



**TO:** Honorable Mayor Tom Weidt and Members of the City Council  
**FROM:** Anna Wobse, Finance Director  
**SUBJECT:** 2026 Water and Sanitary Sewer Service Rates  
**DATE:** For the City Council Meeting of March 2, 2026

### DESIRED COUNCIL ACTION

Adoption of Resolution Approving a Pro Forma Financial Guide for Water and Sanitary Sewer Operations for the 2026 Fiscal Year and Establishing Service Rates.

### BRIEF HISTORY

The utility fund operates as an enterprise fund and therefore it does not receive revenue from property taxes. The fund is financed through user fees paid for services provided instead of property taxes.

Over the last eight years, the Finance Department has prepared the water and sewer rate schedules rather than outsourcing the task to a consulting firm. The Finance Department has collected, organized and analyzed water usage information and staff is ready to recommend water and sanitary sewer rates for the 2026 fiscal year.

### PRO FORMA FINANCIAL GUIDE

In order to develop service rates staff developed a pro forma financial guide (basically a budget) for the Water and Sewer Departments. Staff feels that the spending items identified in the guide reflect the true and actual expenses for the services being provided. Funds for large repair items (such as pump repairs, water main breaks and lift station rebuilds) have been identified separately.

The Finance Department has been notified that the City's current accounting software will reach its end of life on December 31, 2026. This includes the software that is used to track water usage and produce quarterly utility bills. Both the water and sewer budgets reflect their portion of the costs associated with replacing and implementing new accounting software.

Inflation continues to impact the cost of everyday supplies needed to maintain a safe and reliable distribution system. Utilities and insurance are also seeing continued increases, all of which contribute to higher operational costs for the Water & Sewer Departments.

The sewer fund budget also continues to see sizable increases from Metropolitan Council Environment Services for sewage treatment.

Water and sewer rates were last adjusted in 2025. At that time, adjustments were made to both base rates and usage rates.

## WATER RATES

Yearly water usage remains highly unpredictable. Total water pumped in 2024 declined compared to 2023 and 2022 and then slightly rebounded in 2025. These fluctuations highlight the need for an effective rate schedule that produces a stable revenue stream, regardless of annual consumption unpredictability. To meet our water budget needs, staff is recommending a 7% increase to the water base charge for all customers. This revenue will offset both annual depreciation and a portion of operating expenses.

### TRUE CONSERVATION RATES

Water service rates are established using a conservation rate schedule, which seeks to reward low-end users with the lowest rate while encouraging everyone to use water efficiently. All separately metered irrigation will be charged \$9.25 per thousand gallons, up from \$8.40 per thousand gallons. This revenue will offset a portion of operating expenses to help allow us to keep lower usage rates for low-end water users.

With the recommended rate schedule, all 4,432 residential accounts will experience an annual increase of \$12.00 in their water bills due to the increase in the quarterly base charge. Of course, their quarterly bills will fluctuate based on water usage.

For an average single-family residential water user that means the proposed water rates would result in a yearly water bill of \$296.00, versus \$284.00 at the previous rates.

### MULTI-FAMILY RESIDENTIAL RATES

The city has 201 multi-family accounts that contain 1,664 dwelling units. Prior to 2018 these accounts were billed the same as single-family residential accounts. Analysis showed that these accounts used 45% less water since their irrigation is metered separately (and billed at the highest rate). Staff is recommending retaining just one rate level, which would be the volume rate usage tier for average residential water usage.

Billing in this manner also ensures the city complies with State Statute 103G.291, Subdivision 4, which mandates that if a conservation rate is applied to multi-family dwellings, the rate structure must consider each residential unit as an individual user.

With the recommended rate schedule, multi-family accounts will see an annual increase of \$12.00 in their water bills due to the increase in the quarterly base charge. Of course, their quarterly bills will fluctuate based on water usage.

### COMMERCIAL AND INDUSTRIAL RATES

Commercial and Industrial water users have different rates and usage levels compared to residential water users. Their rates and usage levels are determined based on Residential Equivalent Units (REUs), which measure how their usage compares to a typical household, ensuring that both categories are billed appropriately according to their water consumption.

Commercial and Industrial water users will also see an increase in the base charge. The 130 accounts in this category will see an annual increase of \$12.00 in their water bills due to the increase in the quarterly base charge. Of course, their quarterly bills will fluctuate based on water usage.

## SANITARY SEWER RATES

The largest expense item in the sewer department is for sewage treatment. These charges are imposed by and paid to Metropolitan Council Environment Services (MCES). For 2026, MCES charges will amount to \$1,022,384, an increase of \$47,825 or 4.9%. Staff anticipate continuing yearly fee increases from MCES for sewage treatment. When combined with depreciation and funds for lift-station rebuilds and submersible pump repairs, staff is recommending an increase in the base portion of the rate schedule. Residential sewer charges will continue to be based on water used in the winter quarter (January, February and March).

For residential customers, the base amount per SAC unit will increase 4% to \$88.50 per quarter, up from \$85.00 per quarter. Commercial, Industrial and Institutional customers will also see a base amount increase per SAC unit of 4%, for a base charge of \$27.50 per quarter, up from \$26.50 per quarter. This group of customers is charged for actual water use (flow) each quarter.

For an average single-family residential sewer user that means the proposed sewer rates would result in a yearly sewer bill of \$378.00 versus \$364.00 at the previous rates.

## MINNESOTA DEPARTMENT OF HEALTH SERVICE CONNECTION FEE

The State of Minnesota collects a Safe Drinking Water Service Connection Fee on each water connection within the City. The City serves solely as a collection agent, collecting the fees from customers and remitting the funds to the Minnesota Department of Health (MDH).

MDH uses this revenue to support safe drinking water efforts statewide through its Drinking Water Protection Program. Funds are dedicated to activities such as training and technical assistance for public water systems, ensuring compliance with the federal Safe Drinking Water Act, and protecting the health of all Minnesotans.

For 2026, this state-mandated fee will increase by 56.5%, rising from \$9.72 to \$15.22 per connection per year. As a result, all water customers will see a quarterly increase of \$1.38 on their utility bills. This increase was set by the Minnesota Legislature and is required statewide.

## SUMMARY

All water users will see a base rate increase of \$12.00 annually, or \$3.00 per quarter.

Irrigation that is metered separately will see their usage rate increased to \$9.25 per thousand gallons (for all gallons used) up from \$8.40 per thousand gallons.

Residential sewer customers will see a base rate increase of \$14.00 per SAC unit annually, or \$3.50 per SAC unit each quarter.

Commercial, Industrial and Institutional sewer customers will see a base rate increase of \$4.00 per SAC unit annually, or \$1.00 per SAC unit each quarter.

Overall, an average single-family residential utility customer would be charged \$674.00 annually for both water and sewer services. This equates to \$168.50 a quarter or \$56.17 a month, reflecting a monthly increase of \$2.17 compared to the 2025 rates.

In 2024, Metropolitan Council Environmental Services published a comparison of 2024 sewer rates across the seven-county metropolitan area served by MCES. The study examined rates from 111 communities based on an annual consumption of 60,000 gallons. The lowest annual cost was \$160.00, while the highest annual cost was \$1,048.00, with an average annual cost of \$419.00. Hugo's reported annual cost of \$346.00 was well below the reported average and ranked 39th lowest on the list. Even with the proposed rate adjustment for 2026, staff anticipates that the City will remain below the regional average when accounting for inflationary impacts and rising operational costs.

MCES last updated their water rate study in 2016, comparing 93 communities based on 75,456 gallons consumed annually, with an average cost of \$268.56 a year. That data is a decade old, and factoring in just a small 3% increase over those years would result in an average annual cost of \$360.00. Using the proposed water rates for 2026, a single-family residential water user in Hugo, consuming the same gallons, would see a yearly bill of approximately \$300.00.

The overall goal is to provide adequate revenue to cover water and sewer operations as contained in the pro forma financial guide. The fund should neither operate with a deficit, nor generate excessive profits. The utility fund operates under the principle that cash on hand should equal the amount of accumulated depreciation, with any profits earned retained in the fund to support that goal.

