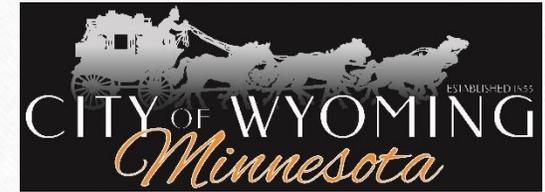


Rate Study Overview

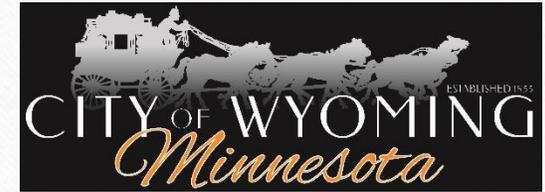
March 7th, 2019

Rate Study What For?



The rate study was necessary to analyze Wyoming's Water and Sanitary Sewer Utility Funds to determine the appropriate rate structure and rate levels needed to pay for anticipated operating expenses, debt service, future capital improvements, infrastructure repair and replacement, and to ensure adequate levels of cash reserves in those funds. Infrastructure repair and replacement consists of maintaining 25.84 miles of water main and 24.13 miles of sewer main, maintenance of the city's three drinking wells, well chemical equipment, 13 sewer lift stations, 2 water towers, the computer operating systems for the water and sewer system, water meters, utility equipment, 280 fire hydrants, 343 gate valves, and Digital GIS Mapping of the system. In addition, the recommended water rates were set to promote water conservation/demand reduction.

Rate Study Expectations



The City of Wyoming engaged Springsted Inc. to conduct a Rate Study

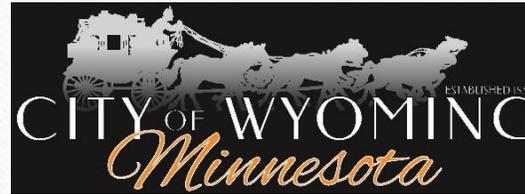
- Review and analyze Water Utility and Sanitary Sewer Utility Funds

Determine appropriate rate structure and other revenue needed to fund:

- Anticipated operating and maintenance expenses
- Capital improvements include asset renewal and replacement
- Debt service for existing and projected infrastructure & equipment
- Adequate cash reserves



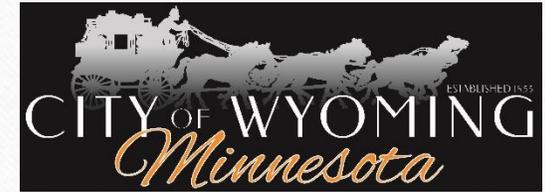
Rate Study Operations - Pumping



- The City of Wyoming has 3 wells that pull water from underground aquifers. Currently, the City obtains its water supply from three wells ranging from 650 to 803 feet deep, that draw water from the Mt. Simon and Tunnel City-Mt. Simon aquifers.



Rate Study Operations – Distribution

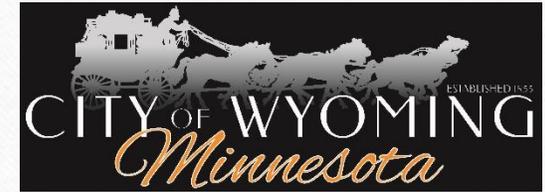


Water is provided to homeowners and business through a series of underground pipes, valves and meters. These pipes, valves and meters need consistent maintenance and replacement, including flushing hydrants, exercising valves, well pump maintenance, and repair and cleaning of water towers.



Rate Study

Operations - Storage

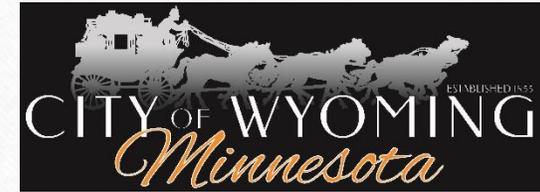


- Wyoming has two water towers, tower #2 holds 300,000 gallons and the newest tower, Tower #3 holds 750,000 gallons. Tower #1 was removed in 2018 due to it was only a 75,000 gallon tower and the costs for rehabilitation far outweighed its usefulness on the system. Both of the current water towers create a pressurized system for the water to reach your home for your own use and fire protection. Daily water samples and monthly Minnesota Department of Health drinking water tests to ensure safe drinking water.



