



2026 Customer Budget & Annual Update

June 4, 9:30 – 11:00 AM | Virtual

June 16, 1:00 – 2:30 PM | In Person



Agenda

1. Introductory Remarks from Dr. Cederberg, Chair of the Environment Committee
2. Addressing Cost Increases
3. Budget
4. Municipal Wastewater Charge
5. Capital Program
6. Q&A

Introductory remarks



A message from
**Dr. Cederberg, Chair of
the Environment
Committee**



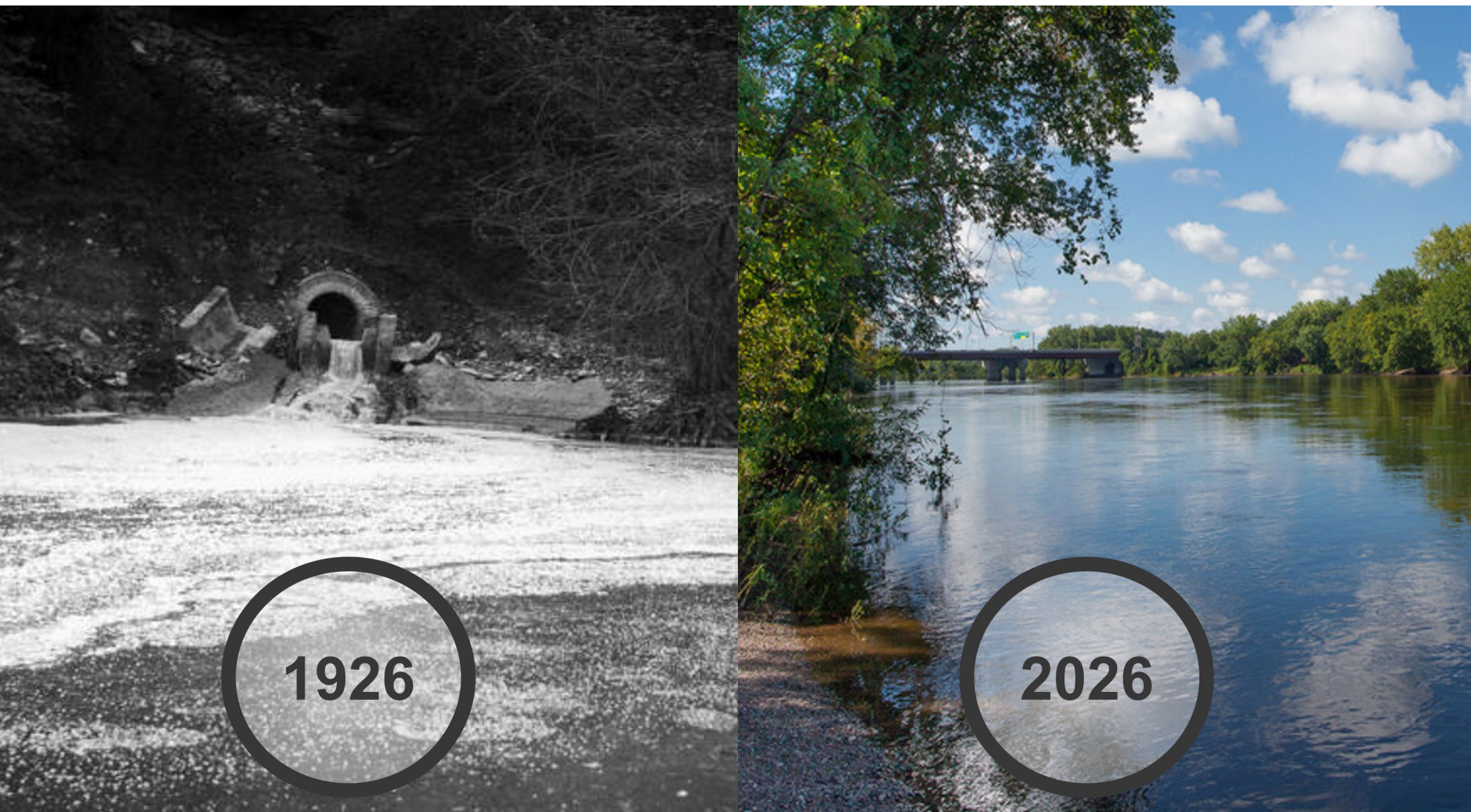
SACRED WATER
SHARED FUTURE



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Celebrating a century of progress

1926: The first water quality survey of the Mississippi River in the Twin Cities confirmed what everybody already suspected - the river was essentially dead, the primary cause was raw human sewage flowing into the river.



Today: Partner with 182 cities and townships to meet three main regional goals.

1. Protect public health
2. Preserve and restore water quality
3. Foster water sustainability and economical growth

Clean water for future generations

Partner

- Convene, engage, collaborate, and build solutions with our customers, stakeholders, and partners.



Plan

- Assess conditions and identify long-term approaches and infrastructure investments.



Provide

- Deliver critical services, tools, and resources.



Addressing Cost Increases

Driver	Approach
Increasing Regulations	Regulator Engagement/Source Control
Workforce	Retention, Skill Building
Aging Infrastructure	Asset Management
Regional Growth	Collaborative Long-term Planning
Chemicals/Energy	Optimization/Energy Efficiency Program

2027 Budget and Finance



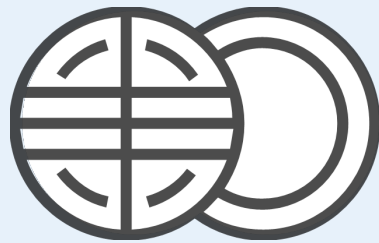
2027 executive summary (vs. 2026)

