

SURVEY OF MUNICIPAL RESIDENTIAL WASTEWATER RATES 2018

Andover
Anoka
Apple Valley
Arden Hills
Bayport
Birchwood
Blaine
Bloomington
Brooklyn Center
Brooklyn Park
Burnsville
Carver
Centerville
Champlin
Chanhassen
Chaska
Circle Pines
Columbia Heights
Columbus
Coon Rapids
Corcoran
Cottage Grove

Crystal
Dayton
Deephaven
Eagan
East Bethel
Eden Prairie
Edina
Elko New Market
Empire Township
Excelsior
Falcon Heights
Farmington
Forest Lake
Fridley
Gem Lake
Golden Valley
Greenfield
Greenwood
Hastings
Hilltop
Hopkins
Hugo
Independence

Inver Grove Heights
Lake Elmo
Laketown Township
Lakeville
Landfall
Lauderdale
Lexington
Lilydale
Lino Lakes
Little Canada
Long Lake
Mahtomedi
Maple Grove
Maple Plain
Maplewood
Medicine Lake
Medina
Mendota
Mendota Heights
Minneapolis
Minnetonka

Minnetonka Beach
Minnetrista
Mound
Mounds View
New Brighton
New Hope
Newport
North Oaks
North St. Paul
Oak Park Heights
Oakdale
Orono
Osseo
Plymouth
Prior Lake
Ramsey
Richfield
Robbinsdale
Rosemount
Roseville
Saint Anthony
Saint Bonifacius

Saint Louis Park
Saint Paul
Saint Paul Park
Savage
Shakopee
Shoreview
Shorewood
South St. Paul
Spring Lake Park
Spring Park
Stillwater
Tonka Bay
Vadnais Heights
Victoria
Waconia
Wayzata
West St. Paul
White Bear Lake
White Bear Township
Willernie
Woodbury



THE COUNCIL'S MISSION IS TO FOSTER EFFICIENT AND ECONOMIC GROWTH FOR A PROSPEROUS METROPOLITAN REGION

Published August 2018

Prepared by:
Metropolitan Council Environmental Services

Analysts & Authors:
Dan Schueller
Melanie Lee (Intern)

Metropolitan Council Members

Alene Tchourumoff	Chair	Edward Reynoso	District 9
Katie Rodriguez	District 1	Marie McCarthy	District 10
Lona Schreiber	District 2	Sandy Rummel	District 11
Jennifer Munt	District 3	Harry Melander	District 12
Deb Barber	District 4	Richard Kramer	District 13
Steve Elkins	District 5	Jon Commers	District 14
Gail Dorfman	District 6	Steven T. Chávez	District 15
Gary L. Cunningham	District 7	Wendy Wulff	District 16
Cara Letofsky	District 8		



The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

On request, this publication will be made available in alternative formats to people with disabilities. Call Metropolitan Council information at 651-602-1140 or TTY 651-291-0904.

Contents

Background Information.....	1
Introduction	1
MCES’s Rate System.....	1
The MCES Cost Allocation System.....	4
Regional Approach.....	4
Twin Cities Area Residential Average Annual Cost.....	6
Weighted Average per Household.....	6
Median Community Charge.....	6
National Data and Trends	8
National Comparison.....	8
Interpretation of National Survey Data.....	8
National Trends.....	8
Other Rates and Charges	9
Next Steps.....	11
Exhibit 1.....	12
MCES 2018 Survey.....	12
Exhibit 2.....	16
2008-2018 National Comparison: Average Annual Sewer Charges.....	16
Exhibit 4.....	19
Exhibit 5.....	19
Contact Us.....	19

Thank you to the customer communities that responded to our questionnaire.

Background Information

Introduction

The Metropolitan Council

The Metropolitan Council is a regional agency serving the Twin Cities seven-county metropolitan area, providing essential services to the region. The Council works with local communities to provide these critical services:

- Operates the region’s largest bus systems and the light-rail system.
- Enhances water sustainability in the region, most notably treating wastewater.
- Engages communities and the public in planning for future growth.
- Provides affordable housing opportunities.
- Provides planning, acquisitions and funding for a regional system of parks and trails.

Under its *2040 Water Resources Policy Plan*, the Council works to support development that makes the most efficient use of public resources and investments, protects natural resources, enhances livability and quality of life, and promotes economic competitiveness.

The plan also integrates the “regional systems” including transportation, aviation, parks and open space, and water resources management.

More information about the Metropolitan Council can be found on the Council’s Web site, www.metrocouncil.org.

Metropolitan Council Environmental Services (MCES)

MCES is one of the public service divisions of the Metropolitan Council.

Water services provided by MCES ensure that:

- Wastewater collection and treatment services are provided in a cost- and quality-competitive manner.
- Sufficient sewer capacity exists to serve current and planned development.
- Local government plans include policies and requirements that support adequate future water supplies, inflow and infiltration

mitigation efforts, and nonpoint source pollution prevention in the region.

In order to provide these services to customer communities, MCES:

- Operates and maintains approximately 600 miles of regional sewers that collect flow from about 5,000 miles of sewers owned by 109 communities.
- Treats about 250 million gallons of wastewater daily at eight regional treatment plants.
- Continues to achieve near-perfect compliance with federal and state clean water standards.
- Establishes user fees that pay 100 percent of wastewater operations and debt service costs.
- Maintains wastewater service rates consistently below the national average.
- Works with approximately 800 industrial clients to substantially reduce the amount of pollution entering our wastewater collection system.
- Provides facilities that accept liquid wastes from industries, landfills, ethanol plants, groundwater cleanup, septic system pumping, and port-a-potties.
- Provides water resources monitoring and analysis for the region.

MCES’s Rate System

A system of rates has been established to pay the costs incurred in meeting MCES’s responsibilities. These rates are briefly defined and listed in order of their fiscal significance (Figure 1).

While the focus of this report is municipal wastewater rates, other rates and charges are on pages 9 and 10 of this report. More information can be found on the Met Council’s Web site, www.metrocouncil.org/wastewater-water.aspx.

Community Rates Addressed in this Study

Within the seven-county metropolitan area, there are 109 communities that are the customers (primary users) of the urban wastewater system in 2018. They are billed by MCES at a wholesale rate. In turn, each community bills property owners – residential, industrial and commercial users – for wastewater collection and treatment.

The focus of this report is on the municipal wastewater charges imposed by the metropolitan communities on their single-family residential customers. This is a retail rate that includes MCES's wholesale rate charged to each community, plus the additional amount added by each community to pay for sewer costs.

MCES wholesale volume charges are billed to each community monthly. Most communities

base their wastewater charges on metered water consumption.

Retail Rate is the fee a municipality charges its customers – residential, commercial or industrial – for wastewater. This fee covers the wholesale cost from MCES as well as funds needed to administer and maintain the local government's trunks and lateral system.

