

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Regular Workshop Session of Monday, May 5, 2014
River's Edge Hospital and Clinic Meeting Room– 5:30
1900 North Sunrise Drive

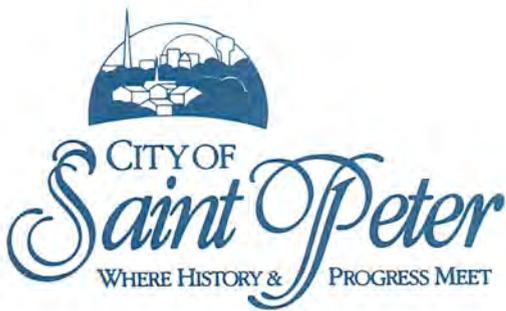
- I. CALL TO ORDER**

- II. DISCUSSION**
 - A. Hospital Tour/Audit Presentation
 - B. 2014 Electric Fund Budget
 - C. 2014 Water Fund Budget
 - D. 2014 Wastewater Fund Budget
 - E. Jefferson Water Plant Lot
 - F. Frozen Water Service Lines
 - G. Others

- III. ADJOURNMENT**

Office of the City Administrator
Todd Prafke

TP/bal



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 5/1/2014

FROM: Todd Prafke
City Administrator

RE: Hospital Audit Presentation and Tour

ACTION/RECOMMENDATION

None needed. For your information only.

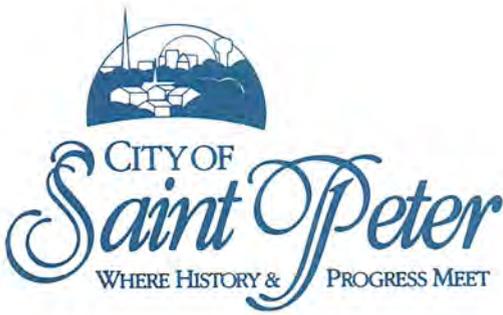
BACKGROUND

River's Edge Hospital and Clinic CEO George Rohrich will provide a tour and a presentation on the 2013 Hospital audit as part of the workshop on Monday evening.

This is the third in a series of presentations that the City's Department Directors will make at Council workshops.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: April 30, 2014

FROM: Todd Prafke Paula O'Connell Lewis Giesking
City Administrator Director of Finance Director of Public Works

RE: 2014 Electric Enterprise Fund Budget

ACTION/RECOMMENDATION

None. For your information and discussion only.

BACKGROUND

Please find below the issues we have discussed and used for the planning and implementation of the budget for the Electric Fund. We use the budget as a planning and measurement tool in the management of this fund and the operations that are supported by this enterprise or business type fund.

The last rate increase took place in January 2011. That change was a 4% increase to energy sales. This 2014 budget proposes an increase of \$.0011 to \$.0025 per kilowatt hour (kWh) to all rate classes. This increase will result in an increase to reserves of \$75,000 in 2014 and \$151,000 in 2015. Below is a sample list of customers and how the proposed rate increase affects their monthly billing. This table depicts eleven different customers in four separate rate classifications. It also shows the current rate, the projected increase in rate, and the estimated monthly impact to each of these sample customers.

Customer	Current Bill	consumption	current rate/kwh	increase/ kwh	monthly increase
Small Commercial	\$ 107.04	727	\$ 0.1225	\$ 0.0025	\$ 1.78
Residential	\$ 72.49	530	\$ 0.1123	\$ 0.0022	\$ 1.19
Residential	\$ 154.50	1,260	\$ 0.1123	\$ 0.0022	\$ 2.83
Residential	\$ 107.31	840	\$ 0.1123	\$ 0.0022	\$ 1.89
Residential	\$ 170.23	1,400	\$ 0.1123	\$ 0.0022	\$ 3.14
Residential	\$ 109.56	860	\$ 0.1123	\$ 0.0022	\$ 1.93
Large Commercial	\$ 1,240.13	13,160	\$ 0.0731	\$ 0.0015	\$ 19.24
Residential	\$ 74.74	550	\$ 0.1123	\$ 0.0022	\$ 1.24
Residential	\$ 125.29	1,000	\$ 0.1123	\$ 0.0022	\$ 2.25
Large Commercial	\$ 5,240.30	48,400	\$ 0.0731	\$ 0.0015	\$ 70.76
Industrial	\$31,434.86	296,100	\$ 0.0573	\$ 0.0011	\$ 339.33

The table also shows rates as projected for the budget with all user classifications seeing an equal percentage increase. The City Council expressed an interest in seeing how an increase would look if the revenue need was weighted on individual

customer classes or groupings, as opposed to a general rate increase as staff suggests above. There are six Industrial class customers and with the needed revenue collected from that class alone, the Industrial rate would go from \$.0573 to \$.0626, an increase of \$.0053/kwh. This table illustrates the impact of an increase using that premise.

Industrial only						
	<u>Customer</u>	<u>Current Bill</u>	<u>consumption</u>	<u>current rate/kwh</u>	<u>increase/k wh</u>	<u>monthly increase</u>
500-000100-01	Industrial	\$ 31,434.86	296,100	\$ 0.0573	\$ 0.0053	\$ 1,569.33

As an additional piece of information, one of our largest Industrial class customers is the Wastewater Treatment Plant. The increase to that budget, and therefore corresponding charges to wastewater users, would mean an increase of \$1,120.95 per month to that user.

If the Large Commercial class was included with the Industrial class to collect the needed revenue, the increase to their rates would each be \$.0024/kwh. This table shows the revenue needs being met by changes shared by Industrial and Large Commercial classes.

Large Commercial and Industrial only						
	<u>Customer</u>	<u>Current Bill</u>	<u>consumption</u>	<u>current rate/kwh</u>	<u>increase/k wh</u>	<u>monthly increase</u>
215-009700-01	Large Commercial	\$ 1,240.13	13,160	\$ 0.0731	\$ 0.0024	\$ 31.58
233-004000-02	Large Commercial	\$ 5,240.30	48,400	\$ 0.0731	\$ 0.0024	\$ 116.16
500-000100-01	Industrial	\$ 31,434.86	296,100	\$ 0.0573	\$ 0.0024	\$ 710.64

Councilmembers have previously asked for a history of the last five rate increases. That information is as follows:

Electric rate history

Residential Rate

January 2011	4%	.1123
August 2010	4%	.1079
2008	6.5%	.1038
2006	22% and base increase \$1.45	.0956
2005	base charge increased \$1.75	
1995		.0783

Current residential rates are \$9.95 base charge, \$3.00 transmission charge and \$.1123 per kilowatt hour charge. All previous changes were made across all rate or user classifications.

Additional information for your added knowledge:

- The load control rebate is proposed to remain at \$4.00/month credit. This credit is given to our load control customers for five months of the year. Load control helps reduce peak demand by cycling air conditioning units. In the past, we have discussed the removal of this credit due to changes in eligibility for the Conservation Incentive Program (CIP). Currently our load control credit is 100% eligible towards the CIP. We pay out about \$37,000 for this program. Remember that this is part of our CIP requirement, so eliminating the program

means you will need to spend it on conservation efforts elsewhere. Therefore, a change in this does not help our current situation.

- The current Conservation Improvement Program (CIP) requirements are part of the Next Generation Energy Act that was passed into law in 2007. The energy **savings** requirement is 1.5% of the utility's 3-year average kWh sales from four years previous. The **spending** requirement is 1.5% of the utility's gross operating revenue (GOR) from two years previous. The **low-income spending** requirement is 0.2% of the residential gross operating revenue from two years previous.

The 2014 requirements will be based on:

- 2010-12 average sales for the 1.5% energy savings goal
- 2012 total GOR for the 1.5% spending requirement
- 2012 residential GOR to calculate the % Low Income spending

The penalties are applied if a utility cannot or chooses not to try to achieve their savings and spending requirements. If a utility fails to meet the requirements, the State can come in and implement CIP programs for the utility. The State can also delay or not approve utility requests for new generation resources until the CIP requirements are met. SMMPA works with fifteen SMMPA members to jointly conduct the CIP programs to meet the State requirements.

- It should be noted that fuel for the Broadway Generation Plant (power production) is reimbursed by SMMPA. City staff exercises the generation plant monthly and, in addition, SMMPA calls on the City to operate the plant as necessary during peak electrical usage on the transmission system. One or two of you have asked about this line item. It is an "in and out", meaning it has no net impact to the overall budget.
- Capital purchases of \$1,241,300 are funded from reserves. Approval of the budget does not allow for the purchase of large items without additional City Council approval. Budgeted items over \$7,500 will be presented to the Council for final approval of purchase, as per our purchase policy.

\$ 50,000.00	Planning for Front Street Substation transformer replacement (Depends on failure)
\$113,550.00	Close out Sunrise Substation
\$ 13,000.00	Distribution line - Broadway Substation to Traverse Road (Nicollet Avenue)
\$ 32,000.00	Distribution line - Traverse Road to the Sunrise Substation (Nicollet Avenue)
\$330,000.00	5 new sealed underground switch boxes - Nicollet Avenue (out for bids)
\$ 65,000.00	Replacement underground switch (Catholic Church problem and out for bids)
\$ 40,000.00	Replace 1970 underground distribution wire
\$450,000.00	Install catalytic converters at Broadway generation plant (Project near completion)
\$ 8,000.00	Roof replacement
\$ 29,000.00	Parapet repairs on the Front Street substation equipment room

\$ 15,000.00	10 Traditionaire streetlights at Jefferson Avenue (carryover from 2013)
\$ 56,100.00	22 Black Commercial Streetlights on North Third Street and Old Minnesota Avenue –Union Street to St. Julien Street
\$ 26,000.00	32 LED Traditionaire lights on Washington Avenue Link Project (re-use 21 poles)
\$ 7,650.00	3 Black Commercial LED Lights at Old Minnesota and Union Street
\$ 6,000.00	New line monitor (recorder)

- 6.5% of sales will be transferred to the General Fund.

Current Debt issues: \$1,174,232

- ✓ EDA Public Project Revenue Bond – 2000 (Downtown streetlights)
2014 Debt Service \$67,048; remaining debt \$0; Final payment 2014
- ✓ Electric Revenue Bond – 2004D
2014 Debt Service \$171,554; remaining debt \$335,000; Final payment 2016
- ✓ Electric Revenue Refunding Bond – 2006B (Generation Plant)
2014 Debt Service \$362,597; remaining debt \$3,660,000; Final payment 2027
- ✓ Electric Revenue Refunding Bond – 2006C
2014 Debt Service \$180,400; remaining debt \$685,000; Final payment 2018
- ✓ Taxable Revenue Bond – 2010C (Substation and Transmission)
2014 Debt Service \$392,633; remaining debt \$4,090,000; Final payment 2031

The 2014 projected unrestricted reserve of \$208,533 does not meet our targeted amount of \$1,200,000. The reserve target has been set based on a risk analysis and projections in an effort to cover emergency repairs and to make capital purchases as you see planned via use of cash when possible. Due to the use of reserves for the 2014 capital purchases, it will take a number of years to attain our targeted balance of reserves.

Other considerations:

The goal of this rate change is to moderate our overall negative financial trend line including our net income before capital expenses for the 2014 year. As you review the budget spreadsheet information, you will see a downward trend in that line and we believe that this change in rates is the best way and time to start to reverse that trend. We also believe that generally speaking, smaller incremental rate increases are preferred over fewer but larger increases. While capital improvements come and go and our level of debt is remaining relatively steady, it is not prudent to allow an operational negative trend line to continue. Capital improvements can be thought of in a number of different ways. Changing the timing of those can impact our cash position, but they do not impact operational cost which is currently the concern. Capital improvements could be considered a cost to system, but they also become an asset to system. While one could argue improvements can make our system too good or “gold plated” as was mentioned, we see them falling into three primary categories:

- Those that are repairs exemplified by changing our 1970's wire that has had a recent and increasing history of faults; and
- Expansion of system to new areas which usually supports additional tax base; and
- Lastly those that improve redundancy and therefore improve service levels. Our system does have very low outage number compared to any utility in our area. You could make choices to not improve redundancy lowering your service levels. The challenge here is that once you do that it is very difficult and potentially expensive to regain that reliability and service standard. The drop from current standard happens pretty quickly and the push back up is likely to take a longer period of time and more resources.

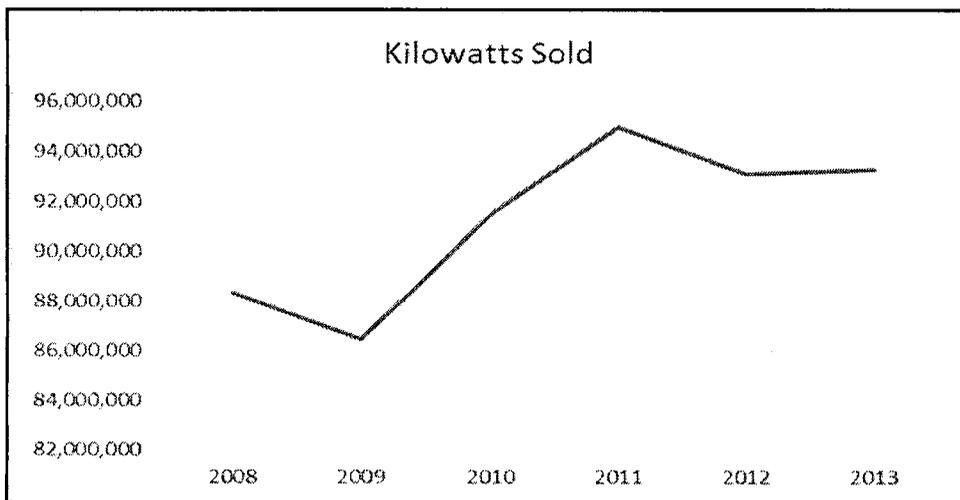
We continue to hover in a rate range that is higher than average in Minnesota, but we have seen increases in rates for other utilities including Investor Owned Utilities (IOUs) and Coop models. A survey from Owatonna and a few other community data points are included for your information. This is not inclusive but gives what we believe to be a representative sample of rates in our area. Members should note that these rates are often reported and shown as energy alone and many of these electric providers also have a "Energy Adjustment" whereby they can change their rates if their supplier costs increase. So what you see from some may not be a true cost per Kw hour. It also means that developing a trend line for each is a bit problematic.

You have continued to invest in improved redundancy, dramatically reducing outages and meeting mandates. Those investments have had an impact on our overall budget and rate needs.

This budget and proposed rate changes do nothing to change any potential disparities in rates and costs among the various rate classifications within your overall system. (That disparity issue was discussed above in the memo.)

Discussion from SMMPA has indicated a possible 2% cost increase in purchased power in 2015 and 2016; therefore, rate changes may also need to be addressed in next year's budget to cover changes in wholesale power costs which have been flat for the last few years.

The chart below illustrates our use trend line. Use can have a dramatic impact on our bottom line, in this case focusing on operational profit or loss.



