

Business Item 2012-348: Approval of Municipal Wastewater Charge (MWC) Adjustment Agreement with the Cities of Hugo and Forest Lake

Presented to the Environment Committee

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November 13, 2012



Overview: Timeline

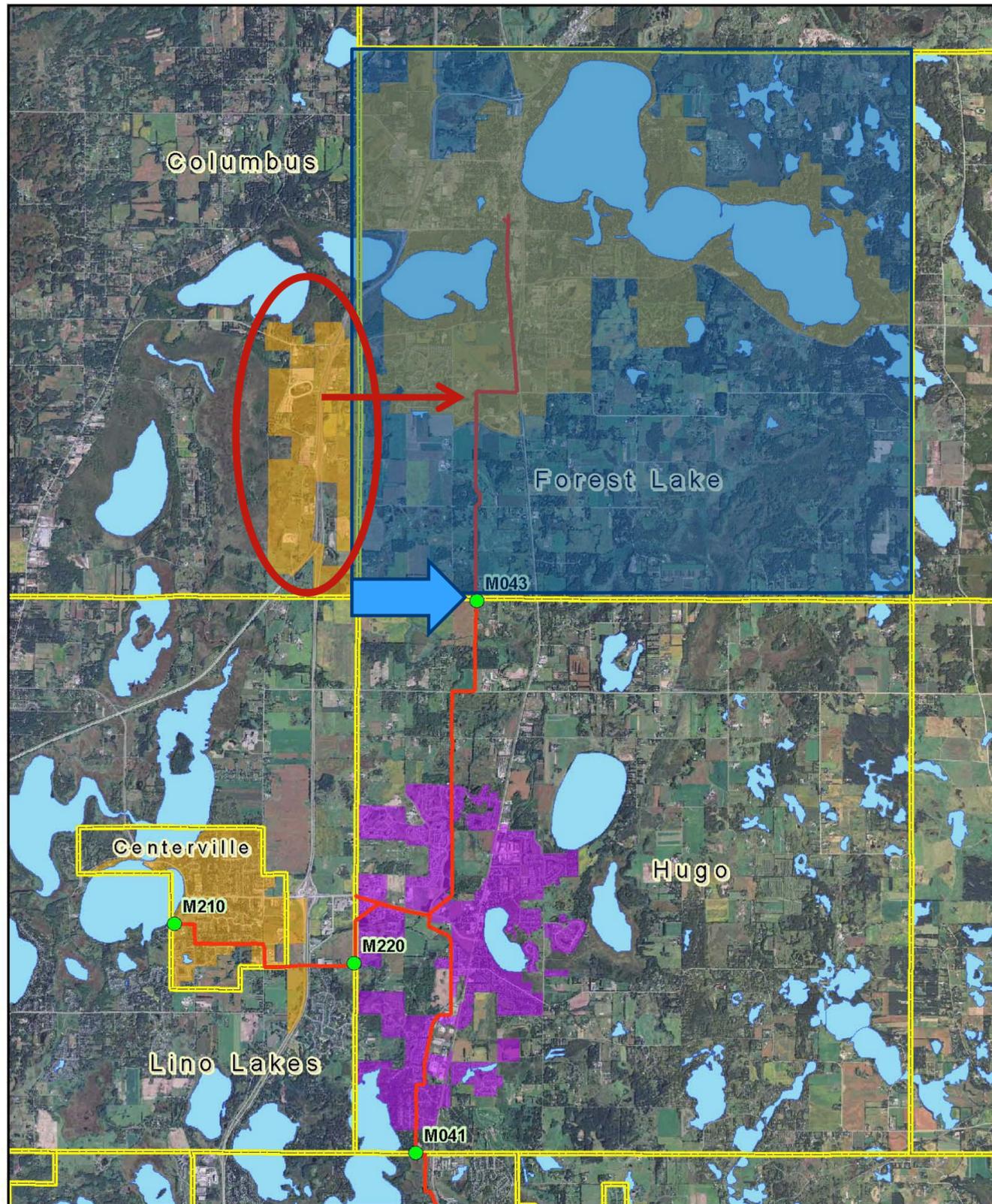
- April 14, 2011
 - Local news article in Hugo reported 19% increase in flow resulted in increased rates for residential and non-residential customers
 - Council staff initiates meeting with City of Hugo staff to review data
- March 29, 2012
 - Local news article acknowledges Council reduction in flow assignment and resultant reduction in local rates
 - Council considers issue resolved
- Mid-2012
 - City of Hugo notifies MCES that it's seeking additional adjustments
 - Analysis determines Meter M043 was reading artificially high for flows out of Forest Lake, creating improbable flows for Hugo
 - Final adjustment back to 2006 using reliable meter and water use data to correct flows and charges

