

# 2019 Customer Budget Workshop

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**May 23, 2019**

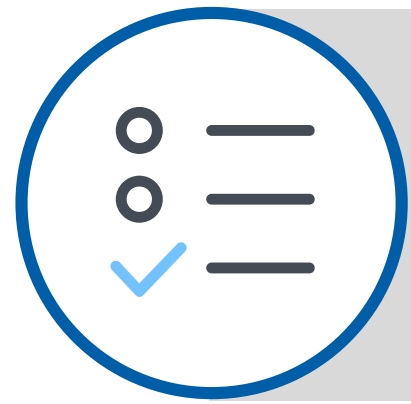




# Agenda



2020 Budget & Finance



Customer Survey Results



Customer Portal



Capital Improvement Program







# 2020 Budget & Finance

# 2020 Executive Summary (vs. 2019)

## Regional Wastewater Charge



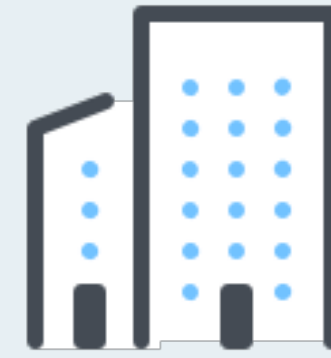
**3.6%**

## Sewer Availability Unit Charge



**No  
Increase**

## Industrial Waste Strength Charge



**4.5%**

## Industrial Permit Fee



**3.6%**

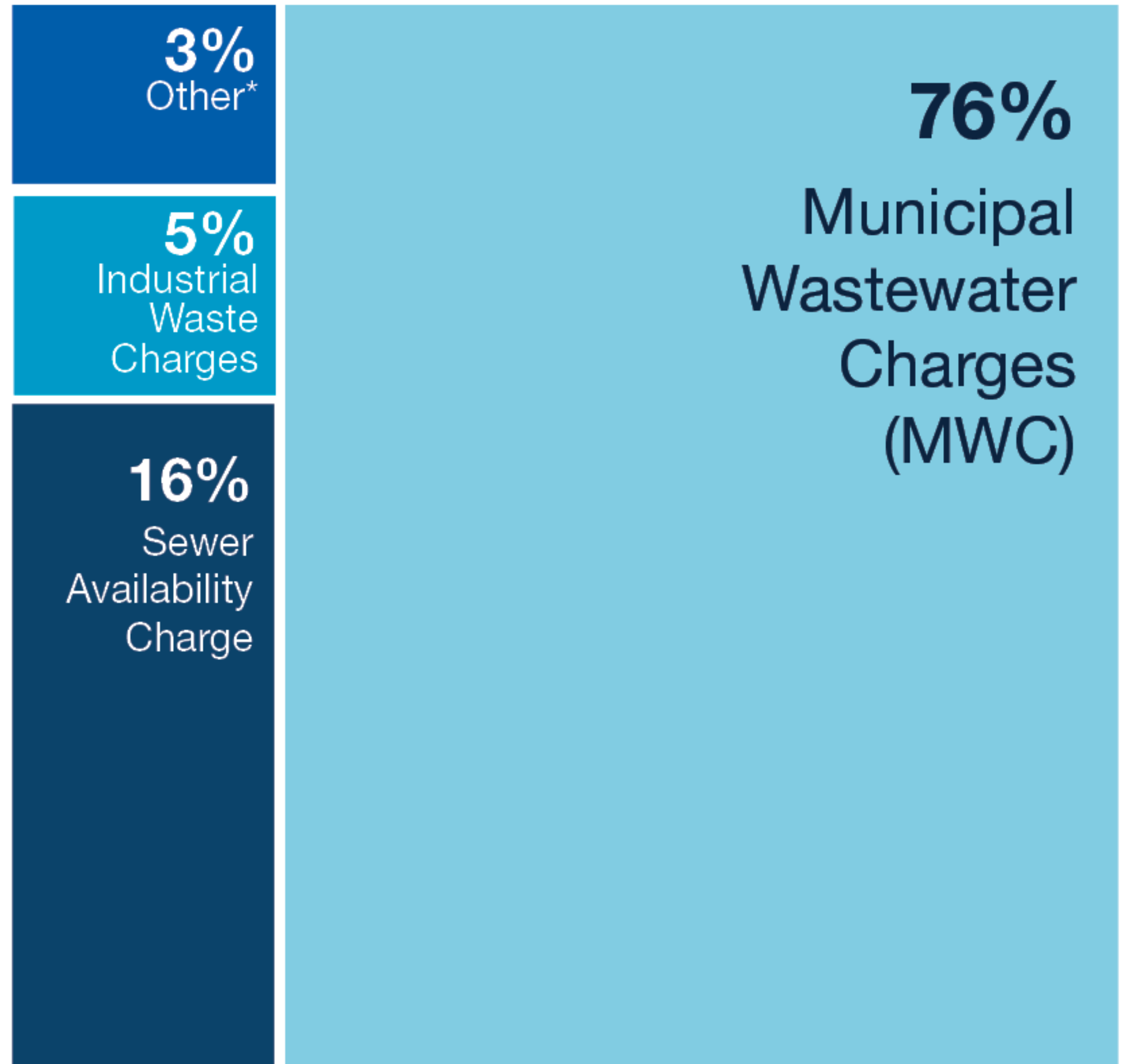
**4.9% total Use increase over 2019\***

\* 1.9% including 2019 I/I pass thru grants

# 2020 Revenue Sources - \$311M

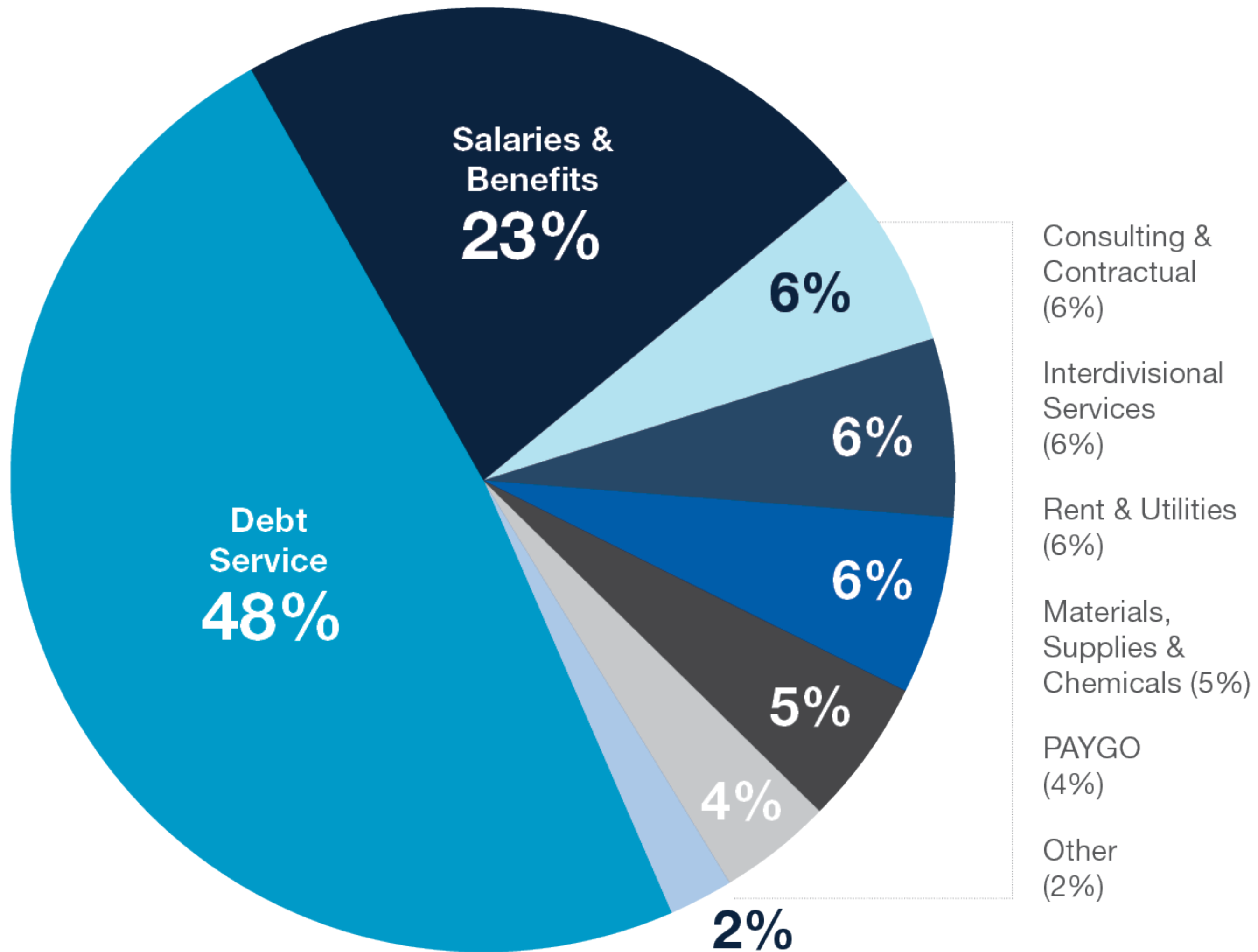


- Fee for service
- Not a tax