This table shows use. While we have not done a customer by customer analysis, the jump in use from 2009 to 2011 is driven by a few major changes in the community. Those changes include Water plant came on line, the new GAC building, and some multi-family residential development.

anything is possible. They are:

- Do nothing. This could result in a number of outcomes. If our guesses about use and costs are correct you will continue to be in the red operationally. Conversely, if we have a blistering hot summer and see a 2.76% increase in Kw hour sales from the same customers, our profit margin would make up the revenue needed for the 2014 and 2015 years. To expand on that idea, we would need to sell 2.3 million more Kw hours. With conservation and other trends you have discussed, I think the opportunity to rely on that increase is very low. But you could decide to take that chance. Again, your risk is a larger increase in the future.
- Push a number of projects back. That would help your cash position, but does not work to solve your operational deficit which we believe to be the major reason a rate change is needed.
- Change your overall rate structure. This could be done in a number of ways. Some ideas for this could be seasonal rates, changes in specific classification rates in any way you want or relative to class consumption; or change in base vs. energy rates. As you can see there is almost any number of ways to do it. This is good to think about, but it is generally a shifting of costs from one group to another and overall does not solve the current issue which an operational deficit.
- More resources from other funds or cost to other funds. There are many different and logical ways to do this. One you have seen us explore above is a change to the General Fund. Consideration of smaller transfers to the General Fund may likewise mean an increase to our annual tax levy. A decrease in the transfer of \$100,000 and a corresponding increase of \$100,000 to our tax levy would mean that a \$250,000 valued home would pay an additional \$62.89 in taxes, based on the 2014 valuation. This issue is not just a numbers or money issue; rather it is a philosophical issue related to how we derive revenues from both property tax payers and the large number of non-property tax payers within our community. Some of these changes will impact who pays for what. If you want an additional exploration of this we would be happy to outline impacts. Just let us know.
- Outside the box idea may be to sell your system or cede decisions to someone else like a utility commission appointed by the Council. Selling would take a lot of thinking. Selling gets you away from the need to make any decisions about rates, service or use. We don't know that this gets you a better rate nor does the cash you develop likely cover the value generated to other funds. We don't know if there is even a buyer. It certainly solves your operational deficit issue and it is no longer your operation. Many communities have utility commissions but managing your system through another groups or a board has a ton of implications and organizational reconfiguration issues that, frankly, don't seem to be an overall benefit. Again, these are pretty far outside the box and we could do some work on this idea, but likely you would need hire a consultant to do a full evaluation to really figure this one out.

Where we think we are today.

The proposed rate increase to all classes would be in effect for the energy charge and will generate approximately \$75,000 in 2014 and \$151,000 in 2015.

Based on the proposed budget, we anticipate that our cash position will decrease from a projected \$1,386,606 at the end of 2013, to an estimate of \$208,533 at the end of 2014. The operating expenses for 2014 are \$8,663,935; which puts the reserve at 2% of the current year operating budget.

This budget anticipates using \$1,241,300 of reserves to fund capital purchases. This budget includes place holders for Front Street Substation improvements and for the replacement of a major transformer. This allows us to plan ahead, but frankly, we do not yet know when or exactly to what extent activity will take place.

The approval of the Electric budget (including capital) in the amount of \$12,083,054 will give Staff a working plan. The actual purchase or initiation of large projects and funding sources for any large projects or purchases over \$7,500 will be presented individually to the City Council for authorization.

Please feel free to contact us if you have any questions or concerns on this agenda item.

TP/PO/LGG

		ELECTRIC FUND						
		Electric Revenues						
		2011	2012	2013	2014	2014	2015	
		Actual	Actual	Actual	Budget	Projected	Proposed	
							Budget	
604	37410	Residential Electric Sales	3,689,599	3,667,411	3,661,278	3,769,341	3,769,341	3,919,726
604	37415	less: Load Management Credit	(34,961)	(35,228)	(35,111)	(35,100)	(35,100)	(35,100)
604	37416	less: Load Mgmt Credit-Sm Comm	(960)	(931)	(822)	(930)	(930)	(930)
604	37417	less: Load Mgmt Credit-Lg Comm	(2,296)	(2,320)	(1,028)	(1,100)	(1,100)	(1,100)
604	37419	Water Heating	660	1,056	992	1,060	1,060	1,067
604	37420	Small Commercial Electric	334,411	296,398	320,274	305,000	305,000	307,135
604	37421	Large Commercial Electric	3,094,840	2,924,586	2,967,949	2,967,000	2,967,000	2,987,769
604	37422	Large Commercial Electric Heat Sales	45,597	42,623	45,039	45,000	45,000	45,315
604	37423	Industrial Electric Sales	1,927,759	1,770,897	1,994,009	1,995,000	1,995,000	2,008,965
604	37424	Economic Development Incentive	0	0	0	0	0	0
604	37425	Large Commercial Peak Alert	0	0	0	0	0	0
604	37426	Large Commercial Interruptible	42,801	19,556	32,810	35,000	35,000	35,245
604	37427	Industrial Interruptible	111,342	111,008	107,904	108,000	108,000	108,756
604	37430	Streetlights	92,681	97,110	90,690	91,000	91,000	91,637
604	37431	Security Lights	0	0	0	0	0	0
604	37432	Sirens	288	288	288	288	288	290
604	37435	Customer Generation	(213)	(251)	(2,285)	(2,285)	(2,285)	(2,285)
604	37440	Non Utility City - Small	4,818	5,407	5,349	5,300	5,300	5,337
604	37441	Inter City - Small	2,577	3,513	5,215	3,500	3,500	3,525
604	37442	Non Utility City - Large	52,686	50,289	54,284	54,300	54,300	54,680
604	37443	Inter City - Large	44,404	42,755	48,168	48,000	48,000	48,336
604	37444	Non-Utility- Large Comm./Interruptible	109,755	112,855	113,595	114,000	114,000	114,798
604	37445	Inter-City - Large Comm./Interruptible	122,324	124,356	127,000	127,000	127,000	127,889
604	37446	Non-Utility Lg. Comm./Elec. Heat	6,648	5,926	5,970	6,000	6,000	6,042
604	37447	Inter-City - Industrial	294,148	314,051	190,077	200,000	200,000	201,400
604	37448	Renewable Energy/Wind Power	62	185	200	200	200	201
604	37449	Inter City Lg. Industrial Interruptible	224,984	229,636	239,004	235,000	235,000	236,645
		Sub-Total: Electric Sales	10,163,954	9,781,176	9,970,849	10,070,574	10,070,574	10,265,343
604	36220	Pole Rentals	0	0	0	0	0	0
604	37450	Connection Fees	0	100	0	0	0	0
604	37455	Electric Access Charge	3,900	11,500	27,000	15,000	15,000	12,000
604	37460	Penalty Revenues	71,982	66,706	65,508	66,000	66,000	65,000
604	37470	Miscellaneous	546,549	247,176	145,540	120,000	120,000	60,000
604	36250	Refund & Reimbursements	0	0	0	0	0	0
		Sub-Total: Other Operating Rev.	622,431	325,482	238,048	201,000	201,000	137,000
604	33422	Other State Grants	145,860	1,408	1,408	1,408	1,408	1,408
604	36101	Special Assessments	1,983	0	0	0	0	0
604	36112	Loan Interest Earned	6,289	5,218	3,936	3,000	3,000	4,000
604	36210	Interest Earned	62,952	30,503	18,761	20,000	20,000	25,000
604	39101	Sale of Fixed Assets	18,750	2,345	11,923	0	0	0
604	39200	Transfers from other Funds	0	0	0	0	0	0
604	37471	smmpa reimbursement for gen fuel	140,198	209,932	71,116	82,000	82,000	180,000
604	37480	Excess Equity Dividend	0	0	0	0	0	0
604	37484	SMMPA Generation Contract	432,000	432,000	432,000	432,000	432,000	432,000
		Sub-Total: Non-Operating Revenues	808,032	681,406	539,144	538,408	538,408	642,408
		TOTAL OPERATING REVENUES	10,786,385	10,106,658	10,208,897	10,271,574	10,271,574	10,402,343
		TOTAL REVENUES	11,594,417	10,788,064	10,748,041	10,809,982	10,809,982	11,044,751

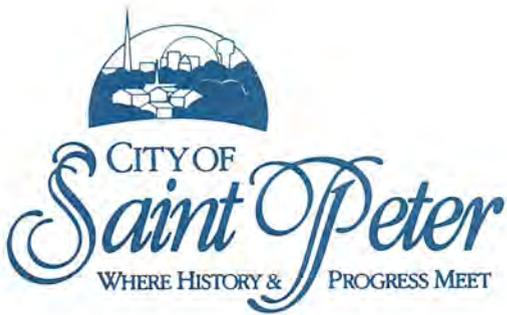
			Electric Expenditures						
			2011	2012	2013	2014	2014	2015	
			Actual	Actual	Actual	Budget	Projected	Proposed	
			Power Production						
604	49550	100	Wages	11,667	12,316	14,767	12,306	12,306	12,429
604	49550	102	Overtime	948	1,845	1,591	366	366	370
604	49550	121	PERA	911	1,020	1,184	919	919	928
604	49550	122	FICA	764	853	973	786	786	794
604	49550	126	Medicare	179	200	228	184	184	186
604	49550	131	Health Insurance	1,985	3,112	2,791	2,625	2,625	2,651
604	49550	132	Dental Insurance	304	159	346	166	166	154
604	49550	133	Life Insurance	4	6	6	5	5	5
604	49550	151	Worker's Compensation	321	325	313	430	430	444
604	49550	210	Operating Supplies	1,833	1,880	298	0	0	0
604	49550	211	Motor Fuels	140,198	209,965	71,116	82,000	82,000	180,000
604	49550	220	Repair and Maintenance Supplies	321	0	0	0	0	0
604	49550	300	Professional Services	0	3,170	7,542	10,000	10,000	5,000
604	49550	360	Insurance	27,677	28,338	32,426	40,000	40,000	40,000
604	49550	380	Utilities	39,406	34,978	37,777	38,000	38,000	38,000
604	49550	401	Repair & Maint. - Buildings	4,202	102	1,032	1,000	1,000	4,000
604	49550	404	Repair & Maint. - Equipment	49,230	59,582	56,799	40,000	40,000	80,000
604	49550	430	Miscellaneous	0	0	0	0	0	0
			Sub-Total: Power Production	279,950	357,851	229,189	228,787	228,787	364,961
			Power Supply						
604	49560	381	Purchased Power (paid to SMMPA)	7,221,284	7,357,680	7,276,105	7,276,200	7,276,200	7,400,000
			Sub-Total: Power Supply	7,221,284	7,357,680	7,276,105	7,276,200	7,276,200	7,400,000
			Power Distribution System						
604	49570	100	Wages	190,362	213,197	247,657	297,653	297,653	300,630
604	49570	102	Overtime	13,829	24,249	13,726	8,563	8,563	8,649
604	49570	121	PERA	20,718	22,046	21,786	22,201	22,201	22,423
604	49570	122	FICA	17,452	18,593	18,303	18,985	18,985	19,175
604	49570	126	Medicare	4,081	4,348	4,281	4,440	4,440	4,484
604	49570	131	Health Insurance	52,996	49,515	52,622	57,832	57,832	58,410
604	49570	132	Dental Insurance	5,195	3,787	4,148	3,984	3,984	3,704
604	49570	133	Life Insurance	110	105	112	115	115	109
604	49570	151	Worker's Compensation	7,652	7,826	7,500	10,384	10,384	10,628
604	49570	210	Operating Supplies	27,198	38,498	25,610	28,000	28,000	32,000
604	49570	211	Motor Fuels	11,187	11,215	10,670	11,000	11,000	10,000
604	49570	220	Repair and Maintenance Supplies	1,635	325	517	1,000	1,000	1,000
604	49570	300	Professional Services	61,076	13,524	7,345	10,000	10,000	5,000
604	49570	310	Contractual Labor	0	0	0	0	0	0
604	49570	360	Insurance	10,247	10,232	15,146	19,000	19,000	19,000
604	49570	380	Utilities	5,268	10,841	11,324	11,000	11,000	10,000
604	49570	401	Repair & Maint. - Buildings	0	0	750	1,000	1,000	1,020
604	49570	402	Repair & Maint. - Substations	19,959	2,780	139	5,000	5,000	5,000
604	49570	404	Repair & Maint. - Equipment	9,937	10,082	10,360	10,000	10,000	5,000
604	49570	405	Repair & Maint. - Underground Lines	29,003	19,203	58,540	30,000	30,000	22,000
604	49570	406	Repair & Maint. - Overhead Lines	0	0	0	0	0	0
604	49570	407	Repair & Maint. - Meters	289	2,468	1,807	10,000	10,000	4,000
604	49570	408	Repair & Maint. - Transformers	2,438	871	(5,312)	2,000	2,000	1,000
604	49570	409	Repair & Maint. - Streetlights	13,610	23,754	29,430	20,000	20,000	12,000
604	49570	410	Repair & Maint. - SCADA & Load Mgt.	14,529	23,672	16,425	18,000	18,000	10,000
604	49570	415	Equipment Rental	1,578	2,406	0	2,000	2,000	2,000
604	49570	430	Miscellaneous	0	0	0	0	0	0
			Sub-Total: Power Distribution	520,349	513,537	552,886	602,157	602,157	567,232

			2011	2012	2013	2014	2014	2015	
			Actual	Actual	Actual	Budget	Projected	Proposed	
								Budget	
			Administrative and General						
604	49580	100	Wages	185,691	189,578	191,881	198,956	198,956	200,946
604	49580	102	Overtime	438	732	930	1,058	1,058	1,069
604	49580	112	Car Allowance	2,160	2,160	1,215	0	0	0
604	49580	121	PERA	13,381	13,662	13,687	14,462	14,462	14,607
604	49580	122	FICA	10,881	11,099	11,125	12,401	12,401	12,525
604	49580	126	Medicare	2,545	2,596	2,602	2,900	2,900	2,929
604	49580	131	Health Insurance	48,961	47,854	49,203	56,656	56,656	57,223
604	49580	132	Dental Insurance	2,727	4,393	3,662	3,007	3,007	2,796
604	49580	133	Life Insurance	80	76	82	87	87	83
604	49580	151	Worker's Compensation	1,888	1,920	1,825	2,323	2,323	2,586
604	49580	200	Office Supplies	8,185	7,693	6,226	5,700	5,700	5,700
604	49580	205	Misc. Employee Expenses	14,139	13,351	12,780	15,000	15,000	15,000
604	49580	210	Operating Supplies	804	726	693	1,000	1,000	1,000
604	49580	211	Motor Fuels	14	0	0	0	0	0
604	49580	220	Repair & Maint. Supplies	2,959	7,121	2,603	3,000	3,000	3,000
604	49580	300	Professional Services	18,887	15,756	10,986	28,000	28,000	28,000
604	49580	310	Contract Labor	0	0	0	0	0	0
604	49580	321	Telephone	4,276	4,066	3,852	4,300	4,300	4,300
604	49580	322	Postage	224	134	185	200	200	200
604	49580	331	Travel & Training	18,005	23,734	22,432	12,500	12,500	15,000
604	49580	340	Advertising	0	0	0	0	0	0
604	49580	351	Legal Notices & Publications	6	0	0	100	100	100
604	49580	354	Printing & Binding	0	0	0	0	0	0
604	49580	360	Insurance	14,515	12,806	5,016	22,000	22,000	22,000
604	49580	380	Utilities	8,053	7,082	8,235	9,000	9,000	9,000
604	49580	401	Repair & Maint. - Buildings	3,194	2,857	3,529	5,000	5,000	4,000
604	49580	404	Repair & Maint. - Equipment	7,318	5,854	9,264	3,500	3,500	4,500
604	49580	430	Miscellaneous	72	0	0	0	0	0
604	49580	433	Dues and Subscriptions	26,662	25,986	27,420	26,100	26,100	26,100
			Sub-Total: Administration	396,065	401,236	389,433	427,250	427,250	432,662
			Customer Accounts						
604	49585	100	Wages	67,203	80,687	66,770	66,381	66,381	67,045
604	49585	102	Overtime	590	979	29	1,896	1,896	1,915
604	49585	121	PERA	4,854	4,782	4,740	4,950	4,950	5,000
604	49585	122	FICA	3,934	4,047	3,870	4,233	4,233	4,275
604	49585	126	Medicare	920	946	905	990	990	1,000
604	49585	131	Health Insurance	20,073	18,817	21,072	21,448	21,448	21,662
604	49585	132	Dental Insurance	1,251	966	1,427	996	996	926
604	49585	133	Life Insurance	27	27	30	29	29	27
604	49585	151	Worker's Compensation	387	398	378	430	430	535
604	49585	200	Office Supplies	438	1,433	1,845	1,500	1,500	1,500
604	49585	205	Misc. Employee Expenses	0	0	0	0	0	0
604	49585	211	Motor Fuels	454	407	650	288	288	425
604	49585	300	Professional Services	4,265	2,822	2,851	3,500	3,500	3,500
604	49585	322	Postage	5,174	5,262	5,354	4,750	4,750	5,300
604	49585	331	Travel & Training	0	0	13	50	50	50
604	49585	354	Printing & Binding	3,193	3,737	3,109	3,000	3,000	3,500
604	49585	360	Insurance	652	552	1,376	1,200	1,200	1,200
604	49585	404	Repair & Maint. - Equipment	1,353	1,772	3,291	2,100	2,100	2,100
604	49585	430	Miscellaneous	338	116	235	1,800	1,800	200
604	49585	433	Dues and Subscriptions	0	0	0	0	0	0
604	49585	904	Bad Debt Expense	(1,861)	40,523	11,717	10,000	10,000	10,000
			Sub-Total: Customer Accounts	113,245	168,273	129,662	129,541	129,541	130,160
			Operating Expenses	8,530,893	8,798,577	8,577,275	8,663,935	8,663,935	8,895,015
			Operating Income (loss):	2,255,492	1,308,081	1,631,622	1,607,639	1,607,639	1,507,329
			Depreciation						
604	49970	420	Depreciation	799,871	839,876	850,000	850,000	850,000	840,000
			Interest Payments						
604	49980	611	Bond Interest Payments	499,763	474,241	446,828	419,232	419,232	446,828
			Transfers						
604	49990	720	Operating Transfer - Cash to General	686,259	669,647	676,343	654,587	654,587	667,247
604	49990	722	Contributed Utility Services	251,414	254,818	253,957	254,000	254,000	255,000
			Sub-Total: Transfers & Contributions	937,673	924,465	930,300	908,587	908,587	922,247
			Other Expenditures	2,237,307	2,238,582	2,227,128	2,177,819	2,177,819	2,209,075
			NET INCOME (Loss):	826,217	(249,095)	(56,362)	(31,773)	(31,773)	(59,339)

