

2021 MCES Customer Budget & Annual Update Questions & Answers

From virtual events held May 25 and June 10, 2021

Have there been financial impacts to MCES from COVID-19?

From a revenue standpoint, Sewer Availability Charge (SAC) has continued to be healthy because of strong residential development. All customers have been able to make Municipal Wastewater Charge (MWC) payments. The industrial waste sector has been a little bit above budget during COVID-19. (One theory for this is the increased food processing because more people are eating at home). From an expense perspective, additional expenses have been minimal. Pandemic-related expenses have included upgrades to HVAC systems and other office space planning to support healthy workspaces, additional personal protective equipment, and additional cleaning. These additional expenses have been low relative to the overall budget.

Can you discuss the shift in regional flows from year to year?

Weather is a primary factor in flow pattern changes across the region. 2019 was the wettest year on record in the Metro area, and 2020 precipitation (and flows) was significantly lower than 2019. The system response to wet weather is what most significantly drives flow fluctuation.

MCES has seen a slight change in wastewater characteristics during the pandemic. Normally there is a diurnal pattern of higher flow in the early morning and again in the early evening, which reflects typical residential behaviors. During 2020, MCES saw a flattening out of the diurnal peaks to a more consistent wastewater generation throughout the day. MCES has not seen an impact of COVID-19 on total regional flows.

Can you discuss current trends regarding possibly incentivizing private I/I initiatives?

Current state statute does not allow MCES to use a portion of its wastewater fees to support private property I/I mitigation programs. The 2016 I/I Task Force talked about this extensively and was interested in having MCES look for other funding sources, such as the Clean Water Legacy Fund for private property I/I mitigation, but those efforts have not been successful. This year the Metropolitan Council advanced a legislative request that would allow the Council to have the same authority as cities for private property I/I mitigation. The concept is that MCES would provide funding to cities for private property I/I mitigation activities. If a change in statute occurs, MCES will convene a task force of city public works directors, city finance directors, city engineers, and city managers to help develop the program.

How does the Council balance the inclusion of new issues with existing issues that we want to keep working on as a region?

This will depend on how many new issues come to our attention through our own investigations and discussions with stakeholders. There will be different levels of responses for each issue based on priorities, resources, and how much information exists on the new issue, but all issues should be on the table in the policy plan. Some issues will be at a stage where MCES can have very specific policy and implementation strategies in the plan to address those issues while for others the implementation strategies may be to gather more information or better define the issue.

There will also be opportunities to revisit existing policies and associated implementation strategies to see if there are opportunities to make changes that better reflect current situations.

Are chlorides in wastewater just sent downstream? Any way those chlorides could be harvested for winter anti-icing on roads?

MCES has a Chloride Team working internally on chloride issues. Currently, MCES does not have a permit limit for chloride at any of our facilities. We all know chloride is a water quality issue for the region. Currently MCES wastewater treatment practices do not treat for chloride, nor do we generate chloride as part of the process. Removal of chloride in water is very expensive, so there is a need to continue to focus on source reduction of chloride. MCES does not have a process right now for harvesting chloride for winter anti-icing.

What trends have we seen in SAC in the last year?

Growth is primarily residential for the last couple of years. In 2019, a record year, the strength was in apartments (up 79% over the previous year). In 2020, growth remained in the residential sector, but more evenly spread across dwelling types (single family, multi-family, and apartments). Commercial growth has been trending down for several years, but the drop between 2019 and 2020 was greater than previous years. Forecasts for residential growth remain positive for at least 2 to 3 years.

Can you please explain rate increases and cost saving efforts?

MCES is committed to keeping rates reasonable, predictable, and justifiable, and MCES takes advantage of cost saving opportunities that are available to help keep rates affordable. In addition to the savings efforts described in the presentation (including facility teams for asset management and energy savings from plant upgrades, such as more efficient diffusers and LED lighting), MCES has been leveraging use of operating reserves and Sewer Availability Charge (SAC) reserves to pay for expenses that exceed revenue to keep rate increases reasonable. Annually, MCES uses expense budget targets for our facilities and looks at ways to reduce operating costs while still maintaining excellent quality of service. MCES also has a centralized project request fund for projects at our facilities that may not be possible in their facility budget. Plants can request funds from that central project request fund for special or urgent projects, which helps keep the rest of the budgets low and still allows MCES to meet the needs of plants and our communities served.

Our community's flow is down, and the overall Municipal Wastewater Charge budget increase is at 4 percent. Why doesn't my community's Municipal Wastewater Charge increase at a more similar rate to the budget increase?

The impact of the regional flow decrease of 8% by itself results in an increase of the unit cost (per million gallons) by 8% (assuming total MWC remained the same). A community's flow reduction would need to offset both the 8% change in the implied rate (cost per million gallons of treatment) as well as the MWC increase of 4% to avoid an increase to their MWC.

We had a question come up as part of our Climate Action Plan - would it be possible to pay-for-service to make city flows/treatment demand carbon neutral in the next decade?

MCES has a Sustainability Team that consistently works on improving our energy efficiency. Greenhouse gas emissions are small for wastewater treatment compared to other emissions throughout the state and Metro area, but this is a question we will pose to the Sustainability Team for a response.

We see wastewater flows change for lots of reasons like time of day and wet weather. Do we see changes in flow during extreme heat events as well?

Typically, MCES does not see an influence from heat on system flows, but can and does see influence from heat on odors.

The MPCA is working on PFAS permitting, limits and other requirements for water this year and next year - but it looks like the timeline presented here is 2025. Is someone from MCES going to be connecting with MPCA for this issue?

Recently, water quality criteria were established for Bde Maka Ska and certain areas of the Mississippi River, which several of our plants discharge to and would impact our permit limits eventually. MCES is in conversation with MPCA on this issue.

Judy and Kyle's presentation on our region-wide policy plan is a higher-level region-wide discussion on PFAS and is not just limited to the water quality standards of receiving waters but may also include discussion on the impacts of PFAS on drinking water, wastewater solids processing, and other activities.