

2016 BUDGET
WATER OPERATING FUND
EXPENSES NARRATIVE

Account No. 601

- 49440.100 **Salaries - \$23,255**
This includes salary/wages of the Bookkeeper/Billing Clerk (25%),
Administrative Assistant (10%) and City Administrator (10%).
- 49440.101 **Crew Salaries - \$65,123**
This includes salary/wages of the crew (24%), Superintendent (30%) and
part-time
- 49440.121 **Pensions-PERA - \$6,628**
Public Employees Retirement Association is the mandatory pension program for
all qualified employees. The employee contribution is 6.50% of their gross
salary. The employer contribution is 7.5%.
- 49440.122 **Pension-FICA - \$6,761**
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49440.131 **Health/Life/Dental Insurance - \$14,737**
In 2012, LOGIS received a more favorable proposal from Blue Cross Blue Shield
which resulted in a decrease in health care for 2012. Recent changes in Health
Care have exempted the City from rate caps and the recommended estimated
increase is 11%. As per Council action, the city will cover a maximum of 67% of
total family health insurance costs.
- 49440.151 **Workers Compensation Insurance – \$3,750**
Workers Comp Insurance increases are based on League Budget Guides. This
particular line item has not exceeded \$3,750. The City has a good experience
rating and Staff is proposing no change for this line item for 2016. It is allocated
as follows: General 50%, Sewer 25%, and Water 25%.
- 49440.203 **Billing Supplies/Postage - \$550**
This includes annual bulk mailing permit, billing statements, envelopes, stamps,
printed envelopes, and postage for certified delinquent utility letters.
- 49440.212 **Gas & Oil - \$4,550**
This line item reflects 25% of the fuel used. Diesel = 875 gal. @ \$3.50/gal.
And Unleaded = 300 gal. @ \$3.50/gal. Plus approximately \$400 for two 55
gallon barrels of oil for vehicle and equipment.
- 49440.215 **Laboratory Testing - \$560** added \$20 from last year because costs were up.
Costs include monthly water bacterial testing required by the Minnesota
Department of Health.

2016 BUDGET
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EXPENSES NARRATIVE

49440.216 Water Treatment Supplies – \$27,000
Costs include chemical for water treatment, test reagents for the lab.

49440.218 Water Main Repairs – \$26,000
The trends of the past few years (2011-2013) average \$34,258. If we take out 2013, the costs are \$26,265. Past history has shown the need to increase this item due to the age of our system and increased cost to make repairs.

49440.220 Repairs, Supplies, Maintenance - \$12,300
Specific costs include the following:

- Painting in Water Plant lower level floor - \$6,800 - this will do ½ of the floor
- Instrument calibration \$1,000/yearly
- Miscellaneous expenses (flow charts, grease, lab air filters, unit heater, dehumidifier, chlorine ejector maintenance, equipment repair, brooms, mops, etc.) \$4,500

NOTE – See Water/Sewer Reserves (411) for improvements projects.

49440.223 Uniform, Safety Shoes, Safety Equipment - \$1,341
The total cost is divided equally between the General, Water, Sewer and Storm Water funds. Includes reimbursement for safety shoes per new Union Contract.

- Uniforms - \$700
- Safety shoes - \$200
- Safety vests - \$150
- Hearing protection, rubber gloves, etc - \$200
- Fire extinguisher inspections - \$91

49440.229 Lime Pit Expenses – \$11,980
Contractors have estimated a total cost of \$11,900.
MN Dept of Ag - lime sample fee is \$80.

