

Agenda
City Council Work Session
City of Edina, Minnesota
City Hall Community Meeting Room

Tuesday, December 5, 2023
5:30 PM

- I. Call To Order
- II. Roll Call
- III. 2024-2024 Budget and Tax Levy Presentation
- IV. Adjournment

The City of Edina wants all residents to be comfortable being part of the public process. If you need assistance in the way of hearing amplification, an interpreter, large-print documents or something else, please call 952-927-8861 72 hours in advance of the meeting.



CITY OF EDINA

4801 West 50th Street

Edina, MN 55424

www.edinamn.gov

Date: December 5, 2023

Agenda Item #: III.

To: Mayor and City Council

Item Type:

Reports / Recommendation

From: Alisha McAndrews, Finance Director

Item Activity:

Subject: 2024-2024 Budget and Tax Levy Presentation

Discussion

ACTION REQUESTED:

Discussion only.

INTRODUCTION:

Staff will provide an overview of the 2024 - 2025 Budget, Budget Work Plan, and proposed 2024 Property Tax Levy.

ATTACHMENTS:

Staff Presentation

2022 Utility Rate Study Presentation



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2024-2025 Levy and Budget

December 5, 2023

Agenda

1. Budget timeline and process
2. 2024-2025 Budget work plan
3. 2024-2025 budget and levy
4. Community impact of investments
5. Market value and tax impact
6. Next steps
7. Questions and discussion



Timeline

Date	Type	Topic	
June 1		Dept head budget entry, new positions submitted	<input checked="" type="checkbox"/>
June 8		S&B projections posted	<input checked="" type="checkbox"/>
June 7-13		Finance reviews and enters remaining budgets	<input checked="" type="checkbox"/>
June-July		Staff develop scenarios	<input checked="" type="checkbox"/>
July 19	ELT Meeting	ELT Reviews Budget Draft Scenarios	<input checked="" type="checkbox"/>
Aug 2	CC Work Session	Draft budget scenarios & work plan	<input checked="" type="checkbox"/>
Sept. 5	CC Work Session	City Manager preliminary levy and budget	<input checked="" type="checkbox"/>
Sept. 19	CC/HRA Meeting	Adopt preliminary levy	<input checked="" type="checkbox"/>
Nov. 21	CC Work Session	Budget and Work Plan	<input checked="" type="checkbox"/>
Nov. 29	online	Better Together comment period closes	<input checked="" type="checkbox"/>
Dec. 5	CC/HRA Meeting	TNT budget presentation & public meeting	
Dec. 19	CC Meeting/HRA Meeting	Last day to adopt budget/levy	



Biennial Budget Process

2022 (Even Year)

First year of 2022-2023 Budget

Review/approve of
2023–2028 CIP

2023 (Odd Year)

Second year of 2022-2023 Budget

Approve 2024-2025 budget,
including CIP levy



Strategic Policy

Vision Edina
(20-25 Years)

**Comprehensive
Plan**
(10 Years)

**Capital
Improvement Plan**
(6 Years)

Budget Work Plan → Operating Budget
(2 Years)

Implementation Level

**Department Work
Plans (Annual)**

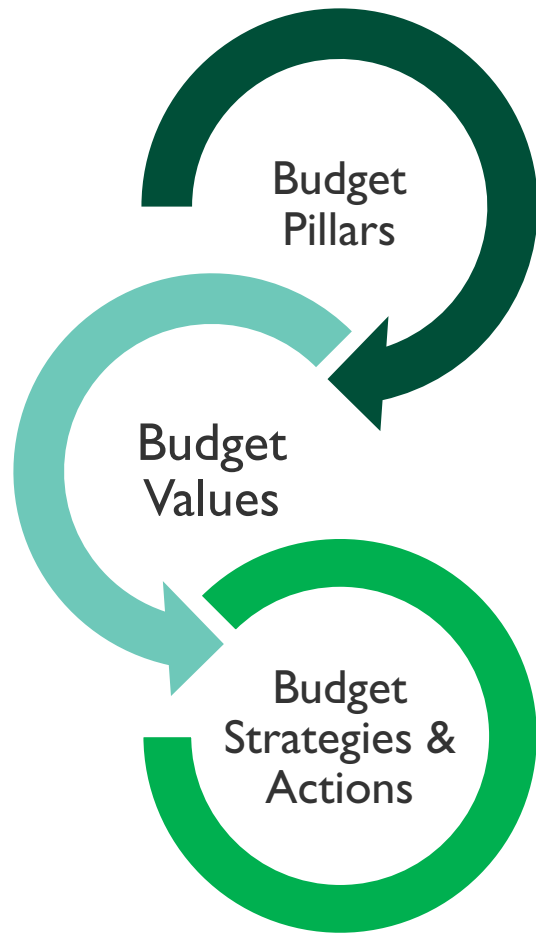
**Commission Work
Plans (Annual)**

**Employee Work
Plans (Annual)**



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2024-2025 Budget & Work Plan



Budget Pillars

- Must be achieved by every budget
- Broad goals
- Evergreen

Values

- Guide decision making
- Evergreen

Strategies & Actions

- Strengthen progress toward each pillar
- Specific actions for each budget cycle

Goals (Pillars)



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Budget Values

Stewardship

- We make wise investments that focus on the best long-term value for residents.

Equity

- We provide equitable opportunities for people to participate in their City government and access City institutions, facilities, and services.

Health

- We use a Health-in-All Policies approach to promote and protect the physical, mental, and social wellbeing of all people who live, work, or visit Edina.

Sustainability

- We ensure that our policies, decisions, and plans have a positive impact on people and the planet now and for future generations.



2024-2025 Budget Work Plan



Maintain physical
assets and
infrastructure

- Fred Richards Park & Braemar Park and Arena
- Art Center facility and programming
- Cahill Area sanitary sewer capacity expansion
- Fire Station 3 site selection and planning
- Grandview area transportation improvements
- York Avenue sanitary sewer capacity expansion



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2024-2025 Budget Work Plan



Maintain service
levels that best meet
community needs

- Mental health calls for service resources and training
- Planning for Edina Public Schools elections for 2025 and beyond
- THC/cannabis legislation impacts
- Support staff who experience wellness and PTSD needs



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2024-2025 Budget Work Plan



Plan for connected
and sustainable
development

- Advance affordable housing goals
- Prepare for Comprehensive Plan update



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2024-2025 Budget Work Plan



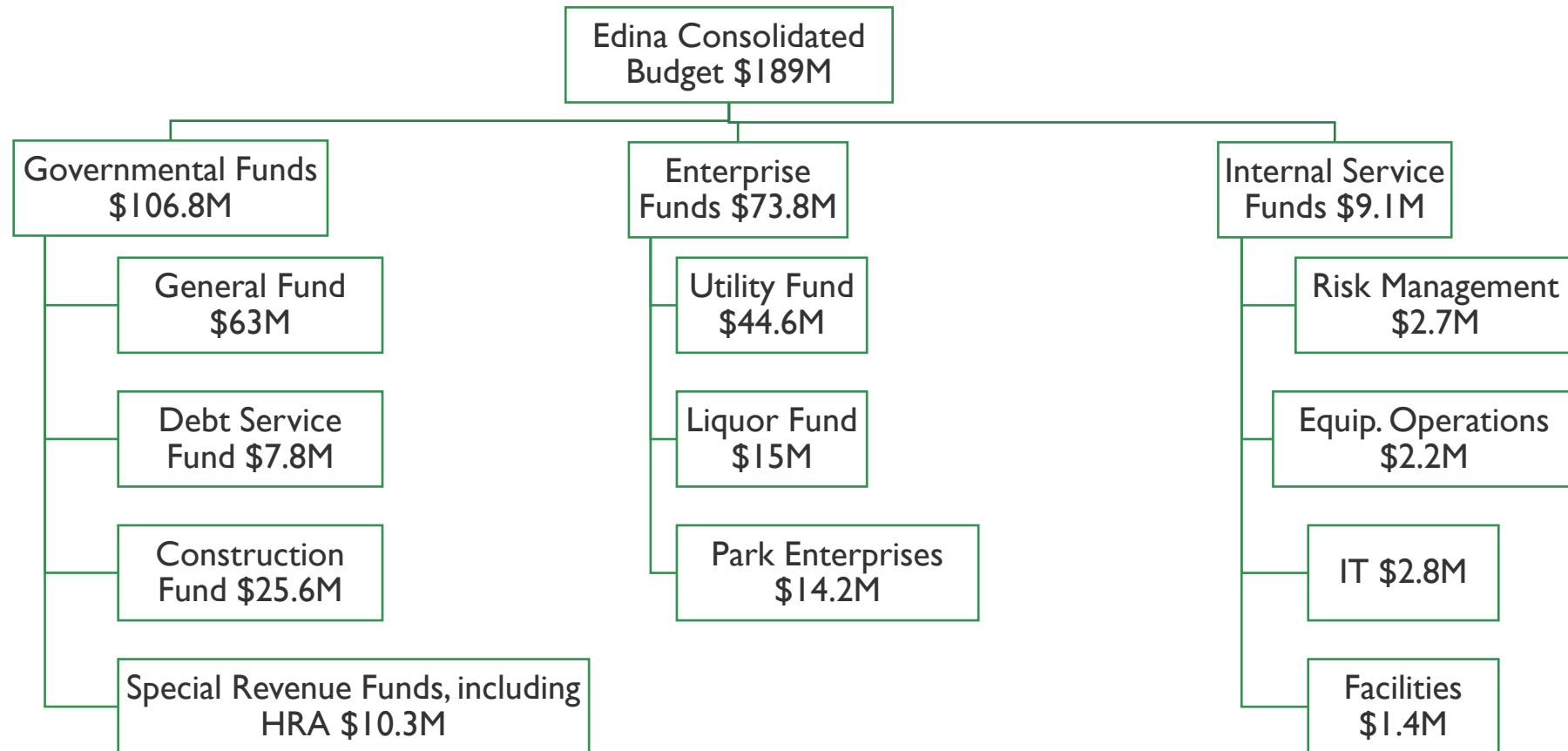
Foster an inclusive
and engaged
community

- Administer 2025 Quality of Life survey
- Refine community engagement processes



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2024 Proposed Consolidated Budget



Enhanced Services or Functions

- General Government
 - Assessing*
 - Edina Liquor
- Parks & Recreation
 - Braemar Golf Course & Dome
 - Braemar Arena & Field
 - Centennial Lakes*
 - Edina Aquatic Center
 - Edinborough Park
 - Senior Center*
 - Art Center
- Police, Fire, & Public Health
 - Advanced Life Support (ALS) Ambulance Service*
 - 911 dispatch for Police, Fire & Medical (Edina & Richfield)*
 - Southwest Metro Public Safety Training Facility (Joint Powers)
 - Public Health (Bloomington, Edina, & Richfield)*
 - Rental Inspections

*supported by property taxes revenue



Proposed Tax Levy

	Budget 2023	Proposed 2024 2025	
General Operating	39,820,200	43,744,165	48,535,573
	8.48%	9.85%	10.95%
Debt Service	3,230,000	3,471,700	5,785,900
	-0.06%	7.48%	66.66%
Construction	6,560,400	6,951,000	7,172,000
	26.40%	5.95%	3.18%
HRA	244,400	251,700	259,300
	2.99%	2.99%	3.02%
Total Tax Levy	49,855,000	54,418,565	61,752,773
% increase	9.89%	9.15%	13.48%



What Makes Up the Levy Increase?