**Regional
Wastewater
Charge**



3.5%

**Sewer
Availability Unit
Charge**



0.0%

**Industrial Waste
Strength Charge**



7.2%

**Industrial Permit
Fee**



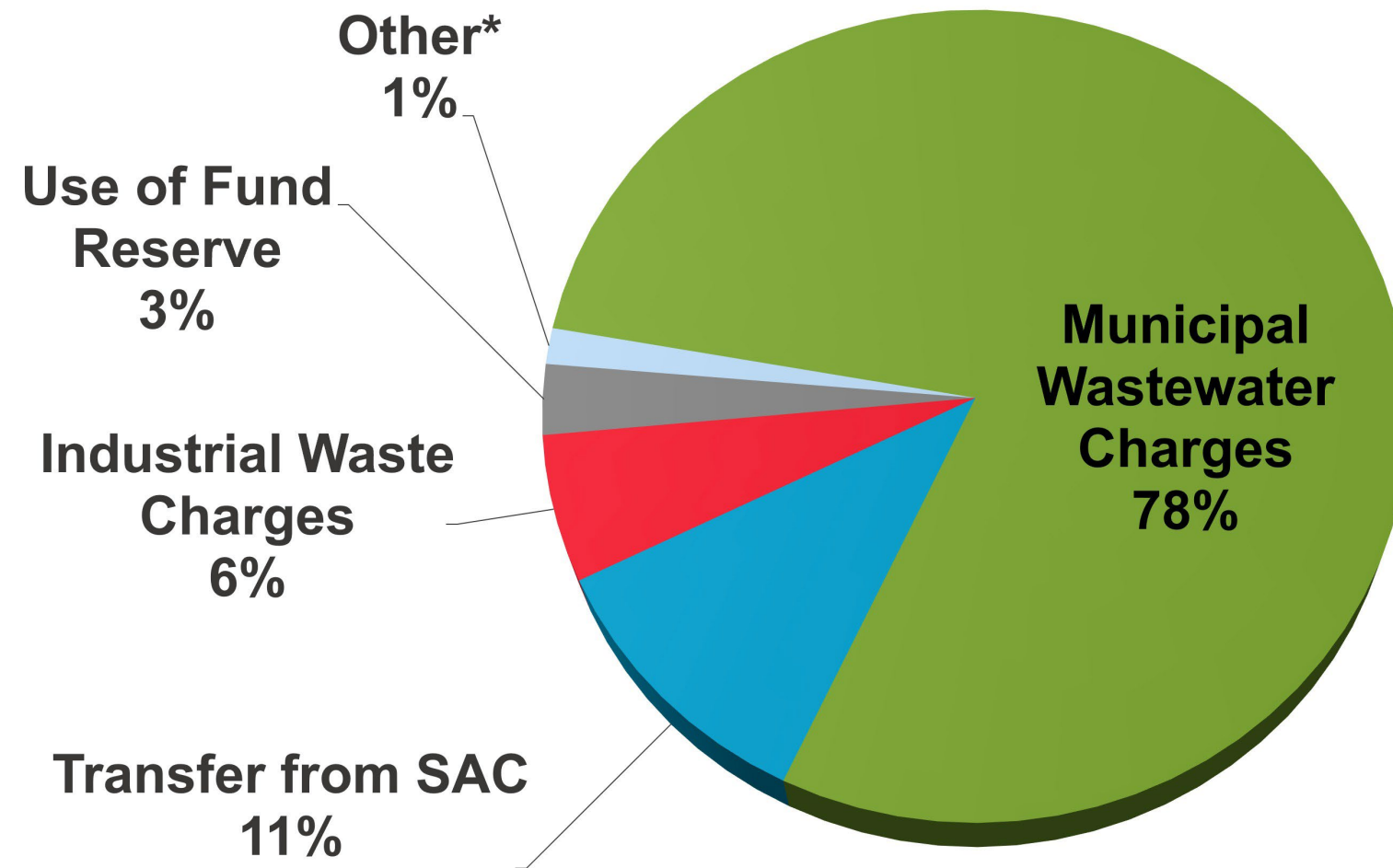
~3.5%

2027 preliminary regional municipal wastewater charge increase drivers

3.5% translates to \$11.0M

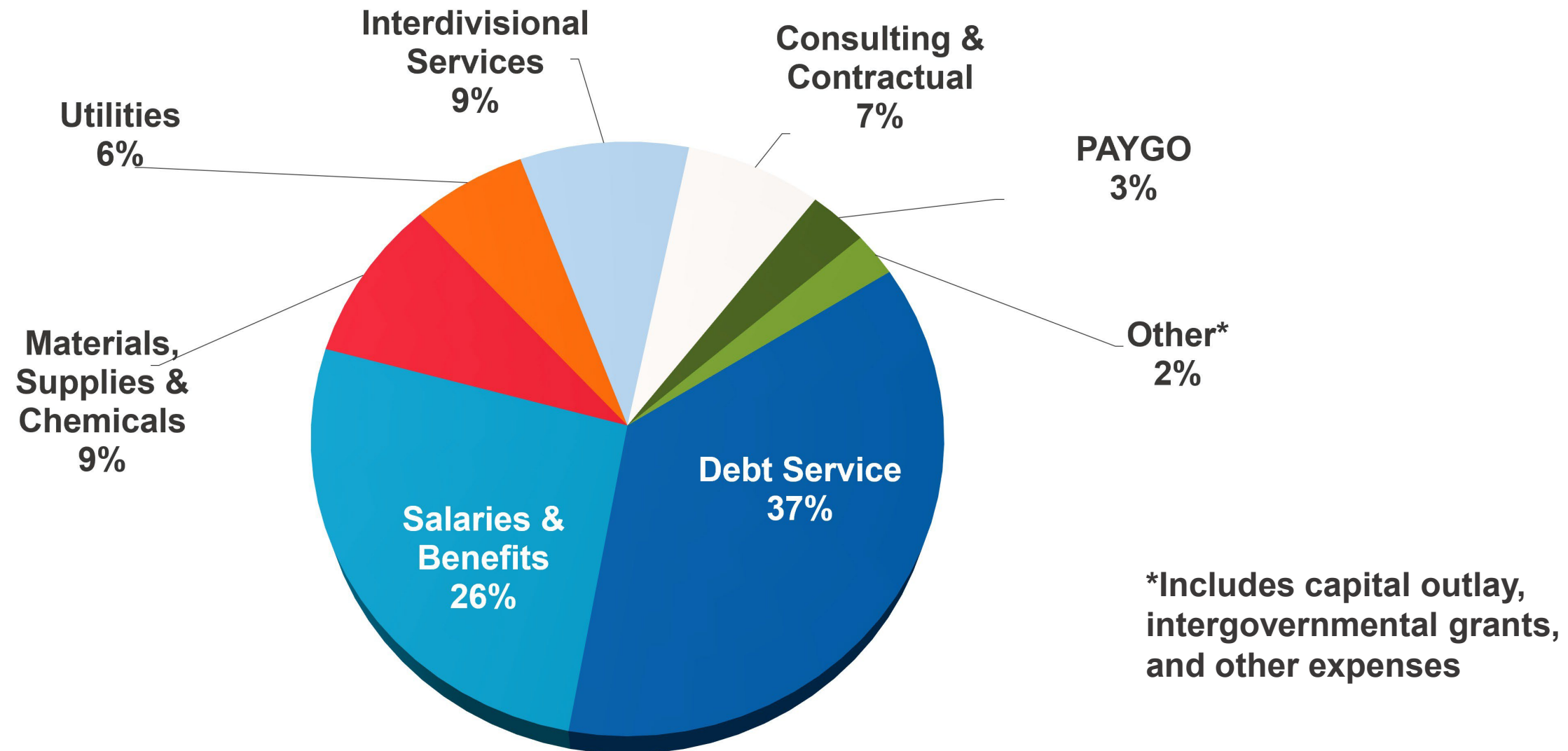
- Labor and Benefit increases due to inflation, turnover, temporary leaves, and business process improvements (\$6.2M)
- Interdivisional charge increases due largely to technology investments to replace aging technology and improve cybersecurity (\$4.3M)
- Materials and Supplies due to inflationary increases (\$2.3M)
- Chemicals due to inflation and cost increases resulting from high fuel costs (\$2.2M)
- Debt Service due to increased capital investment (\$2.0M)
- Utilities due to high fuel prices (\$1.3M)