49440.230 Water Tower Expenses – \$588
Annual expenses are as follows:

- Electricity- \$245/year
- Security Response (security system quarterly billings) - \$343/year

49440.250 Meter Purchases – \$1,000

49440.301 Auditing - \$2,050
Water Fund portion of audit. The City audit estimated at \$8,200 for 2016 and paid for as follows:

40% - General	5% - Garbage Fund
25% - Water Fund	5% - Recycling Fund

2016 BUDGET
WATER OPERATING FUND
EXPENSES NARRATIVE

25% - Sewer Fund

49440.318 Consulting Planner - \$300
Wellhead Protection Plan maintenance reporting costs

49440.321 Telephone – \$1,100
Includes the on call phone, two way radio, alarm dialer for water plant.

49440.361 Liability insurance - \$9,685
Liability insurance for 2016 was estimated to increase 2%. However, our experience rate is good and actual costs for 2015 were down slightly. Staff is proposing no change to this line item at this time. Cost allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

49440.381 Electricity - \$17,020

49440.383 Heat and Natural Gas – \$6,500

49440.430 Miscellaneous and Dues – \$7,587

DNR Water Use Permit	525
MN Dept of Health (license renewals)	23
MN Dept of Labor & Industry permits (hydro & boiler)	20
MN Dept of Natural Resources (Water Use Fee)	525
MN Dept of Public Safety EPCRA (State charged chemical storage fee)	100
MN Rural Water conference	450
MN Rural Water membership	260
MPCA Water Operator training for staff	900
Civil Defense Siren Maintenance Contract (Ready Watt Electric contract, 4-way cost split)	197
¼ of Safe Assure Consultants (OSHA Training)	414
Annual Water Quality Report - comes electronically FREE	0
Security Response (security system quarterly billings)	496
Gopher One Calls	500
Banyon Data System Utility Support	892
Miscellaneous	500
Meter reader support - the fee to get back on Sensus support was \$1732.50 for last year. They anticipate a 3% increase for 2016. This fee is good for one year of support and will get the updates needed for AutoRead.	1,785

49440.720 Transfer Out - \$69,390
The depreciation expense is being transferred to the Water/Sewer Reserve to build funds for capital improvements and necessary replacements.

2016 BUDGET
WATER OPERATING FUND
EXPENSES NARRATIVE

49970.420

Depreciation Expense – **\$69,390**

The depreciation charge is a non-cash expense recognizing the amortization of costs of the utility system over a period of years. The original water and sewer systems are being depreciated over a 60 year life, with system improvements ranging from 15 to 20 years and equipment at between 5 and 10 years. This depreciation amount is estimated by the auditor on a straight-line (same amount each year until fully depreciated) schedule over the estimated life of the assets. The City is attempting to generate charges sufficient to cover these depreciation costs realizing the system will need to be improved or replaced in future years.

2016 BUDGET
WATER OPERATING FUND
REVENUE NARRATIVE

Account No. 601

- 34952 Tax Certification - **\$5,000**
- 37100 Residential Water Sales - **\$232,320**
Based on 38 MG water sold @4.44 / 1000 = \$168,720
Base rate = \$25.00 x 4 (\$100/yr) x 636 hookups = \$63,600
- 37101 Commercial Water Sales - **\$24,180**
Based on 4.5 MG water sold @4.44 / 1000 = \$19,980
Base rate = \$25.00 x 4 (\$100/yr) x 42 hookups = \$4,200
- 37150 Hookup Permits - **\$500**
- 37160 Penalties - **\$3,000**
- 37170 Miscellaneous Utility Revenue – **\$2,250**
Sprinkler permit fees (\$325 * 6 permits), water on/off charges, water usage for season garden center.
- 37171 Meter Sales –**\$250**
Decrease based on reduced building permits and meter change out program.
- 39203 Transfer In - **\$55,000**
Transfer in from Water Sewer Reserve Fund.

