

City Council Meeting

Monday, September 21, 2026 6:00 PM

Agenda

Pledge of Allegiance

1 Approve or Amend Agenda

2 Sheriff's Report

3 Consent Agenda

Those items on the Council Agenda which are considered routine or noncontroversial are included as part of the Consent Agenda. Unless a Councilmember specifically requests that an item on the Consent Agenda be removed and considered separately, items on the Consent Agenda are considered under one motion, second and vote. Any item removed from the consent agenda shall be placed at the end of General Business.

3.1 Minutes from the September 8, 2026 City Council meeting

3.2 Approve 2027 Exhibit A Scott County Sheriff's Contract

3.3 Approve Payment of Claims (Bills) and Transfer Requests as Presented.

4 Open Forum

The public forum is intended to afford the public an opportunity to address concerns to the Council. The public forum will be no longer than 30 minutes in length and each presenter will have no more than five (5) minutes to speak. Topics of discussion are restricted to local governmental topics rather than private or political agendas. The Council may discuss but will not take formal action on public forum presentations.

5 Presentation(s)

6 Public Hearing(s)

7 General Business

7.1 Consider Quote from Ehlers for Utility Study

7.2 Consider City Hall Office Remodel – Window and Door Replacement

7.3 New City Hall Property Acquisition – Next Steps

7.4 Consider City Website Refresh & Digital Accessibility Requirements

7.5 Resolution 2026-26 to Set Preliminary Tax Levy and TNT Hearing Date

8 Staff and Council Member Reports

9 Adjourn



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 21, 2026

SUBMITTED BY: Lynda Jirak, Clerk

ITEM TYPE: Minutes

AGENDA SECTION: Consent Agenda

SUBJECT: Minutes from the September 8, 2026 City Council meeting

SUGGESTED ACTION: Approve Minutes from the September 8, 2026 City Council meeting

ATTACHMENTS:

[9.8.2026 City Council Minutes.docx](#)

Present: Mayor Chris Kostik, Councilmembers Bill Markert, Jay Saterbak, Leroy Schommer and Abe Zanto

Absent: None

Also Present: City Administrator Steve Jelinski, City Attorney Peter Mikhail, City Planner Claire Stickler, City Engineer Shane Nelson and City Clerk Lynda Jirak

The Mayor called the meeting to order at 6:01 pm.

Pledge of Allegiance

1. Approve or Amend Agenda

Motion to approve Agenda by Councilmember Schommer

Second: Councilmember Saterbak

Motion passes 5-0

2. Sheriff's Report

Deputy Jeff Strack presented the August police activity report and noted two DWI incidents, with no other activity of concern. He reminded residents to lock vehicles and secure valuables due to recent thefts. Deputy Strack also announced Safety Day at Cleary Lake on Saturday, September 12, from 1:00 – 4:00 pm.

3. Consent Agenda

Those items on the Council Agenda which are considered routine or noncontroversial are included as part of the Consent Agenda. Unless a Councilmember specifically requests that an item on the Consent Agenda be removed and considered separately, items on the Consent Agenda are considered under one motion, second and vote. Any item removed from the consent agenda shall be placed at the end of General Business.

3.1 Minutes from August 17, 2026, City Council Meeting

3.2 Approve Letter of Credit Reduction for The Ranch of Credit River 2nd Addition

3.3 Approve Payment of Claims (Bills) and Transfer Requests as Presented

Motion to approve the amended Consent Agenda by Councilmember Saterbak

Second: Councilmember Markert

Motion passes 5-0

4. Open Forum

The public forum is intended to afford the public an opportunity to address concerns to the Council. The public forum will be no longer than 30 minutes in length and each presenter will have no more than five (5) minutes to speak. Topics of discussion are restricted to local governmental topics rather than private or political agendas. The Council may discuss but will not take formal action on public forum presentations.

Tina Mischka, 16331 Creekwood Drive, addressed the City Council regarding an email she sent to City Administrator Jelinski and requested confirmation that it had been received.



5. Presentation(s)

6. Public Hearing(s)

7. General Business

7.1 Consider Quote from Ehlers for Utility Study

City Administrator Jelinski stated that, during a Worksession, Council directed Staff to contact Ehlers to prepare a proposal for water and sewer services in the Country Court neighborhood and the Stonebridge CSTS. The quote is included in the packet.

Following discussion, Council directed Staff to submit a list of questions, to Ehlers and requested that the matter be brought back to the next City Council meeting for consideration, pending receipt of the requested information.

Motion to table the quote from Ehlers for the Utility Study for Country Court neighborhood and the Stonebridge CSTS by Councilmember Markert
Second: Councilmember Schommer
Motion passes 5-0

7.2 Credit River Escrow Policy

City Administrator Jelinski stated that Staff reported on research conducted regarding development escrow policies in neighboring and other developing cities. Survey results showed significant variation, with most cities basing construction-related escrows or fees on a percentage of construction costs. Most cities require the full amount to be deposited at the time of Development Agreement execution and replenished as necessary. Several also charge separate administrative, legal, GIS, or as-built fees.

Staff noted that some Credit River development escrow accounts are currently in arrears and recommended increasing the initial escrow amount to reduce City risk and staff time spent on replenishment. Staff also recommended establishing a separate administrative fee to offset staff costs associated with managing development agreements, consultant invoices, developer statements, letters of credit, and related documentation.

Staff recommended establishing separate amounts for a City Administrative Fee, Construction Administration and Construction Cost, and a Construction Observation Escrow.

Motion to approve updated Credit River Escrow Policy by Councilmember Saterbak
Second: Councilmember Markert
Motion passes 5-0

7.3 Consider Prepayment of Ladder Truck

City Administrator Jelinski explained that Prior Lake Fire Department will be purchasing a ladder truck in 2027. Jelinski further explained how Credit River would save money by prepaying for the truck now. Staff is asking Council to consider prepayment of the ladder truck.

Following discussion, the majority of Councilmembers supported prepayment of ladder truck and noted including ownership rights for fire equipment in future contract negotiations.



**Motion to approve prepayment of ladder truck by Councilmember Saterbak
Second: Councilmember Zanto
Motion passes 4-1; Councilmember Markert dissenting**

7.4 Accept Quotes and Award Contract for Lynn Drive Culvert to Krueger Excavation

City Engineer Nelson explained that Staff advertised for quotes for replacing the culvert at Lynn Drive as the culvert is failing and is in need of replacement. 11 quotes were received with Krueger Excavating being the lowest quoter.

An “alternate quote” for additional rip rap at the end of the culvert was also obtained however, the City has not obtained easements for this at this time.

Following Council discussion, Council supported accepting the quote and awarding the contract for Lynn Drive Culvert to Krueger Excavation and directed Staff to award the alternate quote if the property owners’ agreement to the required easement is obtained.

**Motion to accept quotes and award contract for Lynn Drive culvert replacement to Krueger Excavating and direct City Engineer and City Administrator to accept the alternate quote if easements are obtained from two property owners by Councilmember Saterbak
Second: Councilmember Schommer
Motion passes 5-0;**

8. Staff and Council Member Reports

Councilmember Schommer reported that ditch mowing will be starting soon and a reminder to remove signs within the right of way.

Councilmember Markert reminded Council to follow City ordinance regarding sign removal.

City Engineer Nelson reported that a preconstruction conference for the Judicial Road is scheduled for the following day. He noted that Judicial Road may be closed or partially closed at times during construction. Nelson also provided an update on the microsurfacing contractor.

City Clerk Jirak reminded Council that absentee voting will begin on Friday, September 18.

8 Adjourn

**Motion to Adjourn, by Councilmember Zanto
Second: Councilmember Schommer
Motion passes 5-0**

Meeting adjourned at 6:59 pm.

Recorded by:

Approved by:

Lynda Jirak, City Clerk

Chris Kostik, Mayor





Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	September 21, 2026
SUBMITTED BY:	City Admin,Administrator
ITEM TYPE:	Agenda Report
AGENDA SECTION:	Consent Agenda
SUBJECT:	Approve 2027 Exhibit A Scott County Sheriff's Contract
BACKGROUND:	In December 2025, Council approved the Scott County Sheriff's 2026-2031 contract. However, annually, the Council will need to approve Exhibit A of the contract, which is the fee schedule. The SCSO was able to keep costs very stable for Credit River and staff is recommending approval of the contract. There was only a \$233.00 increase from the 2026 contract amount.
FINANCIAL IMPACT:	\$233.00
SUGGESTED ACTION:	Approve 2027 Exhibit A Scott County Sheriff's Contract
ALTERNATIVES:	-Do not approve the contract
ATTACHMENTS:	CR Exhibit A-1 2027.pdf

Scott County Sheriff's Office

Credit River: 80 Hours per Week, 2 Deputies/Squads

<u>WAGES</u>	<u>Units</u>	<u>Rate</u>	<u>Amount</u>
Regular - Deputies (2)	4160	\$62.67	\$260,723.84
Holiday - Deputies (2)	192	\$54.13	\$10,392.96
PTO - Deputies (2)	384	\$54.13	\$20,785.92
Overtime - Deputies (2)	130	\$81.20	\$10,555.35
Total Annual Wages			\$302,458.07
 <u>BENEFITS</u>			
34.78%+20.96% OT per Cty Finance			\$103,736.17
Uniform Allowance			\$2,200.00
Total Annual Benefits			\$105,936.17
 <u>OTHER EXPENSES</u>			
Administrative (5%)			\$21,872.42
Total Administrative Expense			\$21,872.42
Animal Control (Population Portion)			\$8,316.14
Equipment Services			\$2,100.00
Monthly Phone/Wi-Fi Service	12	\$208.00	\$2,496.00
Fleet	50,000	\$0.87	\$43,500.00
Total Annual Other Expenses			\$56,412.14
 <u>CREDITS</u>			
State Police Aid			\$27,358.00
Total Annual Credits			(\$27,358.00)
TOTAL:			\$459,320.80

2027 TOTAL COST:	\$459,320.80
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Annual costs are subject to change, based on labor contracts, benefit rates, contracted rates, and actual aid received.

Scott County Sheriff's Office

Credit River: 80 Hours per Week, 2 Deputies/Squads

Rate: Merit Control Point of Current Grade Schedule

Units: Per Labor Contract + Floating Holiday

Units: 21(0-2 yrs), 24* (3-6 yrs), 27 (7-11 yrs), 30 (12-17 yrs), 33

Units: Estimate Based on Recent History & Operational Plan

34.78%+20.96% OT per Cty Finance

Union Contract 2026-2028

Add 5% of Total Expenses All Figures Are Settled

Contract up for negotiation, 5% increase planned.

Contract(s) up for negotiation, 5% increase planned.

Per Mile Cost Down from \$1.06

Police Aid (changes annually) - based on budget

2026: \$459,097.80



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 21, 2026

SUBMITTED BY: Sue Iverson, Finance

ITEM TYPE: Agenda Report

AGENDA SECTION: Consent Agenda

SUBJECT: Approve Payment of Claims (Bills) and Transfer Requests as Presented.

SUGGESTED ACTION: Approve Claims for Payments and Transfer Requests - See Attached.

ATTACHMENTS:

[Check Detail Register 09.21.26.pdf](#)

[Transfer Request 09.21.26.pdf](#)

CITY OF CREDIT RIVER

09/16/26 2:06 PM

Page 1

***Check Detail Register©**

Batch: 092126PAY

Check #	Check Date	Vendor Name	Amount	Invoice	Comment
10100 Anchor Bank					
13285	09/21/26	ACCESS			
E 100-41320-300		Professional Svcs (GENE	\$102.07	12374752	City shredding bin & service
		Total	\$102.07		
13286	09/21/26	AMAZON CAPITAL SERVICES			
E 100-41320-200		Office Supplies (GENERA	\$22.21	191Y-XMLV-4	file folders & staple removers
		Total	\$22.21		
13287	09/21/26	AMAZON CAPITAL SERVICES			
E 100-41320-200		Office Supplies (GENERA	\$49.77	1WLD-TGFM	cable ties, copy paper, rubber bands
		Total	\$49.77		
13288	09/21/26	AMAZON CAPITAL SERVICES			
E 100-41940-570		Office Equip and Furnishin	\$51.76	16RP-717J-X	office shelves
E 100-41320-200		Office Supplies (GENERA	\$20.86	16RP-717J-X	paper towels
		Total	\$72.62		
13289	09/21/26	AMAZON CAPITAL SERVICES			
E 100-41320-200		Office Supplies (GENERA	\$9.50	11MG-9T9R-	WD-40 for office use
		Total	\$9.50		
13290	09/21/26	AMAZON CAPITAL SERVICES			
E 100-41000-209		Other Office Supplies	\$46.94	1C1V-XFLH-9	batteries for microphones
E 100-41320-200		Office Supplies (GENERA	\$4.99	1C1V-XFLH-9	push pins
E 100-41940-220		Repair/Maint Supply (GEN	\$15.76	1C1V-XFLH-9	rust remover for toilet
		Total	\$67.69		
13291	09/21/26	HAKANSON ANDERSON ASSOC INC			
G 800-20224		Miscellaneous Escrow	\$4,221.25	57970	The Ranch 2nd
G 800-20224		Miscellaneous Escrow	\$112.50	57971	Yellowstone
G 800-20224		Miscellaneous Escrow	\$1,375.63	57972	Lake Estates 2nd
G 800-20224		Miscellaneous Escrow	\$112.50	57973	Yellowstone 2nd
G 800-20224		Miscellaneous Escrow	\$2,096.60	57974	Cardinal Pass (not diesel spill related)
G 800-20224		Miscellaneous Escrow	\$24,082.87	57975	Cardinal Pass- diesel spill
G 800-20224		Miscellaneous Escrow	\$4,625.38	57976	Yellowstone 3rd
G 800-20224		Miscellaneous Escrow	\$3,209.00	57977	Yellowstone 4th
G 800-20224		Miscellaneous Escrow	\$300.00	57978	PLA mining permit
G 800-20224		Miscellaneous Escrow	\$2,331.75	57979	Yellowstone 5th
G 800-20224		Miscellaneous Escrow	\$2,207.50	57980	Yellowstone 6th
E 100-43133-303		Engineering Fees	\$929.00	57981	Misc site reviews
E 100-43100-303		Engineering Fees	\$225.00	57982	Judicial Rd rehabilitation
E 100-43150-303		Engineering Fees	\$616.00	57983	NPDES/MS4
E 401-43121-500		Capital Outlay (GENERAL	\$360.00	57984	General water resources
E 401-49400-500		Capital Outlay (GENERAL	\$1,781.75	57985	Lynn Drive culvert
E 100-43133-303		Engineering Fees	\$3,275.50	57986	general engineering
E 100-41910-303		Engineering Fees	\$420.00	57987	Building permit review
E 100-43100-303		Engineering Fees	\$137.00	57988	General road projects
E 100-43133-303		Engineering Fees	\$1,717.50	57989	CIP for the city
E 100-41910-303		Engineering Fees	\$105.00	57990	utility permit reviews

CITY OF CREDIT RIVER

09/16/26 2:06 PM

Page 2

***Check Detail Register©**

Batch: 092126PAY

Check #	Check Date	Vendor Name	Amount	Invoice	Comment
E 100-43100-312		Utility Locating Service	\$20.00	57991	general city locates
E 603-49450-312		Utility Locating Service	\$25.00	57991	Stonebridge locates
E 602-49450-312		Utility Locating Service	\$150.00	57991	Territoty locates
E 601-49450-312		Utility Locating Service	\$60.00	57991	Monterey Heights locates
E 604-49450-312		Utility Locating Service	\$10.00	57991	South Passage locates
G 701-20205		NPDES	\$1,996.00	57992	erosion & sediment control
Total			\$56,502.73		
13292	09/21/26	JB WOODFITTER HOMES LLC			
G 701-20205		NPDES	\$1,231.00	B22010005	6153 Lake Dr refund
G 700-20204		Driveway Access	\$900.00	DI-6153	6153 Lake Drive
Total			\$2,131.00		
13293	09/21/26	KENNEDY & GRAVEN, CHARTERED			
E 100-41320-304		Legal Fees	\$4,636.00	195053	general legal fees
E 100-43100-304		Legal Fees	\$410.00	195053	public works legal fees
G 800-20224		Miscellaneous Escrow	\$1,111.50	195053	Lakes Estates 2nd
G 800-20224		Miscellaneous Escrow	\$1,653.00	195053	Cardinal Pass- diesel spill
G 800-20224		Miscellaneous Escrow	\$370.50	195053	Cardinal Pass- not diesel spill related
G 800-20224		Miscellaneous Escrow	\$28.50	195053	Yellowstone 5th
G 800-20224		Miscellaneous Escrow	\$28.50	195053	Yellowstone 6th
Total			\$8,238.00		
13294	09/21/26	MARKS BOBCAT SERVICE, INC.			
E 100-41940-445		Grass/Lawn Care	\$551.20	09619	city hall mowing
E 100-45200-445		Grass/Lawn Care	\$2,294.80	09619	park mowing
Total			\$2,846.00		
13295	09/21/26	MSA			
E 100-41910-310		Other Professional Service	\$157.50	032612	zoning administration
E 100-41910-310		Other Professional Service	\$2,225.00	032613	Building Permit Reviews
E 100-41910-310		Other Professional Service	\$537.50	032613	Zoning Administration
E 100-41910-310		Other Professional Service	\$531.25	032613	Pre-application questions
E 100-41910-310		Other Professional Service	\$42.63	032613	Planning Commission Mtg attendance
E 100-41910-310		Other Professional Service	\$812.50	032613	Correspondence
E 100-41910-310		Other Professional Service	\$881.78	032613	City Council Mtg attendance
E 100-41910-310		Other Professional Service	\$62.50	032613	Violations
E 100-41910-310		Other Professional Service	\$42.63	032613	PLA Mine IUP
G 800-20224		Miscellaneous Escrow	\$1,000.00	032613	Yellowstone
Total			\$6,293.29		
13296	09/21/26	Pietsch Builders Inc.			
G 701-20205		NPDES	\$899.21	B24-000126	NPDES refund- 7508 Yellowstone Court
G 701-20205		NPDES	\$899.21	B25-000045	NPDES refund- 7510 Yellowstone Court
G 700-20204		Driveway Access	\$130.00	DI-21177	Driveway refund- 21177 Whisperer Way
G 700-20204		Driveway Access	\$900.00	DI-7508	driveway refund- 7508 Yellowstone Court
G 700-20204		Driveway Access	\$900.00	DI-7510	driveway refund- 7510 Yellowstone Court
Total			\$3,728.42		
13297	09/21/26	SEAL TECH			

CITY OF CREDIT RIVER

09/16/26 2:06 PM

Page 3

*Check Detail Register©

Batch: 092126PAY

Check #	Check Date	Vendor Name	Amount	Invoice	Comment
E 401-41900-520		Buildings and Structures	\$67,829.00	1883	City Hall parking lot resurfacing
		Total	\$67,829.00		
13298	09/21/26	US BANK			
E 100-41320-202		Copier Expenses	\$188.98	590101168	Copier contract
		Total	\$188.98		
13299	09/21/26	VERIZON WIRELESS			
E 100-41320-321		Telephone	\$38.41	6152467716	CA cell phone
E 100-41510-321		Telephone	\$38.41	6152467716	FD cell phone
E 100-41510-321		Telephone	\$38.41	6152467716	PT cell phone
		Total	\$115.23		
13300	09/21/26	WESTconsin CREDIT UNION			
G 100-21706		Hospitalization/Medical Ins	\$192.30	stevehsa9112	Sept employer contribution
G 100-21711		Health Savings Account	\$100.00	stevehsa9112	PR 19 Employee contribution
		Total	\$292.30		
13301	09/21/26	WH SECURITY			
E 100-41940-310		Other Professional Service	\$39.99	Sept2026	City Hall security
		Total	\$39.99		
		10100	\$148,528.80		

Fund Summary

10100 Anchor Bank	
100 GENERAL FUND	\$21,590.65
401 CAPITAL IMPROVEMENTS FUND	\$69,970.75
601 MONTEREY HEIGHTS SSD	\$60.00
602 TERRITORY SSD	\$150.00
603 STONEBRIDGE SSD	\$25.00
604 SOUTH PASSAGE SSD	\$10.00
700 ACCESS ESCROW	\$2,830.00
701 NPDES ESCROW	\$5,025.42
800 DEVELOPER ESCROW ACCOUNT	\$48,866.98
	\$148,528.80

I approve the above Claims for payment

Susan Iverson _____ Date: _____

Transfer Request for Sept 21, 2026

Beginning Bank Balance - Sept 16, 2026	\$	253,343.97
Outstanding Checks		(\$38,235.19)
Outstanding Deposit		
Outstanding CC Payment		
Payroll and Benefits Outstanding	\$	(739.60)
Claims-Sept 21, 2026	\$	(148,528.80)
Net Balance	\$	65,840.38

Transfer from Savings to Checking **\$ 140,000.00**

Checking Balance 205,840.38

We approve the above transfer from Savings to Checking:

Chris Kostik

Bill Markert

Jay Saterbak

Leroy Schommer

Abe Zanto



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	September 21, 2026
SUBMITTED BY:	City Admin,Administrator
ITEM TYPE:	Agenda Report
AGENDA SECTION:	General Business
SUBJECT:	Consider Quote from Ehlers for Utility Study
BACKGROUND:	During a City Council worksession, Council asked Ehlers to prepare a quote for services for water and sewer in the Country Court neighborhood, as well as the Stonebridge CSTS. Attached is the quote for those services. Council had questions for Ehlers to confirm the scope of work. Here is the response from Ehlers:

Hello Steve,

One of the purposes of the study is to perform an analysis to identify the gross revenues and corresponding rates and charges (monthly/quarterly rates, connection fees, etc.) necessary to cover the potential operating and capital costs associated with connecting and extending utility infrastructure to the identified neighborhoods, and measure their impact to the potential rate payers without the use of assessments or any tax-support.