2027 revenue sources: \$411M

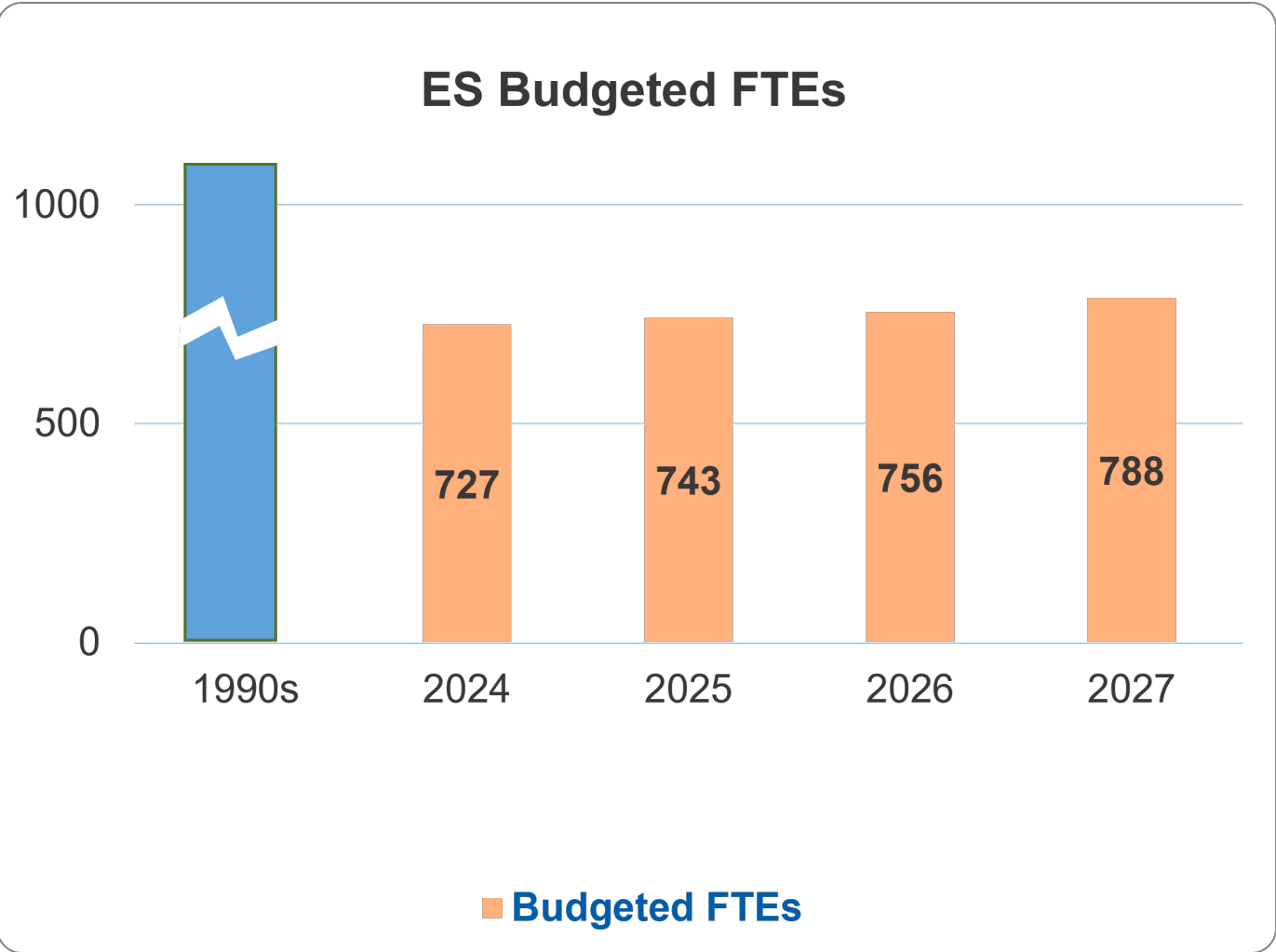


*Includes \$3.8M interest and other investment revenue

2027 uses by category: \$411M



Proposed budget: labor



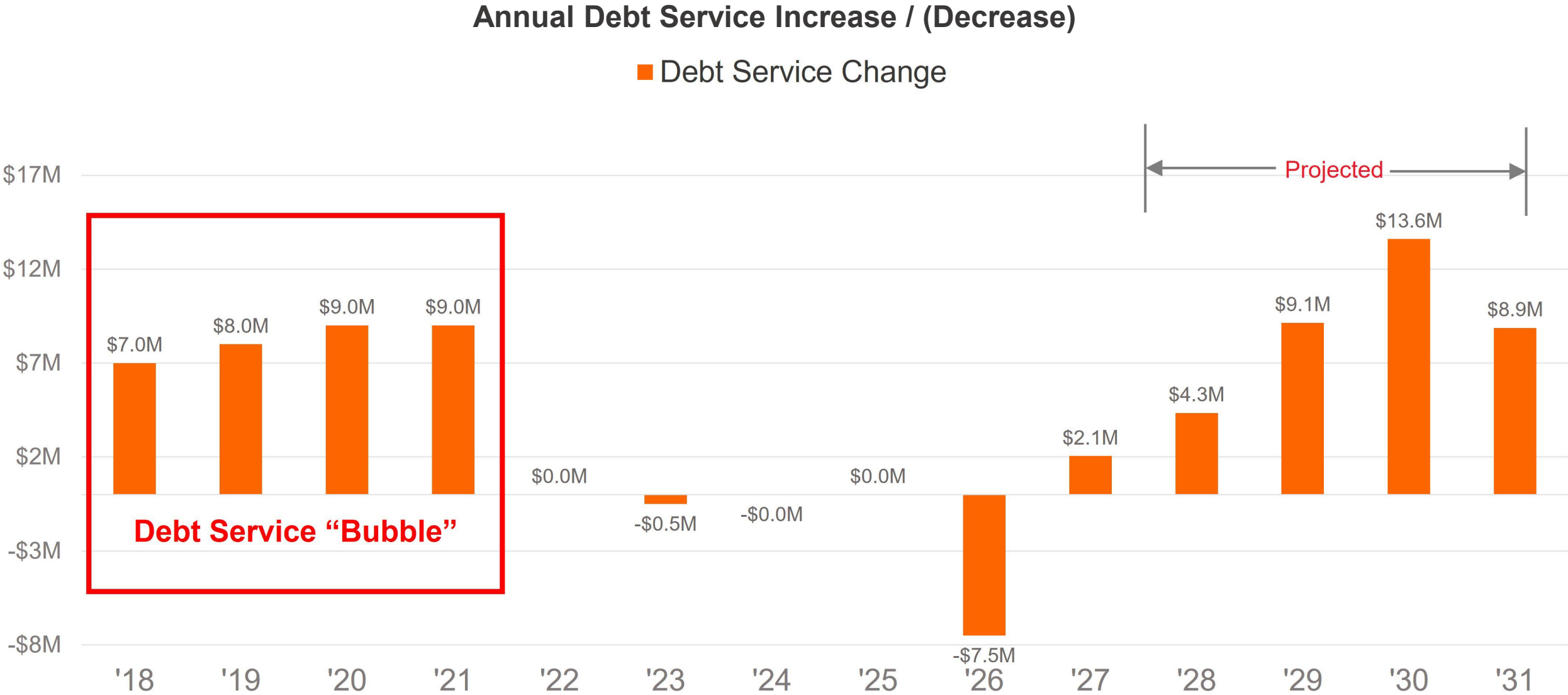
FTE Budget Count

764	Regular FTEs
788	FTEs including overtime
45	Budgeted vacant FTEs

Risk Factors

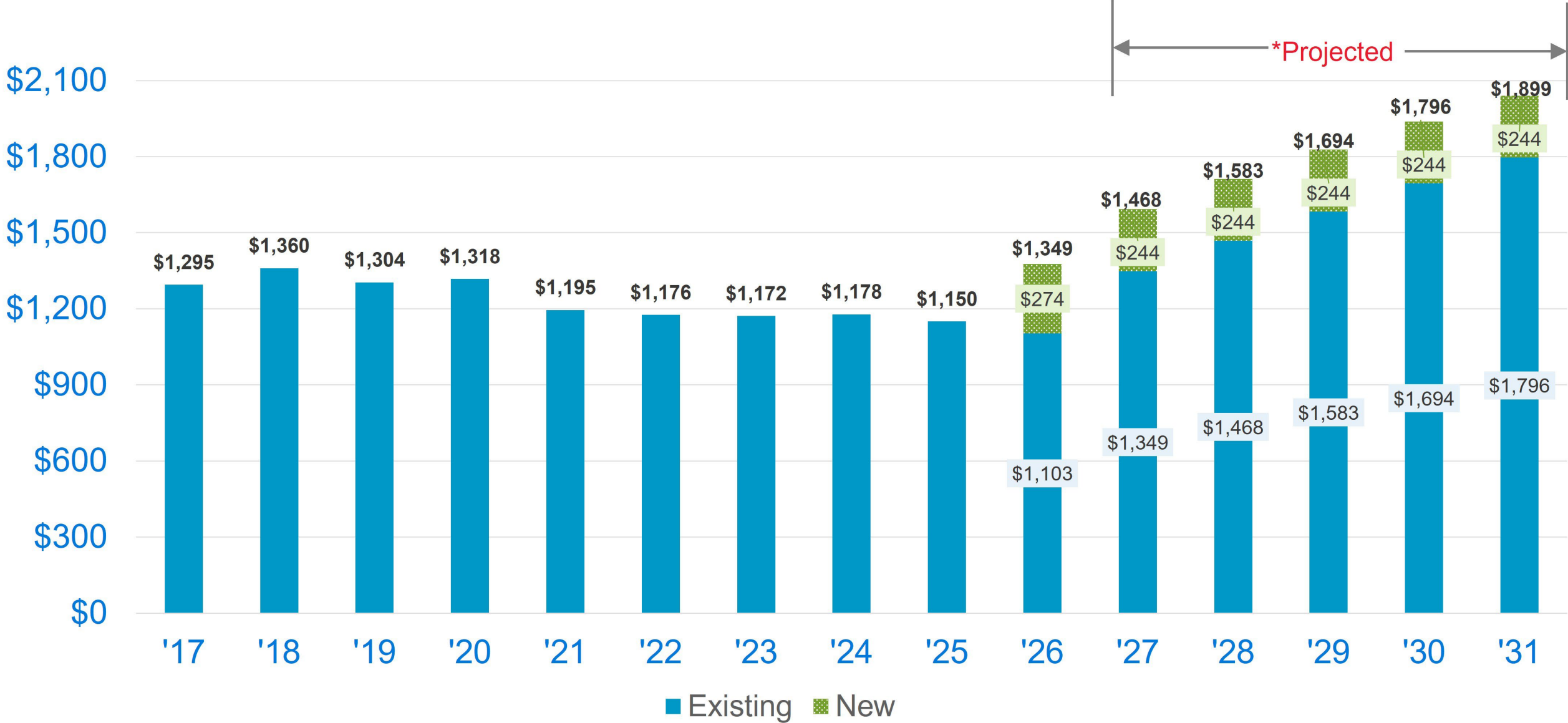
- Rising wage pressure in response to rising inflation
- Potential for increased medical expenses
- Potential for higher attrition rates leading to higher than planned vacancies (drives overtime)

Projected debt service change



Wastewater outstanding debt

(\$ in millions)



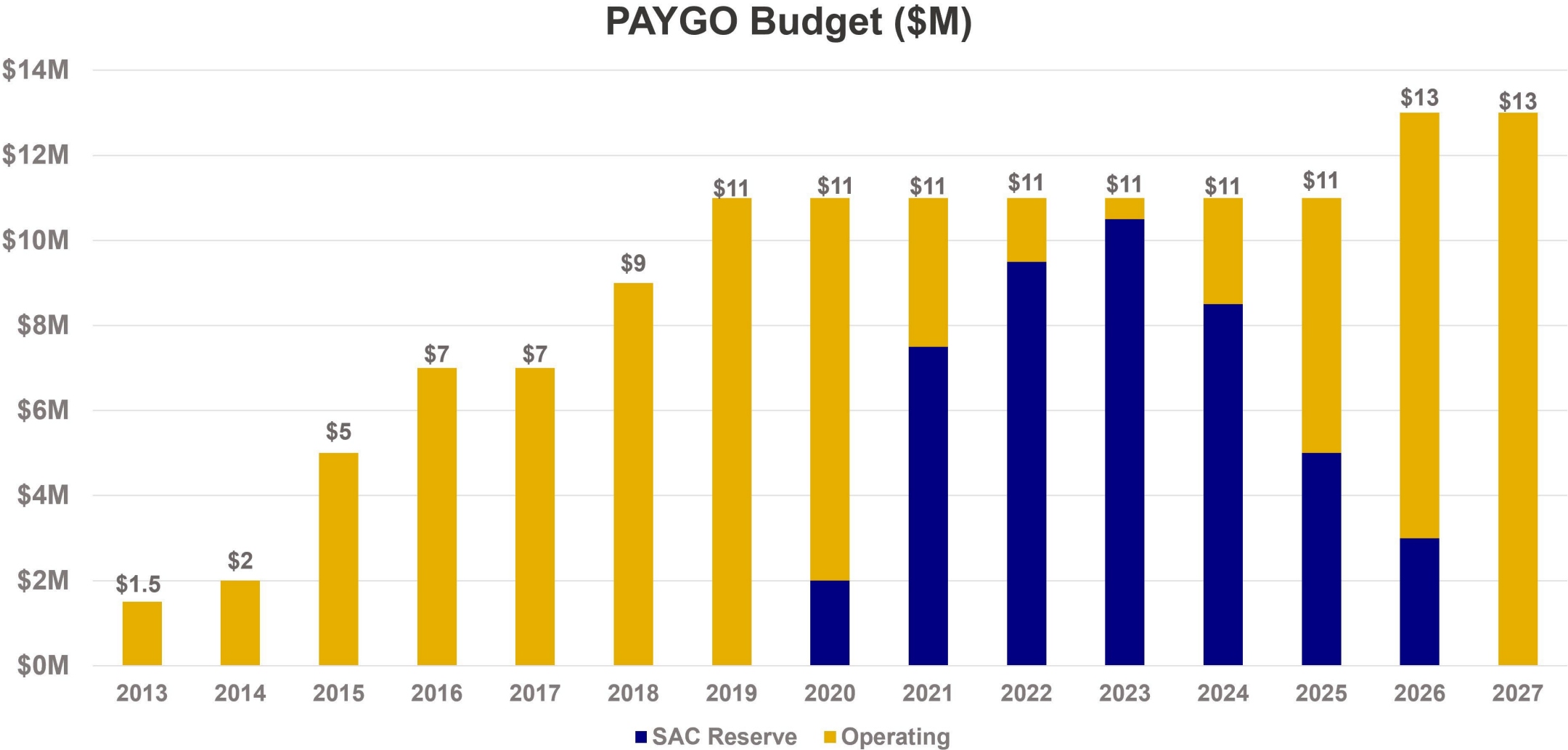
*Based on 2026-2031 Capital Improvement Plan

