

REPORT / RECOMMENDATION



To: MAYOR AND COUNCIL

Agenda Item #: VIII. A.

From: John Wallin, Finance Director

Action

Discussion

Date: December 3, 2013

Information

Subject: Ordinance No. 2013-11 Amending Schedule 185A Setting Fees For 2014

Action Requested:

Discuss the proposed fees and charges to be adopted by Ordinance. Approve First Reading of Ordinance 2013-11 Amending Code Section 185 Schedule A Increasing Certain Fees for 2014.

Information / Background:

Attached are schedules for fees and charges to be adopted by ordinance proposed for 2014. The fees that are proposed to change from 2013 to 2014 are in **bold**.

Utility fees are proposed as presented in the Water, Sanitary and Storm Sewer Utility Rate Study prepared by Ehlers & Associates and discussed by the City Council at the October 14 work session and attached to this report.

Edina has entered into a contract amendment with Minneapolis approved at the City Council meeting of November 4. The effect of this contract is that the City of Edina will pay Minneapolis for water purchased in 2014 at a rate \$.01 less than the rate paid during 2013. The amount to be paid to Minneapolis will drop from \$2.04 to \$2.03 per 100 cubic feet. The other part of the Morningside water rate is the Edina's consumption rate which is proposed to increase by \$.02 to \$.42. The combination of the Minneapolis and the Edina consumption rates would propose a total usage rate of \$2.45 per 100 cubic feet for the Morningside area. This rate would compare to \$2.44 charged in 2013 (\$2.04 Minneapolis rate and \$.40 Edina consumption rate).

Attachments

- 1) Ordinance No. 2012-22 Amending Code Section 185 Increasing Certain Fees.
- 2) Schedule of General Code Provisions and Administration 185.01– Schedule A.
- 3) Water, Sanitary and Storm Sewer Utility Rate Study

		Underground Utility/Telecom Installation-Open Trenching(Plus Minimum Permit Fee)	\$70.00 Per 100 L. Ft.
421	421.07 Subd. 3	Street Surface Repair	\$55.00 Per square foot under 10 square feet \$45.00 Per square foot from 10-25 square feet \$40.00 Per square foot over 25 square feet
430	430.03 Subd. 8	Installer's Licenses; Oil Burner: Stoker; Steam or Hot Water Heating; Mechanical Warm Air Heating and Air Conditioning; Refrigeration; and Gas Piping Installers	\$60.00
435	435.07	Gas Piping Permit; Oil Burner: Stoker; Steam or Hot Water Heating; Mechanical Warm Air Heating and Air Conditioning; Refrigeration;	Minimum Fee: \$25.00 Residential - plus surcharge pursuant to M.S. 16B.70 \$30.00 Commercial - plus surcharge pursuant to M.S. 16B.70 Fee Calculations: \$17.00 * plus 3.10% >\$ 500 \$35.00 * plus 2.60% > \$ 1,000 \$150.00 * plus 2.15% > \$ 5,000 \$265.00 * plus 1.85% > \$10,000 \$575.00 * plus 1.65% > \$25,000 \$1,000.00 * plus 1.30% > \$50,000 * plus surcharge pursuant to M.S. 16B.70
435	435.07 Subd. 1	Other Permit Related Fees	\$68.00 Per hour or the total hourly cost to City, whichever is greatest. (includes supervision, overhead, equipment, hourly wages and fringe benefits of employees involved)
440	440.04	Plumbing or Water Conditioning Permit	Minimum Fee: \$30.00 Commercial - plus surcharge pursuant to M.S. 16B.70 Fee Calculations: \$20.00 \$20.00 * plus1.75% > \$300 \$25.00 * plus 3.10% > \$700 \$35.00 * plus 2.60% > \$1,000 \$150.00 * plus 2.15% > \$ 5,000 \$265.00 * plus 1.85% > \$10,000 \$575.00 * plus 1.65% > \$25,000 \$1,000.00 * plus 1.30% > \$50,000 * plus surcharge pursuant to M.S. 16B.70

440	440.04	Installation or Testing of RPZ Backflow Preventers	\$35.00	
440	440.04 Subd. 1	Other Permit Related Fees	\$68.00	Per hour or the total hourly cost to City, whichever is greatest. (includes supervision, overhead, equipment, hourly wages and fringe benefits of employees involved)
445	445.08	Surcharge for Prohibited Connection to Sanitary Sewer	\$110.00	Per month
475	475.03 Subd. 1	Parking Ramp License	\$135.00	Per year
605	605.05 Subs. 1	Operational permits required by MSFC Section 105.6	\$64.00	Per hour with a minimum 1 hour fee (includes supervision, code review, inspections overhead, hourly wages and fringe benefits of employees involved)
		Non-business hours inspection	\$89.00	Per hour with a minimum 1hour fee
605	605.05 Subd. 2	Code Compliance Inspection	\$64.00	Per hour with a minimum 1 hour fee. (includes supervision, code review, inspections, overhead, hourly wages and fringe benefits of employees involved)
625	625.04 Subd. 2	Other Permit Related Fees	\$64.00	Per hour with a minimum 1 hour fee. (includes supervision, code review, inspections, overhead, hourly wages and fringe benefits of employees involved)
830	830.05 Subd. 2	Permit Fee for Tree Removal or Grading If total valuation of work is: \$1 to \$5,000 \$5,001 to \$100,000 \$100.001 and up	\$165.00 \$165.00 \$2.25 \$375.00 \$1.25	Then amount is: for first \$5,000 plus for each additional \$1,000 or fraction thereof to and including \$100,000 for first \$100,000 plus for each additional \$1,000 or fraction thereof
830	830.05 Subd. 2	Permit Fee for Open Pit or Excavation If total valuation of work is: \$1 to \$5,000 \$5,001 to \$100,000 \$100.001 and up	\$165.00 \$165.00 \$2.25 \$375.00 \$1.25	Then amount is: for first \$5,000 plus for each additional \$1,000 or fraction thereof to and including \$100,000 for first \$100,000 plus for each additional \$1,000 or fraction thereof

830	830.05 Subd. 2	Other Permit Related Fees	\$68.00 Per hour or the total hourly cost to City, whichever is greatest. (includes supervision, overhead, equipment, hourly wages and fringe benefits of employees involved)
1100	1100.03 Sub. 2	<u>Sewer Service:</u> 1. Single Family, Town Houses, Two-Family Dwellings, Apartment building with four or less dwelling units 2. Apartment building with more than four dwelling units. 3. Commercial and industrial buildings, including schools and churches	\$52.86 Per quarter to and including 1600 cubic feet \$3.30 Additional from 1601 cubic feet and over \$47.57 Per qtr for each unit over four or \$3.30 Per 100 c.f. of water used, whichever is greater \$52.86 Per water meter or approved sewage metering device on premises, or \$3.30 Per 100 c.f. of water used during the quarter, whichever is greater
1100	1100.03 Sub. 2	<u>Water Service:</u> 1. Per 100 cubic feet for areas of City, except in the Morningside area 2. Domestic accounts used by commercial and industrial buildings, including schools and churches. 3. Lawn watering accounts used by commercial and industrial buildings, including schools and churches. 4. Meter charge	\$1.38 up to 3500 c.f. \$1.83 3600 to 6500 c.f. \$2.87 over 6500 c.f. \$2.45 2. Per 100 cubic feet – Morningside area \$1.38 Up to 3500 cubic feet \$1.83 Over 3500 cubic feet \$1.83 Up to 3500 cubic feet \$2.87 Over 3500 cubic feet \$16.81/quarter for up to ¾ inch meter \$22.91/quarter for 1 inch meter \$26.14/quarter for 1 ¼ inch meter \$29.41/quarter for 1 ½ inch meter \$47.35/quarter for 2 inch meter \$179.82/quarter for 3 inch meter \$228.89/quarter for 4 inch meter \$290.06/quarter for 6 inch meter \$368.36/quarter for 8 inch meter
1105	1105.02	Service Availability Charge (SAC)	\$2,485.00 Per SAC unit X number of SAC units computed pursuant to Subsection 1105.01 subd. 1 of this code
1105	1105.02	Charge for Connection to City Water or Sewer System	\$1,000 Water connection charge per REC unit X number of SAC units \$500.00 Sewer connection charge per

			REC unit X number of SAC units
1110	1110.03	Storm Water Drainage Charge	\$22.89 Per quarter pursuant to formula in Subsection 1110.03
1205	1205.01	Curb Cut Permit	\$80.00

Section 2. The effective date of this Ordinance shall be January 1, 2014.

