

## Minutes of the

### REGULAR MEETING OF THE ENVIRONMENT COMMITTEE

Tuesday, January 12, 2015

#### Committee Members Present:

Sandra Rummel-Chair, Wendy Wulff-Vice Chair, Lona Schreiber, Edward Reynoso, Harry Melander, Marie McCarthy

#### Committee Members Absent:

None

#### CALL TO ORDER

A quorum being present, Committee Chair Rummel called the regular meeting of the Council's Environment Committee to order at 4:00 p.m. Tuesday, January 12, 2015.

#### APPROVAL OF AGENDA AND MINUTES

It was moved by Lona Schreiber seconded by Wendy Wulff to approve the agenda. **Motion carried.**

It was moved by Edward Reynoso, seconded by Wendy Wulff to approve the minutes of the Tuesday, December 8, 2015 regular meeting of the Environment Committee. **Motion carried.**

#### BUSINESS

- 1. 2016-8: Authorization to Negotiate and Execute an Engineering Services Master Contract 15P160 for Design and Construction Support for Metropolitan Wastewater Treatment Plant (MWWTP) Electrical Distribution and Facilities Improvements Projects**

It was moved by Edward Reynoso, seconded by Wendy Wulff that the Metropolitan Council authorize its Regional Administrator to execute an Engineering Services Master Contract for the design and construction support for Metropolitan Wastewater Treatment Plant (MWWTP) electrical distribution and facilities improvements projects, Contract 15P160 to Black & Veatch Corporation in the amount of \$6,000,000. **Motion carried.**

- 2. 2016-9: Authorization to Award and Execute Contract 15P115 for Electrical Maintenance Services at Metropolitan Council Environmental Services Facilities**

It was moved by Lona Schreiber, seconded by Wendy Wulff that the Metropolitan Council authorize the Regional Administrator to award and execute a contract for electrical maintenance services at MCES facilities to Premier Electric Corporation for an amount not to exceed \$12,000,000 and a term not to exceed five years. **Committee Member Reynoso abstained. Motion carried.**

- 3. 2016-10: Authorization to Award and Execute Contract 15P224 for Effluent Pump Rebuilds at the Metropolitan Wastewater Treatment Plant (MWWTP)**

It was moved by Wendy Wulff, seconded by Marie McCarthy that the Metropolitan Council authorize the Regional Administrator to execute a contract with Shank Constructors, Inc. to rebuild four (4) effluent pumps at the Metropolitan Wastewater Treatment Plant (MWWTP) in an amount not to exceed \$1,200,000 over a four year period. **Motion carried.**

**4. 2016-11: Authorization to Award and Execute Contract 15P209 with SKB Environmental Inc. for Transport and Disposal of Stabilized Bio-Solids**

It was moved by Harry Melander, seconded by Edward Reynoso that the Metropolitan Council authorize its Regional Administrator to award and execute Contract 15P209 with SKB Environmental Inc. for transport and disposal of stabilized bio-solids over a four-year period in an amount not to exceed \$3,000,000. **Motion carried.**

**INFORMATION**

1. Inflow and Infiltration Task Force –

Jeannine Clancy, Manager of Community Programs for Environmental Services provided an update on a request for Chair Duninick to appoint an Inflow and Infiltration Task Force that would be presented at the Council meeting on January 27, 2016. The Task Force would be convened later this winter and into the spring and summer.

The Task Force would consist of 20 local Government officials with Chair Rummel serving as the Chair. Patricia Nauman, Executive Director from Metro Cities would also serve on the Task Force as she has been instrumental in assisting Council staff to select potential members and develop the scope of the task force assignment.

If approved, the Task Force would include diverse representation from cities that vary in population, geographic coverage and experience with the Council Inflow and Infiltration Program. Task Force representatives will include individuals from the public works community, local government finance officers as well as city managers.

