



2024 Customer Budget & Annual Update

May 21, 9:30 – 11:00 AM | In Person


June 6, 1:30 – 3:00 PM | Virtual



Agenda

1. Introductory Remarks
2. Budget and Finance
3. Municipal Wastewater Charge Calculations
4. Capital Improvement Program
5. 2024 Updates:
 - Inflow and infiltration grants for private property
 - PFAS reduction
 - Fats, oils, and grease toolkit
 - 2050 water policy plan
 - Reuse projects

Water protection and economic growth



Protect human health
and the environment
and support economical
growth.

Before 1969

Fragmented sewer system.

33 under-performing plants discharging partially treated wastewater to area lakes and rivers.

Now

Partner with 189 cities and townships to meet three main regional goals.

1. Protect public health
2. Achieve water quality and water supply goals
3. Foster the region's economical growth

Clean water for future generations

Partner

- Convene, engage, collaborate, and build solutions with our customers, stakeholders, and partners.



Plan

- Assess conditions and identify long-term approaches and infrastructure investments.



Provide

- Deliver critical services, tools, and resources.



Key roles for Environmental Services

Clean water for future generations

Coordinate cost-effective and resilient regional wastewater collection and treatment

- Capacity and resilience planning
- Collection and treatment
- Resource recovery
- Infrastructure assessment and maintenance

Support regional coordination for watershed organizations, communities, and water suppliers

- Water quality
- Surface water monitoring
- Watershed planning
- Water supply planning
- Efficiency grants



Long-range planning
Supporting cities and townships for the prosperity of the region



Environmental protection
Protecting public waterways and parklands to sustain our environment



Transportation services
Connecting people to places and keeping the economy moving



2025 Budget and Finance



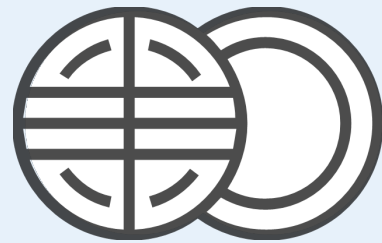
2025 executive summary (vs. 2024)

**Regional
Wastewater
Charge**



5.6%

**Sewer
Availability Unit
Charge**



0%

**Industrial Waste
Strength Charge**



7.1%

**Industrial Permit
Fee**



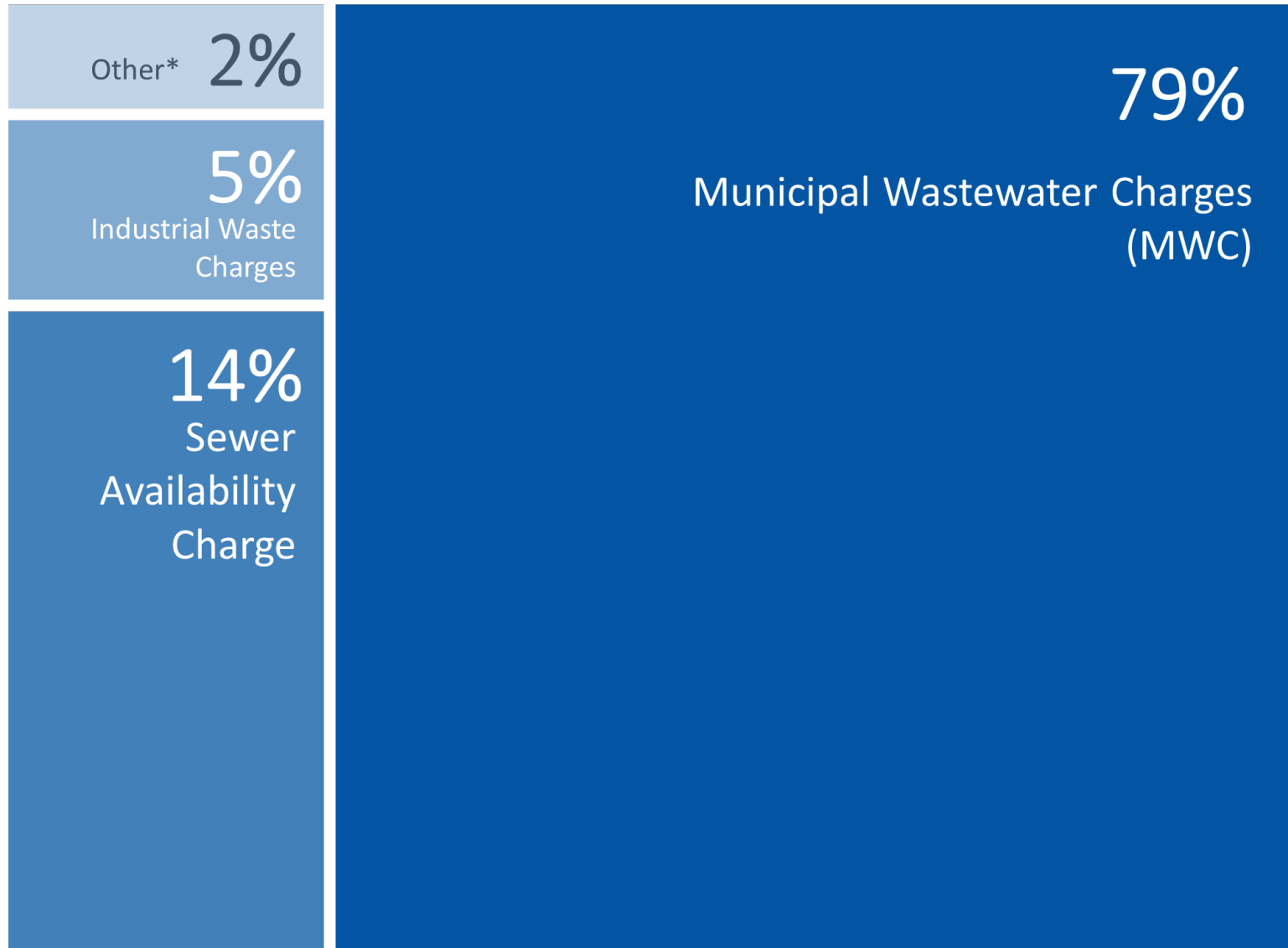
~5.8%

2025 preliminary regional municipal wastewater charge increase drivers

5.6 percent translates to \$15.8M

- Labor inflation accounts for 2.4% (\$6.8M)
- Contract services accounts for 1.2% (\$3.4M)
- Interdivisional Charges accounts for 1.1% (\$3.1M)
- Other (mostly grants) accounts for 0.6% (\$.1.7M)
- Materials and supplies inflation accounts for 0.6% (\$1.6M)
- Chemicals and other accounts for -0.3% (-.8M)