First Reading:

Second Reading:

Published:

Attest: _____
Debra Mangen-City Clerk

_____ James B. Hovland-Mayor

SECTION	SUBSECTION	PURPOSE OF FEE OR CHARGE	2013	Proposed 2014	AMOUNT	DEPT	REV
195	195.03	Registration of Domestic Partners	25.00	25.00		Clerk	
		Certified Copies of Registration	10.00	10.00		Clerk	
		Amendments to Domestic Partners or Notice of Termination of Domestic Partners	10.00	10.00		Clerk	
200	200.04	Public Dance Permit	55.00	55.00		Clerk	4137
215	215.04	Bingo Occasion, Gambling Device, Raffle Permit	15.00	15.00	per permit	Clerk	4313
220	220.04	Machine or Amusement Device License	15.00	15.00	annually per establishment, plus	Health	4176
			15.00	15.00	per machine	Health	4176
225	225.04	Special Events Application Fee	65.00	65.00		Clerk	4125
300	300.02 Subd 2	Redemption of Impounded Animals	35.00	35.00	per day for feeding & care, any veterinarian services and impounding fee of:	Police	4331
			40.00	40.00	a) If animal has not been impounded within one year prior to the date of impounding	Police	4331
			65.00	65.00	b) If animal has been impounded once within the year prior to the date of impounding	Police	4331
			115.00	115.00	c) If animal has been impounded twice or more within one year prior to the date of impounding	Police	4331
300	300.02 Subd 3	Disposal of Animal	50.00	50.00	per animal	Police	4331
300	300.03 Subd. 3	Dog License	30.00	30.00	per dog	Police	4120
			20.00	20.00	per neutered dog		
		Late charge after March 1	10.00	10.00		Police	4120
300	300.03 Subd. 4	Duplicate Dog License Tag	6.00	6.00	per duplicate tag	Police	4120
300	300.04 Subd. 2	Commercial Kennel License	55.00	55.00	per year	Police	4174
300	300.15	Permit for Extra Dogs or Cats	100.00	100.00		Police	4120
300	300.17	Dangerous Dog	100.00	100.00	Registration fee	Police	4120
405	405.01	Landscaping, Screening, or Erosion Control Site Plan Permit	100.00	100.00		Planning	4361
410	410.02 Subd. 1	Building Permit					
		If total valuation of work is:			Then amount is:		
		\$ 1 to 500	23.50	26.00	*	Building	4111
		501 to 2,000	23.50	26.00	* for first \$500 plus	Building	4111
			3.05	3.35	for each additional \$100 or fraction thereof to and including \$2,000	Building	4111
		2,001 to 25,000	69.25	76.20	* for first \$2,000 plus	Building	4111
			14.00	15.50	for each additional \$1,000 or fraction thereof to and including \$25,000	Building	4111
		25,001 to 50,000	391.25	430.00	* for first \$25,000 plus	Building	4111
			10.10	11.00	for each additional \$1,000 or fraction thereof to and including \$50,000	Building	4111
		50,001 to 100,000	643.75	710.00	* for first \$50,000 plus	Building	4111
			7.00	8.00	for each additional \$1,000 or fraction thereof to and including \$100,000	Building	4111
		100,001 to 500,000	993.75	1,100.00	* for first \$100,000 plus	Building	4111
			5.60	6.00	for each additional \$1,000 or fraction thereof to and including \$500,000	Building	4111
		500,001 to 1,000,000	3,233.75	3,500.00	* for the first \$500,000 plus	Building	4111
			4.75	5.25	for each additional \$1,000 or fraction thereof to and including \$1,000,000	Building	4111
		1,000,001 and up	5,608.75	6,000.00	* for the first \$1,000,000 plus	Building	4111
			3.65	4.00	for each additional \$1,000 or fraction thereof	Building	4111
					* plus surcharge pursuant to M.S. 16B.70	Building	4380
		Plan Review	65%	65%	of Permit Fee	Building	4111

SECTION	SUBSECTION	PURPOSE OF FEE OR CHARGE	2013	Proposed 2014	AMOUNT	DEPT	REV
410	410.02 Subd. 2	Other Permit Related Fees	62.00	68.00	per hour or the total hourly cost to City, whichever is greatest. (includes supervision, overhead, equipment, hourly wages and fringe benefits of employees involved)	Building	4111
410	410.02 Subd. 3	Residential Building Contractor, Remodeler or Specialty Contractor License Verification	5.00	5.00	surcharge pursuant to M.S. 326.86	Building	4380
411	411.03	Demolition Permit for Single and Two Family Dwelling Units	1,500.00	1,500.00			
415	415.02	Permit for Moving of Building	212.00	212.00		Building	
415	415.02 Subd. 3	Indemnity Deposit for Damages Sustained by Moving of Building	530.00	530.00	unless licensed by Commissioner of Transportation	Building	2605
421	421.03	R-O-W Work Annual Registration	200.00	200.00		Engineer	4341
421	421.04	R-O-W Excavation Permit Administrative Fee	75.00	85.00		Engineer	4341
		Per Additional Excavation-Paved Area	35.00	35.00		Engineer	4341
		Per Additional Excavation-Unpaved Area	20.00	20.00		Engineer	4341
		Underground Utility/Telecom Installation - Directional Boring or Tunneling (Plus Minimum Permit Fee)	45.00	50.00	per 100 L. Ft.	Engineer	4341
		Underground Utility/Telecom Installation - Open Trenching (Plus Minimum Permit Fee)	60.00	70.00	per 100 L. Ft.	Engineer	4341
		Overhead Utility/Telecom Installation (Plus Minimum Permit Fee)	5.00	5.00	per 100 L. Ft.	Engineer	4341
421	421.07 Subd. 3	Street Surface Repair	50.00	55.00	Per square foot under 10 square feet	Engineer	4343
			40.00	45.00	Per square foot from 10-25 square feet	Engineer	4343
			35.00	40.00	Per square foot over 25 square feet	Engineer	4343
430	430.03 Subd. 8	Installer's Licenses: Oil Burner; Stoker; Steam or Hot Water Heating, Mechanical Warm Air Heating and Air Conditioning; Refrigeration, and Gas Piping Installers	55.00	60.00		Building	4117
435	435.07	Gas Piping Permit; Oil Burner, Stoker, Steam or Hot Water Heating, Mechanical Warm Air Heating and Air Conditioning; or Refrigeration Permit	22.00	25.00	Minimum Fee: Residential - plus surcharge pursuant to M.S. 16B.70	Building	4115
			27.00	30.00	Commercial - plus surcharge pursuant to M.S. 16B.70	Building	4115
		\$0 to 1,000	16.00	17.00	* plus 3.10% >\$ 500	Building	4115
		1,001 to 5,000	31.50	35.00	* plus 2.60% > \$ 1,000	Building	4115
		5,001 to 10,000	135.50	150.00	* plus 2.15% > \$ 5,000	Building	4115
		10,001 to 25,000	243.00	265.00	* plus 1.85% > \$10,000	Building	4115
		25,001 to 50,000	520.50	575.00	* plus 1.65% > \$25,000	Building	4115
		50,001 and over	933.00	1,000.00	* plus 1.30% > \$50,000	Building	4115
					* plus surcharge pursuant to M.S. 16B.70		
435	435.07 Subd. 1	Other Permit Related Fees	62.00	68.00	per hour or the total hourly cost to City, whichever is greatest (includes supervision, overhead, equipment, hourly wages and fringe benefits of employees involved)	Building	4115
440	440.04	Plumbing or Water Conditioning Permit	15.00	15.00	Minimum Fee: Residential - plus surcharge pursuant to M.S. 16B.70	Building	4112
			27.00	30.00	Commercial - plus surcharge pursuant to M.S. 16B.70		
		Fee Calculations:					

SECTION	SUBSECTION	PURPOSE OF FEE OR CHARGE	2013	Proposed 2014	AMOUNT	DEPT	REV
		\$0 to 300	15.00	20.00		Building	4112
		\$301 to 700	15.00	20.00	* plus 1.75% >\$300	Building	4112
		\$701 to 1,000	22.00	25.00	* plus 3.10% >\$700	Building	4112
		1,001 to 5,000	31.50	35.00	* plus 2.60% > \$1,000	Building	4112
		5,001 to 10,000	135.50	150.00	* plus 2.15% > \$5,000	Building	4112
		10,001 to 25,000	243.00	265.00	* plus 1.85% > \$10,000	Building	4112
		25,001 to 50,000	520.50	575.00	* plus 1.65% > \$25,000	Building	4112
		50,001 and over	933.00	1,000.00	* plus 1.30% > \$50,000	Building	4112
					* plus surcharge pursuant to M.S. 16B.70		
440	440.04	Installation or Testing of RPZ Backflow Preventers	27.00	35.00		Building	4306
440	440.04 Subd. 1.	Other Permit Related Fees	62.00	68.00	per hour or the total hourly cost to City, whichever is greatest. (includes supervision, overhead, equipment, hourly wages and fringe benefits of employees involved.)	Building	4306
445	445.08	Surcharge for Prohibited Connection to Sanitary Sewer	100.00	110.00	per month	Building	4391
450	450.05	Swimming Pool Construction			Same as the fees for a building permit (See 410.02 Subd.1, fees)	Building	4111
450	450.28 Subd. 4	Public or Semi-Public Swimming Pool License	470.00	470.00	per year for each enclosed pool (partial or all of the year)	Health	4173
			340.00	340.00	per year for each outdoor pool	Health	4173
450	450.28 Subd. 4	Public or Semi-Public Whirlpool Bath or Therapeutic Swimming Pool License	170.00	170.00	per year for each bath or pool	Health	4173
460	460.06 Subd. 1	Sign Permit	150.00	150.00	for reface or 50 square feet or less, plus an additional	Planning	4185
			3.00	3.00	per square foot for signs greater than 50 square feet.		
460	460.06 Subd. 1	Courtesy Bench Sign Permit	35.00	35.00	per year	Planning	4185
460	460.06 Subd 6	Sign Variance Fee	350.00	350.00	Residential Property	Planning	4361
			700.00	700.00	Commercial Property	Planning	4361
475	475.03 Subd. 1	Parking Ramp License	125.00	135.00	per year	Building	4134
605	605.05 Subd. 1	Operational permits required by MSFC Section 105.6	62.00	64.00	Per hour with a minimum 1 hour fee. (Includes supervision, code review, inspections, overhead, hourly wages and fringe benefits of employees involved)	Fire	4322
		Non-business hours inspection	87.00	89.00	Per hour with a minimum 1 hour fee.	Fire	4325
605	605.05 Subd. 1	Construction permits required by MSFC Section 105.7 except for those covered in City Code Section 625					
		If total valuation of work is:			Then amount is:		
		\$1 to 500	60.00	60.00	*minimum fee	Fire	4324
		501 to 2,000	60.00	60.00	* for first \$500 plus	Fire	4324
			4.00	4.00	for each additional \$100 or fraction thereof to and including \$2,000		
		2,001 to 25,000	120.00	120.00	* for first \$2,000 plus	Fire	4324
			16.00	16.00	for each additional \$1,000 or fraction thereof to and including \$25,000		
		25,001 to 50,000	488.00	488.00	* for first \$25,000 plus	Fire	4324
			12.00	12.00	for each additional \$1,000 or fraction thereof to and including \$50,000		
		50,001 to 100,000	788.00	788.00	* for first \$50,000 plus	Fire	4324
			9.00	9.00	for each additional \$1,000 or fraction thereof to and including \$100,000		
		100,001 to 500,000	1,238.00	1,238.00	* for first \$100,000 plus	Fire	4324
			7.00	7.00	for each additional \$1,000 or fraction thereof to and including \$500,000		
		500,001 to 1,000,000	4,038.00	4,038.00	* for first \$500,000 plus	Fire	4324
			6.00	6.00	for each additional \$1,000 or fraction thereof to and including \$1,000,000		
		1,000,001 and up	7,038.00	7,038.00	* for first \$1,000,000 plus	Fire	4324