	% of levy increase	\$ amount
Salary & benefits	4.62%	\$4.2 million
Services contracts, supplies	2.38%	\$2.3 million
Debt and construction levies	0.70%	\$639,600
IT Systems & security	0.59%	\$540,000
Facilities and equipment mtc	0.33%	\$300,000
New positions	0.32%	\$291,000
Support for CLP operations	0.22%	\$200,000
2024 Levy Increase	9.15%	

\$2 million of one-time revenue from budget stabilization fund helps offset spending increases



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Investment & Impact

- **Increased investment in technology systems** to ensure secure reliable systems that protect against threats and work when they are most needed, in times of emergency or natural hazard.
- Street Lighting replacement to keep streets safe and reduce energy use.
- **Increased support to the City's utility system and on-call winter response duties.** Addition of 1 utility supervisor in 2025.





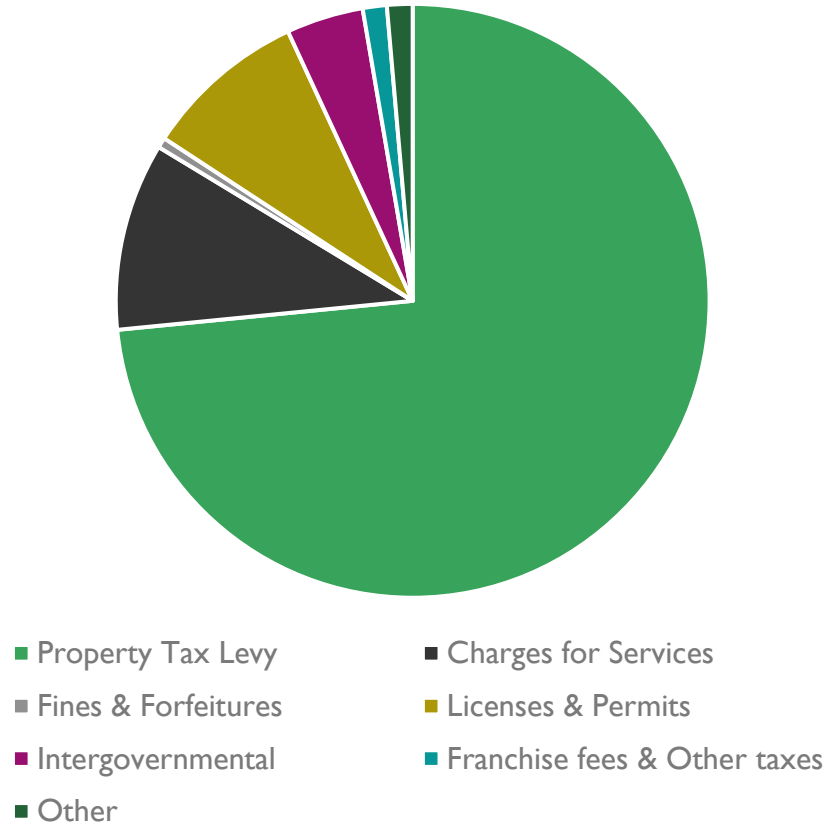
Investment & Impact

- **Improve public safety response and outcomes.** Addition of 4 patrol officers, mental health response officer and neighborhood engagement officer.
- **Respond to increasing calls for service/complexity of calls for emergency medical response** by adding additional paramedic/firefighters (6) in 2025 at the new fire station.
- Provide market wage increases and competitive benefits to **attract and retain a high-performing skilled workforce needed to deliver services to the community.**
- **Improve safety and ability to adequately respond to social disruption events in recreation enterprises.** Addition of 1 Facility Coordinator in 2024 and 1 in 2025.

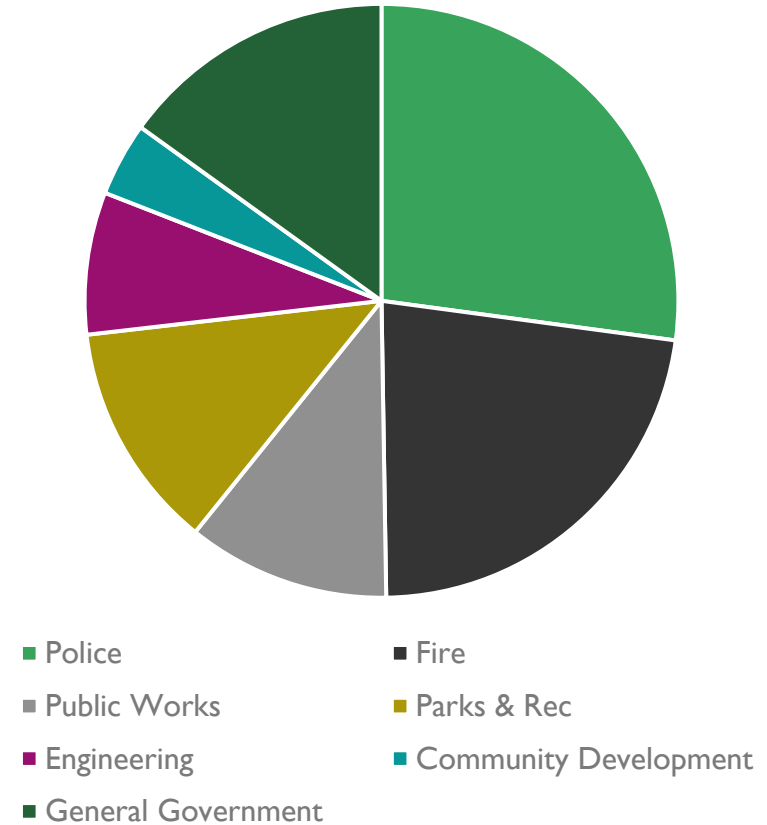


2024 General Fund

Sources



Uses



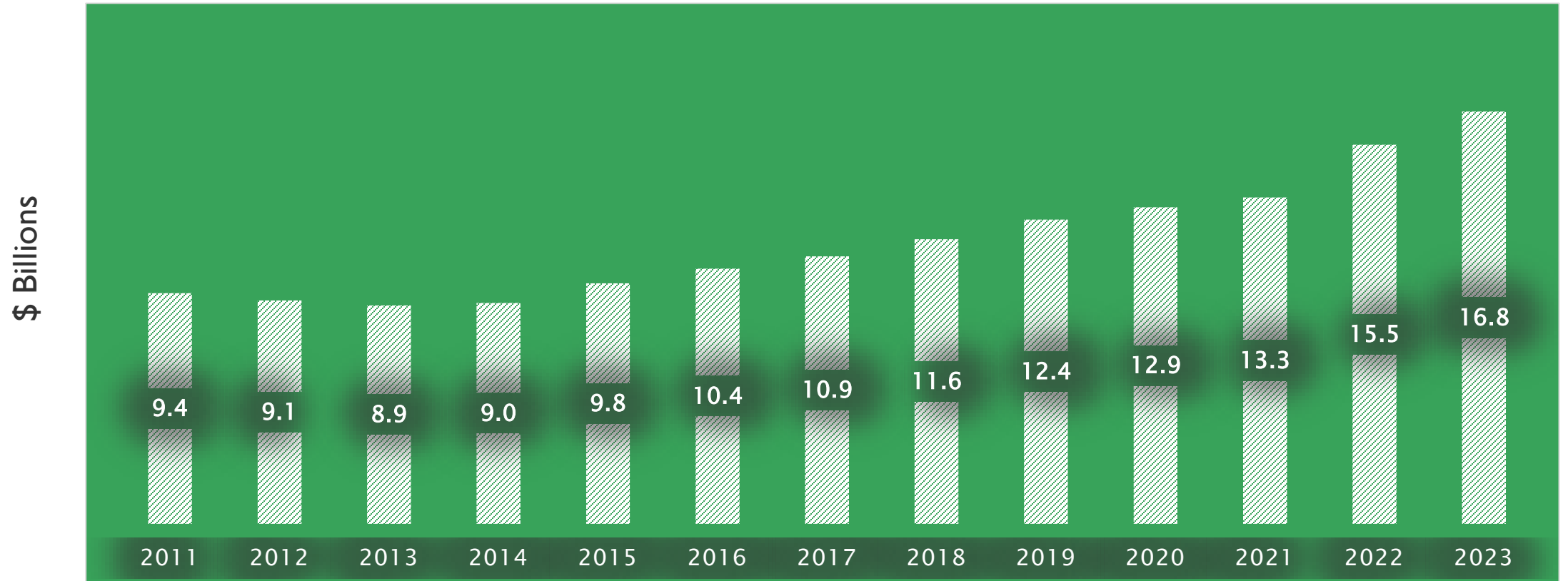


Our 2024-2025 Budget's Response to 2023 Quality of Life Survey

- **Finding:** Residents continue to rate their overall quality of life in Edina highly
Response: Maintain current service levels at current quality levels
- **Finding:** Residents generally feel safe in the community, but that feeling has decreased
Response: Enhance law enforcement staffing to keep robust staffing levels on the street; increase levels of public safety programming through MAC, neighborhood officers, traffic enforcement and mental health response team
- **Finding:** Residents gave very high ratings to the work of the Fire Dept.
Response: Continue the growth and development of the Fire Dept., particularly around their ALS services and preparing for the new Fire Station



