

**E** Environment Committee  
Meeting date: May 22, 2012

ADVISORY INFORMATION	
<b>Date:</b>	May 16, 2012
<b>Subject:</b>	Authorization to Hold Public Meetings on Preliminary 2013 Rates and Charges
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Council Policy 3-2-3; Water Resources Management Policy Plan; MN Statute 473.517
<b>Staff Prepared/Presented:</b>	Jason Willett 651-602-1196 & John Atkins 651-602-1020
<b>Division/Department:</b>	MCES c/o William G. Moore 651-602-1162

**Proposed Action**

That the Environment Committee directs staff to hold two public meetings for municipal customers and one for industrial customers regarding the preliminarily proposed 2013 rates and charges (Attachment A).

**Background & Rationale**

Customers want to know MCES rates as soon as possible: municipalities for their rate setting (which sometimes require ordinance changes) and total cost-of-government computations, and businesses so they know the cost of this service in setting their pricing for 2013.

In order to meet our usual schedule where the Council approves the rates in July, public input needs to be received by early June. Staff will bring a summary of the input back to the Committee. The public meetings are scheduled at:

- May 24: Industrial Waste Forum at Metro 94 at 8:00 am.
- June 6: Municipal Customer Forum at Brookview Community Center in Golden Valley at 1:00.
- June 8: Municipal Customer Forum at League of Minnesota Cities Building in St. Paul at 8:45 am.

**Funding**

The preliminary budget on which these rates are based is Attachment B and is information only. Budget adoption proceeds separately but is materially constrained by the rates.

Funding for the meeting expenses is not material.

**Known Support / Opposition**

Holding these meetings to get customer input (prior to Committee action) has been our typical practice. The meetings have been well attended and are appreciated by our customers.

***Preliminary Rates and Charges***

	<u>2012</u>	<u>2013</u>	<u>increase</u>
1. Municipal Wastewater Charges (MWC)	173,649,000	178,824,000	3.0%
2. Sewer Availability Charge	2,365	2,435	3.0%
Temporary Capacity Charge (per 1,000 gallons)	1.18	1.22	3.0%
3. Strength Charge (excess pounds of TSS)	\$0.160	\$0.172	7.5%
Strength Charge (excess pounds of COD)	\$0.080	\$0.086	7.5%
4. Load Charges:			
Standard Load Charge (per 1,000 gallons)	\$49.97	\$53.31	6.7%
Holding Tank Load Charge (per 1,000 gallons)	\$6.78	\$8.81	30%
Collar County Load Charge (per 1,000 gallons)	\$64.97	\$68.31	5.1%
Portable Toilet Load Charge (per 1,000 gallons)	\$63.73	\$67.95	6.6%
Industrial Strength Component (excess TSS)	\$0.330	\$0.351	6.4%
Industrial Strength Component (excess COD)	\$0.1650	\$0.1755	6.4%
5. Permit Fees (\$/year):			
<u>Quarterly reporters</u>			
Significant Industrial User (SIU) >50 m gal	6,350	6,850	7.9%
SIU <50 m gal	5,300	5,725	8.0%
<u>Semi-annual reporters</u>			
SIU > 10m gal	4,200	4,525	7.7%
SIU 5-10 m gal	3,150	3,400	7.9%
SIU 2-5 m gal	2,100	2,275	8.3%
SIU < 2m gal	1,075	1,150	7.0%
non SIU	1,075	1,150	7.0%
<u>Annual reporters</u>			
non SIU >1m gal	1,075	1,150	7.0%
non SIU <1m gal	675	725	7.4%
NSCIU (non sig. categorical industrial user)	675	725	7.4%
<u>Liquid waste haulers</u>			
> 1m gal	1,075	1,150	7.0%
< 1m gal	675	725	7.4%
<u>Special Discharge</u>			
General - quarterly reporters	1,075	1,150	7.0%
Contingency/low impact	675	725	7.4%
General Permits	100-500	100-500	
6. Other Fees:			
Encroachment Application Fee (per easement)	600	600	0%
Direct Connection Application Fee (per application)	1,000	1,000	0%
I/I Exceedance Rate (per excess mgd)	384,000	398,000	3.6%

**Rate Setting (Preliminary) Budget**

	2012 Adopted <u>Budget</u>	2013 Preliminary <u>Budget</u>	<u>Change</u>
REVENUE & Other Sources: (\$s in thousands)			
Municipal Wastewater Charges	\$ 173,649	\$ 178,824	3.0%
SAC Fund Transfer	27,400	30,250	10.4%
SAC Fund Shift	(4,300)	0	
Transfer from operating reserve for SAC shift	4,300	0	
Industrial Charges	12,745	13,977	9.7%
Other Sources	<u>3,018</u>	<u>3,179</u>	<u>5.3%</u>
Total Revenue/Sources	\$ 216,812	\$ 226,230	4.3%
EXPENSES & Other Uses: (\$s in thousands)			
Wastewater Debt Service	96,889	101,000	4.2%
MCES Labor	61,918	62,742	3.6%
Interdivisional	10,026	10,868	8.4%
Non-Labor	46,979	52,120	10.9%
Pay-as-You-Go for Capital Projects	<u>1,000</u>	<u>1,500</u>	<u>50%</u>
Total Expenses	216,812	228,230	5.3%
SURPLUS/(DEFICIT) to (from) Op. Reserves	(\$0)	(\$2,000)	