SECTION	SUBSECTION	PURPOSE OF FEE OR CHARGE	2013	Proposed 2014	AMOUNT	DEPT	REV
		Plan check	5.00 70%	5.00 70%	for each additional \$1,000 or fraction thereof of permit fee		
605	605.05 Subd. 2	Code Compliance Inspection	62.00	64.00	Per hour with a minimum 1 hour fee. (Includes supervision, code review, inspections, overhead, hourly wages and fringe benefits of employees involved)	Fire	4326
605	605.05 Subd. 2	Day Care Fire Inspection	50.00	50.00	Per inspection per MN Statute 245A.151	Fire	4326
615	615.03	License to Service Fire Extinguishers	100.00	100.00	per year per person licensed	Fire	4325
620	620.04	Permit Fee for Cleaning Commercial Kitchen Exhaust Hood and Duct Systems	90.00	90.00		Fire	4321
625	625.04 Subd. 1	Sprinkler Permit Fees: Per Number of Heads:					
		1 - 5	60.00	60.00	* (minimum fee)	Fire	4161
		6 - 12	90.00	90.00	*	Fire	4161
		13 - 25	140.00	140.00	*	Fire	4161
		26 - 50	260.00	260.00	*	Fire	4161
		51 - 75	340.00	340.00	*	Fire	4161
		76 -100	400.00	400.00	*	Fire	4161
		101 -125	440.00	440.00	*	Fire	4161
		126 -150	470.00	470.00	*	Fire	4161
		151 -175	510.00	510.00	*	Fire	4161
		176 -200	540.00	540.00	*	Fire	4161
		201 plus	620.00	620.00	* for first 200 + \$3.00 for each additional head	Fire	4161
625	625.04 Subd. 1	Fire Pump Installation and Associated Hardware	255.00	255.00		Fire	4161
		Dry Valve Assembly	255.00	255.00		Fire	4161
		Hydrant Flow Test	110.00	110.00		Fire	4161
		Standpipe Installation	160.00	160.00		Fire	4161
		Each Additional Standpipe	55.00	55.00		Fire	4161
625	625.04 Subd. 1	Fire alarm & alternative fire suppression permit If total valuation of work is:			Then amount is:		
		\$1 to 500	60.00	60.00	*minimum fee	Fire	4162
		501 to 2,000	60.00	60.00	* for first \$500 plus	Fire	4162
		2,001 to 25,000	4.00	4.00	for each additional \$100 or fraction thereof to and including \$2,000		
			120.00	120.00	* for first \$2,000 plus	Fire	4162
			16.00	16.00	for each additional \$1,000 or fraction thereof to and including \$25,000		
		25,001 to 50,000	488.00	488.00	* for first \$25,000 plus	Fire	4162
			12.00	12.00	for each additional \$1,000 or fraction thereof to and including \$50,000		
		50,001 to 100,000	788.00	788.00	* for first \$50,000 plus	Fire	4162
			8.00	8.00	for each additional \$1,000 or fraction thereof to and including \$100,000		
		100,001 to 500,000	1,238.00	1,238.00	* for first \$100,000 plus	Fire	4162
			7.00	7.00	for each additional \$1,000 or fraction thereof to and including \$500,000		
		500,001 to 1,000,000	4,038.00	4,038.00	* for first \$500,000 plus	Fire	4162
			6.00	6.00	for each additional \$1,000 or fraction thereof to and including \$1,000,000		
		1,000,001 and up	7,038.00	7,038.00	* for first \$1,000,000 plus	Fire	4162
			5.00	5.00	for each additional \$1,000 or fraction thereof		
		Plan check	70%	70%	of permit fee		
625	625.04 Subd. 2	Other Permit Related Fees	62.00	64.00	Per hour with a minimum 1 hour fee. (Includes supervision, code review, inspections, overhead, hourly wages and fringe benefits of employees involved)	Fire	4325

SECTION	SUBSECTION	PURPOSE OF FEE OR CHARGE	2013	Proposed 2014	AMOUNT	DEPT	REV
635	635.02	False Fire Alarm	300.00	300.00	Residential	Fire	4323
			500.00	500.00	Commercial	Fire	4323
640	640.02	License allowing sale of Fireworks	100.00	100.00	Per year	Fire	4137
716	716.02	Recycling Service:	5.25	5.25	Per Quarter - Single Family	Recycle	4640
			5.25	5.25	Per Quarter - Double Bungalow	Recycle	4640
			5.25	5.25	Per Quarter - Apartments/Condos (2-8 units)	Recycle	4640
721	721.03 Subd. 1	Food Establishment	620.00	620.00	High risk food	Health	4171
			380.00	380.00	Medium risk food	Health	4171
			110.00	110.00	Low risk food	Health	4171
			155.00	155.00	Base fee	Health	4171
			55.00	55.00	Beer or wine table service	Health	4171
			130.00	130.00	Alcohol bar service	Health	4171
			138.00	138.00	Food vehicle	Health	4171
			155.00	155.00	Additional facility	Health	4171
			200.00	200.00	Pushcart	Health	4171
			120.00	120.00	Itinerant food	Health	4171
			15.00	15.00	Food vending machine	Health	4172
721	721.03 Subd 1	Restaurant Plan Review Fee			150% of License Fee	Health	4353
		Restaurant Plan Review Fee for Remodel			100% of License Fee		
		Minimum Restaurant Plan Review Fee	130.00	130.00		Health	4353
735	735.03	Lodging Establishment	9.00	9.00	per room	Health	4177
		Supervised Group Home	46.00	46.00		Health	4177
		Boarding and Lodging House License	110.00	110.00		Health	4177
740	740.04	Multiple Dwelling Parking Garage	50.00	50.00	per single tract of land (may contain more than one building under same ownership)	Health	4179
740	740.04	Multiple Dwelling Parking Garage Inspection Fee	90.00	90.00	per garage	Health	4351
745	745.04 Subd. 2	Body Art Establishment License	300.00	300.00		Health	4137
	745.07 Subd. 1	Body Art Establishment Plan Review Fee	300.00	300.00			
810	810.09 Subd. 3C	Neighborhood Property Owner List	1.00	1.00	per property owner name	Planning	4361
810	810.09	Plat and Subdivision Filing Fee	200.00	200.00	per lot for division of one or more lots where no new buildable lots are created	Planning	4361
			700.00	700.00	plus \$50/lot - all plats and subdivision other than above	Planning	4361
810	810.09 Subd. 2	Developer's Agreement Fee for City Services Rendered in Connection with Required Street, Water and Sewer Improvements			6.5% of the total construction cost of such public improvements	Planning	4361
815	815.03	Antennas, Dish Antennas & Tower Permits			Same as for a building permit (See Subsection 410.02 Subd 1 fees)	Building	4111
820	820.01	Filing of Application for Vacation of Street, Alley or Easement	450.00	450.00		Clerk	4391
830	830.05 Subd. 2	Permit Fee for Tree Removal or Grading				Building	4118
		If total valuation of work is:			Then amount is:		
		\$1 to \$5,000	150.00	165.00			
		\$5,001 to \$100,000	150.00	165.00	for first \$5,000 plus		
			2.00	2.25	for each additional \$1,000 or fraction thereof to and including \$100,000		
		\$100,001 and up	340.00	375.00	for first \$100,000 plus		
			1.00	1.25	for each additional \$1,000 or fraction thereof		
830	830.05 Subd. 2	Permit Fee for Open Pit or Excavation				Building	4118

