

2022 BUDGET NARRATIVE
WATER/SEWER RESERVE FUND

Account No. 411

EXPENSES

49000.430	<u>Miscellaneous</u>	
49300.720	<u>Transfer Out to Other</u> No Transfers are scheduled.	
49460.220	<u>Repairs/Supplies/Maintenance</u>	
	Inspect Clearwell Basin	\$ 2,875
	Fire Hydrant Replacement	\$10,000
	Manhole Covers	\$ 3,431
49460.230	<u>Water Tower Expenses</u>	
49460.318	<u>Consultant</u>	
49460.386	<u>Inflow & Infiltration</u>	
	Lining	\$ 53,326
	Inflow & Infiltration	\$ 26,779
49460.520	<u>Buildings</u>	

2022 BUDGET NARRATIVE
WATER/SEWER RESERVE FUND

REVENUE

34409 Special Connections

34410 Water Assessment Collected by Municipality

36100 Special Assessments - County

36210 Interest Earned

39203 Transfers In

Transfer of \$25,000 from Water Operating and \$71,373 from Sewer Operating (depreciation). Transfer of \$40,000 from (651) Storm Water funds to reimburse project expenses paid through WSR.

2022 BUDGET
WATER OPERATING FUND NARRATIVE

Account No. 601

EXPENSES

- 49440.100 Salaries
This includes salary/wages of the City Treasurer (25%), Deputy City Clerk (10%) and City Administrator (10%).
- 49440.101 Crew Salaries
This includes salary/wages of the crew (24%), Superintendent (30%) and part-time.
- 49440.121 Pensions-PERA
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
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49440.131 Health/Life/Dental
In 2018, small employers (less than 50 FTE) were excluded from large employer pools. Moving forward the city will purchase its own insurance plans under the small employer options available from carriers.
- The final plan options will not be available until after the General Fund is certified to the county in September. Plan options will be made available in October of each year for coverage starting on January 1st of the budget year.
- 49490.142 MN Unemployment Benefits
Completion of current claim filed in previous year.
- 49440.151 Worker's Compensation Insurance
Workers Comp Insurance increases are based on League Budget Guides. The City has had a good experience rating in the past. A recent claim has caused our rates to increase. This will affect our costs for three years. It is allocated as follows: General 50%, Sewer 25%, and Water 25%.
- 49440.203 Billing Supplies/Postage
This includes annual bulk mailing permit, billing statements, envelopes, stamps, printed envelopes, and postage for certified delinquent utility letters.

2022 BUDGET
WATER OPERATING FUND NARRATIVE

- 49440.212 Gas & Oil
This line item reflects 25% of the fuel used. Diesel = 2500 gal. @ \$3.00/gal. and Unleaded = 1400 gal. @ \$3.00/gal. Two 55 gallon barrels of oil for vehicle and equipment at \$800 each. Unknown variable is fuel for generators, only run when electricity is offline.
- 49440.215 Laboratory Testing
Costs include monthly water bacterial testing required by the Minnesota Department of Health and testing supplies.
- 49440.216 Water Treatment Supplies
Costs include chemical for water treatment, test reagents for the lab, bulk tank rental.
- 49440.218 Water Main Repairs
The 2019 repair costs were \$135,599. In 2020, we spent an additional \$144,494 on emergency repairs. History has shown the need to budget for this item due to the age of our system and increased cost to make repairs. Council is working toward financing the start of water main replacement along Manitou Rd (most frequent area for breakage).
- 49440.220 Repairs, Supplies, Maintenance
Specific costs include the following:
- Instrument calibration \$1,000/yearly
 - Miscellaneous expenses (flow charts, grease, lab air filters, unit heater, dehumidifier, chlorine ejector maintenance, equipment repair, brooms, mops, etc.)
- NOTE – See Water/Sewer Reserves (411) for large improvements projects.
- 49440.223 Uniform, Safety Shoes, Safety Equipment
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, safety vests, glasses, hearing protection, rubber gloves, etc.
 - Fire extinguisher inspections Safe Assure Consultants – 1/4 (last year \$457)
 - Safe Assure Consultants – 1/4 (last year \$457)
- 49440.229 Lime Pit Expenses
Contractor to remove lime from lagoon. East and West lagoons are done every 2 years (opposite year).
MN Dept of Ag - lime sample fee is \$100.
Mailing of lime sample.
- 49440.230 Water Tower Expenses

2022 BUDGET
WATER OPERATING FUND NARRATIVE

Annual expenses are as follows:

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

49440.250	<u>Meter Purchases</u> Replacement meters and radios. Minnesota laws do not allow us to re-install lead meters. New construction projects will have to buy new meters.
49440.301	<u>Auditing</u> Water fund portion of audit. The City audit estimated at \$9,200 and paid for as follows: General 40%, Water Fund 25%, Sewer Fund 25%, Garbage Fund 5%, Recycling Fund 5%.
49491.303	<u>Engineering Fees</u> City utility map updates and paid for as follows: Water Fund - 40%, Sewer Fund - 40%, Storm Drain - 20%.
49440.318	<u>Consulting Planner</u> Wellhead Protection Plan maintenance reporting.
49440.321	<u>Telephone</u> Includes the on-call phone, two-way radio, alarm dialer for water plant.
49440.361	<u>Liability Insurance</u> Liability insurance is estimated to increase 3% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.
49440.381	<u>Electricity</u>
49440.383	<u>Heat and Natural Gas</u>
49440.430	<u>Miscellaneous and Dues</u>