Capital - Distribution System									
604	48410	100	Wages	83,336	68,682	43,989	0	0	0
604	48410	300	Professional/Engineering Services	53,295	38,221	36,939	50,000	50,000	140,000
604	48410	510	Land Acquisition	0	0	0	0	0	0
604	48410	520	Building/Structural Improvements	740,435	431,310	(22,684)	37,000	37,000	0
604	48410	532	Utility Infrastructure	1,152,285	246,888	186,527	1,043,550	1,043,550	40,000
604	48410	540	Heavy Machinery	0	0	0	0	0	0
604	48410	550	Motor Vehicles	0	0	0	0	0	0
604	48410	580	Other Equipment	0	0	224,910	6,000	6,000	0
				2,029,351	785,101	469,681	1,136,550	1,136,550	180,000
Capital - General Plant									
604	48420	520	Building/Structural Improvements	0	0	0	0	0	0
604	48420	536	Streetlights	261,547	74,345	8,058	104,750	104,750	0
604	48420	540	Heavy Machinery	0	0	0	0	0	0
604	48420	550	Motor Vehicles	0	0	5,451	0	0	0
604	48420	580	Other Equipment	24,135	14,040	8,463	0	0	18,000
				285,682	88,385	21,972	104,750	104,750	18,000
Bond Principal Payments									
			Principal Payments on Bonds	500,000	525,000	725,000	755,000	755,000	720,000
ELECTRIC FUND									
Statement of Sources and Applications of Cash									
				2011	2012	2013	2014	2014	2015
				Actual	Actual	Actual	Budget	Projected	Proposed
									Budget
Sources of Cash:									
			Net Income (loss)	\$826,217	(\$249,095)	(\$56,362)	(\$31,773)	(\$31,773)	(\$59,339)
			Add depreciation	799,871	839,876	850,000	850,000	850,000	840,000
			Total	1,626,088	590,781	793,638	818,227	818,227	780,661
Application of cash:									
			Purchase of fixed assets	(2,315,033)	(873,486)	(491,653)	(1,241,300)	(1,241,300)	(198,000)
			Change in assets and liabilities	(192,829)	257,532	100,000	0	0	0
			Proceeds received	0	0	0	0	0	0
			Principal payments of long-term debt	(500,000)	(525,000)	(725,000)	(755,000)	(755,000)	(720,000)
			Capital contributed by other sources	0	0	0	0	0	0
			Total	(3,007,862)	(1,140,954)	(1,116,653)	(1,996,300)	(1,996,300)	(918,000)
			Net increase (decrease) in cash	(1,381,774)	(550,173)	(323,015)	(1,178,073)	(1,178,073)	(137,339)
			Cash - January 1	4,702,996	3,321,222	2,771,049	2,448,034	2,448,034	1,269,961
			Required Bond Reserve	\$1,061,428	\$1,061,428	\$1,061,428	\$1,061,428	\$1,061,428	\$1,061,428
			Unrestricted Cash - December 31	\$2,259,794	\$1,709,621	\$1,386,606	\$208,533	\$208,533	\$71,195

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Electric Utility Capital Plan		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Distribution System											
604.48410.300	Professional/Engineering Services										
	Staff Wages										
	Design Front St Substation/Transmission		\$ 140,000								
	Design transformer	\$ 50,000				\$ 50,000					
604.48410.520	Building/Structural Improvements										
	Replacemt Transformer - Front Street Substation						\$ 500,000				
	Roof Replacement - Front Street Substation	\$ 8,000									
	Parapet repairs - Front Street Substation	\$ 29,000									
604.48410.532	Utility Infrastructure										
	Services to new customers		\$ 10,000		\$ 10,000	\$ 10,000					
	Future subdivision development			\$ 90,000			\$ 120,000				\$ 100,000
	Direct read meter program						\$200,000	\$200,000	\$ 200,000	\$ 200,000	
	Generation catalyst	\$ 450,000									
	Five new underground switch/Nicollet Avenue	\$ 330,000									
	Replacement underground switch	\$ 65,000									
	Front St Substation Upgrade			\$ 500,000							
	Southwest Housing Development			\$ 90,000							
	New Sunrise Substation distribution/Nicollet Ave	\$ 113,550									
	Distribution of line Broadway Substation to Traverse Rd. (Nicollet Ave.)	\$ 13,000									
	Distribution of line Traverse Road to Sunrise Substation (Nicollet Ave.)	\$ 32,000									
	Replace 1970's underground	\$ 40,000	\$ 40,000	\$ 40,000							
604.48410.580	Other Equipment										
	Line monitor (recorder)	\$ 6,000									
TOTALS - CAPITAL DISTRIBUTION SYSTEMS		\$ 1,136,550	\$ 180,000	\$ 640,000	\$ 90,000	\$ 10,000	\$ 60,000	\$ 820,000	\$ 200,000	\$ 200,000	\$ 300,000
General Plant											
604.48420.520	Building/Structural Improvements										
604.48420.536	Streetlights										
	New subdivision lighting		\$ 20,000	\$ 20,000			\$ 20,000				
	22 Black commercial Streetlights (Old Minnesota Avenue Street Lights)	\$ 56,100									
	10 Traditionaire replacements Jefferson Avenue (carryover from 2013)	\$ 15,000		\$ 15,000		\$ 15,000					
	32 LED Traditionaire lights - reuse 21 (Washington Avenue)	\$ 26,000									
	3 black commercial LED Lights (Union Street/Old Minnesota Avenue)	\$ 7,650									
604.48420.580	Other Equipment										
	Black box Computer for Generation		\$ 18,000								
TOTALS - CAPITAL GENERAL PLANT		\$ 104,750	\$ 18,000	\$ 35,000	\$ 20,000	\$ 15,000	\$ -	\$ 20,000	\$ -	\$ -	\$ -
Capital Totals		\$ 1,241,300	\$ 198,000	\$ 675,000	\$ 110,000	\$ 25,000	\$ 60,000	\$ 840,000	\$ 200,000	\$ 200,000	\$ 300,000
Annual Debt Service		\$ 1,174,232	\$ 1,111,535	\$ 1,113,733	\$ 937,485	\$ 932,934	\$ 745,443	\$ 745,300	\$ 748,808	\$ 736,143	\$ 737,364
Total Debt and Capital		\$ 2,415,532	\$ 1,309,535	\$ 1,788,733	\$ 1,047,485	\$ 957,934	\$ 805,443	\$ 1,585,300	\$ 948,808	\$ 936,143	\$ 1,037,364



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: April 30, 2014

FROM: Todd Prafke
City Administrator

Paula O'Connell
Director of Finance

Lewis Giesking
Director of Public Works

RE: 2014 Water Fund Budget

ACTION/RECOMMENDATION

None needed. For your input and discussion only.

BACKGROUND

The Water Fund provides for the operation of the wells/aquifers, water treatment facilities, two water towers and two ground storage reservoirs, as well as the distribution systems throughout Saint Peter.

With the addition of reverse osmosis treatment in 2011, there is increased use of cash for maintenance and operation of the new water plants. We will need to continue the review and modification of rates to support our operations and debt obligations.

In 2013, the City Council approved rate changes. The \$1.00 for a customer's first one thousand gallons was phased out (meeting declining block rules) and we have an additional rate increase of \$.50 per thousand to be put into effect August 2014. That modified commercial base charge was put in place based on the hydraulic flow capacity.

Current and approved rate increase are:

MONTHLY BASE CHARGE - DOMESTIC SERVICES - Current

5/8" X 3/4"	Meters	\$ 11.24
1"	Meters	\$ 11.24
1 1/4"	Meters	\$ 20.07
1 1/2 "	Meters	\$ 32.52
2"	Meters	\$ 68.64
3"	Meters	\$ 191.88
4"	Meters	\$ 360.48
6"	Meters	\$ 611.78
8"	Meters	\$ 690.46
10"	Meters	\$ 712.13
12"	Meters	\$ 718.56

MONTHLY BASE CHARGE - IRRIGATION SERVICES

Residential 5/8 meters No Charge

All meters except residential 5/8 meters :

		Current
5/8" X 3/4"	Meters	\$ 11.24
1"	Meters	\$ 11.24
1 1/4"	Meters	\$ 20.07
1 1/2 "	Meters	\$ 32.52
2"	Meters	\$ 68.64
3"	Meters	\$191.88
4"	Meters	\$360.48
6"	Meters	\$611.78
8"	Meters	\$690.46
10"	Meters	\$712.13
12"	Meters	\$718.56

COMMODITY OUTPUT CHARGE - 5/8" X 3/4" METERS

(all residential housing, and Commercial 5/8" x 3/4")

	current	8/1/14
10,000 gallons and under used each month	\$5.70k	\$6.20k
Over 10,000 Gallons used each month \$4.75 per 1,000 gallons	\$6.00k	\$6.50k

COMMODITY OUTPUT CHARGE - 1" AND LARGER METERS

First 10,000 Gallons used each month \$4.45 per 1,000 gallons	\$5.70k	\$6.20k
Over 10,000 Gallons used each month \$4.75 per 1,000 gallons	\$6.00k	\$6.50k

IRRIGATION OUTPUT CHARGE - All METERS

\$4.65 per 1,000 Gallons	\$5.90k	\$6.40k
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HYDRANT OUTPUT CHARGE

\$5.70 per 1,000 Gallons	\$6.50k	\$7.00k
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The City is in compliance with Minnesota Department of Natural Resources (DNR) guidelines related to a conservation rate structure.

2014 Budget Changes:

- The budgeted revenues do not contemplate any increase in revenue because of increased consumption. Another way of saying that is we do not expect to sell more water to our current customers. The 2014 budget includes sales of \$2,471,175 (including the above recommendations).
- Residential irrigation meters continue to be installed and are required in all new construction. Residential irrigation meters will continue to have no monthly base charges applied.
- The Water Fund transfers 6.5% of sales to the General Fund (\$160,626 is allocated to transfer to the General Fund in 2014). This percentage has been in place for a number of

years which is based on \$2,471,175 in total 2014 sales.

- The water reserve goal has been discussed and set at \$1.4 million. We will not reach this goal for 2014, but it is projected to have a reserve balance of \$122,981 at the end of 2014. *This is different situation than in the electric fund where we have an operational deficit.*
- We have proposed no changes in Water Access Charges (WAC). These charges do not have a significant impact on our budget. They are based on a rate philosophy that newcomers should help pay and catch up a bit for the investment previous rate payers made in infrastructure.
- This 2014 budget anticipates capital costs to be funded from reserves of \$364,400 which include
 - ✓ \$59,000 engineering (sunrise tower, 2015 repainting of Broadway tower, miscellaneous)
 - ✓ \$45,000 Union Street Improvements
 - ✓ \$88,000 St Julien Water line Improvements
 - ✓ \$1,500 Greenhill Reservoir warranty inspection
 - ✓ \$10,000 annual hydrant replacement
 - ✓ \$144,400 Washington Avenue Link Project share beyond the MSA eligible
 - ✓ \$16,500 Water's share of replacement of an Operator's truck in the stormwater utility and the Mechanic's truck

Current Debt issues:

- G.O. WATER & SEWER REVENUE BOND, 2004C (Nicollet Avenue)
 - 2014 Debt Service \$47,834; remaining debt \$0; Final payment 2014
- G.O. Water Revenue Refunding Bonds, 2011B (water tower)
 - 2014 Debt Service \$118,668; remaining debt \$1,225,000; Final payment 2026
- G.O. Water Revenue Refunding Bonds, 2012C
 - 2014 Debt Service \$75,562; remaining debt \$615,000; Final payment 2023
- PFA G.O. Water Revenue Bonds (2009 treatment facilities)
 - 2014 Debt Service \$700,989; remaining debt \$14,832,000; Final payment 2029
- PFA G.O. Water Revenue Bonds (2009 wells)
 - 2014 Debt Service \$90,848; remaining debt \$1,059,000; Final payment 2028
- \$870,000 Taxable GO utility revenue and TIF Bonds, Series 2010B (2009 imprmts)
 - 2014 Debt Service \$4,743; remaining debt \$14,355; Final payment 2020

Other Budget information:

- Wages and benefits are recorded in the areas of work actually performed. For budget

purposes, the wage and benefits are allocated based on a percentage. This budget model has no net impact on our fund.

- The approved rate changes are reflected in the 2014 budget for revenues.
- Approval of the budget does not allow for purchases over \$7,500 to be made without additional City Council approval.
- This budget does not include any revenues or expenses for the development of a service line insurance program.

Our base charges provide income of approximately \$546,000. During construction of the water plant we developed a goal to increase base charges to collect revenues to include 60% of the new debt. The 2014 customer service budget and 60% of our debt is \$690,861, which means we still have an increase of \$144,861 in base charges (\$4.33 per month per customer) to attain that goal. This will be the focus of any future rate increase proposal. The reason for this goal is to reduce volatility in use or per gallon rates. A further explanation can be provided if you wish.

The ending fund balance of the water fund in 2014 is projected to be \$122,981 and, as indicated earlier, our goal fund balance is \$1,400,000. We will continue to monitor this fund closely with the onset of greater debt service and continued fine-tuning of our new operations. In 2014, the operating expense budget includes repairs that used to be reflected in the capital budget. Since we don't know which repairs will be necessary, an estimated amount has been identified as a place holder. This is done so that the budget does not reflect a greater fund balance as these pieces of equipment get closer to the end of their useful life.