SECTION	SUBSECTION	PURPOSE OF FEE OR CHARGE	2013	Proposed 2014	AMOUNT	DEPT	REV
		If total valuation of work is:			Then amount is:		
		\$1 to \$5,000	150.00	165.00			
		\$5,001 to \$100,000	150.00	165.00	for first \$5,000 plus		
			2.00	2.25	for each additional \$1,000 or fraction thereof to and including \$100,000		
		\$100,001 and up	340.00	375.00	for first \$100,000 plus		
			1.00	1.25	for each additional \$1,000 or fraction thereof		
830	830.05 Subd. 2	Other Permit Related Fees	62.00	68.00	per hour or the total hourly cost to City, whichever is greatest. (includes supervision, overhead, equipment, hourly wages and fringe benefits of employees involved.)	Building	4111
845	845.04	Restricted Access Parking Lot License	500.00	500.00		Planning	4137
		Renewals:	100.00	100.00	0 - 50 spaces	Planning	4137
			150.00	150.00	51 - 100 spaces	Planning	4137
			250.00	250.00	100 - 200 spaces	Planning	4137
			400.00	400.00	Over 200 spaces	Planning	4137
850	850.04 Subd. 2 C	Variance Fee	350.00	350.00	Residential	Planning	4361
			600.00	600.00	Commercial	Planning	4361
850	850.04 Subd. 4 A.2	Fee for Transfer of Land to Another Zoning District	500.00	500.00	(One) R-2 Lot	Planning	4361
			600.00	600.00	(Two) R-2 Lots	Planning	4361
			1,100.00	1,100.00	All other Transfers	Planning	4361
850	850.04 Subd. 2,3,4,5	Mailed Notices	1.00	1.00	A parcel	Planning	
850	850.04 Subd. 5 A.1	Conditional Use Permit	800.00	800.00	Fee shall be equal to City staff time expended and City's direct cost incurred in processing applications.	Planning	4361
850	850.10 Subd. 1D	Landscaping Inspection	100.00	100.00		Planning	4361
850	850.04 Subd. 3 F	Site Plan Review Fee	850.00	850.00		Planning	4361
850	850.17 Subd. 5 C.1.a	Temporary Retail Sales in PID Permit	400.00	400.00	First Permit	Planning	4361
			300.00	300.00	Subsequent Permits	Planning	4361
850	850.20 Subd. 10	Certificate of Appropriateness	600.00	600.00	Accessory structure and façade change	Planning	4361
			1,200.00	1,200.00	New house		
900	900.07 Subd. 1	Liquor License Fees (per year)				Police	4130
			300.00	300.00	Under 200 members		
			500.00	500.00	201-500 members		
			650.00	650.00	501-1000 members		
			850.00	850.00	1001-2000 members		
			1,000.00	1,000.00	2001-4000 members		
			2,000.00	2,000.00	4001-6000 members		
			3,000.00	3,000.00	over 6000 members		
			8,850.00	8,850.00	On-Sale Intoxicating License - Restaurants only	Police	4132
			670.00	670.00	3.2 Beer License Off or On Sale	Police	4130
			2,000.00	2,000.00	Wine On-Sale - Restaurants only	Police	4131
			200.00	20.00	per event - Temporary On-Sale Intoxicating - Max 3 days by MS	Police	4130
			95.00	95.00	per event - Temporary On-Sale 3.2 Malt Liquor	Police	4130
			200.00	200.00	Sunday On-Sale License - Restaurants only	Police	4130
1020	1020	False Automatic Alarm	25.00	25.00	for the first response per calendar year	Police	4332
			110.00	110.00	for the 2nd thru 4th response within one calendar year	Police	4332
			200.00	200.00	for the 5th and subsequent false alarm within one calendar year	Police	4332
1040	1040.08	Loudspeaker Permit	25.00	25.00		Clerk	4137
1045	1045.05	Variance Fee RV's, Boats, etc. Storage	50.00	50.00		Planning	4361
1100	1100.03 Subd. 2	Sewer Service Charge:			Based upon water usage during winter quarter. (November 1 to March 1)		

SECTION	SUBSECTION	PURPOSE OF FEE OR CHARGE	2013	Proposed 2014	AMOUNT	DEPT	REV
		Single Family Dwellings, Townhouses, Two-Family Dwellings, Apartment Buildings Containing Four or Less	51.20	52.86	Per quarter up to and including 1600 cubic feet	Finance	4641
		Dwelling Units:	3.20	3.30	Additional from 1601 cubic feet and over	Finance	4641
		Apartment Buildings with More Than Four Dwelling Units:	46.08	47.57	Per quarter for each unit over four or	Finance	4641
		Commercial and Industrial Buildings, Including Schools and Churches:	3.20	3.30	per 100 cubic feet of water used during the quarter, whichever is greater	Finance	4641
			51.20	52.86	Per water meter or approved sewage metering device on premises, or	Finance	4641
			3.20	3.30	per 100 cubic feet of water used during the quarter, whichever is greater	Finance	4641
1100	1100.03 Subd. 3	Industrial User Extra Strength Charges			As allocated to City by Metropolitan Waste Control Commission	Finance	4641
1100	1100.03 Subd. 4.A	Shutting Off or Turning On Curb Water Stops at Customer's Request or Due to Non-payment of Bill	35.00	35.00	For each turn-on and each shut-off.	Finance	4628
1100	1100.04 subd. 1.A	Fee for Alternative Water Meter Reading	20.00	20.00	Per quarter	Finance	4626
1100	1100.04 Subd. 1.C	Issuance of Water Meter			Cost of water meter, plus handling charges	Finance	4627
1100	1100.03 Subd. 2	Water Service			1. Per 100 cubic feet for areas of City, except as described in #2 below	Finance	4626
			1.31	1.38	Up to 3500 cubic feet		
			1.74	1.83	From 3600 cubic feet to 6500 cubic feet		
			2.73	2.87	Over 6500 cubic feet		
			2.44	2.45	2. Per 100 cubic feet - Morningside area	Finance	4626
		Domestic accounts used by:					
		Commercial and Industrial Buildings, Including Schools and Churches:	1.31	1.38	Up to 3500 cubic feet		
			1.74	1.83	Over 3500 cubic feet		
		Lawn watering accounts used by:					
		Commercial and Industrial Buildings, Including Schools and Churches:	1.74	1.83	Up to 3500 cubic feet		
			2.73	2.87	Over 3500 cubic feet		
		Meter Charge:	15.97	16.81	Per quarter for up to 3/4 inch meter	Finance	4627
			21.77	22.91	Per quarter for 1 inch meter	Finance	4627
			24.84	26.14	Per quarter for 1 1/4 inch meter	Finance	4627
			27.94	29.41	Per quarter for 1 1/2 inch meter	Finance	4627
			44.99	47.35	Per quarter for 2 inch meter	Finance	4627
			170.85	179.82	Per quarter for 3 inch meter	Finance	4627
			217.47	228.89	Per quarter for 4 inch meter	Finance	4627
			275.59	290.06	Per quarter for 6 inch meter	Finance	4627
			349.99	368.36	Per quarter for 8 inch meter	Finance	4627
		Flat Annual Charges as Follows:	-		Park Department for water used for sprinkling and skating rinks	Finance	4626
			-		Street Department for water used for flushing street	Finance	4626
1105	1105.01 Subd. 1	Service Availability Charge (SAC)	2,435.00	2,485.00	Per SAC unit X number of SAC units computed pursuant to Subsection 1105.01, Subd, 1 of this code	Building	4307
1105	1105.02	Charge for Connection to City Water or Sewer System	860.00	1,000.00	Water connection charge per REC unit X number of SAC units	Engineer	4116
			430.00	500.00	Sewer connection charge per REC unit X number of SAC units		
1110	1110.03	Storm Water Drainage Charge	21.59	22.89	Per quarter pursuant to formula in Subsection 1110.03	Finance	4642
1115	1115.03	Water Surcharges			Surcharges for violation of the Irrigation Bans are determined based on the number of water restriction violations issued to an owner in the previous three years and are as follows:		
		First Offense			Written warning		
		Second Offense	50.00	50.00			
		Third Offense	100.00	100.00			
		Fourth Offense	200.00	200.00			
		Each Additional Offense	300.00	300.00			
1205	1205.01	Curb Cut Permit	40.00	80.00		Engineer	4344
1230	1230.07	Sidewalk Café Permit	650.00	650.00		Clerk	4137

<u>SECTION</u>	<u>SUBSECTION</u>	<u>PURPOSE OF FEE OR CHARGE</u>	<u>2013</u>	<u>Proposed 2014</u>	<u>AMOUNT</u>	<u>DEPT</u>	<u>REV</u>
	1230.08	Temporary Liquor License Special Permit	320.00	320.00	Per event	Clerk	4137
1230	1230.10	Off-leash Dog Park	25.00	25.00	Resident		
			50.00	50.00	Non-Resident		
1235	1235.03 Subd. 2	Parking Permit	5.00	5.00	per month pro-rated	Police	4751
		Refund Parking Permit - Sticker Must Be Returned	5.00	5.00	per month pro-rated	Police	4751
1300	1300.02 Subd. 1	Refuse or Recycling Hauler's License	300.00	300.00	per year for 1st vehicle	Health	4178
			95.00	95.00	per year for each additional vehicle	Health	4178
1311	1311.03	Peddler/Solicitor Permit	30.00	30.00	per permit - valid for 14 calendar days	Police	4128
	1311.04 Subd. 1	Registration for Peddling/Soliciting	50.00	50.00	per registration - valid for 90 calendar days	Police	4128
1325	1325.03	Tobacco Sale License	370.00	370.00	per location	Health	4170
1341	1341.02	Registration for Massage Therapists	20.00	20.00	Per therapist for those businesses exempt from licensure	Clerk	4137
1341	1341.05	Physical Culture & Health Service or Club, Reducing Club or Salon, Sauna Parlor, Massage Parlor or Escort Service License	295.00	295.00	Business License	Clerk	4137
1341	1341.05	Investigation Fee - Business License	1,500.00	1,500.00		Clerk	4314
1345	1345.05 Subd. 1	Sexually-oriented Business License	5,000.00	5,000.00	per year	Clerk	4137
1345	1345.05 Subd. 2	Business License	1,500.00	1,500.00	At time of original application	Clerk	4137
1350	1350.06 Subd. 1	Commercial Photography	35.00	35.00	Manager Permit - Still Photography	Clerk	4133
			130.00	130.00	Manager Permit - Motion Photography	Clerk	4133
			362.00	362.00	Council Permit	Clerk	4133
1400	1400.12	Truck Restrictive Road Permit	100.00	100.00		Engineer	4190
1410	1410.01	Redemption of Impounded Vehicle			Fee as posted in Police Department	Police	4334



EHLERS
LEADERS IN PUBLIC FINANCE

November, 2013

Water, Sanitary and Storm Sewer Utility Rate Study

City of Edina, Minnesota



Prepared By:

City Staff

And

Ehlers



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Executive Summary

The goal of a rate study is to ensure long-term financial health of the utility enterprise funds. This rate study takes into account historic trends, assumptions, future capital improvement plans and state law, as applicable.

Key Findings

- The City Of Edina has been reinvesting in its utility systems through street and utility reconstruction projects, water treatment plants, and storm water improvements. The capital projects put financial pressures on the utility funds. The City currently uses a combination of pay-as-you-go and bond financing for its capital needs. We expect that debt will continue to be necessary to support the capital improvements for the water and storm sewer systems. It is the City's goal to reduce the issuance of debt in the long-term, and this rate study shows that, over time, the City will be able to pay for a portion of projects with cash on hand.
- No changes to the rate structure are proposed.
- The City of Edina has reviewed its utility rates on a regular basis since 2006 and implemented the recommendations in the rate study reports. This has resulted in stable fund balances and predictable rates. Given this history, the current recommendation is to adopt the rates proposed below for a five year period.

