

**CITY OF LAKELAND
WASHINGTON COUNTY, MINNESOTA**

**RESOLUTION 2017-41
IMPLEMENTING AN INCREASE IN WATER RATES AND CHARGES FOR USE OF THE
LAKELAND MUNICIPAL WATER SERVICE**

WHEREAS, the City of Lakeland maintains a municipal water system; and

WHEREAS, Per Lakeland City Code §52.45 the City Council may establish water rates and charges to be implemented as part of the use of the Lakeland Municipal Water Service; and

WHEREAS, the office of the City Treasurer and the Public Works Commissioner has recommended to the City that an increase be implemented to increase the water usage rate by \$.20 per 1,000 gallons effective with the January 2018 water billing, therefore changing the rate from \$2.40 per 1,000 gallons to \$2.65 per 1,000 gallons.

WHEREAS, the office of the City Treasurer and the Public Works Commissioner has also recommended to the City that an increase be implemented in the monthly flat charge by \$4.00, therefore changing the charge from \$8.00 per hookup to \$12.00 per hookup.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF LAKELAND AS FOLLOWS:

1. That effective with the January 2018 water billing, the water usage rate will be increased from \$2.40 per 1,000 gallons to \$2.65 per 1,000 gallons.
2. That the monthly flat rate service charge will be increased from \$8.00 per hookup to \$12.00 per hookup.
3. This resolution shall be in full force and effect from and after its adoption and [summary] publication according to law.

BE IT FURTHER RESOLVED, that the Mayor and City Clerk are hereby authorized to sign all documents necessary to effectuate the intent of this resolution.

Passed and adopted by the City Council for the City of Lakeland this 21st day of November 2017.


Richard Glasgow, Mayor

ATTESTED BY:


Jennifer Hutchins Farrell, City Clerk

Lakeland Water Utility – Ten Year Financial Plan 2018 to 2027 Presented at November 21, 2017 City Council Meeting

The Lakeland Water Utility Ten Year Financial Plan has been updated thru 2027. 2017 and continuing into 2018 are proving to be transition years as the Water Utility is getting a variety of upgrades as well as previously deferred maintenance and upkeep. The projected loss for 2017 is \$208,219 while 2018 is projected at breakeven. All the upgrades and maintenance is being paid from existing fund balances which will need to be replenished.

To achieve this goal the Ten Year includes the following rate increases:

- An increase in the Usage Rate of 25 cents effective 1/1/18, then 10 cents every two years beginning 2020. The future increases will be evaluated when the plan is again updated in 2019.
- An increase in the Monthly Flat Charge per Hookup of \$4.00 effective 1/1/18 with no further increases planned. This rate has been at \$8.00 since 2004. The primary purpose of this charge is for Capital Expenditures including major repairs. Given the capital intensive nature of the Water Utility, provision for upgrades and major repairs is considered prudent regardless of usage.

For reference purposes, the current charge of \$9.33 per Hookup for Debt Service is scheduled to end in 2025. Also the background of this charge is that it was originally to be increased by \$3.50 to \$12.83 in 2011 but due to a strategic refinance of the Debt we were able to keep it at \$9.33.

A complete history of the usage and flat monthly charges is included on Page 3 along with the impact on an average user for the proposed increases. The impacts are as follows:

- Monthly Flat Charge: Increase of \$16.00 per Quarter. \$48.00 Annually.
- Usage Rate: Increase of \$4.69 per Quarter. \$18.75 Annually.

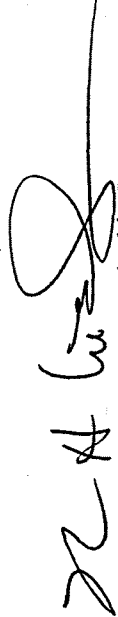
The total quarterly increase is \$20.69 and \$66.75 Annually.

