

2008 Performance Report



Purpose and Organization of Report

This report highlights Metropolitan Council Environmental Services' (MCES) key accomplishments during 2008 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
- 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 Web site at: www.metrocouncil.org/water.

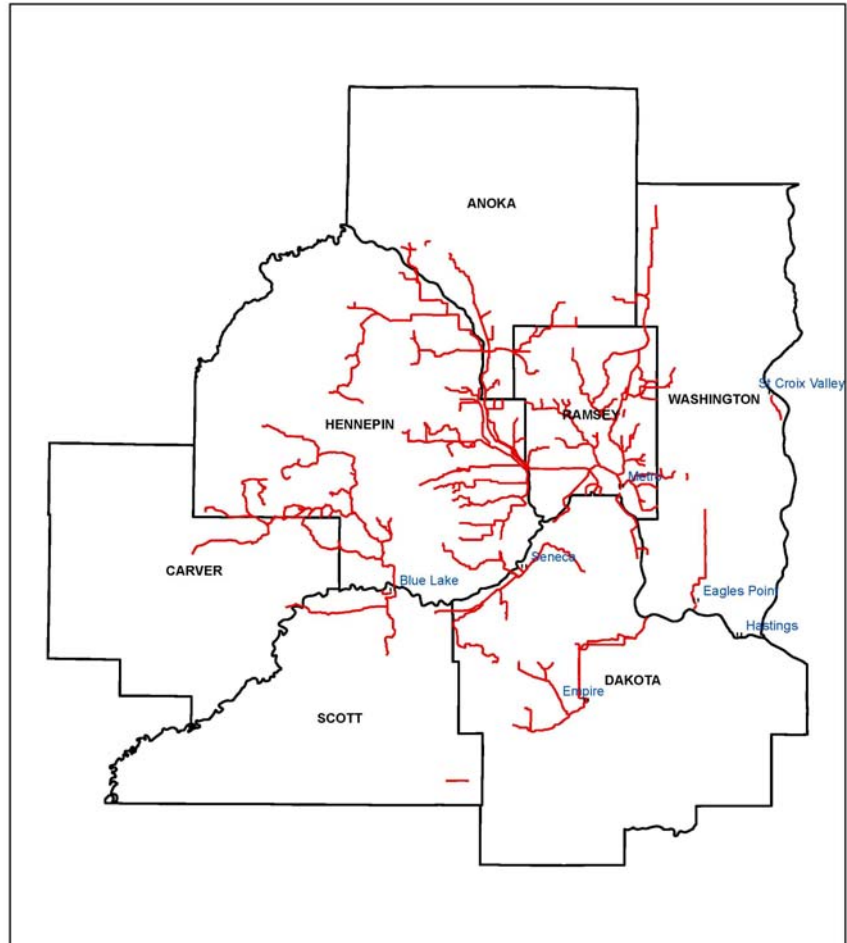


William G. Moore
MCES General Manager

Introduction

Metropolitan Council Environmental Services (MCES) collects and treats wastewater at its seven regional treatment plants. MCES's 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:

- Maintains approximately 600 miles of regional sewers that collect flows from nearly 5,000 miles of sewers owned by 105 communities,
- Treats approximately 260 million gallons of wastewater daily at seven regional treatment plants,
- Continues to achieve near-perfect compliance with federal and state clean water standards,
- Establishes user fees and implements programs 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,
- Monitors and analyzes the region's water resources,
- Provides water resources monitoring and analysis for the region,
- Ensures sufficient sewer capacity to serve planned development, and
- Makes capital investments to preserve the region's water quality.



OPERATIONS PERFORMANCE

Wastewater Collection and Treatment System operated at high performance level



MCES plants continued to perform at a high level in complying with clean water discharge permits. 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 17 consecutive years while St. Croix Valley had 16. The Seneca Plant also earned Platinum for seven years; Blue Lake and Eagles Point for three years; Metro and Rosemount (closed in late 2008) for two.

Wastewater treated to 100 percent compliance with NPDES permit limits in 2008

Wastewater was treated to perfect compliance with NPDES permit limits in 2008.

Air emissions permit and stack test compliance

The Seneca Plant passed all stack tests in 2008. The Metro Plant had a stack test exceedance in October. The re-test in December showed full compliance.