Overview: Process

- Council Procedure 3-2-3a prescribes procedure and process for billing adjustments and disputes
- M.S. 541.05 defines statutory limitations including the 6-year time frame for billing dispute limitation
- Council staff met with Cities to negotiate settlement for prior years' adjustments
- Current year billings were adjusted in process
- Funding these adjustments from current year MWCs which will reduce revenue for 2012
- Current projections forecast positive variance for 2012 and reserve funds well above target fund balance
- December 2012 remittance to cities

M041 Tributary Sewersheds

- MCES Meter
- MCES Interceptor
- Net M041 Metersheds
- Tributary Metersheds

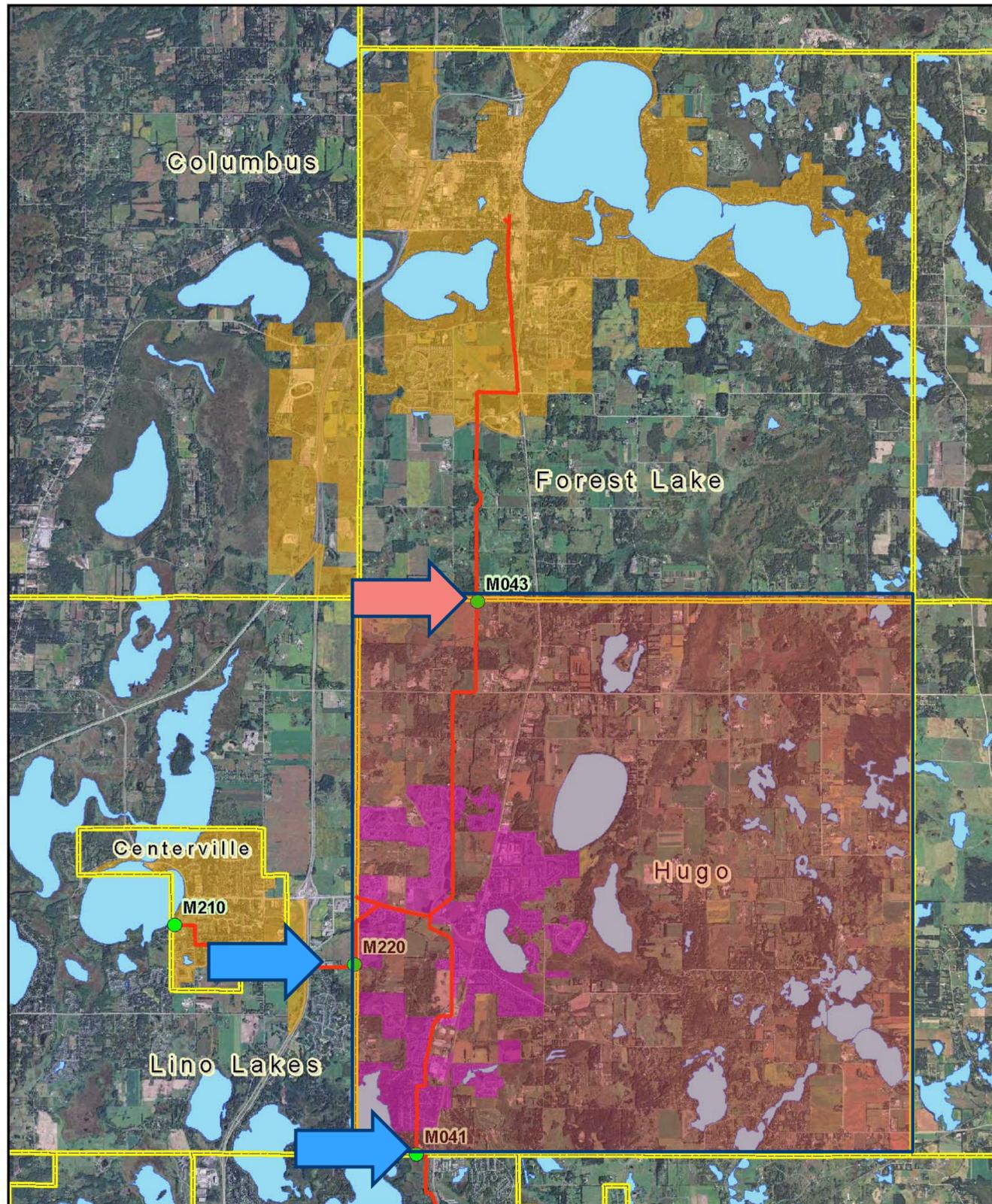


Forest Lake Flow Allocation

M043 – Columbus (Lift Station)