2014 Recommendations

- Adopt the annual rate changes proposed for 2014 through 2018
 - 5.25% increase per year to water rates
 - 3.25% increase per year to sewer rates
 - 6% increase per year to storm sewer rates
- Staff and Ehlers should update the cashflow projections periodically over the next five years to determine progress with cash balance goals.

Goals of the Utility Rate Study

The City of Edina requested that Ehlers update the rate study of its water, storm sewer, and sanitary sewer system utilities. Ehlers last completed a full rate study in 2011. The purpose of this update is to determine how rates will need to be adjusted for 2014 through 2018 to keep the utilities financially self-sufficient. The recommended rates are designed to accomplish the following:

1. Rates are sufficient to pay the ongoing operations and capital improvements, and to maintain adequate cash balances.
2. The rate structure distributes the costs of operating the system across utility users consistent with the policy objectives of the Council.

Background Information on Enterprise Systems

Enterprise Funds

Most City operations, such as public works, public safety, administration and parks, are accounted for under governmental funds, primarily embedded in the General Fund. These operations usually depend on a variety of revenues including property taxes, intergovernmental aid, and charges for services.

Municipal utility funds are considered “enterprise funds.” They are intended to be operated as a private enterprise in which the fee revenue pays for all operations. City operations include three utility funds: water, sewer, and storm sewer. In the City’s Comprehensive Annual Financial Report (CAFR), enterprise funds are segregated funds, recognizing the unique purpose and revenue streams of these City functions.

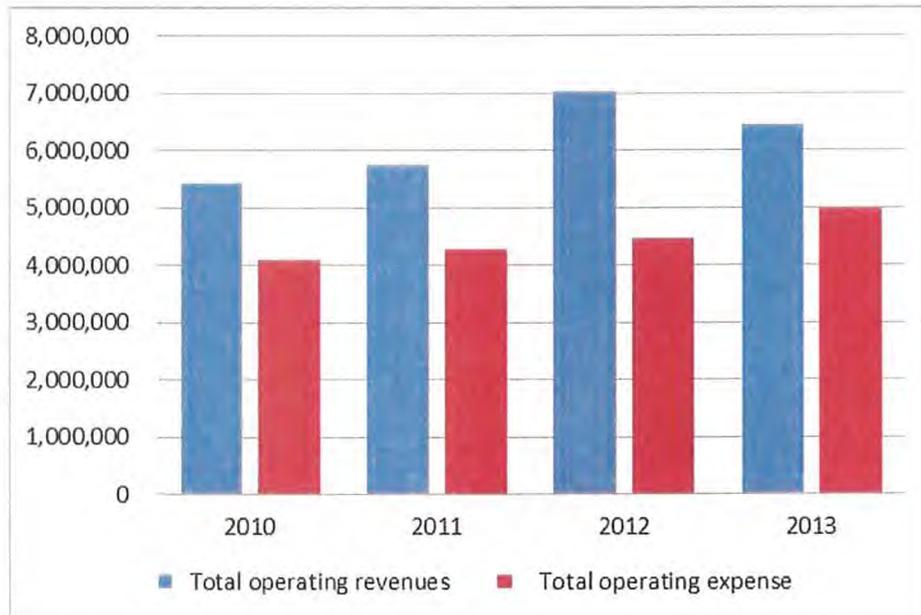
In addition to the CAFR segregating the enterprise funds, the City’s Capital Improvement Plan (CIP) distinguishes between projects that will be funded by the enterprise funds and those to be funded by general governmental funds.

It should be noted that the City currently has one accounting fund for water, sanitary sewer, storm water, and recycling. For this analysis, we segregated the revenues and expenses for each utility, and treated each as a separate fund. By doing so, we can ensure that each utility will “pay its own way.” For purposes of this study, we refer to each segregated utility as its own fund.

Water Utility Fund

Historic Financial Trends

The following graph for the Water Utility shows the trend of operating revenues and expenses. The fund has been managed effectively because revenues have exceeded expenses.



Water Rate Structure

There are three primary components to the City's water utility revenues:

- Fixed Charges
- Usage Fees
- WAC Fees (Water Access Fees or hook-up charges)

1) **Fixed Charges** are a fixed quarterly fee based on the property type and number of units. The fixed charge is established to recover certain administration expenses, such as meter reading and billing, plus a portion of distribution costs. The 2013 fixed charge for single family residential accounts is \$15.97 per quarter. The fee does not include any water usage and it increases as the size of the meter increases. This fixed charge raises approximately \$1 million per year.

2) **Usage Fees** are based on the metered use of water. Water is sold in "units" and one unit represents 100 cubic feet. With the new water meters, the City will convert to selling water by the gallon, and one unit will equal 1,000 gallons of water. For the sake of consistency, this

report provides information based on cubic feet. The rate conversion to gallons is provided in Appendix I.

The billing structure is tiered, and rate per unit depends on the amount of water used per quarter. The first tier of usage is up to 3,500 cubic feet. The second tier is for usage over 3,500 cubic feet and up to 6,500 cubic feet, and the third tier is for water usage over 6,500 cubic feet per quarter. All types of property are included in the tiering of rates, although at different levels. The rates for each tier are listed in the chart on Page 7. No changes to the tiers are being proposed.

Water usage in the Morningside area is charged at a flat rate per unit. The Morningside rate is set at an amount sufficient to cover the cost of purchasing water from the City of Minneapolis, plus:

- a pro-rata share of the City of Edina’s water distribution costs not included in the fixed charge; and
- a capital cost allocation for improvements anticipated in the Morningside area.

The largest component of the Morningside water rate is the cost of water from the City of Minneapolis. Morningside customers receive softened water, unlike the water pumped and distributed by the City of Edina.

3) **Water Connection Fees** are paid by developers of new homes and businesses at the time of a building permit. Developers do not pay connection fees when they are replacing an existing unit, as is the case for residential tear downs and rebuilds. The City of Edina charges \$800 per residential equivalency unit for new development. These connection fees help pay for the capital costs of serving the new properties. We recommend that the City increase its connection fees annually as discussed later in this report.

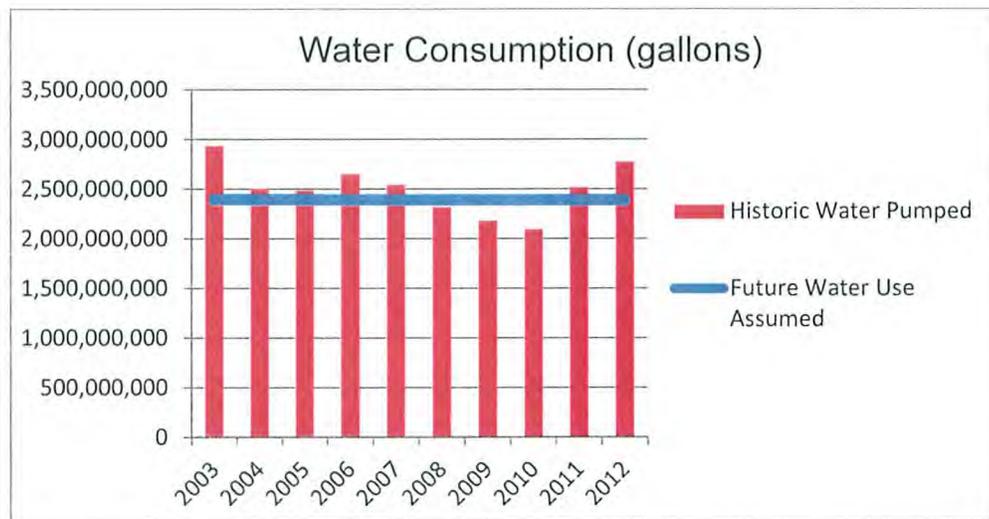
Pro-Forma Analysis Assumptions

Following is a chart that summarizes the significant assumptions in the rate study.

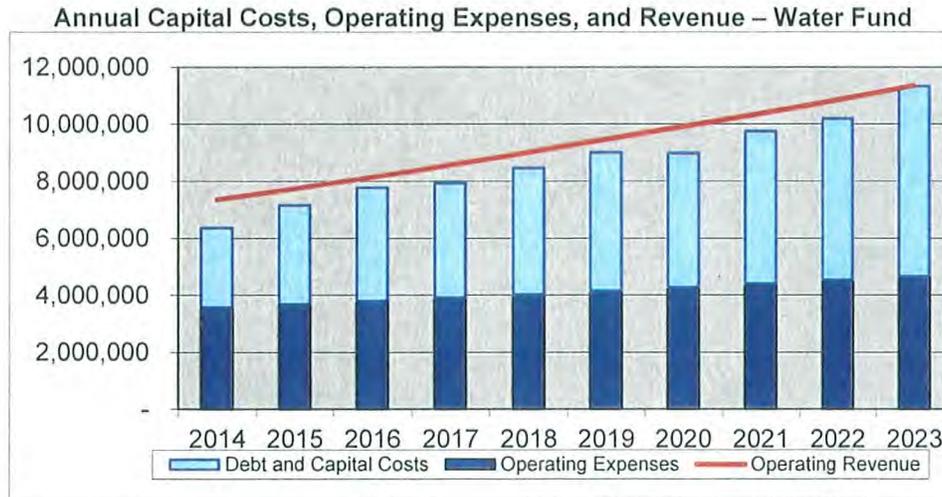
	Water Utility
Growth	The rate study reflects the development of multi-family residential buildings in the Southdale area. It assumes 240 new units per year for the next five years. The growth is assumed for estimating future water connection fees; however, to be conservative, there is no growth assumed in future water consumption.
Operating Expenses	Increase 3% annually
Capital Expenses	Costs of improvements are inflated 4% per year. Future total capital improvements from 2014 to 2023 are estimated at an uninflated value of \$29.5M and include a water treatment plant in 2017. A summary of the CIP can be found in Appendix E.
Rate Structure	Water usage is based on a tiered rate structure plus a base fee.