- The City can continue to have discussions and evaluate whether assessments should be used as a part of the funding strategy, but the expectation of the study is provide the city a baseline assuming the costs will be recovered through the utility fees themselves and not any other form of support. Aside from new development when installation costs are typically borne by developers and sometimes assessed to the lots to be built upon, most cities who operate water and sewer systems do not assess their infrastructure costs and instead set utility rates and charges in amounts sufficient to cover the anticipate capital (cash, bonding, etc.)*

- *The baseline will provide the ability to compare alternative funding strategies should the Council want to explore the use of assessments or other taxpayer funds*

We will build a financial model for each potential utility fund. We will need to collect information from the City and its engineer on the potential decommissioning costs and infrastructure costs to be included in the study, as well as the construction timing and any phasing anticipated. We will provide insight on reasonable assumptions for the expected MET Council connection fees, proxies for operating overhead and general consumption usage, financing costs, and minimum reserve targets to sustain each utility fund. The model can also take into consideration any other capital expenditure items that the City wants to have included in the analysis pertaining to operating the new water and sewer system.

- *Our proposal assumes the modeling for the neighborhoods that were identified. To the extent that the city has specific engineering studies and infrastructure costs estimates available for additional neighborhoods, we can modify the scope to address those as well.*
- *The scope of our analysis contemplates building the model upon one set of scenarios/assumption per neighborhood. After it is prepared, the model can be utilized to measure the impact of changing financing and/or costs and project timing assumptions.*
- *To the extent the infrastructure costs provided by the City/engineer for use in the study include trunk oversizing to accommodate expansion to a developed area or the growth within an undeveloped area, the model can include a potential cost allocation and fee recovery mechanism to apply. We will work with the city to come up with an appropriate assumption for the number of potential units served by the expansion or growth given the existing development and land use requirements.*

Ehlers has performed 100+ long-term financial plans and more than 250 other fiscal studies in the last five years. I have attached a sample report and a findings presentation for recent utility rate studies completed for the Cities of Edina and Burnsville as examples to give some insight on the type of modeling, methodology and findings/recommendations our analysis provides.

I hope this response addresses most, if not all, the questions posed.

FINANCIAL IMPACT:

Country Court Water Fee Study: \$6,000

Country Court Sewer Fee Study: \$6,000
Stonebridge Sewer Infrastructure Fee Study: \$5,000

Total: \$17,000

Initial estimate was around \$20-25,000.

SUGGESTED ACTION: Approve Quote from Ehlers for Utility Study

ATTACHMENTS:

[Credit River Proposal for Sewer and Water Infrastructure Study.pdf](#)

[Edina 2025 URS Report.pdf](#)

[City of Burnsville URS Presentation.pdf](#)

August 28, 2026

Steve Devine-Jelinski, City Administrator
Sue Iverson, Finance Director
City of Credit River
18985 Meadow View Boulevard
Prior Lake, MN 55372

RE: Proposal for a Sewer and Water Infrastructure Fee Study

Dear Steve and Sue,

Thank you for the opportunity to provide a proposal to undertake a sewer and water infrastructure fee study. The study will provide a platform for the City Council to make funding decisions for new water and sewer infrastructure that would establish utility enterprises within the city. For Country Court, water would be provided by the City of Savage and sewer service by the Metropolitan Council Environmental Services (MCES). For Stonebridge, sewer would be connected through Lakeville's collector system for treatment through MCES. The goal will be to devise a financial plan for each neighborhood's initial capital costs anticipated and measure the financial impacts to potential users and the City. We appreciate our long-standing relationship with the City and hope this proposal demonstrates our team's collective qualifications to deliver a study that meets your objectives.

The infrastructure study will:

- Provide financial plans for funding the new infrastructure related to the Country Court and Stonebridge neighborhoods
- Examine revenue alternatives including special assessments, area charges, connection fees, and user charges to pay for the infrastructure as well as ongoing maintenance and operation of the systems
- Assume estimates for the costs of operations and maintenance, the purchase of wholesale water from the City of Savage, wastewater collection through Lakeville, and fees paid to MCES to measure the anticipated user charges necessary to cover them
- Provide recommendations for maintaining appropriate cash balances and required reserves within the enterprise funds to ensure they are self-sustaining

The proposed scope of work for the infrastructure fee study is included in [Appendix A](#). We will generally follow the steps listed as we proceed with the study, but our methodology will remain flexible as we respond to the unique circumstances of the City.

Deliverables

Upon completion, the City will have:

- Recommended funding options to pay for the infrastructure

- Ten-year financial projections for each fund for the Country Court neighborhood, and the same for the sewer fund for the Stonebridge neighborhood
- A financial plan for maintaining adequate cash balances
- A financial model to aid the City’s decision-making process that includes an estimated per user cost to compare against existing well and septic replacement costs

Project Team

The Project Manager for the study will be Nick Anhut assisted by a team of Jeanne Vogt and Mitchell Thiesfeld. Jeanne and Mitchell will complete the numerical analysis, and all members will participate in staff meetings as needed. Nick and/or Jeanne will attend a City Council meeting to present the completed study.

Proposed Cost

Ehlers will perform the scope identified for the following flat fee.

Country Court Water Infrastructure Fee Study	\$6,000
Country Court Sewer Infrastructure Fee Study	\$6,000
Stonebridge Sewer Infrastructure Fee Study	\$5,000

Ehlers will invoice half upon review of preliminary findings with City Staff and the remainder upon completion of the presentation to the City Council.

Project Schedule

The proposed scope for the study can be completed within three months of acceptance of this proposal; depending on availability of information and the City Council workshop and meeting schedules.

We are deeply appreciative of our long-standing relationship with the City and hope this proposal demonstrates our team’s collective commitment and qualifications to deliver dynamic and practical financial planning tools. We look forward to discussing how Ehlers can best serve the City.

Respectfully submitted,



Nick Anhut
Senior Municipal Advisor
nanhut@ehlers-inc.com
(651) 697-8507

Appendix A

Scope of Work for Sewer and Water Infrastructure Fee Study

Ehlers proposes to take the following steps in completing the Infrastructure Fee Study.

Step 1. Solicit feedback on objectives the City wants to achieve with the study

At our initial meeting, Ehlers will work with staff to make sure we fully understand the City's financial situation, including planned capital needs and the City's short and long-term goals.

Step 2. Gather data

Fee studies and financial plans are a team effort. Ehlers will work with you to ensure that we receive the necessary data for the study including engineer estimates for infrastructure costs, timing, and background data on the potential neighborhood(s) to be served by the utility.

- We will assist the City with estimating placeholders for operational costs, residential usage, wholesale water charges, and MCES fees

Step 3. Utility Capital Improvement Plan

- We will use information from City staff and consulting engineers, if applicable, to compile a detailed Capital Improvement Plan for the utility funds.
- We will ensure all utility-related costs, such as equipment and capital improvement projects are included in the Capital Improvement Plan.

Step 4. Complete infrastructure fee study and financial plan

This step will focus on providing recommendations for funding the initial capital costs as well as estimating the user fee revenue necessary to support ongoing maintenance and operations. Ehlers will:

- Develop a pro forma cash flow statement for the potential water and sewer funds showing revenues and expenses, including estimates for operating and maintenance costs, depreciation, administration, net operating income, capital improvements, and any necessary debt repayment
- Identify any additional issues, such as:
 - Establishing a target minimum cash balance for each fund
 - The use of debt vs. cash to pay for future capital improvements
 - Address City-identified issues

Step 5. Review preliminary findings with City staff

- Review preliminary findings and seek direction for any revisions.
- Facilitate discussion to prepare the study's presentation materials.

Step 6. Prepare Recommendations

The infrastructure fee study will give recommendations for staff and the Council to consider. The recommendations will provide an initial financing plan identifying an appropriate mix of fees, charges and assessments customized for the City of Credit River.

Step 7. Presentation to Council

The infrastructure fee study will include attendance at one Council workshop to discuss the findings and recommendations.

December 2, 2025

UTILITY RATE ANALYSIS FOR 2026 RATES:

City of Edina, MN



Prepared by:

Ehlers
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BUILDING COMMUNITIES. IT'S WHAT WE DO.

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	2
II. METHODOLOGY AND ASSUMPTIONS	3
III. BACKGROUND INFORMATION	4
IV. WATER FUND ANALYSIS	8
V. SANITARY SEWER FUND ANALYSIS	12
VI. STORM SEWER FUND ANALYSIS	14
VII. CASH RESERVES	15
VIII. COMMUNITY COMPARISON	17
IX. SUMMARY	21

APPENDIX A: CAPITAL IMPROVEMENT PLANS AND CASHFLOW MODELS

I. EXECUTIVE SUMMARY

The City of Edina, Minnesota (“City”) conducts periodic reviews of its utility rates and charges, operating expenses and future needs through a utility rate study. The goal of each study is to ensure self-sufficiency and the long-term financial health of the utility enterprise funds. The recommendations from the last such study were first implemented in 2023, which included amending its existing water and sewer rate structures to respond to customer feedback and tighten conservation measures.

In 2025, the City engaged Ehlers to update the utility rate study. The goals of the study were to:

- Develop a funding plan to support utility operations, outstanding debt obligations and future capital improvements.
- Analyze the sufficiency of each fund’s rate structure as it relates to cost recovery for fixed overhead and usage patterns.
- Inform ongoing capital planning and policy decisions.
- Establish utility rates that will be adequate to grow and maintain appropriate fund balance.

Municipal utility funds are enterprise funds. They are intended to be operated like a self-sufficient private enterprise in which the fee revenue pays for all associated operations and capital expenses. In the City’s Annual Comprehensive Financial Report (ACFR), enterprise funds are segregated funds, recognizing the unique purpose and revenue streams of these functions.

In addition to the ACFR segregating the enterprise funds, the City’s Capital Improvement Plan (CIP) distinguishes between projects that will be funded by the enterprise funds. Utilities are capital intensive operations with over \$300 million in future capital costs estimated for the three utility funds between 2026 and 2035.

This report provides the key findings and recommendations of the 2025 study, as well as descriptions of the study’s underlying assumptions and other supporting information.

II. METHODOLOGY AND ASSUMPTIONS

Funding capital improvements for a redeveloping community as well as replacing aging utility infrastructure drive the need for adequate utility revenue. Specifically for this purpose, Ehlers worked with City staff to develop an updated 10-year Capital Improvement Plan for the water, sewer and storm water utilities (See Appendix A). This exercise intentionally extended beyond the existing City's 5-year CIP adopted in December, 2024 to further anticipate long-term system needs.

As part of this study, Ehlers prepared a 10-year cash flow projection for each utility fund through the year 2035. This projection examines anticipated revenue and expenditure cash flows in future years and estimates the potential revenue increases from user rates necessary to meet all anticipated financial obligations of each utility fund while maintaining adequate cash reserves to continue to support operational and future capital needs.

The cash flow analysis method determines future revenue requirements by incorporating operating and maintenance expenses, transfer payments, current and future debt service and anticipated future capital outlays. We also build in future growth estimates for the model to anticipate associated costs and calculating connection fees. The primary financial inputs of the analysis were the City's audited financial statements, current budget documents, annual water billing data for 2023, and the aforementioned Capital Improvement Plan.

The study assumes a baseline of approximately 2.0 billion gallons per year of water consumption based on applying a 12.6% reduction factor adjusted from the test year 2023 actual use. The 2023 data set was selected to validate the rate structure put in place from the prior study and reflective of a "normal" rainfall year versus high rainfall in 2024.

The cashflow projections include the following assumptions:

- 3% annual operating expense growth; 5% for personnel costs.

- 7% annual inflation on Met Council Environmental Service (MCES) disposal charges (Sanitary Sewer Fund only).
- 1% investment income
- Growth of 175 new SAC units per year for the connection fee analysis
- We did not assume any additional water consumption tied to growth for our user revenue calculations. This is intended to be conservative for purpose of funding expectations and also based on historical observations on city-wide usage patterns decreasing as conversions to more efficient appliances and fixtures in new and existing development.

III. BACKGROUND INFORMATION

Water Fund

There are three main components to the City's water utility revenues:

- Base Fee - fixed charge
- Volumetric (Usage) Charges
- WAC Fees (Water Access Charge or connection fee)

Current fixed charges are a quarterly fee based on the size of the water meter. The fixed charge is established to recover certain administration expenses, such as meter reading and billing, plus a portion of distribution costs. The 2025 fixed charge for single family residential accounts is \$28.62 per quarter for a ¾" meter and it increases as the size of the meter increases.

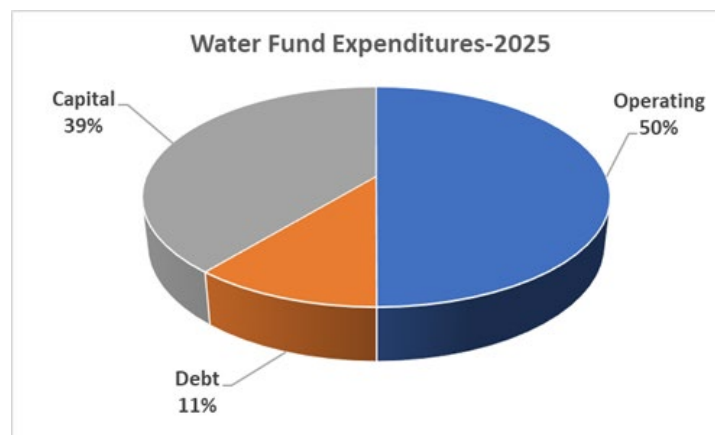
Volumetric charges are based on the metered water use during the quarter. Water is sold in units and one unit represents 1,000 gallons. The billing structure for most Edina residents is tiered so that the rate per unit increases for additional use above defined thresholds. The City has tiered rates in place for Residential, Commercial and Irrigation accounts.

- Multifamily non-irrigation accounts are charged at a flat usage rate as the accounts do not separately meter each unit's individual consumption.
- Water usage in the Morningside area is charged at a flat rate per unit to cover the cost of purchasing water from the City of Minneapolis who supplies that area and a pro-rata share of the City's distribution costs.

Water Access Charges (WAC) are paid by developers of new homes and businesses when a building permit is pulled. The fee is not charged on replacing or renovating an existing unit, only upon adding a new connection to the system. The connection fees help pay for capacity expansion capital costs. The City currently charges \$3,235 per unit.

Capital and annual debt expenditures comprise 50% of the total 2025 budgeted expenditures in the Water Fund as shown in Figure 1. The annual investment in capital improvements do not fluctuate with consumption; therefore, the fund's revenue stream needs to be reliable from year to year.

Figure 1. 2025 Budgeted Water Expenditures (Excluding Depreciation)



Sanitary Sewer Fund

There are two components to the City's sanitary sewer utility revenues:

- Usage Fees
- SAC Fees (Sewer Access Charge or connection fee)

Currently, usage fees are based on the lesser of the metered use of water in the winter quarter or current quarter, with a minimum of 8,000 gallons charged to all users. As single-family residential properties do not have an additional meter to specifically measure external use that does not enter the sewer system, Winter quarter averaging is used to avoid billing for residential irrigation use. Run-off due to water used externally is part of the storm water collection system and should not be part of the sewer charge.

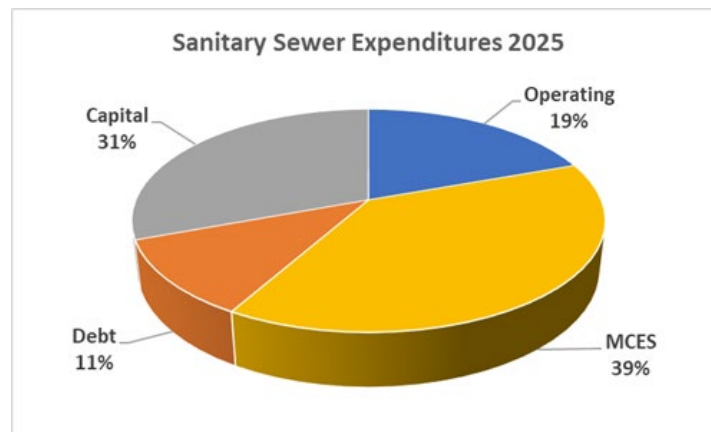
The minimum charge is established similar to the water fixed charge to provide season cashflow stability for the fund and recover certain administration and distribution fixed costs that the system bears regardless of use. As part of the 2023 implementation, the sewer minimum was reduced from 12,000 gallons in response to customer feedback and to make sewer charges more affordable for low volume customers.

Sewer Access Charges (SAC) are paid by developers of new homes and businesses when a building permit is pulled. The fee is not charged on replacing or renovating an existing unit, only upon adding a new connection to the system. The connection fees help pay for capacity expansion capital costs. The City currently charges \$2,968 per unit.

The City participates in the Metropolitan Council Environmental Services (MCES) sewer system. This means that the City's sanitary sewer system flows in the MCES treatment plant and the City receives a bill for the service. The City does not maintain its own treatment plant. MCES allocates the cost of the metro area sanitation system to user cities based on their relative percent flow into their treatment system. Total MCES charges have increased 5.6% and 5.8% in the most recent years. Currently, the MCES charge is approximately 39% of the City's sewer fund budgeted annual expenditures, the single largest expense within the fund.

The Sanitary Sewer Fund's capital and annual debt service expenditures comprise another 42% of the total 2025 budgeted expenditures as shown in Figure 2. Together with MCES, 81% of the annual cash expenditures do not fluctuate directly with the city's user consumption; therefore, the fund's revenue stream needs to be reliable from year to year.

Figure 2. 2025 Budgeted Sanitary Sewer Expenditures (Excluding Depreciation)



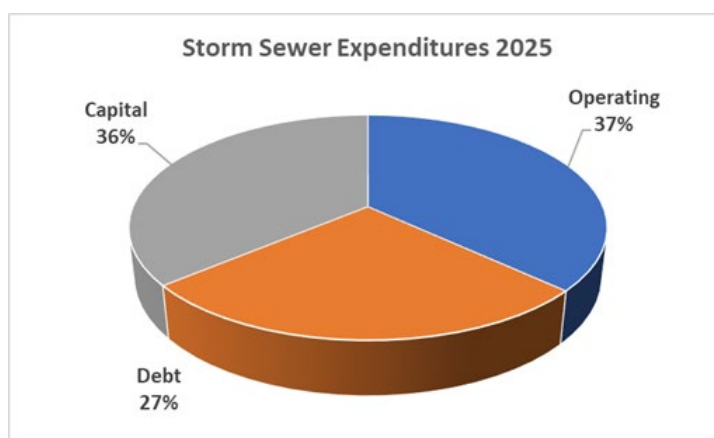
Storm Sewer Fund

The storm sewer fund was created to pay for the management of storm water runoff in concert with the local watershed. City projects include repair and maintenance of storm water infrastructure such as catch basins, manholes, pipes and sediment collection devices. Capital costs for the stormwater system have increased in recent years to meet increasingly stringent state standards intended to improve water quality. In addition, there are related construction costs in connection with street reconstruction and flood mitigation efforts.

The City's storm sewer fund revenue is a fixed charge applied to each account's type of property use. Single- or Double-dwelling unit properties pay a fixed quarterly fee established as the stormwater drainage charge. Commercial and other property types are charged this same fee adjusted by Residential Equivalency Factor (REF) and multiplied by the actual acreage of the property. The REF is a standardized unit intended to allocate stormwater costs to other property types by the intensity of land use and potential impervious surface relative to that of a typical single-family home.