Debt per capita*

Denver	\$271	Memphis	\$475	Seattle	\$1,699
Phoenix	\$274	Oakland	\$486	Chelsea	\$1,850
Orange County	\$281	Virginia Beach	\$545	Indianapolis	\$1,950
Greenville	\$311	Los Angeles	\$664	Cleveland	\$1,985
San Diego	\$348	San Antonio	\$783	Fort Wayne	\$2,193
Clark County	\$376	Baltimore	\$802	Honolulu	\$3,240
ES	\$406	Sacramento	\$1,297	Louisville	\$3,329
Chicago	\$463	St. Louis	\$1,347		

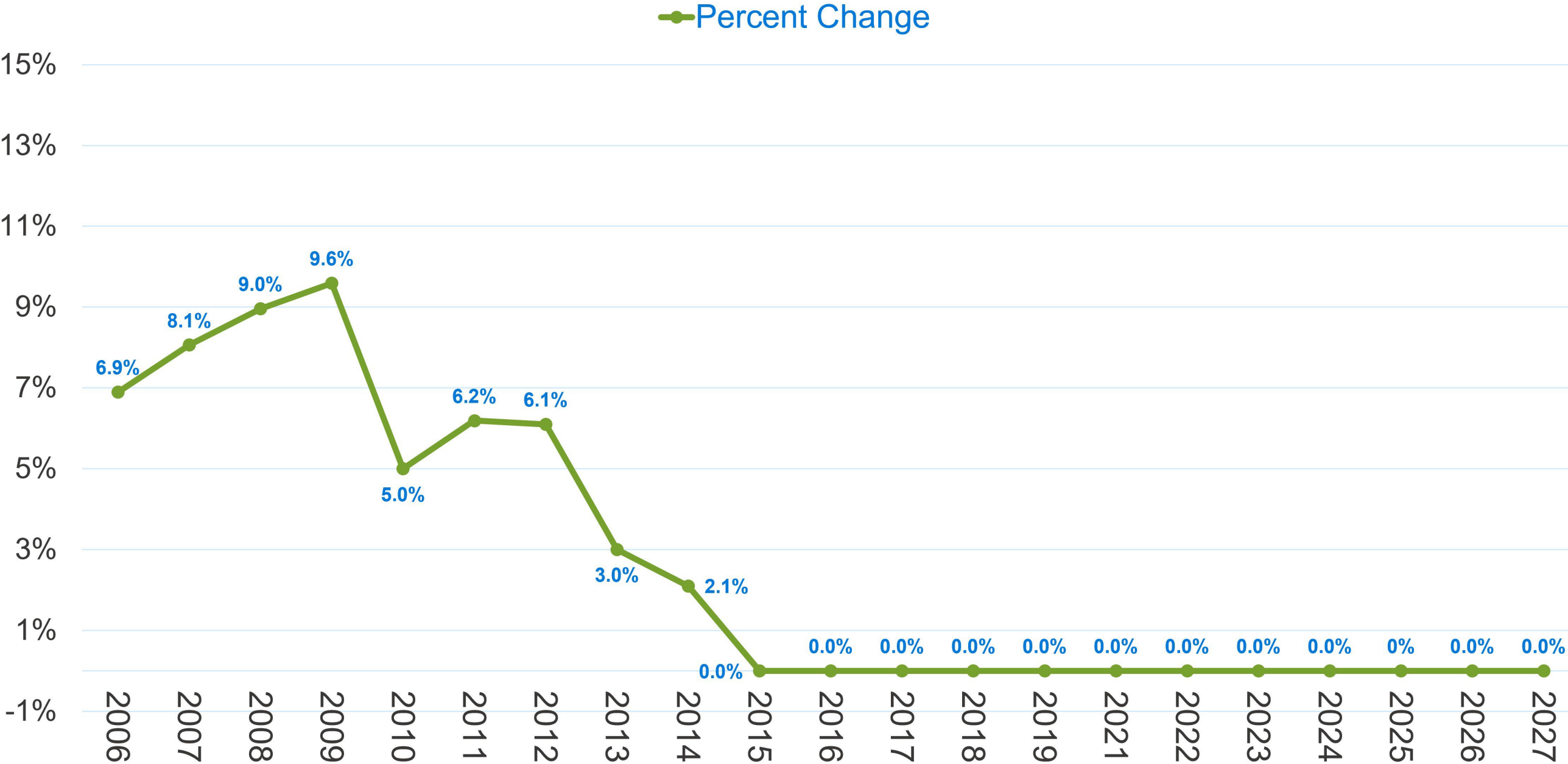
**Source is the 2024 NACWA triennial financial survey, which includes 2023 data.*

Pay-As-You-Go (PAYGO)

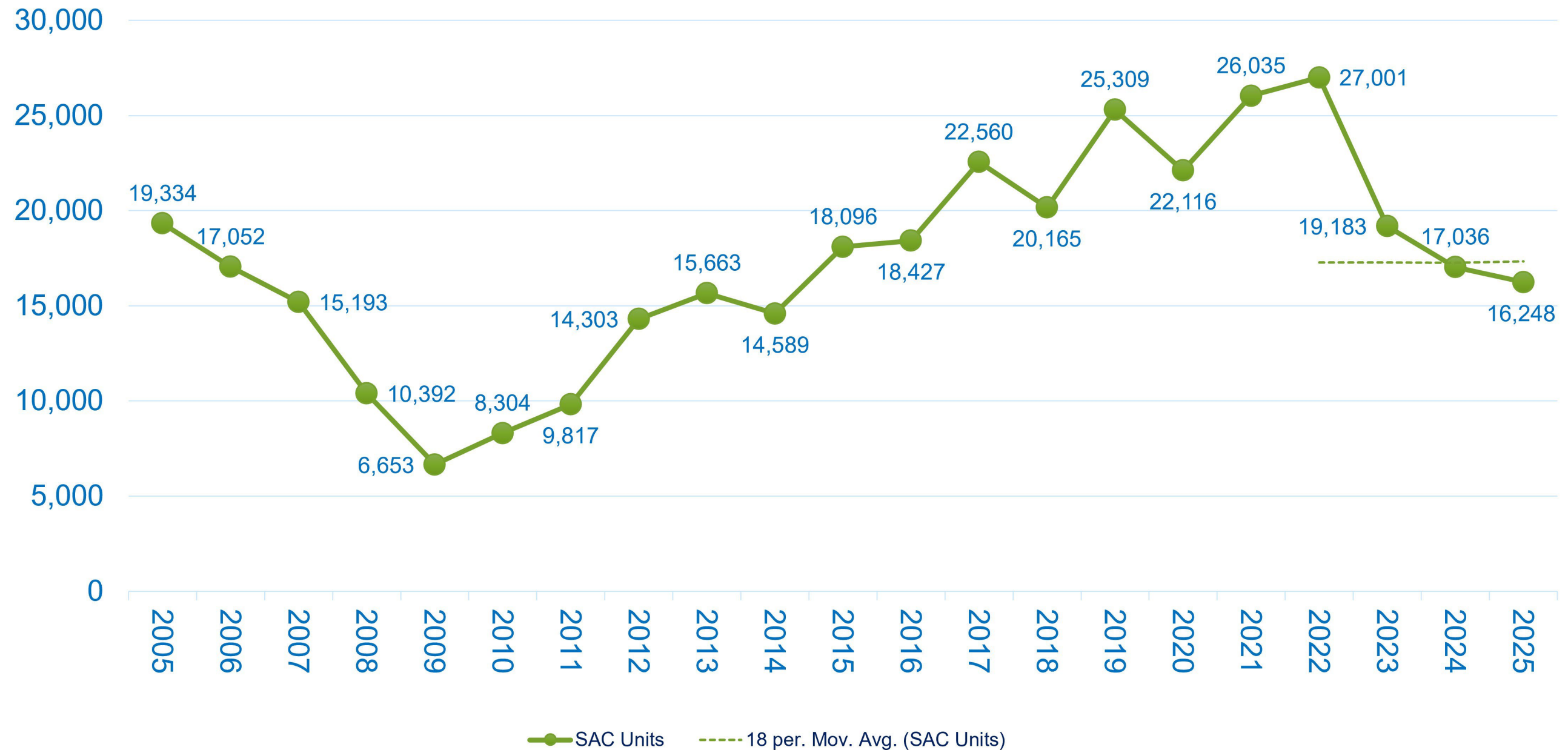


PAYGO is funded from the operating fund except for these amounts
funded from the SAC fund: \$7.5M in 2021, \$9.5M in 2022, \$10.5M in 2023, \$8.5M in 2024, \$5M in 2025, and \$3M in 2026.