Staff anticipates that the North Water Tower No. 3 will require a complete exterior and interior repainting in 2030, with estimated costs ranging from \$1.75 million to \$2 million. Retained earnings within the Utility Fund will play a critical role in helping finance this significant maintenance project.

#### DIRECTION TO STAFF

The attached resolution adopts the pro forma financial guide assembled by the Finance Department and approves the recommended rate schedules. It also directs the Finance Department to develop a pro forma financial guide and service rates on an annual basis going forward.

Upon approval, a notice of the new rates will be provided to all municipal utility customers.

#### ATTACHMENTS

Resolution Adopting the Pro Forma Financial Guide and Rate Schedule  
2026 Water and Sewer Rate Schedule (year to year comparison)  
Water and Sanitary Sewer Operations Pro Forma Financial Guide for 2026

**RESOLUTION 2026 -**

**RESOLUTION ADOPTING A PRO FORMA FINANCIAL GUIDE FOR WATER AND SANITARY SEWER OPERATIONS FOR THE 2026 FISCAL YEAR AND ESTABLISHING SERVICE RATES**

WHEREAS, the Finance Department has developed a pro forma financial guide for water and sanitary sewer operations for the 2026 fiscal year; and

WHEREAS, it is necessary to provide adequate revenue for water and sanitary sewer operations as contained in the pro forma financial guide; and

WHEREAS, the water and sanitary sewer service rates recommended herein reflect the true and actual expenses incurred by the city for the services being provided.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hugo, Minnesota, as follows:

1. The pro forma financial guide for water and sanitary sewer operations for the 2026 fiscal year, attached hereto and made a part of this resolution, is hereby approved.
2. The water and sanitary sewer service rates for the 2026 fiscal year, attached hereto and made a part of this resolution, are hereby approved and shall remain in effect until altered by resolution of the City Council or until otherwise altered by law.
3. The Finance Department is hereby directed to provide notice to all municipal utility customers advising them of the water and sanitary sewer service rates approved herein.
4. The Finance Department is hereby directed to develop a pro forma financial guide and recommended service rates on an annual basis going forward.

Upon roll call, the following Members voting AYE:

Upon roll call, the following Members voting NAY:

Whereupon said resolution was declared passed and adopted this 2<sup>nd</sup> day of March, 2026.

\_\_\_\_\_  
Tom Weidt, Mayor

ATTEST:

\_\_\_\_\_  
Michele Lindau, City Clerk

## City of Hugo Utility Rates Effective January 1, 2026

### 2025 Rates

### 2026 Rates

2025 Single-Family Residential Water		
	Gallons/Qtr.	Rate
Base Rate:		<b>\$41.50 per quarter</b>
Volume Rate:		
	1 - 11,000	\$1.15 per thousand
	11,001 - 20,000	\$2.30 per thousand
	20,001 - 29,000	\$3.45 per thousand
	29,000+	\$6.45 per thousand

2026 Single-Family Residential Water		
	Gallons/Qtr.	Rate
Base Rate:		<b>\$44.50 per quarter</b>
Volume Rate:		
	1 - 11,000	\$1.15 per thousand
	11,001 - 20,000	\$2.30 per thousand
	20,001 - 29,000	\$3.45 per thousand
	29,000+	\$6.45 per thousand

2025 Multi-Family Residential Water		
	Gallons/Qtr.	Rate
Base Rate:		<b>\$41.50 per quarter</b>
Volume Rate:	All Gallons	\$2.30 per thousand

2026 Multi-Family Residential Water		
	Gallons/Qtr.	Rate
Base Rate:		<b>\$44.50 per quarter</b>
Volume Rate:	All Gallons	\$2.30 per thousand

2025 Commercial, Industrial and Institutional Water		
	Gallons/Qtr.	Rate
Base Rate:		<b>\$41.50 per quarter</b>
Volume Rate:		
	1 - 5,000	\$1.15 per thousand
	5,001+	\$1.90 per thousand

2026 Commercial, Industrial and Institutional Water		
	Gallons/Qtr.	Rate
Base Rate:		<b>\$44.50 per quarter</b>
Volume Rate:		
	1 - 5,000	\$1.15 per thousand
	5,001+	\$1.90 per thousand

2025 Irrigation (Metered Separately)		
	Gallons/Qtr.	Rate
Volume Rate:	All Gallons	<b>\$8.40 per thousand</b>

2026 Irrigation (Metered Separately)		
	Gallons/Qtr.	Rate
Volume Rate:	All Gallons	<b>\$9.25 per thousand</b>

2025 Residential Sewer		
	Gallons/Qtr.	Rate
Charge for Each SAC Unit		<b>\$85.00 per quarter</b>
Single Family = 1 SAC Unit		
Multi-Family = 1 SAC Unit per Dwelling		
Volume Rate:		
	1 - 9,000	No Charge
	9,001+	\$2.40 per thousand

2026 Residential Sewer		
	Gallons/Qtr.	Rate
Charge for Each SAC Unit		<b>\$88.50 per quarter</b>
Single Family = 1 SAC Unit		
Multi-Family = 1 SAC Unit per Dwelling		
Volume Rate:		
	1 - 9,000	No Charge
	9,001+	\$2.40 per thousand

The number of gallons charged for residential sewer service shall be the same for all quarters and shall be determined by the amount of water used during the winter quarter (January, February and March)

2025 Commercial, Industrial and Institutional Sewer		
	Gallons/Qtr.	Rate
Charge for Each SAC Unit		<b>\$26.50 per quarter</b>
SAC Units Vary by Building		
Volume Rate:		
	1 - 3,000	No Charge
	3,000+	\$2.40 per thousand

2026 Commercial, Industrial and Institutional Sewer		
	Gallons/Qtr.	Rate
Charge for Each SAC Unit		<b>\$27.50 per quarter</b>
SAC Units Vary by Building		
Volume Rate:		
	1 - 3,000	No Charge
	3,000+	\$2.40 per thousand

2025 rates will first apply to the bill you receive in April, 2025 (for the January, February and March Quarter)

2026 rates will first apply to the bill you receive in April, 2026 (for the January, February and March Quarter)

**Effective for 2026, the Minnesota Legislature has increased the Safe Drinking Water Service Connection Fee to \$15.22 per connection per year. This fee is billed quarterly and appears as a State Fee on your utility bill. The fee is required by state law and is collected by the City on behalf of the State of Minnesota.**