Capital and annual debt expenditures within the storm sewer fund comprise 63% of the total 2025 budgeted expenditures as shown in Figure 3 below.

Figure 3. 2025 Budgeted Storm Sewer Expenditures (Excluding Depreciation)



IV. WATER FUND ANALYSIS

For many years, the City has utilized a tiered rate structure setup to incentivize water conservation. However, the prior rate study determined that the existing structure was not actively impacting patterns of high residential use throughout the community. MN Department of Natural Resources (MN DNR) estimates that the average Minnesota resident uses 52 gallons per person per day for all water use. At 2.3 persons per Edina household, this equates to 10,764 gallons per household each quarter. Historical Edina use patterns suggested average winter quarter use of 13,700 gallons and increasing above 27,500 gallons in the summer watering period.

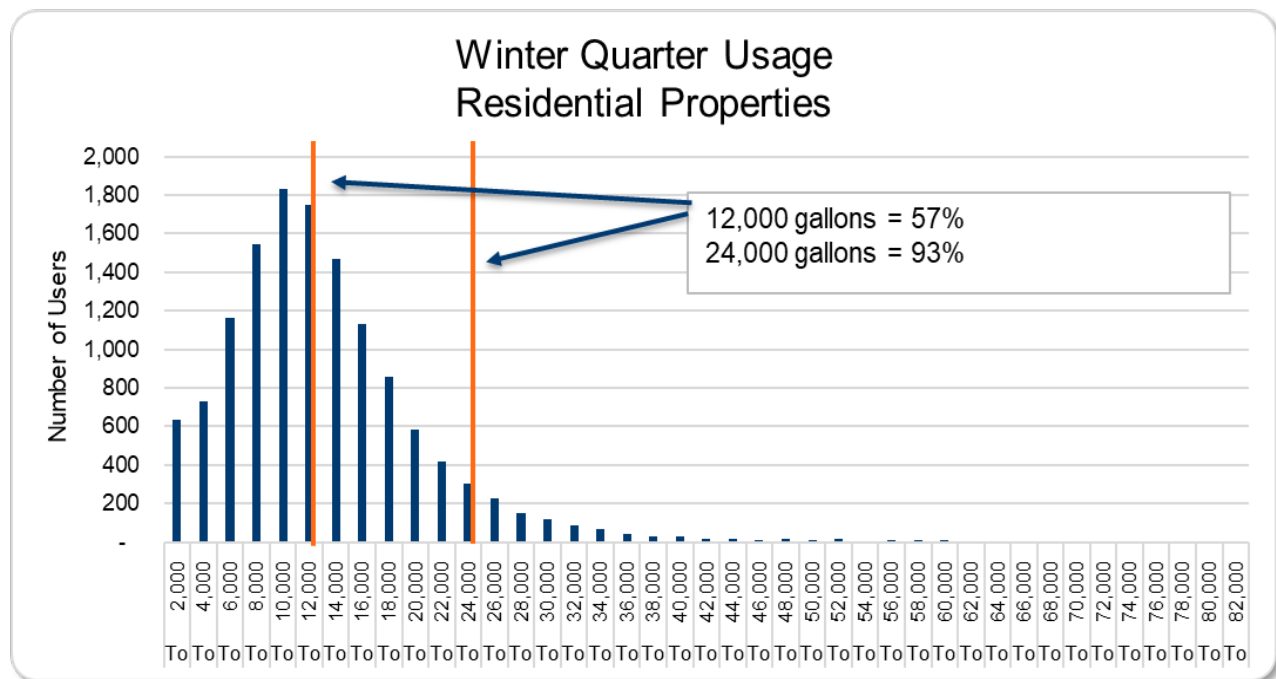
Under the 2022 rate structure, a small percentage of residential accounts had any use that exceeded its tier 1 level (26,000 gallons) and an even smaller percentage had any use beyond tier 2 (49,000). The structure was determined to lack an adequate price signal for customers to monitor their usage or incentivize conservation, resulting in similar fees being collected for all water use: whether for essential use, outdoor irrigation, or others.

The City implemented tightening residential tiers 1 and 2 starting in 2023 to promote conservation, coupled with reducing the rate applied to tier 1 use and allocating more costs to tier 2 and 3 use. The policy established new tier

breaks designed so that essential use largely fell within tiers 1 and 2, while a higher degree of consumption during summer and fall quarter patterns when use increases dramatically primarily from outdoor watering would now be included in the highest priced tier 3. Irrigation-only accounts usage would also be priced equivalent to the higher tiers. The restructuring was implemented for 2023, and this study analyzed the actual 2023 use to review the adequacy of the tier breaks.

As shown in Figure 4, only 7% of residential accounts had usages exceeding the second-tier break during the winter period of lowest seasonal consumption. During this observed period, the median residential use was 11,000 gallons, all of which charged at the lowest tier rate. This suggests that the implemented tier breaks adequately match patterns of indoor or “essential” residential use, while still providing a moderate pricing incentive to curb tier 2 use for over 40% of users.

Figure 4. Current Tiers and Residential Accounts by Usage (1Q, 2023)

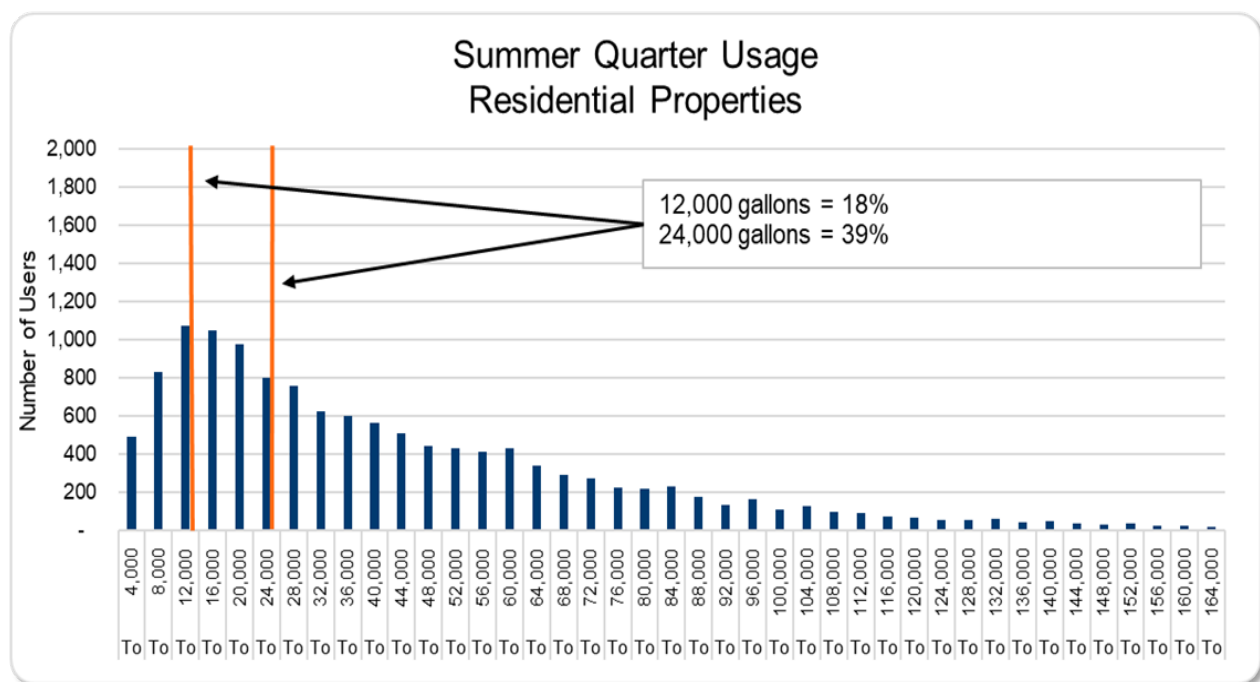


As shown in Figure 5, the summer usage pattern dramatically increases, with 61% of residential accounts exceeding the second-tier break. Median use increased to 32,400 gallons during this period. Under the previous rate

structure, the first 26,000 gallons would have been charged at the tier 1 rate and the remaining 6,400 gallons at tier 2. The previous tier 3 rate would not be applied. In fact, the tier 3 rate would not have applied its conservation pricing incentive for over 66% of residential accounts during that period when residential use was over three times the MN DNR average.

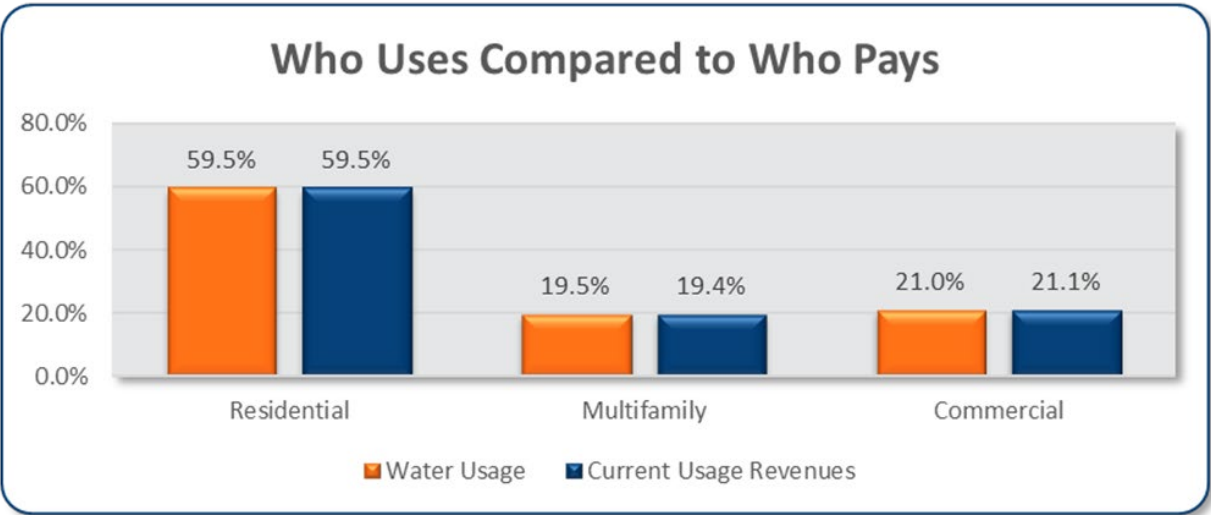
As a result of the restructuring, the first 12,000 gallons were charged at the reduced tier 1 rate, the next 12,000 at a tier 2 rate, and the remaining 8,400 of median use (26% of the total 32,400) now received a pricing signal to monitor consumption more closely.

Figure 5. Current Tiers and Residential Accounts by Usage (3Q, 2023)



An additional objective of the City’s 2023 implemented rate restructuring sought to balance water consumption with the usage revenue received among the City’s different user types. Figure 6 shows the composition of 2023 usages among the Residential, Multifamily and Commercial classifications. These comparisons include the irrigation use among the different types. Based on the balanced composition of each classification’s total consumption and allocated usage charges, the study does not recommend any changes to the City’s rate structure at this time.

Figure 6. Water Consumption and Use Revenue by Classification (2023)



Water Revenue Needs

The primary objectives of a water rate study are to determine sufficiency of charges to support ongoing operations and determine what annual rate increases are necessary to help pay for the capital reinvestment anticipated for the City’s water system. Between 2026 and 2035, City staff has identified the water utility funding potentially \$114 million in capital improvements. This list of projects includes ongoing street reconstruction efforts, equipment replacement, well rehabilitation, replacement of aging infrastructure, and also the construction of the new Water Treatment Plant #5. A detailed project listing is included within Appendix A.

Water connection fees are collected when new units are added to the system in order to fund a portion of this CIP. The study recommends the city implement a 3% increase to its WAC fees to \$3,332 per unit. At this level, WAC fees are anticipated to fund approximately \$12 million (or 10.5%) of the capacity expansion projects identified within the CIP over the 10-year projection.

The remaining CIP and ongoing operations are recommended to be funded from a combination of cash and debt supported by revenues from the City’s base fee and volumetric water user rates. The complete proposed water rate structure can be seen in Table 1. The proposed changes are estimated to

generate a 5.25% increase in water revenue in 2026. For the remaining period, the study recommends uniform annual inflationary rate increases of 5.25% from 2027-2035 to continue to fund operations and the CIP. This is a slight increase from the previous study's recommendation of 5% annual increases.

Table 1. Proposed 2026 Water Rates

Proposed Water Rates		
	2025	2026
Percentage Increase	5.00%	5.25%
Base Fee (Meter Size):	Fixed	
3/4	28.62	30.12
1	39.04	41.09
1.5	50.05	52.68
2	80.61	84.84
3	306.09	322.16
4	389.61	410.06
6	493.73	519.65
Volumetric Charges:	Rate per 1,000 gallons	
Residential		
Tier 1 (0-12,000 gallons)	2.67	2.80
Tier 2 (12,000-24,000)	4.06	4.25
Tier 3 (over 24,000)	6.70	7.00
Multi Family		
All Use	3.99	4.20
Commercial		
Tier 1 (0-50,000 gallons)	2.67	2.85
Tier 2 (50,000-200,000)	3.33	3.50
Tier 3 (over 200,000)	4.16	4.35
Irrigation		
Tier 1 (0-12,000 gallons)	4.06	4.30
Tier 2 (over 12,000)	6.70	7.10

V. SANITARY SEWER FUND ANALYSIS

The Utility Rate Study does not recommend any structural changes to the City's sanitary sewer rates. The analysis focuses on determining the sufficiency of charges to support ongoing operations and what level of annual rate increases are necessary to help pay for the anticipated capital reinvestment needed for the City's sanitary sewer system. Between 2026 and

2035, the City has identified over \$91 million in capital improvements to be funded from the sewer utility fund. This includes ongoing replacement of sewer mains under street reconstruction projects, equipment replacement, and anticipates the costs of constructing the York and South (Cahill) Trunk capacity expansion projects. A detailed project listing is included within Appendix A.

Sewer connection fees are collected when new units are added to the system in order to fund a portion of this CIP. The study recommends the city implement a 9% increase to its SAC fees to \$3,235 per unit based on the projected CIP capacity expansion projects. Sewer connection fees are anticipated to fund approximately \$16.7million (or 18%) of the CIP projects over the 10-year projection.

The remaining CIP and ongoing operations are recommended to be funded from a combination of cash and debt supported by revenues from the City's sanitary sewer usage rate. Since the MCES charge is the single largest expense within the sanitary sewer fund (39% of the fund's budgeted annual expenses), the primary driver for the rate increases is based on keeping pace with future MCES charges - assumed to grow at 7% annually.

A comparison between the City's 2025 and proposed 2026 sewer charges can be seen in Table 2. The proposed changes are estimated to generate a 9.25% increase in sewer fund revenue in 2026. Upon confirming annual MCES charges, the study recommends continuing with uniform annual inflationary rate increases of 9.25% from 2027-2030 to fund the forecasted operations (including MCES expenses) and anticipated CIP expenditures. This is an escalated level of increases beyond the 6.0% recommended from the previous study.

Table 2. Proposed 2026 Sanitary Sewer Rates

Proposed Sanitary Sewer Rates		
	2025	2026
Percentage Increase	6.00%	9.25%
Minimum (includes 8,000 gallons)		
Per Quarter	61.66	67.36
Usage Rate		
Per 1,000 gallons	7.71	8.42

VI. STORM SEWER FUND ANALYSIS

The primary objective of the storm sewer rate study is to perform a revenue analysis determining the sufficiency of the City's stormwater charges to support ongoing operations and pay for anticipated capital reinvestment. Between 2026 and 2035, the City has identified the storm sewer utility funding potentially \$98 million in capital improvements. The list of CIP projects is largely comprised of ongoing street reconstruction efforts and various projects identified in response to the City's Flood Risk Reduction Strategy. A detailed project listing along with their anticipated timing is included within Appendix A.

The CIP and ongoing operations are recommended to be funded from a combination of cash and debt supported by revenues from the City's storm sewer charges. A comparison between the City's 2025 and proposed 2026 charges can be seen in Table 3. The recommended rate increase is estimated to generate a 15.0% increase in fund revenue in 2026 in order to build up resources to fund the CIP's significant capital investment through 2028 and service the anticipated debt. The pace of recommended increases is phased to 14% in 2027 and 2028, and lowered to 8.5% in later years of this study's CIP.

Table 3. Proposed 2026 Storm Sewer Rates

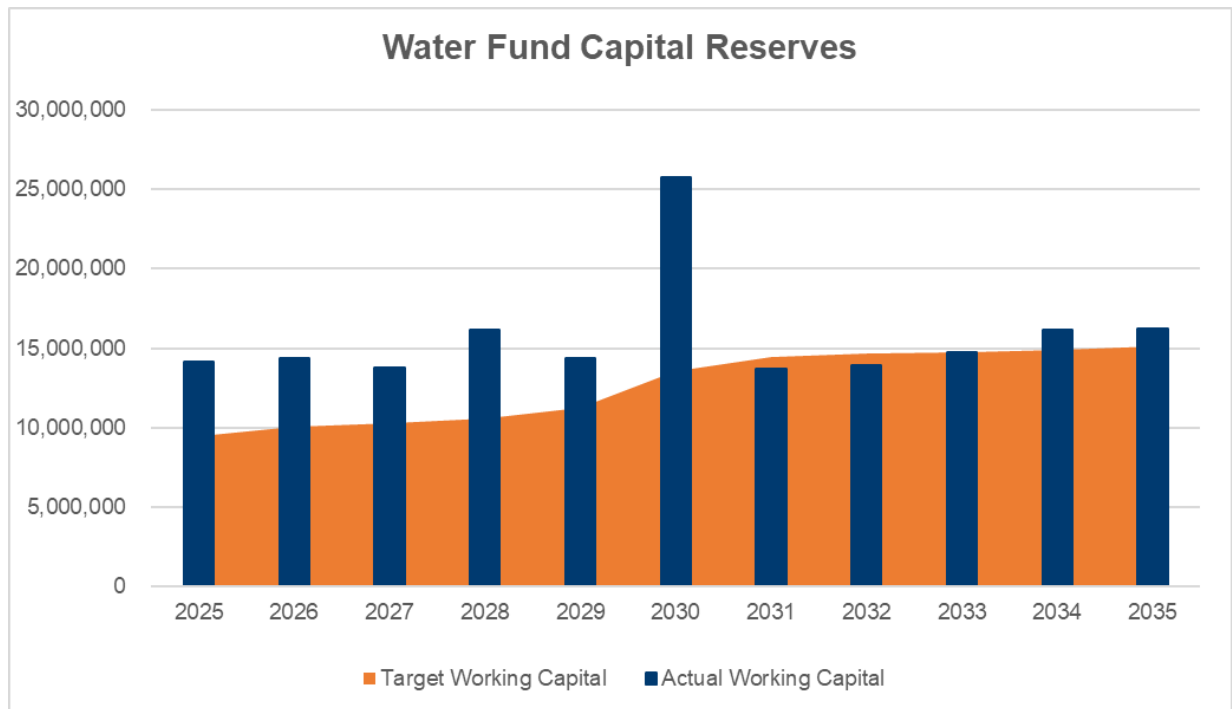
Proposed Storm Sewer Rates		
	2025	2026
Percentage Increase	8.00%	15.00%
Stormwater Drainage Charge		
Per Quarter	55.00	63.25
REF x Lot (for single or double dwelling unit)		
REF x Acre (for all other land uses)		

VII. CASH RESERVES

The proposed rate increases informed by this analysis for the water, sanitary sewer and storm sewer utilities are designed to maintain the financial health of each of the utility funds. The study designed a specific target cash reserve for each fund in order to position them for continued self-sufficiency and avoid excessive reliance on debt. The target is set as the annual amount necessary to provide adequate operating cashflow plus be able to fund the next year's debt service payments, a portion of expected capital expenditures, as well as a \$3 million reserve within the water and sanitary sewer funds for line breaks or other unplanned replacement costs. The 2026 and following annual increases in rates are designed to achieve this target cash reserve by 2035.

Figures 7 to 9, below, show graphs comparing the projected year-end cash balance in the fund (in dark blue) against the City's target cash reserve (in light blue) for the full period of the study.

Figure 7. Projected Water Fund Cash Balances



Note: Cash balance in 2030 reflects receipt of bond proceeds in anticipation of multi-year construction of Water Treatment Plant #5.

