

MCES 2008 Proposed Operating Budget

Presented to the Metropolitan Council

August 8, 2006

Bill Moore, MCES General Manager



Mission Statement

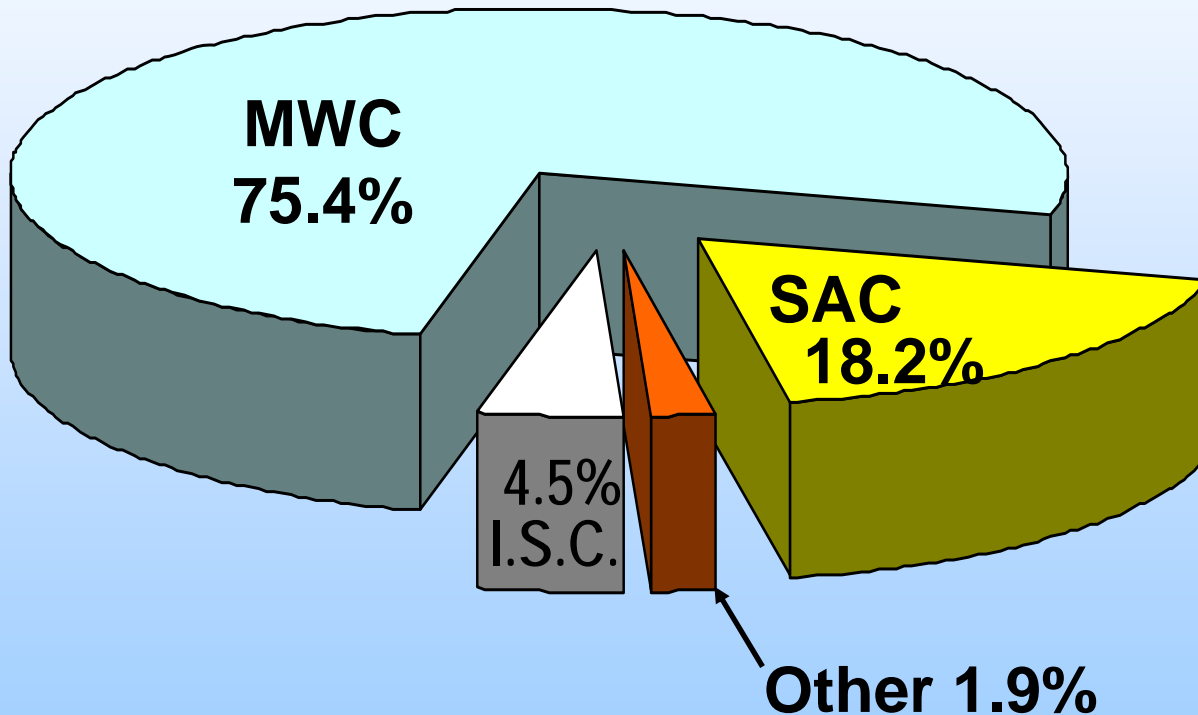
- Eight Treatment Plants
- 578 miles of Regional Interceptors
- Estimated \$2-3 Billion Replacement Value
- Capacity to treat 372 million gallons per day of Wastewater Flow
- 104 Communities Served

The mission of Metropolitan Council Environmental Services (MCES) is to provide wastewater services that protect the public health and environment while supporting regional growth.



MCES Revenues

100% User-fee Funded: No Taxes



MWC = Municipal Wastewater Charge (flow volume)

SAC = Service Availability Charge (capacity demand)

I.S.C. = Industry-Specific Charges

Based on 2008 Proposed Budget (as of July 2007)



Municipal Wastewater Charges

MCES Charge to Communities is a *Wholesale* fee:

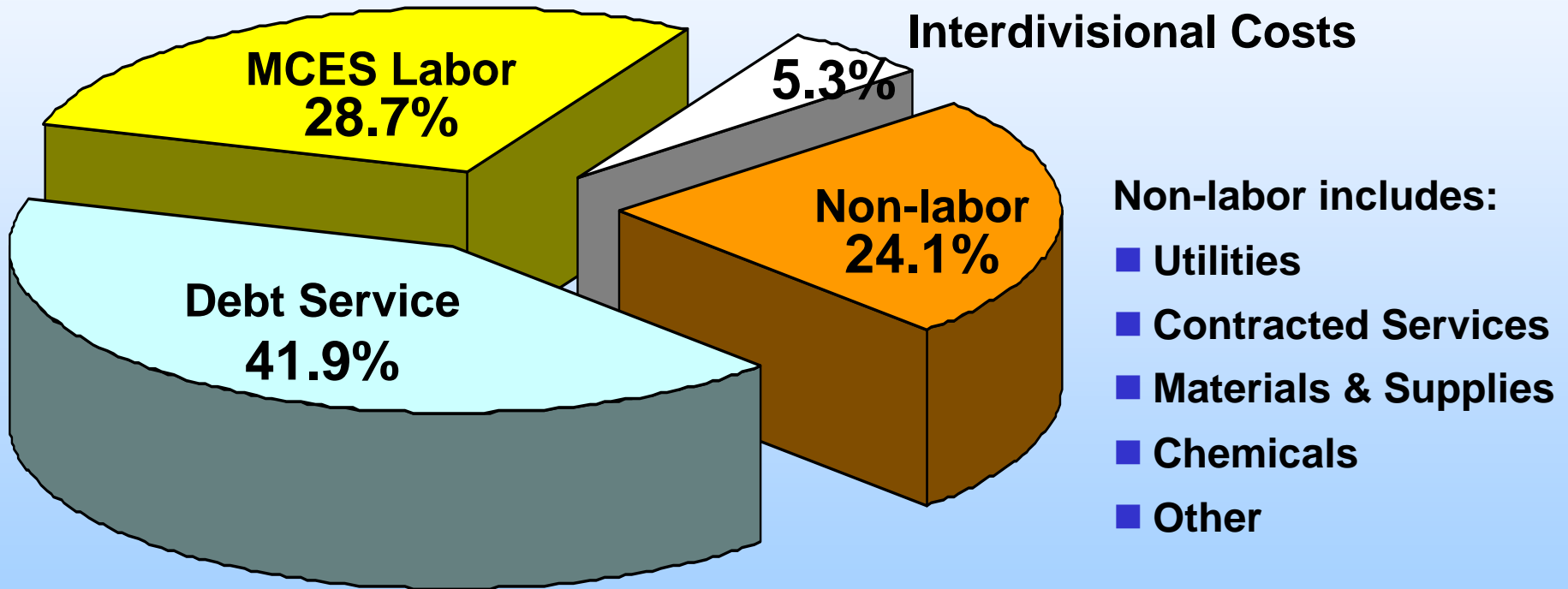
- **Charged at a fixed rate per million gallons, based on flow**
- **Same rate to all 104 communities**

Communities add charge for local service

***i.e.:* Residences and businesses pay *retail* fee to communities**



MCES Expenditures



Based on 2008 Proposed Budget (as of July 2007)



2008 Proposed Budget

MCES Revenues (\$s in millions)

	2007 Amended Budget	2008 Proposed Budget	Percent Change
Municipal			
Wastewater Charges (MWC)	\$146.0	\$153.8	5.3%
SAC Transfers	34.6	37.1	7.2%
Industrial Charges	9.4	9.2	-2.1%
Miscellaneous Revenue: Interest	2.0	2.3	15.0%
State Contract	.2	.2	0.0%
Miscellaneous Revenue: Other	1.4	1.5	7.1%
TOTAL REVENUES	\$193.6	\$204.1	5.4%



2008 Proposed Budget

MCES Expenditures (\$s in millions)

	2007 Amended Budget	2008 Proposed Budget	Percent Change
MCES Labor Costs	\$57.8	\$58.9	1.9%
Non-Labor Costs	43.0	45.9	6.7%
Interdivisional Costs	10.2	10.6	3.9%
Debt Service	81.8	86.0	5.1%
Pay-as-you-go (PAYG)	1.0	3.0	200.0%
Water Resource Planning	.8	.7	- 12.5%
TOTAL EXPENDITURES	\$194.6	\$205.1	5.4%



MCES Budgeted Staff

Full Time Equivalents (FTEs): 2003–2008

	2003	2004	2005	2006	2007	2008 Proposed
Budgeted FTEs	732	719	698	696	695*	695

***Changed during the year**



2008 Proposed Budget

Use of Excess MCES Operating Reserve

\$s in millions

	2007 Amended Budget	2008 Proposed Budget
Total Revenues (Sources)	193.6	204.1
Total Expenditures	194.6	205.1
Surplus (deficit)	(1.0)	(1.0)



Municipal Wastewater Charge

5-Year Estimates (\$s in millions)

	2008	2009	2010	2011	2012
Operation & Maint.	\$113.3	\$116.3	\$119.3	\$122.9	\$127.2
O&M % Increase	2.1%	2.6%	2.6%	3.0%	3.5%
Debt Service	86.0	94.5	106.5	117.0	129.9
Debt Service % Increase	5.1%	9.9%	12.7%	9.9%	11.0%
Other	3.7	5.2	7.2	9.0	11.0
Total Expenditures	\$205.1	\$218.1	\$235.2	\$251.0	\$270.2
Total % Increase	5.4%	6.4%	7.8%	6.8%	7.7%