- No federal, state or council \$
- No MCES \$ for other Council operations



\*Other includes Other Post Employment Benefit adjustments, Investment Earnings, and use of Reserves

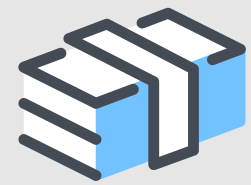
# 2020 Revenue Uses by Category - \$311M



\*Other includes centralized projects and other miscellaneous expense.

# Aggressive Cost Containment

**2020 is year 3 of a 5 year commitment to keep our region-wide increase < 4%**



**Budget “Flat to last Year”**



**Labor scheduling optimization**



**Energy upgrades**



**Asset management teams**

# Labor Efficiencies Continue

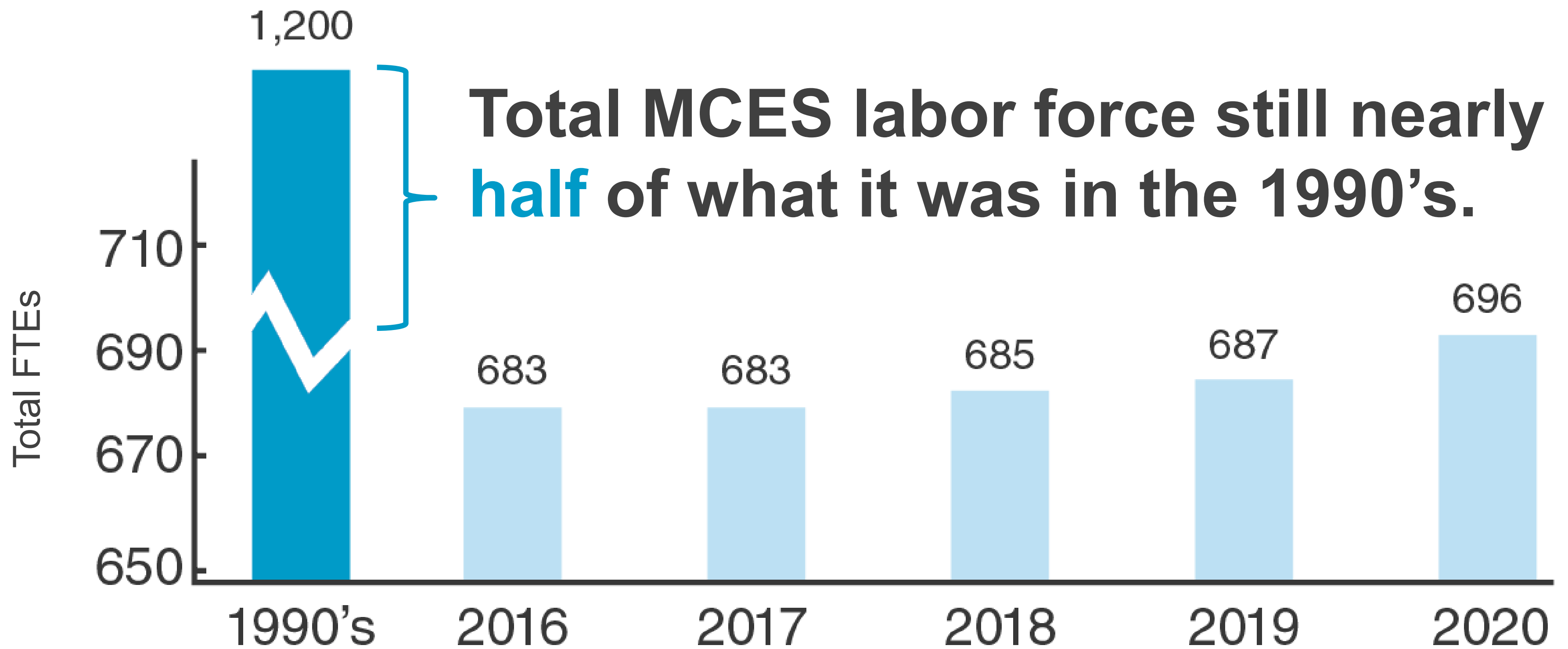
**Labor force  
growth <2%**



Increased services:

- Rogers Plant addition
- Odor Control Facilities
- Improved planning & scheduling