2016 BUDGET
SEWER OPERATING FUND
EXPENSES NARRATIVE

Account No. 602

- 49490.100 **Office Salaries - \$23,255**
This includes salary/wages of the Bookkeeper/Billing Clerk (25%), Administrative Assistant (10%) and City Administrator (10%).
- 49490.101 **Crew Salaries – \$50,881**
This includes salary/wages of the crew (22%) and Superintendent (20%).
- 49490.121 **Pensions - PERA - \$5,560**
Public Employees Retirement Association is the mandatory pension program for all qualified employees. The employee contribution is increasing to 6.50% of their gross salary. The employer contribution is increasing to 7.5%. The employer contribution increased in 2011 to 7.25% of gross salary, up from the 2010 rate of 7% and the 2009 rate of 6.75
- 49490.122 **Pensions – FICA - \$5,671**
Federal payroll taxes for Social Security and Medicare are 7.65% of wages.
- 49490.131 **Health/Life/Dental Insurance - \$13,059**
In 2012, LOGIS received a more favorable proposal from Blue Cross Blue Shield which resulted in a decrease in health care for 2012. Recent changes in Health Care have exempted the City from rate caps and the recommended estimated increase is 8.5%. As per Council action, the city will cover a maximum of 67% of total family health insurance costs
- 49490.151 **Workers' Compensation Insurance – \$3,750**
Workers Comp Insurance increases are based on League Budget Guides. This particular line item has not exceeded \$3,750. The City has a good experience rating and Staff is proposing no change for this line item for 2016. It is allocated as follows: General 50%, Sewer 25%, and Water 25%.
- 49490.203 **Billing Supplies/Postage - \$500**
This includes annual bulk mailing permit, billing statements, envelopes, stamps, printed envelopes, and postage for certified delinquent utility letters.
- 49490.212 **Gas & Oil - \$4,550**
This line item reflects 25% of the fuel used. Diesel = 875 gal. @\$3.50/gal. And Unleaded = 300 gal. @\$3.50/gal. Approximately \$400 for two 55 gallon barrels of oil for vehicle and equipment.

2016 BUDGET
SEWER OPERATING FUND
EXPENSES NARRATIVE

49490.220 **Repairs/Supplies/Maintenance - \$11,100**

Included are the following expenditures:

- Miscellaneous expenses: field service, floats, other pump parts, 1/3 costs of fire extinguisher inspections for vehicles and shop, and service calls for lift station repairs - \$4,500
- Maintenance and repair of Vactor - \$5,600
- On going man hole repair - \$2,000

49490.223 **Uniform, Safety Shoes, Safety Equipment - \$1,341**

The total cost is divided equally between the General, Water, Sewer and Storm Water funds. Includes reimbursement for safety shoes per new Union Contract.

- Uniforms - \$700
- Safety shoes - \$200
- Safety vests - \$150
- Hearing protection, rubber gloves, etc - \$200
- Fire extinguisher inspections - \$91

49490.301 **Auditing - \$2,050**

Sewer Fund portion of audit. The City audit estimated at \$8,200 for 2015 and paid for as follows:

- | | |
|------------------|---------------------|
| 40% - General | 5% - Garbage Fund |
| 25% - Water Fund | 5% - Recycling Fund |
| 25% - Sewer Fund | |

49490.321 **Telephone – \$1,325**

This stayed the same after removing radio cost.

Increase of \$300 due to addition of 2 new alarm dialers for lift 4 & 7. This line item includes:

- Lift station No. 2,3,4,5,6,7,8and 10 alarm dialers –\$ 1,092
- On call phone – \$ 100

49490.361 **Liability insurance - \$1,724**

Liability insurance for 2016 was estimated to increase 2%. However, our experience rate is good and actual costs for 2015 were down slightly. Staff is proposing no change to this line item at this time. Cost allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

49490.381 **Lift Station Electric - \$7,900**

2016 BUDGET
SEWER OPERATING FUND
EXPENSES NARRATIVE

49490.385 Sewage Disposal - **\$188,800**
 Cost is mandated by Metro Council and reflects the 12-month flow values between July 1, 2014 to June 30, 2015 (as an estimate of 2016 service).

49490.386 Inflow & Infiltration – See Water/Sewer Reserves (411) for improvements projects.

49490.430 Miscellaneous - **\$2,778**

ITEM	AMOUNT
MN Pollution Control operator certification	46
MN Pollution Control conference (Sewer Operators training)	900
Gopher State One Call	500
Civil Defense Siren Maintenance Contract	197
¼ of Safe Assure Consultants	414
Banyon Data System Utility Support	596
State of Minnesota membership dues	125

49490.420 Depreciation Expense – **\$60,473**
 The depreciation charge is a non-cash expense recognizing the amortization of costs of the utility system over a period of years. The original water and sewer systems are being depreciated over a 60 year life, with system improvements ranging from 15 to 20 years and equipment at between 5 and 10 years. This depreciation amount is estimated by the auditor on a straight-line (same amount each year until fully depreciated) schedule over the estimated life of the assets. The City is attempting to generate charges sufficient to cover these depreciation costs realizing the system will need to be improved or replaced in future years.