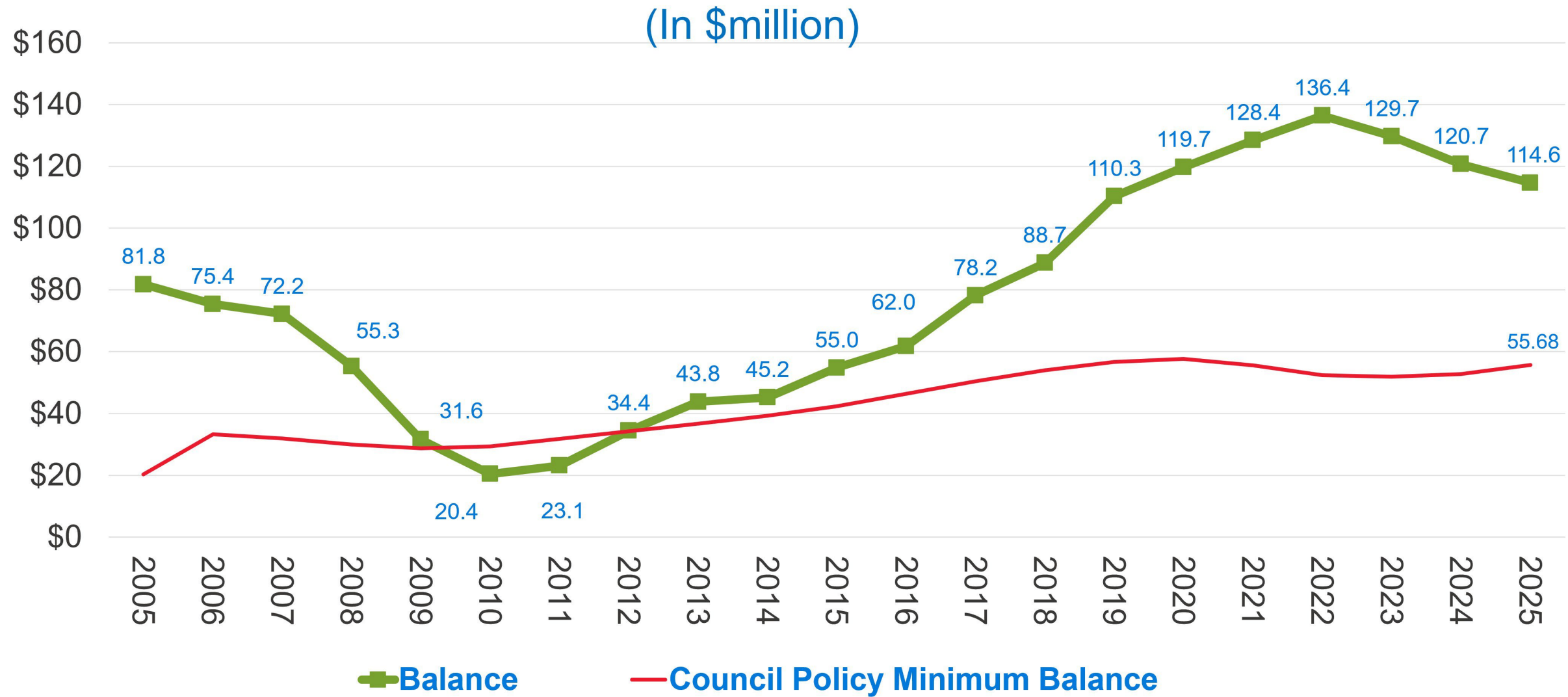
Historical SAC rate increases (%)