Estimated Market Value



2024 Estimated Levy Impact

Edina Median Value Home

2022	2023	Change
\$659,900	\$696,600	5.3%

Edina Estimated Market Value

2022	2023	Change
\$15.54B	\$16.8B	8.2%

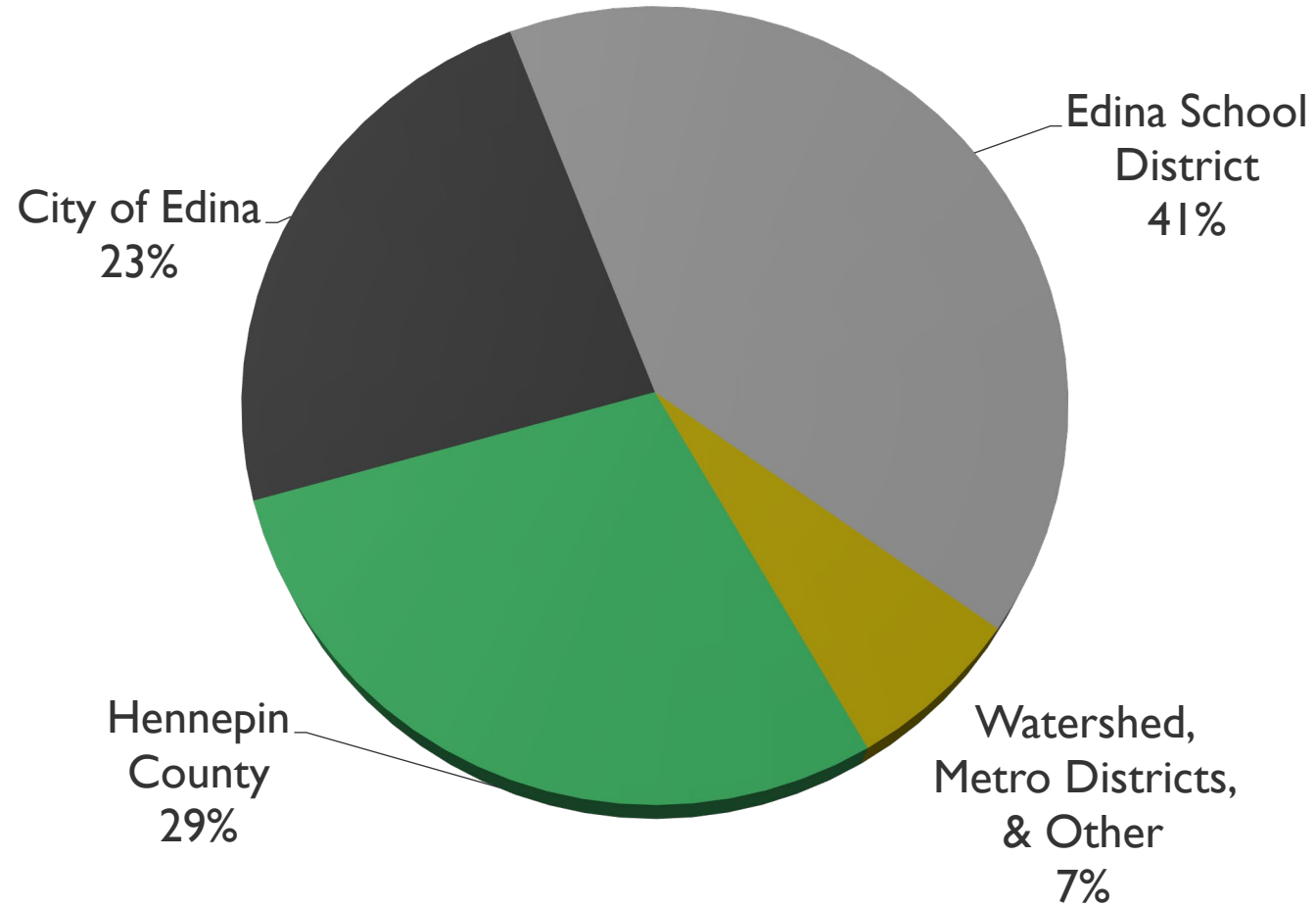


2024 Estimated Levy Impact

Change in Levy on Median Value Home (MVH)				
	2023	2024	Difference	Change
MVH	\$659,900	\$696,600	\$36,700	5.3%
Annual	\$1,973.23	\$2,121.93	\$148.71	7.5%
Monthly	\$164.44	\$176.83	\$12.39	7.5%

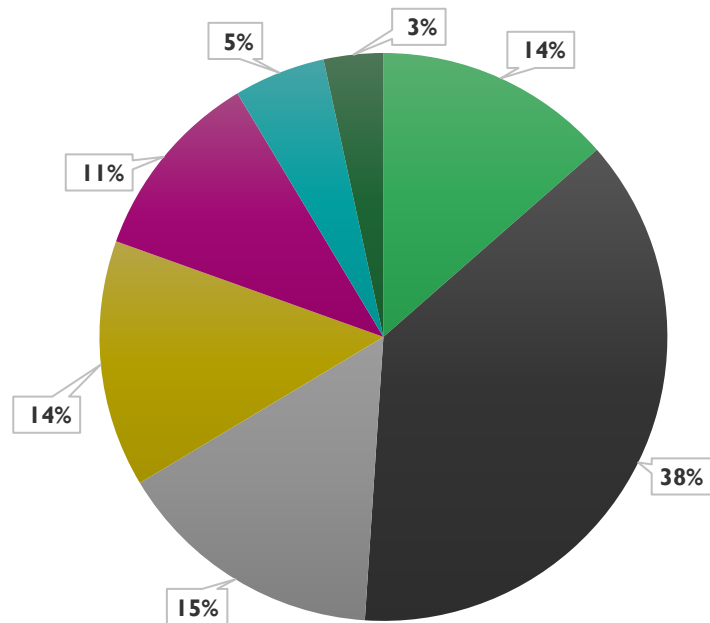


2023 Property Tax Distribution



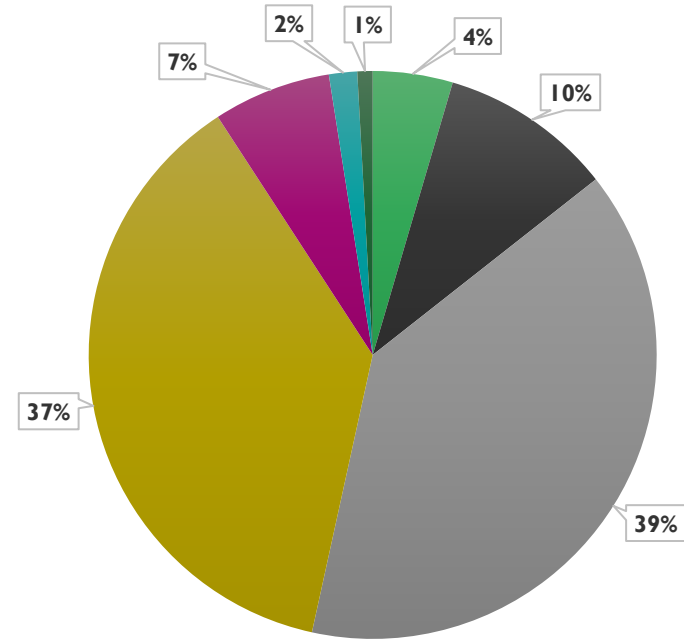
2024 Change in Property Tax by Property Type

