Business Item: 2019-190
MCES Wastewater Rates and Charges Adoption

Ned Smith, Director, ES Finance & Revenue

Environment Committee: July 9, 2019
Proposed Action

• That the Metropolitan Council adopt the wastewater rates and charges outlined on page one of the business item, to be effective January 1, 2020.
Overview

• 2020 Rate Setting Schedule
• Customer Workshops & Open Houses
• 2020 Executive Summary
• Proposed 2020 Sources & Uses
• Debt Service
• Sewer Availability Charge (SAC)
• Industrial Rates
• Questions
2020 Rate Setting Schedule

• **Industrial Workshops – Metro 94***
  o March 21: Liquid Waste Haulers
  o April 18: Industrial Waste Customers
  o April 25: Industrial Waste Customers

• **May 14:** Environment Committee Direction for Public Meetings

• **Municipal Customer Forums***
  o May 23: Minnetonka Community Center
  o June 6: League of MN Cities

• **July 9:** Environment Committee Review of Customer Input and 2020 Rate Adoption Recommendation

• **July 24:** Council Rate Adoption

• **Aug. 21:** Council Preliminary Operating Budget Adoption

* public input
Customer Workshops & Open House

- Open House format with 12 stations featuring Environmental Services departments
- Preliminary Municipal Wastewater Charges (MWCs) sent mid-May to each of our 110 communities
- 48 attendees from 30+ communities
2020 Executive Summary

• Proposed Sources & Rates
  – Regional wastewater charge: .................. 3.6%
  – Sewer Availability Charge: ............ No Increase
    • $2,485 per SAC Unit – same since 2014
  – Industrial Strength Charge: ..................... 4.5%*
  – Industrial Permit Fee: ......................... 3.6%

• Proposed Uses (vs. non-amended 2019 budget)
  – 1.9% increase over 2019
  – 4.8% increase excluding pass-through grants

*Change from 3.9% presented on May 14
Proposed 2020 Revenue Sources: $310.8M

- Municipal Wastewater Charges 77%
- Sewer Availability Charge (SAC) 15%
- Industrial Waste Charges 5%
- Other 3%

*Other includes state appropriations, OPEB adjustment, and $3.5M use of Reserves
Proposed 2020 Uses by Category: $310.8 Million

- Debt Service: 48%
- Salaries & Benefits: 23%
- Materials, Supplies & Chemicals: 5%
- Interdivisional Services: 5%
- Consulting & Contractual: 6%
- Rent & Utilities: 6%
- Other: 3%
- PAYGO: 4%

*Other includes pass through grants, centralized projects, and other misc. expense*
Wastewater Outstanding Debt
($ in millions)

Projected*
Debt Service “Bubble” Peaking

Debt bubble driving +$7 - $10 Million expense increase per year

Peak in 2023
Comparative Information
2016 Retail Sewer Charges per Household

Peer Agencies

* 2017 NACWA survey (2016 rates)
Historical SAC Rate Increases (%)
SAC Units: Recovering

2001: 19,539
2002: 21,150
2003: 20,542
2004: 19,334
2005: 17,052
2006: 19,164
2007: 10,392
2008: 8,304
2009: 6,653
2010: 9,817
2011: 14,303
2012: 15,663
2013: 14,589
2014: 18,096
2015: 15,193
2016: 18,427
2017: 14,303
2018: 22,560
2019: 20,165

0 5,000 10,000 15,000 20,000 25,000
SAC Reserve Fund

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Proposed Action

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Questions

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