2022 BUDGET
WATER OPERATING FUND NARRATIVE

MN Dept of Health (license renewals)	23
MN Dept of Labor & Industry permits (hydro & boiler)	20
MN Dept of Natural Resources (Water Use permit)	525
MN Dept of Public Safety EPCRA (State charged chemical storage fee)	100
MN Rural Water tech conference x 2	700
MN Rural Water Operators Expo x 2	250
MN Rural Water membership	250
Civil Defense Siren Maintenance Contract (Ready Watt Electric contract, 4-way cost split VS EMBEDDED SYSTEMS)	197
¼ of Safe Assure Consultants (OSHA Training)	456
Annual Water Quality Report - comes electronically FREE	0
Floyds Total Security (security system quarterly billings)	496
Gopher One Calls	1,000
Banyon Data System Utility Support	992
Miscellaneous	500
Meter reader support - They anticipate a 3% increase for 2020. This fee is good for one year of support and will get the updates needed for AutoRead.	2,500
Command Link support	350

49440.720

Transfer Out

The depreciation expense is being transferred to the Water/Sewer Reserve to build funds for capital improvements and necessary replacements.

49970.420

Depreciation Expense

Depreciation Expense changed in 2020 to \$25,000/annually. With repayment of PFA Loan over the next 20 years, a higher depreciation expense would require additional rate increases to users.

Historically, 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.

2022 BUDGET
WATER OPERATING FUND NARRATIVE

REVENUE

- 34952 Tax Certification
- 37100 Residential Water Sales
Base rate = \$57.00 x 4 (\$100/yr) x 636 hookups = \$145,008
Based on 38 MG water sold @7.54 / 1000 = \$286,520
Lowest possible revenue
- 37101 Commercial Water Sales
Base rate = \$78.09 x 4 (\$100/yr) x 28 hookups = \$8,746
Based on 4.5 MG water sold @7.54 / 1000 = \$33,930
- 37150 Hookup Permits
- 37160 Penalties
- 37170 Miscellaneous Utility Revenue
Sprinkler permit fees (\$325 * 6 permits), water on/off charges, water usage
for season garden center.
- 37171 Meter Sales
Based on building permits and meter replacements as needed.
- 39203 Transfer In

CITY OF TONKA BAY
2022 BUDGET
WATER OPERATING FUND

Account No 601	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Expenditures										
Debt Service										
47110.601	PFA - WTP - Principal			0		123,000	96,000	97,000	123,000	-21.14%
47110.601	PFA - Manitou Water Main Principal					85,000		170,000	85,000	100.00%
47110.611	PFA - WTP - Interest			0	16,276	18,815	16,922	18,000	18,815	-4.33%
47110.611	PFA - Manitou Water Main - Interest					13,000		30,000	13,000	130.77%
Total Debt Service				0	16,276	239,815	112,922	315,000	239,815	31.35%
Operating Expenses										
49440.100	Office Salaries	25,562	25,472	26,003	29,867	27,556	22,035	30,710	3,154	11.44%
49440.101	Crew Salaries	62,622	67,760	73,096	73,078	77,296	51,887	80,437	3,141	4.06%
49440.121	Pensions-PERA	6,390	6,486	7,432	7,571	7,864	5,499	8,336	472	6.00%
49440.122	Pensions-FICA	6,583	6,985	7,581	7,617	8,021	5,441	8,503	482	6.01%
49440.131	Health/Life/Dental Insurance	10,037	9,820	11,277	11,081	12,143	8,550	13,291	1,148	9.46%
49440.142	Unemployment Benefit	9,976	(12,246)	0	0	0	0	0	0	
49400.151	Workers Comp Insurance	7,876	6,627	8,384	3,963	8,000	3,110	3,350	(4,650)	-58.13%
49440.203	Billing Supplies/Postage	389	870	550	406	700	492	700	0	0.00%
49440.212	Gas & Oil	2,421	2,916	2,800	2,131	3,000	1,927	3,000	0	0.00%
49440.215	Laboratory Testing	793	541	700	689	600	738	750	150	25.00%
49440.216	Water Treatment Supplies	40,093	22,045	40,000	69,195	75,000	35,542	50,000	(25,000)	-33.33%
49440.218	Water Main Repairs	50,629	135,599	36,900	144,494	75,000	63,995	75,000	0	0.00%
49440.220	Repairs, Supplies, Maint.	15,204	16,296	11,000	17,589	12,000	6,896	8,000	(4,000)	-33.33%
49440.223	Uniforms, Safety Shoes, Safety Equip.	1,280	1,438	1,800	1,606	1,800	1,142	2,000	200	11.11%
49440.229	Lime Pit Expenses	120	27,496	13,300	16,247	14,000	1,214	7,000	(7,000)	-50.00%
49440.230	Water Tower Expenses	734	716	750	669	750	1,971	750	0	0.00%
49440.250	Meter Purchases	6,190	2,388	1,000	6,811	3,500	2,110	3,500	0	0.00%
49440.301	Auditing	2,300	2,338	2,300	2,125	2,413	0	2,413	0	0.00%
49440.303	Engineering	480	0	500	1,006	0	1,776	2,000	2,000	
49440.318	Consulting Planner	0	0	0	0	0	0	0	0	
49440.321	Telephone	1,022	862	1,100	875	870	741	1,000	130	14.94%
49440.361	Liability Insurance	7,507	6,906	8,000	6,598	7,500	0	7,000	(500)	-6.67%
49440.381	Electricity	20,842	23,583	22,000	27,943	25,000	21,989	27,000	2,000	8.00%
49440.383	Heat & Natural Gas	7,325	3,150	6,000	4,683	5,600	3,306	5,600	0	0.00%
49440.430	Misc. & Dues	5,541	18,372	8,500	6,018	8,500	4,985	8,200	(300)	-3.53%
49440.436	Computer Support							1,558	1,558	
49440.420	Depreciation Expense*	55,939	62,355	25,000	93,399	25,000	0	25,000	0	0.00%
Total Operating		347,855	438,775	315,973	535,661	402,113	245,346	375,098	(27,015)	-6.72%
Total Debt Service & Operating Expenses				315,973	551,937	641,928	358,268	690,098	212,800	7.50%
49440.720	Transfer Out**	60,536	39,235	148,295	25,000	25,000	0	25,000	0	0.00%