M041 Tributary Sewersheds

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Hugo Theoretical Flow Assignment

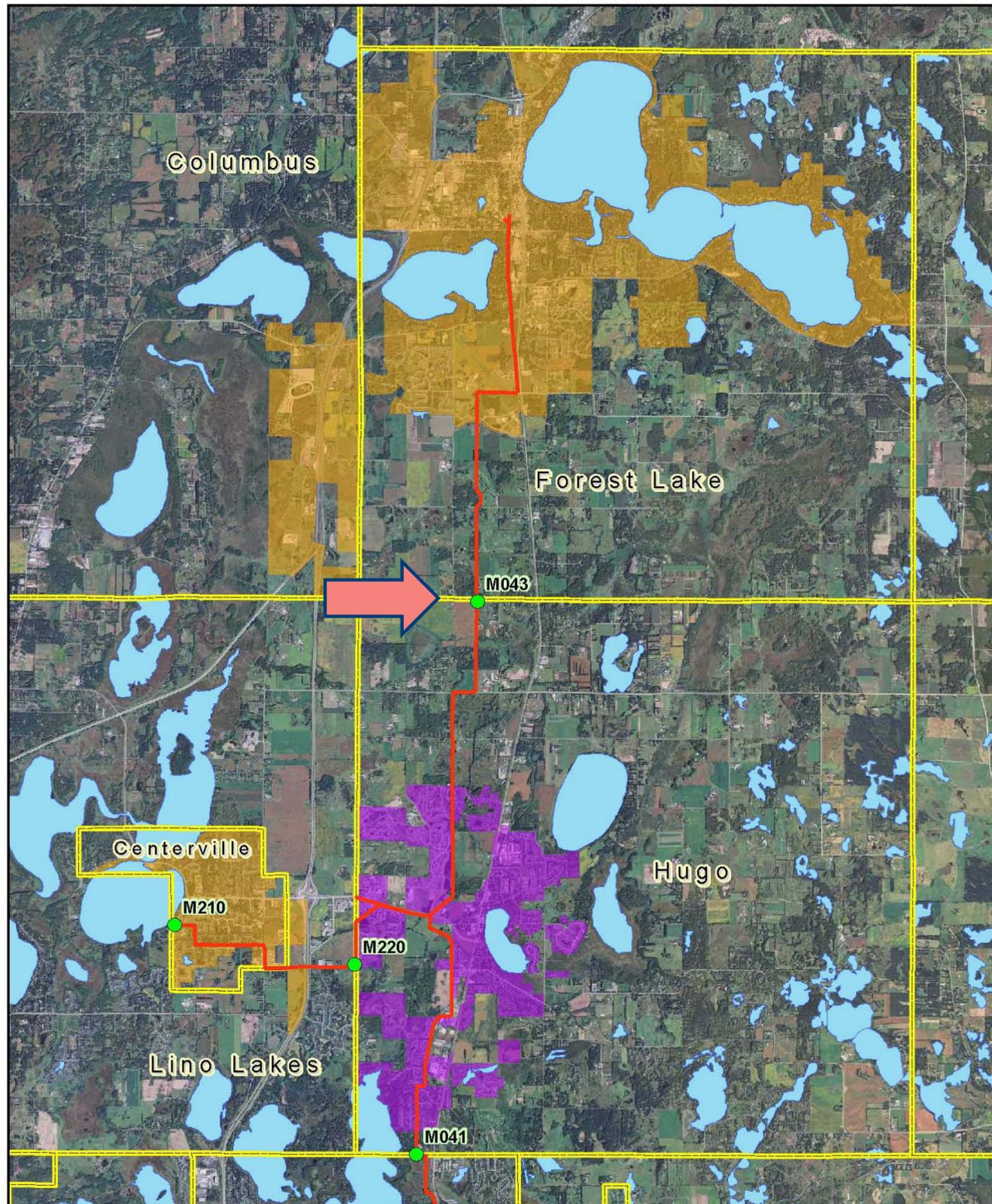
M041 – M220 – M043

Hugo Historical Flow Assignment

- Hugo generated flow too small to accurately measure.
- Flow assignments based on combination of connection count information and temporary flow monitoring.
- Method of assignment agreed to with Hugo in mid 1990's.