Exhibit 1 lists the retail rates of MCES's customer communities in 2018 along with several years of history.

MCES sewer charges are supported by Minnesota Statute 473.519 (Exhibit 4) and EPA regulation 35.929 (Exhibit 5).



Figure 1. Definition of MCES's Rates

- **Municipal Wastewater Charge (MWC):** A wholesale charge to a community by MCES for regional wastewater collection and treatment. Communities pay MCES based on the proportion of wastewater treated originating within their borders and MCES revenue requirement (MCES budget). Communities add their own fees on top of the MWC which results in the retail sewer billings.
- **Sewer Availability Charge (SAC):** Another wholesale rate charged by MCES to a community. This capacity fee is imposed for new connections or increased demand to the metropolitan wastewater system. A freestanding single-family residence is charged one SAC unit, which is based on 274 gallons of maximum potential daily wastewater flow volume. Some communities add their own SAC fees on top of MCES's sewer availability charge, but about two-thirds do not.
- **Industrial Strength Charges:** These retail fees (billed directly to industries by MCES) cover additional treatment costs caused by industrial wastewater that has more pollutants than typical residential wastewater. Industrial strength charges are based on the concentration of pollutants and the volume of the discharge.
- **Other Industrial Charges:** Included in this category are liquid waste hauler load charges, industrial discharge permit fees, temporary capacity charges, self-monitoring report late fees, stipulation agreement payments and cost recovery fees.
- **Inflow and Infiltration (I/I) Surcharges:** Another potential wholesale charge to municipalities (begun in 2007) that is based on the estimated cost to eliminate measured excess inflow and infiltration over a 4-year period. Typically, communities avoid these charges by spending city funds to mitigate I/I

Revenue Sources

MCES's main revenue source for wastewater operations and debt service is fees from users of the system (primarily the municipal wastewater charges).

These fees, or charges, are established through a system-wide cost allocation process that distributes the annual cost of developing and operating the system among users.

Refer to Exhibit 3, State Law on Cost Allocation: Minnesota Statutes 473.517. In addition to municipal wastewater charges, most of the remaining revenue comes from SAC fees and industry-specific charges.

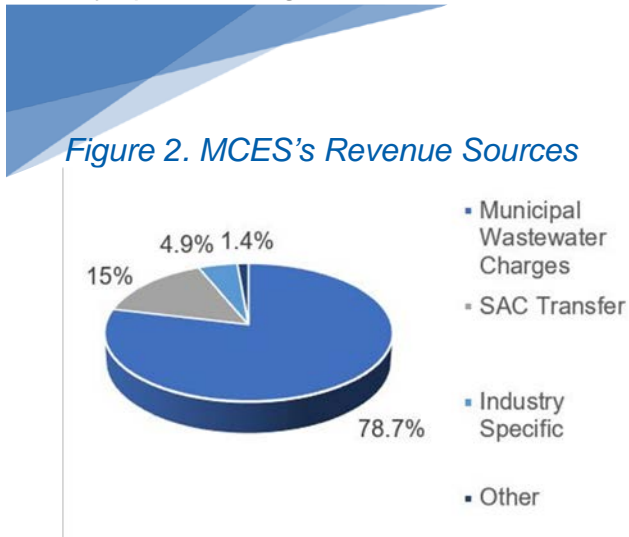


Figure 2. MCES's Revenue Sources

Based on 2018 Budget of \$279 million

Maintaining competitive rates and a high level of performance are priorities for MCES and the health of the region.

Factors That Influence Wastewater Pricing

Comparing wastewater treatment charges among communities, both locally and nationally, is one indicator of relative cost and efficiency. Many factors other than cost and efficiency can have an influence on wastewater pricing.

These factors include variables such as the:

- level of treatment (primary, secondary, or tertiary),
- age of the system,
- amount of infiltration and inflow (influenced by proximity to water table),
- climate in the locale of the system,
- customer composition,
- inclusion of debt service in sewer service charges,
- size and density of urban area,
- varying rules and regulations, and
- system size.

For example, MCES pays for its debt service (which is its largest expense item) from its fee revenue, while in some comparably-sized metropolitan areas, debt service is paid from property taxes and not reflected in fees. The level of treatment can also cause large cost variances among otherwise comparable metropolitan areas. MCES (near the source of the Mississippi River) has some of the most stringent environmental regulations in the Midwest.

The range and variety of factors that influence operations mean that rates alone are insufficient data from which to draw conclusions regarding the efficiency and effectiveness of wastewater operations.

Exhibit 2 shows some national comparison sewer charge data.

The MCES Cost Allocation System

Regional Approach

In the 1970s the Metropolitan Council and the Metropolitan Waste Control Commission (a predecessor agency to MCES), acting under statutory direction, initiated a regional approach to the cost of wastewater treatment.

As a result, a community's sewer bill does not depend on the size of the nearest treatment plant (and its unit cost of treatment). Rather, the costs of the system are pooled and allocated across all communities.

In 1992 the regional approach was also applied to wastewater conveyance and the cost of constructing interceptors.

The regional approach was reaffirmed by a 1995 customer-based Sewer Rates/Cost Allocation Task Force, which said:

*A uniform sewer service rate is the most equitable way to allocate costs throughout the Metropolitan Disposal System (MDS) for sewage requiring a normal level of treatment because the system is designed to maximize **regional** efficiency and **regional** water quality goals.*

Regional treatment provides cost savings not available with local treatment. In general, the larger the plant, the lower the unit cost of treatment.

The regional approach also provides equity in costs and service throughout the region. Regional service enhances environmental quality by allowing service decisions to be made at the regional level, avoiding inter-city negotiations and conflicts.

Over time, the facilities that make up the metropolitan disposal system have gone through several phases of development. In the early years the focus was on consolidating and regionalizing the system and decommissioning small inefficient plants, especially those which were discharging into lakes rather than rivers. A primary focus was on bringing the entire system into compliance

with evolving federal and state environmental standards.

Later, expansion and upgrade of several larger regional plants was completed to meet the demands of growth and of increased regulation. In the current phase, maintenance, rehabilitation and efficiencies are the primary focus.

System-Wide Cost Allocation System

While the facilities and operation of MCES were being updated and made efficient, so too was its methodology for setting wastewater service charges.

The result of this evolution is that today, MCES has a rate system that charges on a utility-like basis and reflects only the cost of providing service and the volume of use.

All customer communities pay an allocated portion of the Metropolitan Wastewater Charge, which is based on their annual volume of wastewater treated.

Each year MCES uses budgeted expenses to derive its Metropolitan Wastewater Charge (Figure 3). MCES began using this method in 2005 to allocate the Metropolitan Wastewater Charge to customer communities. With this method, the cost of service is allocated based on actual known flow from the most recent calendar year.