2026 Water and Sanitary Sewer Operations  
Pro Forma Financial Guide

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	2025 Budget	2026 Budget	Notes
<b>WATER REVENUES:</b>		<b>Budget</b>	<b>Budget</b>	
601-371.000-371.100	Water Billings:			
	- Residential	\$ 1,459,565.00	\$ 1,607,715.00	Based on 2025 Actual Usage
	- Multi Family	\$ 182,500.00	\$ 200,000.00	Based on 2025 Actual Usage
	- Irrigation	\$ 470,500.00	\$ 520,000.00	Based on 2025 Actual Usage
	- Less City Irrigation Accounts	\$ (35,000.00)	\$ (35,000.00)	Based on 2025 Actual Usage
	- Commercial	\$ 43,500.00	\$ 47,500.00	Based on 2025 Actual Usage
	- Industrial	\$ 23,750.00	\$ 25,750.00	Based on 2025 Actual Usage
	- Educational	\$ 4,500.00	\$ 5,000.00	Based on 2025 Actual Usage
601-371.000-371.100	Water Billings	\$ 2,149,315.00	\$ 2,370,965.00	
601-371.000-371.100	Account Adjustments	\$ -	\$ -	Small adjustments to accounts receivable
601-371.000-371.100	Hydrant Water Sales	\$ 2,500.00	\$ 2,750.00	Truck loads of unmetered hydrant water
601-371.000-371.600	Water Penalties	\$ 20,000.00	\$ 20,000.00	Based on 2025 Actual
601-371.000-371.700	Water Meters	\$ 23,500.00	\$ 23,850.00	\$477 x 50 new homes
	<b>TOTAL WATER REVENUES</b>	<b>\$ 2,195,315.00</b>	<b>\$ 2,417,565.00</b>	
<b>WATER EXPENSES:</b>		<b>Budget</b>	<b>Budget</b>	
<b>Operation &amp; Maintenance</b>				
Wages:				
601-494.300-401.101	Public Works Director	\$ 54,759.00	\$ 57,190.00	33% of Pay Grade 11 Max
601-494.300-401.101	Compensated Absences - PW Director	\$ 2,000.00	\$ 2,000.00	33% of increase in PTO Bank
601-494.300-401.101	Public Works Superintendent	\$ 38,459.00	\$ 40,166.00	33% of Pay Grade 8 Max
601-494.300-401.101	Compensated Absences - Superintendent	\$ 2,000.00	\$ 2,000.00	33% of increase in PTO Bank
601-494.300-401.101	Lead Worker	\$ 41,724.00	\$ 47,604.00	50% of Pay Grade 6 Max
601-494.300-401.106	In Lieu of Health Insurance - Lead Worker	\$ 3,000.00	\$ -	\$250/month for waived coverage
601-494.300-401.101	Compensated Absences - Lead Worker	\$ 1,000.00	\$ 1,000.00	50% of increase in PTO Bank
601-494.300-401.101	Maintenance Worker	\$ 40,517.00	\$ 42,315.00	50% of Pay Grade 5 Maximum
601-494.300-401.101	Compensated Absences - Maintenance Worker	\$ 1,000.00	\$ 1,000.00	50% of increase in PTO Bank
601-494.300-401.111	Standby Pay	\$ 10,400.00	\$ 10,920.00	50% of \$420/week
601-494.300-401.113	Overtime - Superintendent	\$ 5,770.00	\$ 6,025.00	33% of 208 hours (10%) @ overtime rate
601-494.300-401.113	Overtime - Lead Worker	\$ 6,259.00	\$ 7,141.00	104 hours (10%) @ overtime rate
601-494.300-401.113	Overtime - Maint Worker	\$ 6,078.00	\$ 6,348.00	104 hours (10%) @ overtime rate
		\$ 212,966.00	\$ 223,709.00	
Fringe Benefits:				
601-494.300-401.121	Pera - Director	\$ 4,107.00	\$ 4,290.00	7.5% of Salary
601-494.300-401.121	Pera - Superintendent	\$ 3,317.00	\$ 3,465.00	7.5% of Salary & Overtime
601-494.300-401.121	Pera - Lead Worker	\$ 3,599.00	\$ 4,106.00	7.5% of Salary & Overtime
601-494.300-401.121	Pera - Maint Worker	\$ 3,495.00	\$ 3,650.00	7.5% of Salary & Overtime
601-494.300-401.121	Pera - Standby Pay	\$ 780.00	\$ 819.00	7.5% of Standby Pay
601-494.300-401.122	Fica - Director	\$ 3,396.00	\$ 3,546.00	6.2% of Salary
601-494.300-401.121	Fica - Superintendent	\$ 2,743.00	\$ 2,864.00	6.2% of Salary & Overtime
601-494.300-401.122	Fica - Lead Worker	\$ 2,975.00	\$ 3,395.00	6.2% of Salary & Overtime
601-494.300-401.122	Fica - Maint Worker	\$ 2,889.00	\$ 3,018.00	6.2% of Salary & Overtime
601-494.300-401.122	Fica - Standby Pay	\$ 645.00	\$ 678.00	6.2% of Standby Pay
601-494.300-401.123	Medicare - Director	\$ 794.00	\$ 830.00	1.45% of Salary
601-494.300-401.123	Medicare - Superintendent	\$ 642.00	\$ 670.00	1.45% of Salary & Overtime
601-494.300-401.123	Medicare - Lead Worker	\$ 696.00	\$ 794.00	1.45% of Salary & Overtime
601-494.300-401.123	Medicare - Maint Worker	\$ 676.00	\$ 706.00	1.45% of Salary & Overtime
601-494.300-401.123	Medicare - Standby Pay	\$ 151.00	\$ 159.00	1.45% of Standby Pay
601-494.300-401.131	Health Insurance - Director	\$ 12,642.00	\$ 14,746.00	33% of HealthPartners High-Deductible Plan
601-494.300-401.131	Health Insurance - Superintendent	\$ 5,386.00	\$ 6,157.00	33% of HealthPartners High-Deductible Plan
601-494.300-401.131	Health Insurance - Lead Worker	\$ -	\$ 23,010.00	50% of HealthPartners High-Deductible Plan