49490.720 Transfer Out – **\$60,473**
 The depreciation expense is being transferred to the Water/Sewer Reserve to build funds for capital improvements and necessary replacement.

2016 BUDGET
SEWER OPERATING FUND
REVENUE NARRATIVE

Account No. 602

34952 Tax Certification - **\$6,000**

36200 Miscellaneous - **\$0**

36210 Interest Earned - **\$0**

37200 Utility Charges - Residential - **\$347,680**
\$132.50 quarterly for 656 households (132.50*4*656).

37201 Utility Charges - Commercial - **\$27,000**
\$130.50/qtr x 4 = \$522/yr x 35 connections = \$18,270.00 base charge, plus
excess commercial sewer usage of \$4.58 per 1,000 gallons over 10,000
gallon (based on water usage gallons).

37250 Hookup Permits - **\$240**

37260 Penalties - **\$4,000**

39203 Transfers In - **\$0**

2016 BUDGET NARRATIVE
GARBAGE FUND

Account No.
603

EXPENSES

- 49500.307 **Garbage Pickup (Contract) - \$67,700**
Includes per home charge and disposal fees.
- 49520.100 **Salaries - \$11,889**
This includes salary/wages of the Bookkeeper/Billing Clerk (13%), Administrative Assistant (5%) and City Administrator (5%).
- 49520.121 **Pensions - PERA - \$892**
Public Employees Retirement Association is the mandatory pension program for all qualified employees. The employee contribution is increasing to 6.50% of their gross salary. The employer contribution is increasing to 7.5%. The employer contribution increased in 2011 to 7.25% of gross salary, up from the 2010 rate of 7% and the 2009 rate of 6.75
- 49520.122 **Pensions – FICA - \$910**
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49520.131 **Health/Life/Dental - \$2,756**
In 2012, LOGIS received a more favorable proposal from Blue Cross Blue Shield which resulted in a decrease in health care for 2012. Recent changes in Health Care have exempted the City from rate caps and the recommended estimated increase is 8.5%. As per Council action, the city will cover a maximum of 67% of total family health insurance costs
- 49520.200 **Billing Supplies/Postage - \$500**
This includes billing statements, envelopes, stamps, printed envelopes, and postage for certified delinquent utility letters.
- 49520.301 **Auditing - \$410**
The City audit estimated at \$8,000 for 2014 and paid for as follows:
40% - General 5% - Garbage Fund
25% - Water Fund 5% - Recycling Fund
25% - Sewer Fund
- 49520.361 **Liability Insurance - \$1,992**
Liability insurance for 2015 is estimated to increase 2% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

2016 BUDGET NARRATIVE
GARBAGE FUND

49520.430 Miscellaneous & Fall Cleanup - **\$4,200**

49520.720 Transfer Out to Other - **\$60,000**
Transfer to Recycling Fund.

REVENUE

34952 Tax Certification - **\$0**

36210 Interest Earned - **\$546**

37300 Utility Charges - **\$93,000**

37360 Penalties - **\$2,000**

2016 BUDGET
DOCK FUND
NARRATIVE

Account No. 617

EXPENSES

- 49863.100 **Administrative salaries - \$3,533**
This includes salary/wages of the Administrative Assistant (5%) and City Administrator (2%).
- 49863.101 **Public Works salaries - \$1,061**
This includes salary/wages of the crew (1%).
- 49863.121 **Pensions-PERA - \$344**
Public Employees Retirement Association is the mandatory pension program for all qualified employees. The employee contribution is increasing to 6.50% of their gross salary. The employer contribution is increasing to 7.5%. The employer contribution increased in 2011 to 7.25% of gross salary, up from the 2010 rate of 7% and the 2009 rate of 6.75
- 49863.122 **Pensions- FICA - \$351**
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49863.131 **Health/Life/Dental Ins - \$1,078**
In 2012, LOGIS received a more favorable proposal from Blue Cross Blue Shield which resulted in a decrease in health care for 2012. Recent changes in Health Care have exempted the City from rate caps and the recommended estimated increase is 8.5%. As per Council action, the city will cover a maximum of 67% of total family health insurance costs
- 49863.220 **Repairs, Supplies & Maintenance – \$5,000**
Recommend \$2,500 in routine maintenance including weed control.
- 49863.302 **LMCD Dock License - \$1,164**
The fee for dock licenses is based on the number of watercraft storage units (WSU).
- 49863.322 **Postage - \$150**
This includes postage to send notices to dock renters and any other dock-related correspondence.
- 49863.361 **Liability Insurance – \$559**
Liability insurance for 2016 is estimated to increase 2% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

