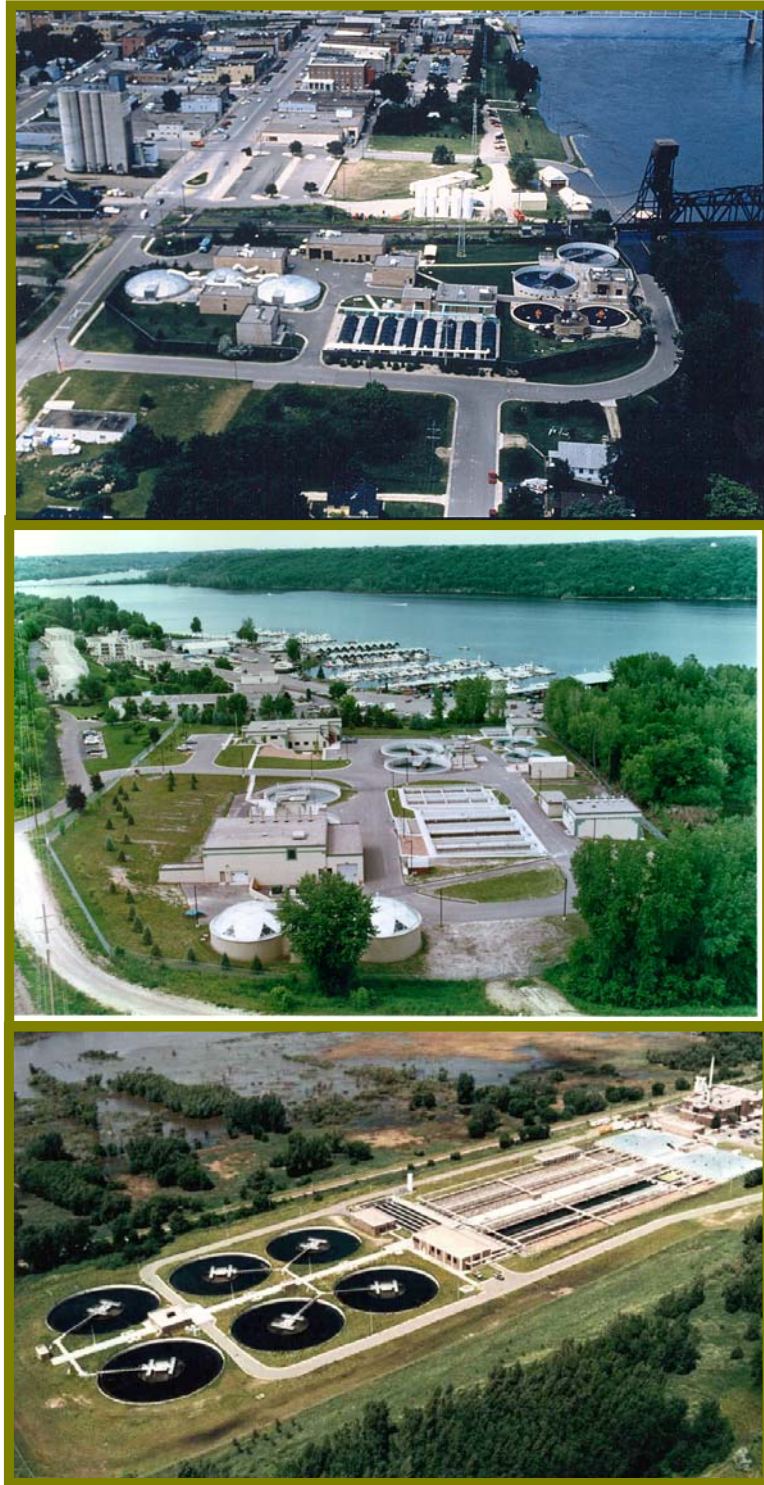


2007 Performance Report

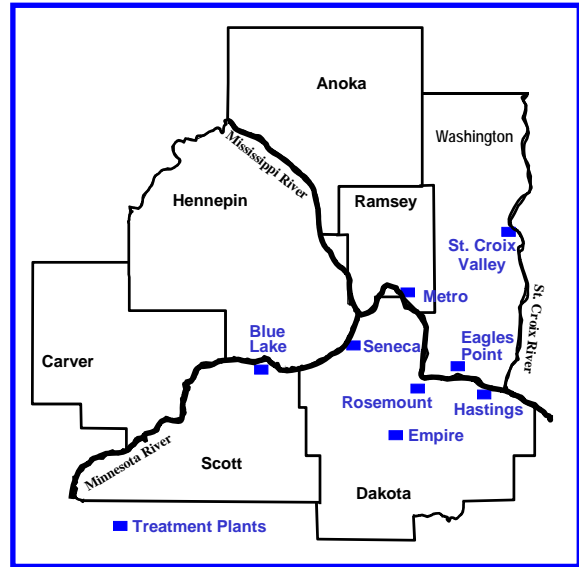


Pictured, from top, are the Hastings, St. Croix Valley, and Seneca Wastewater Treatment Plants. All were recipients of the Platinum Award from the National Association of Clean Water Agencies for 16, 15 and six years, respectively, of full compliance with clean water discharge permits.

Introduction

Metropolitan Council Environmental Services (MCES) collects and treats wastewater at its eight regional treatment plants. Our mission is “to provide wastewater services that protect the public health and environment while supporting regional growth.” In providing this service to the metropolitan area, MCES:

- Operates and maintains approximately 600 miles of regional sewers that collect wastewater flows from nearly 5,000 miles of sewers owned by 104 communities,
- Treats approximately 255 million gallons of wastewater daily at eight regional treatment plants,
- Continues to achieve near-perfect compliance with federal and state clean water standards,
- Establishes user fees that pay 100 percent of wastewater operations and debt service costs,
- Maintains wastewater service rates consistently below the national average,
- Works with approximately 800 industrial clients to substantially reduce the amount of pollution entering our wastewater collection system,
- Provides water resources monitoring and analysis for the region, and
- Partners with numerous public, private, and nonprofit groups committed to a clean environment.



Purpose and Organization of Report

This report highlights MCES’s key accomplishments during 2007 in meeting the goals set forth by the Council’s and MCES’s missions. Results achieved help set the stage for continued success in the years ahead and are an integral part of the Council’s history and evolution as a regional planning and service delivery agency.

The report is divided into six sections that capture the activity of the organization’s skilled, experienced employees. The sections are 1) Operations Performance, 2) Capital Projects, 3) Customer Service, 4) Finance, 5) Employees in the Workplace, and 6) Water Resources Management.

We welcome your comments about this report. The MCES management team is listed on the back cover of this report. For more information on what is happening at MCES, visit our website at www.metrocouncil.org/water.