Figure 3. MCES's Rate Determination: Step 1

	Total Annual Budget Expense
-	Transfer from SAC Fund
-	Other Revenues & Use of Reserves
=	Metropolitan Wastewater Charge Required

These tentative overall charges are analyzed for competitiveness and affordability and are compared to prior MWCs and inflation rates.

Adjustments are made by putting pressure on the total annual budget or using excess operating reserves. During this process of budgeting and rate setting, the MCES management team, Council administration and staff, and municipal and industrial customers interact to determine the best way to meet the region's water resource and wastewater collection and treatment needs.

The next step of the process determines an individual community's bill by multiplying the metropolitan wastewater charge by the community's percent of the total system flow for the prior year (Figure 4). One-twelfth is billed each month.

Impact of System Flow on Wholesale Rate

Annual flows can vary significantly as a consequence of weather and climate cycles. Therefore, even if MCES's total revenue remained the same, the rate charged per volume of flow varies. For example, total charges of \$200,000,000 and a system flow of 100 billion

gallons yield a rate of \$2,000.00 per million gallons, or \$2 per 1,000 gallons.

Should the system flow drop to 95 billion gallons, the rate would be \$2,105.26 per million gallons.

The dollars that need to be collected by MCES remain almost the same at either flow level since the vast majority of expenses are fixed (debt service and labor), and those that vary do so more with the solids content of wastewater than the volume.



*Figure 4. MCES's Rate Determination:
Step 2*

$$\begin{array}{r} \text{Metropolitan Wastewater Charge} \\ \times \text{Community's Percentage of Total Flow} \\ \hline = \text{Community's Annual MWC Bill} \end{array}$$

Twin Cities Area Residential Average Annual Cost

Weighted Average per Household

In 2018, the weighted average retail community wastewater charge for a single-family residence in the Twin Cities area was \$307 per household per year, a 12.0 percent increase for the two years since last reported in 2016.

The household cost is based on each community’s reported rates for a household with consumption of 5,000 gallons per month. These rates are then weighted based on the number of single-family customer households served by each community.

Figure 5. Twin Cities Metropolitan Area Weighted Average Retail Charge per Household

YEAR	WEIGHTED AVERAGE CHARGE	TWO-YEAR PERCENT CHANGE	MEDIAN CHARGE	TWO-YEAR PERCENT CHANGE
2000	\$171	2.4%	\$168	1.2%
2002	\$177	3.5%	\$172	2.4%
2004	\$186	5.1%	\$180	4.7%
2006	\$181	-2.7%	\$185	2.8%
2008	\$195	7.7%	\$200	8.1%
2010	\$216	10.8%	\$223	11.5%
2012	\$235	8.8%	\$232	4.0%
2014	\$255	8.5%	\$242	4.4%
2016	\$274	7.3%	\$268	10.6%
2018	\$307	12.0%	\$303	13.5%

The number of one-and two-family households served by MCES varies from seven in Columbus to 76,493 in Minneapolis. Therefore, MCES believes a weighted average is the most accurate reflection of rates for the purpose of this study. Weighted average has been used since 1998.

See Exhibit 1 for individual community charges.

Median Community Charge

At the end of Exhibit 1 are median charges for the years 2000 through 2018. Weighted average and median charges for the metropolitan area communities from 2000 to 2018 are summarized in Figure 5.

Types of Rates

Communities in the metropolitan region use several types of sewer rates to charge residential customers.

- 22 use a flat charge;
- 10 use a uniform rate;
- 66 use a base/uniform rate;
- 8 use a base/increasing block rate;
- 0 use a base/declining block rate;
- 1 use an increasing block rate, and
- 2 do not charge residential wastewater rates (Landfall and Medicine Lake)

These rate types used by MCES customer communities are defined as follows.

The **flat charge** for residential customers is a fixed dollar amount for each residential unit, regardless of use. Reportedly this method is used based on the following assumptions: that volume varies little among single-family houses; that system access or availability is the principal consideration in costs; that revenue from flat charges is more predictable than from volume-based rates; and/or that a flat charge system is easier to administer. Also, flat charges are used where water use is not metered.

Environmentalists generally discourage this methodology as it encourages consumption and discourages conservation.

Uniform rates are set so that each gallon of metered water use is charged the same rate. Bills are often based on usage of water during the winter quarter so that homeowners are not charged sewerage fees based on water used in lawn and garden care.

The **base/uniform rate** combines a fixed dollar charge or minimum charge (generally, per month or per quarter) with a metered volume charge. The fixed dollar charge varies widely. In some cities, the fixed portion equates to a service charge or billing fee and the total is modest. In other cities the fixed portion is relatively large.

Base/increasing block means that like the base/uniform rate, a fixed dollar charge is

combined with a volume charge. The difference is that the volume rate increases as the volume used increases. For example, the first 5,000 gallons might be \$2 per thousand gallons and the second 5,000 gallons might be \$3 per thousand gallons.

Base/declining block rates are similar to base/increasing, above, except that the volume rate decreases with higher use.

Increasing block rates mean that sewer service charges are based on metered water use, but increase as water use increases, without a fixed component. The higher charges are set incrementally, often in 5,000 to 10,000 gallon blocks.

Declining block rates are also based on volume but are set so that the rate is lower as more water is used.

Community Rate-Setting Practices

Communities served by MCES have the authority to set their own retail rates, but they must be consistent with pertinent laws and regulations. Pursuant to MN Statutes, section 473.519 (Exhibit 4), each unit of government must adopt a system of charges sufficient to pay its share of the cost allocated to it by the Council.

For volume-based rates, the principal pertinent law is the federal requirement that users pay their

proportionate share of costs. In other words, rates are not reduced for high-volume users. This only applies to the MCES portion of retail rates, due to the historical federal participation in paying for the regional system.

Residential Rate Changes

Figure 6 shows the approximate portion of the total average retail sewer charge that is paid to MCES. The remainder is needed to cover city sewer costs.

YEAR	AVG. WGHTD. HOUSEHOLD COST	MCES'S PORTION OF RETAIL RATE*	MCES'S PERCENT OF RETAIL RATE
2000	\$171	\$84	49%
2002	\$177	\$87	49%
2004	\$186	\$94	51%
2006	\$181	\$108	60%
2008	\$195	\$119	61%
2010	\$216	\$139	64%
2012	\$235	\$130	56%
2014	\$255	\$150	59%
2016	\$274	\$172	63%
2018	\$307	\$170	55%

**Based on 60,000 gallons of water sold, which equates to 70,200 gallons of wastewater due to inflow/infiltration (I/I) that is estimated to be 17% of wastewater flow (70.2 X \$2.42 per 1,000 gal.= \$170).*

National Data and Trends

National Comparison

Comparing MCES's performance and competitiveness with sewerage agencies in other areas of the country is important to the Council. While not perfect, analyzing national data and comparing levels of service, rates, operating and maintenance costs, and debt service with similar agencies helps MCES assess its competitive position.

