

Business Item 2012-81: Authorization to Hold Public Meeting on Proposed Loan Program for Communities

Presented to the Environment Committee

February 28, 2012

Jason Willett, MCES Finance Director



Maple Plain Request

- **City's Municipal Wastewater Charges (MWCs):**
 - increased 33.7% (\$60,563) from 2011
 - 2012 total is \$240,044
- **City requested reduced 2012 payment-- essentially a deferral of some 2012 charges to later years, without interest**



Metro Cities/MCES Work Group

- **Met February 16 to discuss options**
 - Susan Arntz, Waconia
 - Bruce Beese, St. Paul
 - Jason Ziemer, Maple Plain
 - Patricia Nauman, Metro Cities
 - Wendy Wulff, Met. Council Member
 - MCES staff (J. Willett and D. Schueller)

- **Reviewed and suggested modifications to staff proposal**



Proposed Program Terms

- **City requesting deferral will be required to sign standard loan agreement**
- **Cities eligible if certain criteria is met:**
 - **City's annual MWCs must have increased 15% or more from prior year**
 - **For second year loan, additional increase of 10% required**
- **Cities eligible for loans for 2 consecutive years, but not 3**



Proposed Program Terms

- **Funding source: Council's Wastewater Contingency Reserve Fund**

- **Loan terms:**
 - **Loan amount limited to increase over thresholds (15%, and 10%)**
 - **Length = 3 years or less**
 - **Interest rate = MCES' average cost of capital**
 - **E.g. 3.2% at 12/31/11**



Proposed Program Terms

- **Cities may appeal for additional assistance; case-by-case Council review**
- **Council reserves right to reduce or deny any request, depending on balance of Wastewater Contingency Reserve Fund or major Council cost increases**
- **Standard agreement will allow Council to use its deficiency levy authority to collect any unpaid loan payments**



Criteria applied to Maple Plain for 2012 MWCs

- **City would qualify for loan of \$33,640 (that is amount of MWC over 15% threshold)**
- **Payments would be added to regular city bills in 2013, 2014 and 2015:**
 - **\$950/month (includes 3.2% interest) = \$11,400 annual amount**
 - **If outstanding deferral is prepaid at any time, interest accrual ends and total would be less**



2012 Eligible Cities*

- **Those with MWCs increased greater than 15% (and amount above threshold is more than \$5,000)**

City	Amount
Little Canada	\$26,821
Long Lake	\$25,621
Maple Plain	\$33,640
Newport	\$5,002
Total	\$91,084

** If program approved for 2012, based on increases from 2011*



2011 Eligibility *

- Those with MWCs increased greater than 15% (and amount above threshold is more than \$5,000)

City	Amount
Dayton	\$10,428
Hugo	\$36,854
Maple Plain	\$6,365
Shorewood	\$64,854
Waconia	\$41,251
Total	\$159,752

* If program had existed in 2011, for increases from 2010



Tentative Calendar

- **Feb. 28** **Env. Comm. authorizes public meeting**
- **May 14-18** **Public meeting**
- **10 days** **Written comment period**
- **June 12** **Env. Comm. recommendation to adopt**
- **June 27** **Council loan program approval**
- **July** **Loan offer to Maple Plain**

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- **Deferral program implementation is subject to authorizing legislation, being pursued simultaneously**