Rate Study

Sanitary Sewer

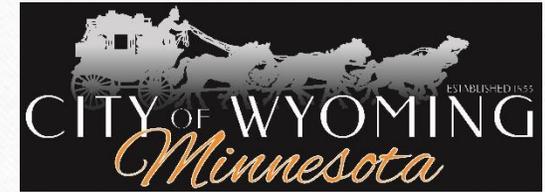


- The City Operates and manages thirteen lift stations and sewer pipe that pump sewer toward the Chisago Lakes Joint Sewer Treatment Plant.
- The City of Wyoming Public Works Staff jets 1/3 of all the cities sewer pipe every year for maintenance of the system
- The City utilizes a SCADA system that monitors many of its lift station in case of problems or backups (We will continue to add this to all lift stations).
- The City pays the Chisago Lakes Joint Sewer Treatment Plant Monthly for the treatment of its sewage.
- The Sanitary Sewer is billed based on average usage during the January, February and March.



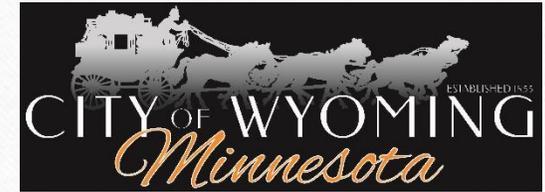
Rate Study

Key Assumptions



- 0.5% growth in users
- Current CIP for City and CLJSTC
 - + Asset renewal and replacement
- Expenses increasing 2.0% - 7.0%
- Investment earnings at 1.0%
- Transfers of \$175,000 from Sewer Fund to Water Fund in 2019 and 2020

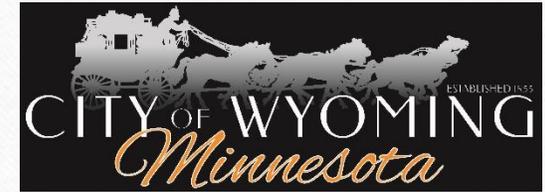
Rate Study Financial Projections



- 10 year model projecting operations, capital outlay, debt service and depreciation
- Review historical performance 2015 to 2017 and 2018 budget to assist in projecting changes in certain line items
- Rates for users determined based on maintaining positive operating income and meeting recommended reserves

Rate Study

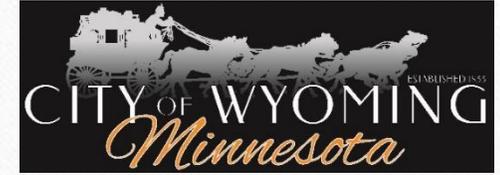
Cash Reserves



- Sufficient cash needed:
 - Current expenses
 - Principal and interest on outstanding debt
 - Unforeseen expenses, budget shortfalls
- Amount needed dependent on number of factors
 - Variability of revenues and expenditures
 - Tolerance for risk
 - Customer types
 - Anticipated future capital needs

Rate Study

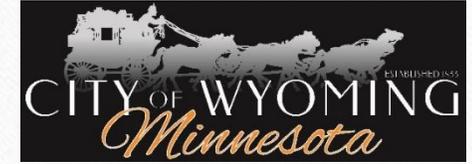
Utility Asset Renewal and Replacement



- Projected based on:
 - Asset life
 - Acquisition cost
 - Empirical probability of failure analysis
- Water Utility annual renewal and replacement projected to need \$215,695 over the next 40 years
- Sewer Utility annual renewal and replacement projected to be \$282,297 over next 40 years

Rate Study

Water Utility Capital Improvements Plan



Year	Project	Water Utility	G.O. Water Revenue Bond	Totals
2018	Improvements	30,000		30,000
2018	2014 Ford F350	1,000		1,000
2019	East Viking Sewer Upsizing - Relocate Hydrant	20,000		20,000
2019	Meter Replacement Program	50,000		50,000
2019	Renew and replace	22,000		22,000
2020	Meter Replacement Program	50,000		50,000
2020	Water Tower No. 2 Rehab	500,000		500,000
2020	Watermain Rehab		100,000	100,000
2021	Meter Replacement Program	50,000		50,000
2021	Renew and replace	130,000		130,000
2022	Meter Replacement Program	50,000		50,000
2022	Renew and replace	175,000		175,000
2023	Meter Replacement Program	50,000		50,000
2023	Renew and replace	165,695		165,695
2024	Renew and replace	215,695		215,695
2025	Renew and replace	215,695		215,695
2026	Renew and replace	215,695		215,695
2027	Renew and replace	215,695		215,695
2028	Renew and replace	215,695		215,695
	Total	\$ 2,372,170	\$ 100,000	\$ 2,472,170