MCES uses the annual survey prepared by the National Association of Clean Water Agencies (NACWA) as its primary authority on the expenses, revenues and rates of other agencies across the nation. NACWA members represent the majority of the sewered population in the United States and collectively treat more than 18 billion gallons of wastewater per day.

The most current NACWA survey, the 2017 NACWA Index, contains rate data from 1986 to 2017 with projected data through 2022; 174 member agencies completed this survey, serving nearly 104 million people. The annual retail wastewater charges for these communities increased, on average, 4.4 percent over the past ten years.

Exhibit 2 shows the NACWA retail average and compares its annual increases to inflation and annual increases in MCES's Metropolitan Wastewater Charge and to our region's average retail household rates.

Interpretation of National Survey Data

Interpretation of survey data can be challenging. Survey data may differ because of survey wording and wording of responses, unique rate-setting and operational strategies, and other factors not covered by generic survey forms. NACWA mentions that some agencies, when responding to a current survey, will modify answers to previous surveys; others respond to some of the questions, but not all.

However, even with the disparities and not always perfect responses, survey information can be useful for comparative purposes and as an indicator of trends in wastewater cost.

The self-selecting nature of surveys must also be noted. As an example, the Boston area, which was frequently the highest cost city in the survey for many years, has declined to participate in recent surveys.

National Trends

The NACWA survey also provides information on the current trends in the wastewater industry across the nation.

Many wastewater agencies have experienced cost increases two times greater than inflation over the past several years. To meet these increased cost challenges, wastewater agencies have implemented programs to become more efficient, including:

- Cost-saving energy recovery initiatives,
- Implementation of asset management programs,
- Increased provision of reclaimed water services,
- Sales of fertilizer products made from biosolids, and
- Implementation of utility management/excellence programs.

Other Rates and Charges

Other MCES rates and charges related to treatment of wastewater are summarized in this section. Communities also have related charges, such as sewer connection and/or city SAC fees.

This study does not include information on these other community charges; that information is most reliable if received from individual communities.

MCES Sewer Availability Charge (SAC)

Since 1973, MCES began to levy this capacity charge for new connections or increased capacity demand to the metropolitan wastewater system.

Figure 7. MCES SAC (per Residential Equivalent Connection)

YEAR	AMOUNT
2009 Base SAC	\$2,000
2010 Base SAC	\$2,100
2011 Base SAC	\$2,230
2012 Base SAC	\$2,365
2013 Base SAC	\$2,435
2014 Base SAC	\$2,485
2015 Base SAC	\$2,485
2016 Base SAC	\$2,485
2017 Base SAC	\$2,485
2018 Base SAC	\$2,485

One SAC unit is based on 274 gallons of maximum potential daily wastewater flow volume. 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 they may demand.

The dollar value of a single SAC is set by the Metropolitan Council and is the subject of a periodic study. Figure 7 shows the SAC for the years 2009 through 2018.

Industrial Strength Charge

Industrial strength charges reflect additional treatment costs caused by industrial wastewater,

which has more pollutants than typical residential 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.

Strength charge rates are determined annually by the Council, based on operational expenses at wastewater treatment plants for treating TSS and COD in excess of normal residential wastewater.

Industrial users are also subject to normal municipal wastewater and sewer availability charges.

Industrial Strength Charge Rate

Figure 8. Industrial Strength Charge Rates

	2018 Rate
Cost per excess pound of TSS	\$.2350
Cost per excess pound of COD	\$.1175

Industrial Strength Charge: Outside the Region

Figure 9. Out-of-Region Industrial Strength Rate Charges

	2018 Rate
Cost per excess pound of TSS	\$.4130
Cost per excess pound of COD	\$.2065

This strength charge applies to customers outside the Council's seven-county area.

Liquid Waste Hauler Load Charge Rates

Liquid waste haulers pay MCES for septage, leachate and other hauled wastes that are discharged to MCES disposal sites. The load charge combines a strength charge component, a

volume component, and a receiving facilities component.

In addition, a \$15 per 1,000 gallon service charge applies to hauled wastes originating outside the seven-county metropolitan area.

Industrial Discharge Permit Fees

Industrial users of the Metropolitan Disposal System must apply for a permit from MCES to discharge wastewater.

Those industrial users issued a permit are subject to 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.

Temporary Capacity Service Charge

This charge is assessed for temporary use of the metropolitan system (e.g., capacity for disposal of contaminated groundwater) and is assessed in lieu of SAC, due to the temporary nature of the service. Essentially this charge is for renting capacity in the system.

Self-Monitoring Report Late Fee

A late fee is assessed to permittees who fail to submit a complete self-monitoring report on a timely basis. The fee amount is based on the frequency and severity of late reports.

Stipulation Agreement Payment

These rare penalties are charged to negate the economic advantage of noncompliance with federal pretreatment standards or local limits.

Cost Recovery Fees

These fees are used to recover costs from any responsible party associated with spill or enforcement responses or non-routine data requests.

Inflow and Infiltration (I/I) Surcharge

No funds from I/I surcharges are used in MCES budgets. Beginning in 2007, communities that have had measured excess I/I are assessed a

surcharge, based on the excess rate of flow and an estimated cost to mitigate the I/I.

Through 2017, all but one community charged these fees have had credits or adjustments applied, based on their own expenditures to eliminate excess I/I. Moreover, the one community that received a surcharge later had those funds returned, once they demonstrated compliance with the I/I program.

One city was levied a surcharge in 2010, but once they came into compliance, the surcharge collected was rebated.

A 2010 task force determined this surcharge process has been successful in focusing attention and funds on I/I improvements, and recommended continuation of the program. The apparent success of the program includes:

- MCES has deferred or eliminated the almost \$1 billion that was projected to be needed to build capacity for this excess I/I;
- No significant combined sewer overflows (CSO) occurred during the program;
- The MPCA recently terminated MCES's joint CSO permit with Minneapolis (NPDES/SDS permit) due to joint work to eliminate CSO events which has resulted in no sewer overflows since 2010;
- Some evidence of reduction in peaks has been observed;
- There has been no consent decree from EPA; and
- No need for growth moratoriums.

See Council website for more information.

Encroachment Application Fee

Assessed to recover administrative time spent by MCES staff developing and processing encroachment agreements (\$600 fee per easement).

Direct Connection Application Fee

Assessed to recover administrative time spent by MCES staff on requests to connect directly to an ES interceptor (\$1,000 fee per connection).

Next Steps

Wastewater treatment agencies are one of the stewards of the health and environment of the nation's communities (part of their quality of life).