Attached to this memo please find copies of the water budget and capital improvement information.

The approval of these budgets will give the City a plan to work toward. Again, the actual purchase or initiation projects over \$7,500 will be presented individually to the City Council for authorization along with the funding mechanism.

Please feel free to contact us should you have any concerns or questions on this agenda item.

TP/PO/LG

14entWATER

	B	C	D	E	F	S	T	U	V	W	X
2					WATER FUND						
3											
4					Water Revenues					2014	2015
5						2011	2012	2013	2013	Proposed	Proposed
6						Actual	Actual	Budget	Actual	Budget	Budget
7	601	37110			Residential/Commercial Sales	1,265,406	1,341,400	1,701,838	1,455,394	1,656,635	1,788,356
8	601	37120			Bulk Sales	641	799	700	474	540	540
9	601	37130			Industrial Sales	0	0	0	0	0	0
10	601	37131			Private Sales - GAC	225,683	284,214	323,872	275,109	313,149	342,026
11	601	37132			Institutional Sales - RTC	126,699	134,968	157,708	157,737	179,548	193,870
12	601	37140			Sales to Other Public Authorities	47,341	69,106	89,800	87,990	100,157	105,157
13	601	37141			Interdepartmental Sales	278,052	205,823	216,400	184,576	210,098	220,098
14	601	37180			Fire Service Line	8,978	9,181	2,295	9,327	10,617	10,617
15	601	37181			Fire Service Line to Public Author	288	288	72	288	288	288
16	601	37182			Interdepartmental Fire Service	144	144	36	144	144	144
17					Sub-Total: Water Sales	1,953,232	2,045,923	2,492,720	2,171,039	2,471,175	2,661,095
18											
19	601	37145			Service Fees	1,000	1,000	1,000	1,000	1,000	1,000
20	601	37150			Connection Fees	325	275	500	500	500	500
21	601	37155			Water Access Charge	19,900	26,000	15,000	97,650	50,000	50,000
22	601	37157			Leases	0	34,842	32,000	34,737	35,000	35,000
23	601	37160			Penalty Revenues	11,649	11,316	10,500	12,687	12,000	12,000
24	601	37170			Miscellaneous	128,684	33,076	28,000	105,250	28,000	28,000
25	601	36250			Refunds & Reimbursements	0	0	0	0	0	0
26					Sub-Total: Other Oper. Rev.	161,558	106,509	87,000	251,824	126,500	126,500
27											
28	601	33422			Other State Grants & Aids	756	10,651	756	756	756	756
29	601	36101			Special Assessments	19,399	55,004	25,000	23,651	25,000	25,000
30	601	36102			Special Assessments - Interest	0	0	0	0	0	0
31	601	36210			Interest Earned	20,769	10,848	16,000	4,549	6,000	6,000
32	601	39101			Sale of Fixed Assets	(138,624)	(2,736)	0	1,371	0	0
33	601	39200			Transfers from other funds	0	0	0	0	0	0
34					Sub-Total: Non-Operating Rev.	(97,700)	73,767	41,756	30,327	31,756	31,756
35											
36					TOTAL OPERATING REVENUES	2,114,790	2,152,432	2,579,720	2,422,863	2,597,675	2,787,595
37											
38					TOTAL REVENUES	2,017,090	2,226,199	2,621,476	2,453,190	2,629,431	2,819,351
39											
40					Water Expenditures					2014	2015
41						2011	2012	2013	2013	Proposed	Proposed
42					Source of Supply	Actual	Actual	Budget	Actual	Budget	Budget
43	601	49400	100		Wages	15,522	20,575	19,307	20,089	19,973	20,273
44	601	49400	101		Temporary Wages	1,078	4,769	2,050	2,646	2,050	2,081
45	601	49400	102		Overtime	394	0	246	0	256	260
46	601	49400	112		Car Allowance	360	360	450	90	0	0
47	601	49400	121		PERA	1,239	1,452	1,418	1,326	1,467	1,489
48	601	49400	122		FICA	1,144	1,551	1,339	1,289	1,381	1,402
49	601	49400	126		Medicare	268	363	313	302	323	328
50	601	49400	131		Health Insurance	2,756	3,376	3,619	2,896	3,853	3,911
51	601	49400	132		Dental Insurance	223	185	232	223	249	253
52	601	49400	133		Life Insurance	6	6	7	6	7	7
53	601	49400	151		Worker's Compensation	709	723	867	612	869	882
54	601	49400	210		Operating Supplies	0	78	3,000	0	2,000	2,030
55	601	49400	211		Motor Fuels	1,463	2,837	4,000	2,371	3,000	3,045
56	601	49400	220		Repair and Maintenance Supp.	0	0	2,000	0	2,000	2,030
57	601	49400	300		Professional Services	0	3,060	1,500	2,006	1,500	1,523
58	601	49400	310		Contractual Labor	0	0	200	0	200	203
59	601	49400	360		Insurance	3,679	2,742	6,000	9,133	10,162	10,314
60	601	49400	380		Utilities	18,637	21,455	35,000	20,942	20,000	20,300
61	601	49400	401		Repair & Maint. - Buildings	0	0	1,000	0	1,000	1,015
62	601	49400	404		Repair & Maint.-Equip. & Mach.	31	614	500	0	1,000	1,015
63	601	49400	405		Repair & Maint. - Wells	808	5,316	5,000	2,922	20,000	20,300
64	601	49400	415		Equipment Rental	0	4	500	46	500	508
65	601	49400	430		Miscellaneous	0	0	500	0	500	508
66	601	49400	433		Dues and Subscriptions	3,400	4,660	5,000	5,816	5,000	5,075
67					Sub-Total: Source	51,717	74,126	94,048	72,715	97,290	98,749

14entWATER

	B	C	D	E	F	S	T	U	V	W	X
68										2014	2015
69						2011	2012	2013	2013	Proposed	Proposed
70					Purification & Treatment	Actual	Actual	Budget	Actual	Budget	Budget
71	601	49420	100		Wages	102,403	112,759	142,191	114,629	147,717	149,933
72	601	49420	101		Temporary Wages	887	0	2,050	116	2,050	2,081
73	601	49420	102		Overtime	6,317	8,252	11,235	6,156	11,389	11,560
74	601	49420	112		Car Allowance	360	360	280	90	0	0
75	601	49420	121		PERA	8,004	8,702	11,123	8,530	11,535	11,708
76	601	49420	122		FICA	6,668	7,235	9,640	7,073	9,992	10,142
77	601	49420	126		Medicare	1,560	1,692	2,254	1,654	2,337	2,372
78	601	49420	131		Health Insurance	25,134	28,164	38,358	27,443	40,707	41,318
79	601	49420	132		Dental Insurance	1,306	1,485	2,045	1,465	2,199	2,232
80	601	49420	133		Life Insurance	47	50	60	49	64	65
81	601	49420	151		Worker's Compensation	1,977	2,036	6,115	5,440	6,158	6,250
82	601	49420	210		Operating Supplies	154,127	123,780	125,000	126,064	125,000	126,875
83	601	49420	211		Motor Fuels	4,283	1,484	2,000	2,523	2,000	2,030
84	601	49420	220		Repair & Maintenance Supplies	0	127	5,000	0	5,000	5,075
85	601	49420	300		Professional Services	9,930	4,776	5,000	6,791	5,000	5,075
86	601	49420	310		Contractual Labor	0	0	500	0	500	508
87	601	49420	360		Insurance	1,172	994	2,500	5,811	8,132	8,254
88	601	49420	380		Utilities	514,854	390,288	350,000	471,723	390,000	395,850
89	601	49420	401		Repair & Maint. - Buildings	2,737	2,271	4,500	3,445	4,500	4,568
90	601	49420	404		Repair & Maint.-Equip. & Mach.	26,241	29,533	26,000	21,670	82,000	83,230
91	601	49420	410		Repair & Maint. -SCADA System	(211)	0	2,000	0	2,000	2,030
92	601	49420	415		Equipment Rental	14	0	1,000	0	1,000	1,015
93	601	49420	430		Miscellaneous	0	0	500	0	500	508
94					Sub-Total: Treatment	867,810	723,988	749,351	810,672	859,780	872,677
95					Distribution & Storage						
96	601	49430	100		Wages	122,833	112,505	85,602	136,387	88,402	89,728
97	601	49430	101		Temporary Wages	11,669	895	2,050	2,529	2,050	2,081
98	601	49430	102		Overtime	4,463	3,538	2,083	2,190	2,156	2,188
99	601	49430	112		Car Allowance	360	360	360	90	0	0
100	601	49430	121		PERA	9,537	8,298	6,357	9,562	6,565	6,663
101	601	49430	122		FICA	8,569	6,958	5,564	8,066	5,742	5,828
102	601	49430	126		Medicare	2,004	1,627	1,301	1,887	1,343	1,363
103	601	49430	131		Health Insurance	31,691	23,999	18,905	29,855	20,174	20,477
104	601	49430	132		Dental Insurance	858	1,663	1,158	1,824	1,245	1,264
105	601	49430	133		Life Insurance	53	43	34	56	36	37
106	601	49430	142		Unemployment-Direct Pay	0	0	0	0	0	0
107	601	49430	151		Worker's Compensation	5,221	5,121	3,588	2,532	3,596	3,650
108	601	49430	210		Operating Supplies	8,022	8,215	10,000	8,906	10,000	10,150
109	601	49430	211		Motor Fuels	9,512	8,807	9,000	8,830	9,000	9,135
110	601	49430	220		Repair & Maintenance Supplies	2,334	4,678	5,000	7,901	5,000	5,075
111	601	49430	300		Professional Services	3,888	3,806	2,500	1,231	12,500	12,688
112	601	49430	310		Contractual Labor	3,650	0	2,500	0	2,500	2,538
113	601	49430	360		Insurance	2,385	2,021	4,000	2,187	4,210	4,273
114	601	49430	380		Utilities	86,901	40,400	40,000	81,022	80,000	81,200
115	601	49430	401		Repair & Maint-Building	10	75	500	318	500	508
116	601	49430	402		Repair & Maint-storage Facilities	1,140	4,481	5,000	3,480	5,000	5,075
117	601	49430	404		Repair & Maint-Equip. & Mach.	5,737	4,970	5,000	8,518	14,000	14,210
118	601	49430	406		Repair & Maint - Mains	8,488	13,084	14,000	25,078	14,000	14,210
119	601	49430	407		Repair & Maint - Meters	18,378	14,755	14,000	26,399	40,000	40,600
120	601	49430	408		Repair & Maint - Hydrants	784	2,110	24,000	40,768	40,000	40,600
121	601	49430	410		Repair & Maint. -SCADA System	13	0	1,000	0	2,500	2,538
122	601	49430	430		Miscellaneous	0	0	500	0	500	508
123					Sub-Total: Dist & Storage	348,500	272,409	264,002	409,616	371,019	376,584
124										2014	2015

14entWATER

	B	C	D	F	S	T	U	V	W	X
125					2011	2012	2013	2013	Proposed	Proposed
126				Administrative and General	Actual	Actual	Budget	Actual	Budget	Budget
127	601	49440	100	Wages	39,130	43,135	43,718	44,795	44,865	45,538
128	601	49440	101	Temporary Wages	0	0	0	0	0	0
129	601	49440	102	Overtime	716	142	279	225	288	292
130	601	49440	112	Car Allowance	363	363	370	206	0	0
131	601	49440	121	PERA	3,019	3,096	3,183	3,143	3,267	3,316
132	601	49440	122	FICA	2,410	2,494	2,728	2,519	2,799	2,841
133	601	49440	126	Medicare	563	583	638	589	655	665
134	601	49440	131	Health Insurance	12,413	12,560	13,264	13,151	14,624	14,843
135	601	49440	132	Dental Insurance	682	1,097	696	925	748	759
136	601	49440	133	Life Insurance	21	19	21	21	22	22
137	601	49440	151	Worker's Compensation	317	555	749	529	709	720
138	601	49440	200	Office Supplies	3,787	4,741	4,000	4,457	4,000	4,060
139	601	49440	205	Misc. Employee Expenses	5,796	8,367	6,500	5,609	6,500	6,598
140	601	49440	210	Operating Supplies	1,161	827	1,500	1,194	1,500	1,523
141	601	49440	211	Motor Fuels	393	71	205	103	205	208
142	601	49440	220	Repair & Maint. Supplies	1,184	2,849	2,500	1,041	2,500	2,538
143	601	49440	300	Professional Services	33,020	49,304	25,000	13,619	12,000	12,180
144	601	49440	321	Telephone	5,456	5,478	5,400	5,841	5,400	5,481
145	601	49440	322	Postage	228	110	550	201	550	558
146	601	49440	331	Travel & Training	3,721	6,184	7,000	6,883	7,000	7,105
147	601	49440	340	Advertising	1,058	368	1,100	147	1,100	1,117
148	601	49440	351	Legal Notices & Publications	6	0	100	0	100	102
149	601	49440	354	Printing & Binding	2,094	0	1,000	150	1,000	1,015
150	601	49440	360	Insurance	6,369	5,805	15,000	2,242	15,789	16,026
151	601	49440	380	Utilities	3,224	2,735	4,000	3,192	4,000	4,060
152	601	49440	401	Repair & Maint. - Buildings	1,278	1,137	1,500	1,412	1,500	1,523
153	601	49440	404	Repair & Maint. - Equipment	2,531	1,891	2,200	2,253	6,000	6,090
154	601	49440	430	Miscellaneous	0	0	50	0	50	51
155	601	49440	433	Dues and Subscriptions	1,380	1,291	1,450	1,213	1,450	1,472
156				Sub-Total: Administration	132,320	155,202	144,701	115,660	138,621	140,700
157				Customer Accounts						
158	601	49445	100	Wages	15,032	16,695	16,011	14,683	15,573	15,807
159	601	49445	102	Overtime	98	163	332	5	316	321
160	601	49445	121	PERA	1,122	953	1,185	1,022	1,152	1,169
161	601	49445	122	FICA	929	874	1,013	857	985	1,000
162	601	49445	126	Medicare	217	204	237	201	230	233
163	601	49445	131	Health Insurance	3,345	3,136	3,389	3,512	3,575	3,629
164	601	49445	132	Dental Insurance	209	161	154	238	166	168
165	601	49445	133	Life Insurance	5	5	5	5	5	5
166	601	49445	151	Worker's Compensation	83	85	115	81	101	103
167	601	49445	200	Office Supplies	313	1,024	1,225	1,353	1,225	1,243
168	601	49445	211	Motor Fuels	454	407	371	648	650	660
169	601	49445	300	Professional Services	2,016	1,886	3,000	2,089	3,000	3,045
170	601	49445	322	Postage	5,189	5,235	5,100	5,354	5,100	5,177
171	601	49445	331	Travel & Training	0	0	100	13	100	102
172	601	49445	354	Printing & Binding	742	977	1,000	0	1,000	1,015
173	601	49445	360	Insurance	165	140	683	298	719	730
174	601	49445	404	Repair & Maint. - Equipment	1,353	1,772	2,000	2,520	2,800	2,842
175	601	49445	430	Miscellaneous	0	0	0	0	0	0
176	601	49445	904	Bad Debt Expense	0	245	200	100	200	203
177				Sub-Total: Customer Accounts	31,272	33,962	36,120	32,979	36,897	37,450
178										
179				Operating Expenses	1,431,619	1,259,687	1,288,222	1,441,642	1,503,607	1,526,161
180										
181				Operating Income (loss):	683,171	892,745	1,291,498	981,221	1,094,068	1,261,434
182										
183				Depreciation						
184	601	49970	420	Depreciation	523,904	1,044,931	980,000	1,205,631	1,200,000	1,200,000
185				Interest Payments						
186	601	49980	611	Bond Interest Payments	511,856	529,059	498,678	511,653	495,815	483,004
187										
188				Transfers						
189	601	49990	720	Operating Transfer -	131,693	146,288	162,027	149,670	160,626	172,971
190	601	49990	722	Contributed Utility Services	49,240	63,752	34,000	91,882	70,000	71,050
191				Sub-Total: Transfers & Contrib.	180,933	210,040	196,027	241,552	230,626	244,021
192										
193				Expenditure Total for Income Statement	2,648,312	3,043,717	2,962,927	3,400,478	3,430,048	3,453,186
194										
195				NET INCOME:	(631,222)	(817,518)	(341,451)	(947,288)	(800,617)	(633,835)
196										
197								2014	2015	

