

Info Item 3: Maple Plain MWC Update

Presented to the Environment Committee

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Maple Plain Request

- **MWCs increased 33.7% (\$60,563) from 2011 to 2012 (2012 total is \$240,044)**
- **City understands it is responsible**
- **Asking for reduced 2012 payment (2011 amount plus “additional amount”)**
- **Interest free**



Metro Cities Request

- **Explore options for payment program**
 - **Must not sacrifice equity**
 - **Must be financially prudent**
- **Work with Maple Plain on immediate challenge**



Possible Loan Program

- **City required to request loan and sign standard loan agreement**
- **All cities would be eligible if certain criteria is met**
 - **To qualify, city's annual MWCs must have increased certain % or more**
 - **Loan amount limited to amount of increase over and above this X%**
- **Funding source: Council's Wastewater Contingency Reserve Fund**



Possible Loan Terms

- **Term limited to 3 years**

- **Interest rate options:**

- 1. Use average bond rate**

- **Currently 3.2%**

- 2. Use short-term investment earnings rate**

- **Prior 3-year average is 1.5%**



Possible Loan Terms

- **Council can reduce or deny any request depending on balance of MCES' contingency reserve fund**
- **Standard agreement could allow Council to use its deficiency levy rights to collect unpaid loans**



Scenarios

- 1. Loans would be made available when MWCs increase 15% or greater from prior year**
- 2. Loans for increases 10% or greater**

Note: Loan amount would be only for amount that exceeds these limits



Scenario 1

- **With 15% MWC increase threshold:**
 - **5 cities eligible in 2012**
 - **\$95,215 total increment (possible loans) for all 5 cities**
 - **Largest dollar value is Maple Plain**
 - **33.7% increase**
 - **\$33,640 qualifies for loan**



Scenario 2

- **With a 10% MWC increase threshold:**
 - **15 cities eligible in 2012**
 - **\$585,363 total increment (possible loans) for all 15 cities**
 - **Largest dollar value is St. Paul**
 - **11.5% increase**
 - **\$227,500 qualifies for loan**



Historical Statistics

■ Top 5 increases over past 7 years:

			Increment <u>over 10%</u>	
1.	St. Paul	2007	13.2%	\$394,500
2.	St. Paul	2012	11.5%	\$227,500
3.	Shorewood	2012	26.5%	\$93,070
4.	Waconia	2011	22.1%	\$70,330
5.	L. Canada	2012	18.4%	\$66,100



Criteria applied to Maple Plain

- **Qualify for \$42,614 loan using 10% limit**
- **Equates to 2 months of payments**
- **Annual payments with interest due March 1, 2013, 2014 and 2015**
 - **\$15,123 payment at 3.2%**
 - **\$14,633 payment at 1.5%**