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Identified Meter Error at M043

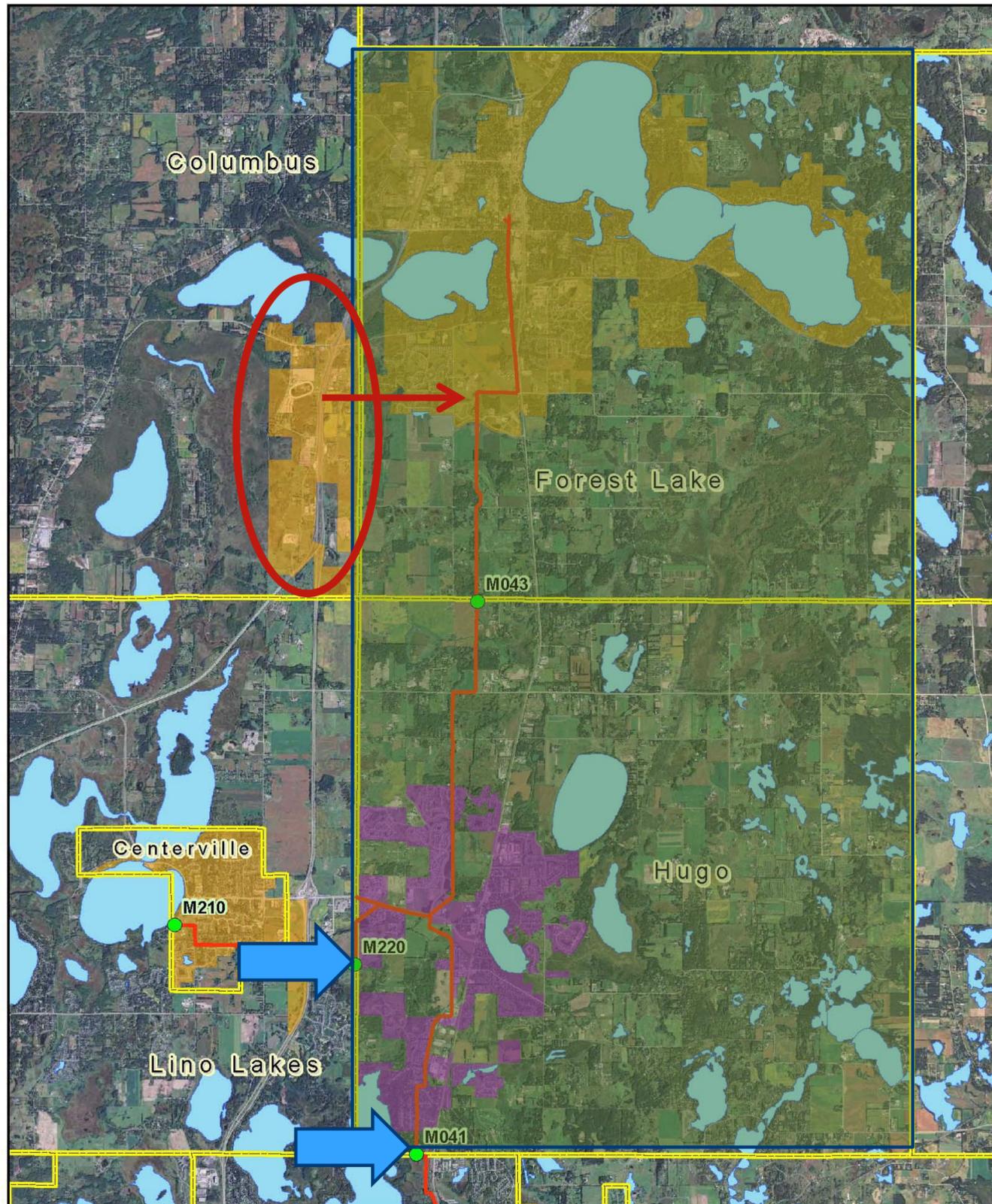
- Meter reporting false high flow.

Impacts of Meter Error

- Forest Lake overbilled.
- Hugo net flow too low (often negative).

M041 Tributary Sewersheds

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Proposed Allocation Adjustment

- Columbus LS flow, M220 and M041 high confidence level.

Net Forest Lake + Hugo (Green area)

- M041 – M220 – Columbus

Corrected Allocation

- Proportioned based on annual winter water use.
 - Forest Lake ≈ 70% to 75%
 - Hugo ≈ 30% to 25%