William G. Moore
MCES General Manager

OPERATIONS PERFORMANCE

Wastewater Collection and Treatment System operated at high performance level

MCES's plants continued to perform at a high level in complying with clean water discharge permits. All eight plants received "Peak Performance Awards" from the National Association of Clean Water Agencies (NACWA). The Hastings and St. Croix Valley Plants were among the top plants in the country for consecutive years of full compliance with their clean water discharge permits. Both plants earned the Platinum Award – Hastings had 16 consecutive years, while St. Croix Valley saw 15. The Seneca Plant also earned Platinum for six consecutive years. Earning Gold Awards were Metro, Rosemount, Blue Lake, and Eagles Point; Empire earned Silver.



Some of the Hastings Plant staff were on hand to receive the STAR award.

The Hastings Plant was also the recipient of the first Sustained Treatment Achievement Recognition award (STAR). This award will be given annually to the plant with the most consecutive years of full compliance.

Wastewater treated to 99.9 percent compliance with NPDES permit limits in 2007

Wastewater was treated to 99.9 percent compliance with NPDES permit limits in 2007. The one exceedance was for total suspended solids at the Empire Plant.

Air emissions permit and stack test compliance

The air emissions permit compliance saw only one exceedance at the Metro Plant with the failure of a pm-10 stack test. The cause of the failure was identified and a correction plan was implemented.

Wastewater spills and combined sewer overflows on a downward trend

There has been a downward trend in interceptor spills for 2007. The average for the current five-year period is 15.6 per year; however, 2007 saw only eight spills, which is approximately one-half the trend. With no combined sewer overflows in 2007, this was an excellent year for the interceptor system.

CAPITAL PROJECTS

Key capital projects implemented

The Blue Lake Plant and Seneca Plant improvements assure continued success in meeting NPDES permit limits and rehabilitating facilities

Projects related to regional growth support long-term Council plans

Capital projects and improvements for 2007 that support regional growth are summarized in this section.