*Depreciation expense transferred to the Water/Sewer Reserve Fund (411)

CITY OF TONKA BAY
 2022 BUDGET
 WATER OPERATING FUND

Account No 601	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Revenues										
34952	Tax Certification	0	0	5,000	317	5,000	0	0	(5,000)	-100.00%
36200	Miscellaneous Revenues	1,157	0	0	1,039	0	2,500	0	0	
36210	Interest Earned	0	0	0	0	0	0	0	0	
37100	Residential Water Sales	297,071	355,568	351,500	383,559	520,000	336,236	620,000	100,000	19.23%
37101	Commercial Water Sales	31,972	34,251	35,000	22,969	56,000	27,464	75,000	19,000	33.93%
37150	Hookup Permits	480	480	600	720	2,400	495	1,500	(900)	-37.50%
37160	Penalties	5,795	5,040	3,800	7,053	4,500	4,487	5,000	500	11.11%
37170	Misc. Utility Revenue	3,149	4,022	2,500	3,258	2,500	940	2,500	0	0.00%
37171	Meter Sales	3,197	918	650	2,928	1,200	3,847	1,500	300	25.00%
39203	Transfer In	0	0	0	200,000	130,000	0	0	(130,000)	-100.00%
Total Revenues		342,821	400,279	399,050	621,843	721,600	375,969	705,500	(16,100)	-2.23%

Revenues 705,500

Debt Service & Expenses 690,098 **2021 rate increases will cover NEW PFA 20 yr Loan at 1% for Manitou Water Main Replacement**

Profit / (loss) 15,402 **Water main repairs set at \$75,000, assuming Manitou Water Main Replacement starts in 2023**

2022 BUDGET
SEWER OPERATING FUND NARRATIVE

Account No. 602

EXPENSES

- 49490.100 Office Salaries
This includes salary/wages of the City Treasurer (25%), Deputy City Clerk (10%) and City Administrator (10%).
- 49490.101 Crew Salaries
This includes salary/wages of the crew (22%) and Superintendent (20%).
- 49490.121 Pensions - PERA
Public Employees Retirement Association is the mandatory pension program for all qualified employees. The employee contribution is to 6.50% of their gross salary. The employer contribution is 7.5%.
- 49490.122 Pensions – FICA
Federal payroll taxes for Social Security and Medicare are 7.65% of wages.
- 49490.131 Health/Life/Dental Insurance
In 2018, small employers (less than 50 FTE) were excluded from large employer pools. Moving forward the city will purchase its own insurance plans under the small employer options available from carriers.

The final plan options will not be available until after the General Fund is certified to the county in September. Plan options will be made available in October of each year for coverage starting on January 1st of the budget year.
- 49490.142 MN Unemployment Benefits
Completion of current claim filed in previous year.
- 49490.151 Workers' Compensation Insurance
Workers Comp Insurance increases are based on League Budget Guides. The City has had a good experience rating in the past. A recent claim has caused our rates to increase. This will affect our costs for three years. It is allocated as follows: General 50%, Sewer 25%, and Water 25%.
- 49490.203 Billing Supplies/Postage
This includes annual bulk mailing permit, billing statements, envelopes,

2022 BUDGET
SEWER OPERATING FUND NARRATIVE

stamps, printed envelopes, and postage for certified delinquent utility letters.

49490.212 Gas & Oil

This line item reflects 25% of the fuel used. Diesel = 2500 gal. @ \$3.00/gal. and Unleaded = 1400 gal. @ \$3.00/gal. Two 55 gallon barrels of oil for vehicle and equipment at \$800 each. Unknown variable is fuel for generators, only run when electricity is offline.

49490.220 Repairs/Supplies/Maintenance

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
- Maintenance and repair of Vactor truck
- Ongoing man hole repair

49490.223 Uniform, Safety Shoes, Safety Equipment

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, safety vests, glasses, hearing protection, rubber gloves, etc.
- Fire extinguisher inspections
- Safe Assure Consultants – 1/4 (last year \$457)

49490.301 Auditing

Sewer fund portion of audit. The City audit estimated at \$9,200 for 2021 and paid for as follows: General 40%, Water Fund 25%, Sewer Fund 25%, Garbage Fund 5%, Recycling Fund 5%.

49490.303 Engineering Fees

City utility map updates and paid for as follows: Water Fund - 40%, Sewer Fund – 40%, Storm Drain – 20%.

49490.321 Telephone

This line item includes:

- Lift station No. 2,3,4,5,6,7,8 9 and 10.
- 1/3 of On-Call phone

49490.361 Liability insurance

2022 BUDGET
SEWER OPERATING FUND NARRATIVE

Liability insurance is estimated to increase 3% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

49490.381 Lift Station Electric
 Xcel Energy cost to run sewer lift stations.

49490.385 Sewage Disposal
 Cost is mandated by Metro Council and reflects the 12-month flow values from July 1, 2020, to June 30, 2021 (as an estimate of 2022 service).

49490.386 Inflow & Infiltration – See Water/Sewer Reserves (411) for city improvements projects. City cost on residential incidents.