601-494.300-401.131	Health Insurance - Maint Worker	\$ 7,806.00	\$ 9,036.00	50% of HealthPartners High-Deductible Plan
601-494.300-401.131	Contributions to Employee Health Savings Accounts	\$ -	\$ -	Offset Higher Deductible
601-494.300-401.132	Dental Insurance - Director	\$ 604.00	\$ 604.00	33% of Delta Dental Plan
601-494.300-401.132	Dental Insurance - Superintendent	\$ 209.00	\$ 209.00	33% of Delta Dental Plan
601-494.300-401.132	Dental Insurance - Lead Worker	\$ -	\$ 905.00	50% of Delta Dental Plan
601-494.300-401.132	Dental Insurance - Maint Worker	\$ 313.00	\$ 313.00	50% of Delta Dental Plan
601-494.300-401.137	Vision Insurance - Director	\$ -	\$ 68.00	33% of Vision Plan
601-494.300-401.137	Vision Insurance - Superintendent	\$ -	\$ 24.00	33% of Vision Plan
601-494.300-401.137	Vision Insurance - Lead Worker	\$ -	\$ 102.00	50% of Vision Plan
601-494.300-401.137	Vision Insurance - Maint Worker	\$ -	\$ 36.00	50% of Vision Plan
601-494.300-401.136	Minnesota Paid Leave Premiums	\$ -	\$ 958.00	Premiums to start in 2026 (mandated employer share 0.44% of 0.88%)
601-494.300-401.151	Worker's Compensation - Director	\$ 7,777.00	\$ 8,113.00	\$57,190/100*\$13.64 (March - March)
601-494.300-401.151	Worker's Compensation - Superintendent	\$ 6,281.00	\$ 6,553.00	\$46,191/100*\$13.64 (March - March)
601-494.300-401.151	Worker's Compensation - Lead Worker	\$ 6,815.00	\$ 7,766.00	\$54,745/100*\$13.64 (March - March)
601-494.300-401.151	Worker's Compensation - Maint Worker	\$ 6,618.00	\$ 6,903.00	\$48,663/100*\$13.64 (March - March)
601-494.300-401.151	Worker's Compensation - Standby Pay	\$ -	\$ -	Exempt from work comp
		\$ 85,356.00	\$ 118,493.00	
Supplies:				
601-494.300-402.211	Cleaning Supplies	\$ 3,750.00	\$ 4,000.00	Floor mats, restroom supplies, first aid supplies....
601-494.300-402.213	Chemicals	\$ 60,000.00	\$ 62,500.00	Added at 5 wells (chlorine, fluoride...)
601-494.300-402.213	- Hazardous Waste Generators License	\$ 375.00	\$ 400.00	Hazardous Waste Generators License
601-494.300-402.212	Motor Fuels	\$ 7,945.00	\$ 8,345.00	Water Department's share of bulk fuel purchases
601-494.300-402.240	Small Tools & Equipment	\$ 18,000.00	\$ 22,000.00	Shop tools, shelving, cold-weather gear...
601-494.300-403.317	Uniforms	\$ 2,700.00	\$ 3,000.00	\$250/month
601-494.300-402.214	Water Meters	\$ 85,000.00	\$ 90,000.00	Radio Meters
		\$ 177,770.00	\$ 190,245.00	
Repairs & Maintenance:				
601-494.300-402.220	Repairs & Maintenance	\$ 43,000.00	\$ 46,000.00	Lubricants, shop supplies, vehicle maint...
601-494.300-402.220	- Hydrant Repairs	\$ 35,000.00	\$ 35,000.00	Materials to repair hydrants
601-494.300-402.220	- Watermain Breaks	\$ 36,000.00	\$ 39,000.00	3 watermain breaks @ \$13,000
601-494.300-402.220	- Well Tech Labor & VFD	\$ 50,000.00	\$ 55,000.00	Contingency budget for repairs and upgrades
601-494.300-402.220	- Well Pump Repairs	\$ 50,000.00	\$ 50,000.00	Contingency budget if any well pump fails
601-494.300-402.220	- Motor Efficiency Rebate (Xcel Energy)	\$ -	\$ -	One-time rebate
601-494.300-402.220	- Fire Hydrant Painting	\$ 10,000.00	\$ 6,250.00	50 hydrants @ \$125 - contractual services
601-494.300-402.220	- Air Compressor Maintenance & Repairs	\$ 1,500.00	\$ 1,500.00	Repairs to air compressor unit (1/3)
601-494.300-402.223	Building Repair & Maintenance	\$ 8,000.00	\$ 8,500.00	Non-specific building repairs
601-494.300-402.223	- Septic System Pumping	\$ 6,000.00	\$ 6,000.00	Septic System Pumping (1/3)
601-494.300-402.223	- Well Electrical Work	\$ 8,000.00	\$ 8,500.00	In conjunction with pump repairs
601-494.300-402.223	- Weed Control	\$ 2,250.00	\$ 2,250.00	Public works site and water towers
601-494.300-402.223	- HVAC Repairs	\$ 21,500.00	\$ 21,500.00	Performed by Davis Mechanical
601-494.300-402.223	- Generator Maintenance & Repairs	\$ 755.00	\$ 1,755.00	Repairs to generator (1/3)
601-494.300-402.223	- Security System Annual Support	\$ 1,375.00	\$ 1,375.00	Tower No. 4 & PW Bldg - Camera, Card & Fob Software Upgrades (1/3)
601-494.300-402.223	- Security System Mobile Access Subscription	\$ 150.00	\$ 164.00	Mobile Access (1/3)
601-494.300-402.223	- Pest Control	\$ 780.00	\$ 800.00	\$200/month (1/3)
601-494.300-402.223	- Holiday Lighting	\$ 334.00	\$ 334.00	Holiday Lighting Installation (1/3)
		\$ 274,644.00	\$ 283,928.00	