Both the Blue Lake and Seneca Plants have initiated construction on phosphorus removal. Removing phosphorus eliminates the potential for algae blooms, which take oxygen away from fish and other aquatic plants and animals. These projects also replace the gaseous chemical effluent disinfection system with liquid chemical disinfection. They also will reduce odor and add capacity to the existing systems.



Following are some of the numerous projects to support regional growth that were at various stages of planning, design, and construction during 2007.

- **Empire Plant and Outfall:** Construction was substantially completed by December with the startup of the outfall planned in early 2008.
- **Rosemount Interceptor:** This parallel interceptor to the Empire outfall pipe will convey wastewater from the Rosemount Plant to the Empire Plant. Construction on the pipeline and lift station was delayed due to groundwater dewatering problems that are currently being resolved. Scheduled completion is anticipated by spring 2008.
- **Northeast-6901 Diversion:** The Northeast Interceptor System Improvements Project will provide additional capacity to the northeast metropolitan service area. This particular diversion pipe will divert flow from a capacity-restricted area in White Bear Township to the Upper Beltline interceptor in the city of White Bear Lake. After some difficulty with access structures, construction will be substantially completed in mid-2008.
- **Blue Lake System Improvements–Victoria Area:** Design was initiated for improvements to the Victoria area interceptors in May with scheduled completion for this phase of the project in 2010. Construction on the Smithtown Road portion began in October; tunnel design will extend into 2008.

Projects related to regional growth support long-term Council plans (continued)

- **Northeast Interceptor Improvements–Phase I (St. Paul/Maplewood):** This project will provide capacity to meet the long-term service needs of the northeast area. Growth plans for communities in this area (i.e., Forest Lake, Hugo, Centerville, Lino Lakes, and White Bear Township) outpace the capacity of the Northeast Interceptor System. The capacity issues are influenced by growth as well as significant inflow and infiltration. Construction will be done in phases beginning in St. Paul and proceeding northward. Planning will extend into 2008 due to transit corridor challenges; the complete schedule is being re-evaluated.
- **Northwest Interceptor Improvements–CAB Diversion Tunnel and Lift Station:** Preliminary engineering was initiated for improvements needed to serve planned growth in the northwest portion of the metropolitan area. Planning is anticipated to be complete in 2008.
- **Elm Creek Interceptor–Dayton Extension:** The interceptor and its branches are needed to serve planned growth in the Elm Creek watershed. Complete construction of the Dayton extension is anticipated by April 2008; complete project construction in 2009.
- **Anoka (L-42) Lift Station and Forcemain:** Construction of the forcemain is complete; lift station work will be completed in February 2008. These projects will increase long-term wastewater service needs for the cities of Anoka and Ramsey.
- **Bloomington-Edina-Richfield Area Improvements:** Planning is under way to meet needs created by re-development in the I-494 corridor and Southdale areas. This includes improved interceptor facilities to meet increased capacity demand. Design has been initiated and will extend through 2008; completion is scheduled for 2010.
- **Blaine Interceptor:** Planning is under way on this project that will provide additional capacity to Blaine, Circle Pines, Lexington, and Lino Lakes. Design has been initiated with completion scheduled for 2010.
- **Chaska Lift Station:** Construction of the 21 million gallon per day (mgd) custom-built pumping station will be initiated in April 2008 on the site of the phased-out Chaska Treatment Plant.

Projects related to regional growth support long-term Council plans (continued)

- **Chaska West Interceptor:** Design was initiated in June 2007 on the construction of a gravity interceptor sewer to convey flow from Chaska and Carver as well as areas to the west, along the Hwy. 212 corridor.
- **South Washington County–Lake Elmo Connections:** Construction of the east gravity connection was initiated in August. Land acquisition has delayed the west connection, but construction is anticipated to be initiated and completed in 2008. The Northeast Lift Station (L77) design is being revised. This final phase of the project provides additional conveyance capacity for Lake Elmo.
- **Elko-New Market:** Design is on schedule and the Scott-Dakota gravity section will begin construction in February 2008. The remainder of the project will be bid later in 2008.
- **East Bethel Wastewater Treatment Plant:** The project provides for sewer development of a newly designated Rural Growth Center served by a Metropolitan Council-owned-and-operated wastewater treatment facility. This project is on schedule – evaluation of the treatment plant and groundwater recharge basin sites has been completed; land acquisition has been initiated.