MCES embraces this stewardship with goals that continue to ensure a sustainable environment within the context of providing competitive, quality service to the region's residents.

MCES thanks its customer communities for their cooperation and responses to our survey. We

hope that the information presented in this study is of interest and value to our customers and stakeholders.

We welcome reader feedback on this issue and suggestions for future studies.

Please e-mail comments to Dan Schueller at Dan.Schueller@metc.state.mn.us or call (651) 602-1624.

Exhibit 1

MCES 2018 Survey

Community Retail Sewer Charges — Annual Charges for One-and Two-Family Residences

Based on 5,000 metered gallons of water consumption per month. See page 6 for explanation of column 4 Rate Method.

COMMUNITY	2018 ANNUAL COST (1)	2018 1 & 2 FAMILY RESIDENCES (2)	2018 RATE METHOD	2016	2014	2012	2010	2008	2006	2004	2002	2000
Andover	\$245	7,419	Flat	\$237	\$237	\$237	\$231	\$224	\$207	\$191	\$184	\$178
Anoka	\$294	4,568	Uniform	\$257	\$256	\$244	\$244	\$228	\$213	\$205	\$199	\$199
Apple Valley	\$262	11,231	Base/Increasing Block	\$242	\$228	\$215	\$198	\$186	\$170	\$170	\$166	\$163
Arden Hills	\$509	2,520	Base/Uniform	\$360	\$349	\$335	\$299	\$271	\$246	\$204	\$204	\$208
Bayport	\$283	950	Uniform	\$267	\$316	\$247	\$211	\$194	\$194	\$194	\$194	\$194
Birchwood	\$281	355	Base/Increasing Block	\$281	\$227	\$225	\$240	\$240	\$240	\$240	\$220	\$220
Blaine	\$216	18,321	Flat	\$192	\$179	\$179	\$179	\$179	\$179	\$179	\$179	\$179
Bloomington	\$278	25,000	Uniform	\$232	\$198	\$173	\$154	\$147	\$135	\$122	\$117	\$117
Brooklyn Center	\$330	7,324	Flat	\$320	\$299	\$271	\$255	\$250	\$238	\$222	\$210	\$190
Brooklyn Park	\$229	18,270	Base/Uniform	\$202	\$184	\$176	\$163	\$153	\$147	\$138	\$143	\$143
Burnsville	\$275	14,830	Base/Uniform	\$256	\$191	\$223	\$209	\$193	\$185	\$185	\$179	\$162
Carver	\$398	1,366	Uniform	\$368								
Centerville	\$228	1,435	Flat	\$282	\$262	\$260	\$225	\$212	\$212	\$196	\$196	\$168
Champlin	\$327	7,680	Base/Uniform	\$327	\$311	\$283	\$225	\$196	\$187	\$177	\$172	\$172
Chanhassen	\$296	8,092	Base/Uniform	\$252	\$234	\$220	\$229	\$207	\$186	\$164	\$156	\$156
Chaska	\$274	6,254	Base/Uniform	\$233	\$213	\$191	\$188	\$169	\$153	\$152	\$211	\$211
Circle Pines	\$402	1,855	Base/Increasing Block	\$360	\$333	\$333	\$270	\$240	\$180	\$168	\$150	\$136
Columbia Heights	\$258	5,717	Base/Uniform	\$231	\$215	\$192	\$191	\$178	\$152	\$126	\$127	\$127
Columbus	\$462	7	Base/Uniform	\$462	\$438	\$366	\$346	\$169				
Coon Rapids	\$291	20,474	Base/Uniform	\$276	\$247	\$244	\$236	\$206	\$196	\$188	\$180	\$176
Corcoran	\$477	166	Base/Uniform									
Cottage Grove	\$243	10,716	Base/Uniform	\$210	\$200	\$187	\$180	\$171	\$153	\$162	\$144	\$126
Crystal	\$221	7,503	Flat	\$210	\$194	\$185	\$180	\$180	\$180	\$180	\$168	\$173
Dayton	\$256	1,016	Base/Uniform	\$194	\$146	\$149	\$134					
Deephaven	\$380	1,485	Flat	\$380	\$340	\$340	\$300	\$260	\$260	\$240	\$200	\$200
Eagan	\$223	20,000	Base/Uniform	\$211	\$212	\$199	\$168	\$143	\$125	\$119	\$114	\$117
East Bethel	\$377	65	Base/Uniform	\$497								
Eden Prairie	\$255	17,781	Base/Uniform	\$247	\$213	\$189	\$157	\$150	\$142	\$117	\$142	\$142