The Council's I/I Mitigation program has been in place for 10 years. The purpose of the Task Force is to review the existing program including I/I mitigation work accomplished to date by our communities and MCES, observed peak flows and goals for further inflow and infiltration reduction and identify opportunities to improve the program. Secondly, the Task Force will identify and discuss technical, political and financial challenges of addressing private property sources of inflow and infiltration as well as discuss options and opportunities from mitigating inflow and infiltration from private property sources.

Look to convene the Task Force in February with follow up to this committee over the summer. Environment Committee members will be included in email communications that are circulated.

Comments/Questions:

No action required at this time.

Committee members supported the idea of convening a Task Force to address inflow and infiltration.

2. 2017 Budget Planning Update –

Ned Smith, Director of Finance and Revenue provided a review of what will be happening with the upcoming budgeting process.

The rate setting schedule will include:

- March - Customer listening sessions to hear what is important to the cities.
- May 10 - Direction for public meetings will be sought at Environment Committee meeting
- June 9, June 11, & June 17 - Tentative customer forum dates have been established and are subject to change - Municipal customer forums are scheduled

for June 9 at the League of Minnesota Cities and June 11 in Golden Valley with the Industrial Customer Forum on June 17.

- July 12 - The Environment Committee will hear customer input received and hear the 2016 rate adoption recommendation.
- July 27 - Council rate adoption is anticipated
- August 24 – Preliminary operating budget adoption by the full Council.

MCES is working toward a 5-7% increase for 2017, which would be driven by capital improvements and fiscal stewardship. Known impacts to this increase include an increase of \$6.9 million in debt service and a PAYGO planning increase of \$2 million (from \$7 million in 2016 to \$9 million in 2017).

The advantage of PAYGO increasing includes avoidance of interest expense, adding flexibility in to the annual budget and is a positive factor for the bond rating. Disadvantages would include higher municipal wastewater charges during the transition, higher customer payments taking away funding they could use elsewhere, and would drive approximately a 0.8% budget increase.

One key factor that came up in our previous forums was the timing of our billing information related to the total flow of our customers. Our flow year determines how we calculate fees for our customers. For 2017, we are looking to change the flow period to accommodate the budgeting process of our customers. For 2016 it is currently set at a July 1 to June 30 cycle. For 2017, the cycle will run January 1 to December 31. The purpose of the change is to allow earlier, more accurate estimates as well as an earlier final bill.

Benefits to the adjusted flow year change allow the municipalities to get estimated and final rates earlier in the year, estimates will be more accurate and less volatile, and severe spring/summer weather impacts will be included in the calculations long before year end.

Concerns raised by customers reflected a use of the six month period of July 1, 2015 to December 31, 2015 twice as a measurement period as well as the data for municipal wastewater charge allocation will be 6 months older. Since 2015 was an average flow year, using the data twice will not materially impact any community's bill. Older data will also not impact a community's ultimate bill.

The communication plan included a survey by Metro Cities, which is now complete. A letter to all finance and public works directors will also be done.

Our strength charge is in its 3<sup>rd</sup> year of the 5 year debt service phase in. It generates an additional 3-5% strength charge increase. Permit fees will continue the phase-in of permit program expense. The phase-in started in 2003 and adds approximately 5% per year. The phase-in should complete sometime in 2019 or 2020.

Additional Update – Staff have continued to work on the 5 customer IPIP evaluations – and met with one of the technology providers to understand their system and what the potential impacts would be to our wastewater treatment plants. We also visited with one of our top customers and inquired why they had not applied. The customer had just gone through a merger and was not positioned to apply.

Comments/Questions:

No specific questions at this time.

3. General Manager's Report –

General Manager Thompson indicated there has been increase in frequency and quality of communication efforts in the communities we work with. We continue to listen and learn from them as we move forward on initiatives.

December marked 50 months of continued compliance at 7 of our regional treatment plants. East Bethel has 9 months continuous compliance and is new to our system.

**ADJOURNMENT**

Business completed, the meeting adjourned at 5:15 p.m.

Susan Taylor  
Recording Secretary