Another significant assumption is the amount of water used. Water demand, and thus revenue, varies with weather patterns. The following graph shows variation in water usage since 2006. The increased water consumption in 2012 reflects a dry year that resulted in more irrigation. In addition, the City began replacing its aging water meters in 2012. As water meters age, some will slow down and under-report water consumption. Therefore, we expect that the City's new water meters will demonstrate higher consumption, on average, than was experienced in the five years preceding 2012. This study has assumed future use of 2.4 billion gallons, or 3,193,699 units per year (with one unit equal to 100 cubic feet), based on multi-year pumping and billing data reviewed by staff and Ehlers.

The chart below compares the historical water pumped with the volume of water usage assumed in this study.



The need to reinvest in the City's aging utility systems continues to place financial stresses on the utility fund, particularly related to water. The City's recent and projected investments for replacing and improving the water and sewer systems are significant. Between 2008 and 2012, the City spent over \$26.4 million on capital improvements in the water utility fund. This study incorporates the proposed 2014-2018 capital improvement plan for the utilities, and estimates of future capital costs from 2019 and beyond. The chart below shows that debt and capital costs are expected to continue to grow into the future.



Proposed Water Rates

Residential Water Rates

Fixed Charges are proposed to increase 5.25% per year in 2014 through 2018, as compared to the previous 6% rate increases recommended in the 2011 rate study.

Usage Fees are based on the metered use of water for all customers. The most recent rate study completed in 2011 projected a 6% rate increase for 2014, based on declining water consumption. Because of the new meters and solid revenues in 2012, this study proposes a 5.25% rate increase in 2014 through 2018.

Usage Fees for Morningside are determined by a formula that adds City of Edina water distribution costs to the cost of softened water purchased from the City of Minneapolis. Edina's portion of the Morningside rate is expected to increase 5.25% annually, which translates into approximately two cents per year. The majority of the usage rate, however, is determined by the cost of water from Minneapolis. In 2014 the Morningside usage fee will be \$2.45 per unit, which represents a one cent increase over the 2013 water rate and is based on the agreement with the City of Minneapolis approved by the Edina City Council on November 4, 2013. Future rate increases will largely depend on the price of water from Minneapolis. Morningside residents and businesses, like those in the rest of Edina, will also pay the fixed quarterly fee which is proposed to increase 5.25% annually beginning in 2014.

The following chart shows the proposed residential water rates.

Usage Gallons	Proposed					
	2013	2014	2015	2016	2017	2018
Tier 1						
Rate Increase	6.00%	5.25%	5.25%	5.25%	5.25%	5.25%
0-35 units	\$1.31	\$1.38	\$1.45	\$1.53	\$1.61	\$1.69
Tier 2						
Rate Increase	6.00%	5.25%	5.25%	5.25%	5.25%	5.25%
36-65 units	\$1.74	\$1.83	\$1.93	\$2.03	\$2.14	\$2.25
Tier 3						
Rate Increase	6.00%	5.25%	5.25%	5.25%	5.25%	5.25%
> 65 units	\$2.73	\$2.87	\$3.02	\$3.18	\$3.35	\$3.53
Morningside						
0-35 units	2.44	2.45	Future Morningside increases are dependent on the rate increases under the City of Minneapolis contract			
36-65 units	2.44	2.45				
> 65 units	2.44	2.45				
	3.00%	5.25%				

Irrigation/Sprinkler Meters

Water consumption used for sprinklers by residential customers is charged at the same rate as regular water usage in the same usage tiers.

Water used in sprinklers by commercial customers that have irrigation meters are currently charged the two highest tiers at a rate of \$1.74 per unit for 0-35 units per quarter, and \$2.73 for each unit over 35 units. The proposed 2014 commercial irrigation water rates are \$1.83 and \$2.87, respectively.

Commercial Customers

Non-irrigation usage by commercial customers is charged on the first two tiers. Currently, water consumption of 0-35 units is \$1.31 per unit, and all water consumption over 35 units is \$1.74 per unit. The proposed 2014 rates are \$1.38 and \$1.83 respectively.

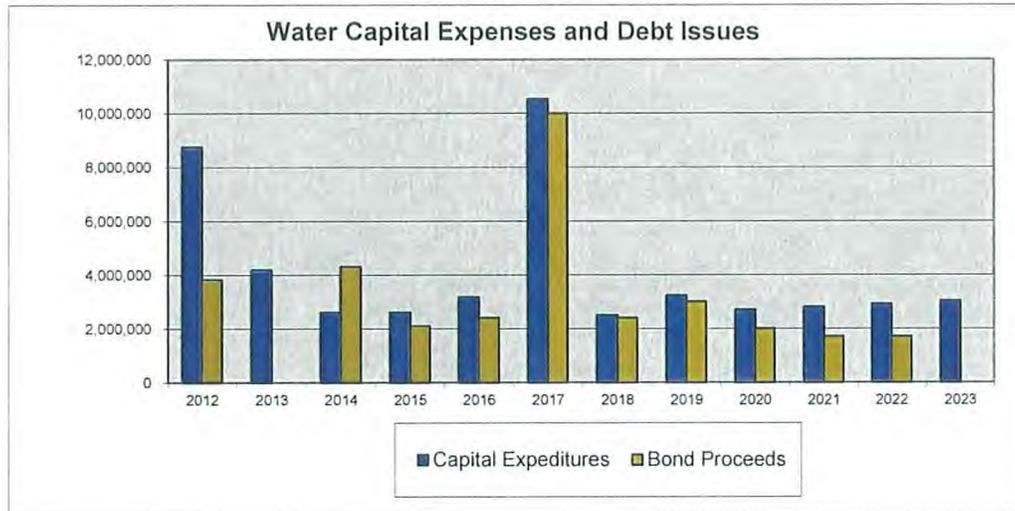
Prudent Use of Debt

In order to maintain a positive cash position and achieve the target cash reserve over the long term, the City will need to finance the majority of its water system capital improvements in the near term. The projections assume most capital costs will be financed over the next nine years ending in 2022, after which bonds will be issued less frequently and will pay for only a portion of the improvements. This is a change from the last study, when the use of bonds dropped off after 2016. The change is attributable to the delay in the construction of the water treatment plant #5 from 2013-2015 to 2017.

Capital projects financed with debt are amortized over a ten-year period and interest rates are estimated based on a spread over current market conditions. By keeping the term of the debt to ten years, the City will be able to:

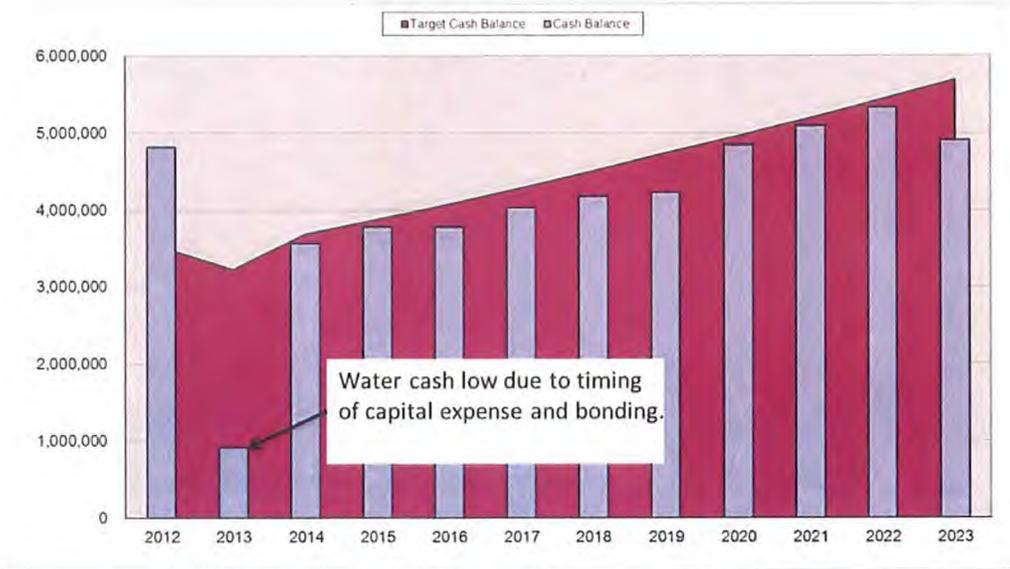
- 1) Protect its bond rating; and
- 2) Allow time after the debt is retired to fund replacement reserves and reduce reliance on debt in the future.

The chart below demonstrates how much capital is to be expended and how much debt is to be issued in each year.



Measures of Financial Strength

The cash balance of a fund is a measure of its financial health. Cash balances are available to accommodate fluctuations in revenue depending on weather, and to fund unexpected repairs and a portion of capital improvements. They also give the City the flexibility to bond for capital improvements in conjunction with other City bonding needs, thereby reducing costs of issuance. Over the long term, the City's goal is a cash balance equal to 50% of operating revenues. The following graph shows the projected cash balances as measured against target cash reserves.