Wastewater spills and combined sewer overflows on a downward trend

There has been a downward trend in interceptor spills. In 2007, there were eight spills; in 2008, there were five. In addition, there have been no combined sewer overflows since August 2006.

CAPITAL PROJECTS

Key capital projects implemented



Capital improvement projects for 2008 that support quality improvement, regional growth and infrastructure reliability are summarized in this section.

Quality Improvement

Some of the many projects that support regional growth—at various stages of planning, design, and construction during 2008—included:

- Blue Lake and Seneca Plants were retrofitted to remove phosphorus through biological treatment. The Council's six largest treatment plants provide phosphorus removal.
- System-wide security improvements were completed.
- The disinfection systems at the Blue Lake and Seneca Plants are being converted from gaseous chemicals to liquid chemicals. The Council's other treatment plants have already been converted to liquid chemicals or ultraviolet (UV) disinfection.
- Empire Plant's new pump station and treated wastewater discharge pipeline through Empire Township and Rosemount to the Mississippi River began operation in April 2008. Treated wastewater from the Empire Plant no longer discharges to the Vermillion River.



CAPITAL PROJECTS

Regional Growth

- A pump station and forcemain sewer, serving northeast area communities, has been completed through White Bear Township and White Bear Lake. Operation began in September 2008.



- Construction has begun on a gravity interceptor sewer across Richfield to provide additional capacity to serve re-development along the Interstate 494 corridor. Construction of another project also is planned in Bloomington.



- The first phase of construction of a new gravity interceptor sewer serving the Victoria area was completed along Smithtown Road in September 2008. The next phase, a 6-foot-diameter, 7,400-foot-long tunnel, will be constructed during 2009-2011.



CAPITAL PROJECTS



- Construction is under way on an interceptor sewer to serve Elko-New Market.
- Design is under way on an interceptor sewer to serve the city of Carver.
- Planning is under way on a wastewater treatment and water reuse system to serve East Bethel.
- Planning continues for additional interceptor sewer capacity to serve the northeast and northwest areas, as well as Golden Valley and St. Louis Park.

CAPITAL PROJECTS

Infrastructure Reliability

- Rehabilitation of Seneca Plant facilities will be completed in 2009.
- Rehabilitation of Blue Lake Plant facilities is scheduled for 2009-2011. In addition, new anaerobic sludge digesters will recover methane to fuel the existing sludge dryer.
- A Metropolitan Plant facility plan identifying its rehabilitation needs has been completed.



- Improvements are under way on the Oak Street Interceptor near the University of Minnesota football stadium and on the Brooklyn Park Interceptor.
- Construction is scheduled for 2009-2012 on several interceptor sewers in South St. Paul, Hopkins/St. Louis Park, Plymouth, St. Paul, and the Lake Minnetonka area.
- A new Liquid Waste Receiving facility was acquired and retrofitted in Fridley (pictured below).



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 including:

New Customer Relationships: In communities where service is expected, MCES will initiate new customer relationships at a minimum of one year prior to expansion. In 2008, business relationships were established with the City of Corcoran.



Children's Water Festival: The Council again participated in this annual event. Over 1,300 fifth graders from around the region learned about keeping water clean and becoming good stewards of water.



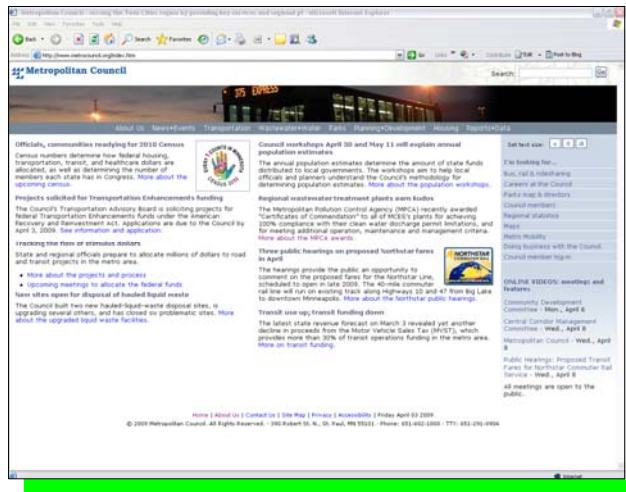
Plant Tours: More than 55 tours were offered at four MCES facilities to approximately 1,550 people. Tour participants learned how wastewater is cleaned and safely returned to the environment as well as how heat and other byproducts from wastewater solids processing are converted into energy to help power the plants.