Rehabilitation projects repair aging infrastructure and equipment

Following are examples of rehabilitation projects currently under way.

- **South St. Paul Lift Station/Forcemain Improvements:** The South St. Paul Treatment Plant was converted into a pre-treatment facility with a lift station pumping the partially treated effluent through the forcemain to the Metro Plant in 1972. A major rehabilitation of the lift station was recently completed. The replacement forcemain design is nearing completion.
- **Hopkins System Improvements:** An engineering contract was executed in December 2007 for modifications to this 38-year-old forcemain and lift station that will correct operational problems and provide long-term service to Hopkins.
- **Blue Lake System Improvements:** This project will provide improvements to meet the long-term conveyance capacity, reliability, and rehabilitation/replacement needs of the Blue Lake Interceptor System. A facility plan was adopted and submitted to Minnesota Pollution Control Agency in February 2007. Mound and Wayzata designs were initiated in June and July, respectively; Excelsior design was initiated in December 2007.

Rehabilitation projects repair aging infrastructure and equipment (continued)

- **Meter Improvements:** Improvements will be made to approximately 30 MCES flow meters in accordance with the Master Plan and to support the Council's inflow/infiltration reduction program. Design was initiated in March 2007, and construction is scheduled for completion in 2009.
- **Brooklyn Park Interceptor and Lift Station Rehabilitation:** Facility inspection revealed moderate to severe hydrogen-sulfide corrosion damage in portions of the lift station and interceptor systems. Rehabilitation of the lift station was initiated in December 2007 and the final phase of interceptor repair is expected to begin in April 2008. The project's completion is scheduled for 2009.
- **Interceptor System Standby Power:** This project will replace generators that have reached the end of their useful lives. MCES currently has 34 stationary and 25 portable generators. The project is on schedule; anticipated completion of construction in 2008.
- **Twins Stadium, Gophers Stadium, and Central Corridor:** Interceptor improvements are being completed on schedule without adverse impacts on these major infrastructure projects.

CUSTOMER SERVICE

Working with and for the citizens of the region

Maintaining and building good relations with neighbors

MCES provides service to customers in a number of ways. The following examples illustrate MCES's focus on customer service.

Children's Water Festival: The Council again participated in this annual event. Over 1,300 participants learned about keeping water clean and how to become good stewards of our water.

Plant Tours: More than 50 tours were offered at four of MCES's facilities to approximately 1,500 citizens. Those participating in the tours learned how wastewater is cleaned and safely returned to the



environment and how heat and other byproducts from wastewater solids processing are converted into energy to help power the plants.

Customers involved in 2008 budget planning

Budget meetings for all MCES customer communities were held in June 2007. An Industrial Waste Customer Forum was held on June 21. At each of these meetings, MCES staff provided information and customers offered input to help plan for the 2008 budget and rates.

Improved web-based information available to the public

The redesign of the Council's website (www.metrocouncil.org) presented the opportunity to make improvements to MCES's pages. Improvements included: developing and posting new content on Service Availability Charge determinations, forms and reporting; revising content on the inflow and infiltration pages; and reducing the total number of MCES web pages prior to the Council's final redesign.

Nearly 100 percent participation in the voluntary dental office amalgam separator program

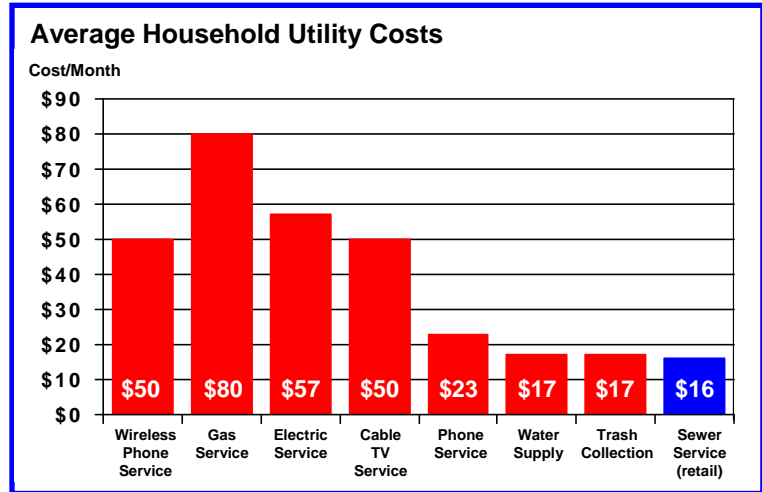
Currently, 724 dental offices have installed amalgam separators, representing over 99 percent of the program-eligible dental clinics in the metro area.