2025 preliminary revenue sources - \$376.9M

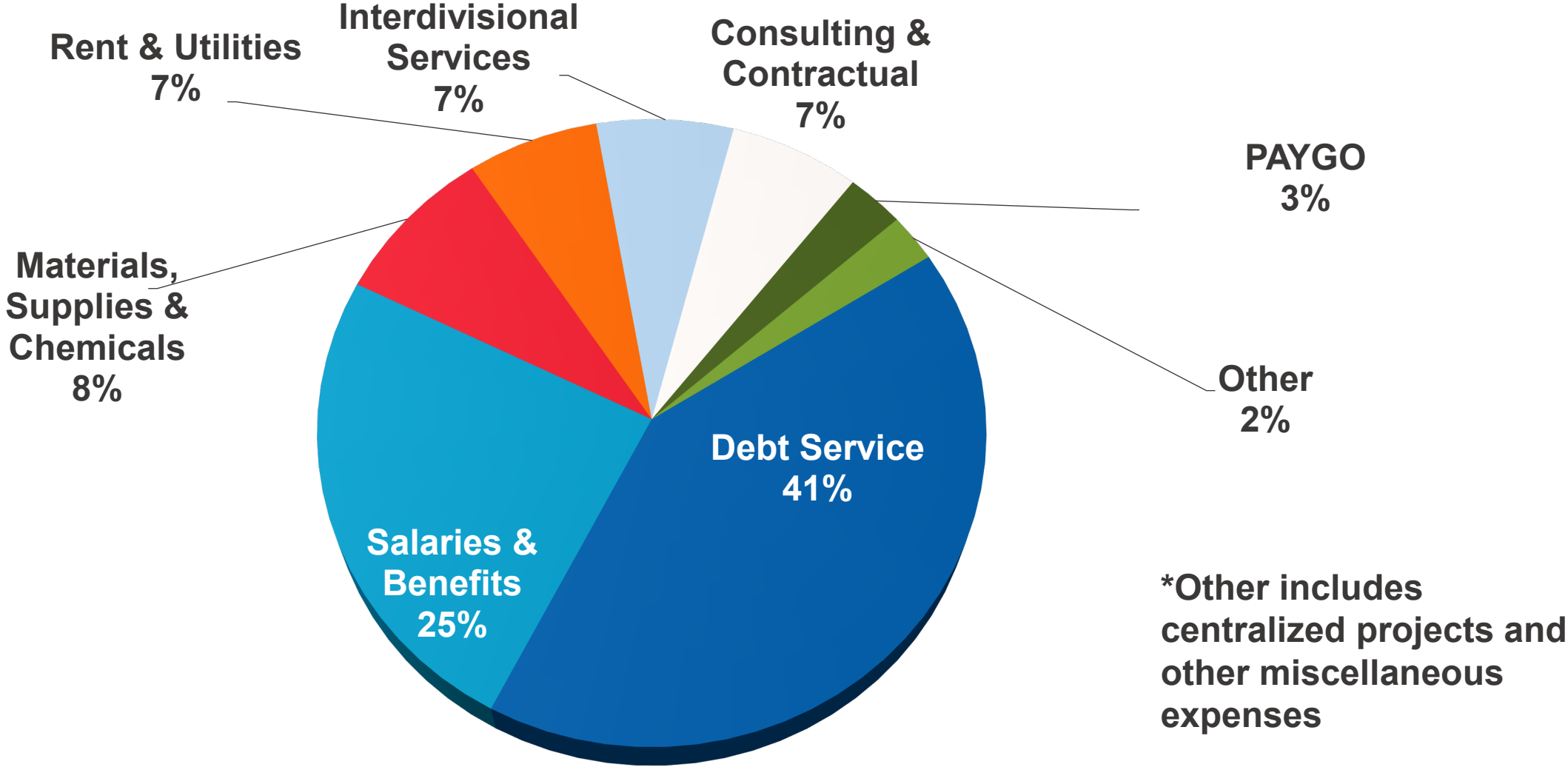


- Fee for service
- Not a tax
- No federal, state, or Council funds
- No Environmental Service funds used for other Council operations

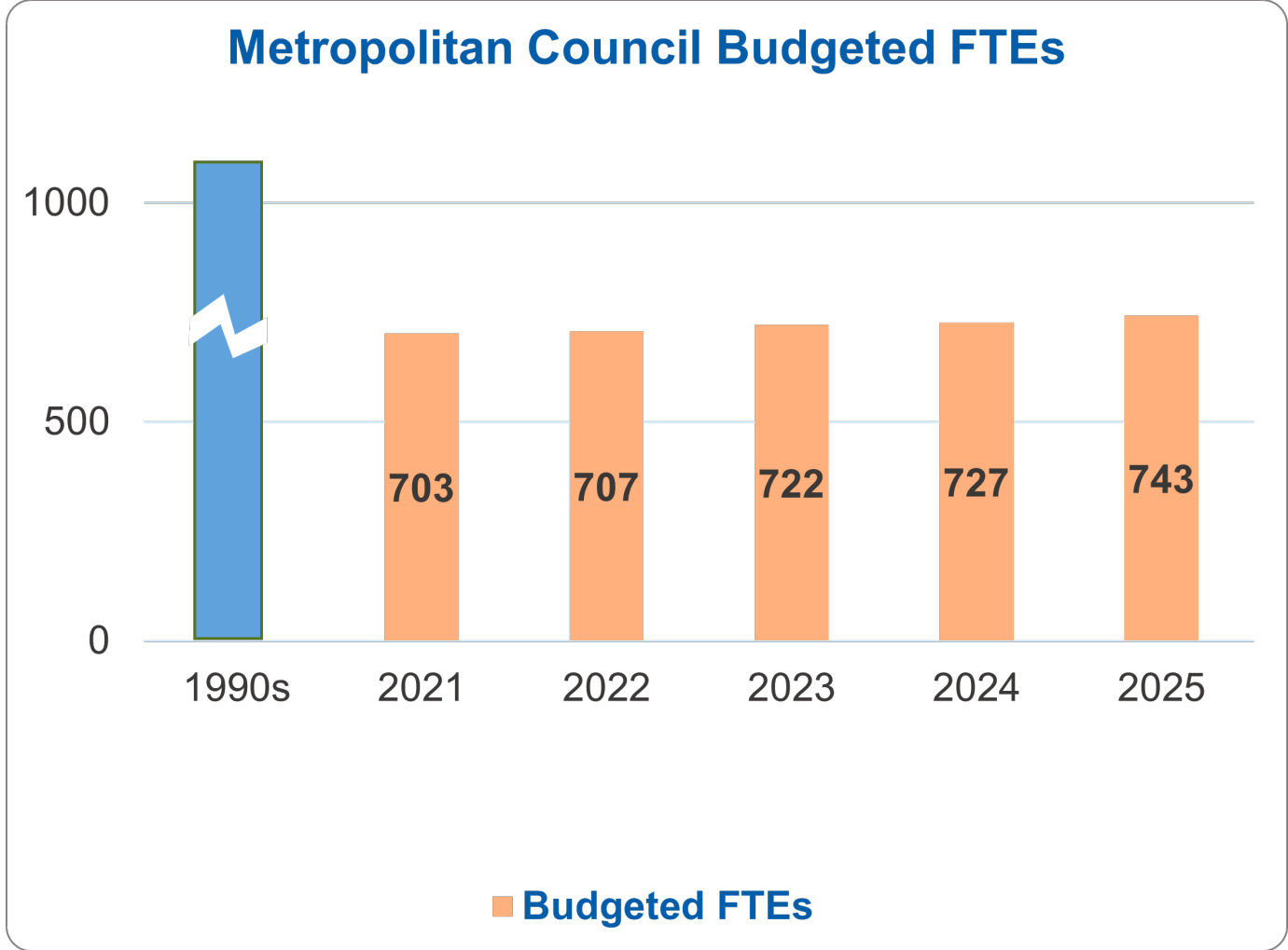


***Other includes:** \$2.4M use of reserves; \$2.5M interest on investments; \$1.2M state appropriations; \$0.9M miscellaneous sources