2026 Water and Sanitary Sewer Operations  
Pro Forma Financial Guide

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	2025 Budget	2026 Budget	Notes
	Professional Services:			
601-494.300-402.213	Water Bacteria Testing	\$ 3,000.00	\$ 3,300.00	\$275 month
601-494.300-403.306	Random Personnel Testing	\$ 220.00	\$ 225.00	New personnel policy provision
601-494.300-403.330	Building Cleaning Services (contract)	\$ 5,040.00	\$ 5,160.00	\$430/month (1/3)
601-494.300-403.330	- Window & Exterior Washing	\$ 1,008.00	\$ 1,033.00	Additional services above cleaning contract
601-494.300-403.350	Scada System Troubleshooting	\$ 2,000.00	\$ 2,500.00	Contingency budget
601-494.300-403.390	Safety Training	\$ 2,100.00	\$ 2,166.00	OSHA required safety training (1/3)
		\$ 13,368.00	\$ 14,384.00	
	Engineering:			
601-494.300-403.303	Engineering - Non-specific engineering fees	\$ 15,000.00	\$ 15,000.00	Contingency budget
		\$ 15,000.00	\$ 15,000.00	
	Utilities:			
601-494.100-408.381	Electricity:			
	- Xcel - Public Works Facility	\$ 20,811.00	\$ 21,643.00	4% Increase (+ increase for new facility)
	- Xcel - Well No. 2	\$ 8,485.00	\$ 8,825.00	4% Increase above 2025 actual
	- Xcel - Well No. 3	\$ 22,220.00	\$ 23,110.00	4% Increase above 2025 actual
	- Xcel - Tower No. 3	\$ 10,505.00	\$ 10,925.00	4% Increase above 2025 actual
	- Xcel - Tower No. 4	\$ 10,505.00	\$ 10,925.00	4% Increase above 2025 actual
	- Xcel - Well No. 4	\$ 22,220.00	\$ 23,109.00	Same as Well No. 3
	- Xcel - Well No. 5	\$ 22,220.00	\$ 23,109.00	Same as Well No. 3
	- Xcel - Well No. 6	\$ 30,735.00	\$ 31,965.00	Larger Well
	- BHE - Well No. 2 (solar garden contract)	\$ 11,475.00	\$ 11,935.00	4% Increase above 2025 actual
	- BHE - Well No. 3 (solar garden contract)	\$ 21,735.00	\$ 22,605.00	4% Increase above 2025 actual
	- BHE - Well No. 4 (solar garden contract)	\$ 25,575.00	\$ 26,600.00	4% Increase above 2025 actual
	- BHE - Well No. 5 (solar garden contract)	\$ 19,655.00	\$ 20,445.00	4% Increase above 2025 actual
	- BHE - Well No. 6 (solar garden contract)	\$ 16,845.00	\$ 17,520.00	4% Increase above 2025 actual
		\$ 242,986.00	\$ 252,716.00	
601-494.100-408.383	Gas for Public Works Facility	\$ 22,692.00	\$ 22,805.00	8.2% Increase (+ increase for new facility)
601-494.300-408.384	Refuse Disposal	\$ 9,000.00	\$ 9,300.00	Gene's Disposal (1/3)
		\$ 274,678.00	\$ 284,821.00	
	Communications:			
601-494.300-404.321	Cellular Phone Charges	\$ 4,800.00	\$ 5,100.00	\$300/month plus \$1,500 equipment & accessories
601-494.300-404.321	Business Internet - Comcast (upgraded speed)	\$ 3,000.00	\$ 3,100.00	100mb service (up from 20mb service)
601-494.300-404.321	Data Plan for Cradle Point at Tower No. 4/Well No. 6	\$ 600.00	\$ 600.00	Allows for keycard access (\$50/month - Verizon)
601-494.300-404.321	Scada Dialer	\$ 360.00	\$ 360.00	\$60/month - Verizon (1/2)
601-494.300-404.321	Scada Wireless Communication	\$ 5,275.00	\$ 5,720.00	5 Wells, 2 Towers & 1/3 PW Bldg (\$65/month each)
		\$ 14,035.00	\$ 14,880.00	
	Travel & Training:			
601-494.300-405.331	Training Classes	\$ 3,500.00	\$ 4,250.00	Water school, exams, and certificate renewals, SCADA Training
		\$ 3,500.00	\$ 4,250.00	
	Contractual Maintenance:			
601-494.400-409.404	Alarm System Maintenance Agreement	\$ 1,440.00	\$ 1,512.00	Annual Testing (1/3)
601-494.400-409.404	- Alarm System Monitoring	\$ 397.00	\$ 457.00	Nardini Alarm System Monitoring (1/3)
601-494.400-409.404	Fleet Maintenance Software Annual Support	\$ 187.00	\$ 206.00	Software Annual Support (1/3)
601-494.400-409.404	Scan Tool Software Annual Support	\$ 405.00	\$ 486.00	Yearly updates to vehicle diagnostic scan tool (1/3)
		\$ 2,429.00	\$ 2,661.00	
	Professional Memberships:			
601-494.300-412.433	Dues	\$ 175.00	\$ 200.00	American Public Works Assn
601-494.300-412.433	Dues	\$ 275.00	\$ 300.00	Minnesota Rural Water Assn
601-494.300-412.433	Dues	\$ 450.00	\$ 475.00	American Waterworks Assn
		\$ 900.00	\$ 975.00	
	Software:			
601-494.300-413.514	Fleet Maintenance Software	\$ -	\$ -	Purchased new in 2024
		\$ -	\$ -	
	<b>Administration</b>			
	Wages:			
601-494.400-401.109	City Administrator	\$ 58,475.00	\$ 61,072.00	25% of Pay Grade 14 Maximum
601-494.400-401.101	Billing Clerk	\$ -	\$ -	50% of Pay Grade 4 Minimum
601-494.400-401.101	Compensated Absences	\$ -	\$ -	50% of increase in PTO Bank
601-494.400-401.101	Administrative Assistant	\$ 15,775.00	\$ 17,216.00	25% of Pay Grade 4 Step 4
601-494.400-401.101	Compensated Absences	\$ 1,000.00	\$ 1,000.00	25% of increase in PTO Bank
601-494.400-401.106	In Lieu of Health Insurance - Assistant	\$ 1,500.00	\$ -	\$125/month for waived coverage
601-494.400-401.113	Part-Time Billing Clerk	\$ 14,528.00	\$ 15,113.00	50% of 780 hours at \$38.75
		\$ 91,278.00	\$ 94,401.00	
	Fringe Benefits:			
601-494.400-401.121	Pera - City Administrator	\$ 4,386.00	\$ 4,581.00	7.5% of Salary
601-494.400-401.121	Pera - Billing Clerk	\$ -	\$ -	7.5% of Salary
601-494.400-401.121	Pera - Administrative Assistant	\$ 1,183.00	\$ 1,292.00	7.5% of Salary
601-494.400-401.121	Pera - Part-Time Billing Clerk	\$ 1,090.00	\$ 1,134.00	7.5% of Salary
601-494.400-401.122	Fica - City Administrator	\$ 3,626.00	\$ 3,787.00	6.2% of Salary
601-494.400-401.122	Fica - Billing Clerk	\$ -	\$ -	6.2% of Salary
601-494.400-401.122	Fica - Administrative Assistant	\$ 979.00	\$ 1,068.00	6.2% of Salary
601-494.400-401.122	Fica - Part-Time Billing Clerk	\$ 901.00	\$ 937.00	6.2% of Salary
601-494.400-401.123	Medicare - City Administrator	\$ 848.00	\$ 886.00	1.45% of Salary
601-494.400-401.123	Medicare - Billing Clerk	\$ -	\$ -	1.45% of Salary
601-494.400-401.123	Medicare - Administrative Assistant	\$ 229.00	\$ 250.00	1.45% of Salary
601-494.400-401.123	Medicare - Part-Time Billing Clerk	\$ 211.00	\$ 220.00	1.45% of Salary
601-494.400-401.131	Health Insurance - Billing Clerk	\$ -	\$ -	50% of HealthPartners High-Deductible Plan
601-494.400-401.131	Health Insurance - Administrative Assistant	\$ -	\$ 2,055.00	25% of HealthPartners High-Deductible Plan
601-494.400-401.131	Contributions to Employee Health Savings Accounts	\$ -	\$ -	Offset Higher Deductible
601-494.400-401.132	Dental Insurance - Billing Clerk	\$ -	\$ -	50% of Delta Dental Plan
601-494.400-401.132	Dental Insurance - Administrative Assistant	\$ 313.00	\$ 313.00	25% of Delta Dental Plan
601-494.400-401.137	Vision Insurance - Administrative Assistant	\$ -	\$ 18.00	25% of Vision Plan
601-494.400-401.136	Minnesota Paid Leave Premiums	\$ -	\$ 411.00	Premiums to start in 2026 (mandated employer share 0.44% of 0.88%)
601-494.400-401.151	Worker's Compensation - Billing Clerk	\$ -	\$ -	\$0.00/100*\$1.12 (March - March)
601-494.400-401.151	Worker's Compensation - Administrative Assistant	\$ 180.00	\$ 201.00	\$17,216/100*\$1.12 (March - March)
601-494.400-401.151	Worker's Compensation - Part-Time Billing Clerk	\$ 163.00	\$ 176.00	\$15,113/100*\$1.12 (March - March)
		\$ 14,109.00	\$ 17,329.00	
	Supplies:			
601-494.400-402.200	Office Supplies	\$ 8,400.00	\$ 8,500.00	Utility bills and envelopes, standard supplies
601-494.400-402.200	- Utility Bill Printing & Mailing (outsourced)	\$ 3,000.00	\$ 3,500.00	Outsourced to Graphic Resources Inc
601-494.400-402.200	- Utility Rate Change Sheets	\$ 600.00	\$ 700.00	Print rate change sheets
601-494.400-402.200	- Pervasive Software Upgrade	\$ 350.00	\$ 400.00	Needed to operate FundBalance Software
601-494.400-402.200	- Netmotion Services/Remote	\$ 350.00	\$ 350.00	Remote Connection
		\$ 12,700.00	\$ 13,450.00	
601-494.400-402.201	Breakroom Supplies	\$ 1,800.00	\$ 2,000.00	RLC moved to Gen Govt Bldgs
601-494.400-402.205	Water Brochures	\$ 125.00	\$ 125.00	Department of Health requirement

