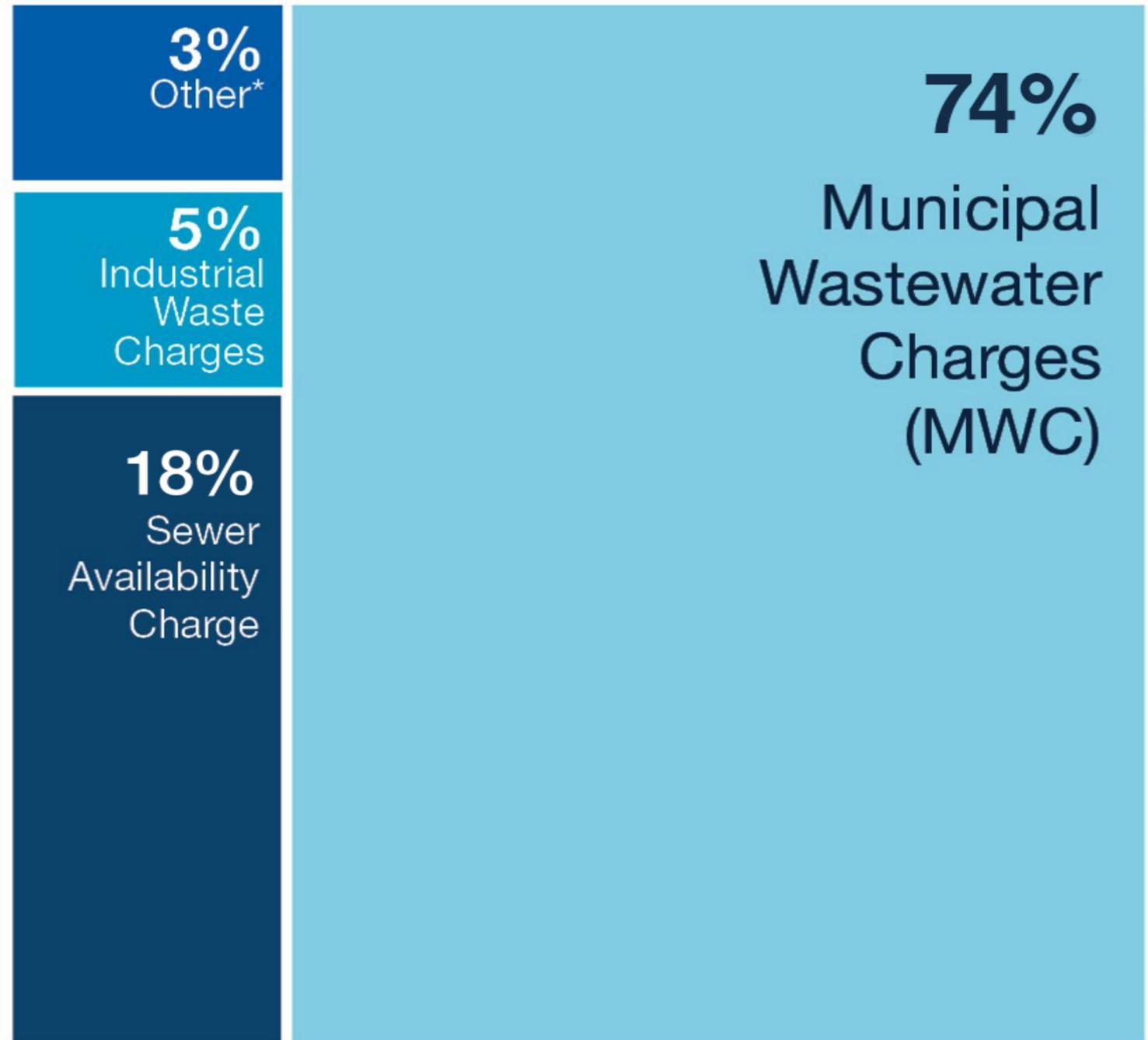
**~2.0%**

**3.9% total use increase over 2020**

# 2021 Proposed Revenue Sources - \$323M

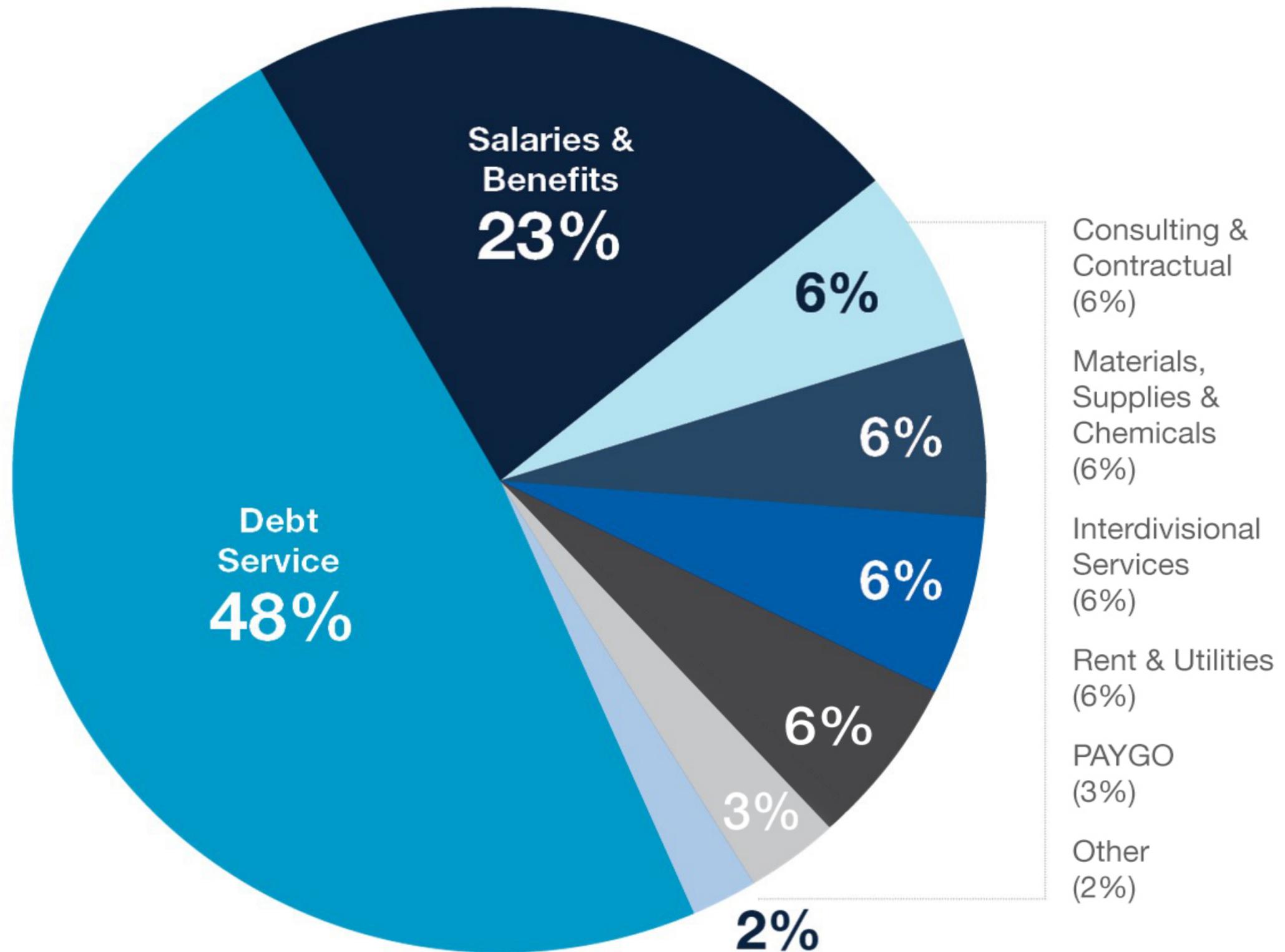


- Fee for service
- Not a tax
- No federal, state, or Council \$
- No MCES \$ for other Council operations



\*Other includes Other Post Employment Benefit adjustments and \$2M use of Reserves

# 2021 Proposed Uses by Category – \$323M



\*Other includes centralized projects and other miscellaneous expenses.