Preliminary uses by category - \$376.9M



Preliminary budget: labor



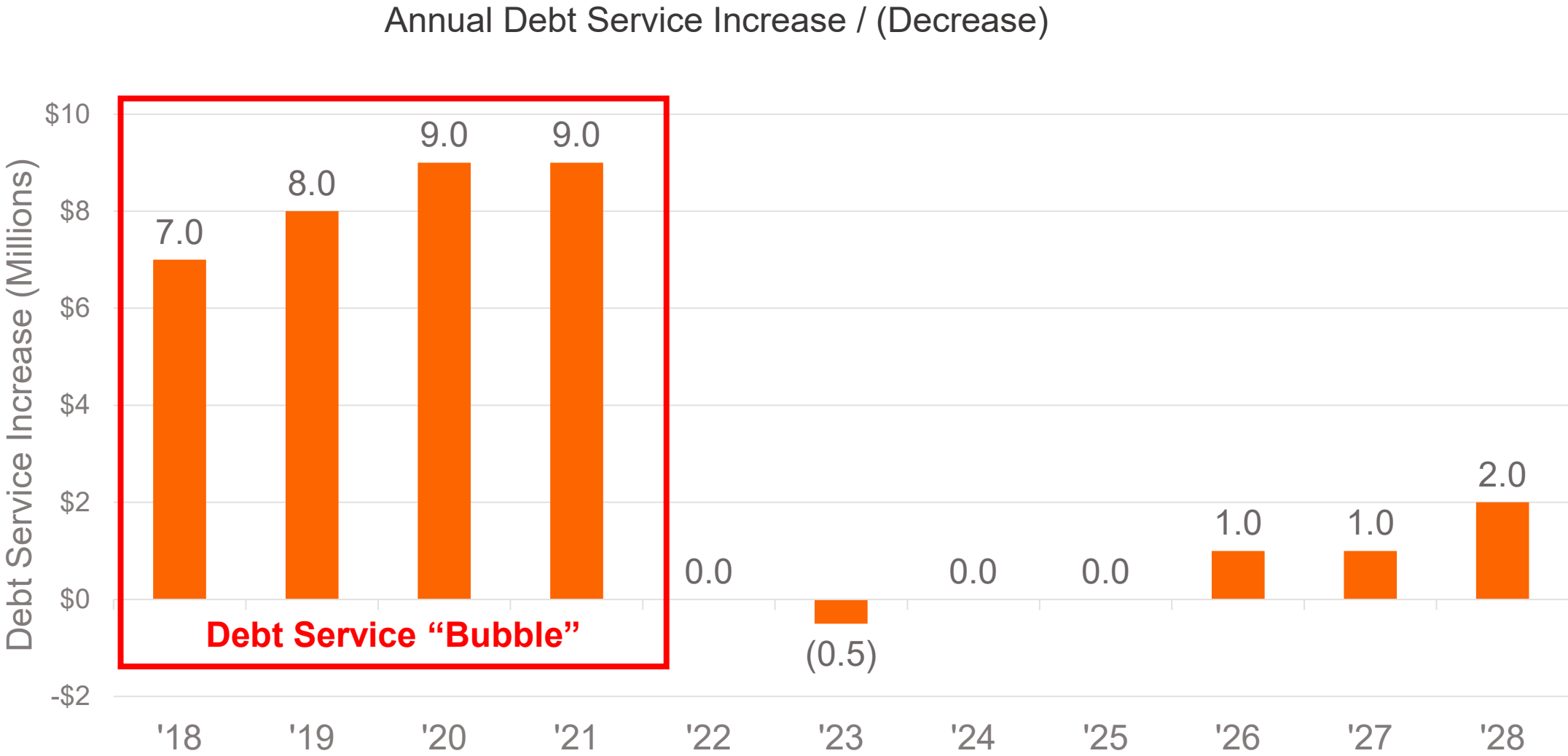
FTE Budget Count

- 716 Regular FTEs
- 743 FTEs Including Overtime
- 30 Budgeted Vacant FTEs

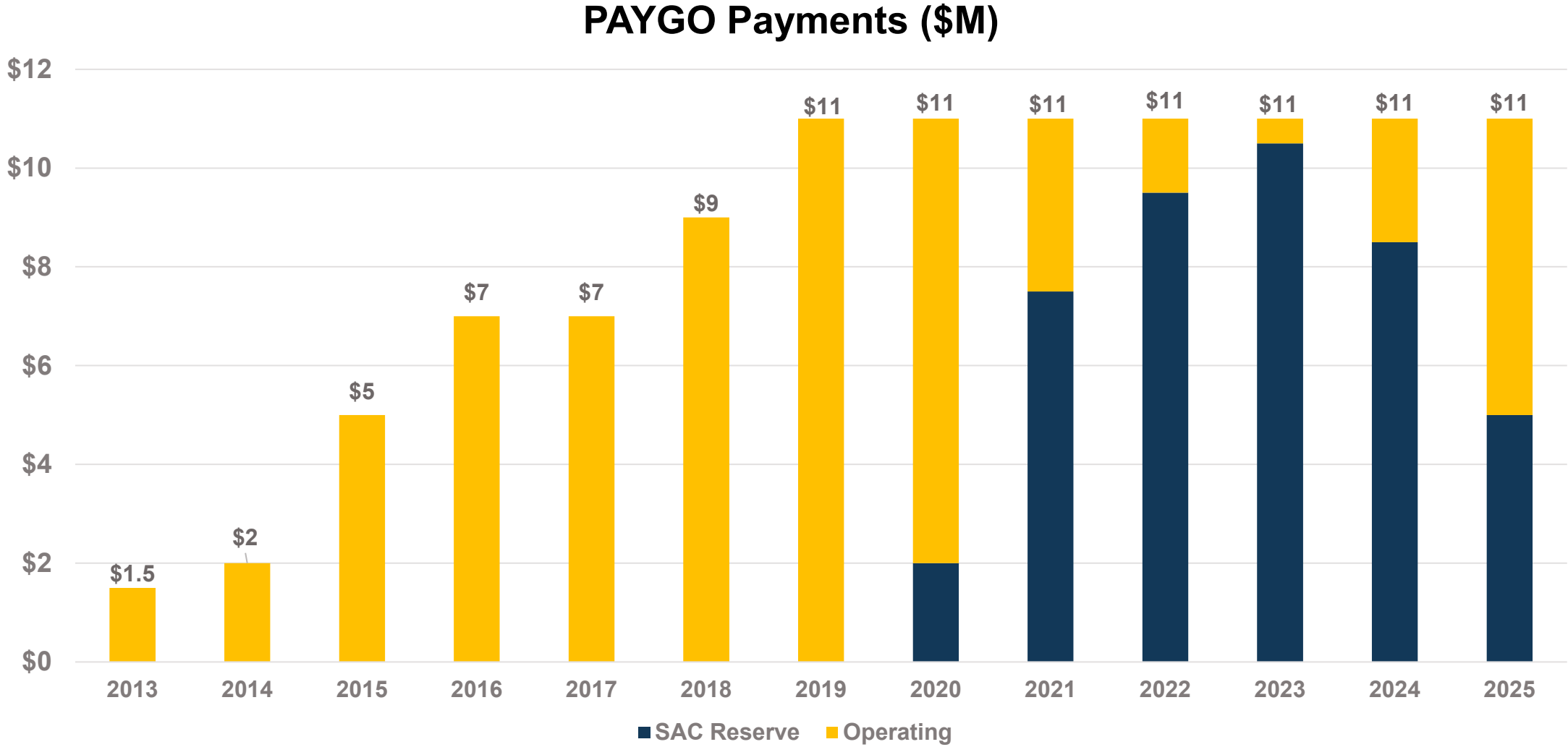
Risk Factors

- Rising wage pressure in response to rising inflation.
- As a self-insured employer, potential for increased medical expense due to medical needs
- Potential for higher attrition rates leading to higher than planned vacancies (drives overtime).

Projected debt service change



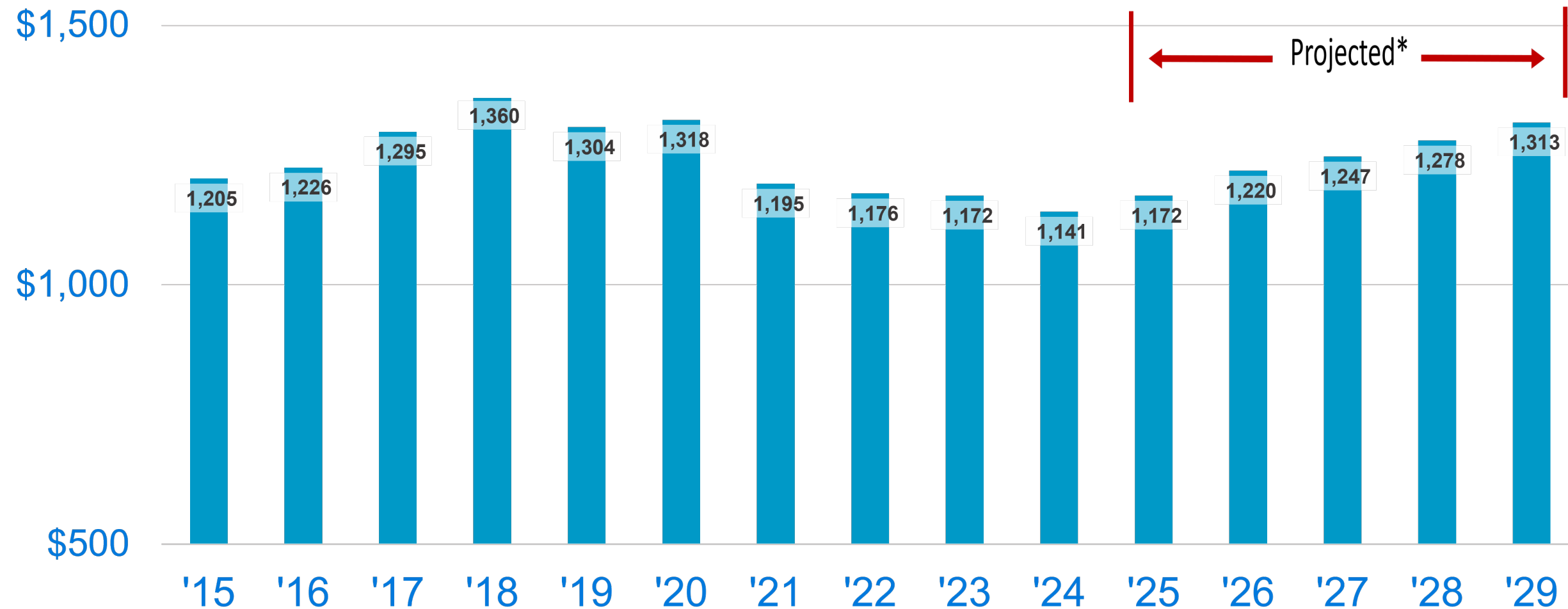
Pay-As-You-Go (PAYGO)



PAYGO is funded from the operating fund except for these amounts funded from the SAC fund: \$2M in 2020, \$7.5M in 2021, \$9.5M in 2022, \$10.5M in 2023, \$8.5M in 2024, and \$5M in 2025.

Wastewater outstanding debt

(\$ in millions)



* Assumes 75% of ACP is spent.