SAC Units: development continues



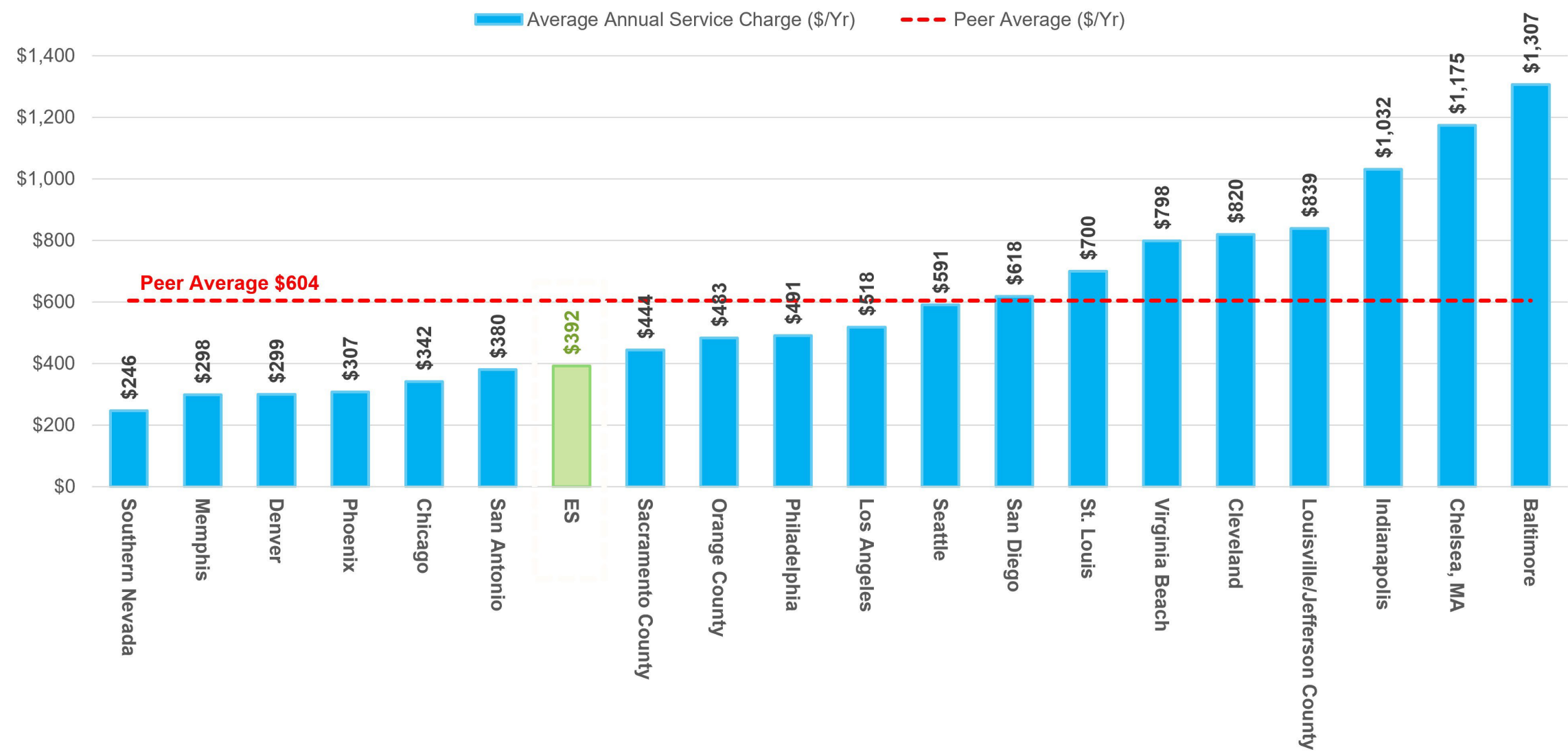
SAC reserve balance



Strong reserve balance will help ES manage future SAC rates

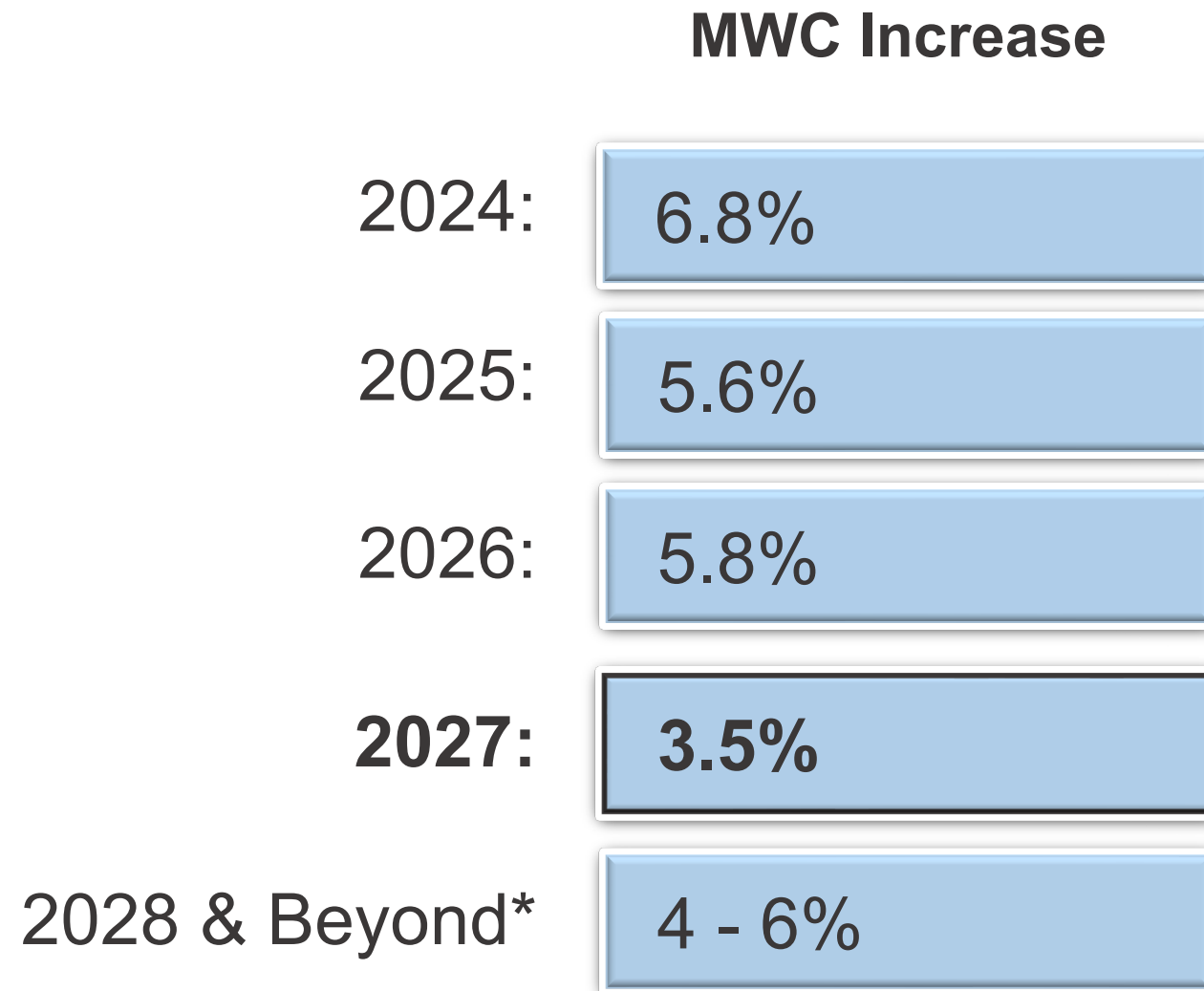
Retail Sewer Rate Comparative Information

- Average retail sewer rates per household



* 2024 NACWA survey of 2023 rates

Municipal wastewater charges



*Impacted by uncertainties

Increasing uncertainty

Future rates
could be
affected by:



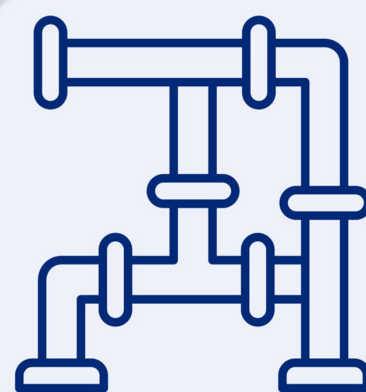
Regulatory compliance

- Nitrates
- PFAS
- Sulphates



Security risk

- Physical & Cyber Security
- Reduced federal cyber support for critical infrastructure



Infrastructure

- Aging condition
- Climate change impacts



Labor

- Competition for shrinking skilled labor force



Geopolitical volatility

- Chemicals
- Energy
- Materials
- Tariffs

Proposed industrial waste rates

Rate type	Prelim. 2027	% Change
<i>Strength Charges</i>		
Strength Charge (excess TSS* per lb.)	\$0.385	7.2
Microbrewery Strength Charge (per barrel)	\$1.208	7.2
Permitted Waste Hauler Strength Charge (excess TSS* per lb.)	\$0.477	8.4
<i>Load Charges</i>		
Standard Load Charge (per 1000 gal.)	\$70.47	4.8
Collar County Load Charge (per 1000 gal.)	\$85.47	3.9
Portable Toilet Load Charge (per 1000 gal.)	\$90.40	4.9
Holding Tank Load Charge (per 1000 gal.)	\$12.74	0.0
<i>Permit Fees</i>		
Industrial Discharge Permits	\$525 - \$14,275	~3.5
Liquid Waste Hauler Permits	\$800 - \$2,375	~3.5

*Total Suspended Solids (TSS)

2027 Rate Setting Schedule

Date	Event
May 12	Industrial Workshops (In-person & virtual)
June 9	Environment Committee Budget Preview
June 4 & 16	Municipal Customer Forums (June 4 Virtual, June 16 In-person)
July 14	Environment Committee Review of Customer Input and 2027 Rate Adoption Recommendation
July 22	Council Rate Adoption
August 26	Council Preliminary Operating Budget Adoption

Municipal Wastewater Charge (MWC) Calculation



Operating budget: MWC is allocated based on flow



A community's **percentage of the total system flow** determines their share of the total MWC.

2025



% of total flow

EXAMPLE

determines



Share of MWC

2027



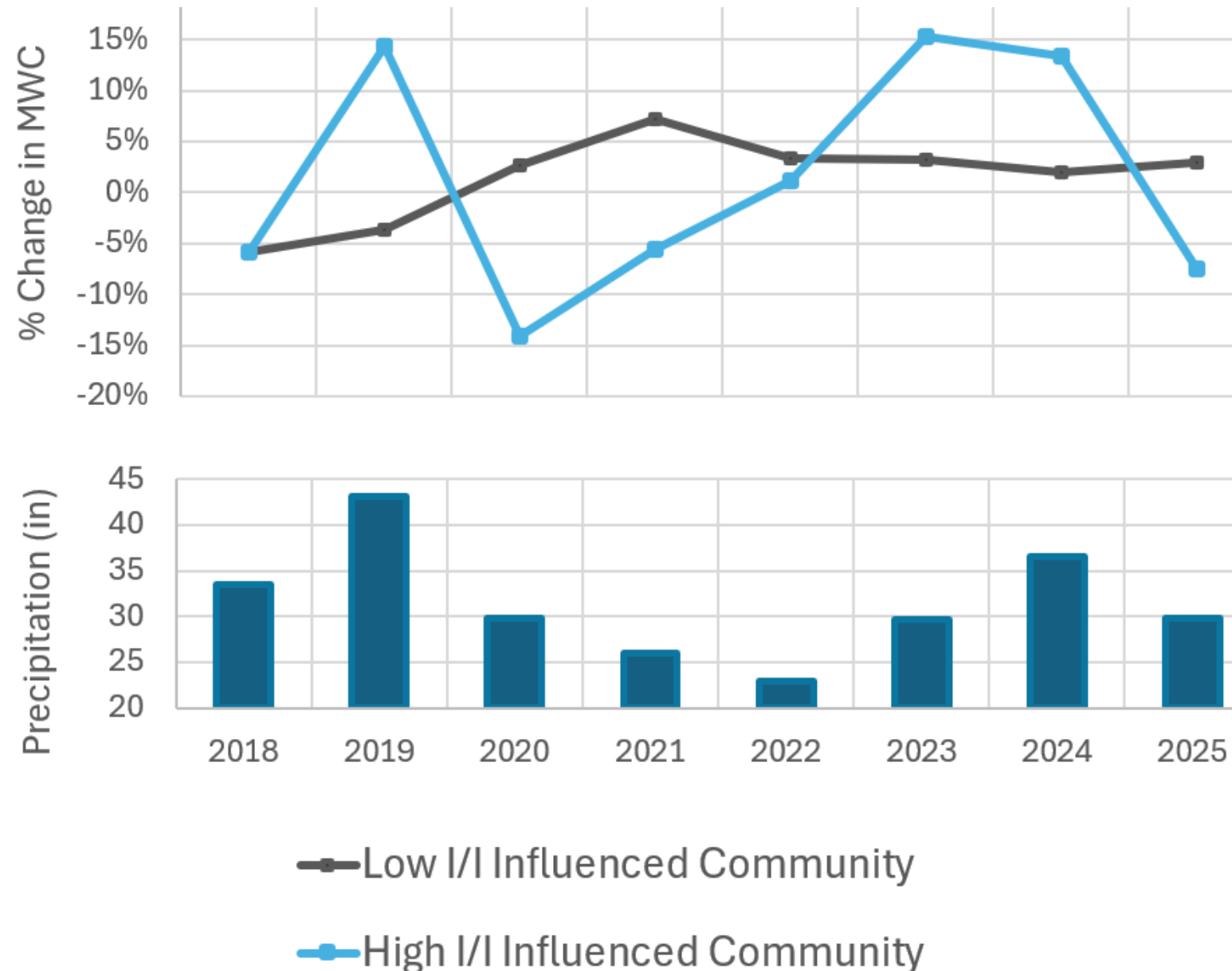
Operating budget: 2027 Municipal Wastewater Charge is based on 2025 flow

	2024	2025	% Change
Flow (MG) 	90,689	88,993	 -1.87%
City A 	1,653 MG  1.82% PERCENT OF TOTAL FLOW	1,693 MG  1.90% PERCENT OF TOTAL FLOW	 8.01% Change in Billed Wastewater Charge
City B 	24 MG  0.03% PERCENT OF TOTAL FLOW	22 MG  0.03% PERCENT OF TOTAL FLOW	 -1.56% Change in Billed Wastewater Charge

Note: The 2027 Regional Wastewater Charge reflects a **3.5% increase** from 2026.