# Aggressive Cost Containment

2021 was year 4 of a 5-year commitment  
to keep our region-wide increase < 4%

MCES chose to go **lower (2%)**  
to meet revenue concerns of our customers



**Budget “Flat  
to last Year”**



**Labor  
scheduling  
optimization**



**Energy  
upgrades**



**Asset  
management  
teams**

# Labor Efficiencies Continue

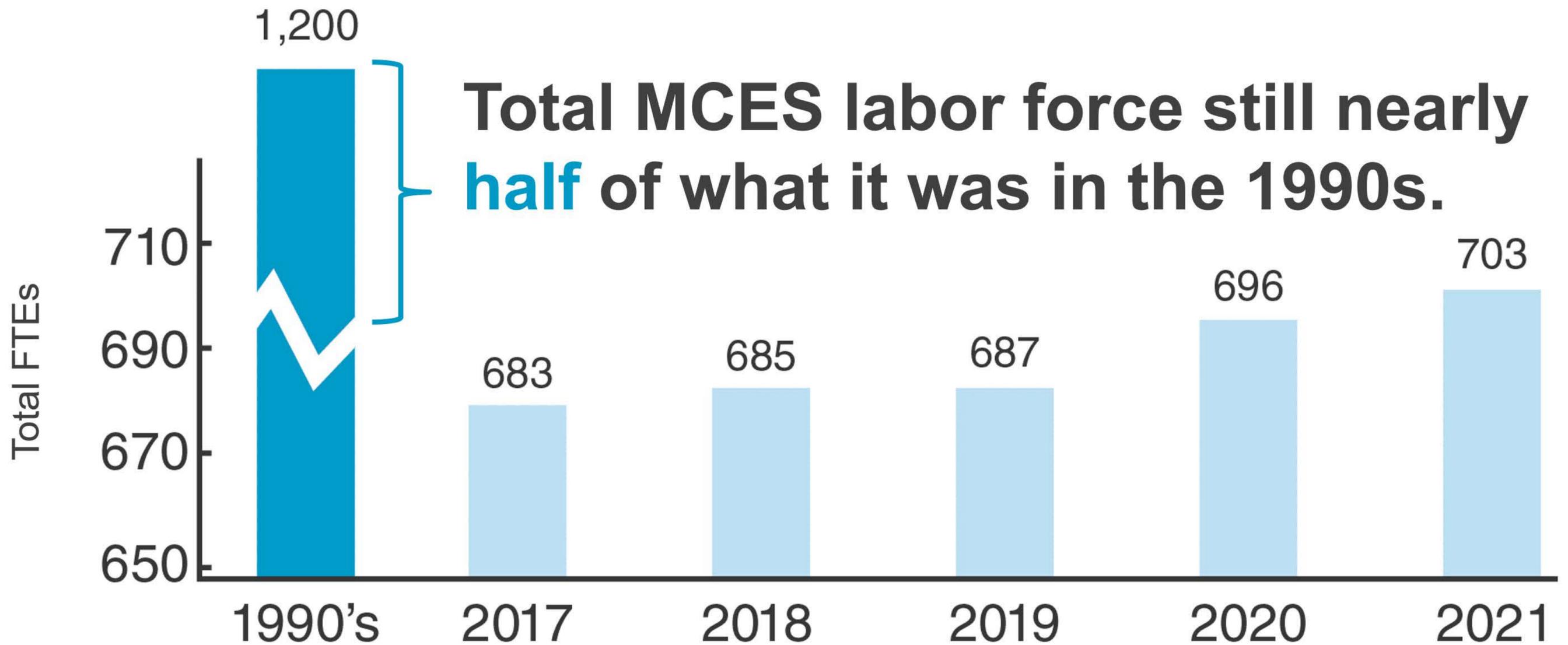
Labor force growth <2%



Increased services:

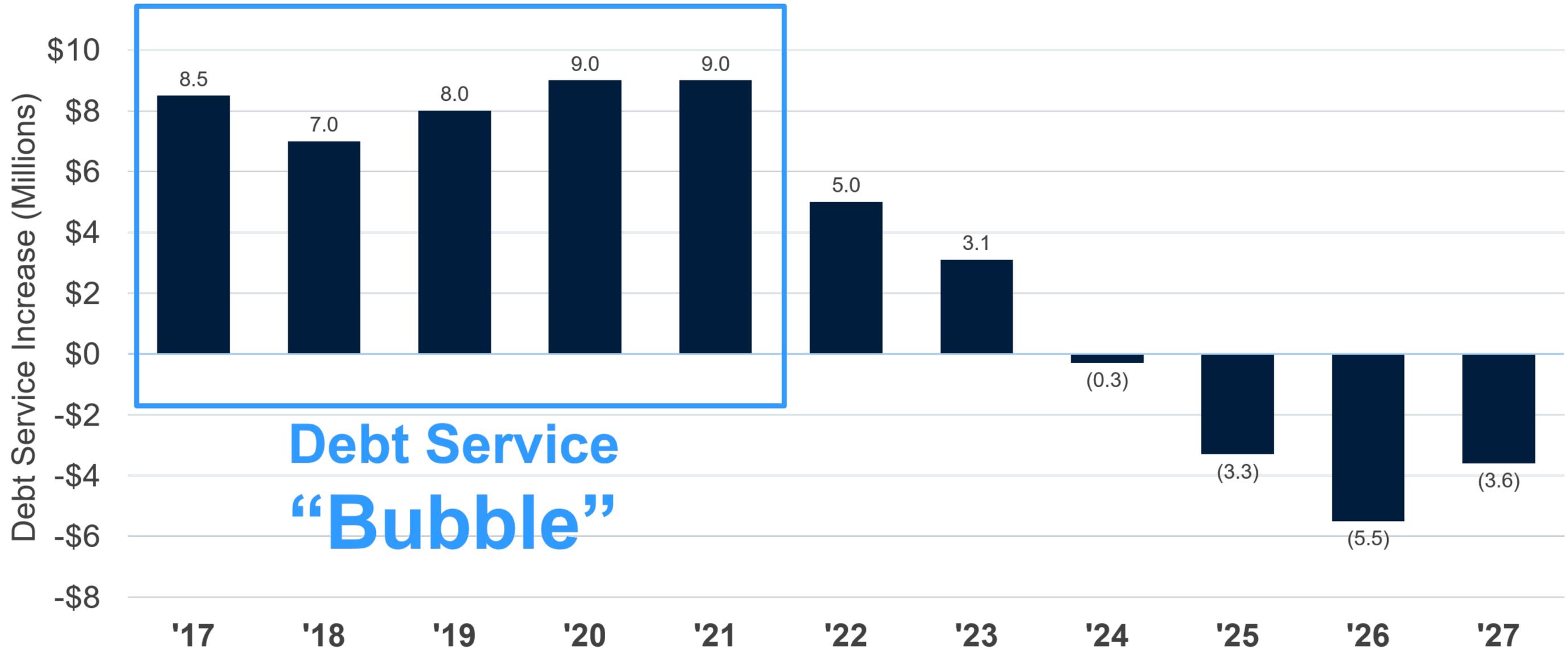
- Electrician apprentices
- Locators

Self-insured keeps healthcare increases modest



# Projected Debt Service Change

## Annual Debt Service Increase / (Decrease)



# Retail Sewer Rates are an Excellent Value

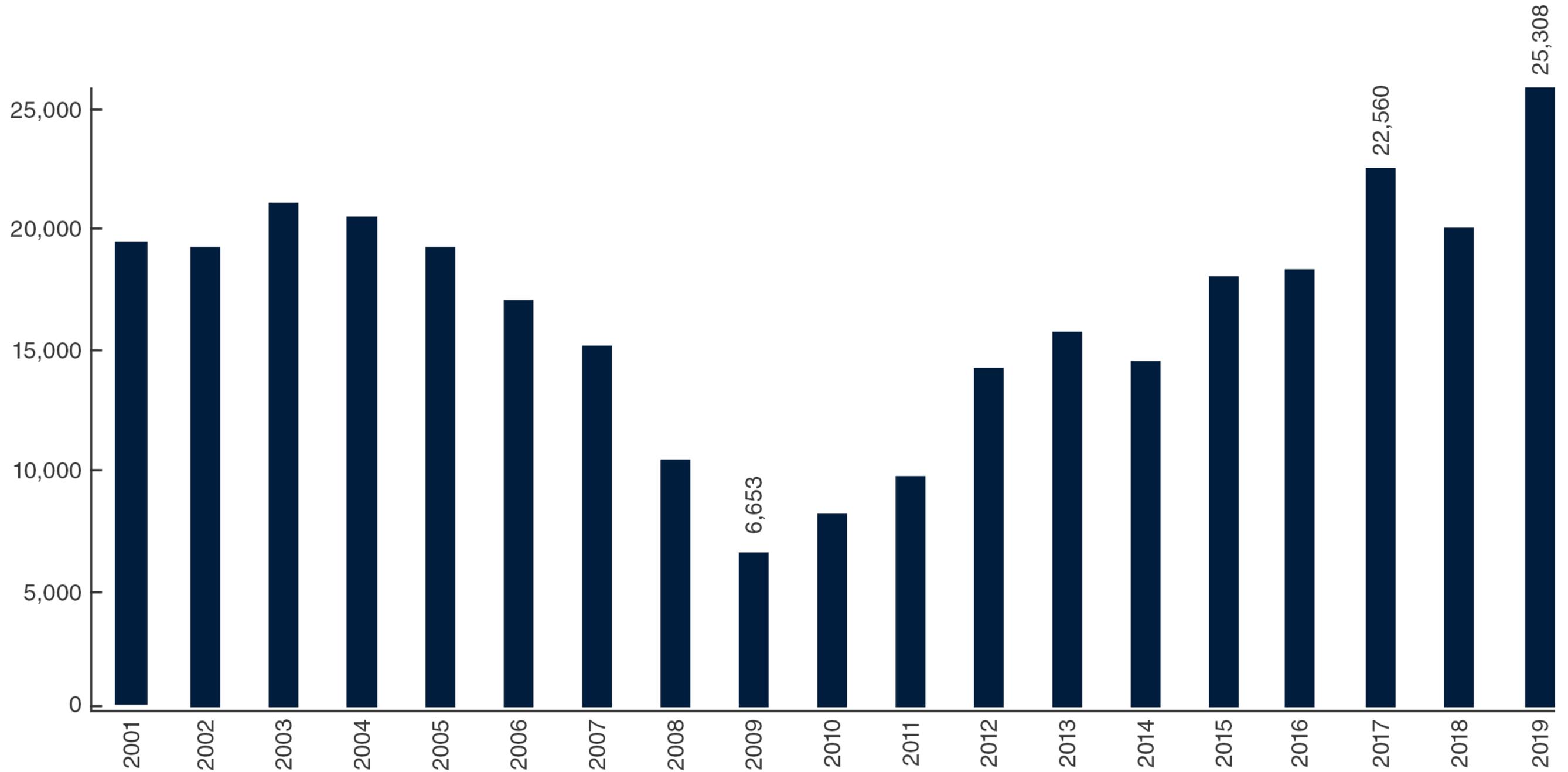
Our customers' retail sewer rates continue to be among the **lowest in the nation.**

## Peer Agencies





# SAC Units Continue Recovery



We are closely monitoring and scenario planning SAC activity in 2020



# 2021 Rate & Budget Setting Schedule

## Industrial Workshops

Environment Committee  
Direction for Public Meetings

## Municipal Customer Forums

Environment Committee Review of  
Input/2020 Rate Amendment

Council Rate Adoption

Council Preliminary Operating  
Budget Adoption

Final Council Budget (Including  
MCES) released for public comment

## Public comment period

Council Budget Adoption

Canceled due to COVID-19  
pandemic

May 12

May 21: A.M. webinar

June 11: P.M. webinar

July 14

July 22

August 12

August 26

August - December

December 9



# MWC Calculation and Customer Portal

# Operating Budget: MWC is Allocated Based on Flow



A community's  
percentage of the total system flow  
determines their share of the total MWC.

2019



% of total flow

EXAMPLE

*determines*



Share of MWC

2021

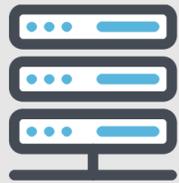


# Operating Budget: MWC is Based on Flow

	2018	2019	% Change
<b>Flow (MG)</b> 	87,890	96,970	 <b>10.3%</b>
<b>City A</b> 	10,000  <b>11.38%</b> <small>PERCENT OF TOTAL FLOW</small>	10,000  <b>10.31%</b> <small>PERCENT OF TOTAL FLOW</small>	 <b>7.6%</b> <b>Change in MWC</b>
<b>City B</b> 	1,000  <b>1.14%</b> <small>PERCENT OF TOTAL FLOW</small>	1,200  <b>1.23%</b> <small>PERCENT OF TOTAL FLOW</small>	 <b>10.9%</b> <b>Change in MWC</b>

# MCES Customer Portal

Supports the MCES Customer Level of Service by improving communication and service to the cities MCES services:



## Data

Allows access to timely, accurate data



## Engagement

Provides customers access to local public outreach materials



## Communication

Offers a means of streamlined communication

[MCESCustomerPortal.metc.state.mn.us](https://MCESCustomerPortal.metc.state.mn.us)