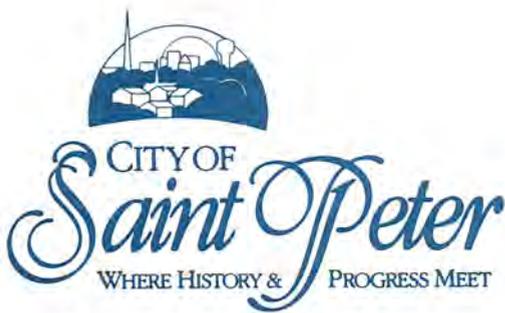
14entWATER

	B	C	D	F	S	T	U	V	W	X
198					2011	2012	2013	2013	Proposed	Proposed
199				Capital - Source of Supply	Actual	Actual	Budget	Actual	Budget	Budget
200	601	48110	300	Professional Services	0	0	2,000	0	2,000	2,500
201	601	48110	510	Land Acquisition	0	0	0	0	0	0
202	601	48110	520	Building & Structural Improvemer	962	0	0	0	0	0
203	601	48110	540	Heavy Machinery	0	0	0	0	0	0
204	601	48110	532	Utility Infrastructure	0	14,371	10,000	0	0	0
205					962	14,371	12,000	0	2,000	2,500
206				Capital - Water Treatment						
207	601	48120	300	Professional Services	11,474	16,640	4,500	0	2,000	5,000
208	601	48120	510	Land Acquisition	0	0	0	0	0	0
209	601	48120	520	Building & Structural Improvemer	364,020	5,755	61,300	0	0	0
210	601	48120	580	Other Equipment	0	0	2,500	0	0	0
211					375,494	22,395	68,300	0	2,000	5,000
212				Capital - Water Distribution						
213	601	48130	300	Professional Services	6,388	47,076	10,000	0	55,000	6,000
214	601	48130	520	Building & Structural Improvemer	0	655,061	0	0	1,500	0
215	601	48130	532	Infrastructure: Water Mains	21,062	0	74,000	14,542	287,400	575,700
216	601	48130	533	Infrastructure: Customer Services	16,351	9,836	34,000	34,622	0	0
217	601	48130	540	Heavy Machinery	0	0	0	0	0	0
218	601	48130	580	Other Equipment	0	3,835	2,000	1,702	0	0
219					43,801	715,808	120,000	50,866	343,900	581,700
220				Capital - General Plant						
221	601	48140	520	Building/Structural Improvements	0	0	5,000	0	0	5,000
222	601	48140	540	Heavy Machinery	0	0	0	0	0	0
223	601	48140	550	Motor Vehicles	0	0	0	5,452	16,500	19,000
224	601	48140	580	Other Equipment	8,407	8,735	14,500	9,671	0	44,000
225					8,407	8,735	19,500	15,123	16,500	68,000
226										
227										
228				Bond Principal Payments						
229				Principal Payments on Bonds	269,010	1,925,530	623,065	623,065	594,125	892,125
230										
231										
232										
233										
234				WATER FUND						
235				Statement of Sources and Applications of Cash						
236									2014	2015
237					2011	2012	2013	2013	Proposed	Proposed
238					Actual	Actual	Budget	Actual	Budget	Budget
239				Sources of Cash:						
240										
241				Net Income (loss)	(\$631,222)	(\$817,518)	(\$341,451)	(\$947,288)	(\$800,617)	(\$633,835)
242				Add depreciation	523,904	1,044,931	980,000	1,205,631	1,200,000	1,200,000
243										
244				Total	(107,318)	227,413	638,549	258,343	399,383	566,165
245										
246				Application of cash:						
247										
248				Purchase of fixed assets	(428,664)	(761,309)	(219,800)	(65,989)	(364,400)	(657,200)
249										
250				Change in assets and liabilities	(78,193)	71,082	0	0	0	0
251										
252				Bond Proceeds	600,627	745,000	55,000	0	0	0
253										
254				Principal payments of long-term debt	(269,010)	(520,530)	(623,065)	(623,065)	(594,125)	(892,125)
255										
256				Capital contributed by other sources	0	0	0	0	0	0
257										
258				Total	(175,240)	(465,758)	(787,865)	(689,054)	(958,525)	(1,549,325)
259										
260				Net increase (decrease) in cash	(282,558)	(238,345)	(149,316)	(430,711)	(559,142)	(983,160)
261										
262										
263				Cash balance - January 1	1,633,737	1,351,179	1,112,834	1,112,834	682,123	122,981
264										
265				Cash balance - December 31						
266				Restricted Cash (Bond Reserve & Project)	\$150,000	\$225,000	\$264,000	\$264,000	\$339,000	\$318,000
267				Unrestricted Cash	\$1,201,179	\$887,834	\$699,518	\$418,123	(\$216,019)	(\$1,178,180)
268				Percent of next year operations	39.5%	26.1%	20.4%	12.2%		
269				Percent of same year operations					-6.3%	-34.1%

Water Utility Capital Plan

Planning Issue:		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
601.48110	Source of Supply										
300	Professional Services	\$2,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
532	STJU Well Meter Replacement										\$12,000
532	Broadway Well Meter Replacement						\$14,000				
601.48110	TOTAL SOURCE OF SUPPLY	\$ 2,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 16,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 14,500
601.48120	Water Treatment										
300	Professional Services	\$2,000	\$5,000	\$5,000	\$5,000	\$5,500	\$5,500	\$5,500	\$6,000	\$6,000	\$6,000
601.48120	TOTAL WATER TREATMENT	\$2,000	\$5,000	\$5,000	\$5,000	\$5,500	\$5,500	\$5,500	\$6,000	\$6,000	\$6,000
601.48130	Water Distribution and Storage										
300	Professional Services	\$55,000	\$6,000	\$6,000	\$6,000	\$6,000	\$7,000	\$7,000	\$7,000	\$8,000	\$8,000
520	Greenhill Reservoir Improvements	2014 \$1,500									
532	Sunrise Drive Elevated Tower		\$50,000								\$450,000
532	Broadway Avenue Water Tower		2015 \$450,000		\$20,000						
532	Annual Hydrant Replacements (4)	\$10,000	\$16,000	\$16,000	\$16,000	\$16,000	\$18,000	\$18,000	\$20,000	\$20,000	\$20,000
532	STJU Roundabout	\$88,000									
532	Union Street	\$45,000									
532	Subdivision/Over sizing Construction		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$17,000
532	GAC 12" Loop \$236,800 (\$207,100 - GAC)		\$29,700								
532	Watermain Upgrades (1 block)		\$15,000	\$16,000	\$16,000	\$17,000	\$16,000	\$18,000	\$15,000	\$16,000	\$18,000
532	Washington Avenue Link	\$144,400									
532	School District/ Park Property Development										
533	Water Meters (Meters and Reading System)				\$0	\$0	\$0				
580	Valve Operator - purchased 2002			\$7,000							\$7,000
601.48130	TOTAL WATER DISTRIBUTION AND STORAGE	\$343,900	\$581,700	\$60,000	\$73,000	\$54,000	\$56,000	\$58,000	\$57,000	\$59,000	\$520,000
601.48140	General Plant Water										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
300	Professional Services <i>Master Planning</i>			\$22,000							
520	Public Works Improvements		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
550	Replace Unit #1(2003) (33% of \$30,000) - 2013	\$10,000									
550	Replace Unit #5 2004 - 2014					\$33,000					
550	Replace Unit #36 (2001); (33% of \$27,000) - 2013		\$9,000								
550	Replace Unit #22 2001 - 2014			\$24,000							
550	Replace Unit #106 2006 - 2016				\$30,000						
550	Replace Light Tower 2010 - 2015		\$10,000								
580	Replace Unit #64 - 94 F250 Truck (10% - \$65,000)	\$6,500									
580	Backhoe Replacement		\$20,000								
580	Jackhammer for Backhoe - 5 years	40% of \$50,000	\$11,000					\$14,000			
580	Ferris Mower Replacement	2004 - 2014	\$13,000						\$20,000		
601.48140	TOTAL GENERAL PLANT WATER	\$16,500	\$68,000	\$51,000	\$35,000	\$38,000	\$5,000	\$19,000	\$25,000	\$5,000	\$5,000
CAPITAL IMPROVEMENTS TOTAL COST		\$364,400	\$657,200	\$118,500	\$115,500	\$100,000	\$83,000	\$85,000	\$90,500	\$72,500	\$545,500
Bond Debt Service Payments		\$1,127,714	\$1,434,184	\$1,431,125	\$1,428,134	\$1,421,664	\$1,677,014	\$1,681,430	\$1,674,311	\$1,683,724	\$1,683,724
Capital Plus Bond Debt		\$1,492,114	\$2,091,384	\$1,549,625	\$1,543,634	\$1,521,664	\$1,760,014	\$1,766,430	\$1,764,811	\$1,756,224	\$2,229,224

22



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: April 8, 2014

FROM: Todd Prafke Paula O'Connell Lewis Giesking
City Administrator Director of Finance Director of Public Works

RE: 2014 Wastewater Budget

ACTION/RECOMMENDATION

None needed. For your input and discussion only.

BACKGROUND

The Wastewater Fund provides for the operation of a wastewater collection system, lift stations, treatment facility, laboratory testing, reporting to the MPCA, discharge of the treated wastewater to the Minnesota River, and disposal of biosolids.

The 2014 budget information:

- Wastewater gallons sold for 2012 (excluding reverse osmosis #3) were 264,601,675 and the 2013 gallons sold (excluding reverse osmosis #3) were 265,967,399 - an increase of 1,365,724.
- 2013 sales revenue increased \$149,652 from 2012. This increase is due to the rate increases approved in 2013.
- Approved rate increases are included in the budget. \$1.00 per thousand increase in January 2014 and again on January 2015. Again, this has been previously approved by the Council.
- Our grant/loans to construct the wastewater treatment plant require us to reserve \$.10 per thousand gallons treated each year. This is reserved for meeting future capital needs.
- Capital projects that are planned include \$559,100 and are funded from reserves:
 - Washington Avenue Link \$235,600
 - North Interceptor Phase 2 \$116,000
 - St. Julien line improvements \$107,000
 - Union Street Intersection \$33,000
 - Highway 169 adjust structures \$2,000

- \$16,500 wastewater's share of replacement of an Operator's truck in the stormwater utility and the Mechanic's truck
- The Wastewater Fund transfers out 6.5% of gross sales to the General Fund (\$235,074 for 2014). The 2014 budget includes sales of \$3,616,524.

Current Debt issues:

- ✓ G.O. Water & Sewer Revenue Bond, 2004C (Nicollet Avenue)
2014 Debt Service \$16,284; remaining debt \$0; Final payment 2014
- ✓ \$870,000 Taxable GO utility revenue and TIF Bonds, Series 2010B (Fine Screener/Improvements)
2014 Debt Service \$27,553; remaining debt \$279,270; Final payment 2020
- ✓ Public Facilities Authority G.O. Sewer Revenue Note 2001 (WWTF)
2014 Debt Service \$734,650; remaining debt \$4,750,000; Final payment 2021
- ✓ Public Facilities Authority G.O. Sewer Revenue Note 2002 (WWTF)
2014 Debt Service \$341,773; remaining debt \$2,498,000; Final payment 2022
- ✓ Public Facilities Authority G.O. Sewer Revenue Note 2004 (WWTF)
2014 Debt Service \$171,275; remaining debt \$1,175,000; Final payment 2022
- ✓ G.O. Sewer Revenue Refunding Bonds 2012A (WWTF)
2014 Debt Service \$98,508; remaining debt \$1,790,000; Final payment 2043

Other Budget information:

- Wages and benefits are recorded in the areas of work actually performed. For budget purposes, the wage and benefits are allocated based on a percentage. This has no net impact on operational cost.
- Approval of the budget does not allow for the purchase of items over \$7,500 without additional City Council approval.
- There are no personnel additions planned, nor do we have new programs or substantial changes in operations. The development of a service line insurance program is pending.
- We have not targeted a reserve amount for this fund. The Wastewater Fund had an unrestricted cash balance (without the restricted funds for plant improvements) of \$84,613 at the end of 2012. Without the changes approved in rates, this fund would move into the red (negative cash balance) starting in 2014 and continue to go further into the red until changes are made to cost expenses or revenues. Including sales revenue from the rate increases, the unrestricted cash balance is projected to return to the black in 2016. We believe this is a reasonable, stepped approach to the need for revenues to meet increasing cost related to plant maintenance and delivery of services. *This is a different situation than Electric in that this fund has an operational trend line that is trending black.*

The approval of this budget will give City Staff an approved plan. Again, the actual purchase or

initiation of purchases over \$7,500 will be presented individually to the City Council for authorization along with the funding mechanism.

The Wastewater Fund will have a projected ending fund balance of \$253,121 at the end of 2014. Rates are currently at \$10.23/thousand gallons and \$14.65 base charge.

Recent rate changes and the corresponding change have been:

August 1, 2013	Increase of \$0.79
November 1, 2013,	Increase of \$0.50
January 1, 1014.	Increase of \$1.00

January 1, 2015 is also going to see a \$1.00 per thousand gallons increase to build a manageable fund balance.

No additional rate change during this time frame is being recommended.

Please feel free to contact us should you have any concerns or questions on this agenda item.