Upcoming May 2024 Bond Sale – AAA, \$61M, 20 year fixed, estimated 3.4% to 3.7%

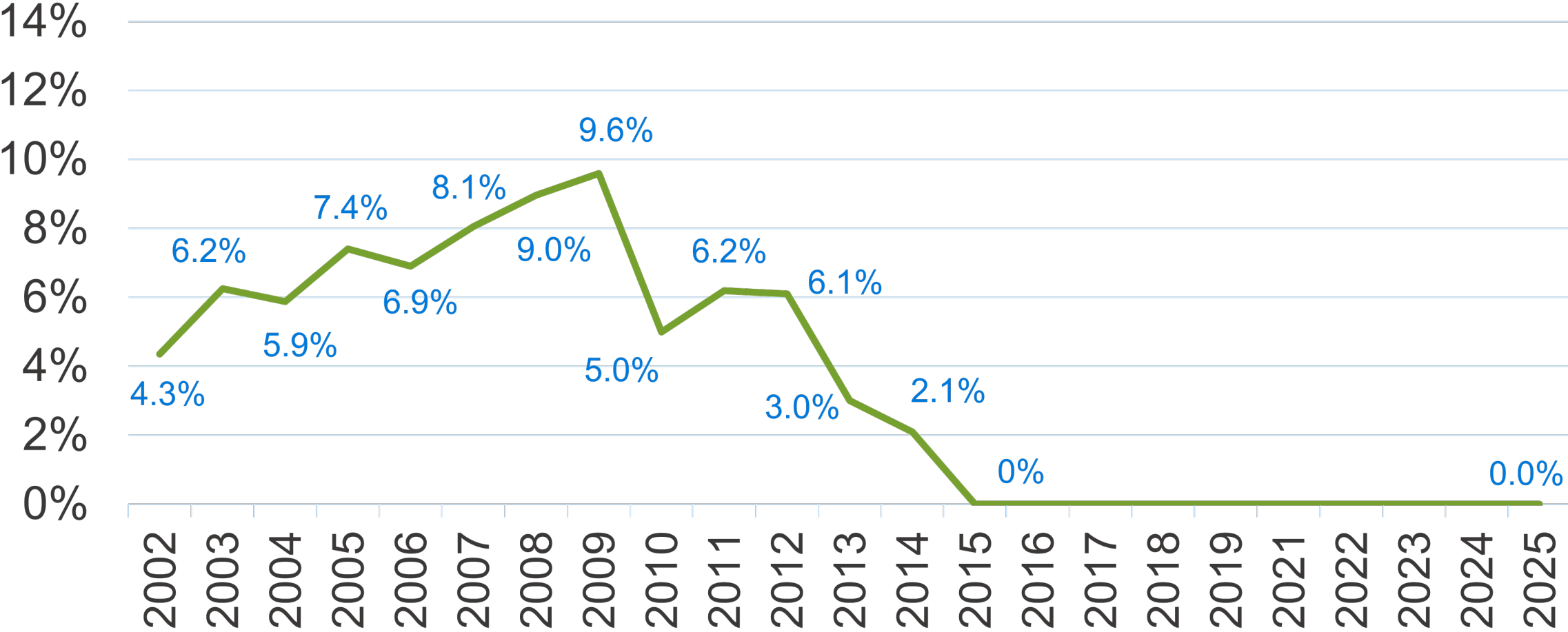
Debt per capita*

Los Angeles	\$121	Virginia Beach	\$511	Cleveland	\$1,812
Denver	\$265	Chicago	\$533	Seattle	\$2,006
Memphis	\$271	San Antonio	\$654	Boston	\$2,139
Phoenix	\$345	Arlington TX	\$842	Indianapolis	\$2,817
Orange County	\$354	Austin	\$894	Atlanta	\$2,866
Las Vegas	\$440	St. Louis	\$1,162	Honolulu	\$3,062
Met Council	\$445	Wash. D.C.	\$1,512	Louisville	\$3,322

**Source is the 2020 NACWA triennial financial survey, which includes 2019 data.*

**2023 survey results expected in July of 2024.*

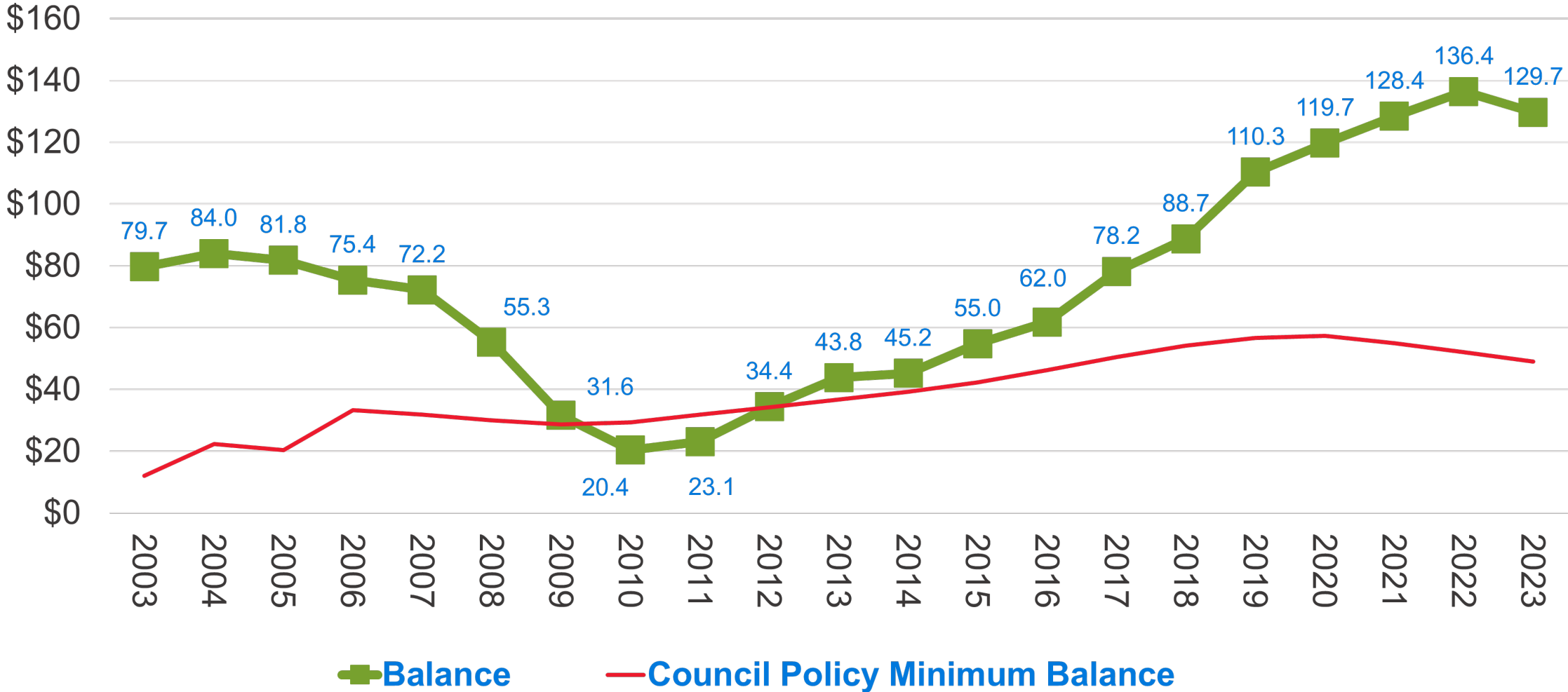
Historical SAC rate increases (%)