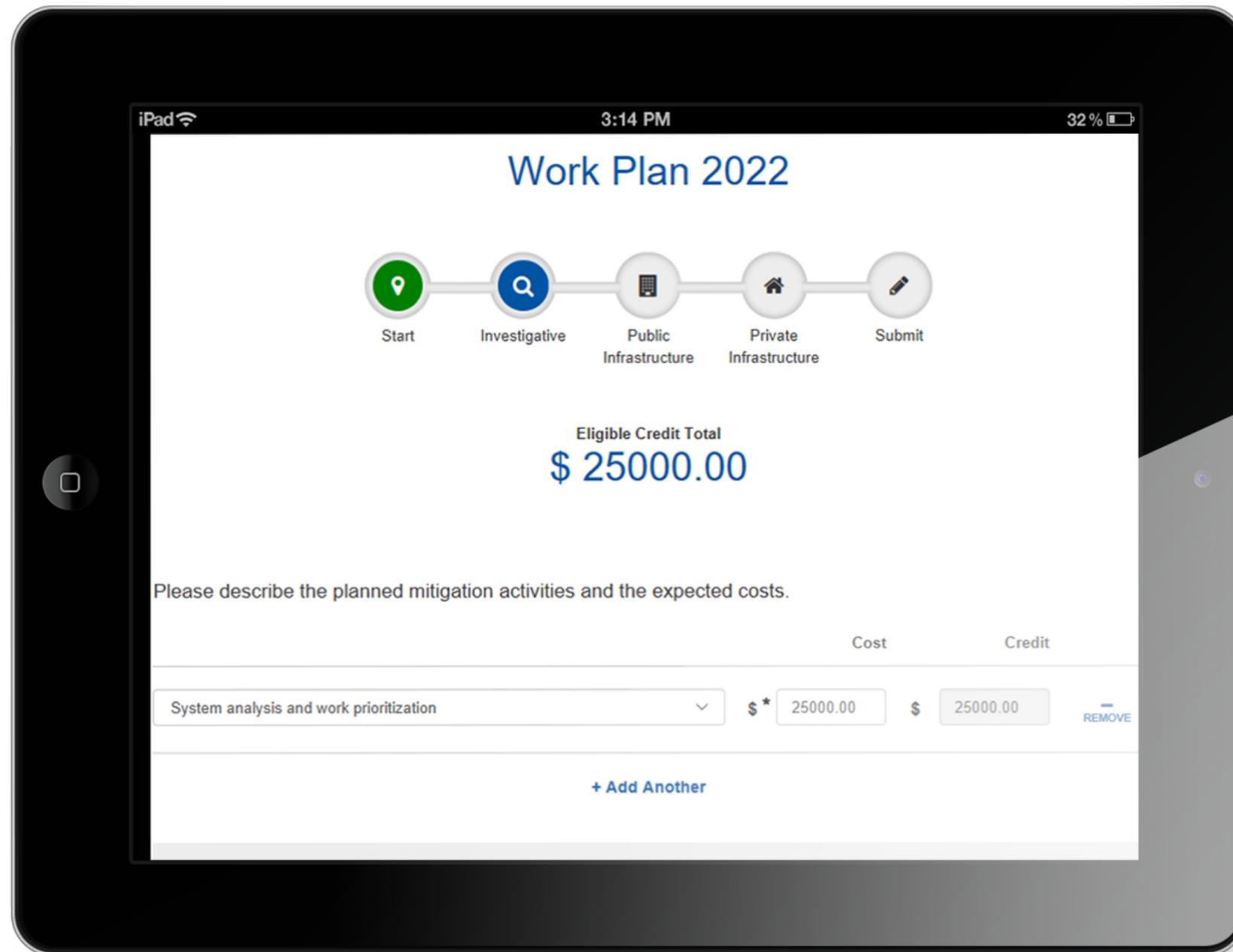
# Customizable Data Dashboard



Allows for a quick view of flow data that may be useful for planning or prioritizing system updates

# I/I Program Information

Submit I/I program information, including work plans and credits, to track I/I work and keep a record of past expenses