CUSTOMER SERVICE

Customers involved in 2009 budget planning

Budget meetings for MCES customer communities were held in June 2008; an Industrial Waste Customer Forum was held on June 19. At each meeting, MCES staff provided information and customers offered input to help plan for the 2009 budget and rates.

Improved Web-based information



In conjunction with Regional Administration, MCES reviewed and monitored the Web site use, and implemented improvements as necessary. An initiative to ensure that MCES Web pages and related files are ADA compliant began in 2008.

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

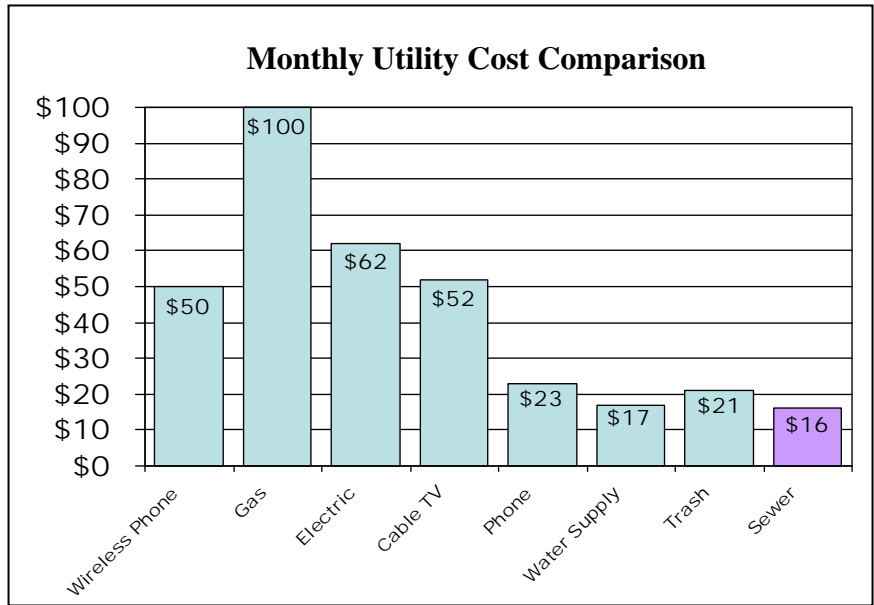
The Council initiated a voluntary mercury reduction program with the Minnesota Dental Association. Currently, 737 dental offices have installed amalgam separators, representing almost 100 percent of the program-eligible dental clinics in the metro area. Special monitoring for mercury in the Metro Plant showed a 50 percent decrease in influent mercury loading since 2003.



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 around the country. MCES staff successfully completed 2008 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 above graph compares average monthly household utility costs, with wastewater service being the lowest.

Performance and accountability for the 2008 Annual Operating Budget

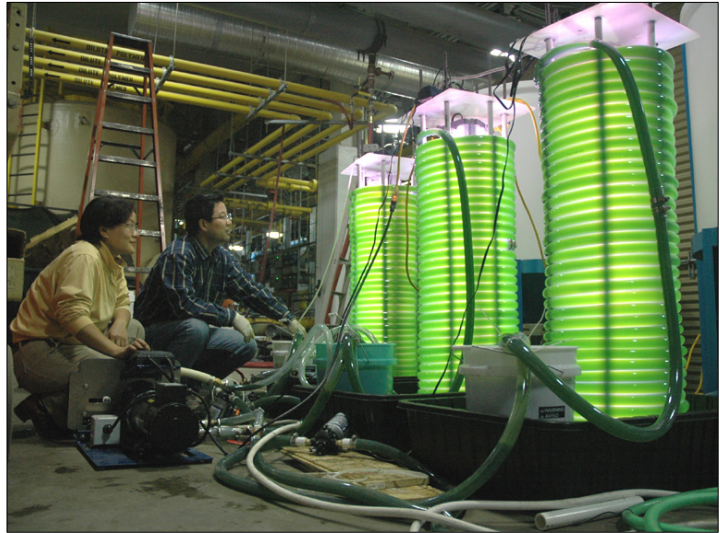
Preliminary results indicate that expenses will be almost \$4 million below the revenue received in 2008. Some of the key activities that helped reduce 2008 costs include:

- **Asset Management:** An asset management improvement effort continued throughout 2008 with work focused in five strategic areas: Reliability Centered Maintenance, Facility Ownership Optimization, Capacity, Management, Operations & Maintenance (CMOM), and Business Case Evaluations. The goals are improving delivery of capital improvements and optimizing the useful life of capital assets.

Cost reduction actions and planning

- **Energy Work Plan:** The Energy Team made progress on an energy work plan to reduce non-renewable energy usage 15 percent from 2006 levels by 2010. At the end of 2008, MCES was 66 percent towards its goal. Legislative changes were sought and adopted to include wastewater byproducts as renewable biomass in statute.

Other energy-related efforts include a partnership with the University of Minnesota in exploring algae as a possible renewable energy source.



- **City SAC Audits:** Staff completed 37 reviews of municipal Service Availability Charge reporting in 2008.
- **Incident Management System:** A work instruction, work procedures, and reporting forms were drafted in 2007. Training and implementation was completed in 2008 for Treatment Services; the remainder of Environmental Services will proceed in 2009.

FINANCE

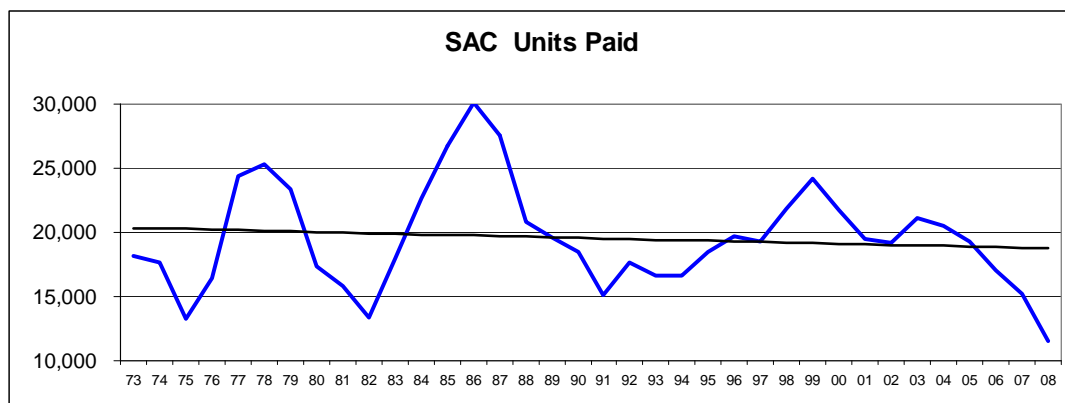


- **Vehicle Replacements:** More diesel powered trucks, which use biodiesel fuel and get better mileage, were included in MCES vehicle fleet in 2008. Procurement of a GPS vehicle-monitoring system is progressing and vendor selection will be made in first quarter of 2009. Obtaining additional diesel trucks and hybrids to reduce gasoline consumption is planned for 2009.

Rates and revenue changes

2008 changes that will impact rates and revenue include:

- **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 and were implemented in 2008.
- **Encroachment Application Fee:** This was changed in 2008, for implementation in 2009, to apply to each easement impacted.
- **Service Availability Charge (SAC) Credit System:** Credit system changes were adopted in 2008 for implementation in 2010. Detailed rules were developed in 2008 and are posted on the Council's Web site.



FINANCE

Management and accountability for the 2008 Capital Budget

Management and accountability for the 2008 Capital Budget included:

- **Quality Assurance:** Work on design submittals was completed and training was delivered to project managers. Concepts and principles concerning design submittals are being integrated into architectural/engineering contracts. Safety program requirements on construction contracts have been developed as standard division one specifications for use in contracts awarded in 2009.
- **Process Improvement:** Construction contractor and key subcontractor pre-qualification process was developed for use with construction contract procurement in 2009. A land acquisition process is being closely coordinated among the legal department, technical services department, and contractors, using a new contract administration position as a coordinator for project managers, and by implementing work plans and land acquisition strategies developed early in project design.
- **Capital Expenses:** Growth/capacity projects are being deferred, where flow projections and capacity evaluation support delay.