SAC units: development continues



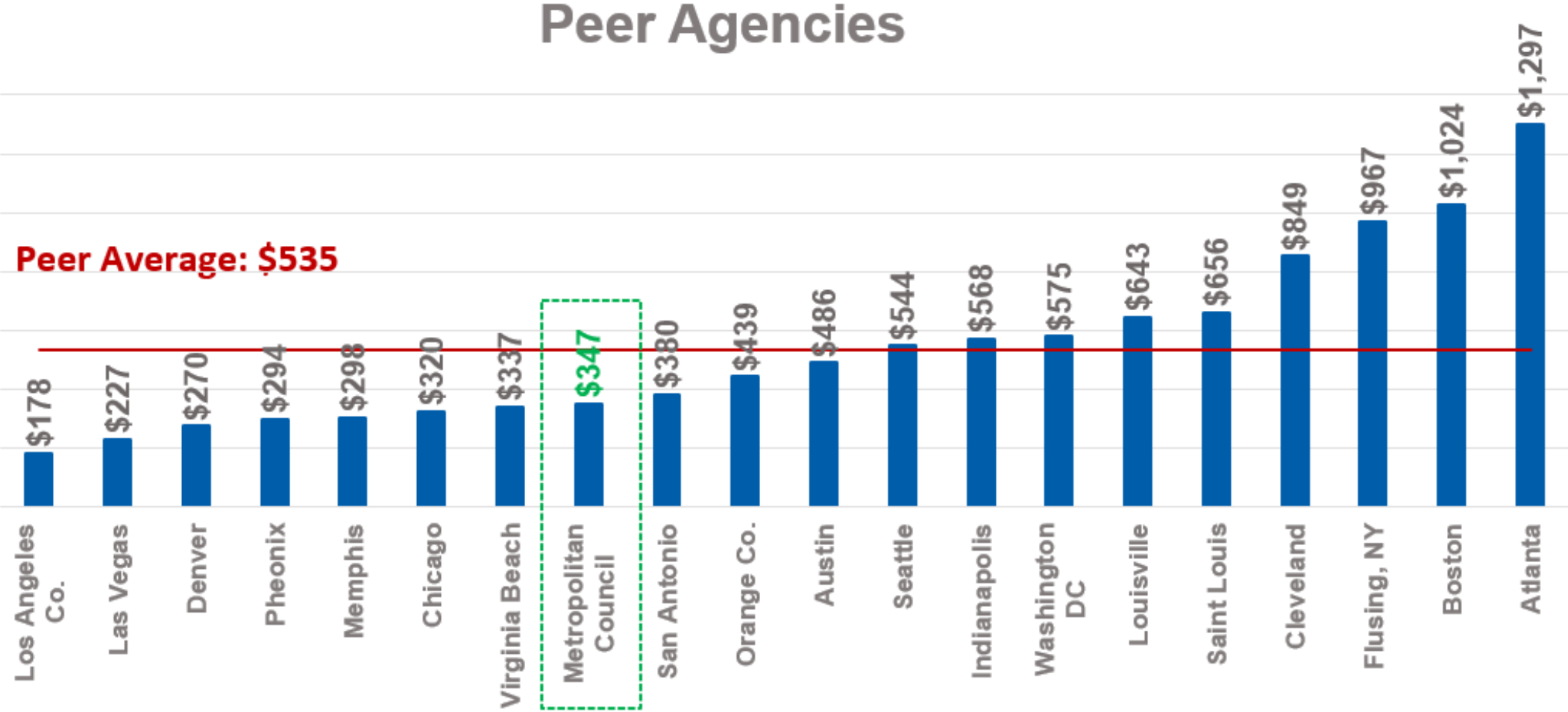
SAC reserve balance



Strong reserve balance will help us manage future SAC rates

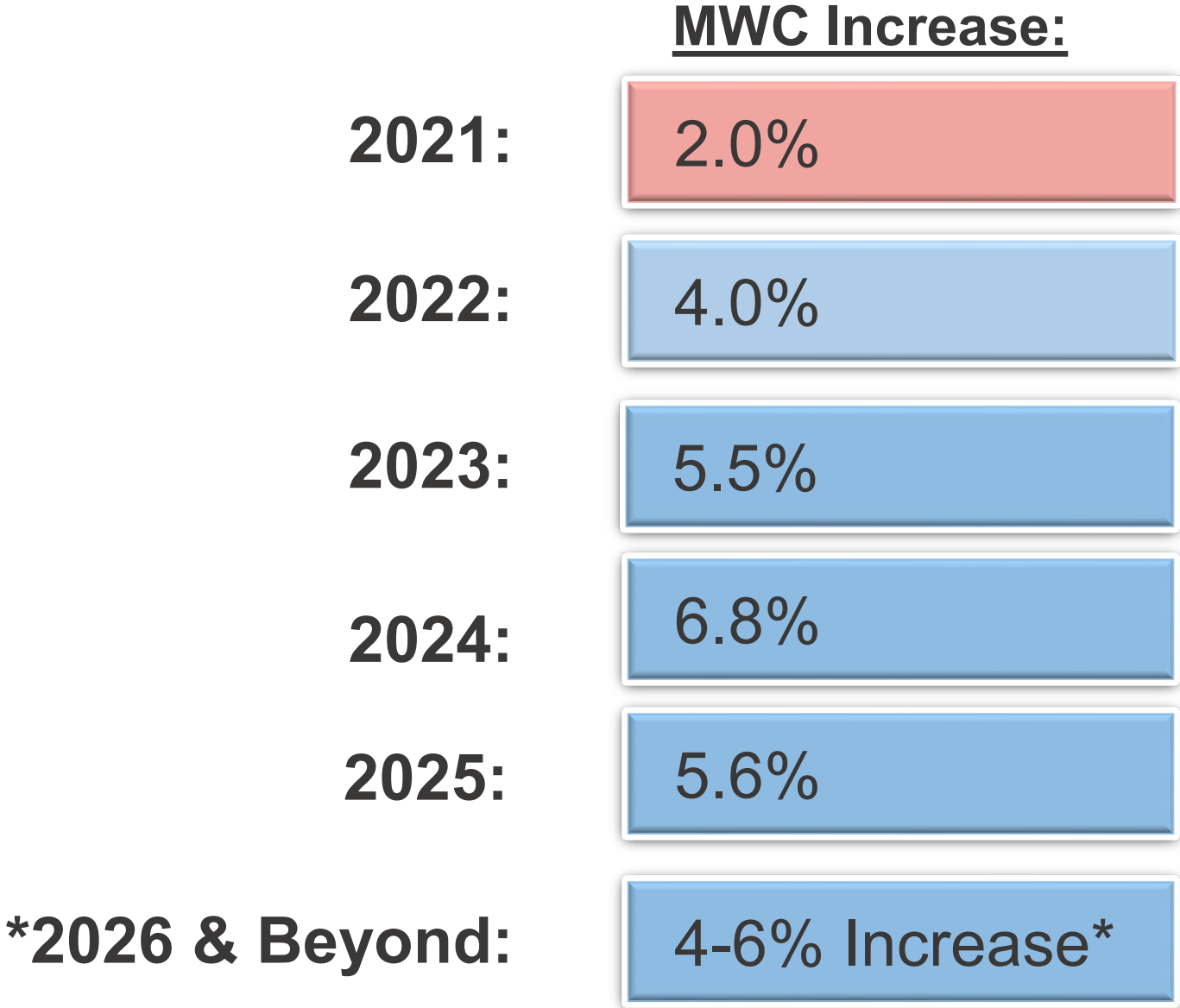
Comparative information

Average retail sewer rates per household



* 2020 NACWA survey of 2019 rates. 2023 survey results expected in July 2024.

Municipal wastewater charges (MWC)



*For 2026 and beyond, 4-6% increase assumes moderate inflation and no new regulatory requirements.

Preliminary industrial rates

Rate Type	Prelim. 2025	% Increase
Strength Charge (excess lb. TSS*)	\$0.332	7.1
Brewery Strength Charge (per barrel)	\$1.041	7.1
Standard Load Charge (per 1000 gal.)	\$64.65	5.0
Industrial Load Charge (excess lb TSS*)	\$0.413	0.0
Collar County Load Charge (per 1000 gal.)	\$79.65	4.0
Portable Toilet Load Charge (per 1000 gal.)	\$82.54	5.2
Holding Tank Load Charge (per 1000 gal.)	\$12.78	0.3
Standard Permit Fee	\$1,325-\$13,075	~5.5
General Permit Fee	\$525	5.0

*Total Suspended Solids (TSS)

2025 rate and budget setting schedule

Date	Event
May 2 and May 9	Industrial workshops
May 14	Environment Committee budget workshops preview
May 21 and June 6	Municipal customer forums (May 21 in person, June 6 virtual)
July 9	Environment Committee review of input and 2025 rate adoption recommendation
July 24	Council rate adoption
August 28	Council preliminary operating budget adoption
October 23	Final Council budget (including Environmental Services) released for public comment
October to December	Public comment period
December 11	Council budget adoption

Municipal Wastewater Charge (MWC) Calculation













Operating budget: MWC is allocated based on flow



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



Operating budget: 2025 Municipal Wastewater Charge is based on 2023 flow

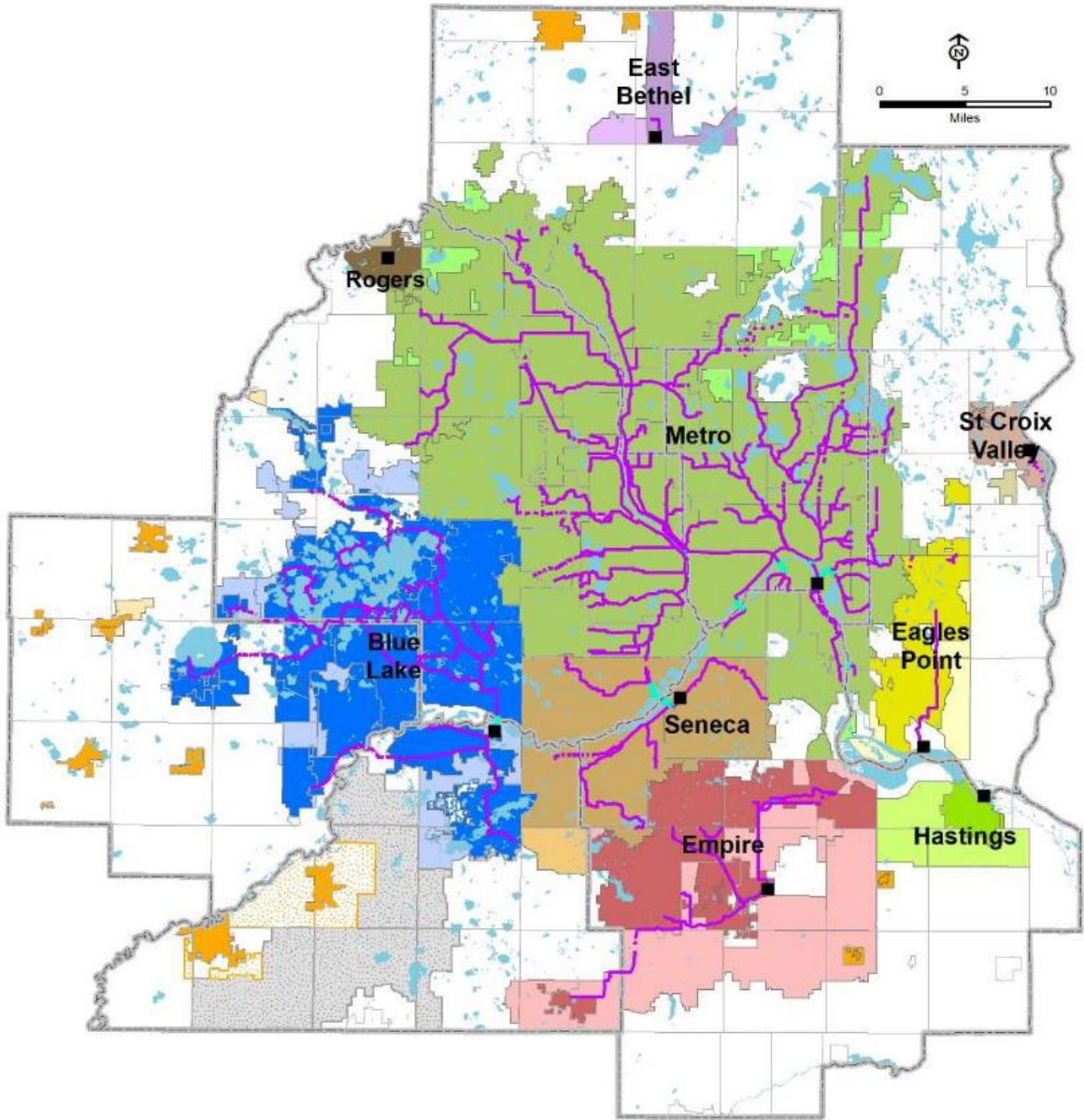
	2022	2023	% Change
Flow (MG) 	81,361	85,193	 4.71%
City A 	739 MG  0.91% <small>PERCENT OF TOTAL FLOW</small>	739 MG  0.87% <small>PERCENT OF TOTAL FLOW</small>	 0.85% <small>Change in Billed Wastewater Charge</small>
City B 	1040 MG  1.28% <small>PERCENT OF TOTAL FLOW</small>	1031 MG  1.21% <small>PERCENT OF TOTAL FLOW</small>	 0.02% <small>Change in Billed Wastewater Charge</small>