# **Capital Improvement Program (CIP)**



# MCES Wastewater System



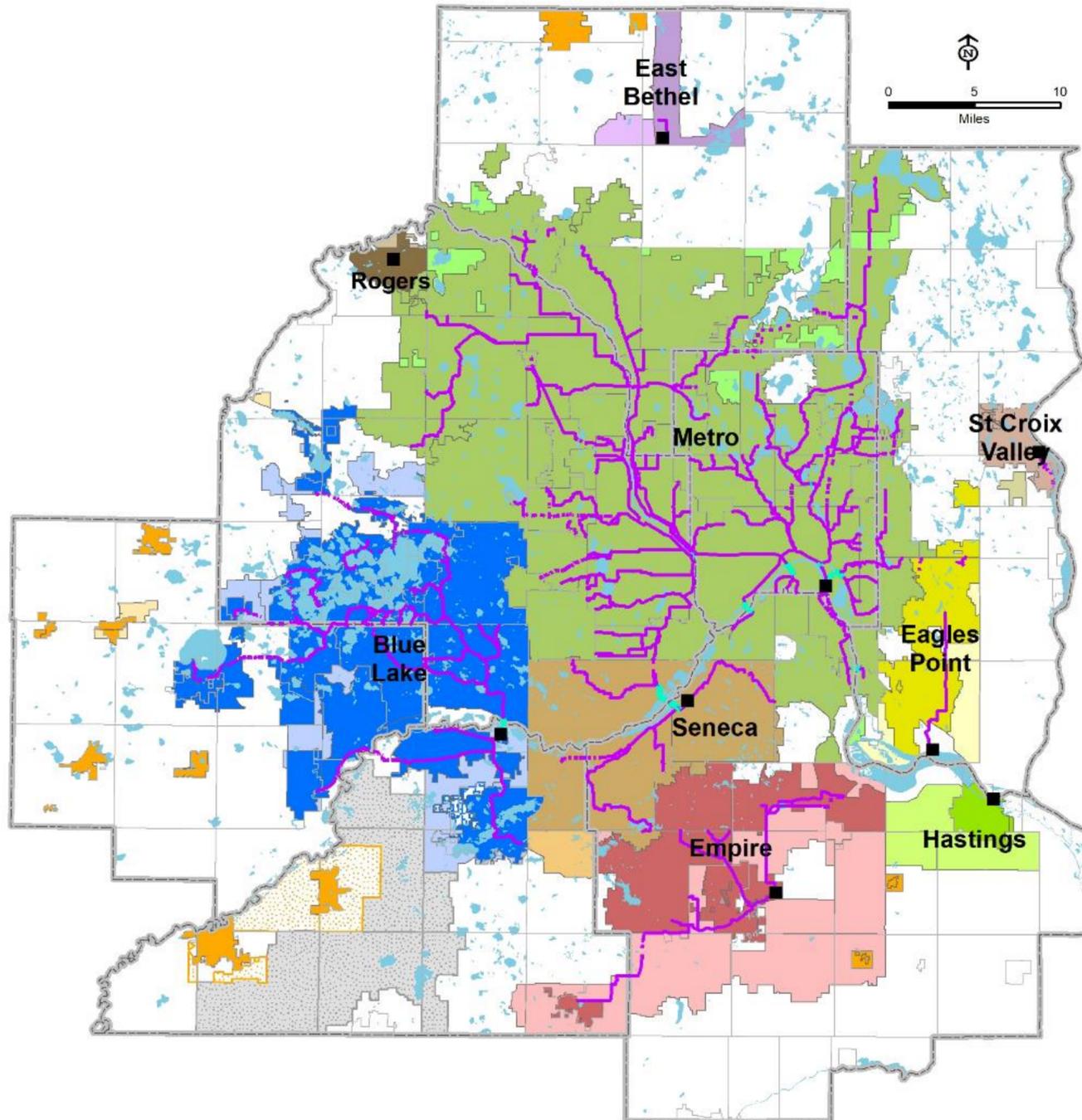
Protects public health and safety



Protects the environment



Fosters the economic growth of the region



## WHO WE SERVE

7-county Twin Cities Metro Area  
110 communities  
2,700,000+ people

## OUR FACILITIES

9 wastewater treatment plants  
640 miles of interceptors  
250 million gallons per day (avg)

## OUR ORGANIZATION

600+ employees  
\$7 billion in valued assets  
\$150 million / yr capital program

MCES Serves ~50% of the State's Population

# Background



**Customer Level of Service  
is the Foundation for the Capital Program**

# Capital Finance: Principles

## PARTNERSHIP



**1**



Treat customers and stakeholders respectfully

**2**



Leave the community with something better than they had prior to our project.

**3**



Plan and coordinate project with other public infrastructure work.

**4**



Keep every promise made during planning, design, and construction

**5**



Communicate in a manner as consistent as possible with each community's protocol.

# 2020 Capital Program Breakdown, by Objective



## Preserve Assets

Rehabilitate & replace assets to preserve value & performance



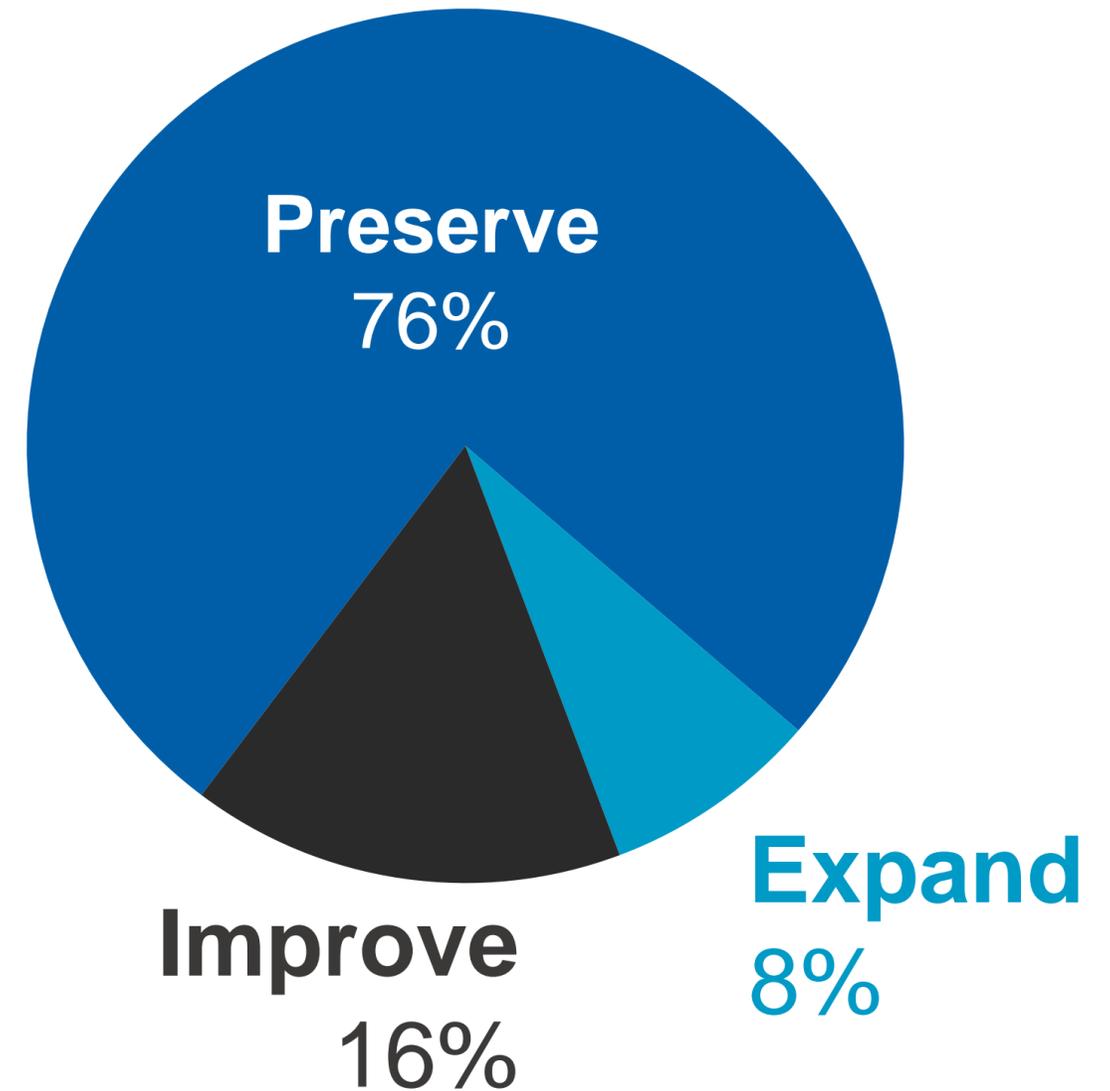
## Meet Capacity Needs

Expand system capacity through plant expansions & interceptor extensions



## Improve Quality

of service by responding to more stringent regulations, reusing wastewater, increasing system reliability, & conserving and generating energy