Rate Study

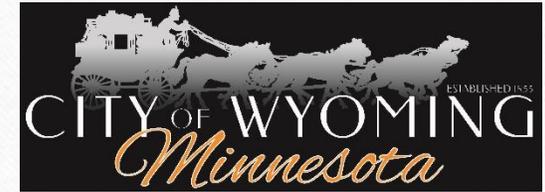
Sewer Utility Capital Improvements Plan



Year	Project	Sanitary Sewer Utility	G.O. Sewer Revenue Bonds	Totals
2018	Improvements	25,000		25,000
2018	Tandem generator trailer	250		250
2018	2014 Ford F350	1,000		1,000
2019	CLJSTC	55,216		55,216
2019	East Viking Sewer Upsizing	600,000		600,000
2019	Lift station #10 (County Road 30)	60,000		60,000
2019	Lift Station #8 (Kettle River)	60,000		60,000
2020	CLJSTC	262,044		262,044
2020	Lift station #11 (Glen Oak /East Viking)	60,000		60,000
2020	Sanitary Sewer Upsizing and Repairs	500,000		500,000
2021	CLJSTC	200,680		200,680
2021	Lift Station #12 (Forest Boulevard -panel only)	55,000		55,000
2021	Renew and replace	168,000		168,000
2022	CLJSTC	110,664		110,664
2022	Lift Station #5 (Glen Oak/262nd)	60,000		60,000
2022	Renew and replace	164,000		164,000
2023	CLJSTC	224,808		224,808
2023	Lift Station #3 (Freeport Dead End)	60,000		60,000
2023	Renew and replace	222,297		222,297
2024	CLJSTC	93,148		93,148
2024	Renew and replace	282,297		282,297
2025	CLJSTC	139,896		139,896
2025	Renew and replace	282,297		282,297
2026	CLJSTC	42,920		42,920
2026	Renew and replace	282,297		282,297
2027	CLJSTC	78,184		78,184
2027	Renew and replace	282,297		282,297
2028	CLJSTC	240,120		240,120
2028	Renew and replace	282,297		282,297
	Total	\$ 4,868,462	\$ -	\$ 4,868,462

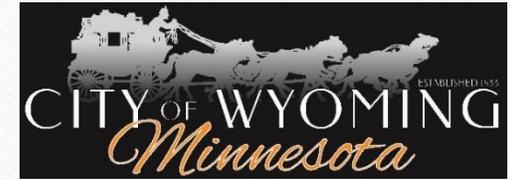
Rate Study

Rate Structure



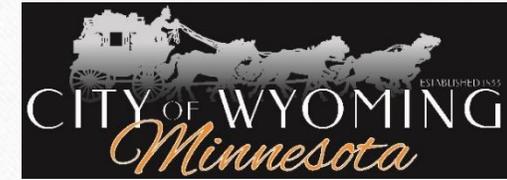
- The primary revenue sources of the water utility Fund are consumption fees and base charges
- Consumption Fees are based on the metered use of water and primarily used to offset the costs of water production, maintenance and improvements to the existing system.
- Base Charges are fixed monthly fees for residential and commercial customers and help offset the cost of expenses incurred regardless of the amount of water consumed, such as utility staffing and the billing process.