Commercial/Industrial



■ >(5.0)% ■ (4.9)-(0.0)% ■ 0.1-4.9% ■ 5-9.9% ■ 10-14.9% ■ 15-19.9% ■ >20%

Single Family/Apartments

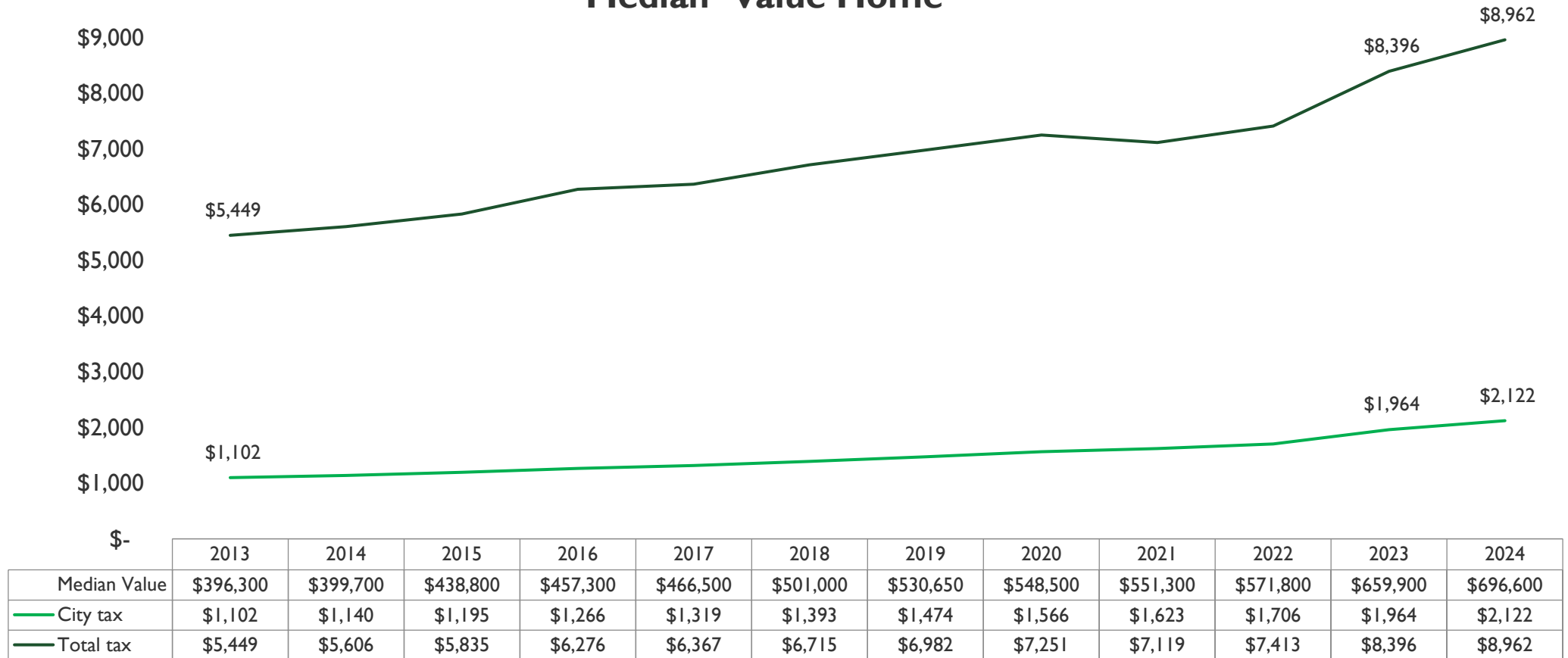


■ >(5.0)% ■ (4.9)-(0.0)% ■ 0.1-4.9% ■ 5-9.9% ■ 10-14.9% ■ 15-19.9% ■ >20%



Property Tax History

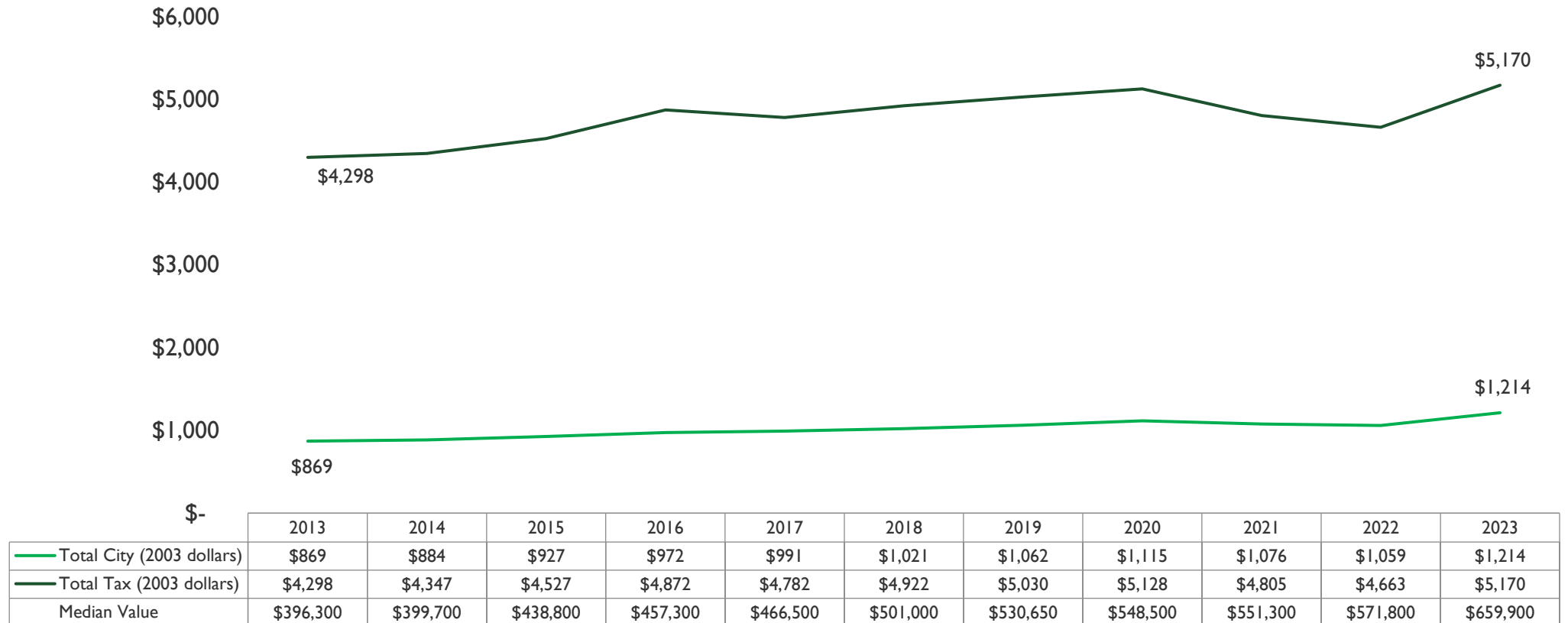
"Median" Value Home



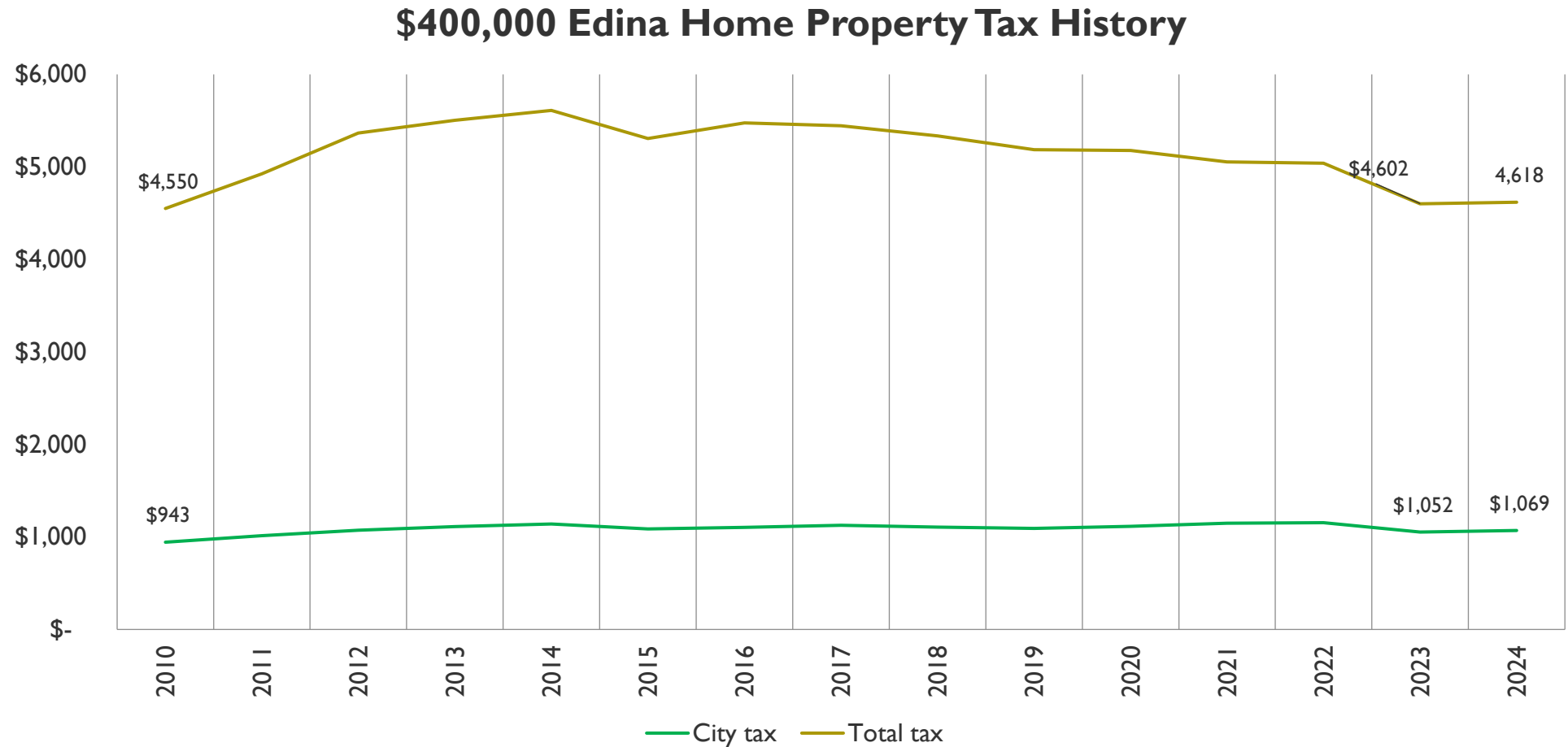
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Property Tax History

"Median" Home Property Tax History Adjusted for CPI (2003 dollars)



Property Tax History



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How Does Edina Compare?

<u>City</u>	<u>Tax Rate</u>	<u>Tax \$ on \$700,000</u>	<u>Tax \$ on \$1M</u>
Plymouth	24.44%	\$ 1,833	\$ 2,750
Maple Grove	27.36%	\$ 2,052	\$ 3,077
Eden Prairie	28.35%	\$ 2,126	\$ 3,189
Edina	28.45%	\$ 2,134	\$ 3,201
Lakeville	30.18%	\$ 2,264	\$ 3,395
Eagan	33.54%	\$ 2,515	\$ 3,773
Minnetonka	34.44%	\$ 2,583	\$ 3,875
Apple Valley	36.68%	\$ 2,751	\$ 4,126
Burnsville	42.27%	\$ 3,170	\$ 4,755
St. Louis Park	46.36%	\$ 3,477	\$ 5,215



How Does Edina Compare?

<u>City</u>	<u>MVH</u>	<u>Levy Increase</u>	<u>Tax Rate</u>	<u>Tax \$ on MVH</u>
Plymouth	\$ 470,000	7.50%	24.44%	\$ 1,130
Maple Grove	\$ 431,600	6.68%	27.36%	\$ 1,134
Edina	\$ 696,600	9.15%	28.45%	\$ 2,122
Eden Prairie	\$ 536,400	5.60%	28.35%	\$ 1,546
Lakeville	\$ 446,500	9.62%	30.18%	\$ 1,307
Eagan	\$ 393,400	6.90%	33.54%	\$ 1,230
Minnetonka	\$ 496,500	7.47%	34.44%	\$ 1,707
Apple Valley	\$ 362,300	8.40%	36.68%	\$ 1,203
Burnsville	\$ 351,500	7.60%	42.27%	\$ 1,329
St. Louis Park	\$ 373,000	7.60%	46.36%	\$ 1,582



Next Steps

- Adopt Resolution No. 2023-95 Adopting 2024 Property Tax Levy and Operating Budget
- If not adopted today, final date to take action on 2024 budget is Dec. 19



Questions/Discussion



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Review of 2022 Utility Rate Study

City of Edina
April 10, 2023

Purpose of Periodic Rate Studies

Maintain Financial Health of Utility Funds

- No property tax support for utilities
- Maintain healthy reserves and keep funds solvent

Inform Capital Planning

- Determine how we will fund Capital Improvement costs (CIP)

Enhance Policy Objectives:

- Help achieve climate goals
- Increase utility fee equity

Utilities: Capital Intensive

Utility	2022-2031 Capital Costs
Water	\$62 Million
Sanitary Sewer	\$35.5 Million (excludes Cahill capacity expansion project)
Storm Water	\$103 Million (includes priority flood mitigation projects)