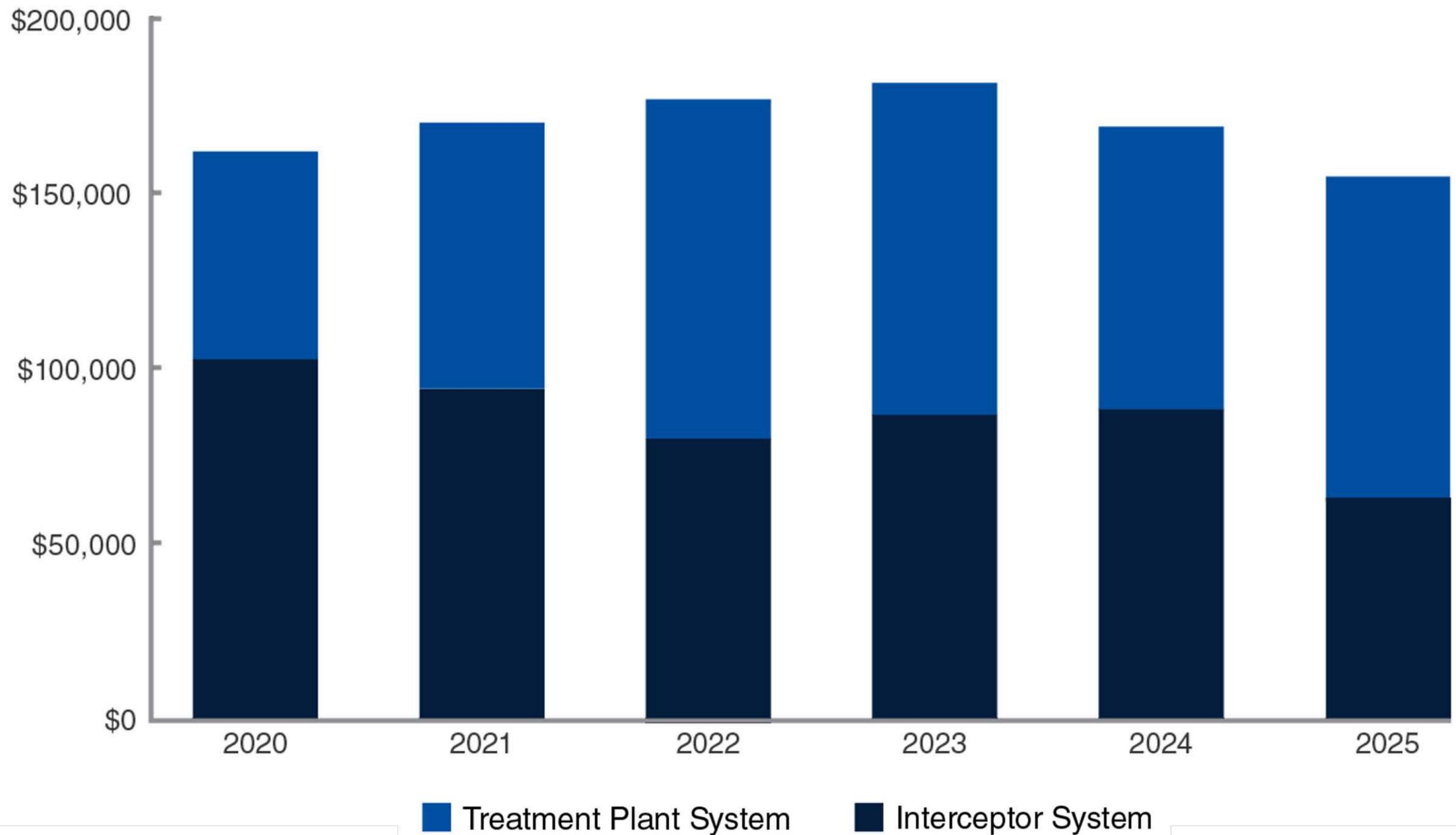


**76% of CIP will be spent on asset preservation.**



# Capital Program: Projected Expenses

Total  
2020 – 2025  
**\$1.009 Billion**

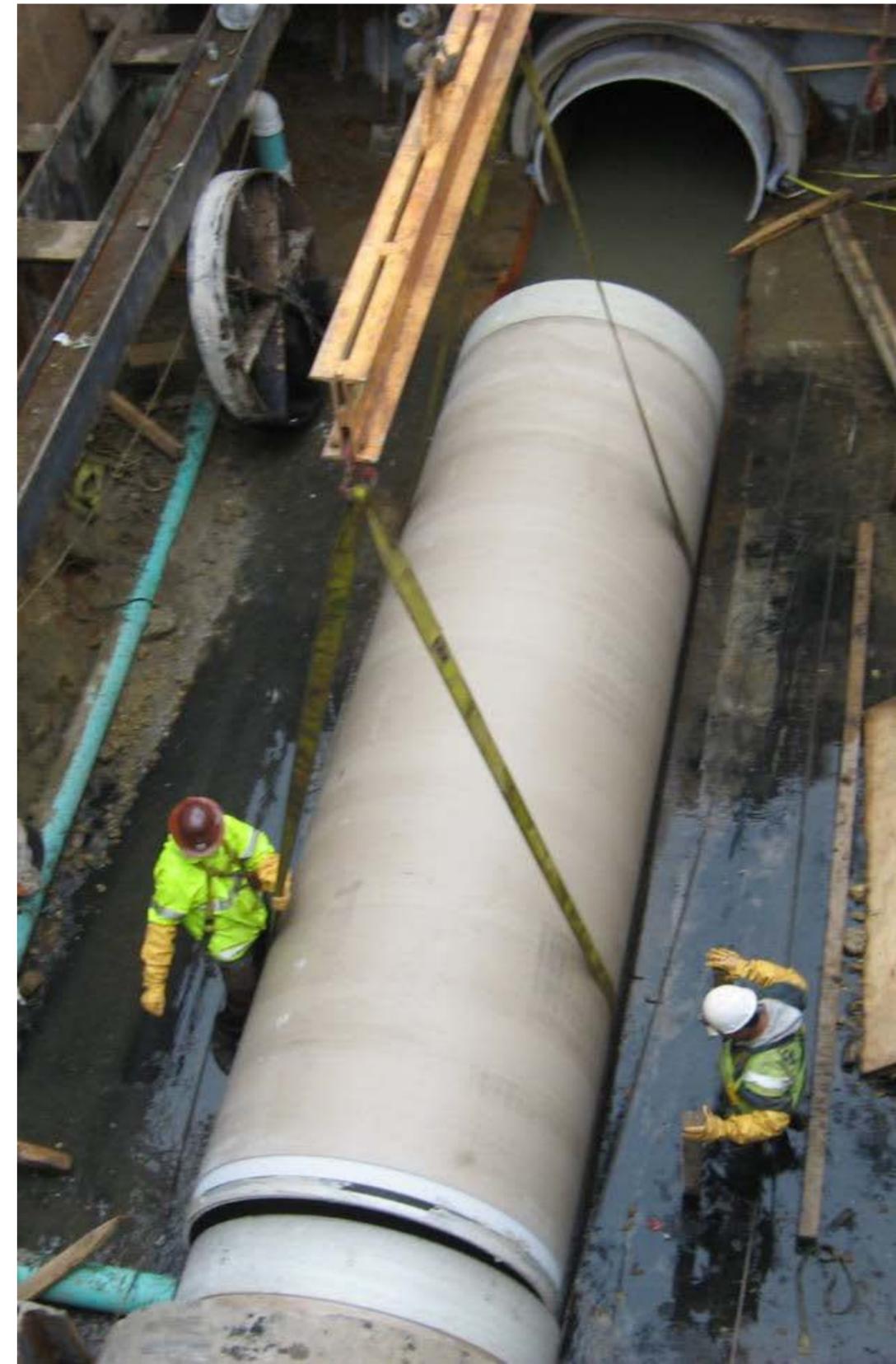


# Capital Program: Interceptor System Asset Renewal

## CAPITAL PROGRAM (through 2030)

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Gravity Sewers	<b>6-7 miles</b> per year
Pressure Sewers	<b>3-4 miles</b> per year
Lift Stations	<b>3</b> per year
Meter Stations	<b>10</b> per year



# Capital Program: Treatment Plant Asset Renewal



- **Metropolitan Plant**

- Rehabilitation and Facilities Improvements
- Asset Renewal

- **Empire Plant Solids**

- **Hastings Plant Evaluation**
- **Crow River Plant**
- **Blue Lake Plant Facility Plan**
- **Regional Plant Improvements**

# Capital Program: Large Capital Project Coordination



**2021-2024**

- FBR 1-3 Renewal
- Blue Lake WWTP
- Crow River WWTP
- Hastings WWTP

**2025-2030**



**Post 2030**

**Metro Plant  
Fourth Incinerator**



- Minneapolis/St. Paul System Renewal
- Joint Interceptor
- Northeast WRP
- Seneca Solids

← **ONGOING INTERCEPTOR & TREATMENT PLANT PROGRAMS** →

Large projects are staged to level out impact on rates.