COMMUNITY	2018 ANNUAL COST (1)	2018 1 & 2 FAMILY RESIDENCES (2)	2018 RATE METHOD	2016	2014	2012	2010	2008	2006	2004	2002	2000
Edina	\$311	13,979	Base/Increasing Block	\$285	\$264	\$246	\$226	\$205	\$187	\$167	\$150	\$146
Elko New Market	\$576	1,402	Base/Uniform	\$500								
Empire Township	\$182	821	Base/Uniform	\$182	\$182	\$182	\$182	\$180	\$182	\$144	\$180	\$180
Excelsior	\$435	766	Base/Uniform	\$435	\$435	\$435	\$435	\$241	\$231	\$220	\$203	\$191
Falcon Heights	\$307	1,184	Base/Uniform	\$293	\$266	\$243	\$222	\$180	\$156	\$140	\$140	\$140
Farmington	\$216	6,509	Base/Uniform	\$216	\$188	\$192	\$162	\$154	\$153	\$150	\$150	\$150
Forest Lake	\$307	5,481	Base/Uniform	\$274	\$330	\$292	\$264	\$310	\$310	\$170	\$166	\$166
Fridley	\$360	7,398	Base/Uniform	\$333	\$285	\$252	\$229	\$181	\$152	\$145	\$137	\$132
Gem Lake	\$172	76	Flat	\$172	\$172	\$172	\$172	\$172	\$172	\$120	\$112	\$112
Golden Valley	\$293	6,829	Increasing Block	\$255	\$217	\$224	\$224	\$224	\$204	\$198	\$184	\$172
Greenfield	\$663	93	Base/Uniform	\$663	\$663	\$792	\$533	\$213	\$444	\$444	\$408	\$408
Greenwood	\$260	309	Flat	\$260	\$280	\$280	\$300	\$260	\$260	\$240	\$180	\$180
Hastings	\$309	6,660	Base/Uniform	\$213	\$195	\$195	\$189	\$174	\$159	\$147	\$141	\$141
Hilltop	\$182	13	Base/Uniform	\$182	\$180	\$180	\$180	\$180	\$120	\$116	\$149	\$120
Hopkins	\$367	2,867	Uniform	\$258	\$246	\$225	\$240	\$168	\$150	\$135	\$135	\$135
Hugo	\$264	3,268	Base/Uniform	\$232	\$232	\$244	\$232	\$212	\$212	\$185	\$144	\$136
Independence	\$672	225	Flat	\$672	\$672	\$632	\$596	\$561	\$545	\$529	\$360	\$303
Inver Grove Heights	\$290	7,718	Base/Uniform	\$261	\$244	\$223	\$208	\$194	\$181	\$167	\$158	\$148
Lake Elmo	\$303	650	Base/Uniform									
Laketown Township	\$240	269	Flat	\$240	\$240	\$240	\$228	\$220	\$200	\$392	\$356	\$356
Lakeville	\$283	19,338	Base/Uniform	\$242	\$224	\$210	\$204	\$166	\$159	\$155	\$146	\$146
Landfall												
Lauderdale	\$220	643	Flat	\$211	\$194	\$194	\$169	\$168	\$170	\$168	\$160	\$156
Lexington	\$220	598	Base/Uniform	\$220	\$213	\$186	\$186	\$175	\$162	\$162	\$162	\$162
Lilydale	\$210	136	Flat	\$210	\$210	\$210	\$210	\$160	\$150	\$135	\$125	\$125
Lino Lakes	\$244	4,887	Base/Uniform	\$244	\$324	\$268	\$228	\$228	\$228	\$268	\$224	\$204
Little Canada	\$294	2,091	Base/Uniform	\$275	\$200	\$220	\$186	\$180	\$180	\$180	\$150	\$150
Long Lake	\$494	700	Base/Uniform	\$425	\$425	\$387	\$354	\$336	\$292	\$221	\$218	\$214
Mahtomedi	\$512	2,527	Base/Uniform	\$456	\$395	\$327	\$269	\$256	\$242	\$217	\$206	\$206
Maple Grove	\$227	21,642	Base/Uniform	\$215	\$198	\$195	\$147	\$147	\$147	\$147	\$147	\$147
Maple Plain	\$516	500	Base/Uniform	\$516	\$516	\$516	\$367	\$367	\$183	\$156	\$137	\$137
Maplewood	\$246	9,366	Uniform	\$235	\$235	\$226	\$206	\$192	\$169	\$157	\$130	\$115
Medicine Lake			No user charge for utilities									
Medina	\$321	1,460	Base/Uniform	\$303	\$286	\$277	\$277	\$264	\$233	\$211	\$195	\$201

COMMUNITY	2018 ANNUAL COST (1)	2018 1 & 2 FAMILY RESIDENCES (2)	2018 RATE METHOD	2016	2014	2012	2010	2008	2006	2004	2002	2000
Mendota	\$160	81	Flat	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160
Mendota Heights	\$314	3,643	Base/Uniform	\$243	\$231	\$200	\$200	\$140	\$140	\$140	\$140	\$140
Minneapolis	\$375	76,493	Base/Uniform	\$323	\$305	\$257	\$236	\$196	\$168	\$275	\$253	\$230
Minnetonka	\$404	15,695	Base/Uniform	\$343	\$212	\$186	\$177	\$159	\$147	\$141	\$123	\$111
Minnetonka Beach	\$328	230	Flat	\$300	\$240	\$232	\$232	\$232	\$192	\$192	\$192	\$192
Minnetrissa	\$412	1,953	Flat	\$396	\$392	\$380	\$340	\$300	\$300	\$300	\$300	\$300
Mound	\$538	3,527	Base/Uniform	\$491	\$410	\$351	\$327	\$308	\$267	\$254	\$220	\$210
Mounds View	\$305	2,939	Base/Uniform	\$271	\$237	\$217	\$197	\$190	\$190	\$190	\$188	\$182
New Brighton	\$290	5,404	Uniform	\$271	\$239	\$196	\$185	\$163	\$156	\$142	\$137	\$141
New Hope	\$322	5,370	Base/Uniform	\$299	\$287	\$251	\$269	\$246	\$236	\$181	\$180	\$164
Newport	\$207	716	Base/Increasing Block	\$207	\$209	\$210	\$203	\$160	\$160	\$155	\$155	\$148
North Oaks	\$157	239	Uniform	\$203	\$107	\$117	\$125	\$200	\$201	\$152	\$176	\$180
North St. Paul	\$545	4,382	Base/Increasing Block	\$481	\$408	\$365	\$300	\$283	\$280	\$260	\$246	\$246
Oak Park Heights	\$324	1,100	Base/Uniform	\$282	\$264	\$248	\$228	\$200	\$200	\$188	\$160	\$149
Oakdale	\$302	8,546	Base/Uniform	\$272	\$248	\$234	\$221	\$208	\$203	\$200	\$197	\$188
Orono	\$603	2,256	Flat	\$558	\$504	\$475	\$439	\$410	\$386	\$365	\$346	\$327
Osseo	\$202	597	Base/Uniform	\$200	\$198	\$180	\$180	\$180	\$160	\$140	\$140	\$140
Plymouth	\$304	24,036	Base/Uniform	\$272	\$248	\$238	\$174	\$210	\$191	\$170	\$152	\$152
Prior Lake	\$337	8,387	Uniform	\$284	\$237	\$237	\$219	\$219	\$219	\$189	\$171	\$171
Ramsey	\$289	4,040	Flat	\$267	\$267	\$267	\$260	\$249	\$242	\$242	\$242	\$288
Richfield	\$307	14,572	Uniform	\$261	\$233	\$205	\$188	\$157	\$151	\$149	\$140	\$137
Robbinsdale	\$384	4,966	Base/Uniform	\$333	\$301	\$272	\$247	\$224	\$203	\$188	\$178	\$173
Rosemount	\$219	6,699	Base/Uniform	\$202	\$187	\$179	\$170	\$164	\$164	\$164	\$164	\$164
Roseville	\$285	9,497	Base/Uniform	\$250	\$272	\$205	\$168	\$146	\$130	\$122	\$122	\$121
Saint Anthony	\$307	2,137	Base/Uniform	\$263	\$239	\$222	\$210	\$198	\$198	\$198	\$166	\$158
Saint Bonifacius	\$267	814	Flat	\$267	\$230	\$231	\$210	\$186	\$164	\$164	\$164	\$119
Saint Louis Park	\$346	12,922	Base/Uniform	\$308	\$281	\$255	\$223	\$193	\$179	\$166	\$153	\$157
Saint Paul	\$335	69,547	Base/Uniform	\$312	\$306	\$284	\$266	\$228	\$213	\$204	\$194	\$194
Saint Paul Park	\$305	1,745	Base/Uniform	\$272	\$264	\$192	\$200	\$152	\$152	\$152	\$138	\$125
Savage	\$305	9,283	Base/Uniform	\$135	\$129	\$125	\$117	\$111	\$102	\$193	\$187	\$187
Shakopee	\$228	10,800	Base/Uniform	\$206	\$184	\$186	\$203	\$189	\$180	\$168	\$172	\$182
Shoreview	\$372	8,280	Base/Increasing Block	\$351	\$330	\$303	\$275	\$212	\$210	\$191	\$174	\$168
Shorewood	\$318	2,843	Flat	\$294	\$291	\$280	\$280	\$280	\$280	\$280	\$240	\$240
South St. Paul	\$342	6,347	Base/Uniform	\$304	\$280	\$262	\$223	\$223	\$187	\$168	\$168	\$168
Spring Lake Park	\$269	1,957	Flat	\$249	\$236	\$222	\$222	\$211	\$211	\$195	\$180	\$180

