

Meeting date: June 26, 2006

For Metropolitan Council Meeting of 7/11/07

ADVISORY INFORMATION

Date:	June 20, 2007
Subject:	Adoption of 2008 Rates and Charges
District(s), Member(s):	All
Policy/Legal Reference:	MS 473.517 subd.1, Water Resources Policy Plan (pages 43-44), and Council policy 3-2-3 (re. municipal wastewater charges); Waste Discharge Rules and Council policy 3-2-4 (re. industrial charges); and MS 473.517 subd. 3 and Council policy 3-2-5 (re. SAC)
Staff Prepared/Presented:	Jason Willett, 651/602-1196
Division/Department:	MCES c/o William G. Moore, 651/602-1162

Proposed Action/Motion

That the Metropolitan Council adopts the following rates and charges to be effective January 1, 2008:

- 2008 Municipal Wastewater Charges of **\$153,840,000**,
- Service Availability Charge (SAC) of **\$1,825** per household or Residential Equivalent Unit,
- Add-on Service Charge of **\$0.91** per thousand gallons,
- Industrial Strength Charge: **\$.148** per excess pound of TSS (total suspended solids)
- Industrial Strength Charge: **\$.074** per excess pound of COD (chemical oxygen demand)
- Standard (septage) Load Charge: **\$37.61** per thousand gallons,
- Holding Tank Load Charge: **\$1.93** per thousand gallons,
- Portable Toilet Waste Load Charge: **\$49.91**, per thousand gallons,
- Collar County Load Charge: **\$47.61** per thousand gallons,
- Strength component of Industrial Load Charge **\$.295** per excess pound of TSS,
- Strength component of Industrial Load Charge **\$.1475** per excess pound of COD, and
- Industrial Permit Fees as shown on Attachment A.

Issue

Wastewater service rates for 2008 need to be set well in advance to allow communities the time to revise their ordinances and businesses the time to revise their pricing structures.

Overview and Funding

A brief description of all of these rates can be found on Attachment B. A brief summary of the preliminary budget, on which these rates are based, and a comparison to the 2007 budget is Attachment C. Of note, this budget and these rates are based on inclusion of \$3 million of "pay-as-you-go" (the payment of some capital costs from operating revenue).

On May 9 and May 22, staff presented information to the Environment Committee on the 2008 preliminary budget and rates. In June, this information was shared with community customers at two Budget Planning meetings and with industrial customers at an Industrial Customer Forum. A combined total of 73 customers attended the three customer meetings. Staff will report on questions and comments from customers to the Environment Committee on June 26th.

As noted in the proposed motion above, the revenue to be raised through Municipal Wastewater charges in 2008 is \$153,840,000 (a 5.4% increase from 2007). This increase complies with the Council's policy on rates and charges that charges should enable MCES to: meet wastewater regulatory requirements, implement MCES infrastructure rehabilitation and repair needs, and provide wastewater capacity for growth consistent with the Council's *2030 Regional Development Framework*.

Industrial rates are based on the preliminary budget and formulas we have used for many years. After the Municipal Wastewater, SAC, and Industry-specific charges have been approved and the flow finalized, staff will notify customer communities and businesses.

Committee and Council discussions regarding budgets will be factored into the final detailed MCES budget, but the overall budget will be substantially constrained by the revenue anticipated from these rates and charges.

2008 Industrial Discharge Permit Fees

Quarterly Reporters (SIU>50 MGY)	\$4,875
Quarterly Reporters (SIU<50 MGY)	\$4,050
Semi-annual Reporters (SIU>10 MGY)	\$3,225
Semi-annual Reporters (SIU 5-10 MGY)	\$2,400
Semi-annual Reporters (SIU 2-5 MGY)	\$1,625
Semi-annual Reporters (SIU <2 MGY)	\$825
Semi-annual Reporters (Non-SIU)	\$825
Annual Reporters (Non-SIU > 1 MGY)	\$825
Annual Reporters (Non-SIU < 1 MGY)	\$525
Liquid Waste Hauler (> 1 MGY)	\$825
Liquid Waste Hauler (< 1 MGY)	\$525
Special Discharge Permit (quarterly reporter)	\$825
Special Discharge Permit (contingency)	\$525

SIU = Significant Industrial User - a federal designation.

Metropolitan Council Environmental Services' (MCES) 2008 Charges

1. **Municipal Wastewater Charge:** The charge by MCES to communities for sewer service treatment. All 104 customer communities pay MCES an allocated portion of MCES Municipal Wastewater Charges based on the volume of wastewater treated. Most cities cover their own sewer costs by charging a higher “retail” rate to residents and businesses. Those rates are specific to each city.

2008 Municipal Wastewater Charges	
Total MCES Municipal Wastewater Charges in 2008 (Allocation to communities based on total system flow)	\$153,840,000
Total preliminary system flow for 2008 charges: in million gallons (mg) (based on flow period July 1, 2006 - June 30, 2007)	92,600 mg
Approximate rate per million gallons (preliminary)	\$1,661.34

2. **Municipal Service Availability Charge (SAC):** The service availability charge to communities is imposed by MCES for new connections or increased volume to the metropolitan wastewater system. Generally, one SAC unit equals 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 volume of wastewater they could generate.