Self-insured  
keeps healthcare  
increases modest



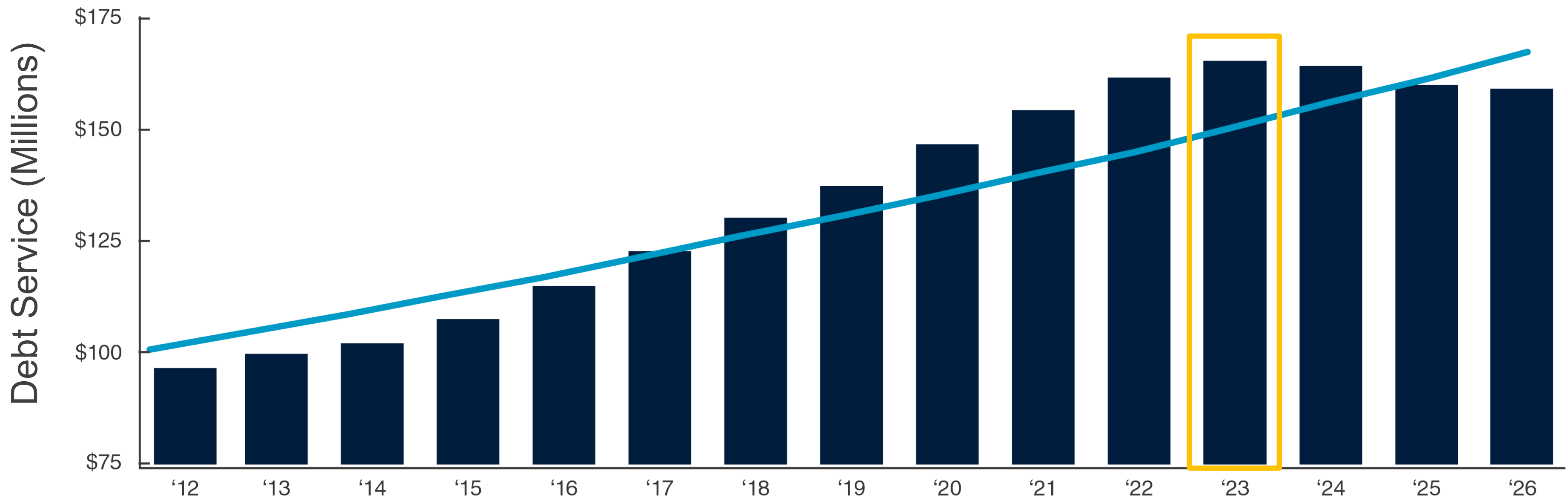


# Debt Service “Bubble” Peaking

Debt bubble driving +\$7 - \$10M expense increase/year.

- 2012 – 2018 Actual Debt Service; projected thereafter
- 2018 Debt Service with 3% inflation

Peak in  
**2023**





# MCES Rates are an Excellent Value

Regional retail sewer rates continue to be among the **lowest in the nation.**

## Peer Agencies

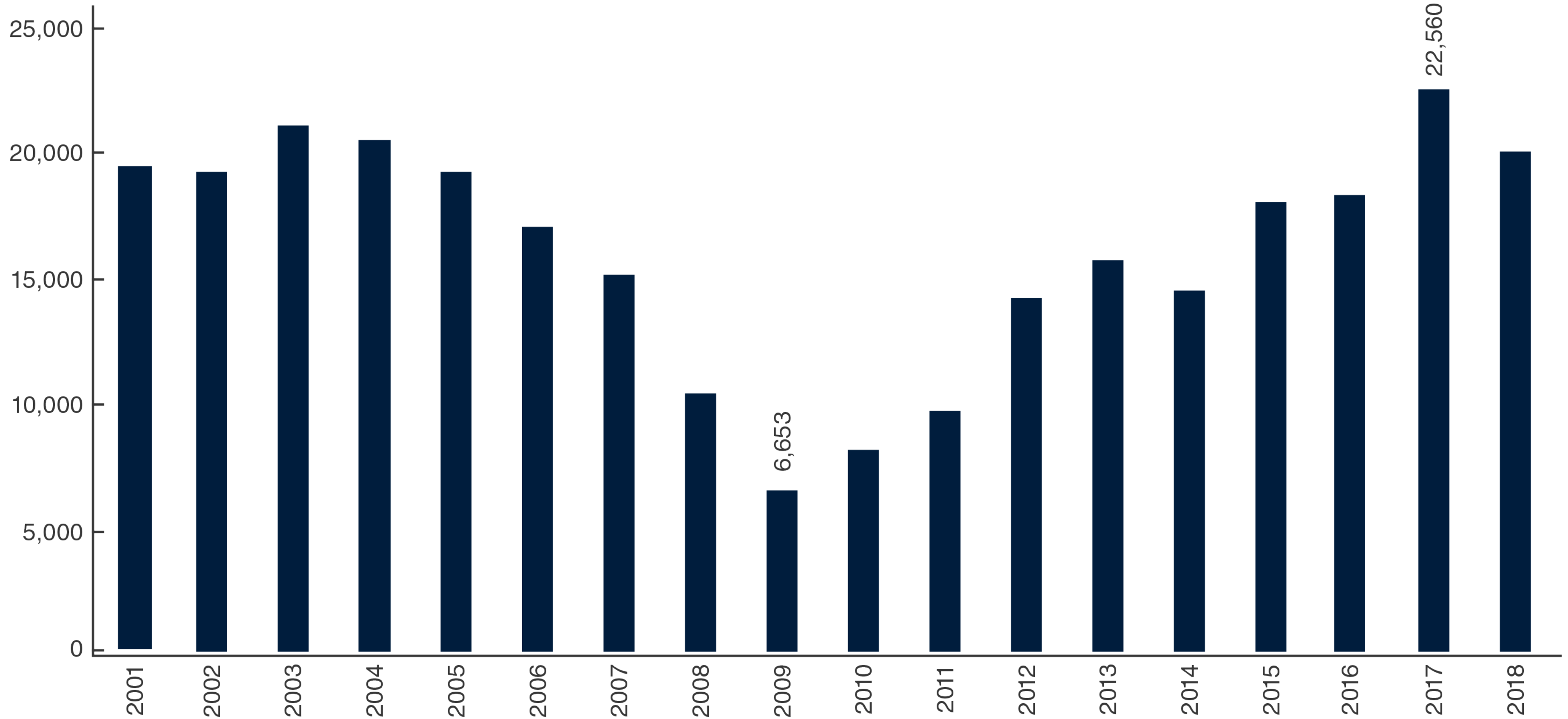


2017 NACWA survey (2016 rates)





# SAC Units Continue Recovery





# 2020 Rate Setting Schedule

## Industrial Workshops

March 21: Liquid Waste Haulers

April 18: Industrial Waste Customers

April 25: Industrial Waste Customers

**Environment Committee  
Direction for Public Meetings**

**May 14**

## Municipal Customer Forums

May 23: Minnetonka Community Center

June 6: League of Minnesota Cities

**Environment Committee Review  
of Input/2020 Rate Amendment**

**July 9**

**Council Rate Adoption**

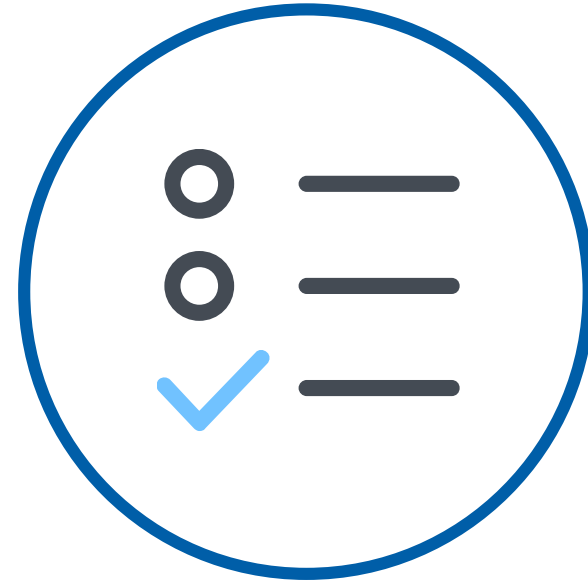
**July 24**

**Council Preliminary Operating  
Budget Adoption**

**August 28**

Public input





# 2018 MCES Customer Survey

# Background



**MCES is committed to meeting its  
Customer Level of Service**



# Background

## The goals of the survey were defined as:

1. Gather perceptions of MCES from three customer segments: Communities, Industrial Waste and Water Resources customers.
2. Measure customer satisfaction by segment.
3. Identify strengths of MCES and areas in which MCES can improve.