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ACCOUNT NUMBER	ACCOUNT DESCRIPTION	2025 Budget	2026 Budget	Notes
		\$ 14,625.00	\$ 15,575.00	
	Professional Services:			
601-494.400-403.301	Audit	\$ 11,275.00	\$ 12,403.00	Annual audit fees
601-494.400-403.301	Accounting Services	\$ 44,510.00	\$ 46,736.00	Implement GASB pronouncements
601-494.400-403.304	Legal Fees - General Legal	\$ 3,000.00	\$ 3,500.00	General Legal Fees
601-494.400-403.304	Legal Fees - DNR Appeal & WBL Restoration Litigation	\$ 35,000.00	\$ 40,000.00	DNR Administrative Appeal & WBL Restoration Litigation
601-494.400-403.304	Legal Fees - Miscellaneous Water Issues	\$ -	\$ -	Miscellaneous Water Issues
		\$ 93,785.00	\$ 102,639.00	
	Contractual Maintenance:			
601-494.400-409.404	Software Maintenance Agreements - Fund Balance	\$ 1,825.00	\$ 1,850.00	Software upgrades & troubleshooting
601-494.400-409.404	- Pervasive User Increase - UB	\$ -	\$ -	Individual User License Increase
601-494.400-409.404	New Software Annual Support	\$ -	\$ 10,000.00	New software annual support
601-494.400-409.404	Software Maintenance Agreements - UB Scan	\$ 325.00	\$ 350.00	Software upgrades & troubleshooting
601-494.400-409.404	Annual Maintenance - Credit Cards	\$ 3,000.00	\$ 3,000.00	Software upgrades & troubleshooting
601-494.400-409.404	Software Maintenance Agreements - Scada	\$ 1,350.00	\$ 1,400.00	Water level alarm system - towers and wells
601-494.400-409.404	Software Maintenance Agreements - Sensus	\$ 2,500.00	\$ 3,000.00	Meter reading software upgrades
		\$ 9,000.00	\$ 19,600.00	
	Communications:			
601-494.400-404.322	Postage	\$ 8,000.00	\$ 8,500.00	Mail utility bills, rate schedules, water samples...
		\$ 8,000.00	\$ 8,500.00	
	IT Support Services:			
601-494.400-403.350	Computer Technical & Telephone Support - Metro Inet	\$ 12,580.00	\$ 14,638.00	IT services from Metro Inet
601-494.400-403.350	- Facility Wi-Fi	\$ 2,567.00	\$ 2,867.00	Wi-Fi Access Points & Switches (1/3)
		\$ 15,147.00	\$ 17,505.00	
	Insurance:			
601-494.400-407.361	Liability	\$ 47,380.00	\$ 50,697.00	Assumes no year-end dividends
601-494.400-407.362	Property	\$ 30,885.00	\$ 32,450.00	Assumes no year-end dividends
601-494.400-407.362	- New PW Facility	\$ 10,080.00	\$ 11,008.00	New PW Facility & Salt Storage Building
601-494.400-407.363	Automobile	\$ 1,375.00	\$ 1,700.00	Assumes no year-end dividends
		\$ 89,720.00	\$ 95,855.00	
	Rentals:			
601-494.400-410.413	Copier Lease Payments	\$ 1,260.00	\$ 1,320.00	Ricoh USA copier
601-494.400-410.413	Copier Overage Charges	\$ 650.00	\$ 675.00	Copies in excess of allowed amount
		\$ 1,910.00	\$ 1,995.00	
	Miscellaneous:			
601-494.400-412.430	Water Appropriation Fees (DNR)	\$ 18,000.00	\$ 18,000.00	Water appropriation permit fees
601-494.400-412.430	Gopher State Service Charges	\$ 3,500.00	\$ 3,750.00	Centralized locate reporting service (required)
601-494.400-412.430	Truck License Tabs	\$ 175.00	\$ 200.00	Tax-Exempt Plates
601-494.400-412.430	Pressure Vessel Registration Fees	\$ 20.00	\$ 20.00	Pressure Vessel Registration Fees
		\$ 21,695.00	\$ 21,970.00	
601-494.400-412.443	Assessment Collection Fees	\$ 1,400.00	\$ 1,600.00	Charged by Washington County
		\$ 23,095.00	\$ 23,570.00	
	Software:			
601-494.400-413.514	New Software Implementation	\$ -	\$ 25,000.00	Implementation - current software end of life 12/31/2026
601-494.400-413.514	New Software Testing	\$ -	\$ 6,250.00	Testing - current software end of life 12/31/2026
		\$ -	\$ 31,250.00	
	Depreciation			
601-499.700-411.420	Estimated Depreciation	\$ 385,000.00	\$ 423,500.00	Depreciation on city installed assets
601-499.700-411.420	Estimated Contributed Depreciation	\$ 375,000.00	\$ 412,500.00	Depreciation on developer installed assets
		\$ 760,000.00	\$ 836,000.00	
	<b>TOTAL WATER EXPENSES</b>	\$ 2,195,315.00	\$ 2,417,565.00	
	<b>NET INCOME - WATER</b>	\$ -	\$ -	
	<b>SEWER REVENUES:</b>			
601-372.000-372.100	Sewer Billings:			
	- Residential	\$ 1,602,639.00	\$ 1,758,419.00	Based on 2025 Actual Usage
	- Multi Family	\$ 690,500.00	\$ 745,500.00	Based on 2025 Actual Usage
	- Commercial	\$ 67,750.00	\$ 77,500.00	Based on 2025 Actual Usage
	- Industrial	\$ 43,000.00	\$ 48,250.00	Based on 2025 Actual Usage
	- Educational	\$ 24,500.00	\$ 27,000.00	Based on 2025 Actual Usage
	- Minor Account Adjustments	\$ -	\$ -	
	Sewer Billings	\$ 2,428,389.00	\$ 2,656,669.00	
601-372.000-372.600	Sewer Penalties	\$ 18,000.00	\$ 20,000.00	Based on 2025 Actual
	<b>TOTAL SEWER REVENUES</b>	\$ 2,446,389.00	\$ 2,676,669.00	
	<b>SEWER EXPENSES:</b>			
	Operation & Maintenance			
	Wages:			
601-494.500-401.101	Public Works Director	\$ 54,759.00	\$ 57,190.00	33% of Pay Grade 11 Max
601-494.500-401.101	Compensated Absences - PW Director	\$ 2,000.00	\$ 2,000.00	33% of increase in PTO Bank
601-494.500-401.101	Public Works Superintendent	\$ 38,459.00	\$ 40,166.00	33% of Pay Grade 8 Max
601-494.500-401.101	Compensated Absences - Superintendent	\$ 2,000.00	\$ 2,000.00	33% of increase in PTO Bank
601-494.500-401.101	Lead Worker	\$ 41,724.00	\$ 47,604.00	50% of Pay Grade 6 Max
601-494.500-401.106	In Lieu of Health Insurance - Lead Worker	\$ 3,000.00	\$ -	\$250/month for waived coverage
601-494.500-401.101	Compensated Absences - Lead Worker	\$ 1,000.00	\$ 1,000.00	50% of increase in PTO Bank
601-494.500-401.101	Maintenance Worker	\$ 40,517.00	\$ 42,315.00	50% of Pay Grade 5 Maximum
601-494.500-401.101	Compensated Absences - Maintenance Worker	\$ 1,000.00	\$ 1,000.00	50% of increase in PTO Bank
601-494.500-401.111	Standby Pay	\$ 10,400.00	\$ 10,920.00	50% of \$420/week
601-494.500-401.113	Overtime - Superintendent	\$ 5,770.00	\$ 6,025.00	33% of 208 hours (10%) @ overtime rate
601-494.500-401.113	Overtime - Lead Worker	\$ 6,259.00	\$ 7,141.00	104 hours (10%) @ overtime rate
601-494.500-401.113	Overtime - Maint Worker	\$ 6,078.00	\$ 6,348.00	104 hours (10%) @ overtime rate
		\$ 212,966.00	\$ 223,709.00	
	Fringe Benefits:			
601-494.500-401.121	Pera - Director	\$ 4,107.00	\$ 4,290.00	7.5% of Salary
601-494.500-401.121	Pera - Superintendent	\$ 3,317.00	\$ 3,465.00	7.5% of Salary & Overtime
601-494.500-401.121	Pera - Lead Worker	\$ 3,599.00	\$ 4,106.00	7.5% of Salary & Overtime
601-494.500-401.121	Pera - Maint Worker	\$ 3,495.00	\$ 3,650.00	7.5% of Salary & Overtime
601-494.500-401.121	Pera - Standby Pay	\$ 780.00	\$ 819.00	7.5% of Standby Pay
601-494.500-401.122	Fica - Director	\$ 3,396.00	\$ 3,546.00	6.2% of Salary
601-494.500-401.122	Fica - Superintendent	\$ 2,743.00	\$ 2,864.00	6.2% of Salary & Overtime
601-494.500-401.122	Fica - Lead Worker	\$ 2,975.00	\$ 3,395.00	6.2% of Salary & Overtime
601-494.500-401.122	Fica - Maint Worker	\$ 2,889.00	\$ 3,018.00	6.2% of Salary & Overtime
601-494.500-401.122	Fica - Standby Pay	\$ 645.00	\$ 678.00	6.2% of Standby Pay
601-494.500-401.123	Medicare - Director	\$ 794.00	\$ 830.00	1.45% of Salary
601-494.500-401.123	Medicare - Superintendent	\$ 642.00	\$ 670.00	1.45% of Salary & Overtime
601-494.500-401.123	Medicare - Lead Worker	\$ 696.00	\$ 794.00	1.45% of Salary & Overtime
601-494.500-401.123	Medicare - Maint Worker	\$ 676.00	\$ 706.00	1.45% of Salary & Overtime
601-494.500-401.123	Medicare - Standby Pay	\$ 151.00	\$ 159.00	1.45% of Standby Pay
601-494.500-401.131	Health Insurance - Director	\$ 12,642.00	\$ 14,746.00	33% of HealthPartners High-Deductible Plan