TP/PO/LG

	B	C	D	E	F	S 14ent	WAST	TWR	U	V	W	X
2					WASTEWATER FUND							
3										2013	2014	2015
4					Wastewater Revenues	2011	2012	2013	Projected	Proposed	Proposed	
5						Actual	Actual	Budget	Budget	Budget	Budget	
6	602	37210			Residential Sewer Charges	2,073,623	2,014,765	2,081,448	2,074,267	2,391,817	2,622,369	
7	602	37220			Commercial Sewer Rental	0	0	0	0	0	0	
8	602	37230			Industrial Sewer Rental	0	0	0	0	0	0	
9	602	37231			Private Sales - Gac	211,390	214,178	242,978	232,483	262,978	262,978	
10	602	37232			Institutional Sales - RTC	350,668	262,399	275,487	273,735	327,592	353,444	
11	602	37233			R.O. Discharge	107,932	184,278	184,278	155,364	184,278	184,278	
12	602	37234			Governmental Sales - Kasota	90,044	76,715	80,595	74,648	96,859	105,063	
13	602	37240			Sales to Other Public Authorities	20,851	24,991	24,990	32,033	33,000	33,000	
14	602	37241			Interdepartmental Sales	170,180	158,124	160,000	172,941	175,000	175,000	
15	602	37245			Contract Effluent Treatment	325,062	155,480	145,000	225,111	145,000	145,000	
16					Sub-Total: Sewer Rental Charges	3,349,750	3,090,930	3,194,776	3,240,582	3,616,524	3,881,132	
18	602	37250			Connection Fees	0	340	160	0	160	160	
19	602	37255			Sewer Access Charge	11,700	20,100	18,000	79,100	20,000	20,000	
20	602	37256			Nutrient Trading	22,881	0	0	0	0	0	
21	602	37260			Penalty Revenues	22,138	21,179	21,179	20,857	21,200	21,200	
22	602	37270			Miscellaneous	88,783	114,953	80,000	87,695	80,000	80,000	
23	602	36250			Refunds & Reimbursements	0	0	0	0	0	0	
24					Sub-Total: Other Operating Rev.	145,502	156,572	119,339	187,652	121,360	121,360	
26	602	33422			Other State Grants	21,000	1,048	1,048	1,504	1,048	1,048	
27	602	36101			Special Assessments	8,590	6,214	20,000	52,798	20,000	20,000	
28	602	36102			Special Assessments - Interest	0	0	0	0	0	0	
29	602	36210			Interest Earned	3,151	8,526	5,000	3,103	3,000	3,000	
30	602	39101			Sale of Fixed Assets	0	200	0	14,561	0	0	
31	602	39200			Transfers from other Funds	0	0	0	0	0	0	
32					Sub-Total: Non-Operating Revenues	32,741	15,988	26,048	71,966	24,048	24,048	
34					TOTAL OPERATING REVENUES	3,495,252	3,247,502	3,314,115	3,428,234	3,737,884	4,002,492	
36					TOTAL REVENUES	3,527,993	3,263,490	3,340,163	3,500,200	3,761,932	4,026,540	
38					Wastewater Expenditures							
55					BioSolids							
56	602	49460	100		Wages	26,049	30,516	15,121	39,992	16,255	16,499	
57	602	49460	101		Temporary Wages	48	0	0	152	0	0	
58	602	49460	102		Overtime	704	555	451	2,392	485	492	
59	602	49460	112		Car Allowance	0	0	0	0	0	0	
60	602	49460	121		PERA	1,968	2,235	1,129	3,043	1,214	1,232	
61	602	49460	122		FICA	1,667	1,854	965	2,511	1,038	1,054	
62	602	49460	126		Medicare	390	434	226	587	243	247	
63	602	49460	131		Medical Insurance	5,844	7,371	4,132	11,838	4,455	4,522	
64	602	49460	132		Dental Insurance	170	404	232	805	249	253	
65	602	49460	133		Life Insurance	12	12	7	19	7	7	
66	602	49460	142		Unemployment - Direct Pay	0	0	0	0	0	0	
67	602	49460	151		Workers Compensation	1,209	1,244	622	439	649	659	
68	602	49460	210		Operating Supplies	43,778	53,574	48,000	73,485	54,000	54,810	
69	602	49460	211		Motor Fuels	0	0	0	0	900	914	
70	602	49460	220		Repair & Maintenance Supplies	2,772	443	443	365	2,000	2,030	
71	602	49460	300		Professional Services	1,885	2,501	2,501	2,460	2,000	2,030	
72	602	49460	360		Insurance	830	705	1,100	1,312	1,600	1,624	
73	602	49460	380		Utilities	43,907	42,740	42,740	50,184	40,000	40,600	
74	602	49460	404		Repair & Maint. - Equip. & Pumps	8,310	18,893	15,000	27,145	75,000	76,125	
75	602	49460	405		Repair & Maint. - Ponds	0	0	0	0	0	0	
76	602	49460	415		Equipment Rental	0	0	0	0	0	0	
77	602	49460	433		Dues and Subscriptions(Permits)	0	0	0	0	0	0	
78					Sub-Total: Biosolids	139,543	163,481	132,669	216,729	200,095	203,096	

	B	C	D	E	F	S 14err	WASTWR	U	V	W	X
79											
80						2011	2012	2013	2013	2014	2015
81						Actual	Actual	Budget	Projected	Proposed	Proposed
82					Collector System/Lift Stations						
83	602	49470	100		Wages	93,078	95,363	146,428	82,957	157,438	159,800
84	602	49470	101		Temporary Wages	2,724	11,408	2,050	2,722	2,050	2,081
85	602	49470	102		Overtime	3,420	2,917	11,073	3,662	11,388	11,559
86	602	49470	112		Car Allowance	540	540	540	135	0	0
87	602	49470	121		PERA	7,374	6,855	11,419	6,150	12,240	12,424
88	602	49470	122		FICA	6,526	6,672	9,892	5,334	10,594	10,753
89	602	49470	126		Medicare	1,526	1,561	2,313	1,248	2,478	2,515
90	602	49470	131		Medical Insurance	15,245	15,955	34,514	17,847	37,188	37,746
91	602	49470	132		Dental Insurance	961	1,120	2,103	1,252	2,261	2,295
92	602	49470	133		Life Insurance	42	39	62	35	65	66
93	602	49470	142		Unemployment - Direct Pay	0	0	0	575	584	592
94	602	49470	151		Workers Compensation	2,971	3,042	6,281	4,432	6,539	6,637
95	602	49470	210		Operating Supplies	1,303	6,564	3,000	648	3,000	3,045
96	602	49470	211		Motor Fuels	14,861	15,522	13,000	12,983	13,000	13,195
97	602	49470	220		Repair & Maintenance Supplies	2,624	1,592	3,000	1,041	3,000	3,045
98	602	49470	300		Professional Services	1,991	4,122	4,122	2,637	6,000	6,090
99	602	49470	360		Insurance	1,311	1,111	2,000	2,260	3,000	3,045
100	602	49470	380		Utilities	32,298	30,080	30,080	32,799	31,000	31,465
101	602	49470	401		Repair & Maint. - Buildings	19	554	1,000	15	1,000	1,015
102	602	49470	402		Repair & Maint. - Lift Stations	2,359	14,657	4,000	955	4,000	4,060
103	602	49470	404		Repair & Maint-Equipment & Mach	48,082	50,380	50,380	32,608	62,000	62,930
104	602	49470	406		Repair & Maint. - Mains	14,225	11,472	5,000	6,621	7,000	7,105
105	602	49470	410		Repair & Maint. - SCADA System	0	0	2,500	0	500	508
106	602	49470	430		Miscellaneous	0	0	0	0	0	0
107					Sub-Total: Collection	253,480	281,526	344,757	218,916	376,325	381,969
108					Source/Treatment						
109	602	49480	100		Wages	180,342	225,606	183,561	217,599	196,809	199,761
110	602	49480	101		Temporary Wages	1,351	695	695	11,169	2,734	2,775
111	602	49480	102		Overtime	3,035	4,408	4,981	4,439	5,362	5,442
112	602	49480	112		Car Allowance	540	540	540	135	0	0
113	602	49480	121		PERA	13,589	16,419	13,669	15,781	14,657	14,877
114	602	49480	122		FICA	11,583	13,663	11,859	13,720	12,704	12,895
115	602	49480	126		Medicare	2,709	3,196	2,773	3,209	2,971	3,016
116	602	49480	131		Medical Insurance	44,180	49,708	47,329	51,350	51,029	51,794
117	602	49480	132		Dental Insurance	1,826	3,265	2,643	3,826	2,842	2,885
118	602	49480	133		Life Insurance	81	92	78	88	82	83
119	602	49480	151		Workers Compensation	6,784	7,002	7,641	5,392	7,949	8,068
120	602	49480	210		Operating Supplies	122,898	117,550	115,000	83,809	88,000	89,320
121	602	49480	211		Motor Fuels	9,042	19,263	22,000	10,214	15,000	15,225
122	602	49480	220		Repair & Maintenance Supplies	9,727	317	10,000	1,617	5,000	5,075
123	602	49480	300		Professional Services	87,780	82,689	82,689	89,356	70,000	71,050
124	602	49480	360		Insurance	18,449	18,046	30,000	24,215	30,000	30,450
125	602	49480	380		Utilities	438,558	410,915	415,000	497,799	470,000	477,050
126	602	49480	401		Repair & Maint. - Bldgs	11,002	3,535	10,000	132	10,000	10,150
127	602	49480	404		Repair & Maint. - Equip. & Pumps	32,427	44,463	44,463	47,558	113,000	114,695
128	602	49480	405		Repair & Maint. - Ponds	0	0	0	0	0	0
129	602	49480	415		Equipment Rental	7	5	50	0	50	51
130	602	49480	433		Dues and Subscriptions	0	0	50	0	50	51
131					Sub-Total: Source/Trmt	995,910	1,021,377	1,005,021	1,081,408	1,098,239	1,114,713

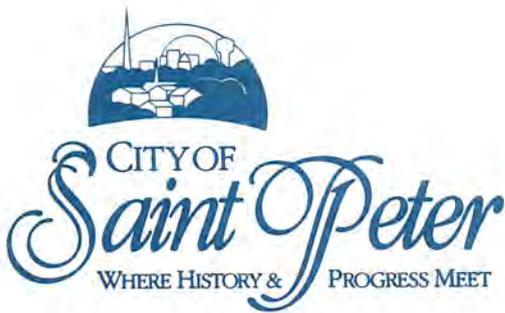
	B	C	D	E	F	S 14ent	WASTWR	U	V	W	X
132											
133						2011	2012	2013	2013	2014	2015
134						Actual	Actual	Budget	Projected	Proposed	Proposed
135					Administrative and General						
136	602	49490	100		Wages	35,945	42,864	47,774	44,012	49,041	49,777
137	602	49490	101		Temporary Wages	0	0	0	0	0	0
138	602	49490	102		Overtime	56	104	301	159	310	315
139	602	49490	112		Car Allowance	363	363	365	206	365	370
140	602	49490	121		PERA	2,990	3,071	3,479	3,149	3,571	3,625
141	602	49490	122		FICA	2,414	2,491	2,981	2,535	3,060	3,106
142	602	49490	126		Medicare	564	583	697	593	716	727
143	602	49490	131		Medical Insurance	12,591	12,920	14,012	13,694	16,488	16,735
144	602	49490	132		Dental Insurance	586	1,021	784	894	844	857
145	602	49490	133		Life Insurance	20	20	23	22	24	24
146	602	49490	151		Workers Compensation	472	711	960	677	927	941
147	602	49490	200		Office Supplies	3,110	2,870	2,500	6,272	2,500	2,538
148	602	49490	205		Misc. Employee Expenses	7,001	9,027	7,300	8,094	7,300	7,410
149	602	49490	210		Operating Supplies	750	647	1,500	683	1,500	1,523
150	602	49490	211		Motor Fuels	95	18	18	103	0	0
151	602	49490	220		Repair & Maintenance Supplies	1,184	2,849	700	1,041	700	711
152	602	49490	300		Professional Services	7,663	38,303	10,000	8,249	10,000	10,150
153	602	49490	321		Telephone	3,790	4,330	4,330	4,398	4,600	4,669
154	602	49490	322		Postage	238	48	200	141	200	203
155	602	49490	331		Travel & Training	5,599	5,160	8,000	3,137	8,000	8,120
156	602	49490	340		Advertising	472	335	400	167	400	406
157	602	49490	351		Legal Notices & Publications	6	0	50	0	50	51
158	602	49490	354		Printing & Binding	0	0	50	0	50	51
159	602	49490	360		Insurance	1,484	1,303	3,000	2,155	3,000	3,045
160	602	49490	380		Utilities	3,793	3,382	4,200	3,815	4,500	4,568
161	602	49490	401		Repair & Maint. - Buildings	1,278	1,135	2,000	1,412	2,000	2,030
162	602	49490	404		Repair & Maint.-Equip. & Mach.	4,100	3,874	2,000	4,193	2,000	2,030
163	602	49490	430		Miscellaneous	0	0	50	0	50	51
164	602	49490	433		Dues and Subscriptions	6,543	6,839	12,050	6,535	12,050	12,231
165					Sub-Total: Administration	103,107	144,268	129,724	116,336	134,246	136,260
166											
167											
168											
169					Customer Accounts						
170	602	49495	100		Wages	13,786	16,699	16,011	14,525	15,573	15,807
171	602	49495	102		Overtime	98	163	332	5	316	321
172	602	49495	121		PERA	1,122	953	1,185	1,022	1,152	1,169
173	602	49495	122		FICA	929	874	1,013	857	985	1,000
174	602	49495	126		Medicare	217	205	237	201	230	233
175	602	49495	131		Health Insurance	3,346	3,136	3,389	3,512	5,375	5,456
176	602	49495	132		Dental Insurance	209	161	154	238	166	168
177	602	49495	133		Life Insurance	5	5	5	5	5	5
178	602	49495	151		Worker's Compensation	83	85	115	81	101	103
179	602	49495	200		Office Supplies	313	1,156	1,156	1,353	1,160	1,177
180	602	49495	211		Motor fuels	454	407	400	648	600	609
181	602	49495	300		Professional Services	2,016	1,886	1,886	1,890	2,000	2,030
182	602	49495	322		Postage	5,174	5,235	4,900	5,354	5,400	5,481
183	602	49495	331		Travel & Training	0	0	0	17	100	102
184	602	49495	354		Printing & Binding	0	0	0	0	0	0
185	602	49495	360		Insurance	162	137	450	292	450	457
186	602	49495	404		Repair & Maint. - Equipment & Mach.	1,353	1,702	1,700	2,512	1,400	1,421
187	602	49495	430		Miscellaneous	0	0	0	0	0	0
188	602	49495	904		Bad Debt Expense	0	446	1,300	100	1,000	1,015
189					Sub-Total: Customer Accounts	29,267	33,250	34,233	32,612	36,013	36,553
190											
191					Operating Expenses	1,521,307	1,643,902	1,646,404	1,666,001	1,844,918	1,872,591
192											
193					Operating Income (loss):	1,973,945	1,603,600	1,667,711	1,762,233	1,892,966	2,129,901
194											
195					Depreciation						
196	602	49970	420		Depreciation	809,504	801,198	801,198	823,589	825,000	825,000
197					Interest Payments						
198	602	49980	611		Bond Interest Payments	379,444	350,901	321,803	321,803	275,472	256,594
199											
200					Transfers						
201	602	49990	720		Operating Transfer	217,340	216,232	207,661	216,888	235,074	252,274
202	602	49990	722		Contributed Utility Services	19,016	23,095	20,000	20,200	20,503	20,811
203					Sub-Total: Transfers & Contributions	236,356	239,327	227,661	237,088	255,577	273,084
204											
205					Expenditure Total for Income Statement:	2,946,611	3,035,328	2,997,066	3,048,481	3,200,967	3,227,270
206											
207					NET INCOME:	581,382	228,162	343,097	451,719	560,965	799,270