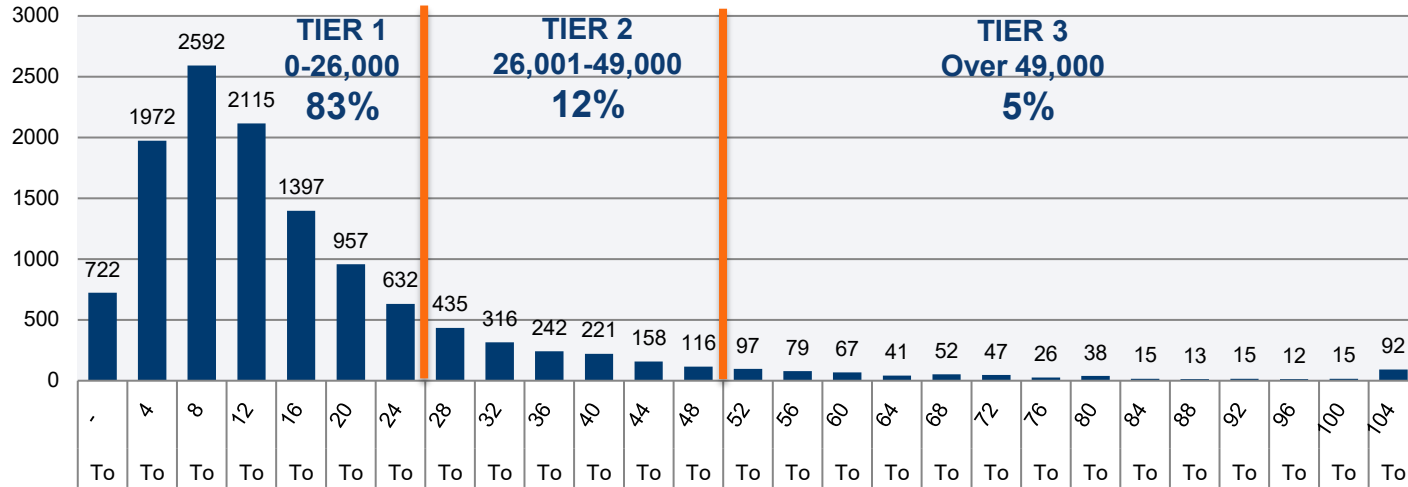
These capital cost estimates reflect historical inflation levels. If current rates of inflation continue, the 10-year costs would be significantly higher.

Rate Components: Water & Sewer

- Volumetric Charges for Water and Sewer
 - ✓ Rate per 1,000 gallons
 - ✓ For water, rate increases for higher consumption (“tiers”)
- Sewer Minimum Charges
 - ✓ Customers pay for a minimum amount of use even if actual is less
 - ✓ Customers billed on winter quarter’s average water consumption
- Meter Charges for Water
 - ✓ Fixed fee per quarter based on meter size
- Connection Fees (WAC and SAC)
 - ✓ Pay for system expansion

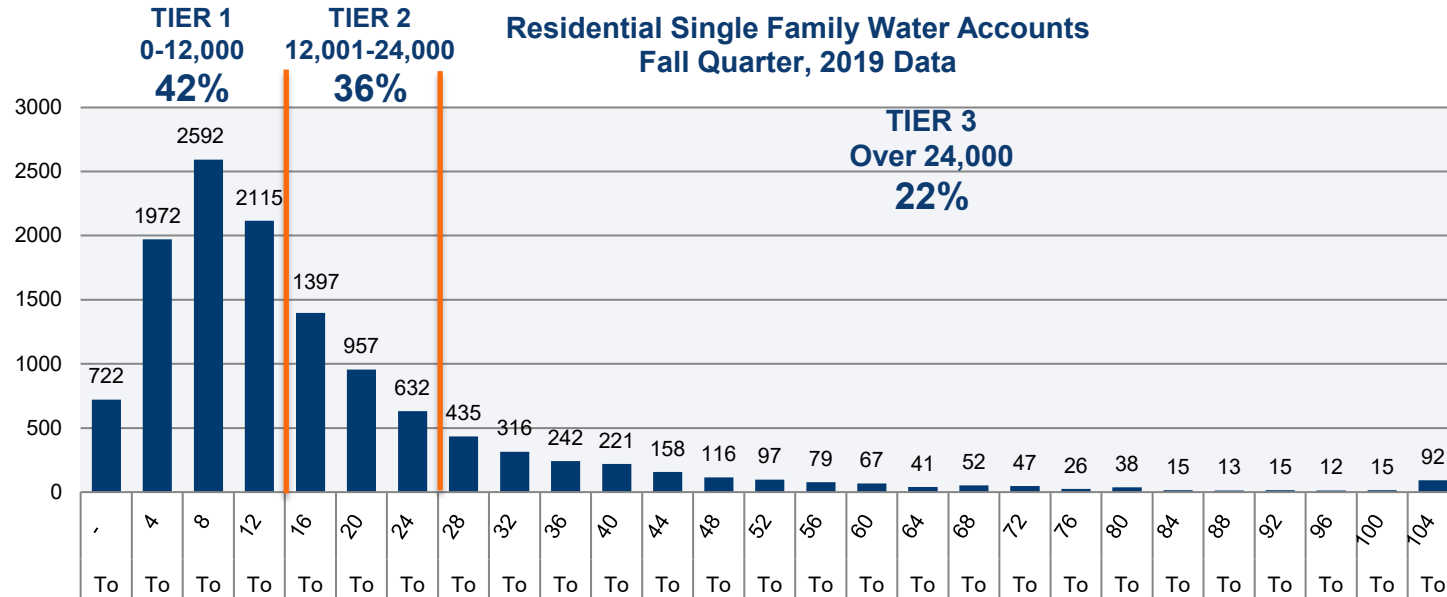
Water Rates: Structural Issues

Residential Single Family Water Accounts
Fall Quarter, 2019 Data



Current structure DOES NOT promote water conservation.

Proposed Conservation Tier Breaks



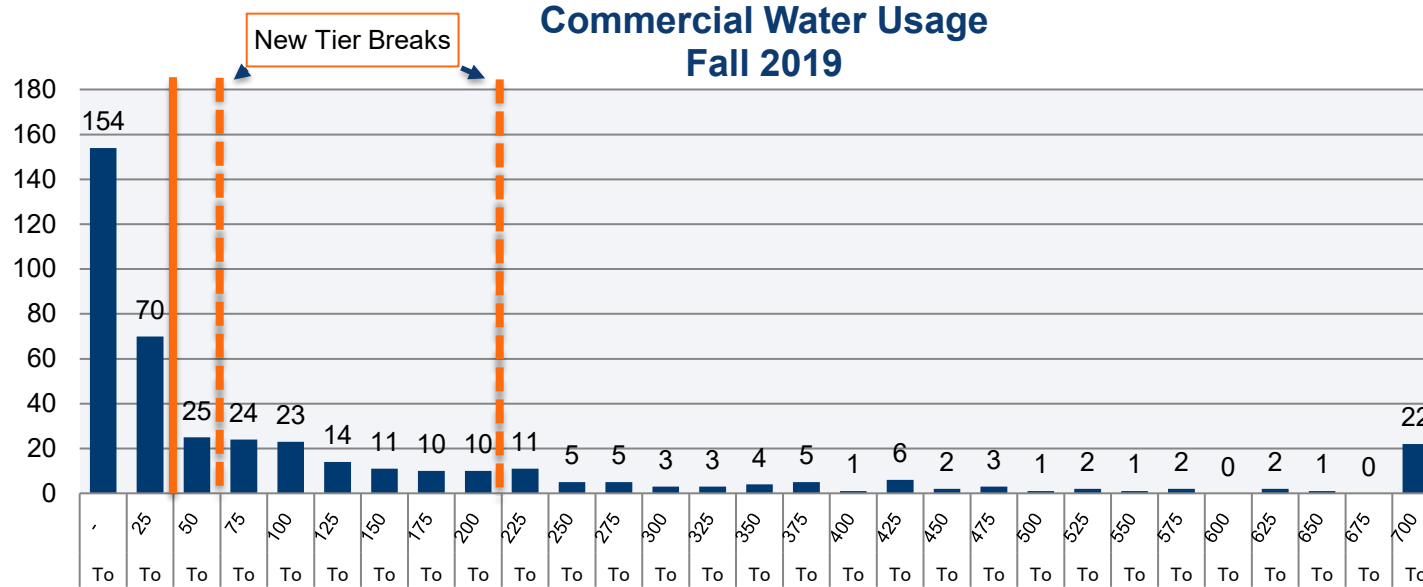
Proposed Residential Water Rates

WATER		2022		Proposed 2023		Annual Increase Beginning in 2024
Residential	Tier 1	Up to 26,000 gallons	\$ 2.71	Up to 12,000 gallons	\$ 2.42	5.00%
	Tier 2	26,001 to 49,000 gallons	\$ 3.60	12,001 to 24,000 gallons	\$ 3.68	5.00%
	Tier 3	Over 49,000 gallons	\$ 5.63	Over 24,000 gallons	\$ 6.08	5.00%

Single Family Residential Water Bill Impacts

	Low Volume Customer (10,000 gals)	Medium Customer (24,000 gals)	High Volume Customer (95,000 gals)
2022 Quarterly Water Bill	\$51.82	\$98.76	\$445.96
Proposed 2023 Water Bill	\$49.36	\$108.38	\$539.94
\$ Difference	-\$2.46	\$9.62	\$93.98
% Difference	-5%	10%	21%

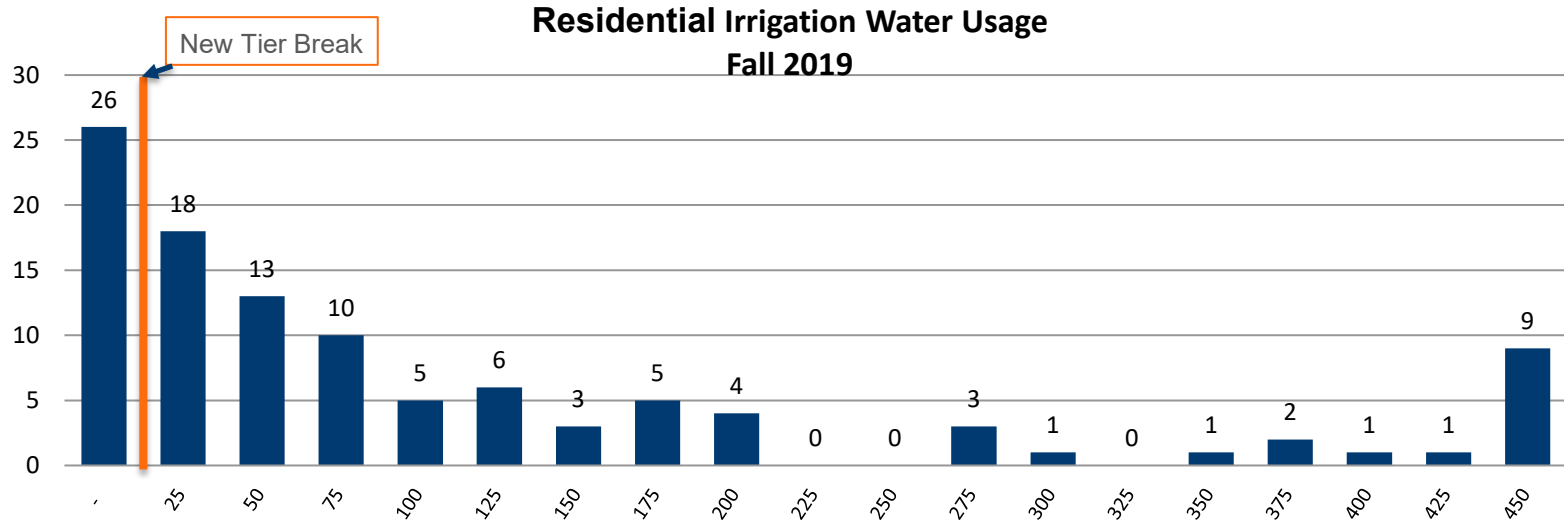
Water Conservation: Commercial Water Rates



