Business Item

Environment Committee

Committee Meeting Date: August 11, 2026 **For the Metropolitan Council:** August 12, 2026

Business Item: 2026-131 SW

Adoption of Metropolitan Council Environmental Services (ES) Wastewater Rates and Charges

District(s), Member(s):	All
Policy/Legal Reference:	Minn. Stat. § 473.517; and Council Administrative policies FM 12-5 (re. municipal wastewater charges), FM 12-6 (re. Industrial Charges), and FM 12-7 (re. Sewer Availability Charge SAC)
Staff Prepared/Presented:	**Christine Dwyer, Director of Budget & Revenue, 612-309-8017**
Division/Department:	ES, c/o Leisa Thompson, 651-602-8101

Proposed Action

That the Metropolitan Council adopts the wastewater rates and charges outlined in business item 2026-131, to be effective January 1, 2027.

- Regional Wastewater Charge (total of municipal wastewater charges) of **$325,634,000;**
- Sewer Availability Charge (SAC): **$2,485** (**$3,185** for East Bethel and **$4,685** for Elko New Market);
- Temporary SAC: **$1.25** per 1,000 gallons (**$1.60** per 1,000 gallons for East Bethel and **$2.36** per 1,000 gallons for Elko New Market);
- Industrial Capacity Charge: **$2.44** per 1,000 gallons (**$3.13** for East Bethel, **$4.60** for Elko New Market);
- Industrial Strength Charge: **$.385** per excess pound of total suspended solids (TSS);
- Industrial Strength Charge: **$.193** per excess pound of chemical oxygen demand (COD);
- Brewery Strength Charge: **$1.208** per barrel;
- Standard Load Charge: **$70.47** per 1,000 gallons;
- Holding Tank Load Charge: **$12.74** per 1,000 gallons;
- Portable Toilet Waste Load Charge: **$90.40** per 1,000 gallons;
- Collar County Load Charge: **$85.47** per thousand gallons;
- Permitted Waste Hauler Strength Charge **$.477** per excess pound of TSS;
- Permitted Waste Hauler Strength Charge **$.239** per excess pound of COD;
- Out-of-Region Load Charge Component for hauled waste: **$15.00** per thousand gallons;
- Industrial User Permit Fees as shown on Attachment A; and
- Inflow and Infiltration (I&I) Surcharge Exceedance Rate: **$572,000** per million gallons per day (rate of maximum measured flow within an hour over allowed flow rate).

Background

On June 9, 2026, staff presented information to the Environment Committee on the 2027 preliminary ES budget and wastewater rates. On June 4, 2026, and June 16, 2026, this information

was shared with community customers at two Customer Meetings (one virtual and one in-person). 53 customer representatives attended the meetings. A staff summary of customer comments and responses is included in Attachment D.

The revenue proposed to be raised through the Regional Wastewater Charge in 2027 is a 3.5% increase from 2026 (note: this increase will vary for each community depending on their 2025 flow). This increase and the other rate changes comply with Council policy and enable ES to meet wastewater regulatory requirements, implement ES infrastructure rehabilitation and repair needs, and provide wastewater capacity for growth. Furthermore, per Council policy FM 12-5, proposed charges and rates are based on a regional cost-of-service methodology.

Rates are based on the preliminary or "rate-setting" budget, which has total sources of $399 million and total uses of $411 million. This proposed budget includes an $11.8 million use of the wastewater operating contingency reserve fund. The operating reserve balance was strong at $66.1M at the end of 2025 and will remain well above the Council Policy minimum balance of $18.3 million. This rate-setting budget is further detailed in Attachment C.

SAC receipts to date indicate a financially sound SAC reserve fund balance. Accordingly, there is no increase in the SAC rate proposed for 2027 (and the related Temporary Capacity Charge). With SAC units as projected, the SAC reserve balance will stay above the Council's minimum target (Policy FM 12-7).

Once charges are approved and flow measurements finalized, staff will distribute final community-specific municipal charges in August.

The proposed 2027 "rate sheet" description of rates can be found in Attachment B.

Rationale

Wastewater service rates for 2027 need to be set well in advance to allow communities and businesses (e.g., industrial permittees, waste haulers, etc.) time to plan their budgets and rates.

Thrive Lens Analysis

Outcomes:

Stewardship: the budget reflects ES' ongoing effort to be good stewards of ratepayer revenue: seeking savings where possible but prudently investing in the ongoing maintenance and rehabilitation of the system to minimize long-term expenses.

Principles:

Collaboration: ES customer outreach efforts around the budget preparation and presentation ensure we are working with our customers on operating and maintaining our system in a way that meets their level of service expectations.

Accountability: ES budget forums and workshops are a means to share all details of the budget, our operating plans, and our capital plans with our customers.

Funding

100% of wastewater operations, maintenance, and debt service are funded by these charges and rates.

Small Business Inclusion

There are no direct impacts to small businesses with this action.