	B	C	D	F	S 14ent	WASTWR	U	V	W	X
209								2013	2014	2015
210					2011	2012	2013	Projected	Proposed	Proposed
211				Capital - Collector System	Actual	Actual	Budget	Budget	Budget	Budget
212	602	48210	300	Professional Services	172	15,950	7,000	0	47,000	10,000
213	602	48210	520	Building/Structural Improvements	4,426	27,753	7,000	34,467	0	0
214	602	48210	532	Utility Infrastructure: Mains	31,504	23,904	248,000	62,402	493,600	5,000
215	602	48210	580	Other Equipment	0	3,835	1,000	0	0	120,000
216					36,102	71,442	263,000	96,869	540,600	135,000
222				Capital - Treatment System						
223	602	48220	300	Professional Services	2,581	6,720	5,000	155	2,000	4,000
224	602	48220	510	Land	0	0	0	0	0	0
225	602	48220	520	Building/Structural Improvements	38,462	62,319	125,200	38,336	0	10,000
226	602	48220	580	Other Equipment	20,548	0	3,000	0	0	0
227					61,591	69,039	133,200	38,491	2,000	14,000
228				Capital - General Plant						
229	602	48230	520	Building/Structural Improvements	0	0	0	0	0	5,000
230	602	48230	540	Heavy Machinery	0	0	0	0	0	20,000
231	602	48230	550	Motor Vehicles	0	0	0	5,451	16,500	244,000
232	602	48230	580	Other Equipment	12,590	9,877	13,000	14,448	0	0
233					12,590	9,877	13,000	19,899	16,500	269,000
234				Bond Principal Payments						
235	602			Principal Payments on Bonds	1,119,730	2,947,960	1,230,240	1,230,240	1,114,570	1,179,250
236										
237										
238										
239				WASTEWATER FUND						
240				Statement of Sources and Applications of Cash						
241								2013	2014	2015
242					2011	2012	2013	Projected	Proposed	Proposed
243					Actual	Actual	Budget	Budget	Budget	Budget
244	Sources of Cash:									
245										
246				Net Income (loss)	\$581,382	\$228,162	\$343,097	\$451,719	\$560,965	\$799,270
247				Add depreciation	809,504	801,198	801,198	823,589	825,000	825,000
248										
249				Total	1,390,886	1,029,360	1,144,295	1,275,308	1,385,965	1,624,270
250										
251	Application of cash:									
252										
253				Purchase of fixed assets	(110,283)	(150,358)	(409,200)	(155,259)	(559,100)	(418,000)
254										
255				Change in assets and liabilities	63,719	58,330	0	58,330	0	0
256										
257				Bond Proceeds	0	1,890,000	200,000	0	0	235,000
258										
259				Principal payments of long-term debt	(1,119,730)	(2,947,960)	(1,230,240)	(1,230,240)	(1,114,570)	(1,179,250)
260										
261				Capital contributed by other sources	0	0	0	0	0	0
262										
263				Total	(1,166,294)	(1,149,988)	(1,439,440)	(1,327,169)	(1,673,670)	(1,362,250)
264										
265				Net increase (decrease) in cash	224,592	(120,628)	(295,145)	(51,861)	(287,705)	262,020
266										
267				Cash balance - January 1	488,723	713,315	592,687	592,687	540,826	253,121
268										
269				restricted reserve	464,507	508,074	477,074	485,506	529,506	573,506
270				Cash balance - December 31	\$248,808	\$84,613	(\$179,532)	\$55,319	(\$276,385)	(\$58,365)
271				Percent of next year operations	8.2%		-5.9%			
272				Percent of same year operations		2.8%		1.8%	-8.6%	-1.8%

Wastewater Utility Capital Plan

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Totals	
602.48210	Collector Systems												
300	Professional Services	\$47,000	\$10,000	\$10,000	\$10,000	\$10,000	\$11,000	\$12,000	\$12,000	\$12,500	\$12,500	\$147,000	
532	Washington Avenue Link	2014	\$235,600									\$235,600	
532	North Interceptor	Phase 1										\$0	
532	North Interceptor	Phase 2	2014	\$116,000								\$116,000	
532	North Interceptor	Phase 3	2104	\$0		\$68,000						\$68,000	
532	North Interceptor	Phase 4	2018			\$60,000						\$60,000	
532	North Interceptor	Phase 5	2019				\$60,000					\$60,000	
532	STJU Roundabout		\$107,000									\$107,000	
532	Union Street Intersection		\$33,000									\$33,000	
532	Hwy 169 adjust structures		\$2,000									\$2,000	
532	Subdivision Development			\$5,000	\$6,000	\$7,000	\$8,000	\$6,000	\$8,000	\$7,000	\$8,000	\$65,000	
580	Mainline Camera Replacement	2015		\$120,000								\$120,000	
580	Collection System Trash Pumps							\$6,000				\$6,000	
602.48210	Collector Systems Total		\$540,600	\$135,000	\$16,000	\$85,000	\$78,000	\$83,000	\$20,000	\$19,000	\$20,500	\$22,500	\$1,019,600
602.48220	Treatment Facilities												Totals
300	Professional Services		\$2,000	\$4,000	\$5,000	\$6,000	\$7,000	\$9,000	\$9,500	\$9,500	\$10,000	\$10,000	\$72,000
520	Equipment Replacement - WWTF			\$5,000	\$7,000	\$10,000	\$12,500	\$13,000	\$15,000	\$17,000	\$20,000	\$21,000	\$120,500
520	Equipment Replacement - Lab			\$5,000	\$2,000	\$6,000	\$5,000	\$3,000	\$5,700	\$5,000	\$3,000	\$5,500	\$40,200
602.48220	Treatment Facilities Total		\$2,000	\$14,000	\$14,000	\$22,000	\$24,500	\$25,000	\$30,200	\$31,500	\$33,000	\$36,500	\$232,700
602.48230	General Plant Sewer												Totals
520	Public Works Improvements		\$5,000		\$8,000		\$5,000		\$5,000				\$23,000
540	Backhoe Replacement	2014	\$20,000										\$20,000
550	Replace Unit #64	(10% of \$65,000) 2014	\$6,500										\$6,500
550	Replace Unit #26 (2002)	One ton 2014			\$30,000						\$31,000		\$61,000
550	Replace Unit #27 (75%WW-25%SW)			\$235,000									\$235,000
550	Replace Unit #1 (2003)	(33% of \$36,000) - 2014	\$10,000								\$15,000		\$25,000
550	Replace Unit #90					\$26,000							\$26,000
550	Replace Unit #36 (2001)	(33% of \$27,000) - 2014		\$9,000						\$10,000			\$19,000
550	Replace Unit #68 JD 444H	2017				\$50,000							\$50,000
580	Riding Lawn Mower with ATT:						\$4,000			\$4,000			\$8,000
580	#552 John Deere Riding Mower 1435 series II				\$21,000								\$21,000
602.48230	General Plant Sewer Totals		\$16,500	\$269,000	\$51,000	\$84,000	\$4,000	\$5,000	\$0	\$5,000	\$14,000	\$46,000	\$494,500
	Sub-totals		\$559,100	\$418,000	\$81,000	\$191,000	\$106,500	\$113,000	\$50,200	\$55,500	\$67,500	\$105,000	
	Bond Debt Service Payments		\$1,439,960	\$1,421,407	\$1,382,690	\$1,387,745	\$1,385,158	\$1,385,434	\$1,382,162	\$1,346,062	\$610,070	\$610,070	
	Total Cost		\$1,999,060	\$1,839,407	\$1,463,690	\$1,578,745	\$1,491,658	\$1,498,434	\$1,432,362	\$1,401,562	\$677,570	\$715,070	

30



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 5/2/14

FROM: Todd Prafke
City Administrator

RE: Jefferson Water Plant site

ACTION/RECOMMENDATION

No action needed. For your information and discussion only.

BACKGROUND

My goals for your workshop are to address the request made by the Council for an update on this issue and to provide additional information related to the discussion we have had with developers about the Jefferson Water Plant location.

Some members may remember at the time the Jefferson Water Plant was demolished considerable discussion was held about the potential re-use of the site. Direction was given to staff and letters were sent to neighbors asking for ideas for re-use of the site. (You have previously been provided with the responses.) Subsequent to that, staff was directed to discuss the site as a potential housing development under the following general criteria:

- Higher end rental (need discussed as a part of housing study)
- No access on South Washington or West Jefferson Avenues.
- Project that meets the aesthetic values of the Council and "fits in" with the neighborhood.
- No unit count pre-determined
- Sale price TBD based on quality of project. To staff this means that we might sell the land very cheap for the right project with tax base impact and timelines the Council likes.
- Any revenue from the sale would go to the Water Fund
- Development agreement would be needed.

The Council directed that no RFP would be used at that time, however, that process is something you could do now if you wished. I am unsure what the outcome of that process may be for you on this site. It costs money for developers to do that work without any assurance that they will even have an opportunity to develop the site.

Staff has talked with a number of local developers, as directed, and has assembled some additional data and thoughts about their feedback. I will provide that information at your workshop on Monday evening.

From a process standpoint, I anticipate that you will provide some direction as to whether you have interest in continuing down this path, or would like us to pursue something else or a different process. One developer has expressed clear interest based on the Council's original direction.

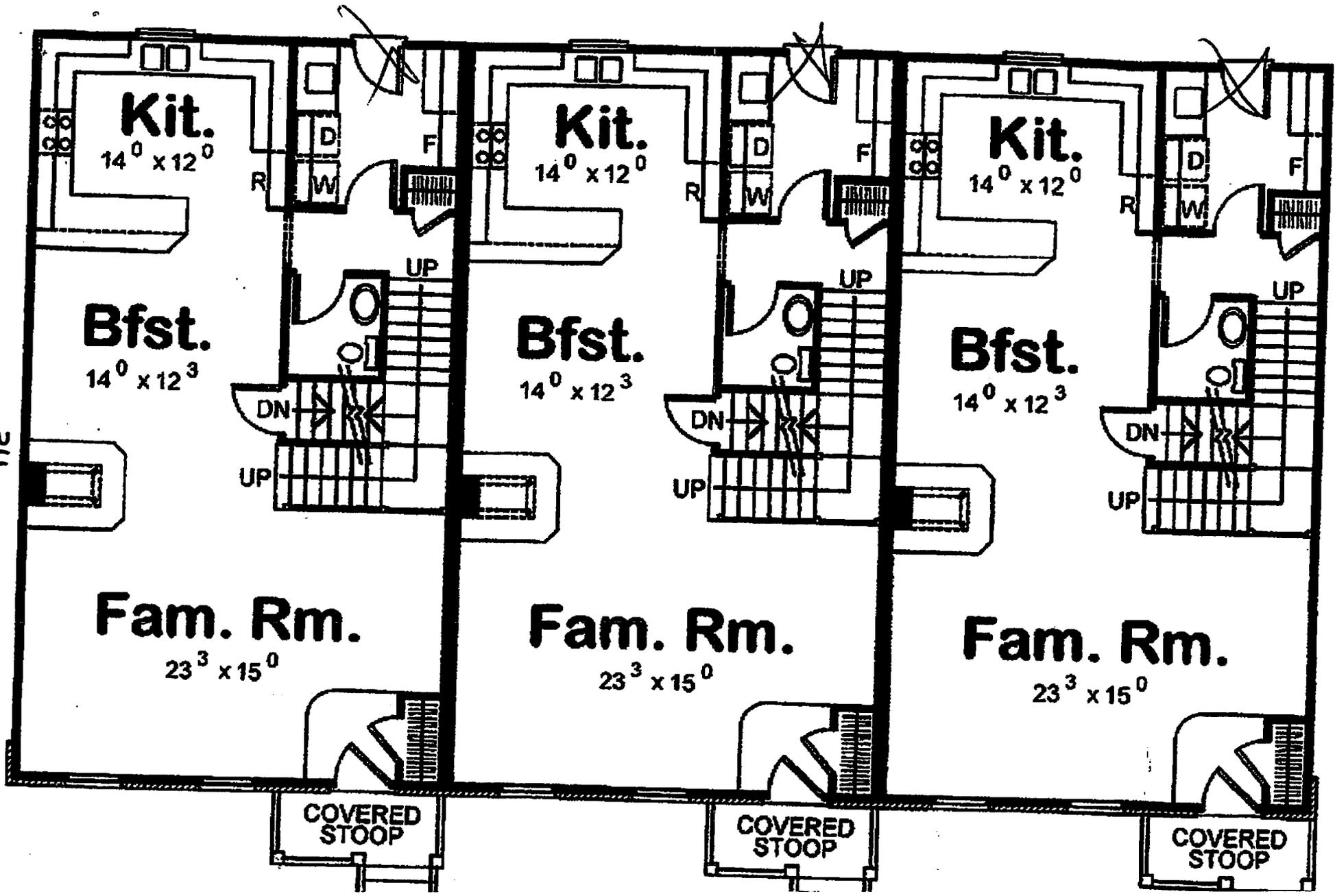
We are potentially at a point where the next step would be a development agreement. I would expect that could occur in May of this year.

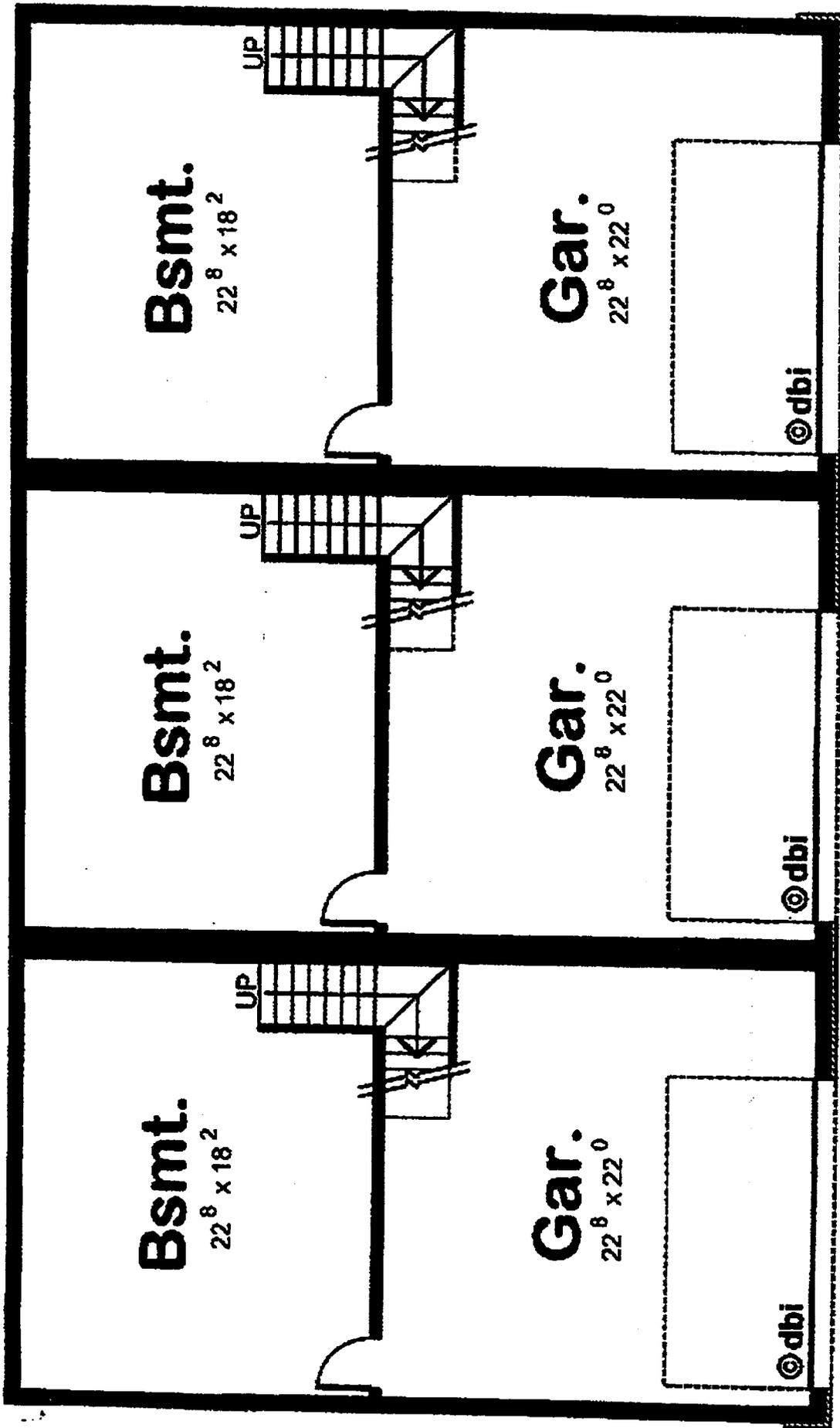
Please contact me if you have any questions or concerns on this agenda item.