Special monitoring for mercury in the Metro Plant influent showed a 48 percent reduction since amalgam separator installations began; the Blue Lake Plant showed a 40 percent reduction. Due to sampling difficulties and a small number of tributary dental clinics, influent monitoring for the Hastings Plant has been discontinued.

FINANCE

Financial management that maintains MCES as a competitive utility within the marketplace

MCES has an ongoing goal of providing financial management that maintains MCES as a competitive utility compared to other metropolitan wastewater operations. MCES staff successfully completed 2007 operations and routine maintenance activities within the Annual Operating Budget limits.



When compared to other household service costs, the Twin Cities' average retail cost for wastewater service is a bargain. The graph above compares average monthly utility costs, with wastewater service being the lowest.

Performance and accountability for the 2007 Annual Operating Budget

Preliminary results indicate that expenses will be about \$4 million below the revenue received in 2007. Some of the key activities that helped reduce 2007 costs are as follows:

- **Asset Management:** An asset management team and two task forces were named and are functioning. A Business Case Evaluation tool has been completed with additional tools to be developed in 2008.
- **Energy Work Plan:** The Energy Team developed an Energy Work Plan to reduce energy use by 15 percent by 2010 and increase renewable energy production. An energy conservation work instruction was also adopted.
- **Incident Management System:** A work instruction, procedures, and reporting forms were drafted. Training has begun and upon its completion in 2008, a phased implementation will start.

Cost reduction actions and planning

- Reconveyance continued in 2007 with the completion of three interceptors and two lift stations. Three additional reconveyances were initiated in 2007.
- Vehicle replacements and additions have been deferred while the evaluation of expanded use of electric vehicles began in November 2007. Procurement of a GPS vehicle-monitoring system was initiated in 2007. Bidding is scheduled for early 2008.
- Dewatering systems at the Blue Lake, Metro, and Empire Plants have been optimized to keep polymer usage within performance ranges. The Seneca Plant plans to experiment with a new polymer monitoring technology in 2008 to assist with optimization efforts.

Rates and revenue changes

Changes made in 2007 that will have an impact on rates and revenue include the following:

- **Direct Connection Fee:** This fee is billed when a city or township requests to connect directly to an MCES interceptor. Details were developed in 2007. Adopted by the Council, it is effective for 2008.
- **Service Availability Charge (SAC) Credit System:** New credit rules have been adopted by the Council for implementation in 2010.

Management and accountability for the 2007 Capital Budget

Management and accountability in the 2007 Capital Budget included the following:

- **Cash Flow Projections:** Projections are being prepared quarterly by the Technical Services Department. The capital budget was amended to add 10 percent contingency. Projected expenditures are \$110-120 million versus \$145 million as amended.
- **Training and Work Instructions:** Capital project work instructions on project safety, construction inspection, construction contract administration, commissioning, record documents, O&M manuals/training, and asset identification were completed.

**Management and
accountability for the 2007
Capital Budget (continued)**

- **Design and Review of Capital Projects:** Design standards and guide specifications are being updated as a series of work instructions. The technical review process is also being developed more fully.
- **Process Improvement Strategies:** Initial ideas and concepts to improve the system and implement changes have been discussed by the Councilwide committee.
- **Capital Expenditure Reduction:** This plan is currently being developed in conjunction with the MCES asset management plan. Plans for the Blue Lake Plant and Seneca Plant projects have already been developed.

EMPLOYEES IN THE WORKPLACE

A Productive and Safe Workplace Environment

The MCES workplace environment continues to improve with the implementation of new programs, the leadership and support of management, and the commitment from employees and stakeholders. The MCES workplace is extremely diverse, offering a variety of employment opportunities and a challenge to the planning and safety/ security of the facilities.



Safety and security enhancements

MCES has developed and implemented safety systems that achieve sustainable compliance and attain an OSHA case rate that is superior to the Bureau of Labor Statistics' 2005 rate for its industry.