COMMUNITY	2018 ANNUAL COST (1)	2018 1 & 2 FAMILY RESIDENCES (2)	2018 RATE METHOD	2016	2014	2012	2010	2008	2006	2004	2002	2000
Spring Park	\$375	284	Base/Uniform	\$375	\$375	\$345	\$360	\$250	\$250	\$238	\$238	\$238
Stillwater	\$284	5,392	Base/Uniform	\$264	\$264	\$230	\$230	\$230	\$224	\$214	\$198	\$198
Tonka Bay	\$530	654	Flat	\$530	\$507	\$507	\$480	\$440	\$376	\$332	\$332	\$332
Vadnais Heights	\$274	3,801	Base/Uniform	\$268	\$257	\$246	\$228	\$209	\$200	\$188	\$188	\$183
Victoria	\$287	2,978	Base/Uniform	\$276	\$250	\$250	\$239	\$209	\$216	\$204	\$192	\$192
Waconia	\$426	4,003	Base/Increasing Block	\$427	\$412	\$393	\$360	\$343	\$320	\$243	\$228	\$252
Wayzata	\$409	1,306	Base/Uniform	\$353	\$334	\$316	\$294	\$243	\$210	\$199	\$194	\$190
West St. Paul	\$335	5,158	Base/Uniform	\$311	\$293	\$355	\$304	\$225	\$196	\$185	\$176	\$164
White Bear Lake	\$317	7,833	Base/Uniform	\$245	\$228	\$229	\$213	\$176	\$168	\$169	\$168	\$169
White Bear Township	\$323	4,644	Base/Uniform	\$227	\$227	\$220	\$220	\$220	\$209	\$209	\$209	\$209
Willernie	\$208	231	Flat	\$196	\$194	\$194	\$192	\$192	\$192	\$192	\$168	\$168
Woodbury	\$281	21,737	Base/Uniform	\$252	\$230	\$230	\$220	\$196	\$184	\$175	\$151	\$155
Total		742,869										
Median Cost	\$303			\$267	\$242	\$232	\$223	\$200	\$185	\$180	\$172	\$168
2 yr % Change	13.5%			10.3%	4.3%	4.0%	11.5%	8.1%	2.8%	4.7%	2.4%	1.2%
Weighted Average (3)	\$307			\$274	\$255	\$235	\$216	\$195	\$181	\$186	\$177	\$171
2 yr % Change	12.0%			7.5%	8.5%	8.8%	10.8%	7.7%	-2.7%	5.1%	3.5%	2.4%
Percent charged flat rate	8.1%			8.4%	8.6%	11.5%	15.2%	18.0%	19.0%			

Notes:

- (1) Cost based on 60,000 gallons of clean water purchased per year.
- (2) Number of residential (one- and two-family) households served by MCES as reported on surveys.
- (3) The weighted average is weighted for the number of households served.

Exhibit 2

2008 - 2018 National Comparison: Average Annual Sewer Charges

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
National Average Annual Residential Sewer Service Charge (1)	\$324	\$357	\$381	\$398	\$412	\$435	\$448	\$452	\$479	\$501	\$517
National Average Increase in Cost of Wastewater Services (2)	5.4%	8.2%	4.4%	6.1%	3.3%	5.5%	4.1%	3.1%	2.6%	3.6%	3.2%
Metro Area Retail Rate Average (3)	\$195	\$206	\$216	\$225	\$235	\$245	\$255	\$264	\$274	\$290	\$307
Metro Area Retail Increase	3.7%	5.6%	4.9%	4.2%	4.4%	4.3%	4.1%	3.6%	3.6%	5.8%	5.9%
MWC Wholesale Increase (4)	5.2%	4.9%	3.8%	3.2%	.5%	3.0%	3.0%	3.5%	5.4%	5.5%	3.7%
CPI (5)	3.8%	-.5%	1.8%	3.6%	2.3%	1.9%	1.4%	-.6%	1.6%	2.2%	-

(1) Based on the National Association of Clean Water Agencies (NACWA) annual Service Charge Index survey which gets a survey response from about 200 wastewater agencies nationwide.

Source is 2017 National Association of Clean Water Agencies (NACWA) Index- Web Address:

<https://www.nacwa.org/docs/default-source/news-publications/White-Papers/2017index.pdf?sfvrsn=4>

(2) Same source as above. Note that percentages in (2) don't match (1) because charges in (1) include all survey responses and percentages in (2) include only responses from agencies that responded in both the previous year and the current year, which is more accurate.

(3) Odd years are interpolated from even year results per this survey.

(4) This is the increase in MCE's total Metropolitan Wastewater Charges.

(5) This is the consumer price index for the Minneapolis-St. Paul area (all items).

Exhibit 3

State Law on Cost Allocation (Minnesota Statutes 473.517)

473.517 ALLOCATION OF COSTS

Subdivision 1. Allocation method. Except as provided in subdivision 3, the estimated costs of operation, maintenance, and debt service of the metropolitan disposal system to be paid by the council in each fiscal year, and the costs of acquisition and betterment of the system which are to be paid during the year from funds other than bond proceeds, including all expenses incurred by the council pursuant to sections 473.501 to 473.545, are referred to in this section as current costs, and shall be allocated among and paid by all local government units which will discharge sewage, directly or indirectly, into the metropolitan disposal system during the budget year according to an allocation method determined by the council. The allocated costs may include an amount for a reserve or contingency fund and an amount for cash flow management. The cash flow management fund so established must not exceed five percent of the council's total waste control operating budget.

Subd. 2. [Repealed by amendment, 1997 c 181 s 2]

Subd. 3. Allocation of treatment, interceptor costs; reserved capacity.