Precipitation Trends

- Some communities see significant swings in MWC allocation.
- Communities with high levels of inflow and infiltration are particularly affected.



Customer Portal update



Tell us what you want to see in a new online data solution!

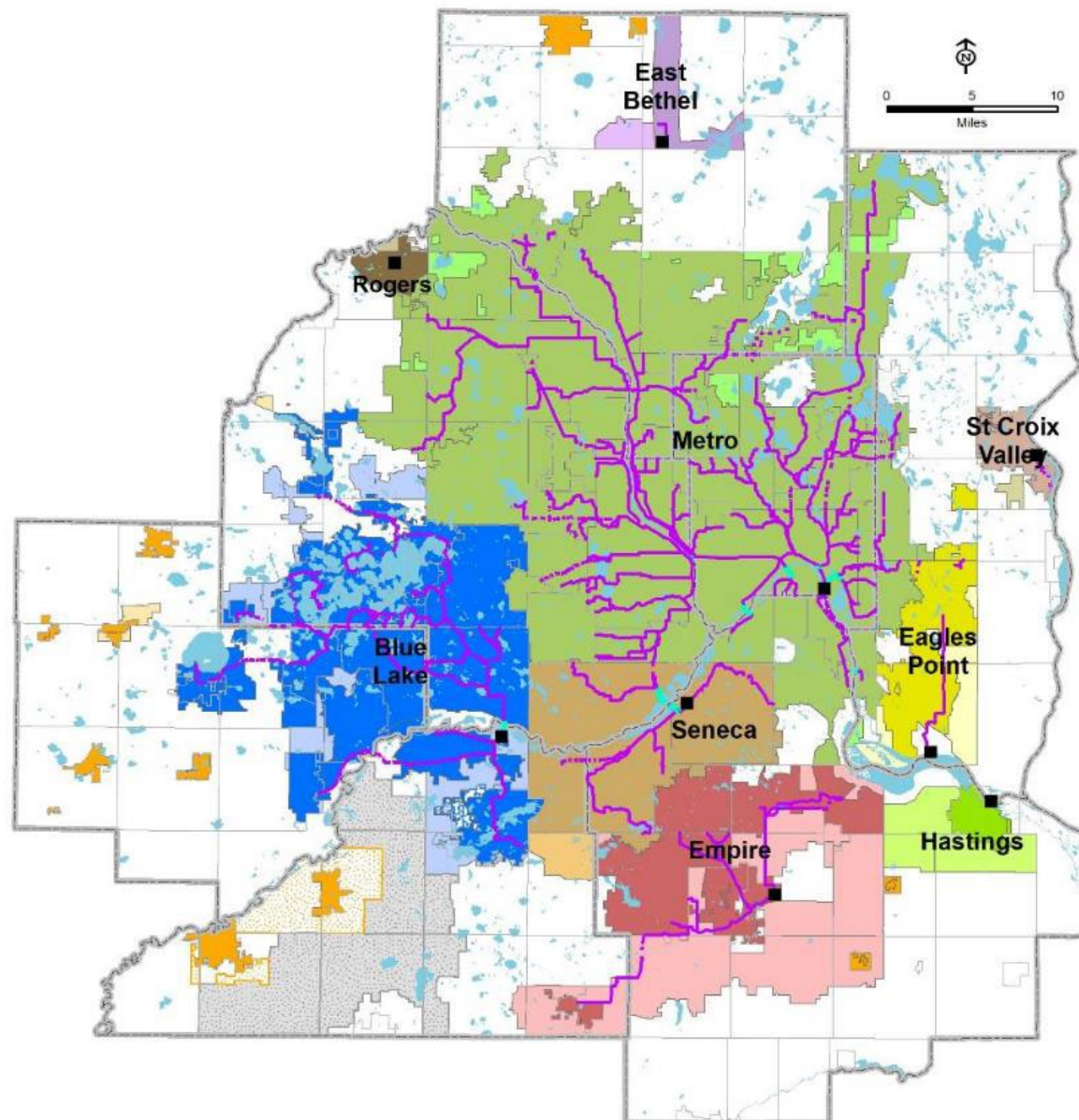
Current online platform will no longer be available in 2027

- The customer portal is an online platform for access vital wastewater treatment information and resources: mcescustomerportal.metc.state.mn.us
- Software is no longer supported by vendor and is expensive to maintain
- We are working to identify an affordable alternative to provide you with the data and information you want
- Help us by giving us your feedback! Take our user survey! Scan the QR code or visit forms.office.com/g/y29pTb4pwE
- Survey closes on July 2

Capital Improvement Program



Metropolitan Council wastewater system



Protects public
health and
safety



Protects the
environment



Fosters the
economic growth
of the region

WHO WE SERVE

- 7-county Twin Cities metro area
- 111 communities
- 2.9 million people

OUR FACILITIES

- 9 water resource recovery facilities
- 60 pump or lift stations
- 656 miles of interceptors
- 250 million gallons per day (avg)

OUR ORGANIZATION

- 600+ employees
- \$10 billion in valued assets

2026-2031 Capital Program by Objectives



Preserve Assets

Rehabilitate and replace assets to preserve value and performance



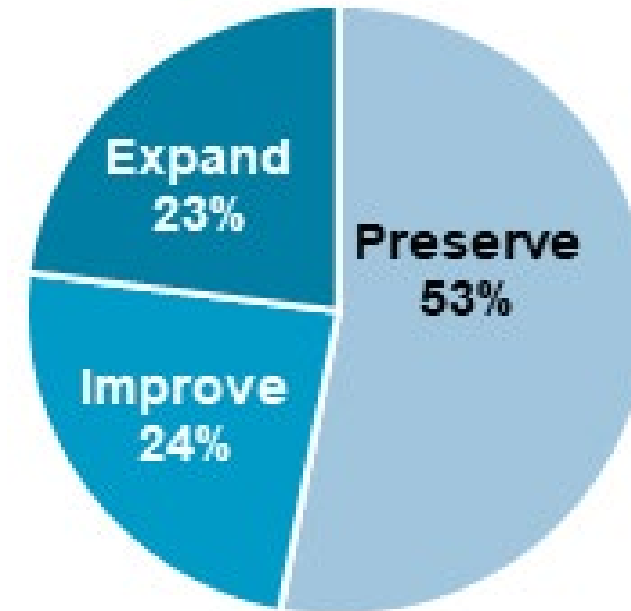
Meet Capacity Needs

Expand system capacity through plant expansions and interceptor extensions or improvements

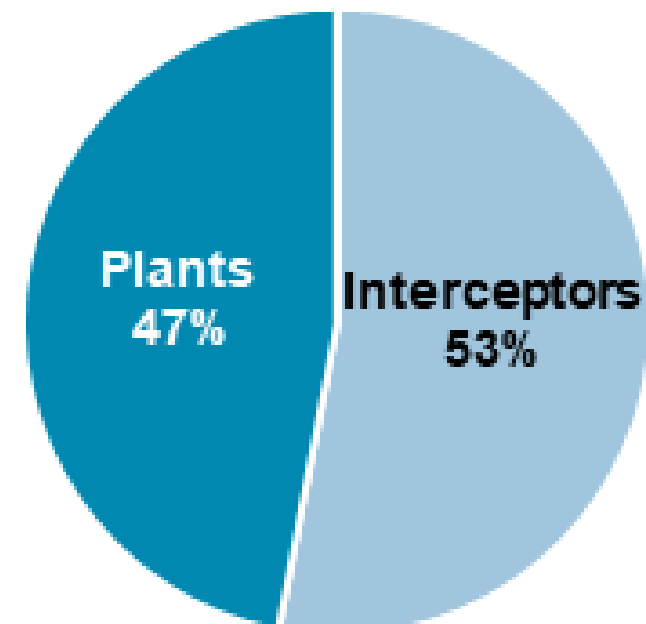


Improve Quality of service by responding to more stringent regulations, reusing wastewater, increasing system reliability, and conserving and generating energy

Objective



Type



Capital Program Financing

Public Facilities Authority (PFA) Loans

Funded mostly by the State Clean Water Revolving Loan Program. Discounted interest rate.