Figure 8. Projected Sanitary Sewer Fund Cash Balances

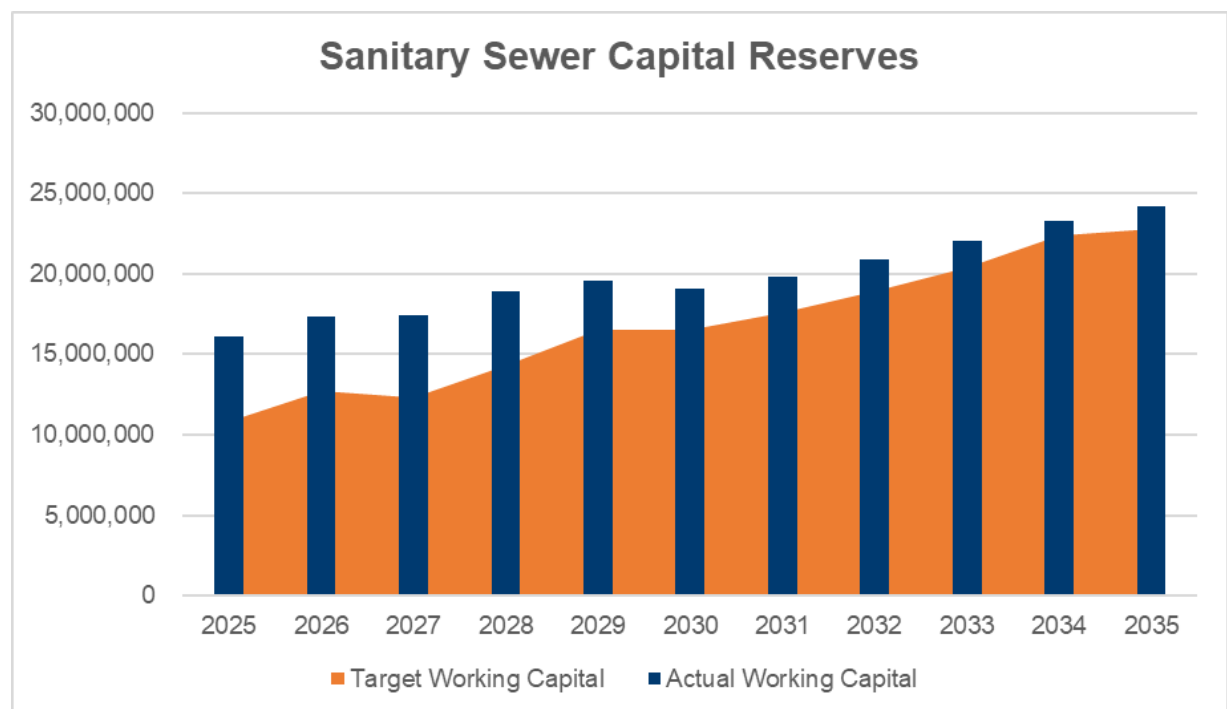
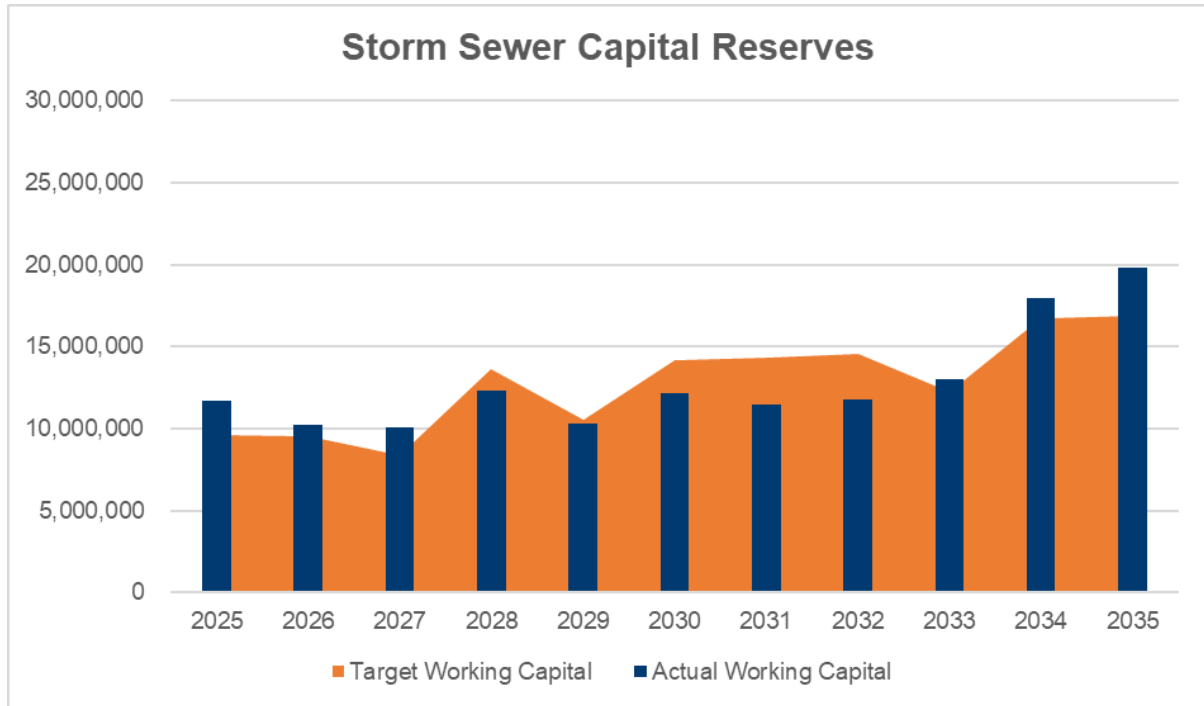


Figure 9. Projected Storm Sewer Fund Cash Balances



VIII. COMMUNITY COMPARISON

Every community's utility system has features and differing demands that make it unique – growth patterns, groundwater sources, soil conditions, geography, usage patterns and differing infrastructure. Therefore, we recommend rates be set based on each individual community's documented needs while it goes through its periodic rate review. Nevertheless, it is helpful to know how the City compares to neighboring and peer communities within the metropolitan area.

Figures 10 to 12 are provided to compare the utility bills of sample Edina residential customers against the 2025 charges imposed for the same use in other peer communities (2026 fee schedules for peers are unavailable). Figure 10 shows the combined quarterly utility bill expected for water, sewer and stormwater charges of an example residential user with a $\frac{3}{4}$ " meter and consuming 12,000 gallons. Figures 11 and 12 compare water bills for sample residential accounts consuming 24,000 and 50,000 gallons.

Figure 10. Residential Quarterly Bill Comparison of Neighboring Communities

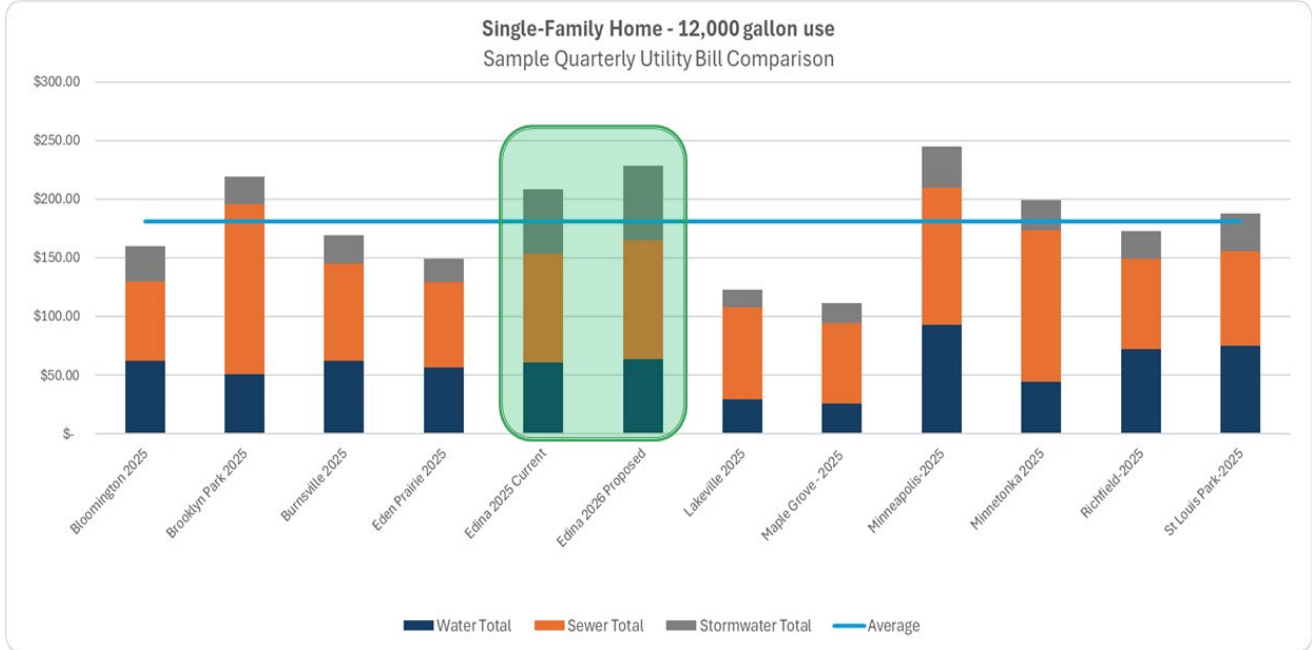


Figure 11. Residential Quarterly Water Bill Comparison - 24,000 gallon use

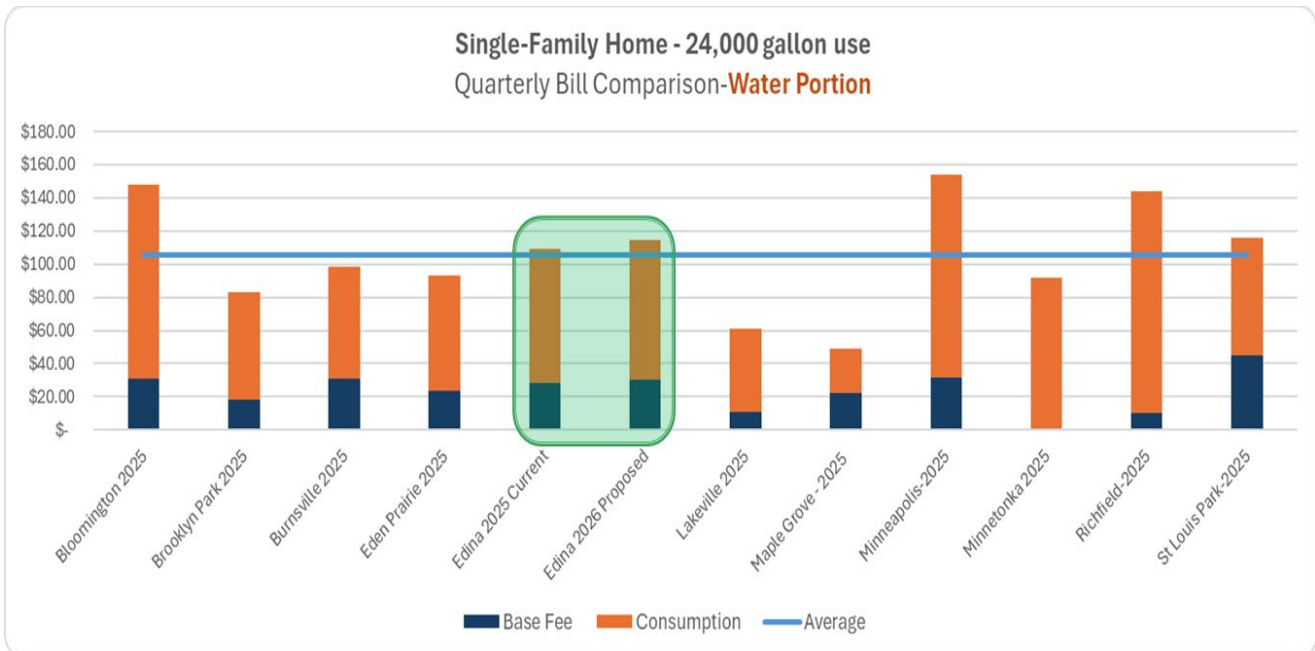
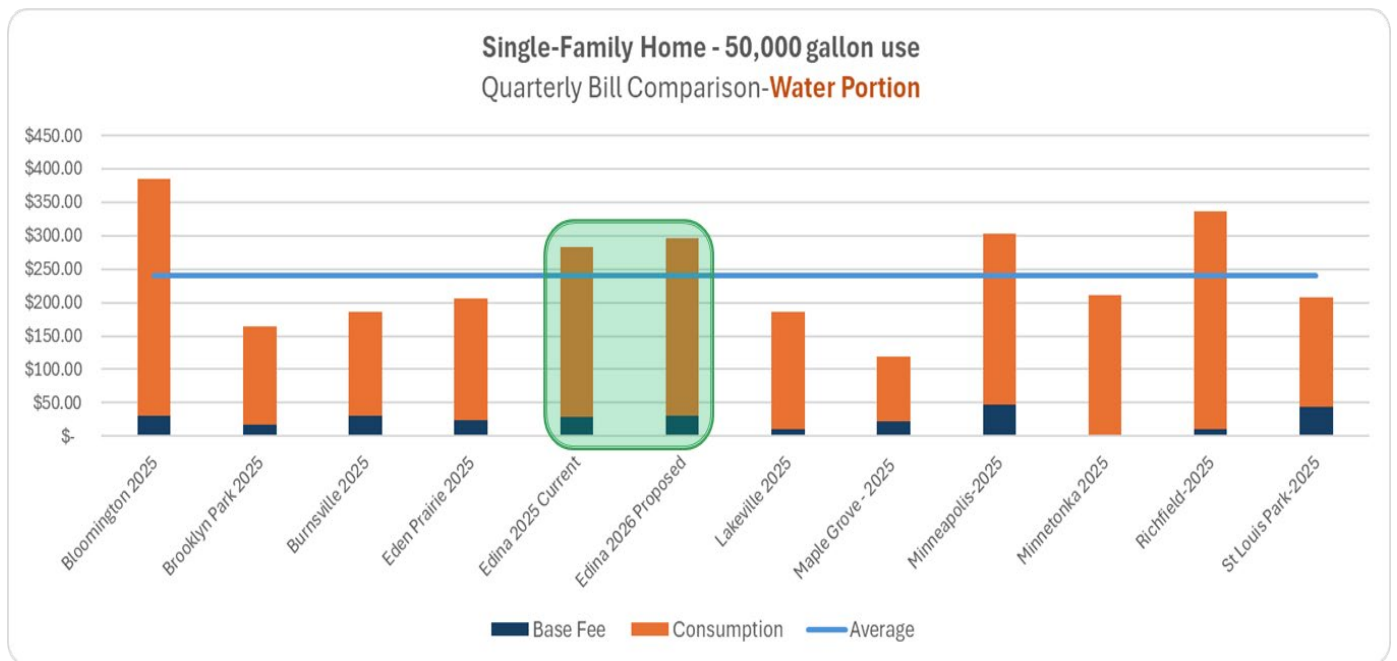


Figure 12. Residential Quarterly Water Bill Comparison - 50,000 gallon use



Tables 4 through 7 are provided to show the impacts of the proposed 2026 utility rate changes on sample residential and commercial users. For instance, as shown in Table 4, the proposed rates for 2026 on a 10,000 gallon residential user at the sewer minimum with a $\frac{3}{4}$ " meter is expected to be paying approximately 9.8% more for the same use under the prior rates and charges.

Table 4. Impacts to Residential Bill – 10k gallon water; 8k gallon sewer

Quarterly Residential Bill	Actual	Preliminary Recommendation					
Low Usage Example	2025	2026	2027	2028	2029	2030	
Water	\$ 55.32	\$ 58.12	\$ 61.17	\$ 64.39	\$ 67.77	\$ 71.32	
Sewer	\$ 61.66	\$ 67.39	\$ 73.62	\$ 80.43	\$ 87.87	\$ 96.00	
Storm	\$55.00	\$63.25	\$72.58	\$83.10	\$90.17	\$97.83	
Total	\$ 171.98	\$ 188.76	\$ 207.37	\$ 227.92	\$ 245.80	\$ 265.15	
Percent Increase	6.2%	9.8%	9.9%	9.9%	7.8%	7.9%	
Amount Increase- per quarter	\$10.06	\$16.78	\$18.61	\$20.55	\$17.88	\$19.35	

Table 5. Impacts to Residential Bill – 24k gallon water; 12k gallon sewer

<u>Quarterly Residential Bill</u>	Actual	Preliminary Recommendation					
Mid Usage Example	2025	2026	2027	2028	2029	2030	
Water	\$ 119.80	\$ 125.69	\$ 132.29	\$ 139.23	\$ 146.54	\$ 154.24	
Sewer	\$ 92.52	\$ 101.08	\$ 110.43	\$ 120.64	\$ 131.80	\$ 143.99	
Storm	\$55.00	\$63.25	\$72.58	\$83.10	\$90.17	\$97.83	
Total	\$ 267.32	\$ 290.02	\$ 315.30	\$ 342.98	\$ 368.51	\$ 396.06	
Percent Increase	6.0%	8.5%	8.7%	8.8%	7.4%	7.5%	
Amount Increase- per quarter	\$15.02	\$22.70	\$25.28	\$27.68	\$25.53	\$27.55	

Table 6. Impacts to Commercial Bill – 24k gallons; 1” meter

<u>Quarterly Commercial Bill</u>	Actual	Preliminary Recommendation					
Small Business	2025	2026	2027	2028	2029	2030	
Water	\$ 92.44	\$ 98.09	\$ 103.24	\$ 108.66	\$ 114.36	\$ 120.37	
Sewer	\$ 154.20	\$ 168.46	\$ 184.05	\$ 201.07	\$ 219.67	\$ 239.99	
Storm	\$ 96.93	\$ 111.48	\$ 127.92	\$ 146.47	\$ 158.92	\$ 172.42	
Total	\$ 343.57	\$ 378.03	\$ 415.20	\$ 456.20	\$ 492.95	\$ 532.78	
Percent Increase	6.4%	10.0%	9.8%	9.9%	8.1%	8.1%	
Amount Increase- per quarter	\$20.52	\$34.45	\$37.18	\$40.99	\$36.75	\$39.83	

Table 7. Impacts to Commercial Bill – 502,000 gallons; 1” meter

<u>Quarterly Commercial Bill</u>	Actual	Preliminary Recommendation					
Large Business	2025	2026	2027	2028	2029	2030	
Water	\$ 1,928.36	\$ 2,023.01	\$ 2,129.22	\$ 2,241.01	\$ 2,358.66	\$ 2,482.49	
Sewer	\$ 3,870.42	\$ 4,228.43	\$ 4,619.56	\$ 5,046.87	\$ 5,513.71	\$ 6,023.73	
Storm	\$ 1,043.96	\$ 1,200.55	\$ 1,377.63	\$ 1,577.39	\$ 1,711.47	\$ 1,856.94	
Total	\$ 6,842.74	\$ 7,452.00	\$ 8,126.42	\$ 8,865.27	\$ 9,583.84	\$ 10,363.16	
Percent Increase	6.1%	8.9%	9.1%	9.1%	8.1%	8.1%	
Amount Increase- per quarter	\$390.97	\$609.26	\$674.42	\$738.85	\$718.57	\$779.32	

IX. SUMMARY

The City of Edina's utility funds have been well managed and have adequate cash reserves. However, inflationary changes to annual operating costs place upward pressure on revenue needs as it is. Additionally, each utility is facing unique challenges related to anticipated reconstruction and future capital investment needs based on the anticipated CIP and long-range policy objectives. The proposed water utility increases accommodate the City's commitment to funding street reconstruction projects, expanding and maintaining the system, achieving water conservation, and maintaining adequate cash reserves.

Our analysis of the 2023 water usage indicates there is no immediate need to change the existing rate structures to improve the equitable allocation of charges among the city's customer classes. However, the City has expressed an ongoing interest in further promoting water conservation within its water rate structure, primarily through adding a fourth tier to residential water structure applied to extreme summer use. In discussions with staff leading up to the scope of this study, we did not specifically analyze the design of a fourth tier nor forecast its potential second-order consumption behavioral or fund revenue impacts. Conservation tiers are required to be set in a defensible manner using clearly defined threshold values and is supported by documented usage characteristics. We recommend additional analysis to review potential tier boundaries, model impacts, verify the timeline required to program or reconfigure the City's billing software, and discuss corresponding equity adjustments to the City's proposed irrigation and other tier usage rates. However, we believe that the required exercise could be completed to add a fourth tier in 2026 ahead of the high usage watering season.

In closing, to address the financial needs of each fund Ehlers' study proposes setting 2026 rates to achieve 5.25% revenue increase in the water fund, 9.25% increase in the sanitary sewer fund, and 15.0% in the storm sewer fund as depicted in Tables 1 to 3 in this report.