49490.430 Miscellaneous

ITEM	\$ AMOUNT
MN Pollution Control operator certification	46
MN Pollution Control conference (Sewer Operators training)	500
Gopher State One Call	1000
Civil Defense Siren Maintenance Contract (Ready Watt Electric contract, 4-way cost split VS EMBEDDED SYSTEMS)	197
Banyon Data System Utility Support	597
DVS Renewal	16
State of Minnesota membership dues	125
Miscellaneous	63

49490.420 Depreciation Expense
 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
 The depreciation expense is being transferred to the Water/Sewer Reserve to build funds for capital improvements and necessary replacement.

2022 BUDGET
SEWER OPERATING FUND NARRATIVE

REVENUES

34952 Tax Certification

36200 Miscellaneous

36210 Interest Earned

37200 Utility Charges - Residential

The last rate increase was in 2021. Current rate is \$137.50/qtr x 4 x 660 connections, plus excess residential sewer usage of \$.50 per 1,000 gallons for 0-10,000 gallons (based on water usage gallons), \$1.25 for 11,000 to 31,000 gallons, \$2.00 for 32,000 to 46,000 gallons, \$2.75 for 47,000+ gallons. \$137.50 quarterly for 660 households (137.50*4*660).

37201 Utility Charges - Commercial

The last rate increase was in 2021. Current rate is \$137.50/qtr x 4 x 25 connections, plus excess commercial sewer usage of \$5.00 per 1,000 gallons over 10,000 gallons (based on water usage gallons).

Note: Carrick Tonka Bay apartments will be billed as a commercial property. Revenue will be under commercial. We are unsure at this time what numbers will generate.

37250 Hookup Permits

37260 Penalties

39203 Transfers In

CITY OF TONKA BAY
 2022 BUDGET
 SEWER OPERATING FUND

Account No 602	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Expenditures										
49490.100	Office Salaries	25,562	25,472	26,003	29,867	27,556	22,035	30,710	3,154	11.44%
49490.101	Crew Salaries	48,897	48,503	59,644	57,671	62,229	41,076	64,910	2,681	4.31%
49490.121	Pensions-PERA	5,392	5,405	6,424	6,429	6,734	4,689	7,171	437	6.50%
49490.122	Pensions-FICA	5,546	5,524	6,552	6,459	6,869	4,633	7,315	446	6.49%
49490.131	Health/Life/Dental Insurance	8,945	8,719	9,912	9,852	10,673	7,553	11,680	1,007	9.43%
49440.142	Unemployment Benefit	0	0	1840	0	0	0	0	0	
49490.151	Workers' Comp Insurance	7,876	7,645	8,200	6,869	8,500	5,390	5,900	(2,600)	-30.59%
49490.203	Billing Supplies/Postage	374	521	450	399	510	491	600	90	17.65%
49490.212	Gas & Oil	2,421	2,916	2,800	2,153	2,800	1,927	2,800	0	0.00%
49490.220	Repairs, Supplies, Maint.	18,160	6,925	17,000	8,452	15,000	2,573	10,000	(5,000)	-33.33%
49490.223	Uniforms, Safety Shoes, Saf	1,287	1,423	1,800	1,605	1,800	1,142	2,000	200	11.11%
49490.301	Auditing	2,300	2,338	2,300	2,125	2,413	0	2,413	0	0.00%
49490.303	Engineering	480	0	500	1,006	0	1,776	2,000	2,000	
49490.319	Consulting Planner	616	0	0	0	0	0	0	0	
49490.321	Telephone	1,582	2,442	2,525	2,377	2,525	2,621	2,900	375	14.85%
49490.361	Liability Insurance	1,453	1,337	1,475	1,277	1,475	0	1,300	(175)	-11.86%
49490.381	Lift Electric	7,090	8,311	8,380	4,876	8,380	3,080	5,500	(2,880)	-34.37%
49490.385	Sewage Disposal	216,353	232,130	228,531	228,540	223,713	167,806	219,310	(4,403)	-1.97%
49490.386	Inflow & Infiltration				750		3,724	1,000	1,000	
49490.430	Miscellaneous	4,577	1,250	3,000	5,440	4,500	383	2,000	(2,500)	-55.56%
49490.436	Computer Support							1,163	1,163	
49970.420	Depreciation Expense*	62,068	59,465	59,465	71,376	71,376		71,373	(3)	0.00%
Total Expenses		420,979	420,326	446,801	447,523	457,053	270,899	452,044	(5,009)	-1.10%
49490.720	Transfer Out**	184,465	0	59,465	59,465	59,465	59,465	71,373	11,908	0.00%

* Depreciation expense transferred to the Water/Sewer Reserve fund.

CITY OF TONKA BAY
 2022 BUDGET
 SEWER OPERATING FUND

Account No 602	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Revenues										
34952	Tax Certification	0	0	6,000	586	6,000	0	0	(6,000)	-100.00%
36200	Misc.	74	17,935	0	5,536	0	0	0	0	
36210	Interest Earned	1,047	2,123	1,896	498	14	0	0	(14)	-100.00%
37200	Residential Sewer Charges	348,853	356,201	401,500	409,103	410,000	288,901	440,000	30,000	7.32%
37201	Commercial Sewer Charges	28,824	29,116	29,900	20,919	22,000	18,262	35,000	13,000	59.09%
37250	Hookup Permits	480	420	480	1,505	2,400	1,334	1,500	(900)	-37.50%
37260	Penalties	6,835	5,402	4,900	7,002	4,900	3,632	4,900	0	0.00%
37270	I&I Certificate				0		2,165	6,000	6,000	
39203	Transfer In	0	0	0	0	0		0	0	
Total Revenues		386,113	411,197	444,676	445,149	445,314	314,294	487,400	42,086	9.45%