# Capital Finance: Sources of Funds



## Public Facilities Authority (PFA) Loans

\$50 million annual loan  
1.5% interest rate  
discount

**2021:** \$50M loan  
(anticipated)



## Council General Obligation Bonds

The Council sells general obligation bonds.  
The Council has a AAA bond rating and receives low interest rates



## Pay-As-You-Go (PAYGO)

Funds dedicated to paying for some capital expenses with current revenue

**2021:** \$11M in funds

# Metro Plant Solids Management Improvements

## Objectives/Goals

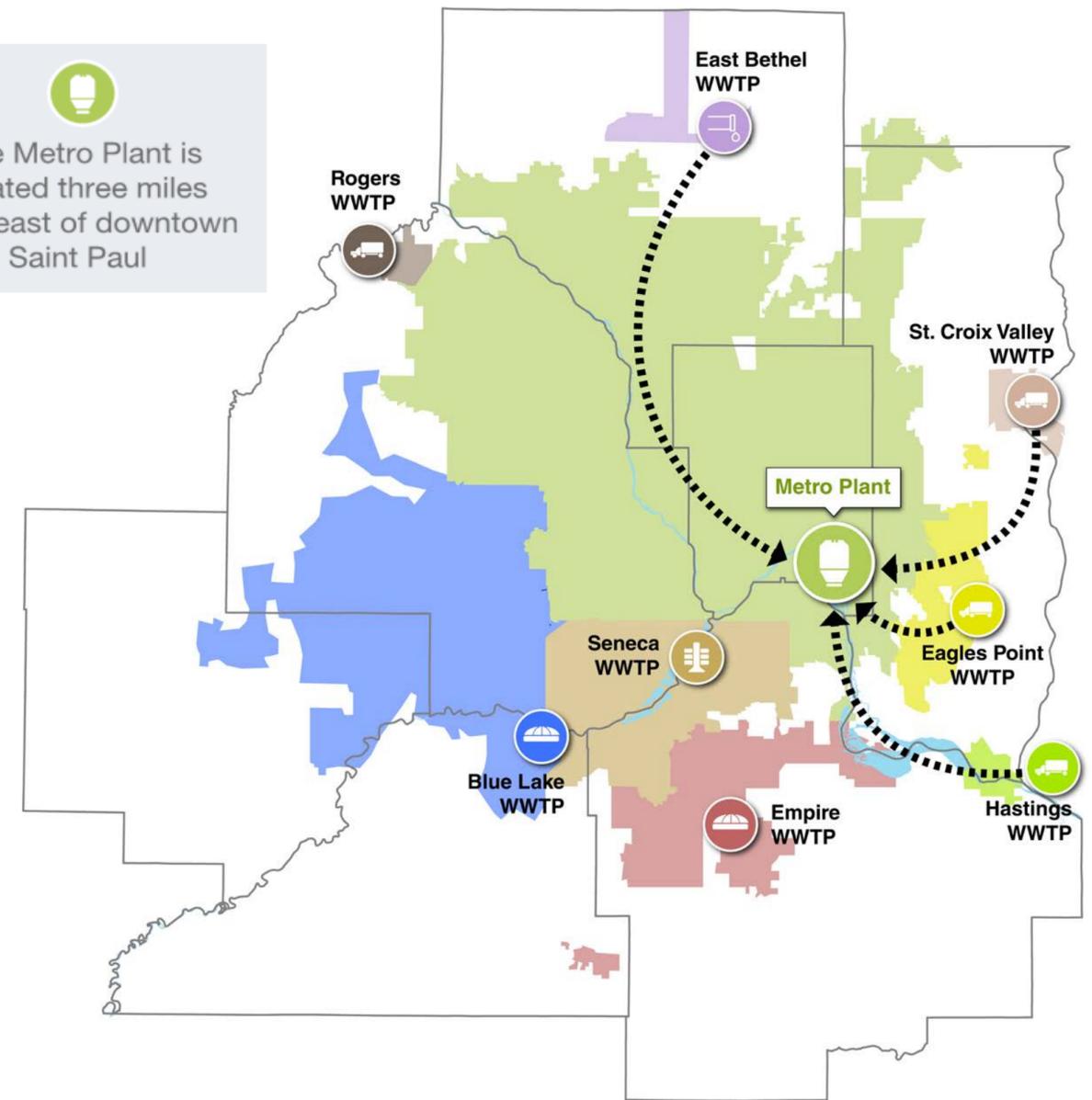
### Preserve Existing Wastewater Treatment Plant Infrastructure

- Planned renewal projects will require extended downtime of the existing incinerators.

### Serve Regional Population Growth

- 50,000 new residents in the Metro Plant service area in the Twin Cities by 2050.

 The Metro Plant is located three miles southeast of downtown Saint Paul



## Schedule & Cost



*The Metro Plant processes 75% of the region's wastewater solids including solids from four other treatment plants.*

# Rogers WWTF Acquisition

## Crow River WWTP Construction



### Objectives/Goals

#### Extend Life of Existing Wastewater Treatment Facility Infrastructure

- MCES acquired Rogers WWTF on July 1, 2019.
- MCES will use existing capacity in Rogers WWTF until Crow River WWTP can be built.

#### Serve Regional Population Growth

- NW Hennepin County is growing rapidly.
- A new regional facility is needed to free interceptor capacity for downstream communities

### Schedule & Cost



From MCES 2040 Water Resources Policy Plan, Urban Area Wastewater Service Policy:

***“Acquire wastewater treatment plants from suburban communities outside the current service area, based upon request through the comprehensive plan and comprehensive sewer plan process, after soliciting customer input and conducting a public hearing on the request.”***