Appendix A – Capital Improvement Plans (CIP) and Cashflow Models

Water Fund

Sanitary Sewer Fund

Storm Sewer Fund

Capital Project	Project Number	Project Year	Water									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Utilities Equipment Replacement	PWK23201	Var	66,667	225,667	99,000	214,000	188,000	-	-	-	-	-
New Water Treatment Plant 5 - Southdale	15-162	2029	-	-	-	2,166,667	-	-	-	-	-	-
New Water Treatment Plant 5 - Southdale	15-162	2030	-	-	-	-	2,166,667	-	-	-	-	-
New Water Treatment Plant 5 - Southdale	15-162	2031	-	-	-	-	-	2,166,667	-	-	-	-
New Water Treatment Plant 5 - Southdale	15-162	2030	-	-	-	-	12,500,000	-	-	-	-	-
New Water Treatment Plant 5 - Southdale	15-162	2031	-	-	-	-	-	12,500,000	-	-	-	-
Asset Management Software and Equipment	15-173	Var	10,000	10,000	10,000	-	-	-	-	-	-	-
Pamela Park B (Peacdale Ave) Reconstruction	ENG25010	2029	-	-	-	492,398	-	-	-	-	-	-
Pamela Park C (Halifax Ave) Reconstruction	ENG25011	2029	-	-	-	376,540	-	-	-	-	-	-
Breamar Hills E (Washington Ave) Reconstruction	ENG25012	2030	-	-	-	-	51,164	-	-	-	-	-
Minnehaha Woods D Reconstruction	ENG25076	2029	-	-	-	897,902	-	-	-	-	-	-
Watermain Rehabilitation (Citywide)	ENG23035	2026	1,400,000	-	-	-	-	-	-	-	-	-
South Cornelia B Reconstruction	ENG25077	2027	-	1,530,669	-	-	-	-	-	-	-	-
South Cornelia D Reconstruction	ENG25078	2030	-	-	-	-	2,343,549	-	-	-	-	-
Prospect Knolls A Reconstruction	ENG23001	2026	1,700,000	-	-	-	-	-	-	-	-	-
Prospect Knolls C Reconstruction	19-308	2026	854,577	-	-	-	-	-	-	-	-	-
Prospect Knolls D Reconstruction	19-309	2026	260,088	-	-	-	-	-	-	-	-	-
Chowen Park C Reconstruction	ENG25005	2028	-	-	2,434,705	-	-	-	-	-	-	-
Chowen Park E Reconstruction	ENG25006	2028	-	-	1,511,196	-	-	-	-	-	-	-
Indian Trails A Reconstruction	19-314	2027	-	584,530	-	-	-	-	-	-	-	-
Benton Avenue A Reconstruction	ENG23004	2030	-	-	-	-	369,875	-	-	-	-	-
Todd Park B Reconstruction	ENG23003	2028	-	-	783,583	-	-	-	-	-	-	-
W 77th Street D Reconstruction	ENG25003	2029	-	-	-	379,800	-	-	-	-	-	-
Water Main Condition Assessment	19-351	Var	160,000	160,000	165,000	160,000	160,000	-	-	-	-	-
Maloney Ave Watermain Rehabilitation	ENG25044	2026	1,000,000	-	-	-	-	-	-	-	-	-
Watermain Replacement LB Tr/Shannon Dr/Coventry Way	ENG25046	2026	225,000	-	-	-	-	-	-	-	-	-
Heights Neighborhood Watermain Rehabilitation	ENG25047	2029	-	-	-	6,250,000	-	-	-	-	-	-
Well #2 Rehabilitation and Facility Improvement	PW23007	2028	-	-	170,000	-	-	-	-	-	-	-
Well #6 Rehabilitation and Facility Improvements	PW23008	2028	-	-	180,000	-	-	-	-	-	-	-
Well #7 Rehabilitation	19-913	2029	-	-	-	120,000	-	-	-	-	-	-
Well #11 Rehabilitation and Facility Improvements	19-915	2026	120,000	-	-	-	-	-	-	-	-	-
Well #11 Rehabilitation and Facility Improvements	19-915	2030	-	-	-	-	120,000	-	-	-	-	-
Well #10 Rehabilitation and Facility Improvements	PW23004	2030	-	-	-	-	120,000	-	-	-	-	-
Well #12 Rehabilitation and Facility Improvements	PW23005	2027	-	180,000	-	-	-	-	-	-	-	-
Well #13 Rehabilitation and Facility Improvements	PW23006	2028	-	-	180,000	-	-	-	-	-	-	-
Well #15 Rehabilitation and Facility Improvements	PW23002	2030	-	-	-	-	140,000	-	-	-	-	-
The Heights A Reconstruction	ENG25013	2030	-	-	-	-	2,248,376	-	-	-	-	-
The Heights C Reconstruction	ENG25014	2030	-	-	-	-	1,873,647	-	-	-	-	-
Parklawn (Parklawn Ct) Reconstruction	ENG25074	2026	59,449	-	-	-	-	-	-	-	-	-
Rolling Green Reconstruction	ENG25075	2027	-	1,676,678	-	-	-	-	-	-	-	-
Countryside E Reconstruction	ENG23002	2030	-	-	-	-	584,093	-	-	-	-	-
Minnehaha Woods B Reconstruction	ENG25009	2029	-	-	-	692,075	-	-	-	-	-	-
Hilary Lane Reconstruction	ENG23101	2030	-	-	-	-	786,652	-	-	-	-	-
Parklawn Avenue A Reconstruction	ENG25002	2029	-	-	-	201,768	-	-	-	-	-	-
West 76th Street A Reconstruction	ENG25064	2029	-	-	-	247,724	-	-	-	-	-	-
Fire Station #2 York Ave Building Demo	FAC25109	2026	500,000	-	-	-	-	-	-	-	-	-
Water Meter Radio Receivers	PWK25101	Var	1,380,000	1,400,000	1,430,000	1,460,000	-	-	-	-	-	-
Filter Media Replacement	PWK25102	2029	-	-	-	450,000	-	-	-	-	-	-
Filter Installation, Van Valkenburg Tower	PWK25103	2026	160,000	-	-	-	-	-	-	-	-	-
Grandview Area Watermain Improvements PH 2	ENG23036	2028	-	-	240,000	-	-	-	-	-	-	-
Water Supply Grandview Area PH 3	ENG21058	2027	-	2,500,000	-	-	-	-	-	-	-	-
Water Supply 50th and France	ENG21059	2031	-	-	-	-	-	2,000,000	-	-	-	-
Water Supply Pentagon Park	ENG21060	2030	-	-	-	-	1,000,000	-	-	-	-	-
Southdale Water Tower Replacement Project		2035	-	-	-	-	-	-	-	-	-	9,000,000
70th Street Watermain Upsizing Project		2035	-	-	-	-	-	-	-	-	-	5,000,000
Interlachen Blvd Reconstruction, ENG25201	ENG25201	2027	-	786,652	-	-	-	-	-	-	-	-
Future water improvements		2031	-	-	-	-	-	4,000,000	-	-	-	-
Future water improvements		2032	-	-	-	-	-	-	4,100,000	-	-	-
Future water improvements		2033	-	-	-	-	-	-	-	4,200,000	-	-
Future water improvements		2034	-	-	-	-	-	-	-	-	4,300,000	-
Future water improvements		2035	-	-	-	-	-	-	-	-	-	4,400,000
Total Capital Projects			7,895,781	9,054,196	7,203,484	14,108,874	24,652,023	20,666,667	4,100,000	4,200,000	4,300,000	18,400,000

City of Edina , MN
Utility Rate Study
Base Model - Fund Cashflows

Water Fund

	Actual	Budget	Preliminary		Projected							
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue Growth - Rates	5.00%	5.00%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Expense growth - operating	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense growth - personnel	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expense growth - MCES (Sewer Only)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Beginning net assets	49,140,300	53,963,465	57,141,989	60,827,232	64,969,816	69,543,554	74,598,153	80,109,092	86,226,616	92,736,259	99,778,538	107,412,178
Operating Revenues												
Water revenues	10,631,204	10,674,391	11,898,722	12,523,405	13,180,884	13,872,880	14,601,207	15,367,770	16,174,578	17,023,743	17,917,490	18,858,158
Sanitary sewer revenues												
Storm sewer revenues												
Total Operating Revenues	10,631,204	10,674,391	11,898,722	12,523,405	13,180,884	13,872,880	14,601,207	15,367,770	16,174,578	17,023,743	17,917,490	18,858,158
Operating Expenses												
Personal services	1,716,480	1,672,131	1,765,273	1,854,468	1,947,191	2,044,551	2,146,779	2,254,117	2,366,823	2,485,164	2,609,423	2,739,894
Contractual services	1,653,859	2,033,536	1,799,411	1,782,493	1,835,968	1,891,047	1,947,778	2,006,212	2,066,398	2,128,390	2,192,242	2,258,009
Commodities	848,253	1,085,800	1,123,800	1,135,000	1,169,050	1,204,122	1,240,245	1,277,452	1,315,776	1,355,249	1,395,907	1,437,784
Internal services	607,078	584,808	602,668	654,439	674,072	694,294	715,123	736,577	758,674	781,434	804,877	829,024
MCES - Sanitary Sewer Only												
Depreciation	2,847,015	2,932,425	3,020,398	3,111,010	3,204,340	3,300,471	3,399,485	3,501,469	3,606,513	3,714,709	3,826,150	3,940,935
Total Operating Expenses	7,672,685	8,308,700	8,311,550	8,537,410	8,830,622	9,134,484	9,449,410	9,775,828	10,114,185	10,464,947	10,828,599	11,205,645
Net Operations	2,958,519	2,365,691	3,587,172	3,985,995	4,350,262	4,738,396	5,151,797	5,591,942	6,060,393	6,558,796	7,088,891	7,652,513
Non-operating revenues (expenses)												
Investment Income (Loss)	420,853	140,000	144,200	148,526	138,056	161,900	144,100	257,924	137,015	139,483	147,110	161,715
Intergovernmental revenue												
Interest on existing debt	(242,762)	(251,025)	(345,369)	(300,138)	(240,800)	(190,475)	(148,850)	(115,925)	(91,625)	(80,750)	(48,625)	(39,500)
Connection Fee Revenue	1,515,706	771,750	583,109	600,602	618,620	637,179	656,294	675,983	696,262	717,150	738,665	760,825
Other income (expense)	3,332	3,332	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Transfers in												
Transfers out	(268,101)	(149,412)	(288,869)	(297,401)	(297,401)	(297,401)	(297,401)	(297,401)	(297,401)	(297,401)	(297,401)	(297,401)
Bond discount	164,665											
Bond costs		(58,239)										
Bond premium		356,427										
Total non operating revenue (expenses)	1,593,693	812,833	98,071	156,590	223,475	316,203	359,143	525,581	449,251	483,482	544,749	590,639
Net increase (decrease) in resources	4,552,212	3,178,524	3,685,243	4,142,585	4,573,737	5,054,599	5,510,940	6,117,523	6,509,644	7,042,278	7,633,640	8,243,152
Change in accounting principle	270,953											
Ending net assets	53,963,465	57,141,989	60,827,232	64,969,816	69,543,554	74,598,153	80,109,092	86,226,616	92,736,259	99,778,538	107,412,178	115,655,330

City of Edina , MN
Utility Rate Study
Base Model - Fund Cashflows

Water Fund

	Actual	Budget	Preliminary		Projected							
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue Growth - Rates	5.00%	5.00%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Expense growth - operating	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense growth - personnel	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expense growth - MCES (Sewer Only)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CIP Funding												
Purchase of Capital Assets		(6,487,134)	(7,895,781)	(9,054,196)	(7,203,484)	(14,108,874)	(24,652,023)	(20,666,667)	(4,100,000)	(4,200,000)	(4,300,000)	(18,400,000)
Bond Proceeds		3,215,000	2,814,700	3,207,300	3,945,900	6,250,000		4,000,000				12,000,000
Bond Proceeds - Expansion Projects							6,250,000					
Bond Proceeds-Water Treatment Plant							23,750,000					
Unspent bond proceeds												
Bond P&I - Future				(348,757)	(348,757)	(348,757)	(348,757)	(348,757)	(348,757)	(348,757)	(348,757)	(348,757)
Bond P&I - Future					(402,351)	(402,351)	(402,351)	(402,351)	(402,351)	(402,351)	(402,351)	(402,351)
Bond P&I - Future												
Bond P&I - Future						(375,035)	(375,035)	(375,035)	(375,035)	(375,035)	(375,035)	(375,035)
Bond P&I - Future							(1,905,761)	(1,905,761)	(1,905,761)	(1,905,761)	(1,905,761)	(1,905,761)
Bond P&I - Future							(789,868)	(789,868)	(789,868)	(789,868)	(789,868)	(789,868)
Bond P&I - Future							(501,516)	(501,516)	(501,516)	(501,516)	(501,516)	(501,516)
Bond P&I - Future								(505,515)	(505,515)	(505,515)	(505,515)	(505,515)
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond Prin - Existing	(1,900,000)	(1,580,000)	(1,400,000)	(1,645,000)	(1,385,000)	(1,150,000)	(960,000)	(720,000)	(435,000)	(460,000)	(365,000)	(385,000)
Beginning Cash	12,178,143	12,909,292	14,168,107	14,392,668	13,805,610	16,189,996	14,410,049	25,792,441	13,701,479	13,948,317	14,710,986	16,171,458
Ending Cash	12,909,292	14,168,107	14,392,668	13,805,610	16,189,996	14,410,049	25,792,441	13,701,479	13,948,317	14,710,986	16,171,458	16,236,225
Ending net assets	53,963,465	57,141,989	60,827,232	64,969,816	69,543,554	74,598,153	80,109,092	86,226,616	92,736,259	99,778,538	107,412,178	115,655,330
Target minimum working capital	9,286,597	9,469,886	10,078,010	10,296,718	10,546,385	11,270,002	13,575,339	14,453,866	14,650,806	14,712,732	14,919,118	15,121,323
Actual working capital-cash balance	12,909,292	14,168,107	14,392,668	13,805,610	16,189,996	14,410,049	25,792,441	13,701,479	13,948,317	14,710,986	16,171,458	16,236,225
Over (Under) target working capital	3,622,695	4,698,221	4,314,658	3,508,892	5,643,611	3,140,047	12,217,101	(752,387)	(702,488)	(1,746)	1,252,339	1,114,902

Capital Project	Project Number	Project Year	Sanitary Sewer									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Utilities Equipment Replacement	PWK23201	Var	66,667	225,667	99,000	214,000	188,000	-	-	-	-	-
Asset Management Software and Equipment	15-173	Var	10,000	10,000	10,000	-	-	-	-	-	-	-
Chowen Park C Reconstruction	ENG25005	2028	-	-	929,616	-	-	-	-	-	-	-
Chowen Park E Reconstruction	ENG25006	2028	-	-	577,003	-	-	-	-	-	-	-
Pamela Park B (Peacdale Ave) Reconstruction	ENG25010	2029	-	-	-	188,007	-	-	-	-	-	-
Pamela Park C (Halifax Ave) Reconstruction	ENG25011	2029	-	-	-	143,770	-	-	-	-	-	-
Prospect Knolls A Reconstruction	ENG23001	2026	686,265	-	-	-	-	-	-	-	-	-
Prospect Knolls C Reconstruction	19-308	2026	573,550	-	-	-	-	-	-	-	-	-
Prospect Knolls D Reconstruction	19-309	2026	174,559	-	-	-	-	-	-	-	-	-
Braemar Hills E (Washington Ave) Reconstruction	ENG25012	2030	-	-	-	-	34,339	-	-	-	-	-
The Heights A Reconstruction	ENG25013	2030	-	-	-	-	858,472	-	-	-	-	-
The Heights C Reconstruction	ENG25014	2030	-	-	-	-	715,394	-	-	-	-	-
Indian Trails A Reconstruction	19-314	2027	-	392,308	-	-	-	-	-	-	-	-
Minnehaha Woods D Reconstruction	ENG25076	2029	-	-	-	342,836	-	-	-	-	-	-
South Cornelia B Reconstruction	ENG25077	2027	-	1,071,904	-	-	-	-	-	-	-	-
South Cornelia D Reconstruction	ENG25078	2030	-	-	-	-	957,073	-	-	-	-	-
Sanitary Trunk Capacity Expansion York Segs 4 & Fairview	19-336	2027	-	2,350,000	-	-	-	-	-	-	-	-
Sanitary Trunk Capacity Expansion York Segs 4 & Fairview	19-336	2028	-	-	2,350,000	-	-	-	-	-	-	-
Sanitary Trunk Capacity Expansion York to Hazelton	ENG23033	2033	-	-	-	-	-	-	-	1,200,000	-	-
Sanitary Trunk Capacity Expansion York to 69th St W	ENG23034	2033	-	-	-	-	-	-	-	1,400,000	-	-
South Trunk Segment G-72nd Street	ENG23007	2026	6,000,000	-	-	-	-	-	-	-	-	-
Parklawn Avenue A Reconstruction	ENG25002	2029	-	-	-	103,924	-	-	-	-	-	-
Rolling Green Reconstruction	ENG25075	2027	-	281,326	-	-	-	-	-	-	-	-
Countryside E Reconstruction	ENG23002	2030	-	-	-	-	391,999	-	-	-	-	-
Todd Park B Reconstruction	ENG23003	2028	-	-	299,187	-	-	-	-	-	-	-
Benton Avenue A Reconstruction	ENG23004	2030	-	-	-	-	186,198	-	-	-	-	-
W 77th Street D Reconstruction	ENG25003	2029	-	-	-	195,622	-	-	-	-	-	-
Minnehaha Woods B Reconstruction	ENG25009	2029	-	-	-	464,487	-	-	-	-	-	-
Hilary Lane Reconstruction	ENG23101	2030	-	-	-	-	303,883	-	-	-	-	-
Sanitary Targeted Inflow Reduction Project	19-340	2030	-	-	-	-	130,000	-	-	-	-	-
Lift Station Pump and VFD Renewal	PWK25105	Var	30,000	30,000	30,000	30,000	30,000	-	-	-	-	-
Olinger Road Sanitary Sewer Replacement	ENG25034	2026	100,000	-	-	-	-	-	-	-	-	-
Olinger Road Dip Replacement: 130 LF + Road Repair	PWK23011	2026	80,000	-	-	-	-	-	-	-	-	-
Parklawn (Parklawn Ct) Reconstruction	ENG25074	2026	39,899	-	-	-	-	-	-	-	-	-
West 76th Street A Reconstruction	ENG25064	2029	-	-	-	165,248	-	-	-	-	-	-
70th Street Watermain Upsizing Project		2035	-	-	-	-	-	-	-	-	-	1,000,000
South Trunk Segment B - Hibiscus,	ENG23007	2034	-	-	-	-	-	-	-	-	18,400,000	-
South Trunk Segment C - Hibiscus	ENG23007	2033	-	-	-	-	-	-	-	9,120,000	-	-
South Trunk Segment D - Kellogg	ENG23007	2032	-	-	-	-	-	3,470,000	-	-	-	-
South Trunk Segment E - Gilford	ENG23007	2031	-	-	-	-	6,290,000	-	-	-	-	-
South Trunk Segment A - Highway 100	ENG23008	2035	-	-	-	-	-	-	-	-	-	3,600,000
South Trunk Segment F-Oaklawn	ENG23007	2030	-	-	-	-	13,900,000	-	-	-	-	-
Interlachen Blvd Reconstruction	ENG25201	2027	-	303,883	-	-	-	-	-	-	-	-
Future Sanitary Sewer improvements		2031	-	-	-	-	2,000,000	-	-	-	-	-
Future Sanitary Sewer improvements		2032	-	-	-	-	-	2,100,000	-	-	-	-
Future Sanitary Sewer improvements		2033	-	-	-	-	-	-	2,200,000	-	-	-
Future Sanitary Sewer improvements		2034	-	-	-	-	-	-	-	2,300,000	-	-
Future Sanitary Sewer improvements		2035	-	-	-	-	-	-	-	-	-	2,400,000
Total Capital Projects			7,760,940	4,665,088	4,294,806	1,847,894	17,695,358	8,290,000	5,570,000	13,920,000	20,700,000	7,000,000