Revenues 487,400 Current Residential Sewer Charges are \$137.50/qtr, \$.50/0-9K, \$1.25/10-30K, \$2.00/31-45K, \$2.75/46K-over
 Expenses 452,044 Current Commercial Sewer Charges are \$137.50/qtr, \$.50/0-9K, \$5/over 10K
 Profit (Loss) 35,356

2022 BUDGET NARRATIVE
GARBAGE FUND

Account No. 603

EXPENSES

- 49500.307 Garbage Pickup (Contract)
Includes per home charge and disposal fees.
- 49520.100 Salaries
This includes salary/wages of the City Treasurer (25%), Deputy City Clerk (10%) and City Administrator (10%).
- 49520.121 Pensions - PERA
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%.
- 49520.122 Pensions – FICA
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49520.131 Health/Life/Dental
In 2018, small employers (less than 50 FTE) were excluded from large employer pools. Moving forward the city will purchase its own insurance plans under the small employer options available from carriers.

The final plan options will not be available until after the General Fund is certified to the county in September. Plan options will be made available in October of each year for coverage starting on January 1st of the budget year.
- 49520.200 Billing Supplies/Postage
This includes billing statements, envelopes, stamps, printed envelopes, and postage for certified delinquent utility letters.
- 49520.301 Auditing
Garbage fund portion of audit. The City audit estimated at \$9,200 for 2022 and paid for as follows: General 40%, Water Fund 25%, Sewer Fund 25%, Garbage Fund 5%, Recycling Fund 5%.
- 49520.361 Liability Insurance

2022 BUDGET NARRATIVE
GARBAGE FUND

Liability insurance for 2022 is estimated to increase 3% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

49520.430 Miscellaneous & Fall Cleanup

49520.720 Transfer Out to Other

REVENUE

34952 Tax Certification

36210 Interest Earned

37300 Utility Charges

Current carrier contract expires April 30, 2022. We are expecting increases under a new contract. Propose rate changes for regular service from \$37.20/quarterly to \$44.64/quarterly and senior rate from \$34.75/quarterly to \$41.70/quarterly. Non-recycling service rate from \$77.18/quarterly to \$92.62/quarterly. Currently serving 658 households.

37360 Penalties

CITY OF TONKA BAY
2022 BUDGET
GARBAGE FUND

Account No 603	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022	
Expenditures											
49500.307	Garbage Pickup	76,021	79,107	82,222	88,474	82,000	67,939	97,900	15,900	19.39%	
49520.100	Salaries	13,066	13,040	13,294	15,287	14,078	11,271	15,685	1,607	11.42%	
49520.121	Pensions - PERA	937	948	997	1,106	1,056	823	1,176	120	11.40%	
49520.122	Pensions - FICA	977	978	1,017	1,151	1,077	849	1,200	123	11.41%	
49520.131	Health/Life/Dental Ins.	1,769	1,777	1,656	1,564	1,716	1,274	1,889	173	10.08%	
49520.203	Billing Supplies/Postage	374	521	450	399	525	491	600	75	14.29%	card printing, news mailings
49520.301	Auditing	460	468	460	425	483	0	483	0	0.00%	
49520.361	Liability Insurance	1,695	1,559	1,720	2,626	1,720	0	1,720	0	0.00%	
49520.430	Misc. & Fall Cleanup	4,719	74	4,700	122	4,700	72	4,700	0	0.00%	gateway fees & fall cleanup
49520.436	Computer Support							436	436		New Category
49520.720	Transfer Out to Other	0	0	31,000	31,000	0	0	0	0		
	Total Expenses	100,018	98,472	137,516	142,154	107,355	82,719	125,790	18,435	17.17%	
Revenues											
34952	Tax Certification	0	0	0	216	0	0	0	0		
36200	Misc Revenue	0	0	0	0	0	0	0	0		
36210	Interest Earned	518	630	911	144	0	0	0	0		
37300	Utility Charges	94,441	97,167	98,000	98,511	98,000	70,424	115,722	17,722	18.08%	
37360	Penalties	2,198	1,652	1,500	2,007	1,500	911	1,500	0	0.00%	based on past actual numbers
	Total Revenues	97,157	99,449	100,411	100,878	99,500	71,335	117,222	17,722	17.81%	

Revenues 117,222
Expenses 125,790
Profit (Loss) (8,568)

Current rate is \$37.20/qtr, seniors \$34.75/qtr, non-recycling \$77.18
Propose 20% increase in rate for residential \$44.64/qtr, seniors \$41.70/qtr, non-recycling \$92.62
Republic contract expires April 30, 2022.

2022 BUDGET NARRATIVE
DOCK FUND

Account No. 617

EXPENSES

- 49863.100 Administrative salaries
This includes salary/wages of the Deputy City Clerk (5%) and City Administrator (2%).
- 49863.101 Public Works salaries
This includes salary/wages of the crew (1%).
- 49863.121 Pensions-PERA
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%.
- 49863.122 Pensions- FICA
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49863.131 Health/Life/Dental
In 2018, small employers (less than 50 FTE) were excluded from large employer pools. Moving forward the city will purchase its own insurance plans under the small employer options available from carriers.
- The final plan option will not be available until after the General Fund is certified to the county in September. Plan options will be made available in October of each year for coverage starting on January 1st of the budget year.
- 49863.220 Repairs, Supplies & Maintenance
Routine maintenance including weed control.
- 49863.302 LMCD Dock License
The fee for dock licenses is based on the number of watercraft storage units (WSU).
- 49863.322 Postage
This includes postage to send notices to dock renters and any other dock-related correspondence.