## Survey results will be used to:

- Address identified issues
- Provide feedback to customers
- Strengthen customer relationships
- Baseline for future satisfaction surveys





## Survey Methodology



### Surveys were conducted from:

October 24 – November 30, 2018



### 82 Communities

(73 different communities  
out of 110 served)



### 270 Industrial Waste

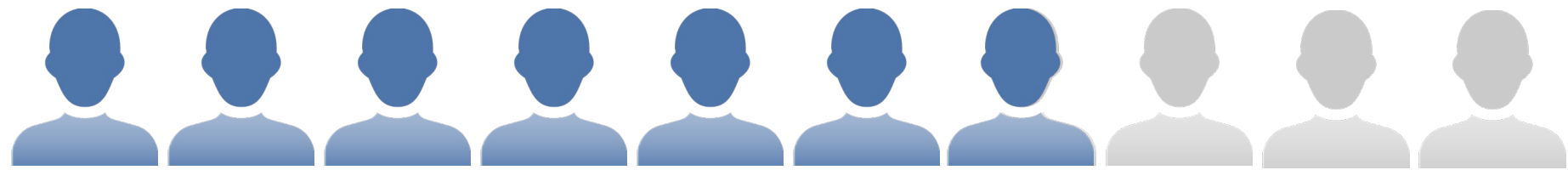


### 35 Water Resources

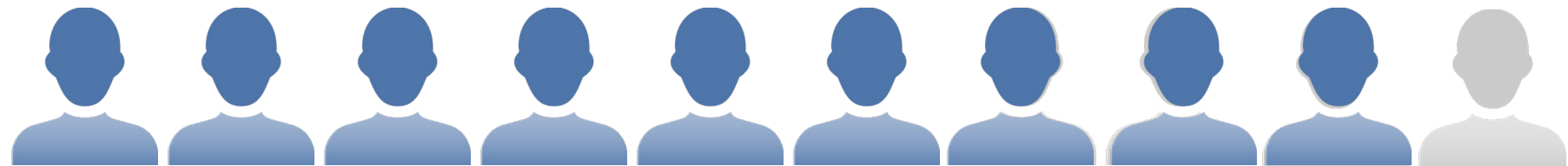
(15 city staff, plus 20  
representatives from watershed  
districts or organizations)



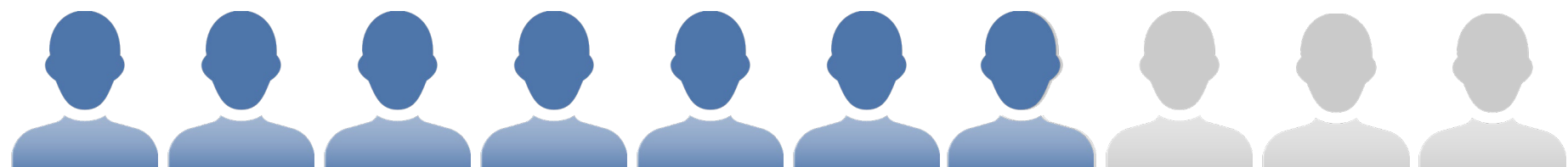
## Survey Results



**More than 70% of respondents**  
say they are **satisfied or very satisfied** with  
MCES work in the region



**88% level of satisfaction**  
with Industrial Waste customers which is the  
**highest level of satisfaction**



**72% level of satisfaction**  
with city customers which is the **second highest**  
**level of satisfaction**

## Community Strengths



Strong majority are satisfied with capital project coordination and communication



High level of satisfaction with communication on Sewer Availability Charge and the Municipal Wastewater Charge

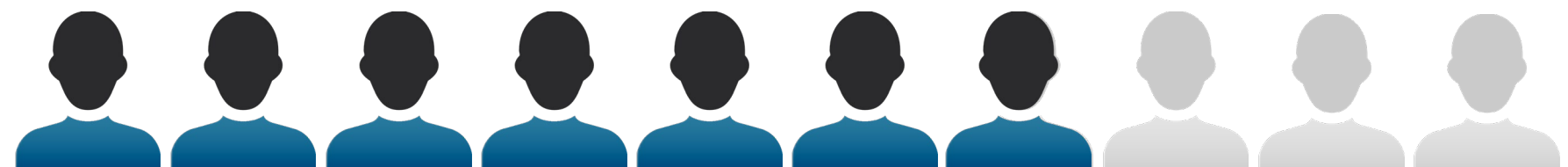


High satisfaction with interagency and city coordination on projects, awareness and responsiveness



The Top 10 and larger communities (>15,000) are more likely than smaller communities (15,000 or less) to strongly agree that MCES works with you as a partner

**69%** of communities **agree or strongly agree** that MCES services are priced fairly



## Community Improvement Areas



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Continued effort on  
intergovernmental  
coordination



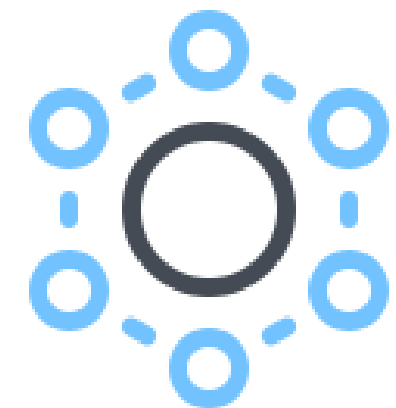
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Communities identified  
a need for more  
feedback on  
comprehensive plan  
updates



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Customers indicated  
a need to improve  
communications



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More than half of customers  
expressed a need for  
improved outreach and  
collaboration of MCES  
water supply activities



# Next Steps



**Develop a work plan  
to address  
improvement areas**



**Provide survey  
results to customer  
groups**

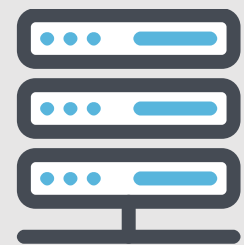


**Perform a survey  
again in  
3-4 years**



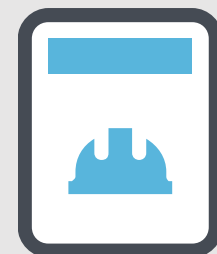
# Customer Portal

Supports the MCES Customer Level of Service by improving communication and service to the cities MCES services:



## Data

Allows access to timely, accurate data



## Engagement

Provides customers access to local public outreach materials



## Communication

Offers a means of streamlined communication

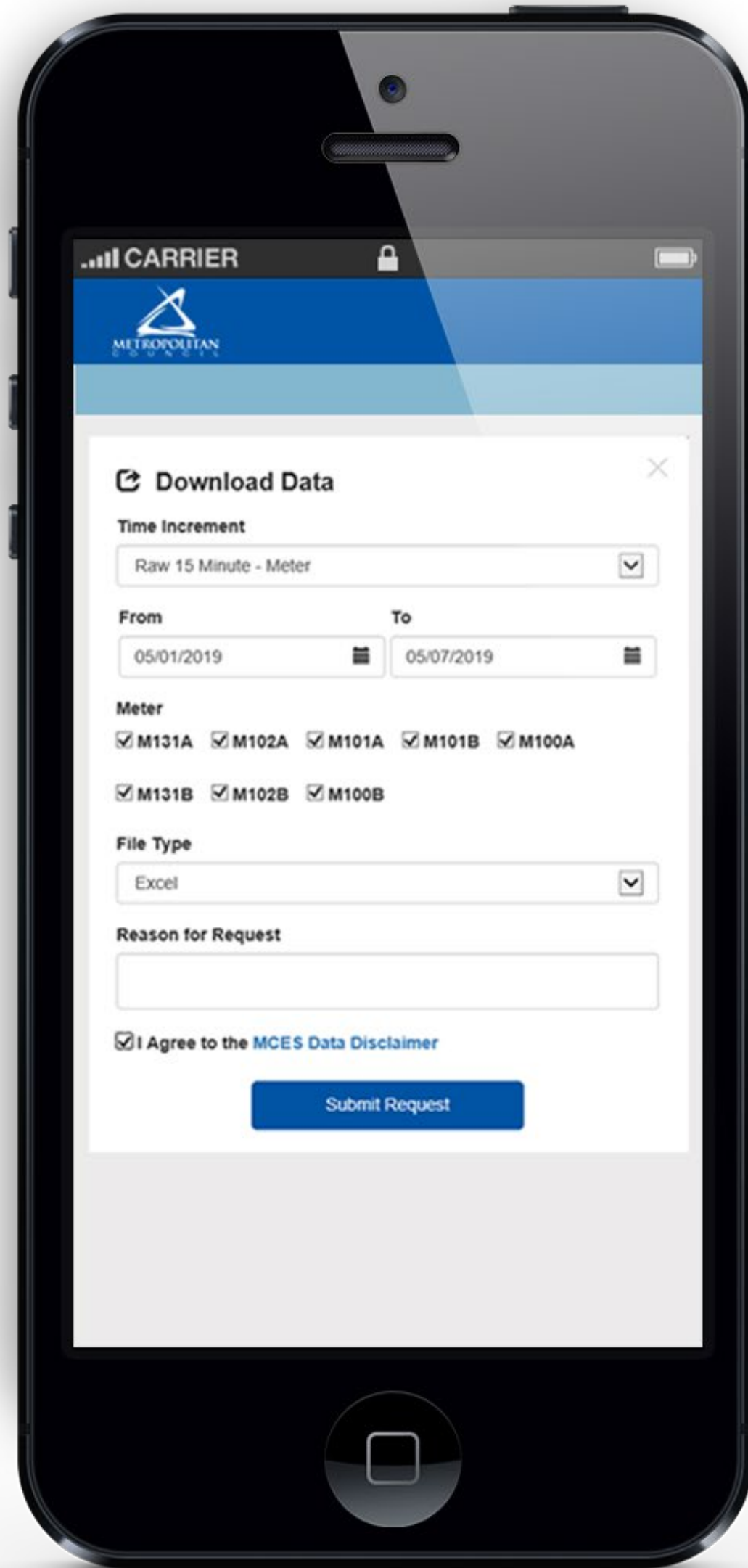


# Customizable Data Dashboard



Allows for a quick view of flow data that may be useful for planning or prioritizing system updates