Sanitary Sewer Fund

	Acutal	Budget	Preliminary		Projected							
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue Growth - Rates	5.50%	5.50%	9.25%	9.25%	9.25%	9.25%	9.25%	9.00%	9.00%	9.00%	9.00%	9.00%
Expense growth - operating	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense growth - personnel	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expense growth - MCES (Sewer Only)	0.00%	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Beginning net assets	36,661,283	39,532,295	41,299,402	43,234,209	45,776,473	49,046,529	53,141,648	58,139,304	64,079,004	71,067,130	79,095,572	88,349,934
Operating Revenues												
Water revenues												
Sanitary sewer revenues	10,434,104	11,392,931	12,252,916	13,386,311	14,624,545	15,977,315	17,455,217	19,026,186	20,738,543	22,605,012	24,639,463	26,857,014
Storm sewer revenues												
Total Operating Revenues	10,434,104	11,392,931	12,252,916	13,386,311	14,624,545	15,977,315	17,455,217	19,026,186	20,738,543	22,605,012	24,639,463	26,857,014
Operating Expenses												
Personal services	388,093	843,129	835,231	874,121	917,827	963,718	1,011,904	1,062,500	1,115,625	1,171,406	1,229,976	1,291,475
Contractual services	272,780	242,749	311,501	310,926	320,254	329,861	339,757	349,950	360,448	371,262	382,400	393,872
Commodities	42,798	103,250	103,250	103,250	106,348	109,538	112,824	116,209	119,695	123,286	126,984	130,794
Internal services	652,219	616,215	668,643	743,320	765,620	788,588	812,246	836,613	861,712	887,563	914,190	941,616
MCES - Sanitary Sewer Only	6,227,469	6,600,624	6,844,942	7,324,088	7,836,774	8,385,348	8,972,323	9,600,385	10,272,412	10,991,481	11,760,885	12,584,147
Depreciation	1,471,325	1,515,465	1,560,929	1,607,757	1,655,989	1,705,669	1,756,839	1,809,544	1,863,830	1,919,745	1,977,338	2,036,658
Total Operating Expenses	9,054,684	9,921,432	10,324,496	10,963,461	11,602,811	12,282,723	13,005,893	13,775,201	14,593,722	15,464,743	16,391,773	17,378,561
Net Operations	1,379,420	1,471,499	1,928,420	2,422,849	3,021,733	3,694,592	4,449,323	5,250,985	6,144,820	7,140,269	8,247,690	9,478,454
Non-operating revenues (expenses)												
Investment Income (Loss)	563,356	171,000	176,130	181,414	174,644	189,187	195,407	190,839	198,456	208,950	220,372	232,572
Intergovernmental revenue												
Interest on existing debt	(538,698)	(557,300)	(662,950)	(604,038)	(523,900)	(446,775)	(371,175)	(298,150)	(229,575)	(195,200)	(88,125)	(56,250)
Connection Fee Revenue	1,311,885	496,125	566,146	617,099	672,638	733,175	799,161	871,086	949,484	949,484	949,484	949,484
Other income (expense)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)
Transfers in												
Transfers out	(66,613)	(149,412)	(71,773)	(73,893)	(73,893)	(73,893)	(73,893)	(73,893)	(73,893)	(73,893)	(73,893)	(73,893)
Bond discount	222,829											
Bond costs		(62,842)										
Bond premium		399,204										
Total non operating revenue (expenses)	1,491,592	295,608	6,386	119,416	248,322	400,527	548,333	688,715	843,305	888,174	1,006,671	1,050,746
Net increase (decrease) in resources	2,871,012	1,767,107	1,934,806	2,542,265	3,270,055	4,095,119	4,997,656	5,939,700	6,988,125	8,028,443	9,254,361	10,529,200
Change in accounting principle												
Ending net assets	39,532,295	41,299,402	43,234,209	45,776,473	49,046,529	53,141,648	58,139,304	64,079,004	71,067,130	79,095,572	88,349,934	98,879,133

Sanitary Sewer Fund

	Acutal	Budget	Preliminary		Projected							
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue Growth - Rates	5.50%	5.50%	9.25%	9.25%	9.25%	9.25%	9.25%	9.00%	9.00%	9.00%	9.00%	9.00%
Expense growth - operating	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense growth - personnel	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expense growth - MCES (Sewer Only)	0.00%	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
CIP Funding												
Purchase of Capital Assets		(5,226,694)	(7,760,940)	(4,665,088)	(4,294,806)	(1,847,894)	(17,695,358)	(8,290,000)	(5,570,000)	(13,920,000)	(20,700,000)	(7,000,000)
Bond Proceeds		3,600,000	1,000,000	1,000,000	1,506,619		13,900,000	6,290,000	3,470,000	11,320,000	18,400,000	4,600,000
Bond Proceeds - Expansion Projects			6,000,000	2,350,000	2,350,000							
Bond Proceeds-Water Treatment Plant												
Unspent bond proceeds	(2,146,198)											
Bond P&I - Future				(123,905)	(123,905)	(123,905)	(123,905)	(123,905)	(123,905)	(123,905)	(123,905)	(123,905)
Bond P&I - Future				(743,433)	(743,433)	(743,433)	(743,433)	(743,433)	(743,433)	(743,433)	(743,433)	(743,433)
Bond P&I - Future					(421,183)	(421,183)	(421,183)	(421,183)	(421,183)	(421,183)	(421,183)	(421,183)
Bond P&I - Future						(296,990)	(296,990)	(296,990)	(296,990)	(296,990)	(296,990)	(296,990)
Bond P&I - Future												
Bond P&I - Future						(190,405)	(190,405)	(190,405)	(190,405)	(190,405)	(190,405)	(190,405)
Bond P&I - Future								(1,756,666)	(1,756,666)	(1,756,666)	(1,756,666)	(1,756,666)
Bond P&I - Future												
Bond P&I - Future									(794,923)	(794,923)	(794,923)	(794,923)
Bond P&I - Future										(438,535)	(438,535)	(438,535)
Bond P&I - Future											(1,430,608)	(1,430,608)
Bond P&I - Future												(2,325,370)
Bond Prin - Existing	(745,000)	(1,340,000)	(1,510,000)	(1,840,000)	(1,745,000)	(1,555,000)	(1,640,000)	(1,455,000)	(1,375,000)	(1,440,000)	(1,515,000)	(670,000)
Beginning Cash	14,627,500	15,796,106	16,111,984	17,336,779	17,464,375	18,918,711	19,540,689	19,083,910	19,845,573	20,895,025	22,037,174	23,257,226
Ending Cash	15,796,106	16,111,984	17,336,779	17,464,375	18,918,711	19,540,689	19,083,910	19,845,573	20,895,025	22,037,174	23,257,226	24,231,066
Ending net assets	39,532,295	41,299,402	43,234,209	45,776,473	49,046,529	53,141,648	58,139,304	64,079,004	71,067,130	79,095,572	88,349,934	98,879,133
Target minimum working capital	11,028,663	10,811,741	12,692,819	12,345,647	14,260,303	16,518,940	16,542,192	17,627,886	18,957,026	20,437,517	22,391,379	22,821,686
Actual working capital-cash balance	15,796,106	16,111,984	17,336,779	17,464,375	18,918,711	19,540,689	19,083,910	19,845,573	20,895,025	22,037,174	23,257,226	24,231,066
Over (Under) target working capital	4,767,443	5,300,242	4,643,960	5,118,728	4,658,408	3,021,749	2,541,718	2,217,687	1,937,999	1,599,657	865,847	1,409,379

Capital Project	Project Number	Project Year	Storm Sewer									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Utilities Equipment Replacement	PWK23201	Var	66,667	225,667	99,000	214,000	188,000	-	-	-	-	-
Asset Management Software and Equipment	15-173	Var	15,000	15,000	15,000	-	-	-	-	-	-	-
69th Street Roundabout	17-011	2029	-	-	-	100,000	-	-	-	-	-	-
Chowen Park C Reconstruction	ENG25005	2028	-	-	2,460,776	-	-	-	-	-	-	-
Chowen Park E Reconstruction	ENG25006	2028	-	-	1,527,378	-	-	-	-	-	-	-
Minnehaha Woods B Reconstruction	ENG25009	2029	-	-	-	1,282,707	-	-	-	-	-	-
Pamela Park B (Peacdale Ave) Reconstruction	ENG25010	2029	-	-	-	454,631	-	-	-	-	-	-
Pamela Park C (Halifax Ave) Reconstruction	ENG25011	2029	-	-	-	347,659	-	-	-	-	-	-
Braemar Hills E (Washington Ave) Reconstruction	ENG25012	2030	-	-	-	-	332,148	-	-	-	-	-
Prospect Knolls A Reconstruction	ENG23001	2026	1,583,418	-	-	-	-	-	-	-	-	-
Prospect Knolls C Reconstruction	19-308	2026	1,386,936	-	-	-	-	-	-	-	-	-
Prospect Knolls D Reconstruction	19-309	2026	422,111	-	-	-	-	-	-	-	-	-
The Heights A Reconstruction	ENG25013	2030	-	-	-	-	2,370,717	-	-	-	-	-
The Heights C Reconstruction	ENG25014	2030	-	-	-	-	1,729,936	-	-	-	-	-
50th St Concrete Curb and Gutter Replacement	ENG25027	2027	-	55,000	-	-	-	-	-	-	-	-
Indian Trails A Reconstruction	19-314	2027	-	1,038,475	-	-	-	-	-	-	-	-
CWS 1 - Lake & Pond Sediment Phosphorus Sequest	ENG25036	Var	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
CWS 2 - Targeted Intensive Street Sweeping	ENG25037	Var	-	20,000	-	70,000	-	-	-	-	-	-
CWS 3 - Assurance, Monitoring, Lakegrades	ENG25038	Var	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
CWS 4 - Rough Fish Management	ENG25039	2027	-	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
CWS 5 - New Clean Water Infrastructure	ENG25040	2029	-	-	-	150,000	-	-	-	-	-	-
South Cornelia B Reconstruction	ENG25077	2027	-	2,049,875	-	-	-	-	-	-	-	-
South Cornelia D Reconstruction	ENG25078	2030	-	-	-	-	1,830,277	-	-	-	-	-
CWRMP Major Amendment and Model Update	19-346	2026	200,000	-	-	-	-	-	-	-	-	-
Parklawn (Parklawn Ct) Reconstruction	ENG25074	2026	110,184	-	-	-	-	-	-	-	-	-
Rolling Green Reconstruction	ENG25075	2027	-	4,009,243	-	-	-	-	-	-	-	-
Minnehaha Woods D Reconstruction	ENG25076	2029	-	-	-	946,760	-	-	-	-	-	-
Hilary Lane Reconstruction	ENG23101	2030	-	-	-	-	1,009,245	-	-	-	-	-
Parklawn Avenue A Reconstruction	ENG25002	2029	-	-	-	226,673	-	-	-	-	-	-
West 76th Street A Reconstruction	ENG25064	2029	-	-	-	385,207	-	-	-	-	-	-
Countryside E Reconstruction	ENG23002	2030	-	-	-	-	850,851	-	-	-	-	-
Todd Park B Reconstruction	ENG23003	2028	-	-	826,220	-	-	-	-	-	-	-
Benton Ave A Reconstruction	ENG23004	2030	-	-	-	-	434,318	-	-	-	-	-
W 77th Street D Reconstruction	ENG25003	2029	-	-	-	426,678	-	-	-	-	-	-
Wooddale Bridge Rehab - Historic	19-301	2026	400,000	-	-	-	-	-	-	-	-	-
Concord Flood Infrastructure Project (#2 area)	ENG23010	2026	200,000	950,000	9,500,000	-	-	-	-	-	-	-
Arden & 50th Flood Infrastructure Project (#3 area)	ENG23011	2027	-	200,000	-	-	-	-	-	4,500,000	-	-
Lake Cornelia and Normandale Park Flood Infrastructure	ENG23012	2033	-	-	-	-	-	-	-	16,000,000	-	-
France Avenue Crossing (Minnehaha Creek)	ENG23013	2029	-	-	-	200,000	6,000,000	-	-	-	-	-
Adaptive Level Management Project Phase 2 (Minnehaha Creek)	ENG23014	2025	-	-	-	-	2,500,000	-	-	-	-	-
Adaptive Level Management Project (Nine Mile Creek)	ENG23015	2026	2,500,000	-	-	-	-	-	-	-	-	-
Minor Pipe and Grading Project (Citywide)	ENG23016	2028	-	-	2,500,000	-	-	-	-	-	-	-
Chowen and 60th Flood Project	ENG23017	2030	-	-	-	-	1,100,000	-	-	-	-	-
Future storm improvements		2031	-	-	-	-	-	4,000,000	-	-	-	-
Future storm improvements		2032	-	-	-	-	-	-	4,100,000	-	-	-
Future storm improvements		2033	-	-	-	-	-	-	-	4,200,000	-	-
Future storm improvements		2034	-	-	-	-	-	-	-	-	4,300,000	-
Future storm improvements		2035	-	-	-	-	-	-	-	-	-	4,400,000
Total Capital Projects			7,019,316	8,738,260	17,103,374	4,979,315	18,520,492	4,175,000	4,275,000	24,875,000	4,475,000	4,575,000

Storm Sewer Fund

	Actual	Budget	Preliminary		Projected							
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue Growth - Rates	8.00%	8.00%	15.00%	14.75%	14.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Expense growth - operating	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense growth - personnel	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expense growth - MCES (Sewer Only)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Beginning net assets	33,367,584	35,547,068	37,444,824	39,662,372	42,895,032	47,355,648	52,644,792	58,785,034	65,886,839	74,003,574	83,188,683	93,647,769
Operating Revenues												
Water revenues												
Sanitary sewer revenues												
Storm sewer revenues	6,349,555	6,851,982	7,879,779	9,042,047	10,353,144	11,233,161	12,187,979	13,223,958	14,347,994	15,567,574	16,890,817	18,326,537
Total Operating Revenues	6,349,555	6,851,982	7,879,779	9,042,047	10,353,144	11,233,161	12,187,979	13,223,958	14,347,994	15,567,574	16,890,817	18,326,537
Operating Expenses												
Personal services	551,198	976,631	1,139,891	1,193,456	1,253,129	1,315,785	1,381,575	1,450,653	1,523,186	1,599,345	1,679,312	1,763,278
Contractual services	669,515	798,248	844,463	940,163	968,368	997,419	1,027,341	1,058,162	1,089,907	1,122,604	1,156,282	1,190,970
Commodities	444,631	174,100	154,600	154,600	159,238	164,015	168,936	174,004	179,224	184,600	190,138	195,843
Internal services	339,056	344,325	396,253	417,113	429,626	442,515	455,791	469,464	483,548	498,055	512,996	528,386
MCES - Sanitary Sewer Only												
Depreciation	1,884,273	1,940,801	1,999,025	2,058,996	2,120,766	2,184,389	2,249,921	2,317,418	2,386,941	2,458,549	2,532,305	2,608,275
Total Operating Expenses	3,888,673	4,234,105	4,534,232	4,764,328	4,931,127	5,104,123	5,283,563	5,469,701	5,662,805	5,863,153	6,071,035	6,286,752
Net Operations	2,460,882	2,617,877	3,345,547	4,277,719	5,422,017	6,129,037	6,904,417	7,754,257	8,685,189	9,704,420	10,819,783	12,039,785
Non-operating revenues (expenses)												
Investment Income (Loss)	438,635	112,000	115,360	118,821	100,529	123,437	102,680	121,479	114,551	117,568	130,134	179,444
Intergovernmental revenue												
Interest on existing debt	(882,543)	(1,034,813)	(1,086,950)	(1,002,850)	(900,900)	(802,300)	(705,825)	(612,900)	(521,975)	(475,850)	(329,800)	(280,250)
Connection Fee Revenue												
Other income (expense)												
Transfers in												
Transfers out	(145,165)	(74,706)	(156,409)	(161,030)	(161,030)	(161,030)	(161,030)	(161,030)	(161,030)	(161,030)	(161,030)	(161,030)
Bond discount	307,675											
Bond costs		(50,349)										
Bond premium		327,747										
Total non operating revenue (expenses)	(281,398)	(720,121)	(1,127,999)	(1,045,059)	(961,401)	(839,893)	(764,175)	(652,451)	(568,454)	(519,312)	(360,696)	(261,836)
Net increase (decrease) in resources	2,179,484	1,897,756	2,217,548	3,232,660	4,460,616	5,289,144	6,140,242	7,101,806	8,116,735	9,185,108	10,459,087	11,777,949
Change in accounting principle												
Ending net assets	35,547,068	37,444,824	39,662,372	42,895,032	47,355,648	52,644,792	58,785,034	65,886,839	74,003,574	83,188,683	93,647,769	105,425,718

Storm Sewer Fund

	Actual	Budget	Preliminary		Projected							
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue Growth - Rates	8.00%	8.00%	15.00%	14.75%	14.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Expense growth - operating	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense growth - personnel	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expense growth - MCES (Sewer Only)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CIP Funding												
Purchase of Capital Assets		(4,143,730)	(7,019,316)	(8,738,260)	(17,103,374)	(4,979,315)	(18,555,492)	(4,175,000)	(4,275,000)	(24,875,000)	(4,475,000)	(4,575,000)
Bond Proceeds		2,955,000	3,392,500	6,059,100	15,988,200		16,540,200			20,500,000	4,475,000	
Bond Proceeds - Expansion Projects												
Bond Proceeds-Water Treatment Plant												
Unspent bond proceeds	(3,097,903)											
Bond P&I - Future				(420,349)	(420,349)	(420,349)	(420,349)	(420,349)	(420,349)	(420,349)	(420,349)	(420,349)
Bond P&I - Future					(570,019)	(570,019)	(570,019)	(570,019)	(570,019)	(570,019)	(570,019)	(570,019)
Bond P&I - Future						(1,519,587)	(1,519,587)	(1,519,587)	(1,519,587)	(1,519,587)	(1,519,587)	(1,519,587)
Bond P&I - Future								(1,572,051)	(1,572,051)	(1,572,051)	(1,572,051)	(1,572,051)
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond P&I - Future												
Bond Prin - Existing	(2,090,000)	(2,075,000)	(2,020,000)	(2,380,000)	(2,185,000)	(2,060,000)	(1,985,000)	(1,855,000)	(1,845,000)	(1,930,000)	(2,030,000)	(1,875,000)
Beginning Cash	8,161,952	11,096,132	11,670,959	10,240,717	10,052,864	12,343,703	10,267,966	12,147,881	11,455,098	11,756,767	13,013,418	17,944,397
Ending Cash	11,096,132	11,670,959	10,240,717	10,052,864	12,343,703	10,267,966	12,147,881	11,455,098	11,756,767	13,013,418	17,944,397	19,850,207
Ending net assets	35,547,068	37,444,824	39,662,372	42,895,032	47,355,648	52,644,792	58,785,034	65,886,839	74,003,574	83,188,683	93,647,769	105,425,718
Target minimum working capital	6,984,576	9,591,888	9,495,467	8,332,571	13,596,480	10,568,355	14,188,284	14,302,313	14,560,143	12,210,604	16,708,461	16,840,329
Actual working capital-cash balance	11,096,132	11,670,959	10,240,717	10,052,864	12,343,703	10,267,966	12,147,881	11,455,098	11,756,767	13,013,418	17,944,397	19,850,207
Over (Under) target working capital	4,111,556	2,079,071	745,250	1,720,292	(1,252,778)	(300,389)	(2,040,403)	(2,847,214)	(2,803,375)	802,814	1,235,936	3,009,878



City of Burnsville, Minnesota

Utility Rate Study Update

September 9, 2025

Overview

- Goal of the Study
- Water, Sanitary Sewer & Storm Water Utilities
 - ✓ Goals & Assumptions
 - ✓ General Findings
 - ✓ Capital Project Needs
 - ✓ Rate Modifications
 - ✓ Projections & Recommendations
- Ratepayer Impact Analysis
- Next Steps

Goals of the Study

Utility Funds

- To ensure funds remain self-sufficient
- To maintain appropriate fund & cash balances
- To balance the use of cash & debt for capital projects

Utility Rates

- To recommend utility rates and fees to support the funds

Assumptions & Other Factors

- Fund & cash balance requirements
 - ✓ Minimum Working Capital: Six Months of Operations (including some depreciation) + One-Year of Debt Service
- Funds all capital projects per the Capital Improvement Plan (CIP)

Assumption or Variable	Annual Amount
Flat & Monthly Rates	Varies by Fund
Other Revenue Growth	2.0% - 4.0%
Investment Earnings	2.0%
Expenses, Operations	2.0% - 5.0%
Expenses, Capital Projects	0%

Assumptions & Other Factors, continued...