2022 BUDGET NARRATIVE
DOCK FUND

- 49863.361 Liability Insurance
Liability insurance for 2022 is estimated to increase 3% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.
- 49863.381 Electricity
This item is for the lighting in the municipal dock area.
- 49863.430 Miscellaneous
Typically, Gideon's Bay Milfoil Removal Project (\$5,000) put on hold for 2022.
- 49863.540 Improvement Projects
Shoreline restoration of channel to/from municipal docks.
Bog control.
- 49863.720 Transfer Out
Capital Improvement Fund (typically covers Park Improvements) - on hold for 2022 due to Dock Expansion Project

REVENUES

- 36200 Miscellaneous Revenue
- 36210 Interest Earned
- 38000 Dock Rental Fees
- Docks 2-3 2 x 2022 rate - \$3,200
 - Docks 4-49 46 x 2022 rate - \$92,000
 - Docks 50-77 28 x 2022 rate - \$56,000 (new effective 2022)
- 38001 Slide Rental Fee
- Slides 1-10 10 x 2022 rate - \$1,200
- 38002 Canoe Rack Revenue
- Slots 1-6 6 x 2022 rate - \$180

2022 BUDGET NARRATIVE
DOCK FUND

38003 Woodpecker Ridge Road
Fees generated from the license agreement with the adjacent landowners

- 2 x \$1,000

39203 Transfer from Other Fund
Transfer in loan amount of \$50,000, from Antenna Fund, to cover dock expansion project. Project estimated at a cost of \$300,000. Loan rate to be set by city council at a later date.

*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.

CITY OF TONKA BAY
2022 BUDGET
DOCK FUND

Account No 617	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Expenditures										
49863.100	Administrative Salaries	3,635	3,323	3,686	4,044	4,101	3,116	4,603	502	12.24%
49863.101	Public Works salaries	1,148	983	1,267	1,204	1,354	994	1,399	45	3.29%
49863.121	Pensions-PERA	340	315	372	371	409	286	450	41	10.05%
49863.122	Pensions-FICA	358	322	379	391	417	306	459	42	10.10%
49863.131	Health/life/dental Insurance	678	654	698	615	735	499	806	71	9.70%
49863.220	Repairs, Supplies & Maint.	4,476	1,728	2,000	404	8,000	2,055	1,500	(6,500)	-81.25%
49863.302	LMCD Dock License	1,164	1,164	1,164	1,164	1,164	931	1,164	0	0.00%
49863.303	Engineering Fees	2,269	0		10,962		4,059		0	
49863.318	Consulting Planner						1,852		0	
49863.322	Postage	0	12	50	88	50	0	100	50	100.00%
49863.361	Liability Insurance	484	446	500	750	500	0	700	200	40.00%
49863.381	Electricity	808	806	860	727	840	595	800	(40)	-4.76%
49863.430	Miscellaneous	5,000	5,000	5,000	5,000	5,000	5,000	5,000	0	0.00%
49863.540	Improvement Projects	0	6,640	78,000	57,985	107,035	934	302,000	194,965	182.15%
49863.720	Transfer out	95,000	53,100	0		10,000	10,000	0	(10,000)	-100.00%
49970.420	Depreciation Expense	5,830	5,673	0	5,673	5,673	0	5,673	0	0.00%
	Total Expenses	121,190	80,166	93,976	89,378	145,278	30,627	324,654	179,376	123.47%
Revenues										
36200	Misc. Revenue	0	0	0	0	0	0	0	0	
36210	Interest Earned	2,375	3,175	0	969	20	0	0	(20)	-100.00%
38000	Dock Revenue	84,800	76,025	76,000	74,400	95,200	83,200	151,200	56,000	58.82%
38001	Slide Revenue	1,320	720	1,200	1,320	1,200	960	1,200	0	0.00%
38002	Canoe Rack Revenue	180	210	200	180	200	180	180	(20)	-10.00%
38003	Woodpecker Ridge Agreement	2,400	1,600	1,600	1,600	2,000	2,000	2,000	0	0.00%
39203	Transfer from Other Fund							50,000	50,000	
	Total Revenues	91,075	81,730	79,000	78,469	98,620	86,340	204,580	105,960	107.44%

Revenues 204,580
Expenses 324,654
Profit (Loss) (120,074)

Assumes dock expansion project in 2022.

Dock fund would have approx. \$260,000 available for funding project

Antenna fund will loan Dock fund balance needed (est \$50,000)

CITY OF TONKA BAY
 2022 BUDGET
 DOCK FUND

Account No 617										
Improvement Projects	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Dredging	\$10,000	\$65,000								
Dock Expansion, Phase 2				\$300,000						
Dock Locks	\$9,000									
Restore Fishing Pier		\$8,000								\$10,000
Shoreline Restoration			\$102,035			\$120,000				
Bog Management	\$5,000	\$5,000	\$5,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electricity- outlets for cleaning boats										
Upgrade Lighting Fixtures										
Pleasant Park Restoration										
Improvement Project Expenses	\$24,000	\$78,000	\$107,035	\$302,000	\$2,000	\$122,000	\$2,000	\$2,000	\$2,000	\$12,000
Operational Expenditures	\$19,240									
Transfer Out to GF			\$10,000	\$0	\$0	\$0	\$0			
Transfer Out to GF CIP	\$53,100	\$0	\$0	\$0						
Totals Dock Expenses	\$96,340	\$78,000	\$117,035	\$302,000	\$2,000	\$122,000	\$2,000	\$2,000	\$2,000	\$12,000