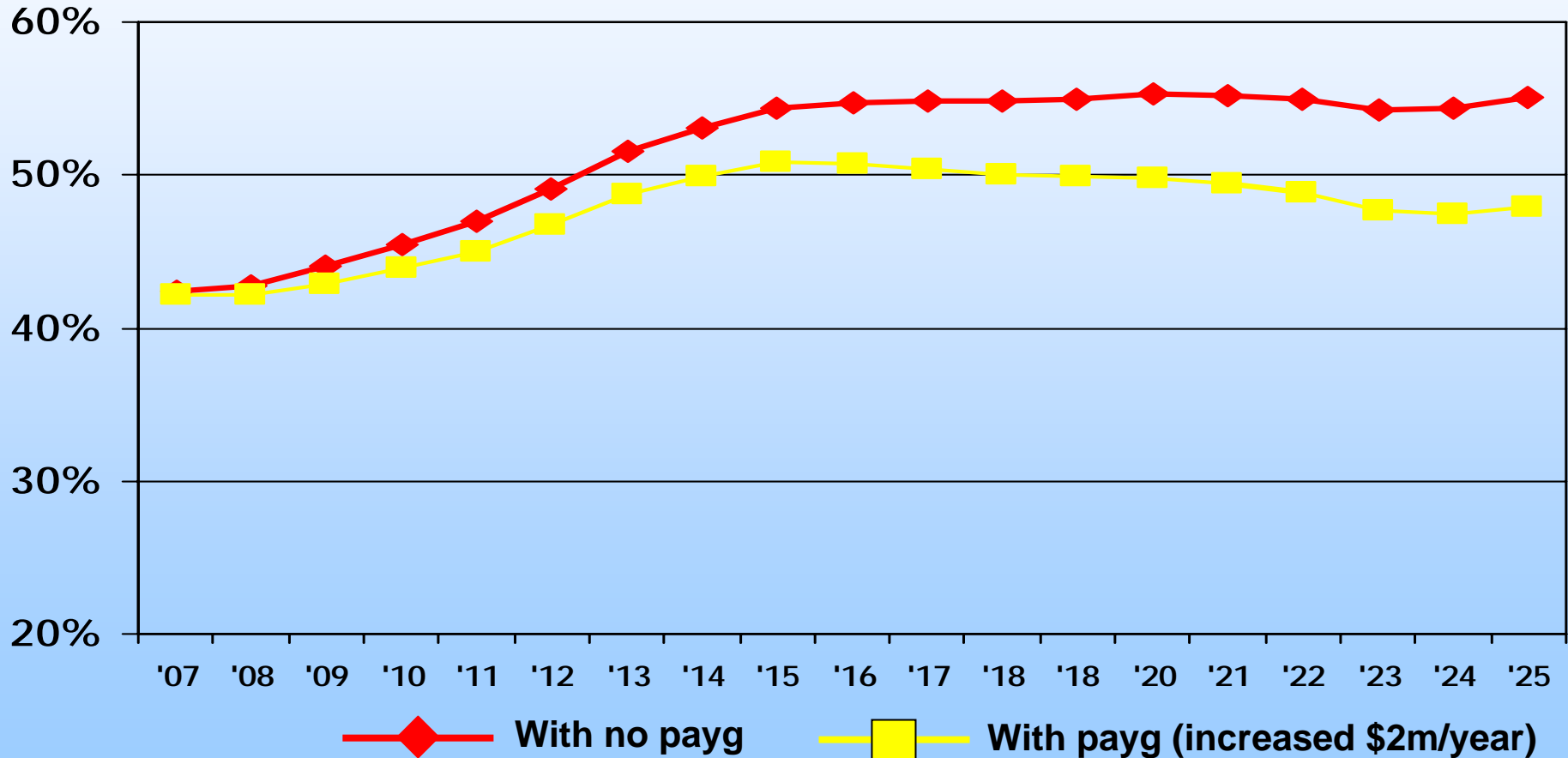
MWC	\$153.8	\$164.0	\$174.2	\$182.6	\$194.6
MWC % Increase	5.3%	6.6%	6.2%	4.8%	6.6%



Debt Service: 2007-2025

Debt Service as % of Total Budget

% of Budget



*Assumes the O&M portion of the budget increases 3% per year. Includes Debt Service paid by SAC transfer.



2008 Surcharge Communities

Arden Hills
Bayport
Bloomington
Chanhassen
Chaska
Columbia Heights
Eagan
Eden Prairie
Edina
Excelsior
Farmington
Fridley
Golden Valley
Greenwood
Hopkins
Lakeville
Lauderdale
Lilydale
Long Lake

Maple Plain
Maplewood
Medicine Lake
Medina
Mendota
Minneapolis
Minnetonka
Minnetonka Beach
Mound
New Brighton
New Hope
Oakdale
Orono
Osseo
Plymouth
Roseville
Savage
Shoreview
South St. Paul

St. Anthony
St. Bonifacius
St. Paul
Stillwater
Tonka Bay
Vadnais Heights
Waconia
West St. Paul

Summary

TOTAL: 46 Communities

Red Communities new 2008

*Blue Communities Increased
Surcharge 2008*