2016 BUDGET
DOCK FUND
NARRATIVE

- 49863.381 Electricity - **\$860**
This item is for the lighting in the municipal dock area.
- 49863.430 Miscellaneous - **\$5,000**
Gideon's Bay Milfoil Removal Project - \$5,000 reserved for this purpose but not committed for payment until further review.
- 49863.720 Transfer Out - **\$50,000** to Capital Improvement Fund

REVENUES

- 36210 Interest Earned - **\$2,542**
- 38000 Dock Rental Fees - **\$76,000**
- Docks 2-3 2 x 2015 rate - \$2,400
 - Docks 4-49 46 x 2015 rate - \$73,600
- 38001 Slide Rental Fee - **\$960**
- 38002 Canoe Rack Revenue - **\$100**
For the first time ever the canoe rack has filled out completely in 2014. This may be due in part to the NO WAKE restriction on the lake.
- 38003 Woodpecker Ridge Road – **\$1,600**
Fees generated from the license agreement with the adjacent landowners.

*Note: Stuart Bonniwell will likely charge depreciation for the dock expansion. Staff usually does not budget for this because the non-cash expense stays within the dock fund. Therefore, the \$4,000 that is "deducted" is really cash sitting in the fund. Stuart will adjust the year end expenses to show an expense, but the cash will remain in the fund. Water and Sewer are different because we have a separate fund (Water/Sewer Reserve) that gets "paid" with a transfer from the Operating Funds, so it is more critical to have a dollar amount of cash that we are transferring be determined.

2016 BUDGET
STORM WATER DRAINAGE FUND
NARRATIVE

Account No. 651

EXPENSES

- 49491.101 **Public Works Salaries – \$974**
One third cost to add 4th man to on call rotation.
- 49491.121 **Pensions - PERA - \$73**
Public Employees Retirement Association is the mandatory pension program for all qualified employees. The employee contribution is increasing to 6.50% of their gross salary. The employer contribution is increasing to 7.5%. The employer contribution increased in 2011 to 7.25% of gross salary, up from the 2010 rate of 7% and the 2009 rate of 6.75
- 49491.122 **Pensions – FICA - \$75**
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49491.220 **Repairs/Supplies/Maintenance - \$2,000**
- Repairs on storm water lift stations.
 - Miscellaneous culvert repair.
- (MS4 costs moved to Engineering, 49491.303; LMC and SafeAssure contracts moved to Miscellaneous, 49491.430)
- 49490.223 **Uniform, Safety Shoes, Safety Equipment - \$1,341**
The total cost is divided equally between the General, Water, Sewer and Storm Water funds. Include reimbursement for safety shoes per new Union Contract.
- Uniforms - \$700
 - Safety shoes - \$200
 - Safety vests - \$150
 - Hearing protection, rubber gloves, etc - \$200
 - Fire extinguisher inspections - \$91
- 49491.303 **Engineering Fees - \$2,500**
Consultant to complete annual MS4 report and monitor current SWPPP program.
- 49491.381 **Storm Water Lift Station Electric - \$300**
This is for the two new storm sewer lift stations on Woodpecker Ridge Road
- 49491.405 **Street Sweeping – \$8,611**

2016 BUDGET
STORM WATER DRAINAGE FUND
NARRATIVE

The streets are swept three times per year, also included is the sweeping in preparation for seal coat patching and roll off dumpster service for fall leaf disposal. The average annual hours for sweeping are estimated at 75 hours. Additional lab cost to test sweepings approx \$110/annually.