(a) In preparing each budget the council shall estimate the current costs of acquisition, betterment, and debt service, only, of the treatment works in the metropolitan disposal system which will not be used to total capacity during the budget year, and the percentage of such capacity which will not be used, and shall deduct the same percentage of such treatment works costs from the current costs allocated under subdivision 1. The council shall also estimate the current costs of acquisition, betterment, and debt service, only, of the interceptors in the metropolitan disposal system that will not be used to total capacity during the budget year, shall estimate the percentage of the total capacity that will not be used, and shall deduct the same percentage of interceptor costs from the current costs allocated under subdivision 1. The total amount so deducted with respect to all treatment works and interceptors in the system shall be allocated among and paid by the respective local government units in the metropolitan area through a metropolitan sewer availability charge for each new connection or increase in capacity demand to the metropolitan disposal system within each local government unit. Amounts collected through the metropolitan sewer availability charge (SAC) must be deposited in the council's wastewater reserve capacity fund. Each fiscal year an amount from the wastewater reserve capacity fund shall be transferred to the wastewater operating fund for the reserved capacity costs described in this paragraph. For the purposes of this subdivision, the amount transferred from the wastewater reserve capacity fund to the wastewater operating fund shall be referred to as the "SAC transfer amount."

(b) If, after appropriate study and a public hearing, the council determines for the next fiscal year that a reduction of the SAC transfer amount is necessary or desirable to ensure adequate funds remain in the wastewater reserve capacity fund, based on a goal of maintaining at least the next year's estimated SAC transfer amount in the wastewater reserve capacity fund, the council may reduce the SAC transfer amount for that fiscal year. If the council reduces the SAC transfer amount for the next fiscal year, the council must then increase the metropolitan sewer availability charge not less than the greater of six percent or the annual percentage change in the Consumer Price Index for the metropolitan region for the previous year plus three percentage points. For the purposes of this subdivision, any reduction in the SAC transfer amount shall be referred to as the "SAC transfer deficit." The provisions of this paragraph expire at the end of calendar year 2015.

(c) The council will record on a cumulative basis the total SAC transfer deficit. In any year that the wastewater reserve capacity fund has a year-end balance of at least two years' estimated SAC transfer amount, the council shall increase the subsequent annual SAC transfer amount in

excess of the amount required by paragraph (a) with the goal of eliminating the cumulative total SAC transfer deficit. The annual amount by which the council increases the SAC transfer amount shall be determined by the council after appropriate study and a public hearing.

Subd. 4. [Repealed, 1987 c 53 s 8]

Subd. 5. [Repealed, 1987 c 53 s 8]

Subd. 6. Deferment of payments. The council may provide for the deferment of payment of all or part of the allocated costs which are allocated by the council to a local government unit in any year pursuant to subdivision 3, repayable at such time or times as the council shall specify, with interest at the approximate average annual rate borne by council bonds outstanding at the time of the deferment, as determined by the council. Such deferred costs shall be allocated to and paid by all local government units in the metropolitan area which will discharge sewage, directly or indirectly, into the metropolitan disposal system in the budget year for which the deferment is granted, in the same manner and proportions as costs are allocated under subdivision 1.

Subd. 7. [Repealed, 1987 c 53 s 8]

Subd. 8. [Repealed, 1994 c 628 art 3 s 209]

Subd. 9. Advisory committees. The council may establish and appoint persons to advisory committees to assist the council in the performance of its wastewater control duties. If established, the advisory committees shall meet with the council to consult with such members concerning the acquisition, betterment, operation and maintenance of interceptors and treatment works in the metropolitan disposal system, and the allocation of costs therefore. Members of the advisory committee serve without compensation but must be reimbursed for their reasonable expenses as determined by the council.

Subd. 10. Direct charging of industrial users.

(a) The term "industrial discharger" for the purposes of this subdivision means a recipient of wastewater treatment services that is required by council rules or procedures to have a permit issued by the council in order to discharge sewage to the metropolitan disposal system.

(b) The council may directly impose on all or any category of industrial dischargers all or any portion of the costs that would otherwise be allocated among and paid by local government units under subdivision 1. Any amounts imposed directly on industrial dischargers by the council under this subdivision must be deducted from the amounts to be allocated among and paid by local government units under subdivision 1, and any charges imposed by a local government unit for the same purpose are of no further force and effect from and after the effective date of the council's direct charges. Charges imposed under this subdivision are in addition to any other charges imposed on industrial dischargers by a local government unit and must be paid by the industrial discharger at such intervals as may be established by the council. The council may impose interest charges upon delinquent payments.

(c) Charges by the council to industrial dischargers under this subdivision including any interest charges, as well as any other charges or related fees owed by the industrial discharger pursuant to a discharge permit issued by the council for the subject property, are a charge jointly and severally against the owners, lessees, and occupants of the property served. The council may certify such unpaid amounts to the appropriate county auditor as a tax for collection as other taxes are collected on the property served. The proceeds of any tax collected pursuant to the council's certification must be paid by the county treasurer to the council when collected.

Copyright © 2010 by the Office of the Revisor of Statutes, State of Minnesota. All Rights Reserved. Certification does not preclude the council from recovery of delinquent amounts and interest under any other available remedy.

History: 1975 c 13 s 83; 1987 c 53 s 2-5; 1994 c 628 art 3 s 166-170; 1997 c 181 s 2; 1Sp2003 c 16 s 8; 2010 c 212 s 1

Exhibit 4

MINNESOTA STATUTES 2013 473.519

473.519 1972 U.S. WATER POLLUTION CONTROL ACT: USE CHARGE SHARES.

Each local government unit shall adopt a system of charges for the use and availability of the metropolitan disposal system which will assure that each recipient of waste treatment services within or served by the unit will pay its proportionate share of the costs allocated to the unit by the council under section 473.517, as required by the federal Water Pollution Control Act amendments of 1972, and any regulations issued pursuant thereto. Each system of charges shall be submitted to the council if requested by the council.

History: 1975 c 13 s 84; 1994 c 628 art 3 s 171; 1997 c 181 s 3; 2013 c 101 s 5

Copyright ©

Exhibit 5

40 CFR 35.929-1 - Approval of the user charge system.

§ 35.929-1 Approval of the user charge system.

The Regional Administrator may approve a user charge system based on either actual use under paragraph (a) of this section or ad valorem taxes under paragraph (b) of this section. The general requirements in §§ 35.929-2 and 35.929-3 must also be satisfied.

(a) User charge system based on actual use. A grantee's user charge system based on actual use (or estimated use) of waste water treatment services may be approved if each user (or user class) pays its proportionate share of operation and maintenance (including replacement) costs of treatment works within the grantee's service area, based on the user's proportionate contribution to the total waste water loading from all users (or user classes). To insure a proportional distribution of operation and maintenance costs to each user (or user class), the user's contribution shall be based on factors such as strength, volume, and delivery flow rate characteristics.

Contact Us

390 Robert Street North
Saint Paul, MN 55101-1805

651.602.1000
TTY 651.291.0904
public.info@metc.state.mn.us
metro council.org