2020 Dredging project never took place. Discussion to wait for dock expansion, which was then vetoed in 2021 budget.

***** NO BUDGET TRANSFERS TO CIP FOR PARKS FROM 2022-2023 *****

Rate	# of docks	Revenue
2,000	74	148,000
1,600	2	3,200
		151,200

46 original slips + 28 new slips

2022 BUDGET NARRATIVE
STORM WATER DRAINAGE FUND

Account No. 651

EXPENSES

- 49491.101 Public Works Salaries
Payroll distribution changed to include Storm Drain in percentage calculations of regular time for public works. Plus, one third cost to add 4th man to on call rotation.
- 49491.121 Pensions - PERA
Public Employees Retirement Association is the mandatory pension program for all qualified employees. The employee contribution is to 6.50% of their gross salary. The employer contribution is 7.5%.
- 49491.122 Pensions – FICA
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49491.220 Repairs/Supplies/Maintenance
 - Repairs on storm water lift stations.
 - Miscellaneous culvert repair.*(MS4 costs moved to Engineering, 49491.303; LMC contracts moved to Miscellaneous, 49491.430, SafeAssure moved to 49491.223)*
- 49491.223 Uniform, Safety Shoes, Safety Equipment
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, safety vests, glasses, hearing protection, rubber gloves, etc.
 - Fire extinguisher inspections
 - Safe Assure Consultants – 1/4 (last year \$457)
- 49491.303 Engineering Fees
WSB consultant to complete annual MS4 report and monitor current SWPPP program.
City utility map updates and paid for as follows: Water Fund - 40%, Sewer Fund – 40%, Storm Drain – 20%.
- 49491.381 Storm Water Lift Station Electric
This is for the two storm sewer lift stations on Woodpecker Ridge Road.

2022 BUDGET NARRATIVE
STORM WATER DRAINAGE FUND

- 49491.405 Street Sweeping
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 \$200/annually.
- 49491.430 Miscellaneous
LMC storm water coalition membership
PSN – 1/5 Gateway Fee
- 49491.720 Transfer Out to Other
Transfer \$40,000 to Water-Sewer Reserve Fund. Drainage issues on Northrup Ave to be addressed in the coming year.

REVENUE

- 36210 Interest
- 37300 Utility Charges Residential / Commercial
Quarterly fee of \$3.75 per household.
Commercial accounts are charged on a sq ft basis.
- 37260 Penalties

CITY OF TONKA BAY
 2022 BUDGET
 STORM WATER DRAINAGE FUND

Account No 651	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Expenditures										
49491.101	Public Works Salaries	901	1,331	3,005	3,791	5,466	4,941	5,718	252	4.62%
49491.121	Pensions- PERA	68	67	225	264	410	371	429	19	4.60%
49491.122	Pensions- FICA	69	102	230	290	418	366	437	19	4.65%
49491.131	Health/Life/Dental Ins.			466	0	517	254	563	46	8.86%
49491.220	Repairs, Supplies, Maint.	593	1,087	1,200	7,711	5,000	1,293	2,500	(2,500)	-50.00%
49491.223	Uniforms, Safety Shoes, Safety Equi	1,273	1,414	1,800	1,606	1,500	1,142	1,600	100	6.67%
49491.303	Engineering Fees	1,435	4,644	3,500	2,045	3,000	2,746	3,720	720	24.00%
49491.318	Consulting Planner	1,139	0	0	0	0	0	0	0	
49491.321	Telephone						100	150	150	
49491.381	Storm Water Lift Station Electric	278	284	310	279	300	186	300	0	0.00%
49491.405	Street Sweeping	8,997	9,577	8,500	5,801	9,000	4,789	8,000	(1,000)	-11.11%
49491.430	Miscellaneous	862	494	890	542	2,300	492	750	(1,550)	-67.39%
49491.436	Computer Support							436	436	
49491.720	Transfer Out	35,000	8,248	0	0	0	0	40,000	40,000	
Total Expenses		50,615	27,248	20,126	22,329	27,911	16,680	64,603	36,692	131.46%

Revenues										
34952	Tax Certification	0	0	0	19	0	0	0	0	
36200	Misc Revenue	0	0	0		0	0	0	0	
36210	Interest Earned	1,389	1,141	0	569	16	0	0	(16)	-100.00%
37300	Utility Charges - Res/Comm	20,599	20,967	20,500	20,151	21,700	17,095	23,000	1,300	5.99%
37260	Penalties	286	240	150	501	150	441	250	100	66.67%
39203	Transfer In	0	0	0	0	0	0	0	0	
Total Revenues		22,274	22,348	20,650	21,240	21,866	17,536	23,250	1,384	6.33%

Revenues 23,250
 Expenses 64,603 Revenue is base on residential rate of \$3.75 per quarter.
 Profit (Loss) (41,353)

2022 BUDGET NARRATIVE
RECYCLING/YARD WASTE FUND

Account No. 652

EXPENSES

- 49501.315 Contracted Labor Yard Waste
- 49501.316 Contracted Labor Recycling
- 49521.100 Administrative Salaries
This includes salary/wages of the City Treasurer (12%), Deputy City Clerk (5%) and City Administrator (8%).
- 49521.121 Pensions – PERA
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%.
- 49521.122 Pensions – FICA
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49521.131 Health/Life/Dental Insurance
In 2018, small employers (less than 50 FTE) were excluded from large employer pools. Moving forward the city will purchase its own insurance plans under the small employer options available from carriers.

The final plan options will not be available until after the General Fund is certified to the county in September. Plan options will be made available in October of each year for coverage starting on January 1st of the budget year.
- 49521.203 Printing/Postage
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
Recycling fund portion of audit. The City audit estimated at \$9,200 for 2022 and paid for as follows: General 40%, Water Fund 25%, Sewer Fund 25%, Garbage Fund 5%, Recycling Fund 5%.
- 49521.361 Liability Insurance

2022 BUDGET NARRATIVE
RECYCLING/YARD WASTE FUND

Liability insurance for 2022 is estimated to increase 3% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

49521.430 Miscellaneous
Recommend budgeting nothing at this time for miscellaneous recycling. Expenses could include recycling conferences.