Rate Study Financial Projections



- Recommended annual rate increases:
 - Water Utility - 4.85% annually
 - Sewer Utility – 1.50% annually
- Rate Increases Needed For:
 - Operating cash flow
 - Debt Service
 - Capital Outlay (including asset renewal & replacement
 - Recommended Reserves

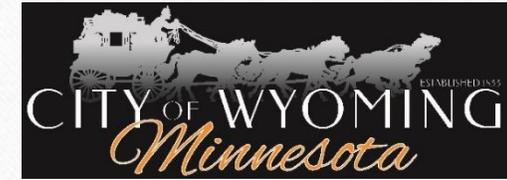
Rate Study 2019 Rates



2019 Water Rates		
Residential – 5/8" to 7/8"	Base Fee	\$34.52
Residential	Per 100gal/20,000 or less	28.52 cent
Residential	Per 100gal/20,000 or more	35.65 cent
Commercial	Per 100gal/62,000 or less	28.52 cent
Commercial	Per 100gal/62,000 or more	35.65 cent
Commercial	Base Fees – Meter Size	
	1"	\$48.33
	1 1/2"	\$62.12
	2"	\$100.10
	3"	\$379.67
2019 Sewer Rates		
Base Fee		\$29.62
Cost Per Gallons	Sewage Cost Per/100 gallons	\$1.26
Delinquent/Late Fee	5% of quarterly amount due	

Rate Study

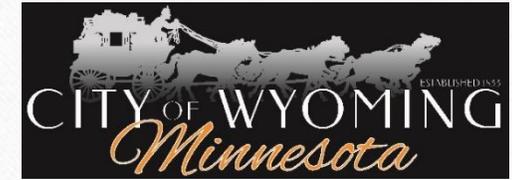
Rate Impacts on Average Customers



Sample Monthly Bills - Water	2018	2019	2020	2021	2022	2023
Average Residential User (5,000 gallons/month)	\$24.57	\$25.77	\$27.01	\$28.32	\$29.70	\$31.14
Large Residential User (15,000 gallons/month)	\$57.44	\$60.23	\$63.15	\$66.21	\$69.42	\$72.79
Average Commercial User (25,000 gallons/month)	\$81.92	\$85.89	\$90.06	\$94.43	\$99.01	\$103.81
Large Commercial User (400,000 gallons/month)	\$1,356.92	\$1,422.73	\$1,491.73	\$1,564.08	\$1,639.94	\$1,719.48
Sample Monthly Bills - Sewer						
Average Residential User (4,000 gallons/month)	\$59.33	\$60.22	\$61.12	\$62.04	\$62.97	\$63.91
Large Residential User (12,000 gallons/month)	\$158.53	\$160.90	\$163.32	\$165.77	\$168.25	\$170.78
Average Commercial User (20,000 gallons/month)	\$257.73	\$261.59	\$265.52	\$269.50	\$273.54	\$277.64
Large Commercial User (320,000 gallons/month)	\$3,977.73	\$4,037.39	\$4,097.95	\$4,159.42	\$4,221.81	\$4,285.14
Sample Monthly Bills - Combined						
Average Residential User	\$83.90	\$85.98	\$88.13	\$90.36	\$92.67	\$95.05
Large Residential User	\$215.97	\$221.13	\$226.46	\$231.98	\$237.67	\$243.57
Average Commercial User	\$339.65	\$347.49	\$355.58	\$363.93	\$372.55	\$381.45
Large Commercial User	\$5,334.65	\$5,460.12	\$5,589.69	\$5,723.50	\$5,861.75	\$6,004.62

Rate Study

Rate Impacts on Average Customers

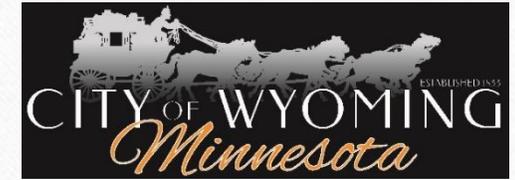


Increases will affect Residential and Commercial Bills Quarterly As Follows:

Average Residential User Quarterly Increase from 2018 to 2019	\$6.24
Large Residential User Quarterly Increase from 2018 to 2019	\$15.48
Average Commercial User Quarterly Increase 2018 to 2019	\$23.52
Large Commercial User Quarterly Increase from 2018 to 2019	\$376.41