# Data on Demand

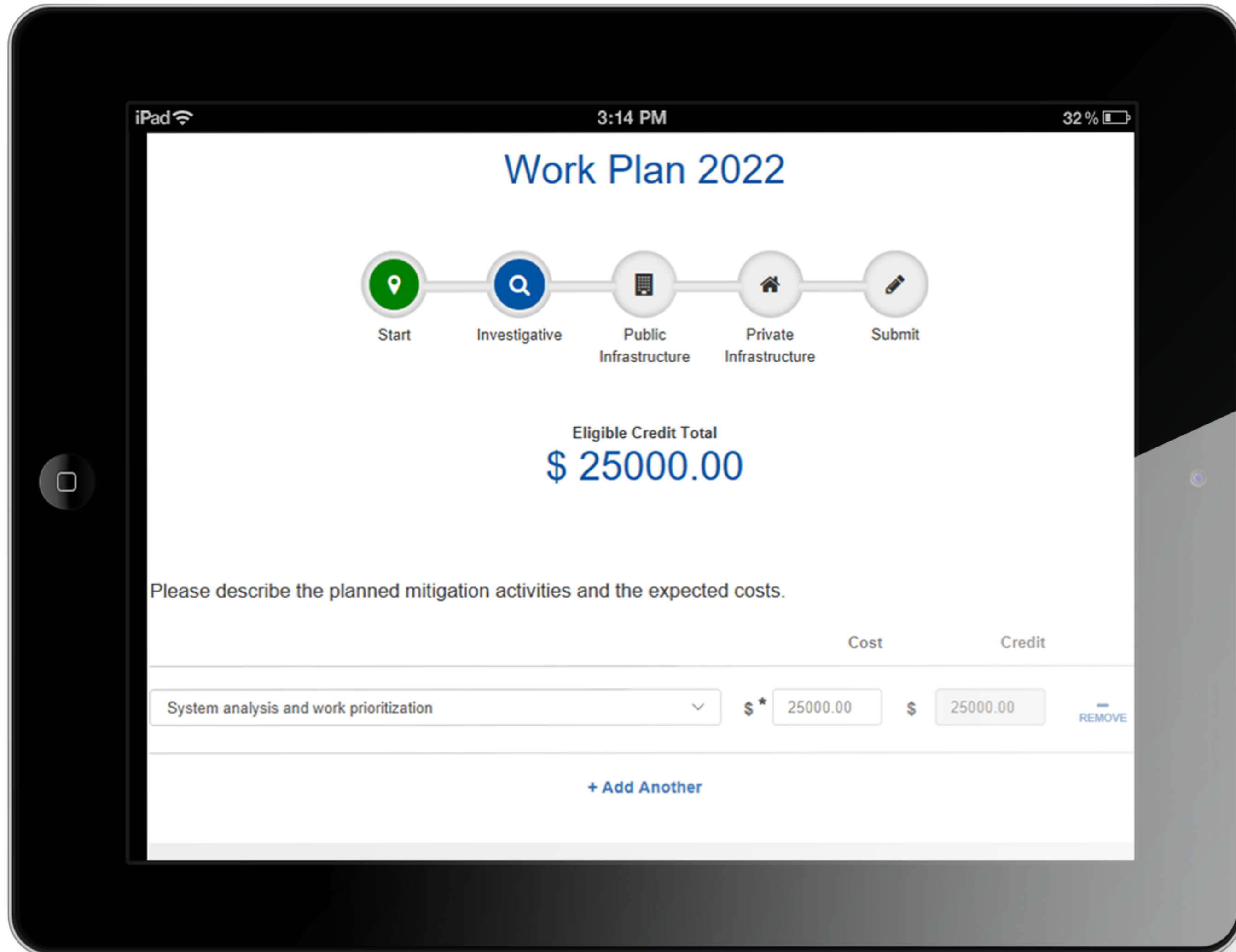


Intuitive, easy to use process provides timely, accurate data



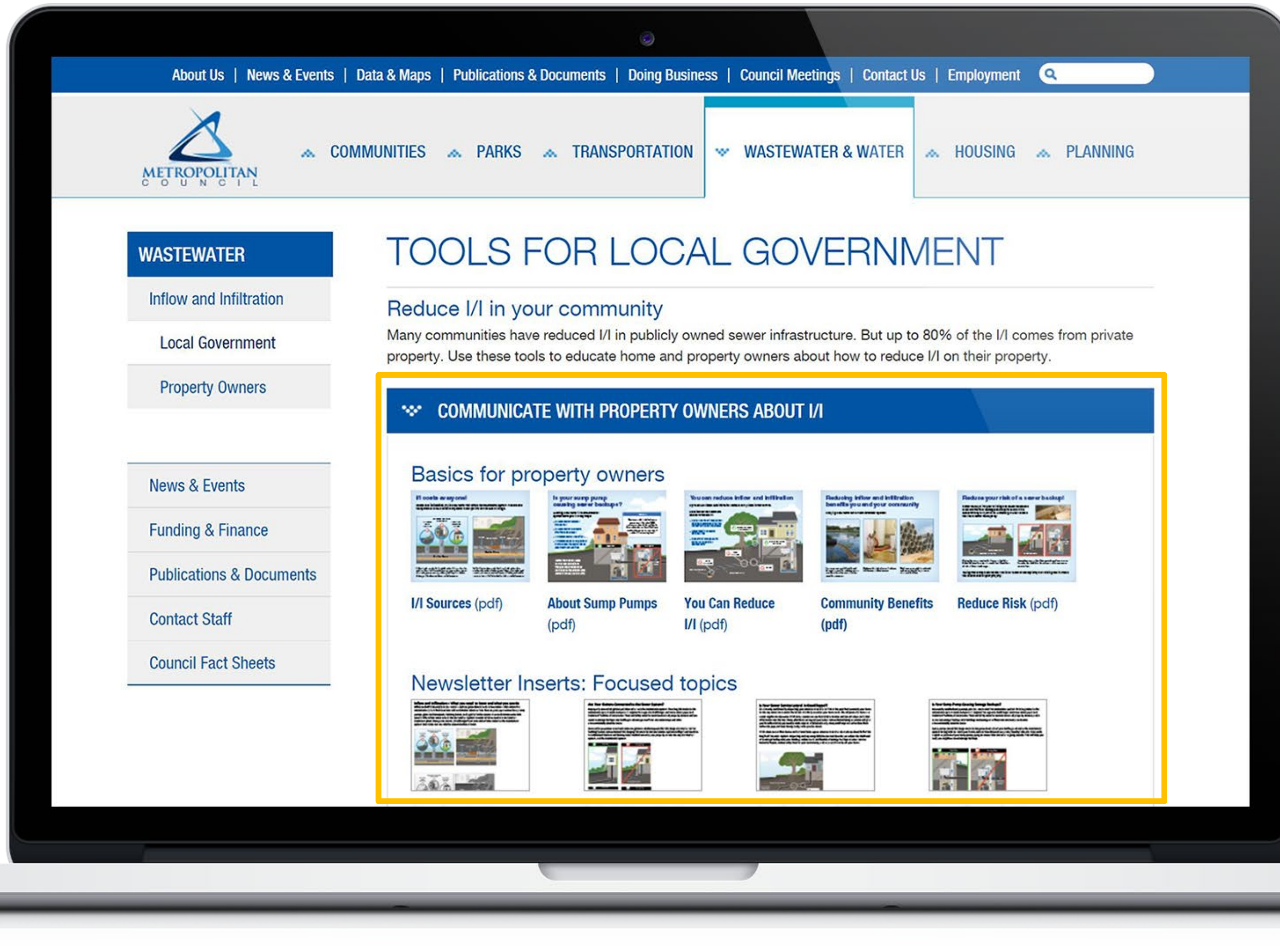
# I/I Program Information

Submit I/I program information, including work plans and credits, to track I/I work and keep a record of past expenses





# Useful Links & Outreach Resources



[MCESCustomerPortal.metc.state.mn.us](https://MCESCustomerPortal.metc.state.mn.us)