2025: \$32 million @ 2.68%
2026: \$44 million @ 1.89%

Council General Obligation Bonds

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

2025: \$75 million @ 3.83%
2026: \$274 million @ 3.50%

Pay-As-You-Go (PAYGO)

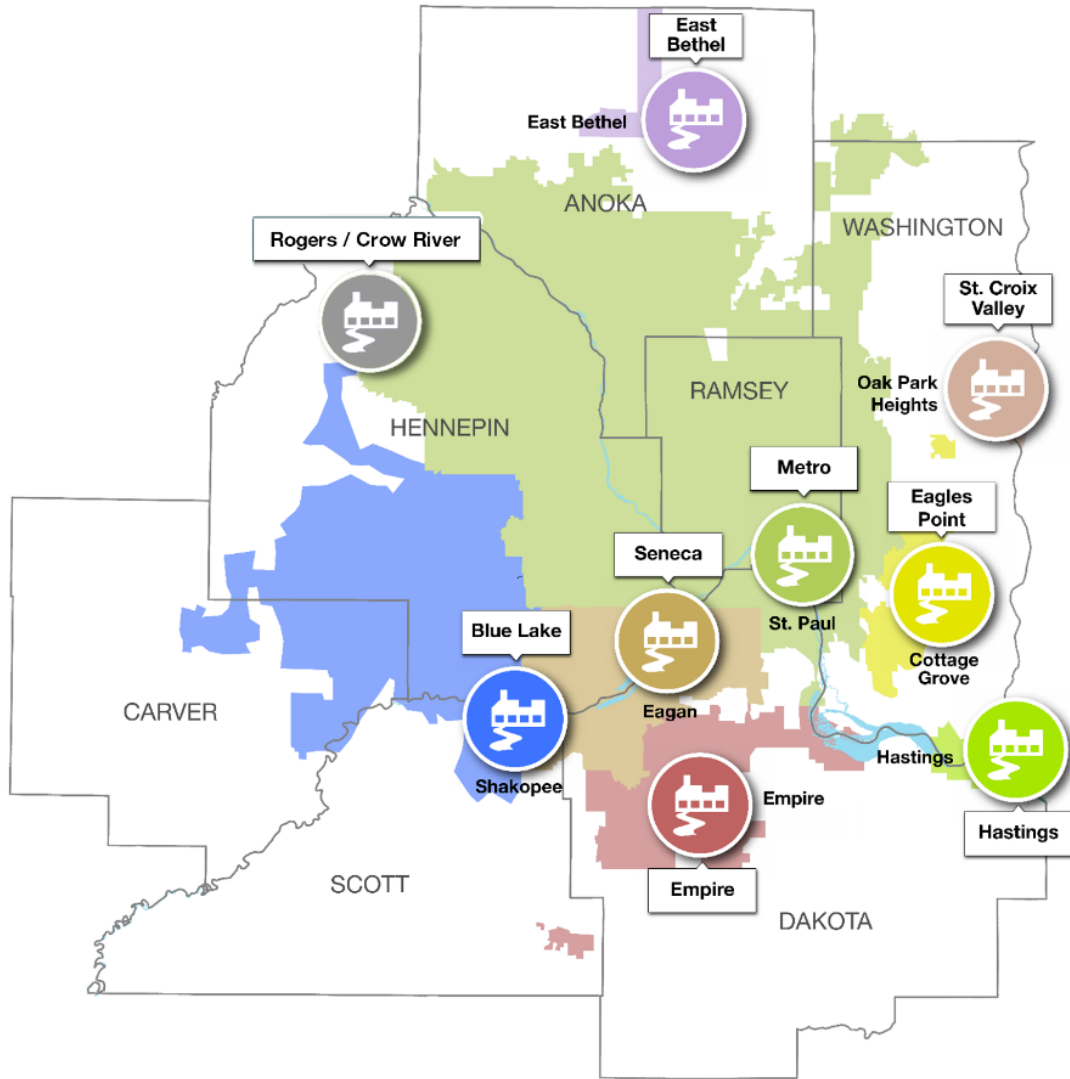
Funds from set-aside revenue to dedicated to paying for some capital expenses.

2026: \$13 million

Treatment Facility Projects

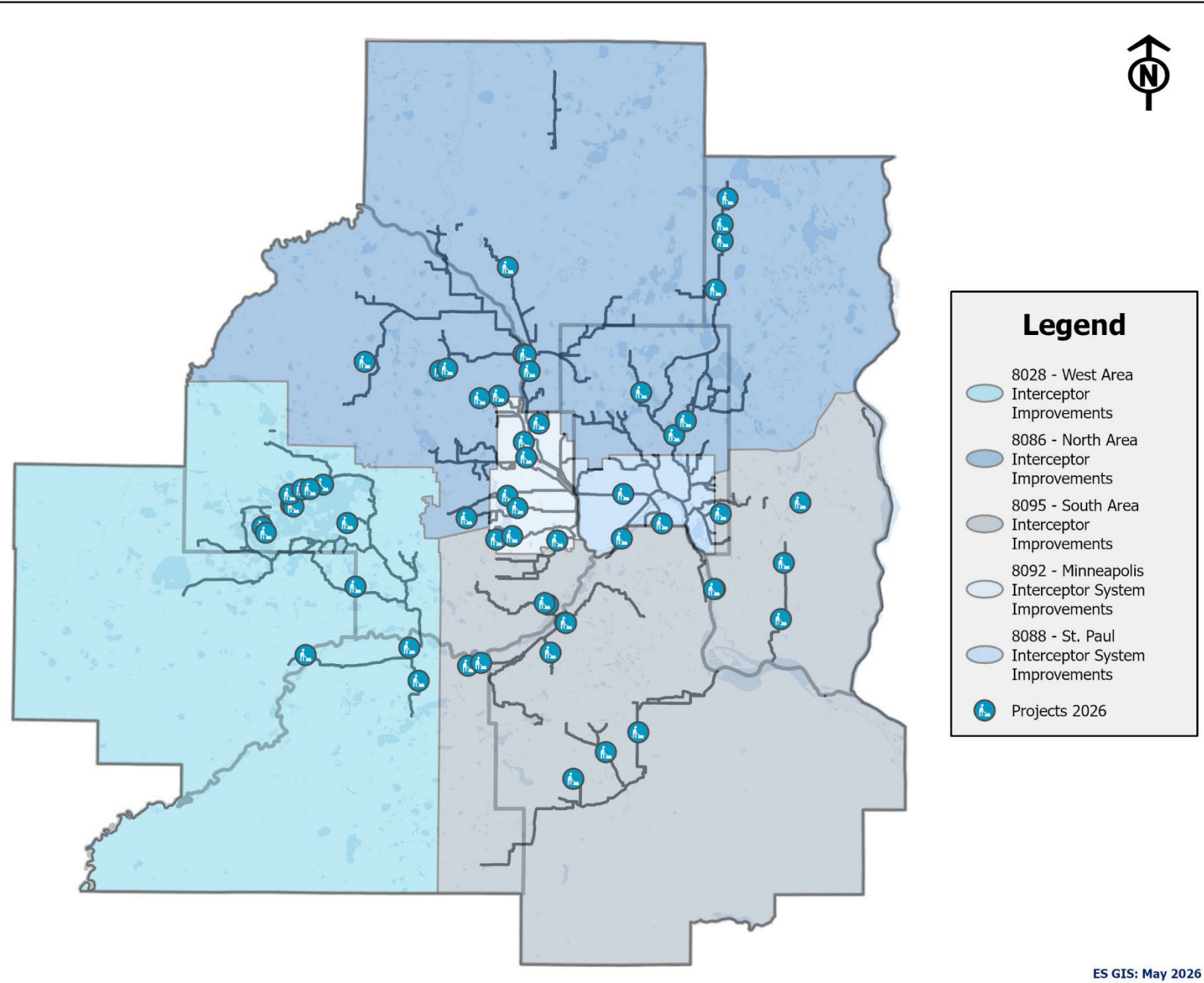
Water Resource Recovery Facilities

Met Council Water Resource Recovery Facilities Capital Budget (2026 to 2031)



Plant	\$M	Preserve	Improve	Expand
Blue Lake	366	✓	✓	✓
Rogers / Crow River	180			✓
Eagles Point	10	✓	✓	
East Bethel	3	✓		✓
Empire	53	✓	✓	✓
Hastings	36	✓		
Metro	998	✓	✓	✓
Seneca	17	✓	✓	
St. Croix Valley	25	✓	✓	

Interceptor System Projects



Projects that are in final design, bidding, or starting construction

Program 8028 (West Area):

- 5 Projects

Program 8086 (North Area):

- 9 Projects

Program 8095 (South Area):

- 8 Projects

Program 8092 (Minneapolis):

- 6 Projects

Program 8088 (St. Paul):

- 2 Projects

Program 8055 (Lift Station Rehabilitation):

- 5 Projects

Program 8056 (Meter Improvements):

- 5 Projects

Program 8090 (Program Support):

- 1 Project

Program 8094 (New Lift Station 32A)

Total: 42 Projects

More about the capital program

ES CAPITAL PROGRAM: 2026 THROUGH 2031



ADOPTED DECEMBER 10, 2025

metro council.org/Wastewater-Water/Projects/Capital-Program.aspx

Questions

Share Comments and Questions

Please share comments and questions in writing through the chat feature or verbally by raising your hand. For a reply after the meeting, send an email to jessica.spieß@metc.state.mn.us

Resources

MCESCustomerPortal.metc.state.mn.us

MetroCouncil.org/Wastewater-Water/Projects/Capital-Program.aspx





For more information

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