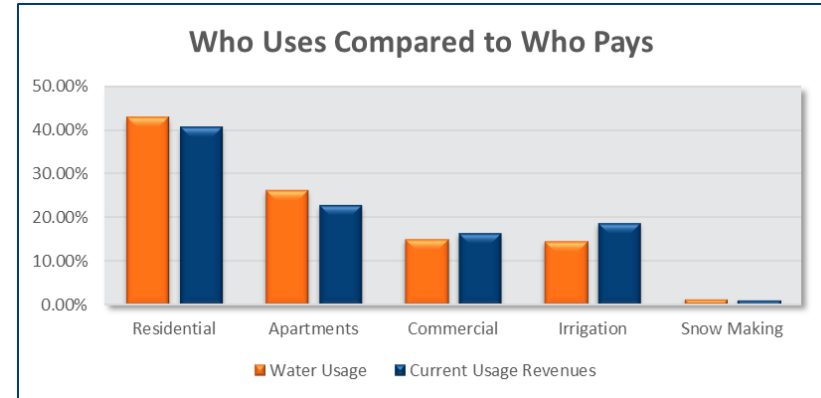
- Safe Drinking Water Fee increase from MN Dept of Health
 - ✓ Was \$9.72 per connection per year
 - ✓ Increasing to \$15.22 per connection per year in 2026
- Increasing costs from MCES for Sewer
 - ✓ Assumes 5% annual increases in fee
- \$8.5M State bonding requests for Water fund moved to 2031 - 2036

General Findings & Other Considerations

- Water & Sanitary Sewer Fund
 - ✓ Water and sewer usage down in 2024
 - ✓ Sanitary Sewer Utility
 - Rate structure analysis completed last year with no recommended changes
- Storm Water Utility Fund also performing well
- Other Findings & Considerations
 - ✓ Moderate impact to ratepayers for 2026
 - ✓ Debt limited to larger capital projects
 - ✓ Capital projects pressures tend to result in utility rates toward utility rate increases

Rate Structure Analysis

- Analysis of fixed and variable costs of the system
 - ✓ Compared to fixed meter charges and tiered consumption rates
 - ✓ Ensures fixed costs are covered, regardless of usage
- Reviewed current tiered water rate structure
 - ✓ Promotes conservation
 - ✓ Who uses vs. who pays



Capital Projects – Next 5 Years

Project	Water	Sewer	Storm
Capital Equipment	\$1,638,000	\$1,450,000	\$766,000
Street Projects	10,877,000	3,320,000	5,744,000
Water Production Projects	6,669,500		
Water Treatment Projects	4,523,000		
Transmission & Distribution	6,379,000		
Studies	670,000		300,000
Lift Station Rehabilitation Projects		2,300,000	
Sanitary Sewer Rehab Projects		5,405,000	
Storm Water Maintenance Projects			6,286,000
Storm Water Improvement Projects			2,969,000
Total	\$30,756,500	\$12,475,000	\$16,065,000

Capital Projects – Next 5 Years

Proposed Bonding by Fund				
Year	Water Fund	Sewer Fund	Storm Water Fund	Total
2026	7,800,000	1,000,000	-	8,800,000
2027	4,500,000	4,800,000	-	9,300,000
2028	4,600,000	1,300,000	-	5,900,000
2029	3,500,000	2,500,000	2,200,000	8,200,000
2030	4,300,000	1,300,000	-	5,600,000
TOTALS	\$ 24,700,000	\$ 10,900,000	\$ 2,200,000	\$ 37,800,000

Does not include any State bonding requests for the Water Fund

Water Utility – Proposed Rates

WATER FUND		
Current <u>Monthly</u> Rate Structure	Existing 2025 Rate	Proposed 2026 Rate

METER CHARGE

1	5/8 inch & 3/4 inch	\$ 10.31	\$ 11.03
2	1 Inch	25.78	27.58
3	1.5 Inch (R2 - Displacement)	51.55	55.15
4	1.5 Inch (Turbine, Class 2)	61.86	66.18
5	1.5 Inch (Compound, Class 2)	61.86	66.18
6	2.0 Inch (R2 - Displacement)	82.48	88.24
7	2.0 Inch (Compound, Class 2)	82.48	104.79
8	2.0 Inch (Turbine, Class 2)	97.95	88.24
9	3.0 Inch (Compound, Class 2)	180.43	193.03
10	3.0 Inch (Turbine, Class 2)	224.76	240.45
11	4.0 Inch (Compound, Class 2)	309.30	330.90
12	4.0 Inch (Turbine, Class 2)	386.63	413.63
13	6.0 Inch (Compound, Class 2)	695.93	882.40
14	6.0 Inch (Turbine, Class 2)	824.80	744.53
15	8.0 inch - Buck Hill	1,443.40	1,544.20

WATER FUND		
Current <u>Monthly</u> Rate Structure	Existing 2025 Rate	Proposed 2026 Rate

CONSUMPTION CHARGE:		Current Tiers (1,000 gal.)			
1	Residential / Apartments	0	to 5	\$ 2.58	\$ 2.76
2		6	to 15	3.21	3.43
3			Over 15	4.03	4.31
4	Commercial	0	to 15	\$ 2.58	\$ 2.76
5		16	to 105	3.21	3.43
6			Over 105	4.03	4.31
7	Irrigation / Pools	0	to 999	\$ 4.03	\$ 4.31
8	Snow Making	0	to 999	\$ 2.87	\$ 3.07

Take Aways

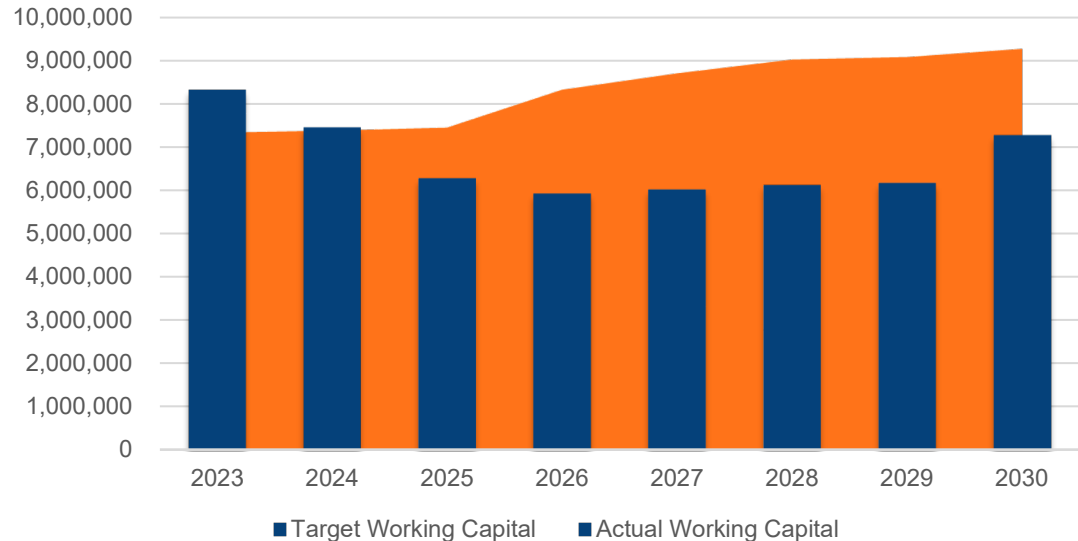
- Capital costs driving 7.0%/yr rate increases thru 2030
- Maintaining cash reserves for future capital & debt needs
- Some impact on the average ratepayer

Water Utility - Projections

Take Aways

- Cash balances continue to remain stable & close to targeted working capital
- Supports **\$30.7** million in capital projects between 2026 & 2030
 - ✓ Includes **\$24.7** million bonding

Water Fund Capital Cash Reserves



Target Working Capital = 6 months of operating expenses, including some depreciation + next year's debt service

Sanitary Sewer Utility – Proposed Rates

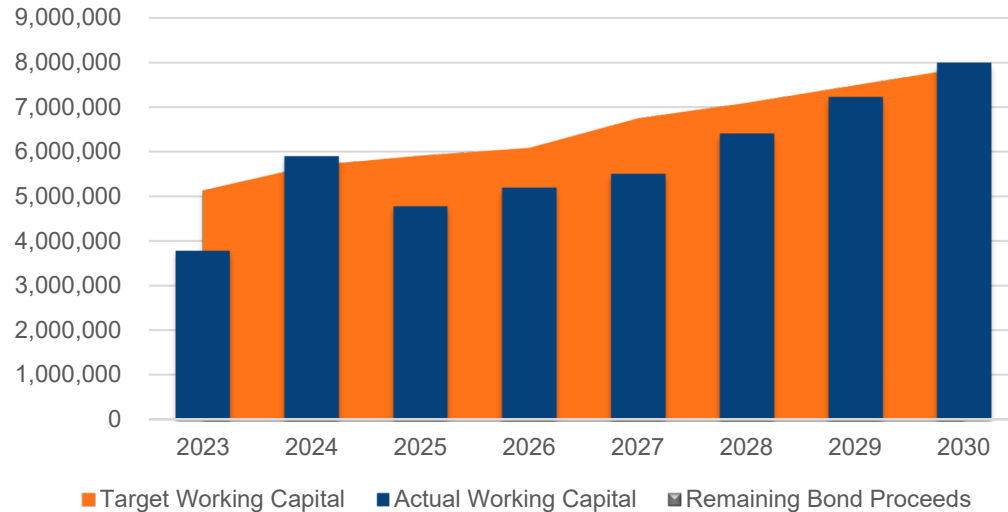
SEWER FUND		
Current <u>Monthly</u> Rate Structure	Existing 2025 Rate	Proposed 2026 Rate
BASE CHARGE		
1 All Users	\$ 7.72	\$ 8.45
2 Sewer Only	32.77	35.88
CONSUMPTION CHARGES		
3 All Users	\$ 5.00	\$ 5.48

Take Aways

- 2nd year of 9.5% rate increase
 - ✓ 2027 also 9.5% rate increase
 - ✓ 4.0%/yr thereafter
 - ✓ Designed to build cash reserves over time
 - ✓ Helps the City to pursue additional capital projects

Sanitary Sewer Utility – Projections

Sewer Fund Capital Cash Reserves



Target Working Capital = 6 months of operating expenses, including depreciation + next year's debt service

Take Aways

- Cash balance remains below the target working capital until 2030
- Supports about **\$12.5** million in capital projects between 2026 & 2030
 - ✓ Includes **\$10.9** million bonding

Storm Water Fund – Proposed Rates

Take Aways

- 2.50% rate increase for 2026
 - ✓ Consistent with last study update
 - ✓ 4.25% 2027 and beyond
 - ✓ Minimal impact on ratepayers

STORM WATER FUND

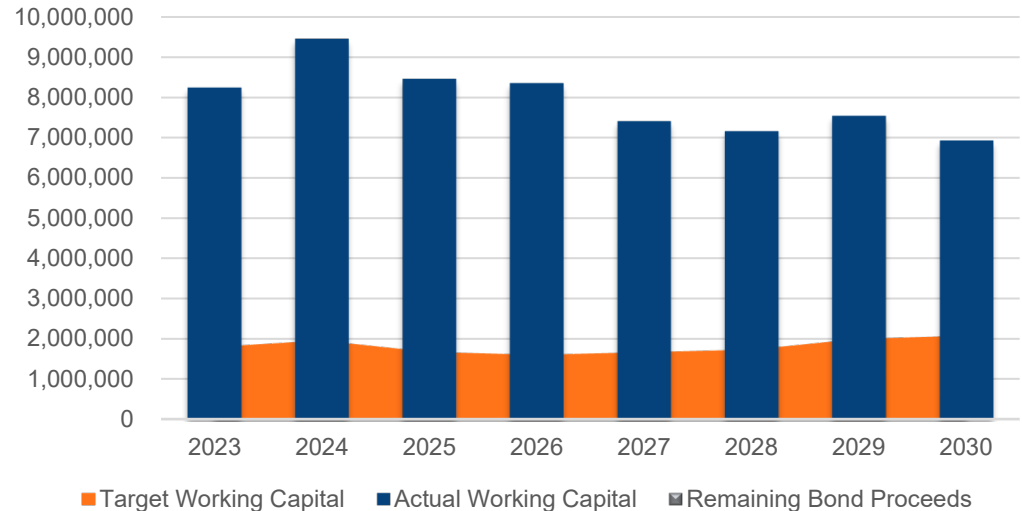
Current <u>Monthly</u> Rate Structure		Existing 2025 Rate	Proposed 2026 Rate
1	All Users - Per R.E.U.	\$ 7.98	\$ 8.18

Storm Water Fund – Projections

Take Aways

- Cash balances generally decrease but remain well above the target for working capital
- ✓ Supports **\$16.1** million in capital projects between 2026 & 2030
- ✓ **\$2.2M** of bonding recommended in 2029

Storm Sewer Fund Cash Reserves



Target Working Capital = 6 months of operating expenses, including depreciation + next year's debt service

Impact Analysis – Monthly Bills

Take Aways

- Moderate impact on median users
- Residential: **\$4.29/month** –or- **\$51.48/year**
 - ✓ Assumes 4,000 gallons/month
- Commercial: **\$21.16/month** -or- **\$253.92/year**
 - ✓ Assumes 10,000 gallons/month

Impact Analysis on Rate Payers

	Existing 2025	Proposed 2026
<u>Residential Property</u>		
Water (4,000 gallons/month)	\$ 20.63	\$ 22.07
Sewer (4,000 gallons/month)	27.72	30.37
Storm Water	7.98	8.18
Total Monthly Utility Bill	\$ 56.33	\$ 60.62
\$ Increase/(Decrease)		\$ 4.29
% Increase/(Decrease)		7.6%
<u>Commercial Property</u>		
Water (10,000 gallons/month)	\$ 36.11	\$ 38.63
Sewer (10,000 gallons/month)	50.42	63.25
Storm Water (29.06 REU's)	231.90	237.71
Total Monthly Utility Bill	\$ 318.43	\$ 339.59
\$ Increase/(Decrease)		\$ 21.16
% Increase/(Decrease)		6.6%

Summary & Conclusions



- Utility rate increases needed to....
 - ✓ Maintain & increases cash balances
 - ✓ Support community needs & the various capital programs
 - ✓ Pay for existing & recommended debt service
- Additional needs may require more debt and/or greater increases in utility rates

Next Steps

- Review the activity & status of the utility funds annually
- Separate the Water & Sanitary Sewer Fund into two funds



Thank you! Questions?

Important Disclosures

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Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 21, 2026

SUBMITTED BY: City Admin,Administrator

ITEM TYPE: Agenda Report

AGENDA SECTION: General Business

SUBJECT: Consider City Hall Office Remodel – Window and Door Replacement

BACKGROUND:

Staff has identified a building maintenance issue within the City Administrator's office that requires attention. Two existing windows are experiencing continued water and air leakage, creating the potential for continued water intrusion and damage to the interior of the building.

Additionally, an existing exterior door in the administrator's office has become significantly rusted and deteriorated and is in need of replacement. Staff is recommending that the existing door be removed and replaced with a window. This modification would eliminate the deteriorated door while providing additional natural light and visibility into the office area.

The proposed improvements would address existing maintenance concerns and provide an opportunity to improve the functionality and appearance of the office space.

Two quotes were received:

RK Contracting & Associates: \$3,500.10
Friedges Drywall, Inc.: \$5,318.00

Proposed Improvements

- The project would include:
- Replacement of two existing leaking windows with new windows designed to provide improved weather resistance and prevent continued water intrusion.

- Removal and replacement of the existing rusted exterior door.
- Installation of a new window in place of the existing door, including any necessary framing, siding, interior finish work, and related modifications.
- Repair of any minor interior or exterior damage associated with the existing window and door conditions.
- Related finish work necessary to provide a complete and professional installation.

The proposed work is necessary to address deteriorating building components and prevent further damage to City Hall. Continued water intrusion from the existing windows could result in additional deterioration of interior finishes and potentially more costly repairs if left unaddressed. Updated windows will also help with energy efficiency.

The existing door is also showing significant rust and deterioration. Replacing the door with a window will address the maintenance issue while providing additional natural light and visibility within the office.

Completing these improvements at this time will allow the City to address the identified deficiencies as part of a coordinated project rather than continuing to make temporary or piecemeal repairs.

FINANCIAL IMPACT:

Funding would come from the Capital Improvement Funds for City Hall in the amount of \$3,500.10.

SUGGESTED ACTION:

Approve Estimate for RK Contracting & Associates

ALTERNATIVES:

- Approve the quote from Friedges Drywall, Inc. for \$5,318.00
- Don't select any quotes

ATTACHMENTS:

[RK Contracting Estimate.pdf](#)

[Friedges Drywall Estimate.pdf](#)



7515 167th Street E • Prior Lake, MN 55373

Estimate

Name / Address
City Of Credit River Steve Jelinski 18985 Meadow View Blvd Prior Lake, MN 55372

Date	Estimate #
7/10/2026	155847

P.O. No.	Terms
58-47	Due on receipt

Description	Qty	Rate	Total
Door Removal, Window Replacement			
Scope of work to be performed, Prep interior/ exterior for demolition. Remove existing door. Frame wall and window opening (36x42). Install new construction Vector Vinyl sliding window. Insulate new window and wall area. Close cell & batts.. Sheet wall and finish exterior/ interior. Remove existing windows in office area n(2) and prep R/O. Install Vector Vinyl sliding replacement windows. Insulate, trim & caulk. Clean up/ haul away all job related debris.			
Windows: Vector 36x42 (1), 28x44.5 (2)	3	466.70	1,400.10
Windows & Trim: Labor	5	240.00	1,200.00
Wall Framing, Insulation, Steel and T-111 Type Material & Labor	1	750.00	750.00
Building Permits	1	150.00	150.00
Note A: Paint to be done by others			
Payment Schedule			
Payment due in full upon completion			
This estimate includes all materials, labor, permitting fees, and inspection costs per scope of work		Total	\$3,500.10

Contractor Signature _____

LICENSE# BC723939

Signature _____



**FRIEDGES
DRYWALL, INC.**

21540 Hamburg Ave
Lakeville, MN. 55044
(952) 461-3288

PROPOSAL

Proposal Submitted To City of Credit River	Phone	Date 8/14/2026
Street 18985 Meadow View Blvd.	Job Name City of Credit River	
Prior Lake, MN. 55372	Job Location Prior Lake, MN.	
	Fax Phone	

We hereby submit specifications and estimates for:
FRIEDGES DRYWALL INC. IS A MERIT SHOP CONTRACTOR

Carpentry labor and materials for the following:

demo of existing door and windows
labor and materials for new window and doors
wall patching at interior walls and exterior siding
clean up and haul away debris

By Others:

dumpsters, permits, painting

We propose hereby to furnish material and labor--complete in accordance with above specifications for the sum of:

Five thousand three hundred eighteen \$ **5,318.00**

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration of deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.

Authorized Signature Todd Friedges

Note: This proposal may be withdrawn by us
if not accepted within 30 days

Acceptance of Proposal

The above prices, specification and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified.

Signature: _____

Date of Acceptance: _____

Signature: _____



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 21, 2026

SUBMITTED BY: City Admin,Administrator

ITEM TYPE: Agenda Report

AGENDA SECTION: General Business

SUBJECT: New City Hall Property Acquisition – Next Steps

BACKGROUND:

The City has issued a Request for Proposals (RFP) on two separate occasions seeking a realtor to assist with identifying and acquiring property for a future City Hall.

The City received no proposals in response to either solicitation.

Given the lack of responses, staff is seeking Council direction on whether to continue with the RFP process or consider an alternative approach to identifying potential properties.

OPTIONS TO CONSIDER

1. Issue the RFP a Third Time

The City could revise the RFP, if appropriate, and solicit proposals for a third time. Staff could evaluate whether changes to the scope of services, compensation structure, or other terms may generate additional interest.

2. Pursue Property Directly Through the City Administrator

Council could authorize the City Administrator to identify and communicate directly with potential property owners regarding properties that may be suitable for a new City Hall.

Under this approach, the City Administrator could:

- Identify and contact potential property owners;
- Determine whether owners may be interested in selling;
- Conduct preliminary discussions regarding potential terms; and
- Bring any potential property and proposed purchase terms back to Council for consideration.

The City Attorney could assist with letters of intent, purchase agreements, due diligence, and other legal documents as needed.

3. Utilize a Realtor on an As-Needed Basis

Rather than issuing another RFP for comprehensive real estate services, the City could utilize a realtor for specific properties or transactions as opportunities arise.

4. Pause the Property Acquisition Process

The Council could also choose to pause the process while it further evaluates the City's needs, preferred location, property requirements, project timing, and potential funding options for a new City Hall.

5. Other Direction from Council

Council could provide additional direction regarding the property search process, including desired location, property characteristics, timing, or other criteria that may assist staff in identifying potential sites.

Staff is seeking Council direction and does not recommend a specific option at this time.

After two unsuccessful RFP solicitations, staff would like Council to consider whether continuing with another RFP is the most effective approach or whether the City should pursue potential properties more directly.

FINANCIAL IMPACT:

None

SUGGESTED ACTION:

Provide direction to staff regarding the next steps for identifying and acquiring property for a future City Hall.