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Prepared by Thomas H. Niedzwiecki, Treasurer

City of Lakeland Water Utility Ten Year Financial Plan - Detail: 2018 to 2027

Ref	Yr	# Hook ups	Utilities	Personnel incl Contract	All Other	Capital Exp & Wellhead Protection	Total Expenses b/4 Debt Serv	Avg Chg per 1,000 gal	Mo Chg Per Hookup	Mo Avg Gal per Hookup	Total Income (incl earnings on fund bal)	Water Utility Fund Balance		
												Beg	End	
-3	2014	1000	\$33,475	\$119,375	\$75,660	\$71,776	\$300,286	\$2.30	\$8.00	6,250	\$270,983	\$496,544	(\$29,303)	\$467,241
-2	2015	1020	\$34,479	\$110,956	\$62,812	\$0	\$208,247	\$2.30	\$8.00	6,250	\$274,079	\$467,241	\$65,832	\$533,073
-1	2016	1020	\$35,514	\$126,285	\$87,742	\$0	\$249,540	\$2.40	\$8.00	6,250	\$282,667	\$533,073	\$33,127	\$566,199
0	2017	1020	\$36,579	\$130,073	\$78,749	\$250,000	\$495,401	\$2.40	\$8.00	6,250	\$287,182	\$566,199	(\$208,219)	\$357,980
1	2018	1020	\$37,676	\$133,975	\$81,899	\$100,000	\$353,551	\$2.65	\$12.00	6,250	\$353,185	\$357,980	(\$366)	\$357,614
2	2019	1020	\$38,807	\$137,995	\$85,175	\$0	\$261,976	\$2.65	\$12.00	6,250	\$353,181	\$357,614	\$91,205	\$448,819
3	2020	1020	\$39,971	\$142,135	\$88,582	\$0	\$270,687	\$2.75	\$12.00	6,250	\$361,743	\$448,819	\$91,056	\$539,875
4	2021	1020	\$41,170	\$146,399	\$92,125	\$0	\$279,694	\$2.75	\$12.00	6,250	\$362,654	\$539,875	\$82,960	\$622,835
5	2022	1020	\$42,405	\$150,791	\$95,810	\$0	\$289,006	\$2.85	\$12.00	6,250	\$371,133	\$622,835	\$82,128	\$704,962
6	2023	1020	\$43,677	\$155,314	\$99,643	\$0	\$298,634	\$2.85	\$12.00	6,250	\$371,955	\$704,962	\$73,321	\$778,283
7	2024	1020	\$44,988	\$159,974	\$103,628	\$0	\$308,590	\$2.95	\$12.00	6,250	\$380,338	\$778,283	\$71,748	\$850,031
8	2025	1020	\$46,337	\$164,773	\$107,773	\$0	\$318,884	\$2.95	\$12.00	6,250	\$381,055	\$850,031	\$62,172	\$912,203
9	2026	1020	\$47,727	\$169,716	\$112,084	\$0	\$329,528	\$3.05	\$12.00	6,250	\$389,327	\$912,203	\$59,799	\$972,002
10	2027	1020	\$49,159	\$174,808	\$116,568	\$0	\$340,534	\$3.05	\$12.00	6,250	\$389,925	\$972,002	\$49,391	\$1,021,393

Thomas H. Niedzwiedzki
Prepared by Thomas H. Niedzwiedzki, Treasurer

City of Lakeland Water Utility Ten Year Financial Plan - Summary: 2018 to 2027

Major Capital Expenditures vs Funds Available		
	Today's \$	10 Yrs @ Factor
Tower #1 & #2 Paint & Maint	\$225,000	\$366,501 0.05
Software Upgrades	\$40,000	\$48,760 0.02
Well Pump #1	\$25,000	\$33,598 0.03
Well Pump #2	\$30,000	\$40,317 0.03
Filter Media Plants #1 & 2	\$60,000	\$97,734 0.05
Plant #1	\$41,000	\$66,785 0.05
Plant #2	\$50,000	\$60,950 0.02
Other/Contingency	\$200,000	\$296,049 0.04
Total Future Capital Exp	\$671,000	\$1,010,693
Total Fund Balance		\$1,021,393
Excess (Shortage)		\$10,699

We want to see a positive number here. It means that both ongoing operations and future major capital expenditures are adequately covered by the assumptions built into the 10 Year Water Plan.