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ACCOUNT NUMBER	ACCOUNT DESCRIPTION	2025 Budget	2026 Budget	Notes
601-494.500-401.131	Health Insurance - Superintendent	\$ 5,386.00	\$ 6,157.00	33% of HealthPartners High-Deductible Plan
601-494.500-401.131	Health Insurance - Lead Worker	\$ -	\$ 23,010.00	50% of HealthPartners High-Deductible Plan
601-494.500-401.131	Health Insurance - Maint Worker	\$ 7,806.00	\$ 9,036.00	50% of HealthPartners High-Deductible Plan
601-494.500-401.131	Contributions to Employee Health Savings Accounts	\$ -	\$ -	Offset Higher Deductible
601-494.500-401.132	Dental Insurance - Director	\$ 604.00	\$ 604.00	33% of Delta Dental Plan
601-494.500-401.132	Dental Insurance - Superintendent	\$ 209.00	\$ 209.00	33% of Delta Dental Plan
601-494.500-401.132	Dental Insurance - Lead Worker	\$ -	\$ 905.00	50% of Delta Dental Plan
601-494.500-401.132	Dental Insurance - Maint Worker	\$ 313.00	\$ 313.00	50% of Delta Dental Plan
601-494.500-401.137	Vision Insurance - Director	\$ -	\$ 68.00	33% of Vision Plan
601-494.500-401.137	Vision Insurance - Superintendent	\$ -	\$ 24.00	33% of Vision Plan
601-494.500-401.137	Vision Insurance - Lead Worker	\$ -	\$ 102.00	50% of Vision Plan
601-494.500-401.137	Vision Insurance - Maint Worker	\$ -	\$ 36.00	50% of Vision Plan
601-494.500-401.136	Minnesota Paid Leave Premiums	\$ -	\$ 958.00	Premiums to start in 2026 (mandated employer share 0.44% of 0.88%)
601-494.500-401.151	Worker's Compensation - Director	\$ 7,777.00	\$ 8,113.00	\$57,190/100*\$13.64 (March - March)
601-494.500-401.151	Worker's Compensation - Superintendent	\$ 6,281.00	\$ 6,553.00	\$46,191/100*\$13.64 (March - March)
601-494.500-401.151	Worker's Compensation - Lead Worker	\$ 6,815.00	\$ 7,766.00	\$54,745/100*\$13.64 (March - March)
601-494.500-401.151	Worker's Compensation - Maint Worker	\$ 6,618.00	\$ 6,903.00	\$48,663/100*\$13.64 (March - March)
601-494.500-401.151	Worker's Compensation - Standby Pay	\$ -	\$ -	Exempt from work comp
		\$ 85,356.00	\$ 118,493.00	
	Supplies:			
601-494.500-402.211	Cleaning Supplies	\$ 3,750.00	\$ 4,000.00	Floor mats, restroom supplies, first aid supplies....
601-494.500-402.212	Motor Fuels	\$ 7,945.00	\$ 8,345.00	Sewer Department's share of bulk fuel purchases
601-494.500-402.240	Small Tools & Equipment	\$ 18,000.00	\$ 22,000.00	Shop tools, shelving, cold-weather gear...
601-494.500-403.317	Uniforms	\$ 2,700.00	\$ 3,000.00	\$250/month
		\$ 32,395.00	\$ 37,345.00	
	Repairs & Maintenance:			
601-494.500-402.220	Repairs & Maintenance	\$ 50,000.00	\$ 55,000.00	Lubricants, shop supplies, vector maint....
601-494.500-402.220	- Teleview Sewer Line	\$ -	\$ -	City-owned property - nonrecurring expense
601-494.500-402.220	- Lift Station Rebuilds & Repairs	\$ 50,000.00	\$ 50,000.00	Repairs along with VFD Drives & Control Panel Upgrades
601-494.500-402.220	- Submersible Pump Repairs (Lift Stations)	\$ 60,000.00	\$ 65,000.00	Repair and replacement of submersible pumps
601-494.500-402.220	- Air Compressor Maintenance & Repairs	\$ 1,500.00	\$ 1,500.00	Repairs to air compressor unit (1/3)
601-494.500-402.223	Building Repair & Maintenance	\$ 5,000.00	\$ 5,500.00	Non-specific building repairs
601-494.500-402.223	- Septic System Pumping	\$ 6,000.00	\$ 6,000.00	Septic System Pumping (1/3)
601-494.500-402.223	- Weed Control	\$ 500.00	\$ 500.00	Public works site and lift stations
601-494.500-402.223	- HVAC Repairs	\$ 16,500.00	\$ 16,500.00	Performed by Davis Mechanical
601-494.500-402.223	- Generator Maintenance & Repairs	\$ 755.00	\$ 1,755.00	Repairs to generator (1/3)
601-494.500-402.223	- Security System Annual Support	\$ 1,375.00	\$ 1,375.00	PW Bldg - Camera, Card & Fob Software Upgrades (1/3)
601-494.500-402.223	- Security System Mobile Access Subscription	\$ 150.00	\$ 164.00	Mobile Access (1/3)
601-494.500-402.223	- Pest Control	\$ 780.00	\$ 800.00	\$200/month (1/3)
601-494.500-402.223	- Holiday Lighting	\$ 334.00	\$ 334.00	Holiday Lighting Installation (1/3)
		\$ 192,894.00	\$ 204,428.00	
	Professional Services:			
601-494.500-403.303	Data Collection & Maintenance Tracking (WSB)	\$ -	\$ -	Annual costs of software module
601-494.500-403.306	Random Personnel Testing	\$ 220.00	\$ 225.00	New personnel policy provision
601-494.500-403.330	Building Cleaning Services (contract)	\$ 5,040.00	\$ 5,160.00	\$420/month (1/3)
601-494.500-403.330	- Window & Exterior Washing	\$ 1,008.00	\$ 1,033.00	Additional services above cleaning contract
601-494.500-403.350	Scada System Troubleshooting	\$ 2,000.00	\$ 2,500.00	Contingency budget
601-494.500-403.390	Safety Training	\$ 2,100.00	\$ 2,166.00	OSHA required safety training
		\$ 10,368.00	\$ 11,084.00	
	Sewage Treatment:			
601-494.800-408.385	Metro Council Environmental Services	\$ 974,559.00	\$ 1,022,384.00	Increase of \$47,825 or 4.9%
		\$ 974,559.00	\$ 1,022,384.00	
	Utilities:			
601-494.700-408.381	Electricity:			
	- Lift Stations	\$ 10,975.00	\$ 11,414.00	4% Increase above 2025 actual (+new lift station)
	- Xcel - Public Works Facility	\$ 20,811.00	\$ 21,643.00	6.5% Increase (+ increase for new facility)
		\$ 31,786.00	\$ 33,057.00	
601-494.700-408.383	Gas for Public Works Facility	\$ 22,692.00	\$ 22,805.00	8.2% Increase (+ increase for new facility)
601-494.500-408.384	Refuse Disposal	\$ 9,000.00	\$ 9,300.00	Gene's Disposal (1/3)
		\$ 63,478.00	\$ 65,162.00	
	Communications:			
601-494.500-404.321	Cellular Phone Charges	\$ 4,800.00	\$ 5,100.00	\$300/month plus \$1,500 equipment & accessories
601-494.500-404.321	Business Internet - Comcast (upgraded speed)	\$ 3,000.00	\$ 3,100.00	100mb service (up from 20mb service)
601-494.500-404.321	Scada Dialer	\$ 360.00	\$ 360.00	\$60/month - Verizon (1/2)
601-494.500-404.321	Scada Wireless Communication	\$ 8,875.00	\$ 9,624.00	12 Lifts & 1/3 PW Bldg (\$65/month each)
		\$ 17,035.00	\$ 18,184.00	
	Travel & Training:			
601-494.500-405.331	Training Classes	\$ 5,500.00	\$ 6,250.00	Sewer school, exams, and certificate renewals, SCADA Training
		\$ 5,500.00	\$ 6,250.00	
	Contractual Maintenance:			
601-494.500-409.404	Alarm System Maintenance Agreement	\$ 1,440.00	\$ 1,512.00	Annual Testing (1/3)
601-494.500-409.404	- Alarm System Monitoring	\$ 397.00	\$ 457.00	Nardini Alarm System Monitoring (1/3)
601-494.500-409.404	Fleet Maintenance Software Annual Support	\$ 187.00	\$ 206.00	Software Annual Support (1/3)
601-494.500-409.404	Scan Tool Software Annual Support	\$ 405.00	\$ 486.00	Yearly updates to vehicle diagnostic scan tool (1/3)
		\$ 2,429.00	\$ 2,661.00	
	Professional Memberships:			
601-494.500-412.433	Dues	\$ 175.00	\$ 200.00	American Public Works Assn
601-494.500-412.433	Dues	\$ 275.00	\$ 300.00	Minnesota Rural Water Assn
		\$ 450.00	\$ 500.00	
	Software:			
601-494.500-413.514	Fleet Maintenance Software	\$ -	\$ -	Purchased in new 2024
		\$ -	\$ -	
	<b>Administration</b>			
	Wages:			
601-494.900-401.109	City Administrator	\$ 58,475.00	\$ 61,072.00	25% of Pay Grade 14 Maximum
601-494.900-401.101	Billing Clerk	\$ -	\$ -	50% of Pay Grade 4 Minimum
601-494.900-401.101	Compensated Absences	\$ -	\$ -	50% of increase in PTO Bank
601-494.900-401.101	Administrative Assistant	\$ 15,775.00	\$ 17,216.00	25% of Pay Grade 4 Step 4
601-494.900-401.101	Compensated Absences	\$ 1,000.00	\$ 1,000.00	25% of increase in PTO Bank
601-494.900-401.106	In Lieu of Health Insurance - Assistant	\$ 1,500.00	\$ -	\$125/month for waived coverage
601-494.900-401.101	Part-Time Billing Clerk	\$ 14,528.00	\$ 15,113.00	50% of 780 hours at \$37.25
		\$ 91,278.00	\$ 94,401.00	
	Fringe Benefits:			
601-494.900-401.121	Pera - City Administrator	\$ 4,386.00	\$ 4,581.00	7.5% of Salary
601-494.900-401.121	Pera - Billing Clerk	\$ -	\$ -	7.5% of Salary
601-494.900-401.121	Pera - Administrative Assistant	\$ 1,183.00	\$ 1,292.00	7.5% of Salary
601-494.900-401.121	Pera - Part-Time Billing Clerk	\$ 1,090.00	\$ 1,134.00	7.5% of Salary
601-494.900-401.122	Fica - City Administrator	\$ 3,626.00	\$ 3,787.00	6.2% of Salary
601-494.900-401.122	Fica - Billing Clerk	\$ -	\$ -	6.2% of Salary