ATTACHMENTS:



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 21, 2026

SUBMITTED BY: City Admin, Administrator

ITEM TYPE: Agenda Report

AGENDA SECTION: General Business

SUBJECT: Consider City Website Refresh & Digital Accessibility Requirements

BACKGROUND:

The City's website serves as one of the primary ways residents, businesses, visitors, and community members access information and services from the City. The current website was last significantly updated in 2021, and the City's existing content management system is outdated and cumbersome for staff to use.

Over the past several years, the City's website has accumulated a significant amount of content that does not meet current accessibility standards. The City will also need to ensure that its website and digital content comply with applicable ADA requirements by April 2028.

Addressing accessibility through the existing website and CMS would require substantial staff time and ongoing effort while continuing to operate within an outdated platform. Staff believes this presents an appropriate opportunity to address accessibility requirements while also modernizing the City's website and improving the tools available to both staff and the public.

The proposed project would include a complete refresh of the City's website along with implementation of a new, modern CMS.

The new CMS would provide a significantly more user-friendly

platform for City staff. The current system requires additional technical knowledge and can be cumbersome when creating, editing, organizing, and maintaining website content. The new system would utilize a more intuitive, drag-and-drop interface that would allow staff to make routine website updates more efficiently and with less reliance on technical assistance.

The new website would also provide an opportunity to reorganize and simplify information so residents can more easily find the services, forms, documents, and information they need.

Key improvements would include:

- Modern, intuitive website design and navigation.
- A new, easier-to-use drag-and-drop content management system.
- Improved website search capabilities.
- Improved accessibility and tools to assist the City in meeting ADA digital accessibility requirements.
- Accessible online forms and documents.
- Improved content organization and management.
- Mobile-friendly and responsive design.
- Improved ability for staff to maintain current information.
- Improved resident access to City services and information.
- Better integration of agendas, minutes, videos, and other public records.
- Improved tools for monitoring and maintaining website accessibility and content.

One of the proposed enhancements is an AI-powered search function that would significantly improve how users locate information on the City's website.

Rather than requiring a user to know the specific webpage, document title, meeting date, or terminology used by the City, the search feature would allow a user to enter a keyword or question into a search bar. The system could then search the City's website and available public information, including:

- City website content;
- City Council agendas;
- City Council minutes;
- Meeting videos;
- Public documents; and
- Other indexed City information.

For example, a resident could search for "road construction on Main Street" or "root beer," and the search tool could identify relevant website pages, meeting materials, minutes, agendas, or videos.

This feature could benefit residents, staff, and Council by making the City's existing information significantly easier to locate without requiring users to know where the information is stored or the exact terminology used in the original document.

A significant component of the proposed website upgrade is addressing the City's digital accessibility obligations.

The current website contains a substantial amount of content that will need to be reviewed and remediated to meet applicable accessibility standards. Accessibility issues can include improperly formatted documents, images without appropriate alternative text, inaccessible forms, improper heading structures, inadequate link descriptions, and other content-related issues.

Simply launching a new website will not, by itself, make all existing City content accessible. The project will therefore need to include a process for reviewing, updating, removing, or replacing existing content as part of the transition to the new platform.

Moving to a new CMS will provide staff with improved tools and workflows for creating and maintaining accessible content on an ongoing basis.

The current CMS creates challenges for staff when making routine updates to the website. The proposed platform would simplify website administration and reduce the amount of time required to make routine changes.

Benefits to staff would include:

- Easier creation and editing of webpages.
- Drag-and-drop content management.
- More intuitive tools for organizing information.
- Improved accessibility tools.
- Easier management of forms and documents.
- Improved search and content organization.
- Reduced reliance on specialized technical knowledge.
- Better ability to keep information current.
- More efficient management of website content across departments.

The primary purpose of the City's website is to provide residents and the community with timely, accurate, and accessible information.

The proposed redesign would make it easier for users to:

- Find City services and contact information.
- Locate forms and applications.
- Find Council agendas and minutes.
- Watch meeting videos.
- Search historical City information.
- Access information using mobile devices.
- Navigate the website using accessibility technologies.
- Search for information without knowing the exact webpage or document where it is located.

The combination of a modern website design, improved search functionality, accessible content, and an easier-to-use CMS will provide a substantially improved experience for both residents and City staff.

If authorized by the City Council, staff would work with the selected website provider to establish a project schedule.

The anticipated process would include:

1. Finalize contract and project scope.
2. Establish website design and organizational structure.
3. Configure and implement the new CMS.
4. Review and migrate existing website content.
5. Identify and remediate accessibility issues.
6. Develop and test accessible forms and documents.
7. Configure website and AI-powered search functionality.
8. Conduct staff training.
9. Complete testing and quality assurance.
10. Launch the new website.
11. Continue ongoing accessibility monitoring and content maintenance.

Staff would establish a project timeline designed to allow sufficient time for content review, accessibility remediation, testing, staff training, and implementation well in advance of the April 2028 compliance deadline. The estimated timeline for completion is 9-12 months. Staff would like to begin sooner than later so that we aren't up against the deadline to completion.

FINANCIAL IMPACT:

The cost of the website redesign and new CMS is anticipated to include initial implementation, website design and development, content migration, accessibility remediation, staff training, and ongoing annual hosting/CMS costs. The cost would not exceed \$47,000.

There are funds available in our Capital accounts (~\$132,000

currently, ~\$87,000 after comp plan is paid for)

SUGGESTED ACTION:

Staff recommends that the City Council authorize staff to proceed with upgrading the City's website and implementing a new content management system (CMS) to modernize the City's website, improve accessibility, enhance the resident experience, and position the City to meet upcoming April 2028 Americans with Disabilities Act (ADA) digital accessibility requirements.

ALTERNATIVES:

- Don't approve website refresh (we will still need to become ADA compliant)
- Solicit other quotes from website companies

ATTACHMENTS:



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: September 21, 2026

SUBMITTED BY: Sue Iverson, Finance

ITEM TYPE: Resolution

AGENDA SECTION: General Business

SUBJECT: Resolution 2026-26 to Set Preliminary Tax Levy and TNT Hearing Date

BACKGROUND: See Attached memo

SUGGESTED ACTION: Approve Resolution 2026-26 to Set Preliminary Tax Levy and TNT Hearing Date

ATTACHMENTS:

[Prelim Budget Memo Council Adoption 9.21.26.pdf](#)

[Res 2026-26 to Set Prelim Tax Levy and TNT Hearing Date 9.21.26.pdf](#)

STAFF REPORT

To: Mayor and City Council
From: Sue Iverson, Finance Director
Subject: Preliminary 2027 Budget, Tax Levy, and TNT Hearing Dates
Date: September 21, 2026

Introduction & Background

At its previous budget worksessions, the City Council asked staff to summarize the preliminary governmental funds 2026 budget and preliminary tax levy with the changes discussed at the workshops for consideration of adopting a 2027 Preliminary Tax Levy.

The City Council is required by law to adopt a Preliminary Levy for 2027 for Certification to Scott County by September 30, 2026. Once this levy is adopted and certified, it cannot be increased, however it may be decreased before the final adoption and certification in December.

Budget Summary

In addition to reviewing the city's operating needs for 2027, an initial review of budgeted projects was completed to determine required levies to support those initiatives. This will continue to be reviewed in further detail with the City Council during October and November budget worksessions.

Key items in this year's budget:

- The 2027 preliminary tax rate is proposed to decrease 0.741% to 14.363%
- The total 2027 preliminary tax levy is proposed to increase \$86,442 from 2026.
 - Factors relating to this increase include a minor increase in public safety contracts, increased costs for insurance premiums, purchase of land for a new City Hall, street improvements as microsurfacing and sealcoating of roads were put on hold for 2-3 years, and there is currently no fund balance being proposed to balance the budgets as was done in 2026 except for the debt service funds as the 2025Z issue is not paid off and \$13,396 is being transferred to those funds to offset the levy.
- Staffing
 - The preliminary budget shows a 3% increase for COLA, 3% increase for merit increases, and 15% increases for insurance premiums.

Tax Levy Summary

Overall, the property tax levy includes levies for general operations, capital equipment and improvements, and debt service. The 2026 actual and 2027 proposed property tax levies are listed below:

	2026 Levy	2027 Levy	Increase (Decrease) from 2026	Percent Change from 2026
General Levy	\$ 2,327,838	\$ 2,432,057	\$ 104,219	4.48%
General	\$ 1,208,314	\$ 1,307,033	\$ 98,719	8.17%
Public Safety	1,119,524	1,125,024	5,500	0.49%
Capital Levy	357,662	352,489	(5,173)	-1.45%
Government Buildings & Maintenance	25,000	25,000	-	0%
General Equipment	-	-	-	0%
Planning & Enterprise	7,500	-	(7,500)	-100.00%
Street Improvements	150,000	127,489	(22,511)	-15.01%
Equipment Reserve	115,162	75,000	(40,162)	-34.87%
Stormwater	60,000	125,000	65,000	108.33%
Park	-	-	-	0%
Debt Levy	156,000	143,396	(12,604)	-8.08%
2015 GO IMPROVEMENT BONDS	-	-	-	0%
2018 GO IMPROVEMENT BONDS	61,000	51,929	(9,071)	-14.87%
2021 GO IMPROVEMENT BONDS	95,000	91,467	(3,533)	-3.72%
Total Levy	\$ 2,841,500	\$ 2,927,942	\$ 86,442	3.04%
Fiscal Disparity Levy Reduction	\$ (86,020)	\$ (86,020)	-	0%
Net Tax Capacity	\$ 18,243,871	\$ 19,786,716	\$ 1,542,845	8.46%
City Tax Rate*	15.10%	14.36%	-0.74%	-4.90%
* From What If Projection received from Scott County				

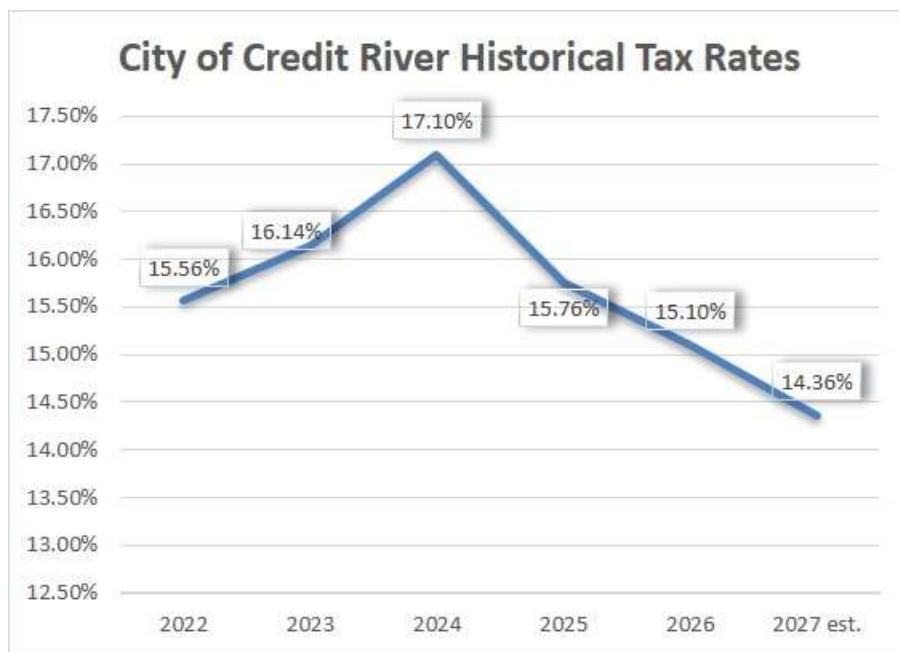
Scott County provides forecasting tools to calculate the potential impact on residential property owners of their taxes payable as determined by their property valuation. Below is a summary based upon the preliminary proposed levy for 2026 compared to the prior year (modified by adding the effect of market value and fiscal disparity changes, before any City levy increase.)

Average Market Value 2027	% Value Range Inc/Dec	# of affected Properties	Net Payable 2026	Net Payable 2027	Annual Net Incr/Decr 2026 vs 2027	Change Due to Market Value and Fiscal Disparity	Change Due to City Levy	Change Due to Market Value and Fiscal Disparity	Change Due to City Levy	Total Change
\$ 904,935	+15.01+%	162	\$ 1,296.83	\$ 1,445.14	\$ 148.31	\$ 222.90	-74.59	17.2%	-5.8%	11.4%
\$ 885,263	+10.01-15.00%	161	\$ 1,296.83	\$ 1,409.82	\$ 112.99	\$ 185.76	-72.77	14.3%	-5.6%	8.7%
\$ 845,918	+5.01-10.00%	410	\$ 1,296.83	\$ 1,339.18	\$ 42.35	\$ 111.47	-69.12	8.6%	-5.3%	3.3%
\$ 806,573	+0.01-5.00%	731	\$ 1,296.83	\$ 1,268.54	\$ (28.29)	\$ 37.19	-65.48	2.9%	-5.0%	-2.2%
\$ 786,900	No Change	99	\$ 1,296.83	\$ 1,233.22	\$ (63.61)	\$ 0.05	-63.66	0.0%	-4.9%	-4.9%
\$ 767,228	-0.01-5.00%	372	\$ 1,296.83	\$ 1,197.91	\$ (98.93)	\$ (37.10)	-61.83	-2.9%	-4.8%	-7.6%
\$ 727,883	-5.01-10%	9	\$ 1,296.83	\$ 1,127.27	\$ (169.57)	\$ (111.38)	-58.19	-8.6%	-4.5%	-13.1%
\$ 688,538	-10.01-15%	2	\$ 1,296.83	\$ 1,056.63	\$ (240.20)	\$ (185.66)	-54.54	-14.3%	-4.2%	-18.5%
\$ 668,865	-15.01+	3	\$ 1,296.83	\$ 1,021.31	\$ (275.52)	\$ (222.81)	-52.72	-17.2%	-4.1%	-21.2%
Total		1,949								

Below is a historical view of the City's tax rates.

City of Credit River Historical Tax Rates:

2022	15.56%
2023	16.14%
2024	17.10%
2025	15.76%
2026	15.10%
2027 est.	14.36%



Governmental Funds Budgets Summary

Summarized budgets for the City's governmental funds are shown in the chart below, summarized by type and/or function. Detailed budget reports by account line item, as well as the draft budgeted projects plan have been presented and reviewed at prior meetings and will continue to be discussed the October and November worksessions with the City Council.

**CITY OF CREDIT RIVER
2027 GOVERNMENTAL FUNDS BUDGET SUMMARY**

September 17, 2026

		Special Revenue Funds	Debt Service Funds		Capital Projects	2027	2026		
	100	202	340	350	401	Total	Total	Change	Change
	General	Park	2018 Bonds	2021 Bonds	Capital Impr.	Governmental Funds	Governmental Funds	from Prior Year	from Prior Year
Revenues									
Property taxes	\$ 2,432,057	\$ -	\$ 51,929	\$ 91,467	\$ 352,489	\$ 2,927,942	\$ 2,841,500	\$ 86,442	3.0%
Franchise fees	15,000	-	-	-	-	15,000	23,000	(8,000)	-34.8%
Licenses and permits	471,000	1,000	-	-	-	472,000	444,000	28,000	6.3%
Intergovernmental	110,000	-	-	-	-	110,000	598,576	(488,576)	-81.6%
Charges for services	8,850	-	-	-	-	8,850	13,550	(4,700)	-34.7%
Special Assessments	-	-	45,029	29,364	295,352	369,745	193,931	175,814	90.7%
Miscellaneous	-	-	-	-	15,000	15,000	-	15,000	0.0%
Interest earnings	63,270	11,036	8,825	21,234	122,511	226,875	248,500	(21,625)	-8.7%
Total Revenues	3,100,177	12,036	105,783	142,065	785,352	4,145,412	4,363,057	(217,645)	-5.0%
Expenditures									
Mayor & Council	\$ 38,966	\$ -	\$ -	\$ -	\$ -	\$ 38,966	\$ 45,480	\$ (6,514)	-14.3%
Administration	642,763	-	-	-	-	642,763	678,472	(35,709)	-5.3%
Elections	(0)	-	-	-	-	(0)	29,436	(29,436)	-100.0%
Assessor	60,000	-	-	-	-	60,000	60,000	-	0.0%
Planning	107,738	-	-	-	20,000	127,738	338,742	(211,004)	-62.3%
City Hall	29,575	-	-	-	-	29,575	53,325	(23,750)	-44.5%
Public Safety	1,495,207	-	-	-	-	1,495,207	1,134,524	360,683	31.8%
Public Works	704,910	-	-	-	300,000	1,004,910	1,215,949	(211,039)	-17.4%
Parks	21,018	-	-	-	-	21,018	23,000	(1,982)	-8.6%
Capital Outlay	-	-	-	-	1,942,120	1,942,120	756,576	1,185,544	156.7%
Debt Service	-	-	145,900	150,640	-	296,540	447,628	(151,088)	-33.8%
Total Expenditures	3,100,177	-	145,900	150,640	2,262,120	5,658,837	4,783,132	875,705	18.3%
Excess Revenues (Expenditures)	-	12,036	(40,117)	(8,575)	(1,476,768)	(1,513,424)	(420,075)	(1,093,349)	260.3%
Other Financing Sources (Uses):									
Transfers In:									
Transfer from Fund 604					56,529	56,529	58,259	(1,730)	-3.0%
Proceeds General Long-term Debt					250,000				
Transfers Out:									
Transfer of unspent levy to Fund 401	-					-	-	-	0.0%
Transfer of unspent levy to fund 202	-					-	-	-	0.0%
	-	-	-	-	306,529	56,529	58,259	(1,730)	-3.0%
Total Change in Fund Balance	-	12,036	(40,117)	(8,575)	(1,170,239)	(1,206,895)			

Primary factors of significant variations in the budgets include:

- Municipal State Aid for road construction
- No Elections in 2027
- City Hall Land purchase
- Road Maintenance Repairs
- Building Inspections Dept reclassified to Public Safety from Planning

Fiscal Impact

The proposed budgets and tax levy will help support necessary city services to be provided in 2026. In addition, consideration of the impact of decisions made today will help the City plan for the future with the goal of sound fiscal management.

Future Worksessions and Public Hearing

The City Council and staff have scheduled worksessions to continue discussions on the budgets, long-range plan, and the final tax levy.

A TNT (Truth-In-Taxation) Hearing must be scheduled before the adoption on the final tax levy and budget. All counties, cities over 500 population, school districts and metropolitan special taxing districts are required to hold a regularly scheduled meeting at which the budget and levy will be discussed and the public allowed to speak. Staff has included this in the attached resolution for December 7, 2026, at 6:00 pm during its regular City Council meeting.

Action Required

1. Adopt Preliminary Tax levy and Public Hearing date
 - **Options:**
 1. Adopt Resolution 2026-26, Approving the Preliminary 2026 Property Tax Levy for Collection in 2027 and Setting the Public Hearing Date for the 2027 Budget and the 2026 Property Tax Levy Collected in 2027 for Monday, December 7, 2026, at 6:00 pm.
 2. Amend and then adopt Resolution 2026-26, Approving the Preliminary 2026 Property Tax Levy for Collection in 2027 and Setting the Public Hearing Date for the 2027 Budget and the 2026 Property Tax Levy Collected in 2027 for Monday, December 7, 2026, at 6:00 pm.
3. Do not adopt Resolution 2026-26.

**CITY OF CREDIT RIVER
COUNTY OF SCOTT
STATE OF MINNESOTA**

RESOLUTION NO. 2026-26

RESOLUTION TO SET THE PRELIMINARY 2026 LEVY FOR COLLECTION IN 2027

WHEREAS, the Credit River City Council and City staff have done preliminary analysis of the demands for goods, services and other debt obligations to be provided to the City in 2027; and

WHEREAS, the City of Credit River is required by Minn. State§ 275.065 to approve a resolution setting forth a preliminary property tax levy on or before September 30th of each year.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Credit River as follows:

1. The City Council hereby approves the preliminary proposed property tax levy, collectible in 2027, which shall not exceed \$2,927,942.
2. The levy funds are proposed to be used as follows:

General Fund	\$2,432,057
Debt Service Fund	143,396
Capital Improvement Fund	352,489
Total Levy	<u>\$2,927,942</u>

The total Debt Service payment for 2027 is expected to be \$296,540 which will be made by a combination of levied funds and assessment payments. The City Council acknowledges adequate funds are available to meet this obligation.

3. The City Administrator and/or the City's Finance Director is hereby instructed to submit a certified copy of this Resolution to the County Auditor of Scott County, Minnesota.

BE IT FURTHER RESOLVED that the City Council has decided to present the Budget and Tax Levy to the public for information and to receive public input at the regular City Council meeting at 6:00 p.m. on December 7, 2026.

Adopted September 21, 2026.

Chris Kostik, Mayor

Lynda Jirak, City Clerk