Attachment A

2027 Industrial Discharge Permit Fees (~3.5% increase from 2026 Permit Fees)	
Quarterly Reporters (SIU>50MGY)	$14,275
Quarterly Reporters (SIU<50 MGY)	$11,925
Semi-annual Reporters (SIU>10 MGY)	$9,525
Semi-annual Reporters (SIU 5-10 MGY)	$7,175
Semi-annual Reporters (SIU 2-5 MGY)	$4,675
Semi-annual Reporters (SIU <2 MGY)	$2,375
Semi-annual Reporters (Non-SIU)	$2,375
Annual Reporters (Non-SIU > 1 MGY)	$2,375
Annual Reporters (Non-SIU < 1 MGY)	$1,450
Annual Reporters (Non-Significant Categorical user (NSCIU))	$1,450
Annual Reporters (standard low impact)	$1,025
Annual Reporters (Sewer cleaning waste (vactor))	$525
Liquid Waste Hauler (>1 MGY)	$2,375
Liquid Waste Hauler (<1 MGY)	$1,450
Liquid Waste Hauler (<50,000 KGY)	$800
Special Discharge Permit (quarterly reporter)	$2,375
Special Discharge Permit (contingency/low impact)	$1,450
General Permit	$575
PFAS-impacted water treatment facilities	$675

SIU = Significant Industrial User - a federal designation.

Attachment B

ES 2027 Charges (preliminary)

1. **Budget Municipal Wastewater Charges:** Metropolitan Council Environmental Services charges communities for sewer service and treatment. All customer communities pay an allocated portion of the Regional Wastewater Charge, which is their Municipal Wastewater Charge and is based on their estimated portion of the system's wastewater to be treated, which in turn is based on actual measured wastewater volume from 2025. Most communities cover their own sewer costs by charging a higher "retail" rate to residents and businesses. Retail rates are determined by each community.

2025 Regional Wastewater Charge

Total Regional Wastewater Charge in 2027	$325,634,000
Allocated based on system flow: in million gallons (mg), based on flow for calendar year 2025	88,992.84
Rate per million gallons	$3,659

2. **Metropolitan Sewer Availability Charge (SAC):** The sewer availability charge to communities is required for new connections or increased demand on the metropolitan wastewater system. Generally, one SAC unit equals 274 gallons of maximum potential daily wastewater flow capacity (100,000 gallons per year). A freestanding single-family residence is charged one SAC unit. Other types of buildings pay a prorated SAC fee, based on the estimated capacity of wastewater required. Communities may also include additional local charges (e.g., local SAC and local Water Availability Charge or WAC) on this fee to cover their own capital costs.

2027 Sewer Availability Charges

Base Unit Fee (Single Family Dwelling) *	$2,485.00
Apartment	20% discount
Multi-Dwelling Public Housing (without garbage disposals nor dishwashers)	25% discount
Multi-Dwelling Public Housing (without laundry, garbage disposals, or dishwashers)	40% discount
Commercial Outdoor Space Discount	75% discount
* Note: Elko/New Market and East Bethel have higher base SAC rates set by contract ($3,185 for E. Bethel and $4,685 for Elko/New Market).	

Commercial: Base unit fee times number of residential equivalent connections (RECs) where the number of RECs is based on an estimated maximum daily capacity by use type.

Industrial Process Flow: Base unit fee times number of RECs where the number of RECs is based on maximum normal process flow plus RECs for commercial spaces

3. **Industrial Strength Charge:** Strength charges are ES fees assessed directly to connected industries for the additional treatment costs caused by industrial wastewater that has more pollutants than typical domestic wastewater. Industrial strength charges are based on the concentration of pollutants (as measured by Total Suspended Solids (TSS) and Chemical Oxygen Demand (COD)) and the volume of the discharge. Industrial Users are also subject to normal municipal wastewater charges and SAC through their host communities.

2027 Industrial Strength Charges

Cost per excess pound of Total Suspended Solids (TSS)	$0.385
Cost per excess pound of Chemical Oxygen Demand (COD)	$0.193

4. **Liquid Waste Load Charge:** Liquid waste haulers pay directly for septage, leachate, and other hauled wastes that are discharged at ES disposal sites. The load charges combine: i) a strength charge component, ii) a volume component that is based on the ES regional wastewater rate, and iii) a special facilities component for the discharge sites. Also, iv) out-of-region waste is assessed as an administrative service component.

2027 Liquid Waste Load Charges (per 1000 gallons)

Standard Load Charge	$70.47
Portable Toilet Waste Load Charge	$90.40
Holding Tank Load Charge	$12.74
Collar County Load Charge (for 10 counties surrounding the region)	$85.47
Permitted Hauler Strength Charge ($ per excess lb.)	$0.477 TSS

5. **Industrial Discharge Permit Fee:** Those Industrial Users issued a permit must also pay annual permit fees, which recover a portion of the costs to administer the industrial pretreatment program. Permit fees are based on permit type, annual volume of wastewater, Significant Industrial User (SIU) status, and self-monitoring reporting frequency. First-year permit fees for Liquid Waste Haulers and Special Dischargers are required at the time of permit application.