Note: The 2025 Regional Wastewater Charge reflects a **5.6% increase** from 2024.

Capital Improvement Program



Metropolitan Council wastewater system



Three icons on a blue background:

- Icon 1: Two people silhouettes. Text: **Protects public health and safety**
- Icon 2: A hand holding a plant. Text: **Protects the environment**
- Icon 3: A bar chart with an upward arrow. Text: **Fosters the economic growth of the region**

WHO WE SERVE

- 7-county Twin Cities metro area
- 111 communities
- 2.8 million people

OUR FACILITIES

- 9 water resource recovery facilities
- 60 pump or lift stations
- 634 miles of interceptors
- 250 million gallons per day (avg)

OUR ORGANIZATION

- 600+ employees
- \$9 billion in valued assets
- \$350 million/year capital program

Customer level of service

FINANCIAL



CHARGES & FEES
Charges and fees should be predictable, justifiable, and provide good value for the region.



RETAIN AAA BOND RATING
Retain AAA Bond rating in order to provide the lowest cost debt financing possible.



OPTIMIZE BUDGET PLAN
MCES's 5-year budget plan should optimize capital, O&M programs to meet customer service goals.



PRESERVE ASSETS
The region's wastewater assets should be well maintained to preserve their value and performance.



BE FAIR AND TRANSPARENT
Allocation of all charges should be fair, equitable, and transparent to the customer.

HEALTH, SAFETY, & ENVIRONMENT



COMPLY WITH PERMITS
Comply consistently with water, air, and other environmental permits.



MINIMIZE IMPACTS
Convey and treat wastewater safely with minimal backups, spills, and traffic impacts.



LEAD BY EXAMPLE
Be a leader on environmental sustainability, including water/energy conservation and water reuse.

CUSTOMER SERVICE



BE A GOOD NEIGHBOR
Mitigate community impacts related to odors, traffic, noise, and visual aesthetics.



MEET CAPACITY NEEDS
Provide conveyance and treatment capacity consistent with regional and local plans.



COMMUNICATE INFORMATION
Communicate with customers about financial info and capital projects & programs that impact them.



ENGAGE CUSTOMERS
Engage customers in a meaningful public process. Provide notice for changes in policies, rules, fees, projects, environmental performance & resolving competing Council policies/interests.



COLLABORATE WITH OTHERS
Optimize intergovernmental coordination in all MCES works that intersects with community work.

Authorized capital program 2024 to 2029 by objectives



Preserve Assets

Rehabilitate and replace assets to preserve value and performance



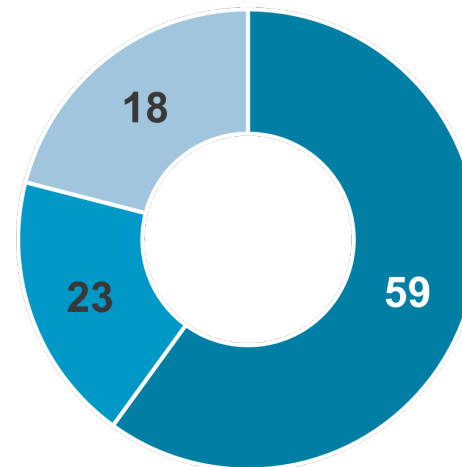
Meet Capacity Needs

Expand system capacity through plant expansions and interceptor extensions or improvements



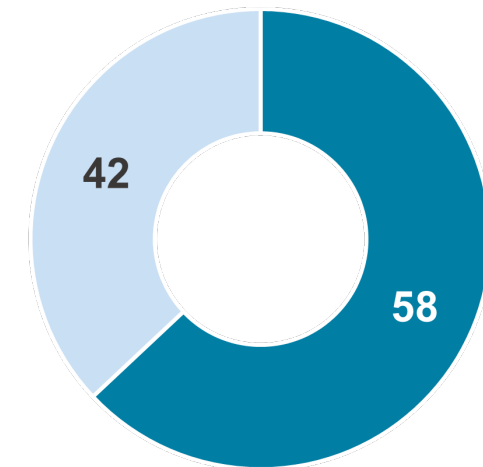
Improve Quality of service by responding to more stringent regulations, reusing wastewater, increasing system reliability, and conserving and generating energy

Objective



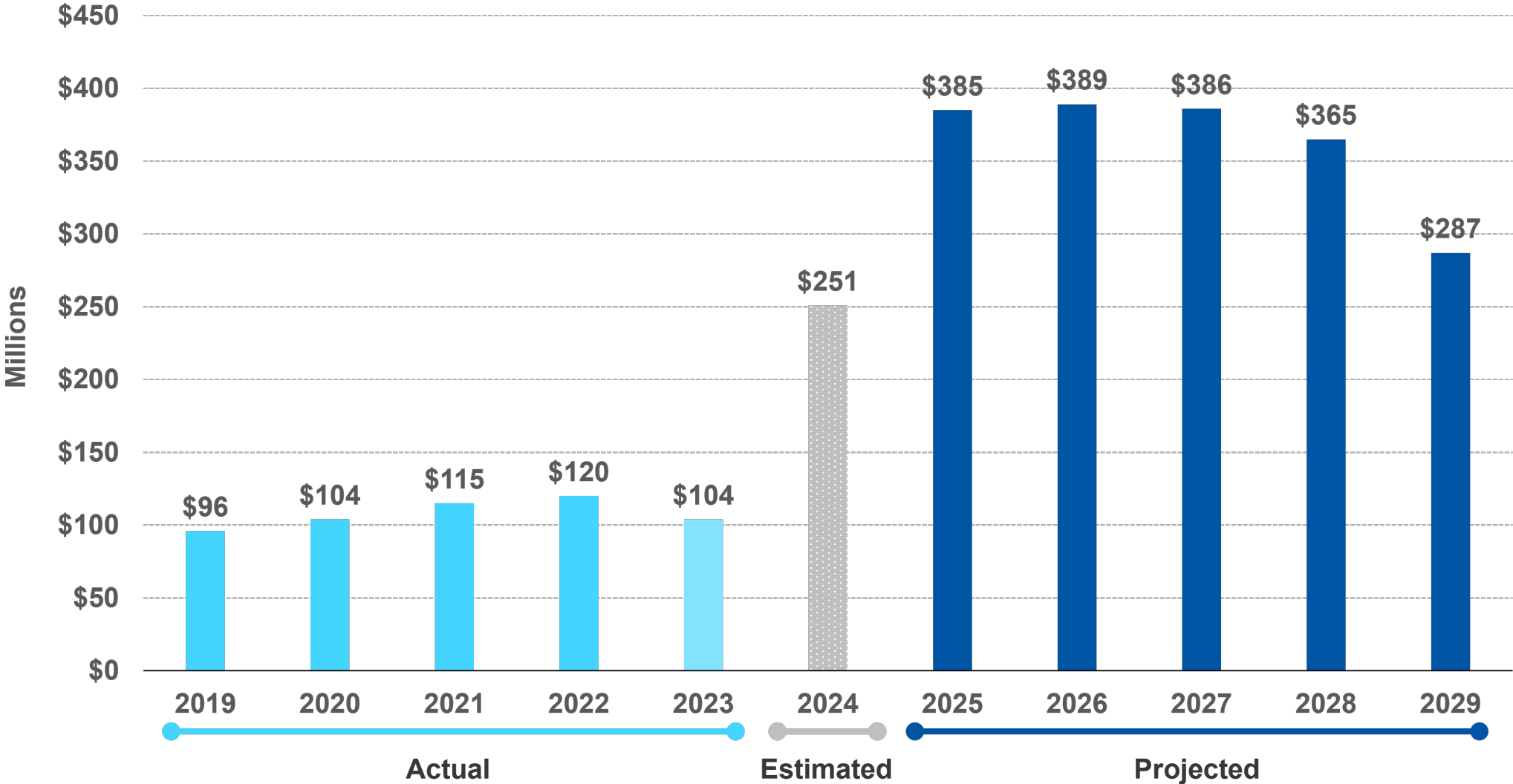
■ Preserve ■ Expand ■ Improve

Type



■ Plant ■ Interceptor

Past Expenditures and Projected Program 2019 to 2029



Total Capital Program
 (2024 to 2029) = \$2,413 Million

Capital program: sources of funds



Council General Obligation Bonds

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

2023: \$40 Million at 3.36%
2024: TBD



Public Facilities Authority (PFA) Loans

\$50 million annual loan and 1.5% interest rate discount on average

2023: \$45 Million at 1.59%
2024: \$50 Million (anticipated)