Proposed Commercial Water Rates

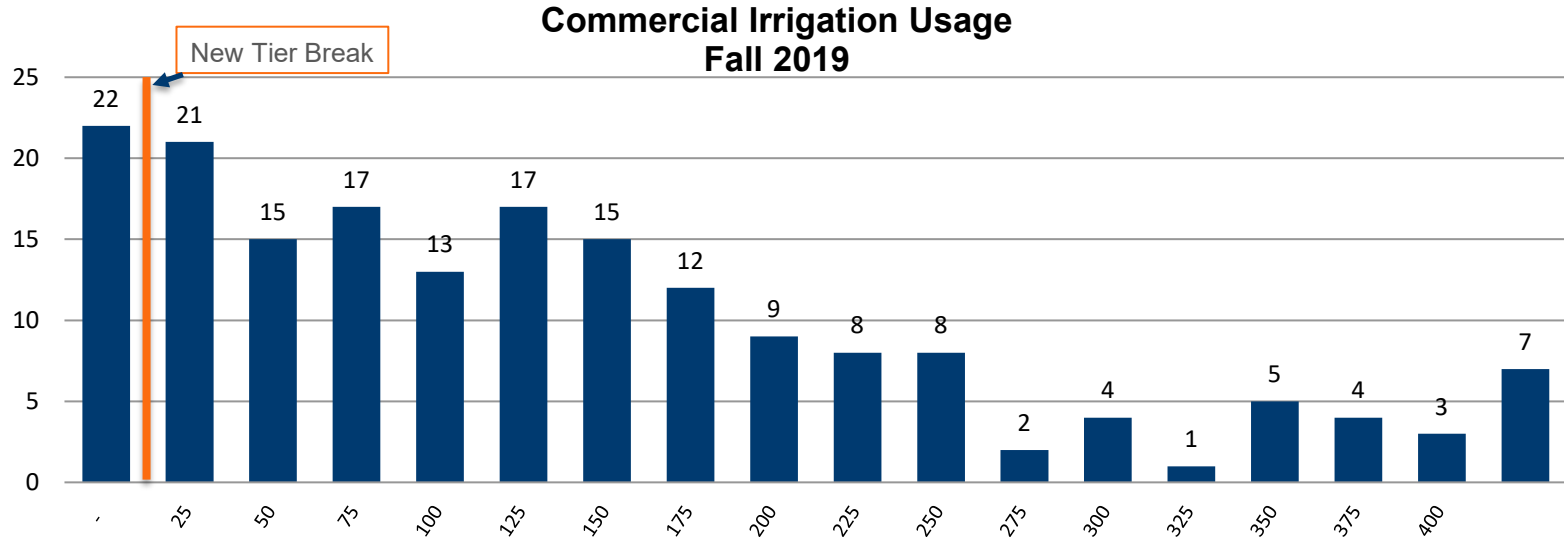
WATER		2022		Proposed 2023		Annual Increase Beginning in 2024
Comm/Ind	Tier 1	Up to 26,000 gallons	\$ 2.71	Up to 50,000 gallons	\$ 2.42	5.0%
	Tier 2	Over 26,000 gallons	\$ 3.60	50,001 to 200,000 gallons	\$ 3.02	5.0%
	Tier 3	N/A		Over 200,000 gallons	\$ 3.77	5.0%

Water Use: Residential Irrigation



- Irrigation for townhomes, multifamily, and assisted living
- Irrigation meters billed at 2 highest rates
- First tier provides equity with singly family residences

Water Use: Commercial Irrigation



Proposed 2023 Irrigation Rates

WATER		2022		Proposed 2023		Annual Increase Beginning in 2024
Irrigation	Tier 1	Up to 26,000 gallons	\$ 3.60	Up to 12,000 gallons	\$ 3.68	5.0%
	Tier 2	Over 26,000 gallons	\$ 5.63	Over 12,000 gallons	\$ 6.08	5.0%

Tiers match new residential tiers

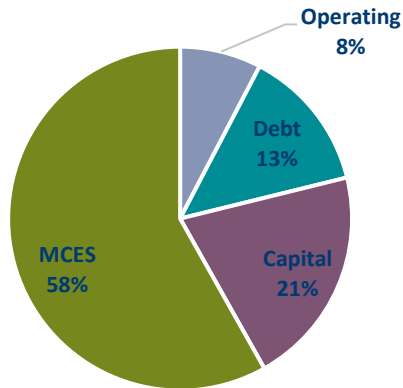
Water and Sewer Rate Changes

Utility Fee	2023 Rate Increases	Annual Rate Increases Beginning in 2024
Water User Rates	Rate Restructure	5%
Sewer User Rates	Rate Restructure	6%
Storm Water Rates	8%	8%
Water Connection Fee	3%	3%
Sewer Connection Fee	28%	22% in 2024; 5% thereafter

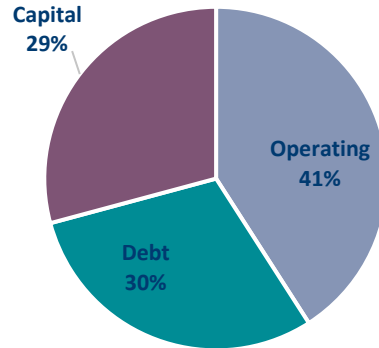


Utilities: Capital Intensive

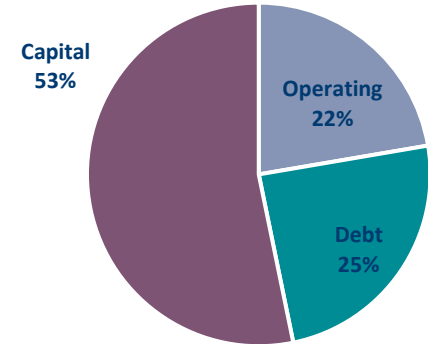
Sewer Expenditures 2021
\$10.2 Million



Water Expenditures 2021
\$13.9 Million



Storm Water Expenditures 2021
\$7.35 Million



Sewer Rates: Structural Issues

Issue: Sewer Minimum Does Not Promote Conservation

- Currently, all residential accounts billed minimum of 12,000 gallons or \$75.60/quarter per residential unit

Post-Review Conclusion:

- Maintain sewer minimum charge for revenue stability
- Reduce minimum to 8,000 gallons or \$54.88/quarter
- Reduces quarterly bills for low volume customers

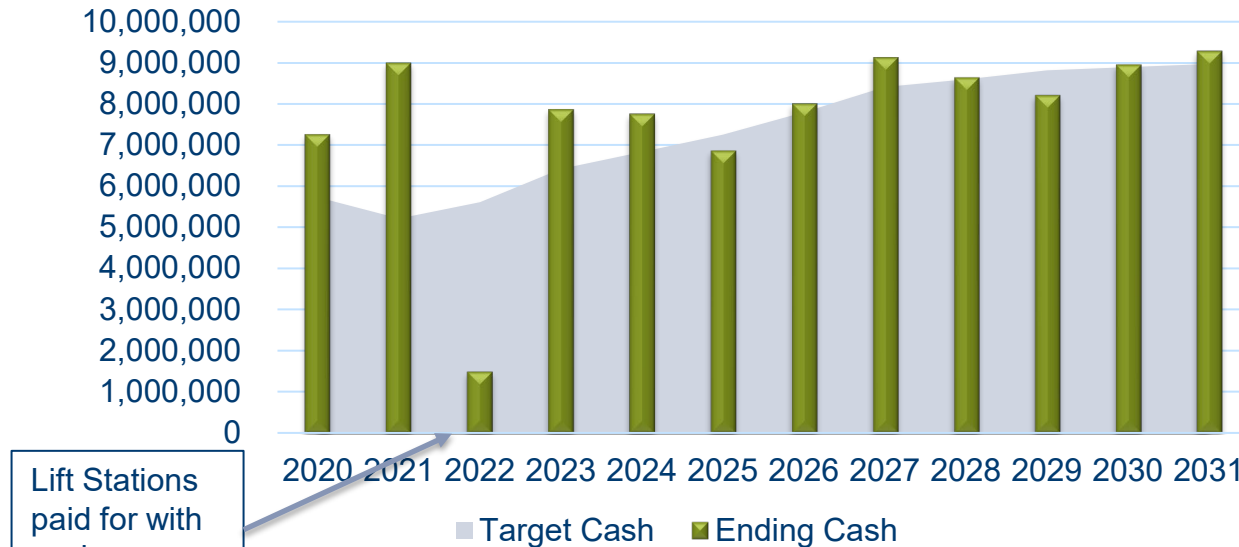
Analysis: 26% of customers will pay minimum in winter quarter.