2027 Liquid Waste Load Charges (per 1000 gallons)

Volume (MGY)	>50 m.	<50 m.	>10 m.	5-10 m.	2-5 m.	<2 m.	>1 m.	<1 m.
Quarterly Reporters	$14,275	$11,925						
Semi-annual Reporters			$9,525	$7,175	$4,675	$2,375		
Annual Reporters & Liquid Waste Haulers							$2,375	$1,450
General Permits	$575							
PFAS-impacted water treatment facilities	$675							

6. **Temporary Capacity Charge:** A charge assessed for temporary use of the metropolitan disposal system (e.g. capacity for disposal of contaminated groundwater). This charge is assessed in lieu of SAC, due to the temporary nature of the service – essentially renting capacity in the system.

2027 Temporary Capacity Charge	$1.25 per 1,000 gallons

7. **Industrial Capacity Charge (ICC):** As of January 1, 2019, industries have another option for paying SAC for process discharge (which may reduce or eliminate large SAC payments). In lieu of paying SAC for process flow that exceeds the established baseline flow, industries can choose to pay a smaller but ongoing ICC; ICC is like renting capacity instead of owning it. The ICC will be applied to discharges above an industry's SAC baseline, and it will be invoiced after each industry's reporting period. Depending on the variability of flow, it may make sense to purchase SAC units instead of continuing to rent; purchasing SAC permanently increases an industry's SAC baseline, which decreases or eliminates future ICC payments. ICC payments do not increase the baseline.

2027 Industrial Capacity Charge	$2.44 per 1,000 gallons over baseline flow ($3.13 for East Bethel and $4.60 for Elko New Market)

8. **Late Report Fee:** A fee assessed to permittees who fail to submit a complete self-monitoring report on a timely basis. The late fee amount is based on the frequency and severity of late reports.

2027 Late Report Fees:	$150-$800 per report (more details available on ES Industrial Waste Pretreatment Program website)

9. **Stipulation Agreement Payment:** These are negotiated monthly payments and daily penalties intended to negate the economic advantage of noncompliance with federal pretreatment standards or local limits.
10. **Cost Recovery Fees:** These fees are used to recover costs from any responsible party associated with spill or enforcement responses, non-routine data requests, special discharge requests, orders to appear, or notices of violation. Two administrative cost recovery fees are the Encroachment Application Fee ($600 per easement) and the Direct Connection Application Fee ($1,000 per connection). Both of these fees are assessed to recover administrative costs for time spent by ES staff.

Attachment C

Rate Setting Budget	2026 Original Budget $s in thousands	2027 Rate-Setting Budget $s in thousands	% Change
REVENUE & Other Sources:			
Regional Wastewater Charge	314,622	325,634	3.5
SAC Transfer (2026 incl. $3 million committed to PAYGO)	47,374	44,071	-7.0
Industrial User & Hauler Charges	21,661	23,615	9.0
Other Sources*	17,318	5,874	-154.4
Total	**400,976**	**399,194**	**-.4**
EXPENSES & Other Uses:			
Wastewater Debt Service	149,000	151,050	1.4
ES Labor	101,348	108,317	6.4
Non-Labor **	109,495	101,660	-7.7
Interdivisional Charges	32,677	36,984	11.6
Pay-as-You-Go for Capital Projects	13,000	13,000	0.0
Total	**405,521**	**411,011**	**1.4**
SURPLUS/(DEFICIT) to (from) Op. Reserve	(4,545)	(11,817)	

*Other Sources includes $12M in municipal I/I pass through grants in 2026

**Non-Labor expense includes $12M in municipal I/I pass through grants in 2026

Attachment D

2026 Customer Forum Feedback

Attendees

2026 Virtual Meeting: 50 total attendees 32 communities

2026 In person Meeting: 3 attendees (City of Brooklyn Park, City of St. Anthony Village, City of Bloomington) 10 RSVPs – several late cancels

Meeting Topics

- 2025 Updates
- Budget and Finance
- Municipal Wastewater Charge Calculations
- Capital Improvement Program

Questions Received from Participants

“How far out in advance can we predict stable rates?”

We didn’t get any questions at the virtual session.

“I am just looking for the proposed 2027 rates for the City of Burnsville.”

"Minneapolis would like to have access to flow data more real time. Our flow and regional flow. Our contributions to the system will top $60-million next year. Having view into those figures is helpful at that level of costs. We have requested this in the past. Current flow data is months and months after the fact before it is released in the portal."

Webinar Materials

https://metrocouncil.org/Wastewater-Water/Funding-Finance/Budget-Workshops.aspx