



# Environment Committee

Item: 2007 – 287

Meeting date: August 28, 2006

For Metropolitan Council Meeting of 9/12/07

## ADVISORY INFORMATION

<b>Date:</b>	August 28, 2007
<b>Subject:</b>	Direct Connection Application Fee
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	MN Statute 473.521 Subd. 2, 473.515 Subd. 3., 473.129, Subd. 11 / Council Policy 3-2-3
<b>Staff Prepared/Presented:</b>	Jason Willett, MCES Finance Director, 651-602-1196
<b>Division/Department:</b>	MCES c/o William G. Moore, General Manager, 651-602-1162

### Proposed Action/Motion

That the Metropolitan Council approve a new fee (the Direct Connection Application Fee) and approve a rate of \$900 per connection for this fee, effective January 1, 2008. Staff is authorized to develop implementation details and to update the amount each year to be consistent with the costs incurred.

### Issue

A direct connection application fee is proposed to recover costs for time spent by MCES staff on a connection request (permitting, reviewing, modifying, drawing and inspecting).

### Overview and Funding

This fee would apply when a request is made to connect directly to an MCES interceptor. Permits for connection are issued only to municipalities and the fee would be billed to them. The city or township may collect from private parties and may charge a higher amount to recover their own costs.

On average, about 16 hours is spent by MCES staff on a direct connection request. Currently, labor and overhead costs for these hours amount to about \$900 and this is the proposed Direct Connection Application Fee for 2008. Since about half of MCES staff time spent administering a connection request occurs before the actual connection is approved, half of the proposed \$900 fee would be refunded if the application is denied.

This fee is not in-lieu of or redundant to the SAC which is payment for making *capacity* available in the wastewater system. The Direct Connection Application Fee is payment for the MCES staff costs associated with connecting *directly* to an interceptor (this occurs about 20-30 times each year). This is an improvement to the cost of service approach for our rate system as those parties that cause the cost will pay it. The revenue collected will reduce (slightly) the revenue needed from municipal wastewater charges.

A public meeting was held August 14 to provide information and gather public input on this proposal. One individual (from St. Paul) attended the meeting and gave no testimony. Two written public comments were submitted on August 24<sup>th</sup> – see attached.

If this fee is adopted, communities will be notified in September to give them at least three months notice before the effective date.

**From:** "Mike Kassan" <Mike.Kassan@ci.stpaul.mn.us>  
**To:** <data.center@metc.state.mn.us>  
**Date:** 8/24/07 1:53PM  
**Subject:** Comments - Direct Connection Application Fee

St. Paul does not object to MCES charging a fee to connect to one of their interceptors. We do however feel that the amount is excessive. St. Paul charges \$100 for a connection fee which includes an inspection and the recording of a detailed permit.

The only time a St. Paul property owner would connect to a MCES interceptor would be if it's the only sanitary sewer available. Adding another \$800 to the cost of their connection is unreasonable since a four inch sanitary connection shouldn't require a lot of analysis. If this proposed connection fee applied only to new public main line sewer connections, our objection would be diminished somewhat but the fee would still seem excessive.

Thank you for the opportunity to comment.

Mike Kassan, P.E.  
St. Paul Public Works Sewer Utility  
700 City Hall Annex  
25 West 4th St.  
St. Paul, MN 55102

**CC:** "Bruce Elder" <Bruce.Elder@ci.stpaul.mn.us>



**Minneapolis**  
City of Lakes

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August 24, 2007

Metropolitan Council Environmental Services  
Attention: Mr. Dan Schueller (via facsimile, to fax # 651-602-1477)  
390 Robert Street  
St. Paul, MN 55101

Subject: Direct Connection Application Fee

Dear Mr. Schueller:

Thank you for the opportunity to comment on the proposed adoption of a new fee for direct connection applications. We have a two-fold concern.

Firstly, we question whether the new fee is appropriate, or if the administrative costs are already a portion of the user fees and therefore would be doubly collected.

Secondly, if it is determined that the new fee is justified, we would like to point out that the fee for connections in Minneapolis should be lower than elsewhere, as explained below.

On August 10, you provided me with the following basis for the fee:

16 hours X \$50 salaries & benefits X 1.13 overhead, for estimated hours per Municipal Services --

Permitting		3
Reviewing		4
Modifying		1
Drawing	2	
Inspecting		<u>6</u>
Total Hours		16

For the City of Minneapolis, however, there is an established relationship that is beneficial to MCES that we feel should continue, and should be recognized in the rate structure. In this relationship, for permit applications for direct connections in Minneapolis, city staff (and not MCES staff) perform some of the above tasks. This would seem to call for an exception to the amount of the fee for direct connections within the City of Minneapolis.

For permits for connections within the City of Minneapolis, city staff do all of the inspecting, and perform some of the reviewing and administration, which considerably reduces the amount of time MCES staff need to spend. We estimate that for connections in Minneapolis, MCES staff may spend an average of 5 to 8 hours, rather than 16. Therefore, we propose that rather than a \$900 fee, the amount be set at \$400 for permits for direct connections to MCES facilities within Minneapolis.

Sincerely,

Rhonda Rae, P.E., Director of Surface Water & Sewers Division  
Minneapolis Department of Public Works

Cc:  
Rich Profaizer, P.E., Surface Water & Sewers Operation & Maintenance Engineer  
Bo Spurrier, P.E., Surface Water & Sewers Water Resources Engineer  
Lois Eberhart, Surface Water & Sewers Water Resources Administrator  
William Moeller, Met Council Environmental Services



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