Major Assumptions	
Annual Incr in No. of Hookups - YR 2018-2027	0
% Increase in Utilities Exp	3.00%
% Increase in Personnel & Contract Exp	3.00%
% Increase in Other Exp	4.00%
Monthly Chg per Hookup:	2004 thru 2017 \$8.00 2018 thru 2027 \$12.00
Monthly Avg Gallons Per Hookup	
2001 to 2006	6,000
2007 to 2027	6,250
Interest Income: .25% in 2014 & 2015, .5% in 2016 then 1% in years 2018 thru 2027	

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Prepared by Thomas H. Niedzwiecki, Treasurer

Lakeland Water Utility
Actual and Planned Rates Plus Impact on Average User
Water Utility 10 Year Financial Plan

Actual	# Months	Usage Rate	Yearly Avg	\$ Increase	% Increase	Monthly Charge per Hookup																		
							2004	2005	2006	2007	2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	12	\$2.10	\$2.10			\$8.00																		
	12	\$2.10	\$2.10			\$8.00																		
	12	\$2.10	\$2.10			\$8.00																		
	12	\$2.20	\$2.20	\$0.10	4.76%	\$8.00																		
	1	\$2.20	\$2.20			\$8.00																		
	11	\$2.25	\$2.25	\$0.05	2.27%	\$8.00																		
	12	\$2.25	\$2.25			\$8.00																		
	12	\$2.25	\$2.25			\$8.00																		
	12	\$2.25	\$2.25			\$8.00																		
	12	\$2.25	\$2.25			\$8.00																		
	12	\$2.25	\$2.25			\$8.00																		
	12	\$2.30	\$2.30	\$0.05	2.22%	\$8.00																		
	12	\$2.30	\$2.30			\$8.00																		
	12	\$2.30	\$2.30			\$8.00																		
	12	\$2.30	\$2.30			\$8.00																		
	12	\$2.40	\$2.40	\$0.10	4.35%	\$8.00																		
	12	\$2.40	\$2.40			\$8.00																		
	12	\$2.40	\$2.40			\$8.00																		
Planned	12	\$2.65	\$2.65	\$0.25	10.42%	\$12.00																		
	12	\$2.65	\$2.65			\$12.00																		
	12	\$2.75	\$2.75	\$0.10	3.77%	\$12.00																		
	12	\$2.75	\$2.75			\$12.00																		
	12	\$2.75	\$2.75			\$12.00																		
	12	\$2.85	\$2.85	\$0.10	3.64%	\$12.00																		
	12	\$2.85	\$2.85			\$12.00																		
	12	\$2.85	\$2.85			\$12.00																		
	12	\$2.95	\$2.95	\$0.10	3.51%	\$12.00																		
	12	\$2.95	\$2.95			\$12.00																		
	12	\$3.05	\$3.05	\$0.10	3.39%	\$12.00																		
	12	\$3.05	\$3.05			\$12.00																		

Last monthly charge rate increase was in 2004 from \$7.00 per hookup to \$8.00, where it is currently. Prior to that, changes were:
 * \$6.00 to \$6.50 in 2000 (was \$6.00 since 1994)
 * \$6.50 to \$7.00 in 2001

Last usage rate increase was 10 cents per 1,000 gallons per month effective with the January, 2016 billing.

The 10 Year Plan includes a usage rate increase of 25 cents 1/1/18 then 10 cents over other year beginning 2020 with the January billing plus a Monthly Charge rate increase of \$4.00 from \$8.00 to \$12.00 effective 1/1/18 with no further increases.

Impact of Rate Increases on Average User			
	Increase	Quarterly	Annual
Monthly Rate:	\$4.00	\$16.00	\$48.00
Usage Rate:	\$0.25	\$4.69	\$18.75
Total Impact		\$20.69	\$66.75