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 diverse, offering a variety of employment opportunities and a challenge to the planning and safety/security of the facilities.

Safety and security enhancements

Safety was reorganized with the development of a MCES safety improvement plan for sustainable compliance that establishes short and long term goals for safety continuous improvement. Areas of immediate improvement focused on safety program improvement and development, management commitment, identification of problem source areas and integrated problem solving with involvement of management and safety committees.



- **Pandemic Response Plan/Business Continuity Plan:** Work continued on the MCES portion of the *Pandemic Response Plan* and *Business Continuity Plan*. The Council-wide pandemic planning committee continues to consolidate plans and disseminate information. MCES has completed most operational plans; however, more work is needed on overall business continuity planning. MCES and Regional Administration's Information Services Department conducted an Emergency Preparedness Exercise Sept. 2-4, 2008, involving the relocation of 53 staff from the third floor at Robert Street (pictured below).

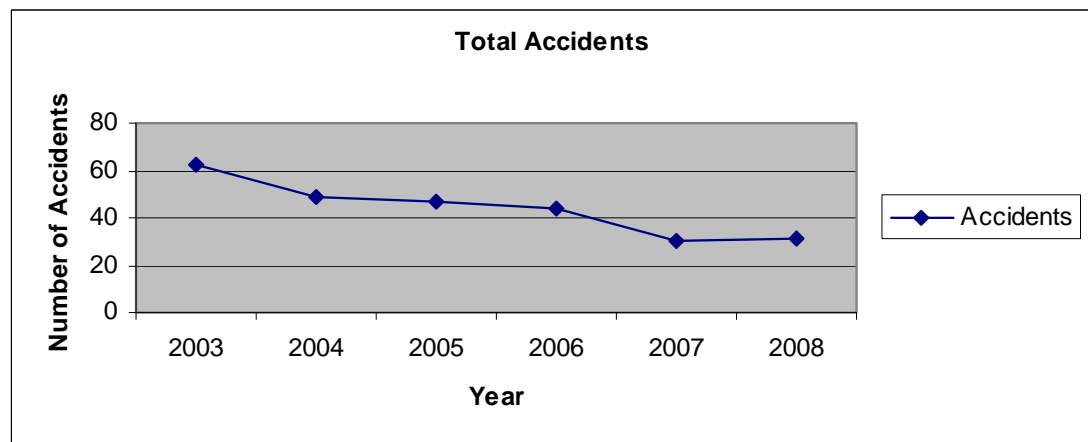
The exercise tested the space and technology needs for a temporary relocation of staff, without sacrificing business continuity. The exercise was a success and the experience will be used for future emergency and business continuity planning.



- **Departmental/Area Safety Reviews:** Safety audits were completed on a monthly basis at all MCES facilities by safety committees and results were discussed and corrective actions developed for areas of concern found during the safety audits. Safety also completed an annual or bi-annual safety audit at all MCES facilities to verify corrective actions developed are sustainable.

EMPLOYEES IN THE WORKPLACE

- **Capital Projects Safety:** A major effort to address ongoing contractor safety issues has been developed that includes a “Contractor Safety Program” which addresses safety expectations for all contractors doing work within MCES. This includes safety related information requirements from contractors submitting bids for all capital projects, safety pre-work meetings with contractors and frequent construction site safety audits to verify that sustainable safety compliance is continuous throughout the length of the project.



Workforce planning efforts

The MCES Workforce Plan serves as a tool to proactively handle change in the workforce. The planning process is critical in achieving MCES’s goals and objectives.