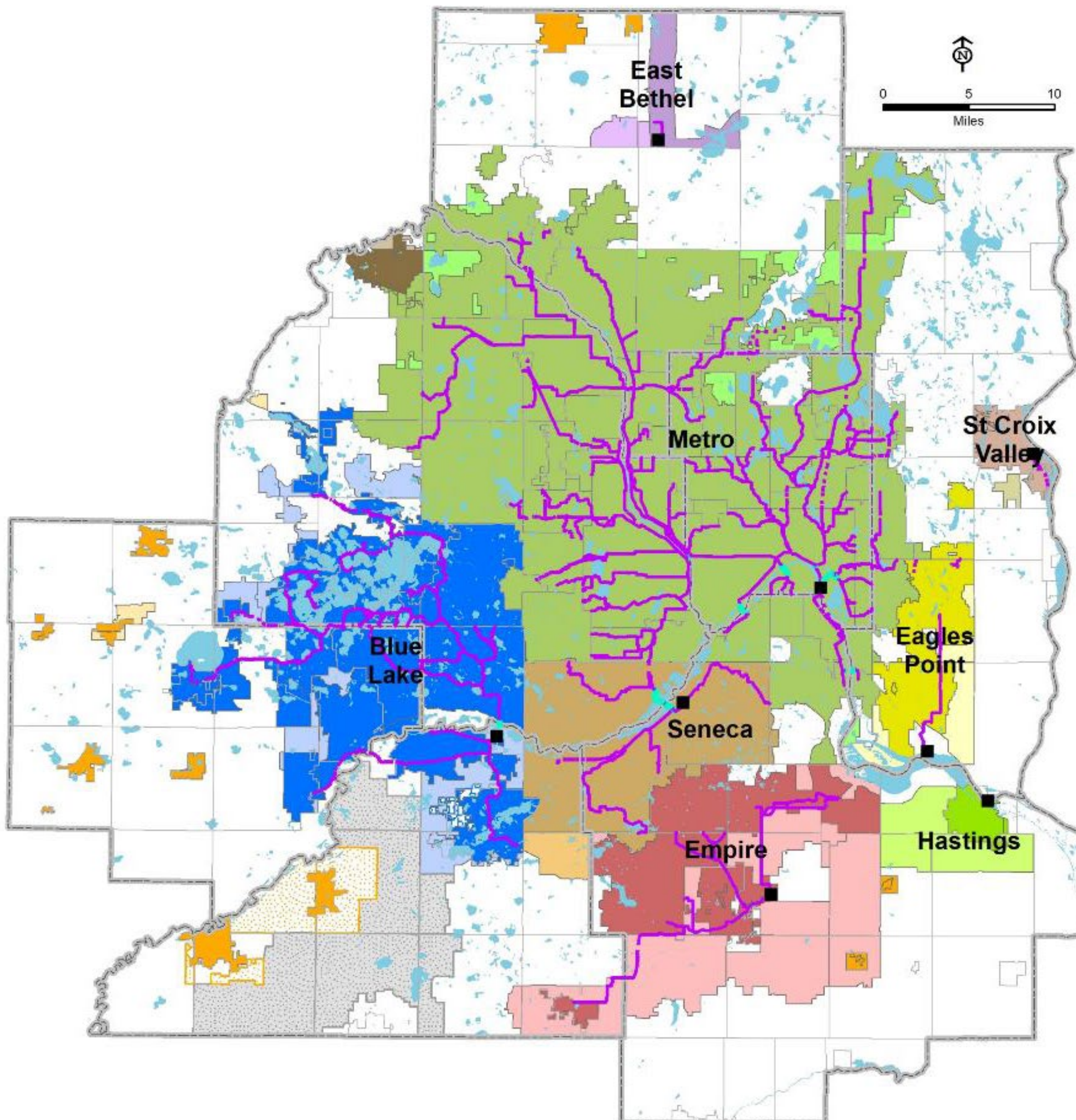


# Capital Improvement Program (CIP)





# Metropolitan Council Environmental Services



Protects public health and safety



Protects the environment



Fosters the economic growth of the region

## WHO WE SERVE

7-county Twin Cities Metro Area  
110 communities  
2,700,000+ people

## OUR FACILITIES

8 wastewater treatment plants  
610 miles of interceptors  
250 million gallons per day (avg)

## OUR ORGANIZATION

600+ employees  
\$7 billion in valued assets  
\$150 million / yr capital program



# 2019 Capital Program Breakdown, by Objective



## Preserve Assets

Rehabilitate & replace assets to preserve value & performance



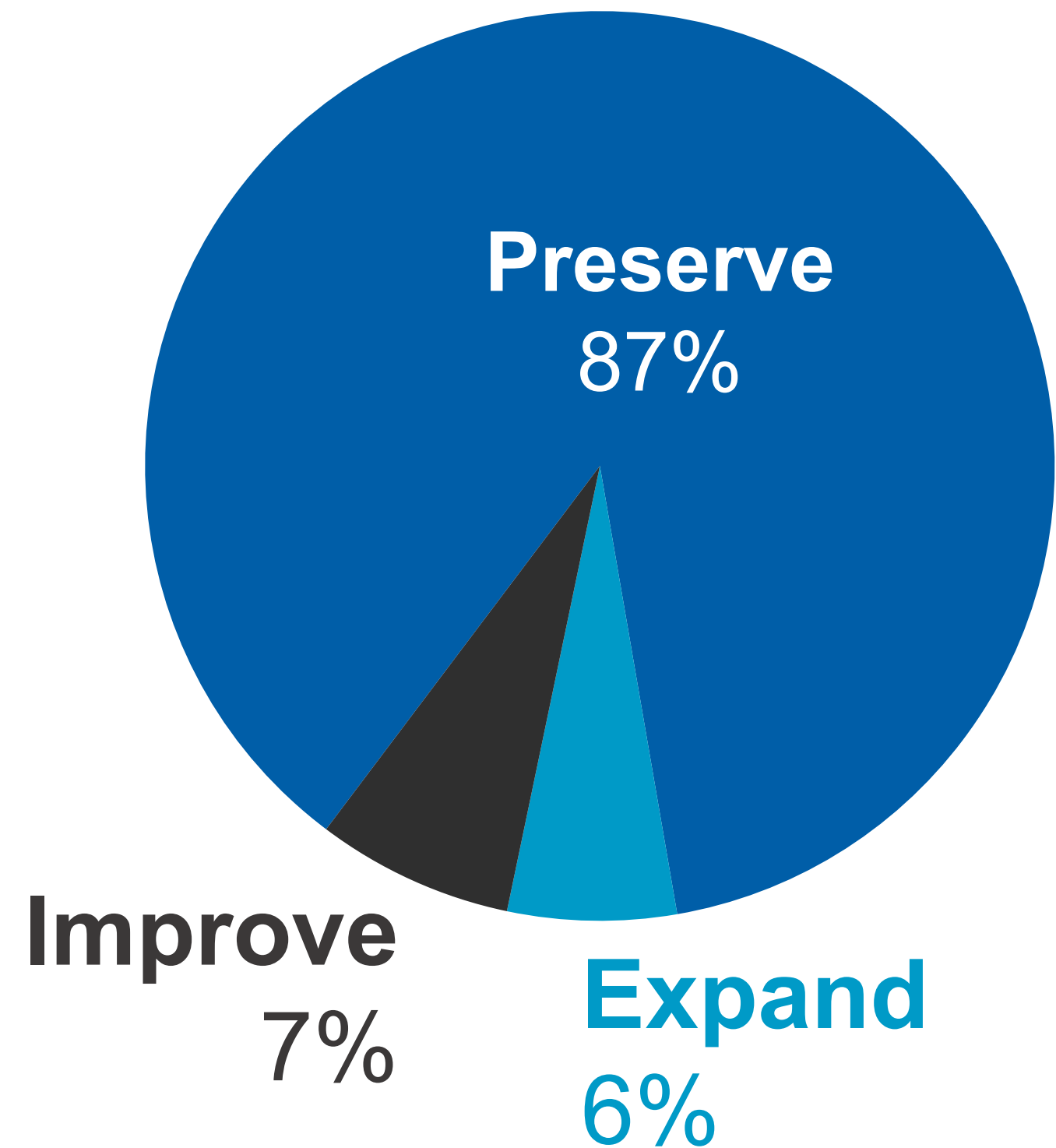
## Meet Capacity Needs

Expand system capacity through plant expansions & interceptor extensions



## Improve Quality

of service by responding to more stringent regulations, reusing wastewater, increasing system reliability, & conserving and generating energy




**87% of CIP will be spent on asset preservation.**

# Capital Program: Principles

## PARTNERSHIP

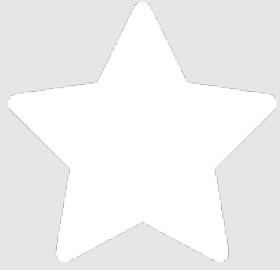


**1**



Treat customers and stakeholders respectfully

**2**




Leave the community with something better than they had prior to our project.

**3**



Plan and coordinate project with other public infrastructure work.

**4**



Keep every promise made during planning, design, and construction

**5**



Communicate in a manner as consistent as possible with each community's protocol.