- **Pandemic Response Plan/Business Continuity Plan:** Work continues on the MCES portion of the *Pandemic Response Plan* and *Business Continuity Plan*. The Councilwide pandemic planning committee continues to consolidate plans and disseminate information. MCES has completed most operational plans; however, work continues on Councilwide business continuity planning.
- **Departmental Reviews:** 2007 saw significant improvements to safety performance measurements.
- **Capital Projects Safety:** Capital projects work instructions were approved and published to improve safety accountability and responsiveness.

Workforce planning efforts

The MCES Workforce Planning efforts continued during 2007. The objective is to manage anticipated changes to the workforce over the next several years without impairing the quality of service provided.

■ **Significant actions being implemented are:**

- Retaining information, either written or electronically, from exiting managers to ease transition and facilitate knowledge retention;
- Expanding the use of development assessment tools for first-line supervisory and management positions;
- Developing and implementing an operator trainee program;
- Re-aligning divisionwide engineering functions and staffing; moving toward centralized maintenance; and restructuring the Environmental Quality Assurance Department lab;
- Increasing the use of selection processes and tools to better measure aptitudes, knowledge, and work attitudes.

WATER RESOURCES MANAGEMENT

Water Resources Management Policy Plan

The Council's ***Water Resources Management Policy Plan*** integrates water resources management and protection with planning for the region's growth. The ***Policy Plan*** lays out the Council's plan for implementing its obligation in the areas of wastewater service, surface water management, and water supply planning.



Ensuring an adequate water supply may become more of a challenge in the future.

Water Resources Management Policy Plan initiatives implemented

Some of the key policies that were addressed in 2007 were:

■ **The Inflow/Infiltration (I/I) Surcharge**

Program: There were 44 communities on the 2007 I/I Surcharge list and these communities made significant progress in 2007 resulting in the elimination of approximately 45 mgd of excess I/I. This program has drawn attention to the national and regional I/I problem, enabled communities to address private property sources, and identified and removed significant long-existing I/I sources. Two additional communities were added to the program for 2008.

- **The Rural Growth Center Policy:** Staff has worked with East Bethel to develop a preliminary wastewater treatment and groundwater recharge plan for the city. The Council has also been working with the city of New Germany on the possible acquisition of its wastewater plant.

Water supply planning services provided for the region

MCES has played an active role in the Water Supply Advisory Committee (approved by the 2005 Legislature). Accomplishments of the committee in 2007 include the following:

- **Water Supply Master Plan:** The development of this plan (the Water Supply Master Plan) continues to be on schedule for 2008 completion.
- **Provide Support to Advisory Committee:** The advisory committee met quarterly throughout 2007 and continues to provide input into the Council's water supply planning efforts.

**Water Resource Management
Policy Plan initiatives
implemented**

- **Memorandum of Agreement with the Minnesota Pollution Control Agency (MPCA):** The memorandum of agreement that was signed in May to re-direct Council efforts on target pollution loads to development of total maximum daily loads (TMDL) for the metro area was implemented. Work with watershed districts and other organizations has begun to develop specific elements of TMDLs for metro-area waters in keeping with the objectives and timetable that was agreed upon with the MPCA.

Agreements have been signed by Carver County and the Council for Bevens Creek and Carver Creek; Scott County has signed for Sand Creek, and Shingle Creek Watershed Management Organization for Shingle Creek. Specific work plans with tasks and deadlines have been developed. The number of sites and the frequency of monitoring to provide additional data for calibration and verification have increased.



Metropolitan Council Members

Chair:
Peter Bell

Council Members:

Roger Scherer*	District 1	Natalie Steffen	District 9
Tony Pistilli	District 2	Kris Sanda	District 10
Mary Hill Smith	District 3	Georgeanne Hilker	District 11
Craig Peterson*	District 4	Sherry Broecker	District 12
Vacant	District 5	Richard Aguilar	District 13
Peggy Leppik*	District 6	Kirstin Sersland Beach*	District 14
Annette Meeks	District 7	Daniel Wolter*	District 15
Lynette Wittsack*	District 8	Brian McDaniel	District 16

*Environment Committee Members

Council Regional Administrator:
Thomas Weaver

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Visit our website to learn more about the Metropolitan Council and MCES:

<http://www.metrocouncil.org/water>