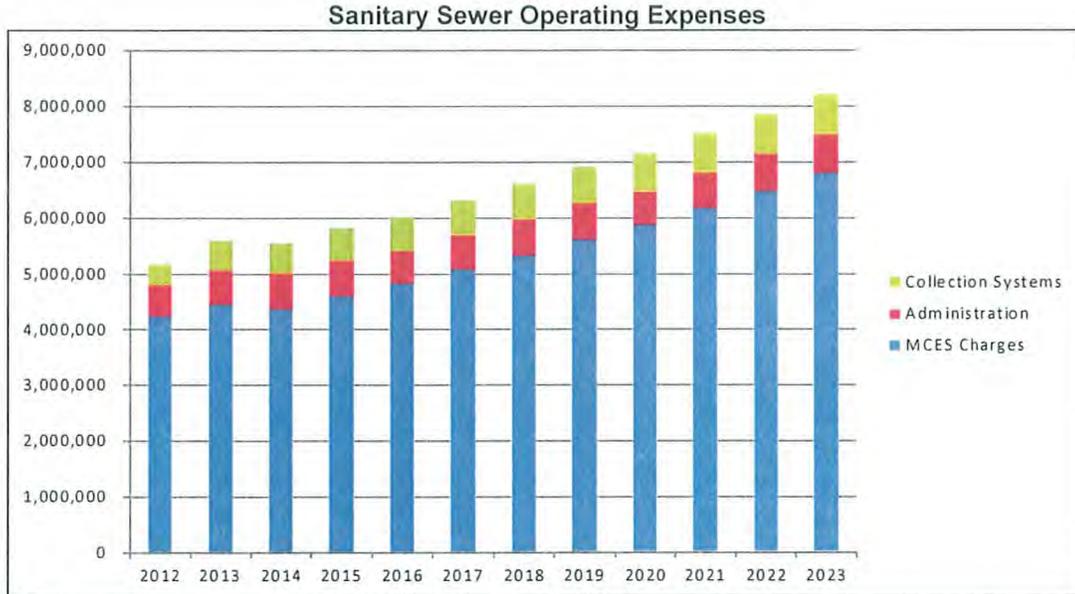


Sewer System

The Metropolitan Council Influence

The City of Edina participates in the Metropolitan Council Environmental Services (MCES) sewer system. This means that the City's sanitary sewer system flows to the MCES treatment plant and the City receives a bill from the MCES for the service. The City does not maintain its own sanitary sewer treatment plant. MCES allocates the cost of the metro area sanitation system to a user city based on the relative percent of that city's flow into the system. The MCES disposal charge is the single biggest expense in the City's sewer fund and comprises over 70% of operating expenses.

The graph below breaks out the sanitary sewer operating expenses.



The MCES disposal fees increased at an average rate of 5.5% between 2009 and 2011, and prior rate studies assumed future increases would be similar, resulting in the need for the City to raise sewer rates by 4% annually. Beginning in 2011 the MCES increases have moderated and, in fact, the 2014 disposal charge is expected to be similar to what the City paid in 2011. Currently the MCES charge for service is budgeted at \$4,456,000, and is estimated to decline to \$4,386,273 in 2014. This study assumes future increases to the MCES charge for service will be 5% per year.

The second biggest expenditure in the sewer fund is capital purchases, most of which is designated for replacing the sewer mains under road reconstruction projects.

Pro-Forma Analysis Assumptions

	Sanitary Sewer Utility
Growth and Utility Usage	Sewer usage will remain constant
Operating Expenses	City expenses increase 3% annually
MCES Disposal Expense	MCES disposal charges increase 5% annually
Capital Expenses	Costs of improvements are inflated 4% per year. Future total capital improvements from 2014 to 2023 are estimated at an uninflated value of \$14M. A summary of the CIP can be found in Appendix F.
Rate Structure	Sewer is billed based a flat rate plus a usage rate on winter quarter water consumption.

Proposed Sewer Rates

City of Edina sewer customers pay a quarterly fixed charge and a flat rate per unit of water. Sewer is billed based on winter water consumption so that residents and businesses are not billed sewer charges on water that is used for irrigation or other outdoor uses. During the winter months, sewer is the biggest part of most customers' utility bill.

The 2013 sewer rate is \$3.20 per unit based on water used during the winter quarter. One unit is 100 cubic feet or approximately 750 gallons. There is a minimum quarterly fee, regardless of use, of \$51.20 (16 units or 1600 cubic feet). The minimum charge helps pay for the fixed costs of the system.

Proposed 2014 Sewer Rates

The projected rate increase for sanitary sewer is 3.25% per year from 2014 through 2018. This compares to a 4% rate increase projected in the 2011 rate study. Strong revenues, combined with healthy cash balances have allowed for the lower rate increase. We do not recommend changing the rate structure at this time. The proposed rate per unit is in the chart below. The rate applies to all residential and commercial customers in Edina.

Sanitary Sewer	2012	2013	2014	2015	2016	2017	2018
Rate per Unit	\$3.08	\$3.20	\$3.30	\$3.41	\$3.52	\$3.64	\$3.75

The new water meters measure a "unit" of water as 1000 gallons rather than 100 cubic feet (or approximately 750 gallons). When the meter conversion is completed, the sewer rate will be adjusted to reflect the new "unit" measurement. The equivalent rate in gallons is provided in the memo attached as Appendix I.

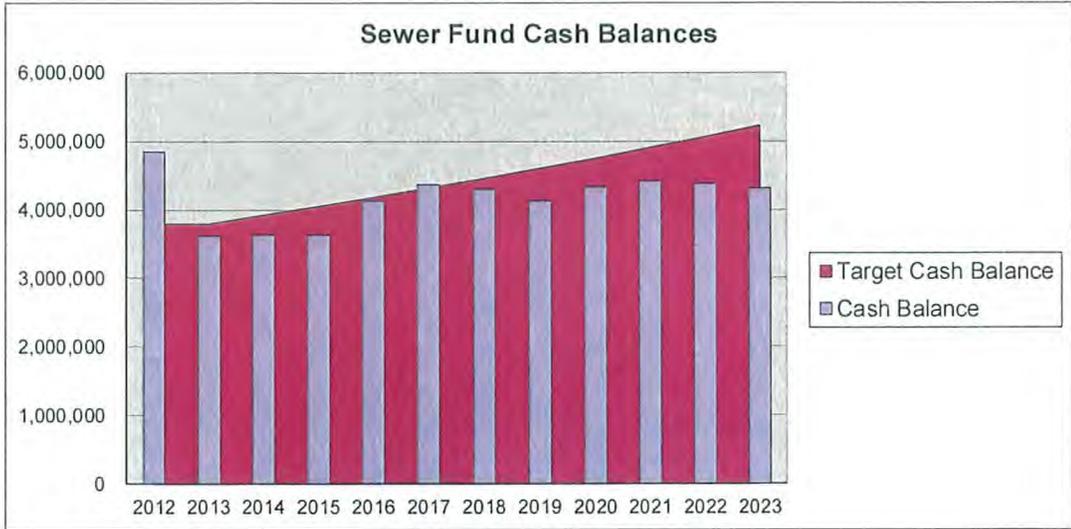
Paying for Capital Projects

The proposed sewer rates will move the City away from annual bond issues for capital improvements. Healthy cash balances and prudent management of the utility will allow for the use of cash to pay for all capital improvements in the future.

Recommended Sewer Fund Cash Balances

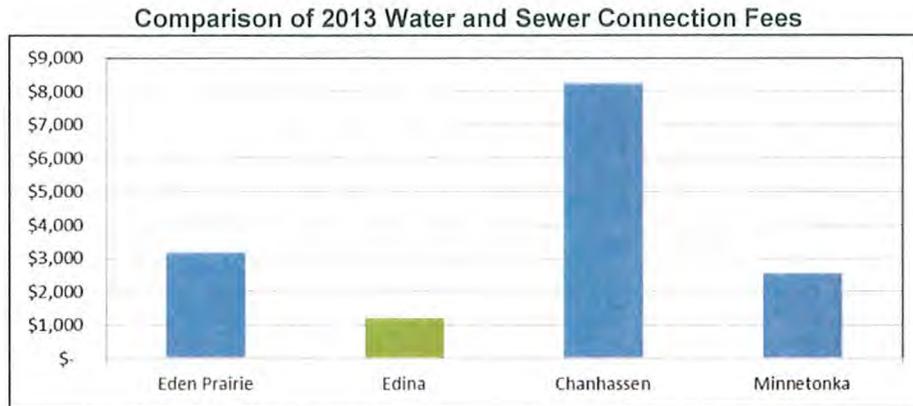
The target cash balance for the sewer fund equals 50% of sewer operating revenues. Cash balances are available to accommodate fluctuations in revenue, pay for new and unexpected regulatory requirements, to fund a portion of capital improvements, and to establish replacement reserves.

The graph below portrays the projected cash balances based on the stated assumptions and proposed capital expenditures. It can be seen that the proposed rate increases and use of debt financing should be adequate to achieve the target cash balance.



Water and Sewer Connection Fees

The City of Edina currently charges water and sewer connection fees that total \$1,200 per residential equivalency unit for new development. These connection fees help pay for the capital costs of serving the new properties. In 2013, the City of Edina had lower water and sewer connection fees than nearby communities that charge connection fees. The graph below compares Edina's connection fees with its neighbors.



Neighboring communities that do not charge a connection fee in 2013 include Hopkins, Bloomington, Richfield, and St. Louis Park.

New growth in the Southdale area is requiring investment in additional water treatment and other water and sewer infrastructure. Therefore, we would recommend that the City increase its connections fees as indicated in the chart below. Increases in 2016 and beyond are proposed to be 5% annually.

Proposed Connection Fees

	2013	2014	2015	2016	2017	2018
SAC	\$ 400	\$ 500	\$ 625	\$ 656	\$ 689	\$ 724
WAC	\$ 800	\$ 1,000	\$ 1,250	\$ 1,313	\$ 1,378	\$ 1,447
Total	\$ 1,200	\$ 1,500	\$ 1,875	\$ 1,969	\$ 2,067	\$ 2,171

The revenue projections in the Appendices assume that connection fees will be collected on 240 residential equivalency units per year in the years 2014 through 2018, and that no connection fee revenue is received thereafter.

Storm Sewer System

The storm sewer fund was created to manage storm water runoff quality in concert with the local watershed. City projects often include repair and maintenance of drainage systems, storm water ponds, and other wetland outlets. Single family residential properties pay a fixed quarterly fee. Commercial property owners are charged based on the amount of impervious surface that does not allow rainwater to be absorbed into the ground. Over time, capital costs for the storm water system have increased to meet increasingly stringent state standards intended to improve water quality.