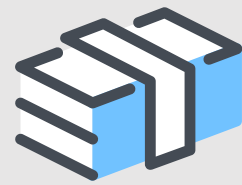
# Capital Program: Sources of Funds



## Public Facilities Authority (PFA) Loans

\$45 million annual loan  
1.5% interest rate  
discount

**2018:** \$45M loan



## Council General Obligation Bonds

The Council sells general obligation bonds. The Council has a AAA bond rating and receives low interest rates



## Pay-As-You-Go (PAYGO)

Funds dedicated to paying for some capital expenses with current revenue

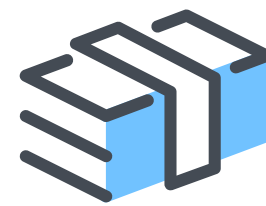
**2019:** \$9M in funds



# 2019 Current Project Status



43 Projects under construction or in the commissioning phase

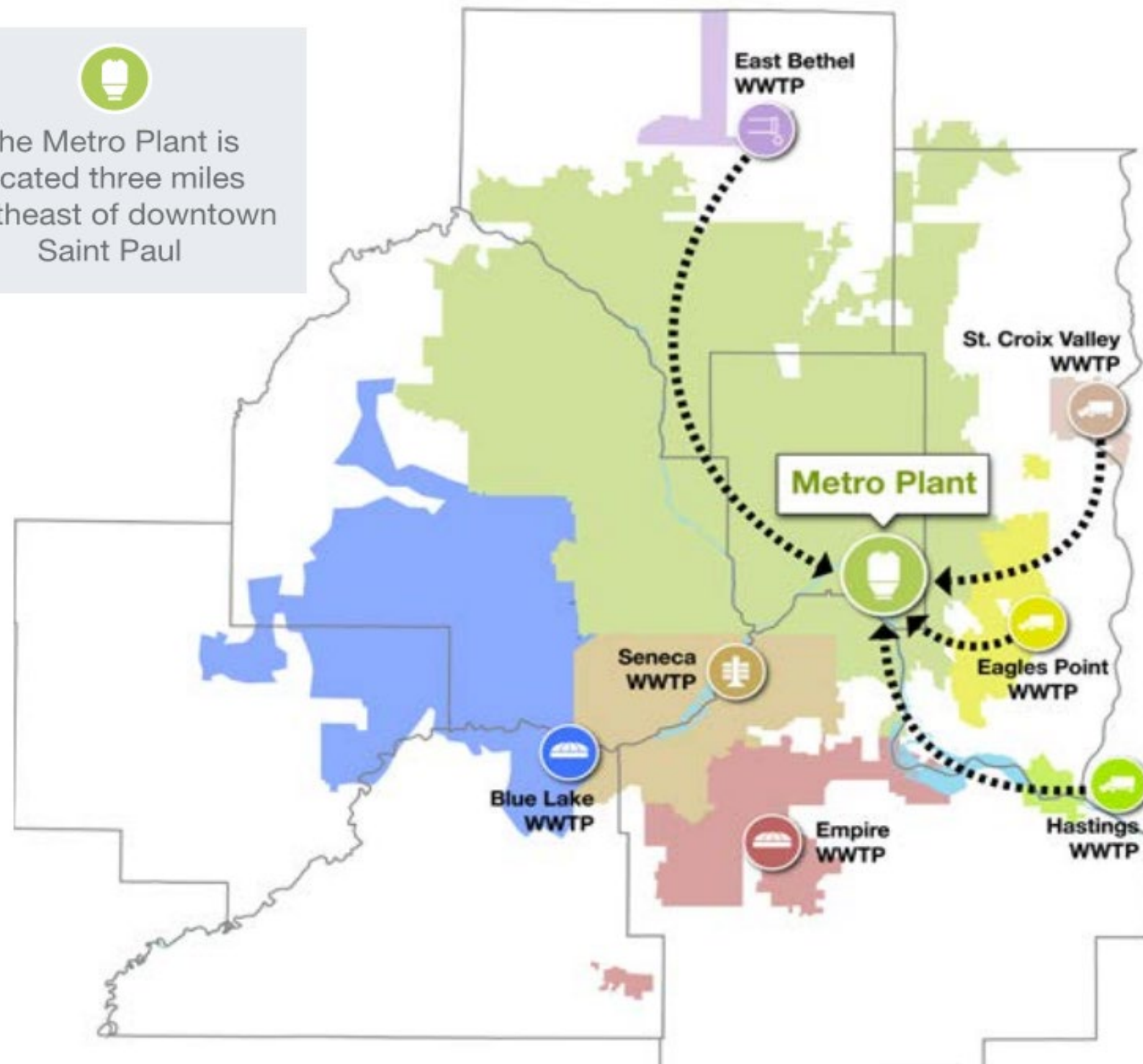


Projects range in value from \$500K to \$25M.



# Metro Plant Solids Management Improvements

 The Metro Plant is located three miles southeast of downtown Saint Paul



## Objectives/Goals

- **Preserve Existing Wastewater Treatment Plant Infrastructure**  
*Planned renewal projects will require extended downtime of the existing incinerators.*
- **Serve Regional Population Growth**  
*500,000 new residents in the Metro Plant service area in the Twin Cities by 2050.*



## Schedule & Cost

2019



2021



2024



2027

IMPROVEMENTS PROJECT

\$20 million

FOURTH INCINERATOR

\$150 million

RENEWAL PROJECT

\$30 million

***The Metro Plant processes 75% of the region's wastewater solids including solids from four other treatment plants.***



# Rogers WWTF Acquisition Crow River WWTP Construction

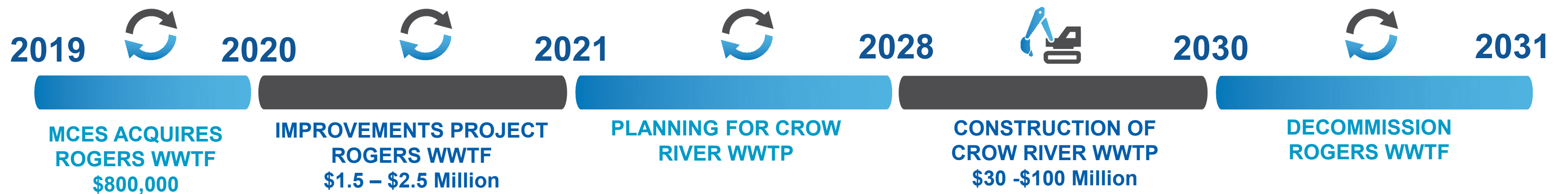


## Objectives/Goals

- Extend Life of Existing Wastewater Treatment Facility Infrastructure**  
*City of Rogers requested MCES acquire their WWTF. MCES will use existing capacity in Rogers WWTF until Crow River WWTP can be built.*
- Serve Regional Population Growth**  
*NW Hennepin County is growing rapidly. A new regional facility is needed to free interceptor capacity for downstream communities.*



## Schedule & Cost



From MCES 2040 Water Resources Policy Plan, Urban Area Wastewater Service Policy:

***“Acquire wastewater treatment plants from suburban communities outside the current service area, based upon request through the comprehensive plan and comprehensive sewer plan process, after soliciting customer input and conducting a public hearing on the request”***



# Brooklyn Park – Champlin Interceptor Renewal



## Objectives/Goals

- Condition
- Coordination with partners



## Schedule

### Part 1

Aug 2016



Jul 2018

Jan 2019



Jul 2020

Planning/Design

Construction

### Part 2

Aug 2016



Jul 2019

Nov 2019



Apr 2022

Planning/Design

Construction



# Interceptor 1-MN-344 Tunnel and Emergency Relief Structure ERS04



## Objectives/Goals

- Condition
- Regulatory compliance



## Schedule



Jan 2019

Sept 2019



Jul 2022

Planning/Design

Construction



# Coon Rapids L34 Improvements



## Objectives/Goals

- Condition
- Reliability



## Schedule

Sep 2015



Oct 2018

Jun 2019



Dec 2020

Planning/Design

Construction

# Waconia Forcemain 7508 Phase 2 Replacement



Typical Construction



## Objectives/Goals

- Condition
- Capacity for Planned Growth
- Coordination with local partners



## Schedule

Jun 2017



Apr 2019

Sep 2019



Dec 2020

Planning/Design

Construction





# Questions