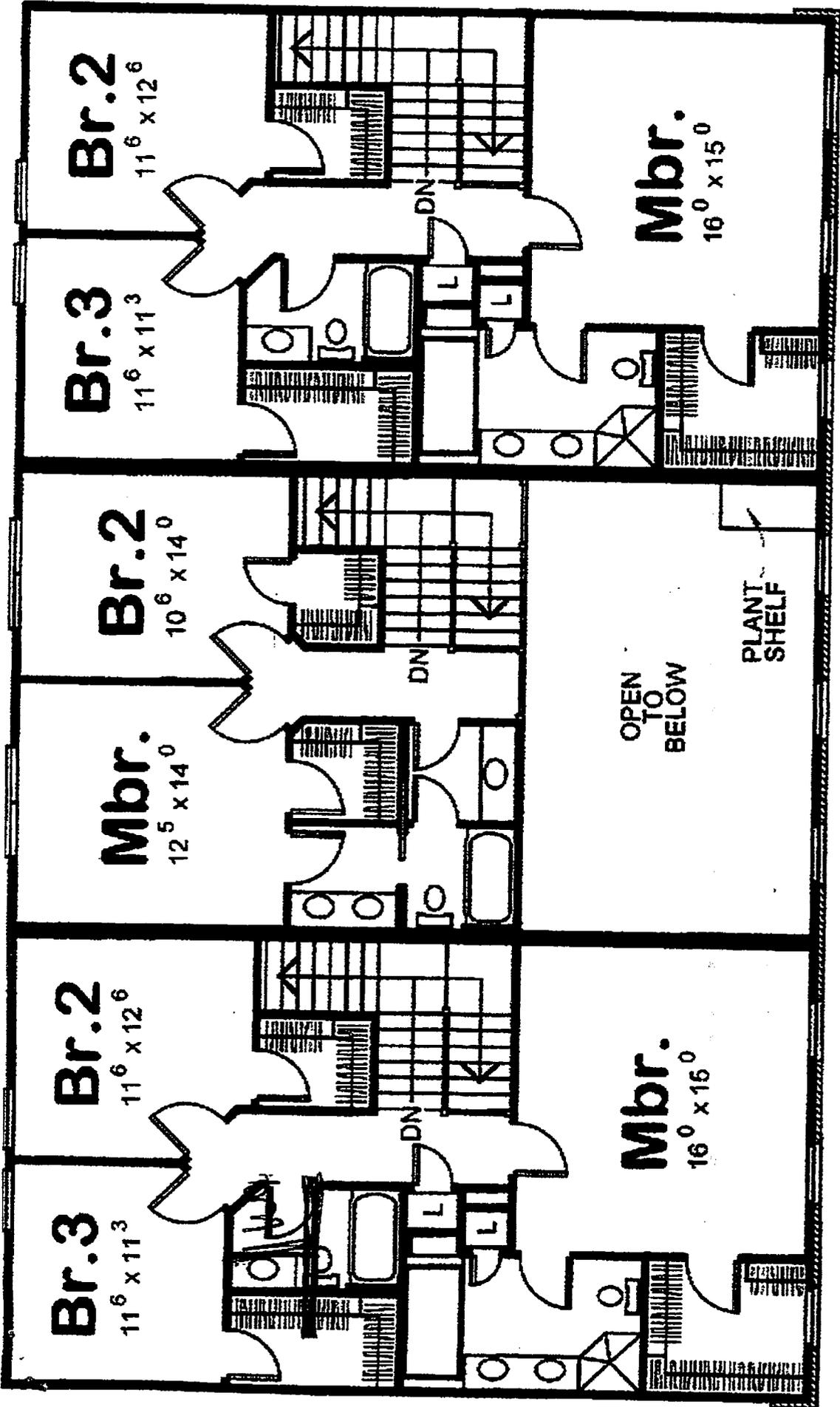
TP/bal



h34







Br. 2
11'6" x 12'6"

Br. 3
11'6" x 11'3"

Mbr.
16'0" x 15'0"

Br. 2
10'6" x 14'0"

Mbr.
12'5" x 14'0"

OPEN
TO
BELOW

PLANT
SHELF

Br. 2
11'6" x 12'6"

Br. 3
11'6" x 11'3"

Mbr.
16'0" x 15'0"



Google earth

feet
meters

200

90

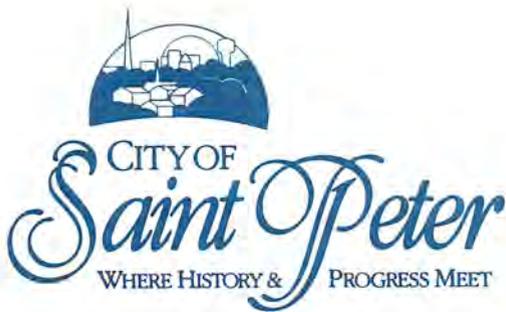




Google earth

feet
meters





Memorandum

TO: Todd Prafke
City Administrator

DATE: April 30, 2014

FROM: Lewis Giesking
Director of Public Works

Pete Moulton
Water Utilities Superintendent

RE: Frozen Water Services Update

ACTION/RECOMMENDATION

No action needed. For your information and discussion only.

BACKGROUND

This year, seventy-three (73) water service lines froze. Sixty-four (64) services needed to be thawed by either internal assistance from the City, or external assistance by a licensed welder. While nine (9) homes left their service frozen, these were mostly vacant or the owner was away for an extended period. Frozen lines have previously occurred in Saint Peter during calendar years 1989, 1990, 1991, 1994, and 1996.

City staff has discussed this issue on many occasions. Staff has also talked to other communities in order to gauge their response and to discuss installation standards and compliance with installation standards as they relate to customer service. Utility companies have done all sorts of programs ranging from averaging usage for those running water, to providing the water and sewer at a reduced rate, to not providing any discounts.

The City's Water Utility has always worked with each property owner to make sure their water and sewer services are in compliance with City standards. This gives the owner and the City the best chance to minimize water loss, reduce maintenance on the system, and provide the best service available.

According to the State Plumbing Code, all water services must be protected against freezing. So it could be argued that if the line freezes it does not meet Code. The State Plumbing Code also does not specify a depth for installation, but City standards do provide a minimum requirement of seven feet (7') cover as identified in Construction Standard Detail #6002, a copy of which is attached for Council reference.

Utility staff has evaluated this problem from two view points:

1. From an *operations point of view*, many staff hours and dollars were spent helping customers for a problem that could be or should have been avoided. Individual homeowners who had their line thawed by Utility staff will receive a \$325.00 bill which is the fee set by City Council. If it took longer to thaw the line than what was charged, then

the Utility absorbed the cost. About half the water services required more time than the fees that will be collected. From the operations point of view, cost can be minimized by requiring service lines that do not meet State Plumbing Code or City standards be replaced at the owner's expense. Also, staff did not charge the customer if the line was not opened by staff, regardless of the amount of time spent at the customer's site.

2. From a *customer service point of view*, staff works diligently to provide the best service to our customer. Even when the water service required a welder to thaw the line, Utility staff helped the owner coordinate the contractor and worked with neighbors to protect them from the hazards of thawing a water service with a welder. There was risk involved using a welder, but staff did an outstanding job of assisting both the welder and our customers. Assisting the welder with set-up and preparations minimized the cost to the owner of the frozen service. From the customer service point of view, cost can be minimized by working with customers likely to make a long-term commitment to make the changes necessary to bring their service to the City standard. This can be accomplished by offering an incentive for the owners to meet State Plumbing Code or City standards which would be replaced at the owner's expense.

In either situation, it is recommended that no price discount or reduction in cost be provided. By providing a discount to the customer, there is little incentive to make permanent corrections or bring their line up to standards. Permanent or long-term corrections are the only resolution to an overall reduced cost to the owner and utility. Homeowners that have installed their service lines to City standards have also been minimally impacted. Approximately ten (10) water services that have been installed to our standards froze this year. Most of those that met standards and froze were low use customers.

Staff intends to contact each service line owner on the list and discuss what needs to be corrected with this service in order to be in compliance with City standards. Staff will also discuss options to finance the corrections necessary, which includes the possibility of assessing costs through the City. Due to budget constraints we may need to undertake this assistance in some prioritized order.

For spot repairs we will offer an incentive based on the scope of replacement. For replacement of the entire line, staff will offer to pay for the disconnection of the old service at City expense. Both of these will be real costs to the City, but will assist the property owner.

Please feel free to contact us if you have any questions or concerns on this agenda item

LGG/PM

Frozen Water Services Update

April 28, 2014

- 73 Frozen Services - 63 residential properties and 10 commercial or business properties
- 15 Services have a history of freezing in the past -1989 (8), 1990 (2), 1991 (2), 1994 (4), 1996 (2)
 - 3 Services have frozen multiple years
- 35 Services were opened by a private welder - 28 Services were opened by City staff
- 1 Watermain froze – thawed at City expense.

Compliance with City Standards:

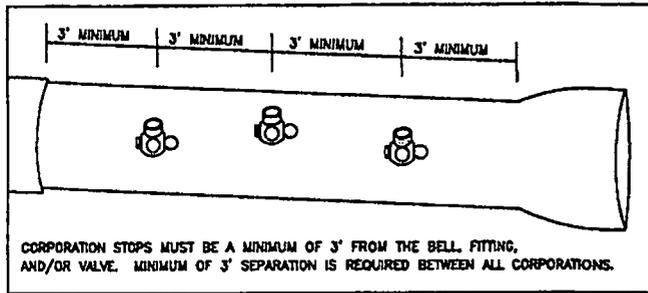
- 14 services were installed to City standards (do not meet plumbing code standards)
 - 7 are private services (frozen behind the meter, not an installation issue)
- 52 services DO NOT meet City or plumbing code installation standards
 - 29 services need to be replaced entirely
 - 16 services can be repaired by “spot” correction (<20')
 - 7 services could not be identified for compliance (could not locate)

Usage Information (\$5.70/1,000 water & \$10.23/1,000 wastewater = \$15.93/1,000)

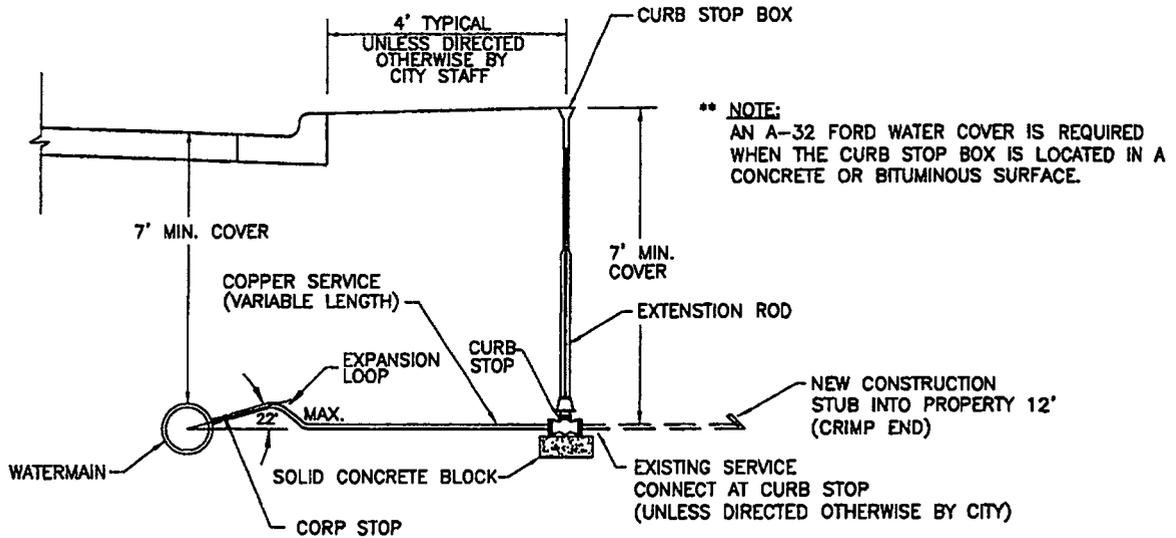
- 15 Services used from 0 – 2,000 gallons extra water per month (\$31.86)
- 12 Services used from 2,000 – 4,000 gallons extra water per month (\$63.72)
- 7 Services used from 4,000 – 6,000 gallons extra water per month (\$95.58)
- 7 Services used from 6,000 – 8,000 gallons extra water per month (\$127.44)
- 5 Services used from 8,000 – 10,000 gallons extra water per month (\$159.30)
- 6 Services used from 10,000 – 20,000 gallons extra water per month (\$318.60)
- 4 Services used more than 20,000 gallons extra water per month (\$410.00 avg.)

FORD STYLE			
ITEM	1"	1 1/2"	2"
CORP STOP	FB 1000-4-Q	FB 1000-8-Q	FB 1000-7-Q
SERVICE SADDLES	N/A	F-202-(**)-CC6	F-202-(**)-CC7
CURB STOP	B44-444M-Q	B44-666M-Q	B44-777M-Q
CURB STOP BOX	EM2-80-56-72R	EM2-80-67-72R	EM2-80-57-72R
COUPLINGS	C44-44-Q	C44-66-Q	C44-77-Q
REPAIR COUPLINGS	FRS202-(**)-CC4	FRS202-(**)-CC6	FRS202-(**)-CC7

(**) VARIES DEPENDING ON PIPE OD



CORPORATION STOPS MUST BE A MINIMUM OF 3' FROM THE BELL, FITTING, AND/OR VALVE. MINIMUM OF 3' SEPARATION IS REQUIRED BETWEEN ALL CORPORATIONS.



**** NOTE:**
AN A-32 FORD WATER COVER IS REQUIRED WHEN THE CURB STOP BOX IS LOCATED IN A CONCRETE OR BITUMINOUS SURFACE.

NOTE: WHERE NO EXISTING WATER SERVICE IS IN PLACE, EXTEND PAST PROPERTY LINE 12' AND CRIMP END OF COPPER.

CORPORATION STOPS, CURB STOPS & RELATED FITTINGS SHALL BE CAST BRASS WITH COMPRESSION FITTINGS
EXTENSION ROD SHALL EXTEND WITHIN 12" OF GROUND SURFACE

NO COUPLINGS ALLOWED BETWEEN WATERMAIN AND CURB STOP AND FROM THE CURB STOP TO THE STUBBED CRIMPED END OF THE COPPER (UNLESS DIRECTED OTHERWISE BY THE CITY).

AT THE END OF ALL SERVICES, WHICH ARE NOT IMMEDIATELY CONNECTED TO EXISTING SERVICES, THE CONTRACTOR SHALL MARK INVERT LOCATION WITH A 4"x4"x7' WOOD POST (MIN.). THERE SHOULD BE ATTACHED TO THE TOP OF THE POST A 6"x3/4" PIECE OF REROD, CAPABLE OF BEING LOCATED BY A METAL DETECTOR FROM THE FINISHED SURFACE. MARK SURFACE LOCATION ABOVE END OF SERVICE STUB AND THE CURB STOP EACH WITH A 6' HEAVY DUTY STEEL "TEE" FENCE POST PAINTED BLUE.

WATER SERVICE INSTALLATION DETAIL

NOT TO SCALE
PLATE 6002

WATER SERVICE INSTALLATION

STANDARD DETAIL
PLATE NO:
6002

APPROVED: ADOPTED BY CITY COUNCIL ON JANUARY 12, 2004

REVISED: REVISION ADOPTED BY CITY COUNCIL ON DECEMBER 12, 2005

REMARKS:

SAINT PETER UTILITY STANDARD DETAIL

