

MCES REGIONAL MUNICIPAL WASTEWATER CHARGE



MCES protects public health and the environment

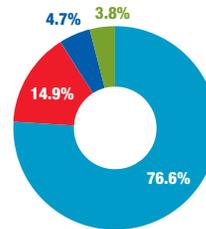
Metropolitan Council Environmental Services (MCES) operates the metropolitan disposal system (regional wastewater collection and treatment system), serving 109 communities and 2.6 million people in the seven-county metro area. The system includes:

- More than 600 miles of regional interceptor sewers that collect wastewater from more than 5,000 miles of locally owned sewers.
- 8 regional wastewater treatment plants.
- 61 lift stations to pump the wastewater as needed.
- 206 metering stations to measure wastewater flow. The flow data is combined with other data to determine each community's share of MCES's annual municipal wastewater charge.

What is the Municipal Wastewater Charge (MWC)?

This fee is billed to each community served by the metropolitan disposal system for its portion of regional wastewater operation costs. The MWC is 76.6% of the total annual MCES operating budget; 14.9% of the budget comes from a transfer from the Sewer Availability Charge (SAC) Fund; about 4.7% comes from industrial waste charges and other revenue.

Proposed MCES Wastewater Revenue, 2019



Municipal Wastewater Charges \$227.4 million

Sewer Availability Charge Fund Transfer \$44.3 million

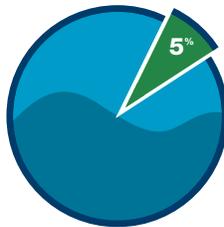
Industrial Charges \$14 million

Other \$11.3 million

How does MCES determine each community's share of the annual MWC?

After we develop our annual operating budget, we allocate to each of our 109 customer communities a portion of the total regional municipal wastewater charge based on the volume of wastewater that we collect and treat from each community. For the 2018 operating budget, we calculate each community's percentage of the region's total wastewater flow from the year 2016, and that percentage will determine the community's share of the 2018 MWC.

For example, if a community contributed 5% of the total regional wastewater flow in 2016, it will pay 5% of the 2018 total regional MWC. All communities pay for a percentage of the MWC that is equal to their percentage of the total regional wastewater flow. MCES collects this municipal wastewater charge through 12 equal monthly invoices.



Community Share of Total Regional Wastewater Flow

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Community Share of MCES Municipal Wastewater Charge

What is influencing MCES's budget and annual increases?

Our biggest budget driver is debt service, which accounts for 46% of the budget. We continue to pay off bonds that financed wastewater system upgrades and capacity improvements over the last 20 years. Moving forward, we will invest approximately 90% of the current capital improvement program in asset preservation, primarily to address aging infrastructure in the wastewater collection system and the treatment plants.

We take a comprehensive approach for evaluating the condition of the system, and a purposeful, rational plan over multiple years to rehabilitate or replace the most-deteriorated facilities first. This long-range planning is aimed at maintaining consistent and predictable wastewater rates, so communities can plan for their share of costs.

While debt service, labor, and operation and maintenance costs continue to put pressure on the budget, MCES remains a national model among large regional wastewater systems. Our rates are well below the national average for large agencies that treat more than 100 million gallons per day.

What impacts a community's total MWC from year to year?

- Overall MCES budget
- Community's total flow volume
- Total regional flow volume and community's relative share of the total

How do wet-weather cycles impact a community's MWC?

Communities with high inflow and infiltration (I/I) of clear water into sanitary sewers will have increased wastewater flows, which could result in paying a greater portion of the MWC. As communities act to reduce I/I, their share of the region's total wastewater flow will shift. Even a community that does not contribute excessive I/I and has stable flow from year to year may see a shift in its share of the MWC as other communities reduce their share of the overall flow.

What is the annual budget schedule?

January-April: Operating Budget Development

March/April: Industrial Workshops

Early May: Environment Committee Direction for Public Meetings

Late May/June: Municipal Budget Workshops & Open House

Early July: Environment Committee Review of Customer Input and 2019 Rate Adoption Recommendation

Late July: Council Rate Adoption

Late August: Council Preliminary Operation Budget Adoption

December: Council Budget Approvals

For more information about the MCES budgeting process, contact Ned Smith, Finance & Revenue Director, at Ned.Smith@metc.state.mn.us, or visit the following links:

2017 Municipal Wastewater Charges (by community): <https://metro council.org/Wastewater-Water/Funding-Finance/Finance-Pubs/2017-Municipal-Wastewater-Charges.aspx>

Wastewater Finance Facts: <https://metro council.org/About-Us/Facts/Wastewater-WaterF/Wastewater-Finance-Facts.aspx>

MCES Funding & Finance Overview: <https://metro council.org/Wastewater-Water/Funding-Finance.aspx>

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