

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.

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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 - **\$215,650**
Based on 38 MG water sold @4.57 / 1000 = \$173,660
Base rate = \$16.25 x 646 hookups x 4 = \$65/yr - \$41,990

37101 Commercial Water Sales - **\$23,295**
Based on 4.5 MG water sold @4.57 / 1000 = \$20,565
Base rate = \$16.25 x 42 hookups x 4 = \$65/yr - \$2,730
Two commercial accounts often have water usage into the top tier, add \$2,000 for additional income.

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 - **\$80,000**
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

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

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

REVENUE

34952 Tax Certification - **\$0**

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

37360 Penalties - **\$700**

2016 BUDGET
RECYCLING/YARD WASTE FUND
NARRATIVE

Account No. 652

EXPENSES

- 49501.315 Contracted Labor Yard Waste - **\$33,150**
- 49501.316 Contracted Labor Recycling - **\$41,450**
- 49521.100 Administrative Salaries - **\$12,915**
This includes salary/wages of the Bookkeeper/Billing Clerk (12%),
Administrative Assistant (5%) and City Administrator (8%).
- 49521.121 Pensions – PERA - **\$969**
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
- 49521.122 Pensions – FICA - **\$988**
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49521.131 Health/Life/Dental Insurance - **\$2,995**
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
- 49521.203 Printing/Postage - **\$375**
Printing and mailing of special recycling newsletters, a portion of regular
quarterly newsletters that include recycling information, and other special
promotional material.
- 49521.301 Auditing - **\$441**
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
- 49521.361 Liability Insurance - **\$836**
Liability insurance for 2014 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
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
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.

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**