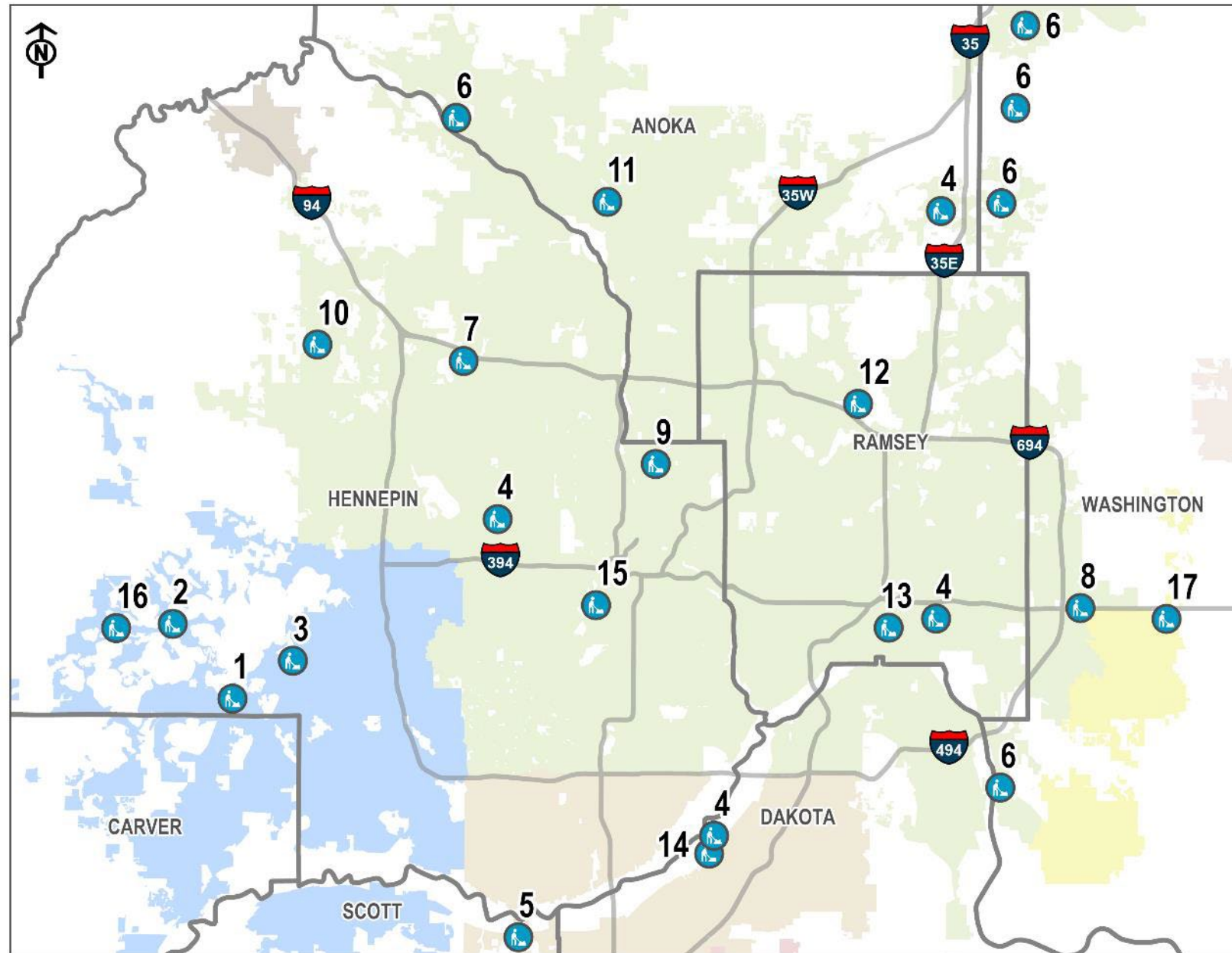


Pay-As-You-Go (PAYGO)

Funds dedicated to paying for some capital expenses with current revenue

2024: \$11 Million

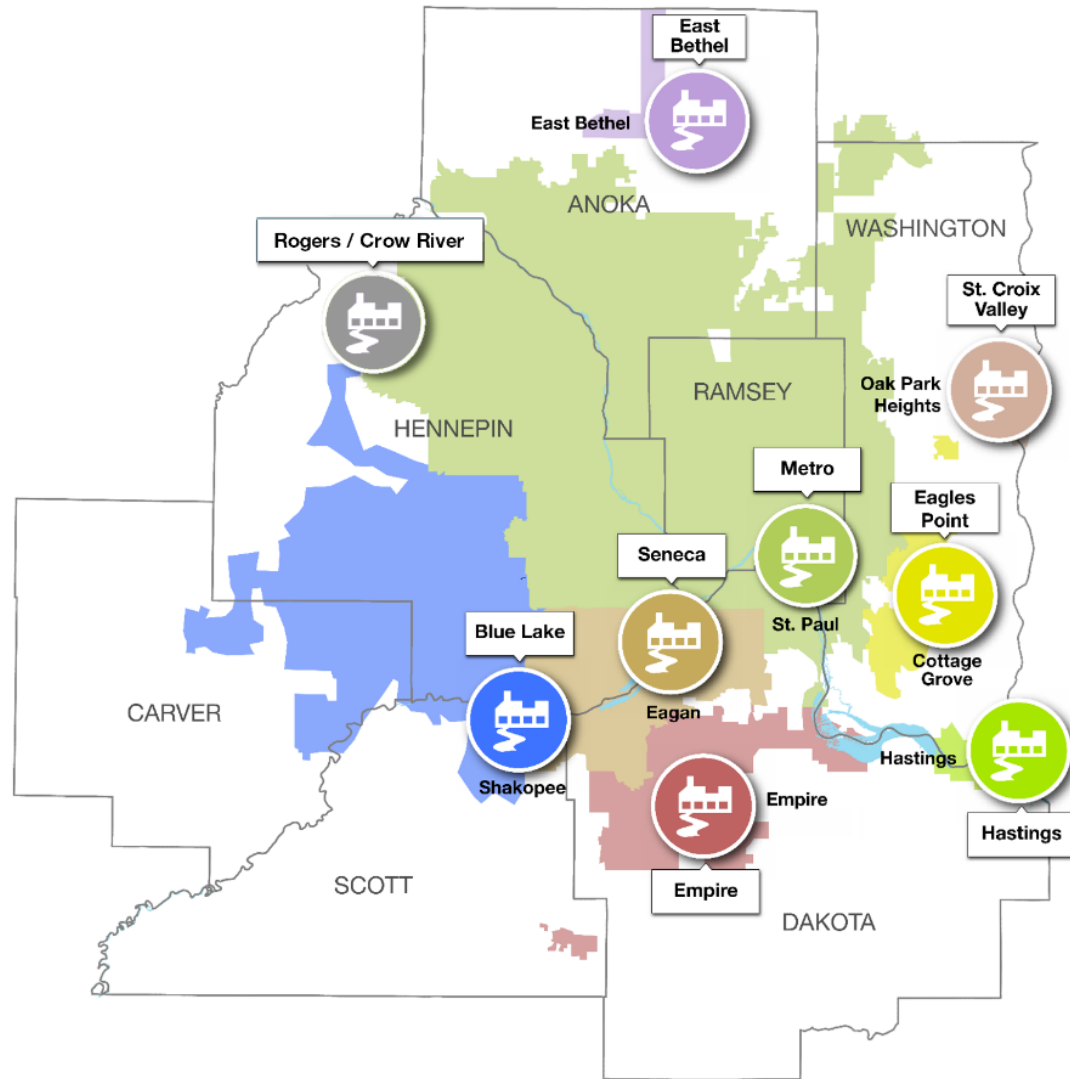
2024 interceptor projects (Design/Const)