Rate Study

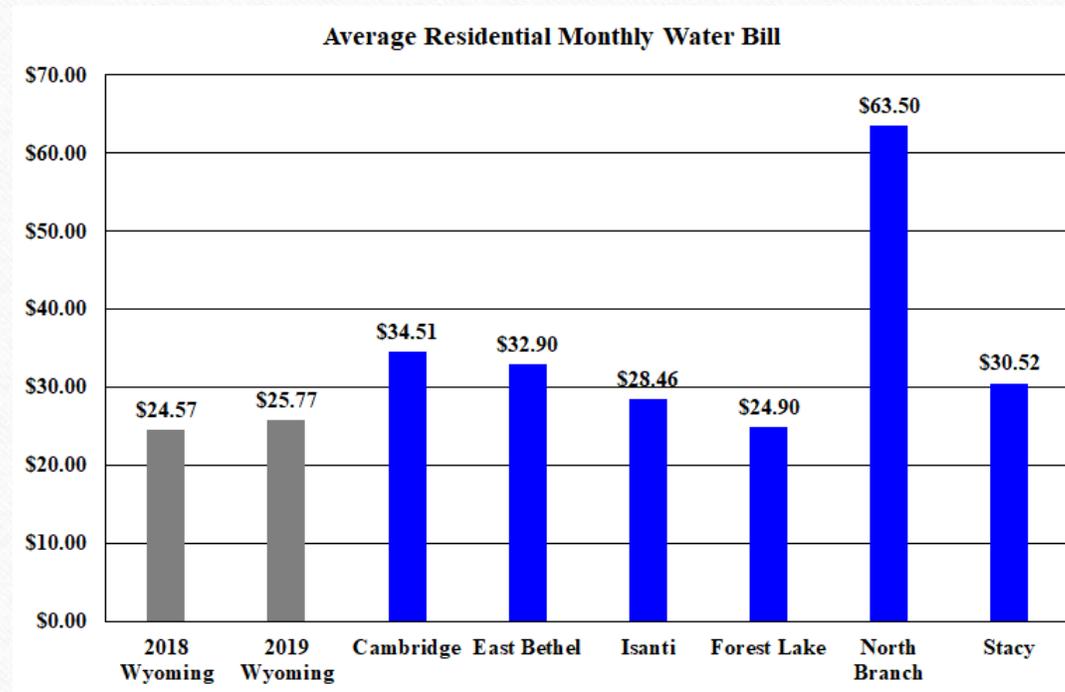
Affordability of Rates



- Affordability for water and sewer utility bills typically defined as 4.5% of household income
- Median household income in City is \$84,712
 - Affordable monthly utility bill is up to \$318
- Households with incomes below \$25,346 would have monthly utility bills a burden by this measure
 - Census data estimates approximately 302 households with income below \$24,999