2008 Service Availability Charges		
	Discount	SAC Rate
Base Unit Fee (Single-Family Dwelling):		\$1,825
Apartment (without individual laundry facilities)	20%	\$1,460
Multi-Dwelling Public Housing (without garbage disposals or dishwashers)	25%	\$1,368.75
Commercial: Base unit fee times number of residential equivalent units (REUs) where the number of REUs is based on an estimated maximum potential flow.		
Industrial: Base unit fee times number of REUs where the number of REUs is based on maximum normal flow volume.		

3. **Industrial Strength Charge:** Strength charges are fees to connected industries for the 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 (as measured by Total Suspended Solids (TSS) and Chemical Oxygen Demand (COD)) and the volume of the discharge. Industrial Users are also subject to normal municipal wastewater charges and SAC.

2008 Industrial Strength Charges:	
Cost per excess pound of Total Suspended Solids (TSS)	\$0.148
Cost per excess pound of Chemical Oxygen Demand (COD)	\$0.074

Continued

4. **Liquid Waste Load Charge:** Liquid waste haulers pay MCES for septage, leachate and other hauled wastes that are discharged to approved MCES disposal sites. The load charge combines a strength charge component with a volume component that is based on the MCES municipal wastewater rate.

2008 Liquid Waste Load Charges (per 1,000 gallons)	
Standard Load Charge	\$37.61
Portable Toilet Waste Load Charge	\$49.91
Holding Tank Load Charge	\$1.93
Collar County Load Charge	\$47.61 (for 10 counties surrounding the Region)
Industrial Load Charge (\$ per excess lb.)	\$.295 TSS and .1475 COD plus \$1.93/1,000 gal volume charge (plus \$10/1000 gallons for out-of-region)

5. **Industrial Discharge Permit Fee:** 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. First-year permit fees for Liquid Waste Haulers and Special Dischargers are required at the time of permit application.

2008 Industrial Discharge Permit Fees:								
Volume (MGY)	>50 m.	<50 m.	>10 m.	5–10 m.	2–5 m.	<2 m.	>1 m.	<1 m.
Quarterly Reporters	\$4,875	\$4,050						
Semi-annual Reporters			\$3,225	\$2,400	\$1,625	\$825		
Annual Reporters and Liquid Waste Haulers							\$825	\$525

6. **Add-on-service Charge:** A charge assessed to special discharge permittees for disposal of treated, contaminated groundwater. This charge is assessed in lieu of SAC, due to the temporary nature of the service.

2008 Add-on-service Charge: \$0.91 per 1,000 gallons
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7. **Late Report Fee:** A fee assessed to permittees who fail to submit a complete self-monitoring report on a timely basis. The late fee amount is based on the frequency and severity of late reports.

2008 Late Report Fees: \$100–\$1,000 per report (see Web site below for more detail)
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8. **Stipulation Agreement Payment:** These are negotiated monthly payments and daily penalties intended to negate the economic advantage of noncompliance with federal pretreatment standards or local limits.

9. **Cost Recovery Fees:** These fees are used to recover costs from any responsible party associated with spill or enforcement responses, non-routine data requests, special discharge requests, orders to appear, or notices of violations. Two additional cost recovery fees are the Encroachment Application Fee and the Direct Connection Application Fee (pending). Both of these fees are \$500 and are assessed to recover administrative costs for time spent by MCES staff.

For more information, visit our Web site at: <http://www.metrocouncil.org/environment/RatesBilling/>

Last Updated: June 20, 2007

Rate Setting Budget (\$ in 000s except for municipal charges per m. gal.)

	2007 Adopted <u>Budget</u>	2008 Budget <u>Overview</u>	<u>Change</u>
STATISTICS:			
Flow (billions of gallons)	95.6	92.6*	-3.1%
Municipal Charges per million gal.	\$1,527.20	\$1,661.34	8.8%
Employees (Full Time Equivalents)	694	694	0%
REVENUE & Other Sources: (\$s in thousands)			
Budgeted Municipal Charges	\$ 146,000	\$ 153,840	5.4%
SAC Transfer	34,561	37,052	7.2%
Industrial Charges	9,400	9,236	-1.7%
Other Sources	<u>4,684</u>	<u>4,833</u>	<u>3.2%</u>
Total Revenue/Sources	\$ 194,645	\$ 204,961	5.3%
EXPENSES & Other Uses: (\$s in thousands)			
Debt Service	81,782	85,992	5.1%
MCES Labor	57,752	58,872	1.9%
Non-Labor	54,111	57,097	5.5%
PAYG	<u>1,000</u>	<u>3,000</u>	<u>200.0%</u>
Total Expenses	194,645	204,961	5.3%
SURPLUS/(DEFICIT) to (from) Reserves	\$0	\$0	

* Flow is estimated, the final flow/rate will not be available until August.