- **Development of the 2008-2012 Workforce Plan:**

MCES staff levels have decreased over the last decade as a result of an extensive re-engineering effort. In the coming years, MCES is facing the challenge of effective and efficient workforce planning in an environment of changing demographics, shortage of skilled candidates, and changes in technology. Partnering with HR, MCES completed new workforce plan goals and objectives for 2008-2012, which are part of a larger effort of workforce planning for the Council. The MCES *2008-2012 Workforce Plan* includes the new goals and objectives, and focuses on many areas including recruitment tactics, knowledge management and retention, development of employee training, internship and apprenticeship programs, and diversification of the workforce. Implementation of the recommended strategies has begun. Successful workforce planning requires management leadership and support, as well as commitment from stakeholders.

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 plan has guidelines for developing and maintaining service systems that support development, for which the Council has some statutory responsibility, including wastewater service, surface water management, and regional water supply.



Water Resources Management Policy Plan initiatives implemented

Water Resources Management Policy Plan Initiatives:

- **Local Government Inflow/Infiltration (I/I) Program:** There were 46 communities on the potential 2008 I/I surcharge list and these communities made significant progress in 2008 resulting in the elimination of approximately 45 million gallons per day (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 of I/I, and identified and removed significant long-existing I/I sources.
- **The Rural Growth Center Policy:** MCES is working with East Bethel to develop a wastewater treatment and groundwater recharge plan and with other rural growth centers based on City requests for assistance. The process to acquire a New Germany plant was initiated with the goal of completing acquisition in 2009 and new plant construction in 2010 (or later, depending on the economy). Other goals include completing long-term service area delineation (preliminary work is underway; study deferred until after 2008 Comp Plan Updates are processed), developing a plan to preserve interceptor corridors, and acquiring a Crow River plant site and selecting a Scott County plant site (acquire in 2009). Land owner talks are underway for the Crow River site. Two Scott County sites are being considered, but selection has been extended into 2009.

WATER RESOURCES MANAGEMENT

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). In 2008, legislation was sought and was adopted to extend the committee's term. Committee accomplishments in 2008 include:

- **Water Supply Master Plan:** The draft Master Water Supply Plan was available for public comment Nov. 3-Dec. 16, 2008. It'll be completed early 2009 and implemented after adoption.

- **Support Advisory Committee:** The advisory committee met monthly in 2008 and continues providing 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 (TMDLs) for the metro area was implemented. Work with watershed districts and other organizations began 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 were signed by Carver County and the Council for Bevens Creek and Carver Creek, Scott County for Sand Creek, and Shingle Creek Watershed Management Organization for Shingle Creek. Specific work plans with tasks and deadlines were developed. The number of sites and monitoring frequency to provide additional data for calibration and verification were increased.

- **Recycling Treated Wastewater:** Initiatives in the discussion phase include identifying a pilot project for industrial use, developing a long-term implementation plan for other uses, and integrating the regional water supply plan.

- **Phosphorus Trading Program:** The Council authorized an agreement with the City of Cambridge trading phosphorus discharge allowances. The agreement was executed in 2008 but the trade is subject to PCA approval not yet received.



Metropolitan Council Members

Chair:
Peter Bell

Council Members:

Roger Scherer*	District 1	Natalie Steffen	District 9
Tony Pistilli	District 2	Kris Sanda	District 10
Robert McFarlin	District 3	Georgeanne Hilker	District 11
Craig Peterson*	District 4	Sherry Broecker	District 12
Polly Bowles*	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	VACANT	District 16

**Environment Committee Member*

Council Regional Administrator:
Thomas Weaver

MCES Management Team

Bill Moore, MCES General Manager
(651) 602-1162 or bill.moore@metc.state.mn.us

Leisa Thompson, Deputy General Manager, Treatment Services
(651) 602-8101 or leisa.thompson@metc.state.mn.us

Keith Buttleman, Assistant General Manager, Environmental Quality Assurance
(651) 602-1015 or keith.buttleman@metc.state.mn.us

Bill Moeller, Assistant General Manager, Interceptor Services
(651) 602-4504 or bill.moeller@metc.state.mn.us

Bryce Pickart, Assistant General Manager, Technical Services
(651) 602-1091 or bryce.pickart@metc.state.mn.us

Karen Neis, Director, Environmental Services Administration
(651) 602-1012 or karen.neis@metc.state.mn.us

Jason Willett, Director, Environmental Services Finance
(651) 602-1196 or jason.willett@metc.state.mn.us

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

www.metrocouncil.org/water

Publication #32-09-037