REVENUES

33620 Hennepin County Grant
County will continue their funding policy.

34952 Tax Certification

36200 Misc. Revenue

37300 Utility Charges
Current carrier contract expires April 30, 2022. We are expecting increases under a new contract. Propose rate increase from \$36.50/quarterly to \$43.80/quarterly. Currently serving 658 households.

37360 Penalties

39203 Transfer In from Other Fund

CITY OF TONKA BAY
 2022 BUDGET
 RECYCLING/YARD WASTE FUND

Account No 652	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Expenditures										
49501.315	Yard Waste Collection	34,557	36,674	37,541	38,174	37,541	29,053	45,000	7,459	19.87%
49501.316	Recycling Collection	43,234	46,156	47,119	47,758	47,119	36,346	56,000	8,881	18.85%
49521.100	Administrative Salaries	14,500	14,238	14,711	16,614	15,640	12,320	17,511	1,871	11.96%
49521.121	Pensions-PERA	1,035	1,028	1,103	1,206	1,173	902	1,313	140	11.96%
49521.122	Pensions-FICA	1,085	1,067	1,125	1,252	1,196	929	1,340	144	12.00%
49521.131	Health/Life/Dental Ins.	1,929	1,860	1,590	1,477	1,621	1,203	1,785	164	10.12%
49521.203	Postage	374	521	375	399	375	491	600	225	60.00%
49521.301	Auditing	460	468	460	425	483	0	483	0	0.00%
49521.361	Liability Insurance	726	668	770	1,126	770	0	800	30	3.90%
49521.430	Miscellaneous	0	74	0	122	96	72	0	(96)	-100.00%
49521.436	Computer Support							436	436	
Total Expenses		97,900	102,754	104,794	108,553	106,014	81,316	125,268	19,254	18.16%

Revenues										
33620	Hennepin County Grants	4,506	3,896	4,000	3,341	3,300	3,323	3,300	0	0.00%
34952	Tax Certification	0	0	0	110	0	0	0	0	
36200	Miscellaneous Revenue	0	0	0	0	0	0	0	0	
37300	Utility Charges	91,718	94,595	95,000	96,623	96,000	69,329	114,000	18,000	18.75%
37360	Penalties	1,769	1,318	1,000	1,562	1,100	703	1,100	0	0.00%
39203	Transfer from Other Fund	0	0	31,000	31,000	0	0	0	0	
Total Revenues		97,993	99,809	131,000	132,636	100,400	73,355	118,400	37,594	17.93%

Revenues 118,400
 Expenses 125,268
 Profit (Loss) (6,868)

Current rate is \$36.50/qtr
 Propose 20% increase in rate to \$43.80
 Republic contract expires April 30, 2022.

2022 BUDGET NARRATIVE
ANTENNA FUND

Account No. 653

EXPENSES

49845.720	<u>Transfer Out to Other</u>	
	Transfer to General Fund	\$50,000
	Transfer to Dock Fund	\$50,000

REVENUE

36220	<u>Lease Revenue</u>
	Currently there is two leaseholders
	Sprint lease and CellNet

CITY OF TONKA BAY
 2022 BUDGET
 ANTENNA FUND

Account No 653	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Expenditures										
49845.220	Repairs, Supplies, Maint.	0	0	0	0	0	0	0	0	
49845.430	Miscellaneous	0	0	0	0	0	0	0	0	
49845.720	Transfer Out to Other Funds	55,000	41,000	41,000	41,000	43,000	43,000	100,000	57,000	132.56%
	Total Expenses	55,000	41,000	41,000	41,000	43,000	43,000	100,000	57,000	132.56%

Revenues										
36200	Miscellaneous	0	0	0	0	0	0	0	0	
36210	Interest Earned	652			696	15		0	(15)	-100.00%
36220	Lease Revenue	60,687	45,465	42,000	46,504	47,000	46,879	51,000	4,000	8.51%
	Total Revenues	61,339	45,465	42,000	47,200	47,015	46,879	51,000	3,985	8.48%

Revenues 51,000
 Expenses 100,000
 Profit (Loss) (49,000)

2022 BUDGET NARRATIVE
PEG FUND

Account No. 654

EXPENSES

49846.353 Council Meeting Services
Public viewing available through Vimeo. Link access on our website.

49846.436 Computer Services
GovOffice website hosting service necessary to air council meetings.

REVENUE

36225 Franchise Revenue
Mediacom Franchise Agreement effective date 12/31/2013 and runs through 12/31/2023.

2022 BUDGET
PEG FUND

Account No 654	Account	Actual 2018	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Actual 9 months	Proposed 2022	\$ + (-)	% Change 2021 to 2022
Expenditures										
49846.353	Council Meeting Services	5,817	6,475	7,125	1,560	220	0	50	(170)	-77.27%
49846.436	Computer Services	550	0	600	660	690	870	1,314	624	90.43%
49846.720	Transfer Out to Other Funds	0	0	0	0	0	0	0	0	
	Total Expenses	6,367	6,475	7,725	2,220	910	870	1,364	454	49.89%
Revenues										
36225	Franchise Revenue	4,102	3,968	3,900	3,766	3,700	2,623	3,400	(300)	-8.11%
	Total Revenues	4,102	3,968	3,900	3,766	3,700	2,623	3,400	(300)	-8.11%

Revenues 3,400
Expenses 1,364
Profit (Loss) 2,036

Mediacom Franchise Agreement expires 12/31/2023