1. 802856 Excelsior Area Lift Stations
2. 802831 Orono Lift Stations L46 and L49 Improvements
3. 802834 L48 Rehab and 6-DH-645 FM replacement
4. 805504 Inspection Program – 7114 FM, 7561 FM, Outfall 7003, and 1-MS-100 Siphon at Warner Rd
5. 805564 L66 Rehabilitation
6. 805566 Electrical Rehab – L01, L02, L03, L31, L42
7. 805636 Meter Station M228A and Interceptor 7015-C
8. 806325 Southwest Lake Elmo Service Extension
9. 807641 1-MN-303 Improvements
10. 808622 Interceptor 900416 Replacement
11. 808685 Coon Rapids 4-NS-525 Phase 1
12. 808861 Grass Lake Interceptor Rehabilitation
13. 808883 Riverview Siphon Cleaning
14. 819017 7031-9003 Siphon Outlet Structure
15. 819020 HSI - East Isles FM, Contract H
16. 819022 6-MO-650 Rehab
17. 806302 Lift Station L77 Improvements

Service area and facilities

Water Resource Recovery Facilities



Met Council Water Resource Recovery Facilities Capital Budget (2024 to 2029)

Plant	\$M	Preserve	Improve	Expand
Blue Lake	182	✓	✓	✓
Rogers / Crow River	104			✓
East Bethel	1.5	✓		✓
Empire	5	✓	✓	✓
Hastings	158		✓	✓
Metro	601	✓	✓	✓
Seneca	3		✓	
St. Croix Valley	5		✓	✓

More about the capital program



metro council.org/Wastewater-Water/Projects/Capital-Program.aspx

2024 Updates



Inflow and Infiltration grants - private property

Private Property I/I Grant Program

- 21 municipalities submitted applications
 - \$6M total funding requested
 - Municipalities tailor program to meet particular needs
 - 16 municipalities include Equity component
- Pilot Program year – incorporate lessons learned into future rounds
 - Refine grant agreement language
 - Additional resources and Met Council assistance/guidance
 - Survey of Best Practices – Third Quarter?

For more information, click here:

[PRIVATE PROPERTY INFLOW AND INFILTRATION GRANT PROGRAM](#)



Photo source: Waterline Renewal Technologies website (2024).



Photo source: Insurance Information institute website (2024).

Per- and polyfluoroalkyl substances (PFAS) reduction and source identification

Met Council is partnering with MPCA to reduce PFAS in wastewater.



- Point source reduction/elimination is the most efficient and cost-effective way to reduce a pollutant
- Conducting source identification and reduction work throughout metro
- Phase 1 will be focused on permitted industry
- Phase 2 will expand to unpermitted industries and other businesses
- Conducting a study with other water resources facilities in Minnesota to estimate how much PFAS could be in residential wastewater
- Future opportunities for Met Council to partner with our 111 customer communities to educate the public to reduce PFAS in our environment

PFAS resources

PFAS Pollutant Management Plan (PMP) this summer

Submit PMP to MPCA June 30, 2024

For more information on items discussed today:

- [PFAS web page](#), Minnesota Pollution Control Agency (MPCA)
- [Minnesota's PFAS Blueprint](#), MPCA
- [PFAS Strategic Roadmap: EPA's Commitments to Action 2021-2024](#), US EPA
- [Current Effluent Guidelines Program Plan](#), US EPA Plan 15

Fats, oils, and grease toolkit

Web site now available!

<https://metro council.org/Wastewater-Water/Services/Industrial-Waste/Fats-Oils-Grease.aspx>

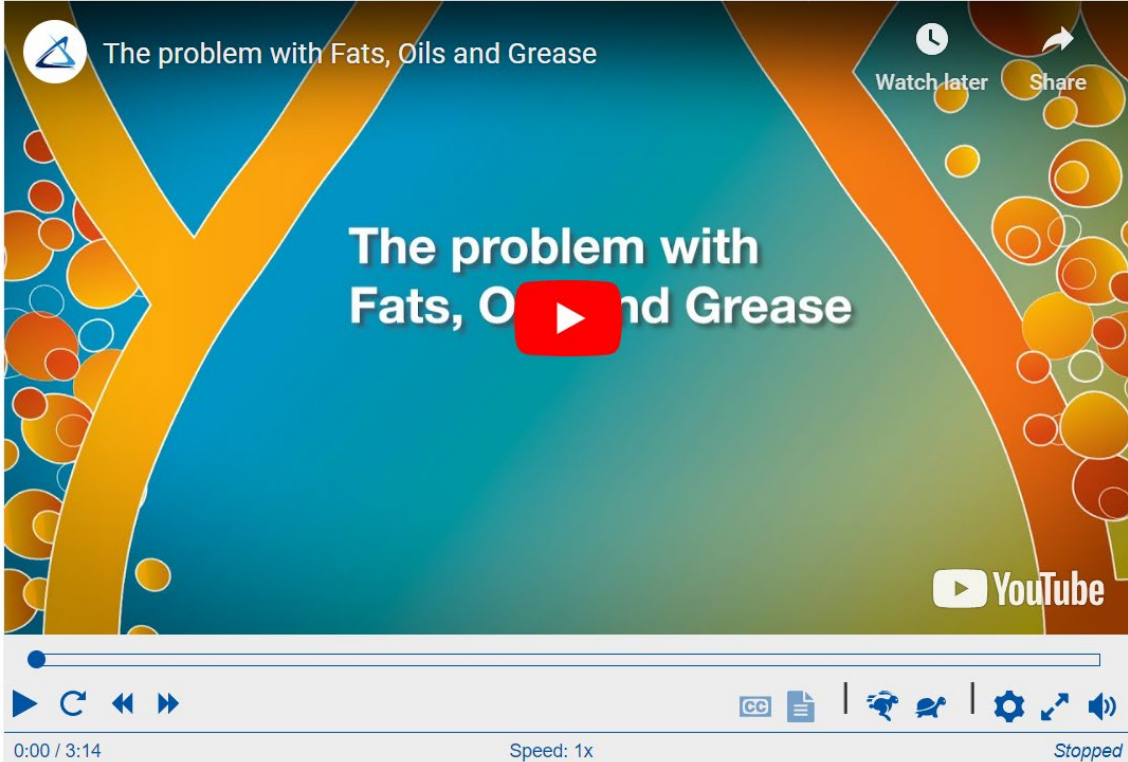
Toolkit items include:

- Educational Video – The problem with Fats, Oils, and Grease (3 min)

Food establishment items:

- Best Management Practices
- No Grease sign to post near sinks and floor drains
- Grease trap maintenance log
- Listing of who to call for grease trap services and questions

Toolkit
Task force members expressed a great need for educational and outreach materials. We focus on food service establishments, and will be adding materials as we expand this toolkit.



The problem with Fats, Oils and Grease

Watch later Share

The problem with Fats, Oils and Grease

YouTube

0:00 / 3:14 Speed: 1x Stopped

Best management practices for food service establishments (PDF)

No Grease sign (PDF)

Grease trap maintenance log (PDF)

Who to call listings for grease trap services and questions (Excel)

2050 water policy plan



March - July

Input on Policy through External Engagement

Finalize draft for public comment process

MAWSAC and Council approval to proceed with public hearing and comment period.



August - October

Public Comment Period

August 14 through October 7

Public Hearing in September



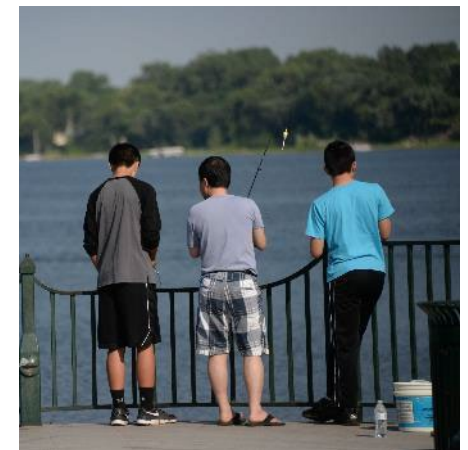
November - February 2025

Respond to comments

Revise and get approval to adopt document

February 2025:

Council Adopts Regional Development Guide and Policy Plans



Reuse Projects Update



2040 Water Policy Plan

- May 2018 Amendment: *“The Council shall report about the wastewater reuse pilot program funding at the Council’s annual budget outreach meetings”*
- **External Efforts**
 - Enerkem: Municipal waste to energy – process/cooling water (2018)
 - Potential data centers – cooling water (2022 to present)
 - East Bethel Facility potential with added treatment improvements
- **Internal Efforts**
 - Metro WRRF
 - Compressor Cooling replaced groundwater use with closed loop system with municipal makeup
 - Pump seal water - replace groundwater use with future effluent reuse.
 - Wash water – replace groundwater use with future effluent reuse.

Questions

Share Comments and Questions

Please share comments and questions in writing through the chat feature or verbally by raising your hand. For a reply after the meeting, send an email to jami.haider@metc.state.mn.us .

Resources

MESCcustomerportal.metc.state.mn.us

MetroCouncil.org/Wastewater-Water/Projects/Capital-Program.aspx



For more information

Matt Gsellmeier

Budget Manager
Pretreatment and Finance
651-602-1802
Matthew.gsellmeier@metc.state.mn.us

Kyle Colvin

Manager
Wastewater Planning and Community Programs
651-602-1151
kyle.colvin@metc.state.mn.us

Jami Haider

Program Technical Specialist
Pretreatment and Finance
651-602-4703
jami.haider@metc.state.mn.us