# Minneapolis System Renewal - Minnehaha Park Area Sewer Improvements



## Objectives/Goals

- Preserve sewer's structural integrity
- Minimize risk of failure



## Schedule & Cost

Jan 2014



Jan 2019

Sept 2019



Jul 2022

Planning/Design

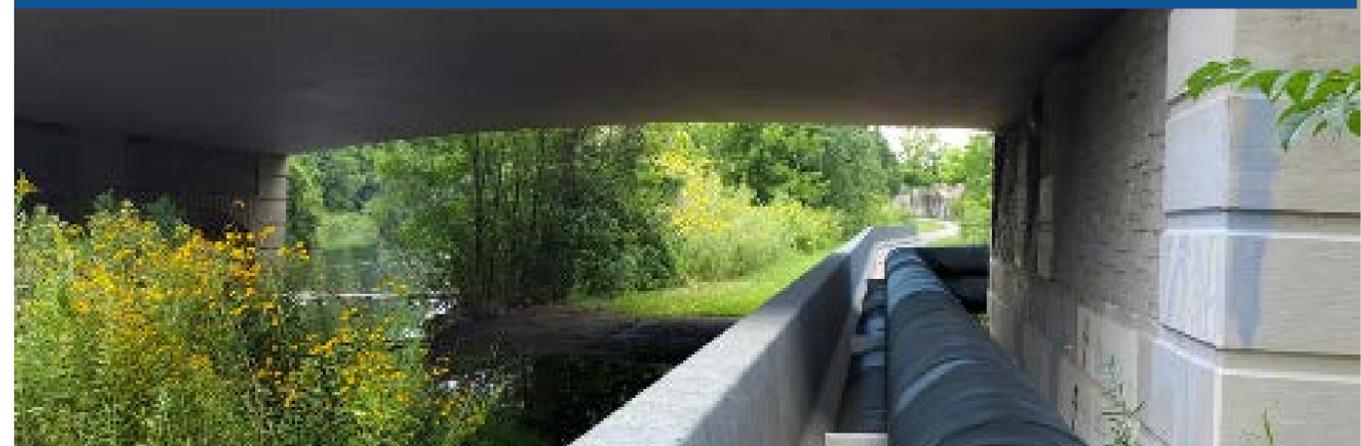
Construction

\$18.5 million

Temporary Conveyance



Potential Bike Lane & Trail Impacts



Tree Removal, Protection & Replacement



# Brooklyn Park Sanitary Sewer Improvement Project



## Objectives/Goals

- Improve customer service
- Be a good neighbor
- Minimize regional impacts of wastewater system on the environment
- Coordinate infrastructure work with other agencies



## Schedule & Cost

Winter  
2016



Spring  
2019

Winter  
2019



Spring  
2021



Summer  
2021

DESIGN

CONSTRUCTION  
\$19.8 million

RESTORATION



# Interceptors 1-SP-200 and 1-SP-201 Battle Creek Rehabilitation

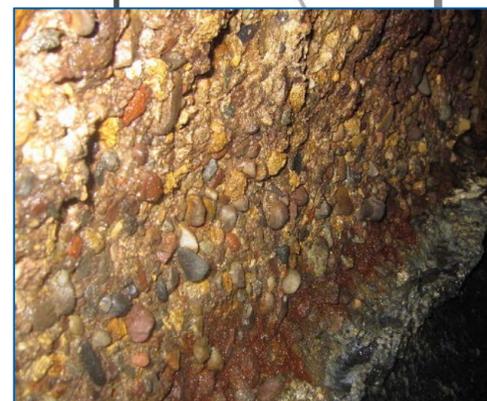


## Objectives/Goals

- Preserve system capacity
- Improve operator safety
- Minimize impacts
- Be a good neighbor



## Schedule & Cost



# Maple Plain, Medina, and Independence Improvements

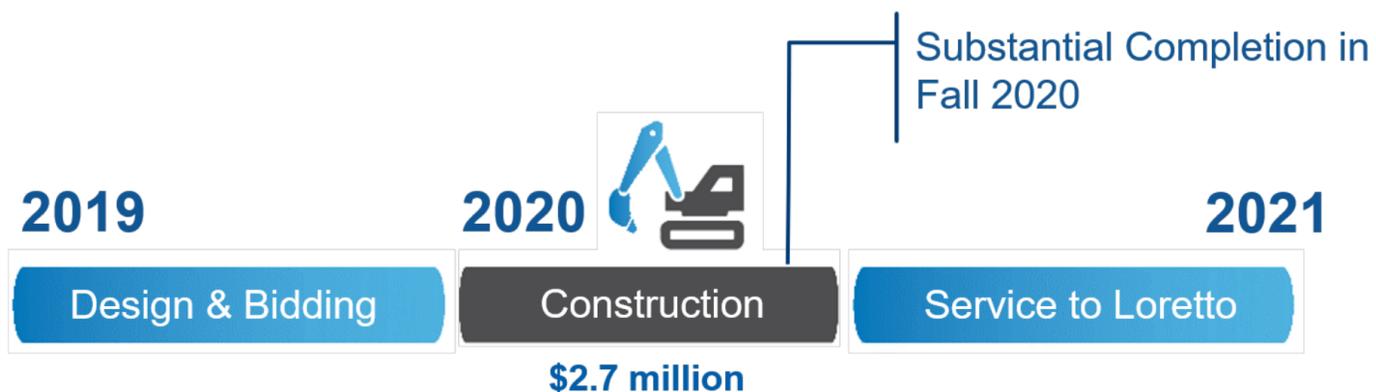


## Objectives/Goals

- Meet capacity needs:  
Serve a new customer, the City of Loretto
- Protect the environment by removing Loretto's effluent discharge to Lake Independence which is impaired for phosphorous
- Improve system reliability



## Schedule



# More Information about the Capital Program

## MCES 2020 – 2025 CAPITAL PROGRAM



Rogers Wastewater Treatment Plant

Approved December 2019

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## Extraordinary Facts by the numbers!

### Environmental Services

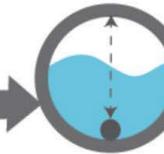
moves and treats  
**250 million** gallons  
of wastewater each day

servicing **2.7 million**  
people in 110 communities in the  
7-county Twin Cities metro area.



That wastewater moves through privately owned  
and city sewer pipes into

**634 miles**  
of regional interceptor sewer mains



ranging in size from  
**9 inches to 14 feet** in  
diameter and in age  
from 140 years old to  
brand new!

The wastewater also passes

**224 meters**  
measuring how much  
water is flowing through  
the pipes.

**61 lift stations**  
pumping water from lower  
elevation to higher elevation so  
gravity can help us move it.

on its way to  
**9 treatment plants**  
cleaning the water before it  
is returned to the environment.

Rev. 01.17.2020

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# 2050 Water Resource Policy Plan Development

Requested input for topics, issues, areas of concerns

- Chloride: Surface water impairment and emerging concern in wastewater treatment
- Reconveyance of regional wastewater assets
- Reuse: Next steps
- Local surface water and water supply planning process
- Groundwater and surface water interaction: appropriation and climate



**Send comments or suggestions to:**

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**Kyle Colvin**

Manager, Engineering Programs  
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# Questions

## Resources

[MCESCustomerPortal.metc.state.mn.us](https://MCESCustomerPortal.metc.state.mn.us)

[metro council.org/Wastewater-Water/Projects/  
Capital-Program/Project-Factsheets/2020-2025](https://metro council.org/Wastewater-Water/Projects/Capital-Program/Project-Factsheets/2020-2025)

# For more information:

## **Ned Smith**

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## **Jeannine Clancy**

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# Tentative Customer Plant Tours



**Metropolitan Wastewater Treatment Plant – St. Paul, MN**  
Thursday, September 10, 2020,  
2:00 – 4:00 pm

**Empire Wastewater Treatment Plant – Empire Twp., MN**  
Thursday, September 24, 2020,  
2:00 – 4:00 pm

Invitations to be sent later this summer (first come, first served).