Single Family Residential Sewer Bill Impacts

	Low Volume Customer (8,000 gals)	Medium Customer (12,000 gals)	High Volume Customer (40,000 gals)
2022 Quarterly Sewer Bill	\$75.60	\$75.60	\$252.00
Proposed 2023 Sewer Bill	\$54.88	\$82.32	\$274.40
\$ Difference	\$ (20.72)	\$6.72	\$22.60
% Difference	-27%	9%	9%

Maintains Healthy Sewer Fund

Sewer Fund Projected Cash Balances



Multifamily Water Rates

- 2023 rates moved from a tiered structure to a flat rate
 - ✓ \$3.62 per 1,000 gallons for all usage
- Increases equity
 - ✓ Multifamily customer class pays for their share of water used

Morningside Water Rates

- Morningside neighborhood uses water purchased from Minneapolis
- Evaluated Morningside rates to ensure they cover all allocable costs
 - ✓ Road reconstruction, water distribution, billing & admin
- Proposed rates for 2023:
 - ✓ Morningside pays Edina meter charge
 - ✓ Rate = \$1.17 per 1,000 gallons plus Minneapolis cost of water
 - ✓ “Surcharge” increases 5% annually

2023 Rates Maintain Healthy Water Fund

**Water Fund
Projected Cash Balances**



Storm Water Rates: No Structural Changes

- Current ordinance charges quarterly

$$\text{REF} \times \text{Acreage} \times \text{Storm Water Rate}$$

- Extensive review of parcel data in 2021 confirmed existing Residential Equivalency Factors (REF)
- Existing Single Family Residential Rate = \$43.85 per quarter

Funding Flood Mitigation Projects

- Annual 8% rate increases allow:
 - ✓ Completion of scheduled projects in CIP
 - ✓ Additional \$10M for flooding mitigation (2024-2032)
 - ✓ Covering all operations & maintenance
 - ✓ Maintaining adequate cash balances

Single Family Storm Water Rates

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
8% Increase	\$43.85	\$47.36	\$51.15	\$55.24	\$59.66	\$63.43	\$69.58	\$75.15	\$81.16	\$87.66

Customer Impacts

- 2023 Sewer & Water Rate changes designed to:
 - ✓ Maintain revenue stability and adequate reserves
 - ✓ Give customers more control over their quarterly bills
 - ✓ Enhance water conservation
 - ✓ Equitably assign costs of peak demand infrastructure to peak users
 - ✓ Increase equity between customer classes
- 2023 Storm Water Rate increase of 8% needed to fund planned flood mitigation projects

Sewer Only Customers

- Sewer Only customers (large industries) are not paying a meter charge, but City is metering sewer use
- **Institute a meter charge for Sewer Only customers**

Proposed 2023 Sewer Rates

SEWER	2022	Proposed 2023	Annual Increase Beginning in 2024
Residential (including Morningside)	All Usage \$ 6.30 Minimum of 12,000 gallons Winter Quarter Averaging	All Usage \$ 6.86 Minimum of 8,000 gallons Lesser of Winter Quarter or Actual, but no less than 8,000 gallons	5.50%
Multifamily	All Usage \$ 6.30 Minimum of \$68.05 for each unit over 4 units	All Usage \$ 6.86 Minimum of 8,000 gallons	5.50%
Comm/Ind and Sewer Only	All Usage \$ 6.30 Minimum of 12,000 gallons	All Usage \$ 6.86 Minimum of 8,000 gallons Plus Meter Charges (for Sewer Only customers)	5.50%
		2" \$211.00	5.50%
		3" \$422.00	5.50%
		4" \$527.50	5.50%
		6" \$633.00	5.50%

Low-Volume, Single-Family Customer

	Actual	Proposed				
	2022	2023	2024	2025	2026	
<u>Quarterly Residential Bill</u>						
10,000 gallons water and 8,000 gallons sewer and 3/4" meter						
Water	\$ 51.82	\$ 49.36	\$ 51.83	\$ 54.42	\$ 57.14	
Usage	\$ 27.10	\$ 24.15	\$ 25.36	\$ 26.63	\$ 27.96	
Meter	\$ 24.72	\$ 25.21	\$ 26.47	\$ 27.80	\$ 29.19	
Sewer	\$ 75.60	\$ 54.86	\$ 57.88	\$ 61.06	\$ 64.42	
Base	\$ 75.60	\$ 54.86	\$ 57.88	\$ 61.06	64.42	
Storm	\$ 43.85	\$ 48.89	\$ 54.51	\$ 60.78	\$ 67.77	
Total	\$ 171.27	\$ 153.11	\$ 164.22	\$ 176.26	\$ 189.33	
Percent Increase	5.8%	-10.6%	7.3%	7.3%	7.4%	
Amount Increase- per quarter	\$9.33	(\$18.16)	\$11.11	\$12.04	\$13.07	

Typical Spring/Fall Single-Family Customer

	Actual	Proposed			
	2022	2023	2024	2025	2026
<u>Quarterly Residential Bill</u>					
24,000 gallons water and 12,000 gallons sewer and 1" meter					
Water	\$ 98.76	\$ 108.38	\$ 113.80	\$ 119.49	\$ 125.46
Usage	\$ 65.04	\$ 73.08	\$ 76.73	\$ 80.57	\$ 84.60
Meter	\$ 33.72	\$ 35.30	\$ 37.07	\$ 38.92	\$ 40.86
Sewer	\$ 75.60	\$ 82.29	\$ 86.82	\$ 91.59	\$ 96.63
Usage	75.60	82.29	86.82	91.59	96.63
Base	-				
Storm	\$ 43.85	\$ 48.89	\$ 54.51	\$ 60.78	\$ 67.77
Total	\$ 218.21	\$ 239.56	\$ 255.13	\$ 271.86	\$ 289.86
Percent Increase	5.6%	9.8%	6.5%	6.6%	6.6%
Amount Increase- per quarter	\$11.58	\$21.35	\$15.57	\$16.73	\$18.00

High-Volume, Single-Family Customer

	Actual	Proposed				
	2022	2023	2024	2025	2026	
<u>Quarterly Residential Bill</u>						
95,000 gallons water and 40,000 gallons sewer and 1" meter						
Water	\$ 445.96	\$ 539.94	\$ 566.93	\$ 595.28	\$ 625.04	
Usage	\$ 412.24	\$ 504.64	\$ 529.87	\$ 556.36	\$ 584.18	
Meter	\$ 33.72	\$ 35.30	\$ 37.07	\$ 38.92	\$ 40.86	
Sewer	\$ 252.00	\$ 274.30	\$ 289.39	\$ 305.30	\$ 322.09	
Usage	252.00	274.30	289.39	305.30	322.09	
Base	-					
Storm	\$ 43.85	\$ 48.89	\$ 54.51	\$ 60.78	\$ 67.77	
Total	\$ 741.81	\$ 863.13	\$ 910.83	\$ 961.36	\$ 1,014.91	
Percent Increase	20.3%	16.4%	5.5%	5.5%	5.6%	
Amount Increase- per quarter	\$125.35	\$121.32	\$47.71	\$50.53	\$53.55	

Multifamily Property

	Actual	Proposed				
	2022	2023	2024	2025	2026	
<u>Quarterly Multifamily Bill</u>						
83 Condo Units: 526,000 gallons of water and sewer and a 3" meter						
Water	\$ 1,623.07	\$ 2,190.92	\$ 2,300.46	\$ 2,415.49	\$ 2,536.26	
Usage	\$ 1,358.66	\$ 1,905.44	\$ 2,000.71	\$ 2,100.74	\$ 2,205.78	
Meter	\$ 264.41	\$ 285.48	\$ 299.76	\$ 314.74	\$ 330.48	
Irrigation Meter - 687,000 gallons	\$ 3,815.03	\$ 4,113.27	\$ 4,318.93	\$ 4,534.88	\$ 4,761.62	
Sewer	\$ 5,375.95	\$ 3,607.05	\$ 3,787.40	\$ 3,976.77	\$ 4,175.61	
Usage		3,607.05	3,787.40	3,976.77	\$ 4,175.61	
Base	5,375.95					
Storm	\$ 4,711.02	\$ 5,252.79	\$ 5,856.86	\$ 6,530.40	\$ 7,281.40	
Total	\$ 15,525.07	\$ 15,164.02	\$ 16,263.65	\$ 17,457.53	\$ 18,754.88	
Percent Increase	5.9%	-2.3%	7.3%	7.3%	7.4%	
Amount Increase- per quarter	\$868.47	(\$361.05)	\$1,099.63	\$1,193.88	\$1,297.35	

Small Business

	Actual	Proposed				
	2022	2023	2024	2025	2026	
<u>Quarterly Small Commercial Bill</u>						
50th and France shop: 10,000 gallons water and sewer and 3/4" meter						
Water	\$ 51.82	\$ 49.36	\$ 51.83	\$ 54.42	\$ 57.14	
Usage	\$ 27.10	\$ 24.15	\$ 25.36	\$ 26.63	\$ 27.96	
Meter	\$ 24.72	\$ 25.21	\$ 26.47	\$ 27.80	\$ 29.19	
Sewer	\$ 75.60	\$ 68.58	\$ 72.35	\$ 76.33	\$ 80.52	
Usage		68.58	72.35	76.33	\$ 80.52	
Base	75.60					
Storm	\$ 76.95	\$ 85.80	\$ 95.67	\$ 106.67	\$ 118.93	
Total	\$ 204.37	\$ 203.74	\$ 219.84	\$ 237.41	\$ 256.60	
Percent Increase	6.1%	-0.3%	7.9%	8.0%	8.1%	
Amount Increase- per quarter	\$11.78	(\$0.63)	\$16.11	\$17.57	\$19.19	

Large Commercial Customer

	Actual	Proposed				
	2022	2023	2024	2025	2026	
<u>Quarterly Large Commercial Bill</u>						
Large Commercial: 502,000 gallons water and sewer and 1" meter						
Water	\$ 1,817.78	\$ 1,748.44	\$ 1,835.86	\$ 1,927.66	\$ 2,024.04	
Usage	\$ 1,784.06	\$ 1,713.14	\$ 1,798.80	\$ 1,888.74	\$ 1,983.17	
Meter	\$ 33.72	\$ 35.30	\$ 37.07	\$ 38.92	\$ 40.86	
Sewer	\$ 3,162.60	\$ 3,442.47	\$ 3,631.80	\$ 3,831.55	\$ 4,042.28	
Usage	3,162.60	3,442.47	3,631.80	3,831.55	\$ 4,042.28	
Base	-					
Storm	\$ 828.73	\$ 924.03	\$ 1,030.29	\$ 1,148.78	\$ 1,280.89	
Total	\$ 5,809.11	\$ 6,114.94	\$ 6,497.96	\$ 6,907.98	\$ 7,347.21	
Percent Increase	5.4%	5.3%	6.3%	6.3%	6.4%	
Amount Increase- per quarter	\$297.90	\$305.83	\$383.02	\$410.03	\$439.23	

Sewer Connection Fees

- Recommend increases to pay for capacity expansion projects

Project Area	Estimated Cost	Estimated New SAC Units per Year
Southdale Area	\$11.4 Million	175
Cahill Area*	\$13.1 Million	119