2026 Water and Sanitary Sewer Operations  
Pro Forma Financial Guide

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	2025 Budget	2026 Budget	Notes
601-494.900-401.122	Fica - Administrative Assistant	\$ 979.00	\$ 1,068.00	6.2% of Salary
601-494.900-401.122	Fica - Part-Time Billing Clerk	\$ 901.00	\$ 937.00	6.2% of Salary
601-494.900-401.123	Medicare - City Administrator	\$ 848.00	\$ 886.00	1.45% of Salary
601-494.900-401.123	Medicare - Billing Clerk	\$ -	\$ -	1.45% of Salary
601-494.900-401.123	Medicare - Administrative Assistant	\$ 229.00	\$ 250.00	1.45% of Salary
601-494.900-401.123	Medicare - Part-Time Billing Clerk	\$ 211.00	\$ 220.00	1.45% of Salary
601-494.900-401.131	Health Insurance - Billing Clerk	\$ -	\$ -	50% of HealthPartners High-Deductible Plan
601-494.900-401.131	Health Insurance - Administrative Assistant	\$ -	\$ 2,055.00	25% of HealthPartners High-Deductible Plan
601-494.900-401.131	Contributions to Employee Health Savings Accounts	\$ -	\$ -	Offset Higher Deductible
601-494.900-401.132	Dental Insurance - Billing Clerk	\$ -	\$ -	50% of Delta Dental Plan
601-494.900-401.132	Dental Insurance - Administrative Assistant	\$ 313.00	\$ 313.00	25% of Delta Dental Plan
601-494.900-401.137	Vision Insurance - Administrative Assistant	\$ -	\$ 18.00	25% of Vision Plan
601-494.900-401.136	Minnesota Paid Leave Premiums	\$ -	\$ 411.00	Premiums to start in 2026 (mandated employer share 0.44% of 0.88%)
601-494.900-401.151	Worker's Compensation - Billing Clerk	\$ -	\$ -	\$0.00/100*\$1.12 (March - March)
601-494.900-401.151	Worker's Compensation - Administrative Assistant	\$ 180.00	\$ 201.00	\$17.216/100*\$1.12 (March - March)
601-494.900-401.151	Worker's Compensation - Part-Time Billing Clerk	\$ 163.00	\$ 176.00	\$15.113/100*\$1.12 (March - March)
		\$ 14,109.00	\$ 17,329.00	
	Supplies:			
601-494.900-402.200	Office Supplies	\$ 8,400.00	\$ 8,500.00	Utility bills and envelopes, standard supplies
601-494.900-402.200	- Utility Bill Printing & Mailing (outsourced)	\$ 3,000.00	\$ 3,500.00	Outsourced to Graphic Resources Inc
601-494.900-402.200	- Utility Rate Change Sheet	\$ 600.00	\$ 700.00	Print rate change sheets
601-494.900-402.200	- Pervasive Software Upgrade	\$ 350.00	\$ 400.00	Needed to operate FundBalance Software
601-494.900-402.200	- Netmotion Services/Remote	\$ 350.00	\$ 350.00	Remote Connection
		\$ 12,700.00	\$ 13,450.00	
601-494.900-402.201	Breakroom Supplies	\$ 1,800.00	\$ 2,000.00	RLC moved to Gen Govt Bldgs
		\$ 14,500.00	\$ 15,450.00	
	Professional Services:			
601-494.900-403.301	Audit	\$ 11,275.00	\$ 12,403.00	Annual audit fees
601-494.900-403.301	Accounting Services	\$ 44,510.00	\$ 46,736.00	Implement GASB pronouncements
		\$ 55,785.00	\$ 59,139.00	
	IT Support Services:			
601-494.900-403.350	Computer Technical & Telephone Support - Metro Inet	\$ 12,580.00	\$ 14,638.00	IT services from Metro Inet
601-494.900-403.350	- Facility Wi-Fi	\$ 2,567.00	\$ 2,867.00	Wi-Fi Access Points & Switches (1/3)
		\$ 15,147.00	\$ 17,505.00	
	Contractual Maintenance:			
601-494.900-409.404	Software Maintenance Agreements - Fund Balance	\$ 1,825.00	\$ 1,850.00	Software upgrades & troubleshooting
601-494.900-409.404	- Pervasive User Increase - UB	\$ -	\$ -	Individual User License Increase
601-494.900-409.404	New Software Annual Support	\$ -	\$ 10,000.00	New software annual support
601-494.900-409.404	Software Maintenance Agreements - UB Scan	\$ 325.00	\$ 350.00	Software upgrades & troubleshooting
601-494.900-409.404	Annual Maintenance - Credit Cards	\$ 3,000.00	\$ 3,000.00	Software upgrades & troubleshooting
601-494.900-409.404	Software Maintenance Agreements - Scada	\$ 1,350.00	\$ 1,400.00	Water level alarm system - towers and wells
601-494.900-409.404	Software Maintenance Agreements - Sensus	\$ 2,500.00	\$ 3,000.00	Meter reading software upgrades
		\$ 9,000.00	\$ 19,600.00	
	Communications:			
601-494.900-404.322	Postage	\$ 8,000.00	\$ 8,500.00	Mail utility bills, rate schedules, water samples...
		\$ 8,000.00	\$ 8,500.00	
	Insurance:			
601-494.900-407.361	Liability	\$ 47,380.00	\$ 50,697.00	Assumes no year-end dividends
601-494.900-407.362	Property	\$ 8,500.00	\$ 8,925.00	Assumes no year-end dividends
601-494.900-407.362	- New PW Facility	\$ 10,080.00	\$ 11,008.00	New PW Facility & Salt Storage Building
601-494.900-407.363	Automobile	\$ 2,650.00	\$ 3,050.00	Assumes no year-end dividends
		\$ 68,610.00	\$ 73,680.00	
	Rentals:			
601-494.900-410.413	Copier Lease Payments	\$ 1,260.00	\$ 1,320.00	Ricoh USA copier
601-494.900-410.413	Copier Overage Charges	\$ 650.00	\$ 675.00	Copies in excess of allowed amount
		\$ 1,910.00	\$ 1,995.00	
	Miscellaneous:			
601-494.900-412.430	Gopher State Service Charges	\$ 3,500.00	\$ 3,750.00	Centralized locate reporting service (required)
601-494.500-412.430	Truck License Tabs	\$ 175.00	\$ 200.00	Tax exempt plates
601-494.900-412.430	Discharge Permit - Vactor Truck	\$ 525.00	\$ 550.00	Discharge Permit
601-494.500-412.430	Pressure Vessel Registration Fees	\$ 20.00	\$ 20.00	Pressure Vessel Registration Fees
		\$ 4,220.00	\$ 4,520.00	
601-494.900-412.443	Assessment Collection Fees	\$ 1,400.00	\$ 1,600.00	Charged by Washington County
		\$ 5,620.00	\$ 6,120.00	
	Software:			
601-494.900-413.514	New Software Implementation	\$ -	\$ 25,000.00	Implementation - current software end of life 12/31/2026
601-494.900-413.514	New Software Testing	\$ -	\$ 6,250.00	Testing - current software end of life 12/31/2026
		\$ -	\$ 31,250.00	
	<b>Depreciation</b>			
601-499.700-411.421	Estimated Depreciation	\$ 135,000.00	\$ 148,500.00	Depreciation on city installed assets
601-499.700-411.421	Estimated Contributed Depreciation	\$ 430,000.00	\$ 473,000.00	Depreciation on developer installed assets
		\$ 565,000.00	\$ 621,500.00	
	<b>TOTAL SEWER EXPENSES</b>	\$ 2,446,389.00	\$ 2,676,669.00	
	<b>NET INCOME - SEWER</b>	\$ -	\$ -	