49491.430 Miscellaneous - **\$810**
LMC storm water coalition membership \$410
1/4 of Safe Assure Consultants \$405

REVENUE

37300 Utility Charges Residential / Commercial - **\$20,100**
Quarterly fee of \$3.50 per household. Residential revenue is \$8,550.
Commercial accounts are charged on a sq ft basis, commercial revenue is \$11,550.

37260 Penalties - **\$300**

2016 BUDGET
RECYCLING/YARD WASTE FUND
NARRATIVE

49521.430 Miscellaneous – **\$0**
Recommend budgeting nothing at this time for miscellaneous recycling.
Expenses could include recycling conferences or promotional literature.

REVENUES

33620 Hennepin County Grant - **\$5,000**
County will continue their funding policy

34952 Tax Certification - **\$0**

36200 Misc. Revenue - **\$0**
Recycling credit is \$6 per month.

37300 Utility Charges - **\$90,000**

37360 Penalties - **\$1,000**

39203 Transfer In from Other Fund - **\$60,000**

2016 BUDGET
WATER/SEWER RESERVE FUND
NARRATIVE

Account No. 411

EXPENSES

49000.430 Miscellaneous - **\$0**

49300.720 Transfer Out to Other - **\$55,000**
Transfer out to Water Operating Fund.

49460.220 Repairs/Supplies/Maintenance - **\$11,284**

Seal 5 manholes	\$3,000
Replace 10 center pick manhole covers with solid covers	\$3,500
Lift station pumps	\$4,784

49460.230 Water Tower Expenses - **\$0**

49460.318 Consultant - **\$2,000**
Comprehensive Plan Update project (\$1,000 each toward sewer and water updates).

49460.386 Inflow & Infiltration - **\$59,250**

Televise 5,000 feet of sanitary sewer	\$ 2,500
Televise & line 3 house service lines	\$ 9,500
Grouting of mainline and service lateral wyes	\$ 7,250
Line 1,000ft of 9 inch clay sewer	\$40,000

49460.520 Buildings - **\$7,750**
Water plant roof/skylights improvements

REVENUE

34409 Special Connections - **\$0**

34410 Water Assessment Col. By Municipality - **\$0**
We don't anticipate any new assessments for 2015.

36100 Special Assessments - County - **\$0**

36210 Interest Earned - **\$5,699**

39203 Transfers In - **\$129,863**
Transfer of \$69,390 from Water and \$66,894 from Sewer Operating

2016 BUDGET
WATER/SEWER RESERVE FUND
NARRATIVE

(depreciation).

When the Water/Sewer CIPs were first implemented, we were charging approximately \$65,000 for Water depreciation and \$40,000 in Sewer depreciation. In 2013, Stuart Bonniwell adjusted the actual Sewer depreciation for Sewer to \$52,701, this was due to the substantial sewer lining project (approx. \$200,000). This project increased the amount we need to depreciate since our capital increased by a large dollar amount. You will notice the Water depreciation increases slightly every year, due to various improvements. Staff is preparing an updated depreciation schedule that will need to be updated annually.

Generally, the City is taking our Capital purchases (i.e. \$100,000 for sewer lining with a life expectancy of 20 years) and adding \$5,000 to the depreciation expense the City charges itself to replace the Sewer again in 20 years. Also, Staff is taking the depreciation charges and planning cash and fund sufficiency for upcoming improvements.

Take note that in 2018, we are proposing to dip into our Invested funds to help pay for our upcoming substantial capital purchases. This justifies raising rates annually to decrease any future dipping into investments. However, a good example is the Lime Silo upgrade in 2014. While this project was unable to be completed due to contractor schedule in 2014, the City planned to spend \$56,250. The quote as of August was \$30,000. Staff needs to deduct \$56,250 for planning purposes until the quotes/work are completed. The fund balance could increase an automatic \$26,250 by coming in under the anticipated cost. If this happens over the course of a number of projects, there could be no need to dip into invested funds. This is a working document that needs to be updated and reviewed on an annual basis to ensure sufficient cash flow and funds.