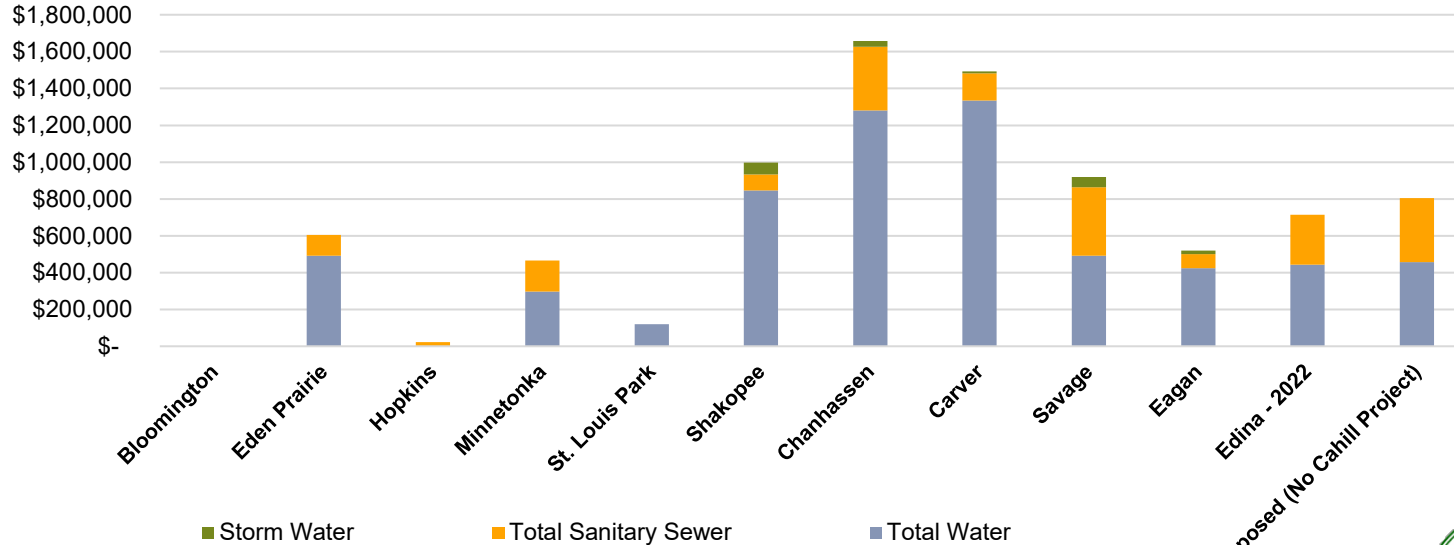
*Cahill Area growth assumed to begin in 2027
Cahill expansion projects constructed in 2023-2024

Proposed Sewer Connection Fees

Year	Without Cahill Expansion		With Cahill Expansion	
	% Increase	Connection Fee	% Increase	Connection Fee
2022	6.00%	\$ 1,810	6.00%	\$ 1,810
2023	28.00%	\$ 2,317	50.00%	\$ 2,715
2024	22.00%	\$ 2,826	37.00%	\$ 3,720
2025	5.00%	\$ 2,968	27.00%	\$ 4,724
2026	5.00%	\$ 3,116	5.00%	\$ 4,960
2027	5.00%	\$ 3,272	5.00%	\$ 5,208
2028	5.00%	\$ 3,436	5.00%	\$ 5,468
2029	5.00%	\$ 3,607	5.00%	\$ 5,742
2030	5.00%	\$ 3,788	5.00%	\$ 6,029
2031	5.00%	\$ 3,977	5.00%	\$ 6,330
2032	5.00%	\$ 4,176	5.00%	\$ 6,647
2033	5.00%	\$ 4,385	5.00%	\$ 6,979

Connection Fee Comparison

Infrastructure Development Fees for Sample Multifamily Project (Assumes 150 units on 2 developable acres)



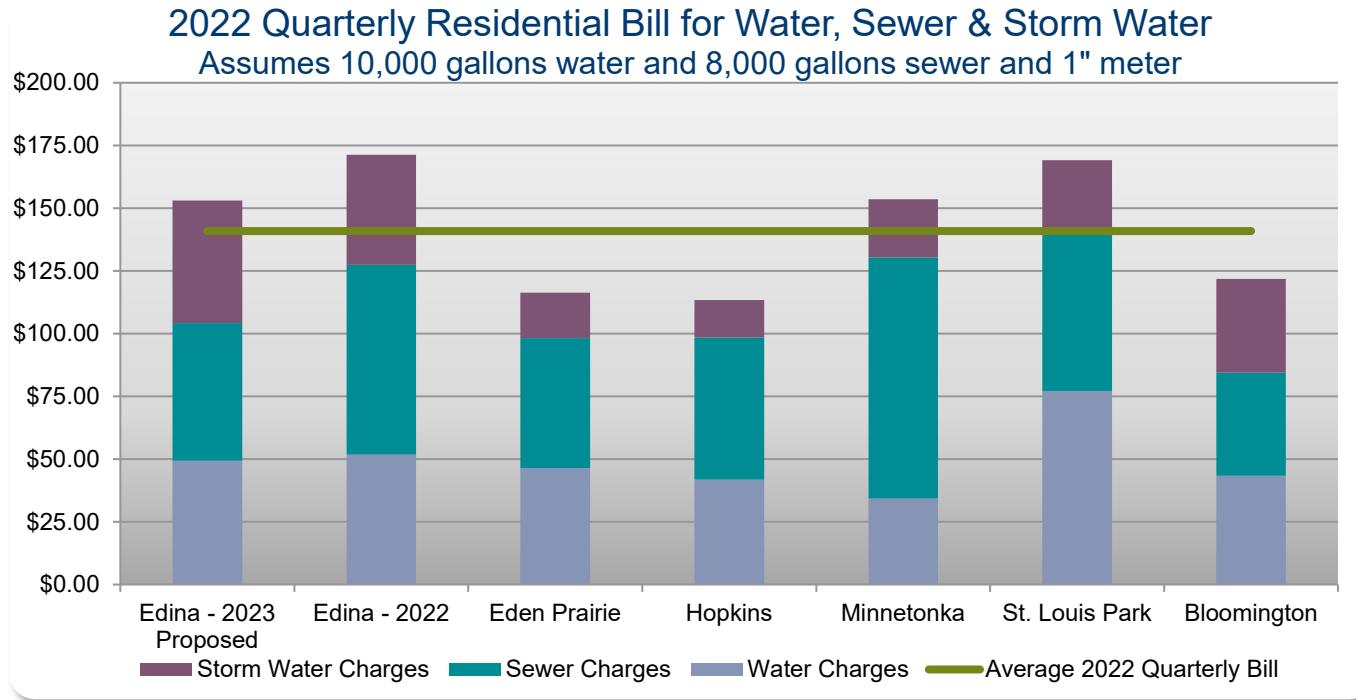
Edina - 2023 Proposed (No Cahill Project)

Water Connection Fees

- 3% annual rate increases

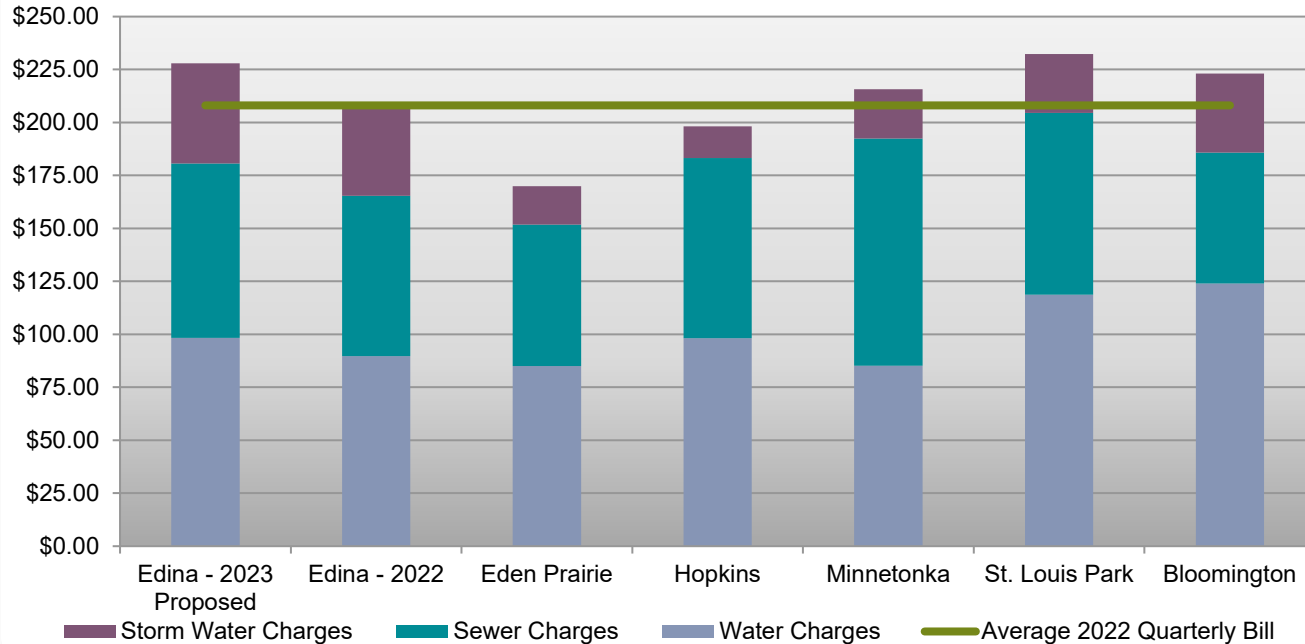
Year	Annual Rate Increase	Connection Fee
2022		\$ 2,960
2023	3.00%	\$ 3,049
2024	3.00%	\$ 3,140
2025	3.00%	\$ 3,234
2026	3.00%	\$ 3,332
2027	3.00%	\$ 3,431
2028	3.00%	\$ 3,534
2029	3.00%	\$ 3,640
2030	3.00%	\$ 3,750
2031	3.00%	\$ 3,862

Utility Bill Comparison: Low Volume Resident



Utility Bill Comparison: Typical Resident

2022 Quarterly Residential Bill for Water, Sewer & Storm Water
Assumes 24,000 gallons water and 12,000 gallons sewer and 1" meter



Specific Goals of the 2022 Rate Study

- Accommodate latest capital projects needs and increased costs
- Reduce customer complaints about sewer billing
- Evaluate options for funding flood mitigation projects
- Enhance water conservation
- Conform rates to capabilities of new accounting software

Sewer Rates: Structural Issues

- Issue: Winter Quarter Averaging
 - ✓ Residential sewer billed on water use in winter quarter
 - ✓ For some: winter quarter water use sometimes higher than other quarters
- Post-Review Conclusion:
 - ✓ Billing changed to lesser of winter quarter or actual water consumption, but not less than 8,000 gallons

Proposed Sewer Rates

2022:

- \$6.30 per 1,000 gallons*



2023:

- \$6.86 per 1,000 gallons*



2024 & beyond:

- 5.5% annual increase

*2023 Minimum reduced to 8,000 from 12,000 gallons.