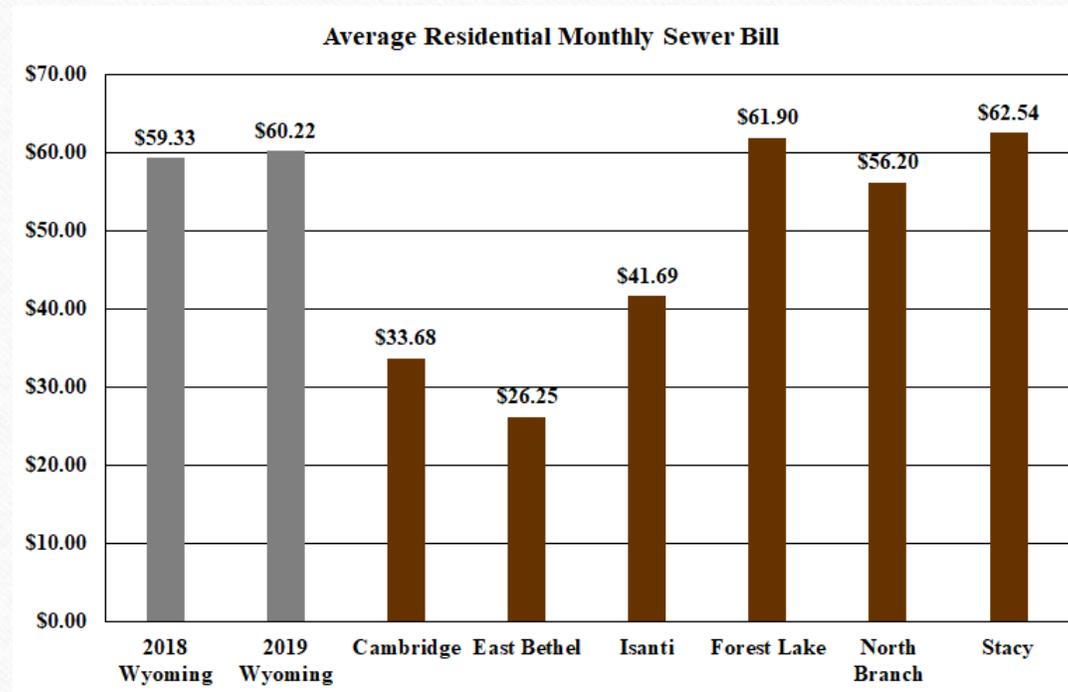
Rate Study

How does Wyoming Compare - Water



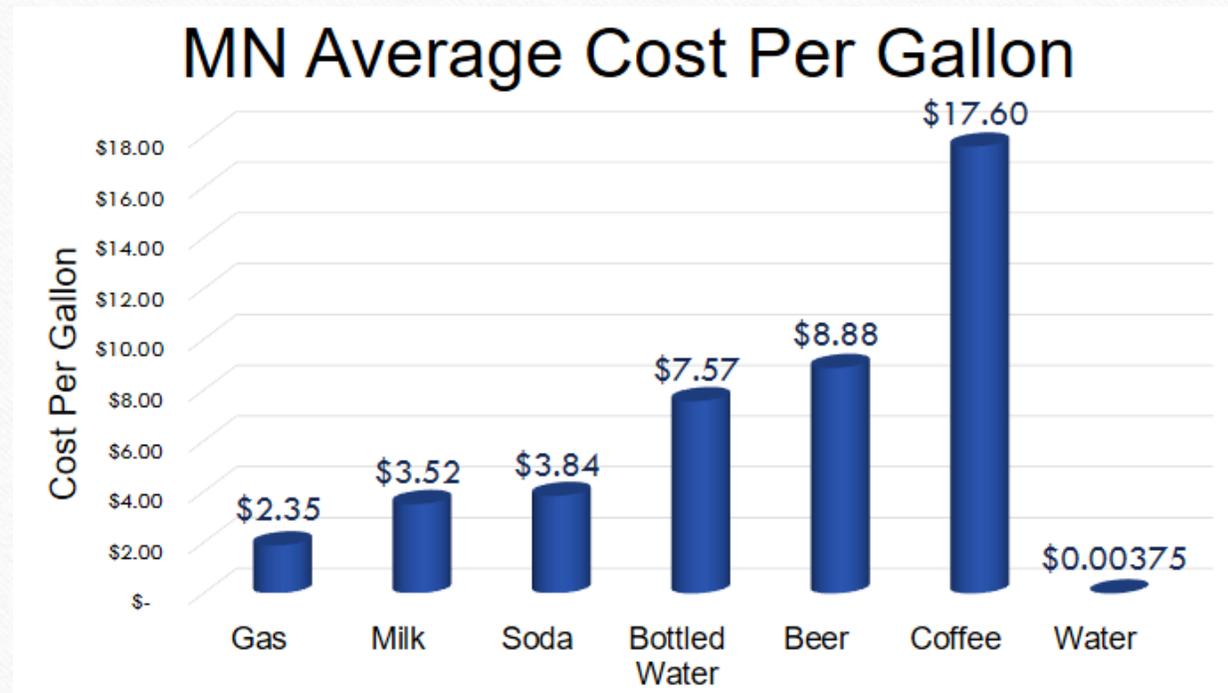
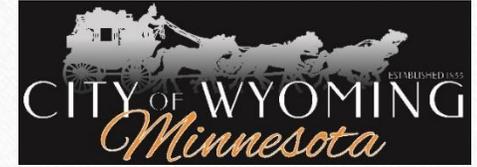
Rate Study

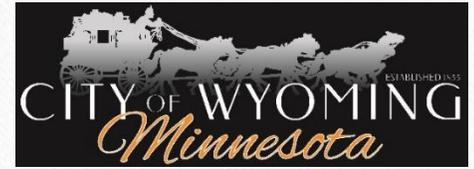
How does Wyoming Compare - Sewer



Rate Study

MN Average Cost Per Gallon





Rate Study

Questions?