Proposed Storm Sewer Rates

Over the next five years, the City anticipates approximately \$14.25 million in uninflated capital costs for new storm sewer improvement projects and to replace its aging storm sewer system. Storm sewer rates will need to be increased to fund the capital projects and maintain minimum cash reserves.

The City's 2013 quarterly storm sewer rate is \$21.59 per quarter. The proposed rate increases in the chart below will allow the City to maintain and improve its storm water infrastructure, as well as sustaining adequate cash reserves. These rates represent a 6.0% annual rate increase, as compared to the 5% annual increases in the previous rate study. The higher rate increases are due to growing capital costs and are comparable with other fully developed metro area communities.

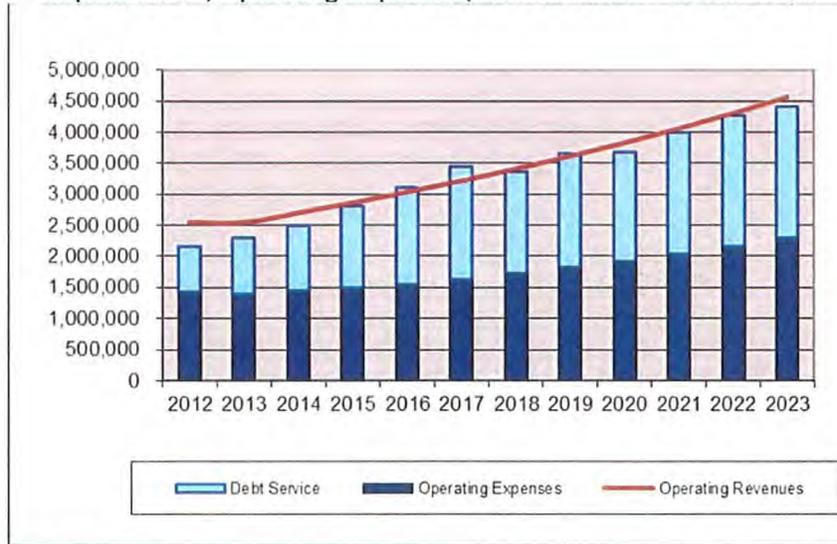
Quarterly Storm Sewer Rates - Residential

2013	2014	2015	2016	2017	2018
\$21.59	\$22.89	\$24.26	\$25.71	\$27.26	\$28.89

Cities across the state will be facing pressure to generate more revenue to fund storm sewer systems. The Clean Water Legacy Act provided funding to test and develop plans for Minnesota's polluted waterways. These plans may result in new unfunded mandates for local governments. While the future requirements for managing the quality and quantity of storm water are unknown, the level of projected capital expenses in this study should pay for many of the mandated improvements. Our experience with other cities indicates that most are beginning to plan financially for significant improvements to their storm sewer system, but their quarterly fees are still established at a level that will only pay for the annual operations and maintenance of the storm sewer system. As more cities undertake planning for capital improvements to their storm sewer systems, we expect to see higher storm sewer utility fees across the metro area.

The following chart shows the increasing capital costs projected in the City of Edina.

Capital Costs, Operating Expenses, and Revenue – Storm Sewer



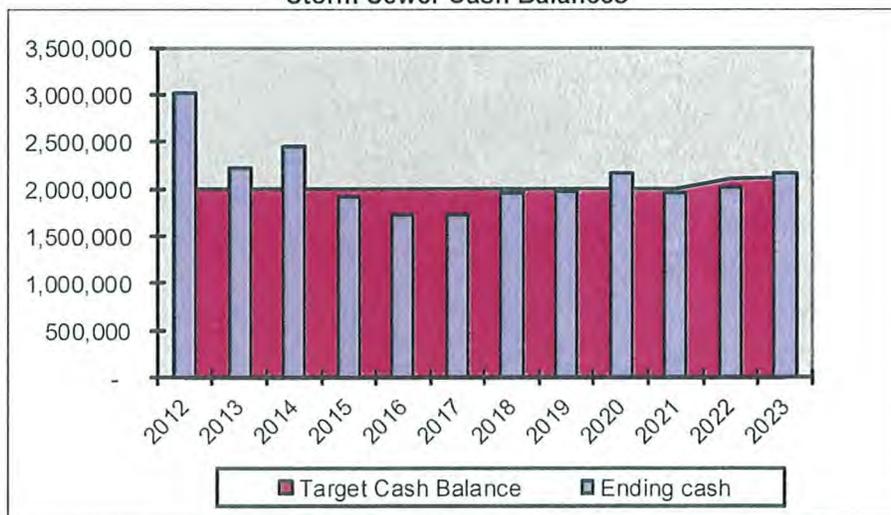
Future Debt for Capital Improvements

We are projecting bond proceeds to finance approximately \$10M of the anticipated \$16M of 2014-2018 proposed capital improvements. (The \$16M represents the inflated costs of capital improvements.). The bonds are expected to have a 10 year amortization. As cash balances and project costs are evaluated in the future, the amount and term of the debt can be re-evaluated.

Storm Sewer Fund Cash Balances

The purpose of the cash balance is to allow the City to fund routine improvements on a “pay-as-you-go” basis, reserving the use of debt for major improvements. It is our recommendation that the system be operated to maintain a minimum cash balance equal to the greater of \$2M or one year’s debt service. The projected cash balances are shown in the graph below.

Storm Sewer Cash Balances



Putting It All Together: The Utility Bill

The chart below shows the total utility bill for sample residents who use varying amounts of water. Because residents view their utilities together in one bill, we have included water, sanitary, and storm water charges, along with a cumulative total.

Sample Family Quarterly Bill	2013	2014	2015	2016	2017	2018
<i>Winter months - 30 units water and sewer</i>						
Sewer	96.00	99.12	102.34	105.67	109.10	112.65
Water	55.27	58.17	61.23	64.44	67.82	71.38
Storm Water	<u>21.59</u>	<u>22.89</u>	<u>24.26</u>	<u>25.71</u>	<u>27.26</u>	<u>28.89</u>
Total	\$ 172.86	\$ 180.18	\$ 187.83	\$ 195.82	\$ 204.18	\$ 212.92
Combined Fee Increase	\$ 7.32	\$ 7.65	\$ 8.00	\$ 8.36	\$ 8.74	
Percent Increase		4.23%	4.25%	4.26%	4.27%	4.28%
<i>Summer months - 50 units water and 30 units sewer</i>						
Sewer	96.00	99.12	102.34	105.67	109.10	112.65
Water	87.92	92.54	97.39	102.51	107.89	113.55
Storm Water	<u>21.59</u>	<u>22.89</u>	<u>24.26</u>	<u>25.71</u>	<u>27.26</u>	<u>28.89</u>
Total	\$ 205.51	\$ 214.54	\$ 223.99	\$ 233.89	\$ 244.25	\$ 255.09
Combined Fee Increase	\$ 9.03	\$ 9.45	\$ 9.89	\$ 10.36	\$ 10.85	
Percent Increase		4.39%	4.41%	4.42%	4.43%	4.44%
Sample Summer Quarterly Bill -						
<i>100 units water and 30 units sewer</i>						
Sewer	96.00	99.12	102.34	105.67	109.10	112.65
Water	209.57	220.57	232.15	244.34	257.17	270.67
Storm Water	<u>21.59</u>	<u>22.89</u>	<u>24.26</u>	<u>25.71</u>	<u>27.26</u>	<u>28.89</u>
Total	\$ 327.16	\$ 342.58	\$ 358.75	\$ 375.72	\$ 393.53	\$ 412.21
Combined Fee Increase	\$ 15.42	\$ 16.17	\$ 16.97	\$ 17.80	\$ 18.68	
Percent Increase		4.71%	4.72%	4.73%	4.74%	4.75%
Sample Bill for Low Utility User						
<i>12 units water and sewer</i>						
Sewer (minimum quarterly rate)	51.20	52.86	54.58	56.36	58.19	60.08
Water	31.69	33.35	35.10	36.95	38.89	40.93
Storm Water	<u>21.59</u>	<u>22.89</u>	<u>24.26</u>	<u>25.71</u>	<u>27.26</u>	<u>28.89</u>
Total	\$ 104.48	\$ 109.10	\$ 113.95	\$ 119.02	\$ 124.33	\$ 129.90
Combined Fee Increase	\$ 4.62	\$ 4.84	\$ 5.07	\$ 5.31	\$ 5.57	
Percent Increase		4.42%	4.44%	4.45%	4.47%	4.48%

Recommendations

The City of Edina has managed its utility funds well, and as a result has been able to pay for improvements through a combination of cash and debt. The need to reinvest in the water, sewer, and storm sewer utility systems over the next several years will put financial pressures on all of the utility funds, particularly the water and storm sewer funds.

The rate study indicates that rate increases are necessary in 2014 through 2018. Modest and steady annual rate increases will be needed for water, sanitary sewer, and storm water utilities to pay for City operating costs and capital improvements. We are also recommending increases in WAC and SAC fees.

While this analysis proposes the use of debt to allow for steady and predictable rate increases, it is not a debt plan. The City should review whether it has sufficient cash to pay for capital improvements prior to issuing debt. At its option, the City may accumulate less cash in its utility funds (thereby funding less depreciation) in order to reduce the amount of new debt issued for utility improvements. As with all other bonding decisions, the City's decision to issue debt for any given improvement will be based on many factors, including the City's cash balances, rating, and other financing needs.

2014 Recommendations

- Adopt the annual rate changes proposed for 2014 through 2018
 - 5.25% increase per year to water rates
 - 3.25% increase per year to sewer rates
 - 6% increase per year to storm sewer rates
- The proposed rate increases will result in a total bill for most customers that increases by less than 5% per year.
- Adopt the following sewer connection (SAC) fees:
 - 2014 - \$500
 - 2015 - \$625
 - 2016 and thereafter – 5% annual increase
- Adopt the following water connection (WAC) fees:
 - 2014 - \$1,000
 - 2015 - \$1,250
 - 2016 and thereafter – 5% annual increase

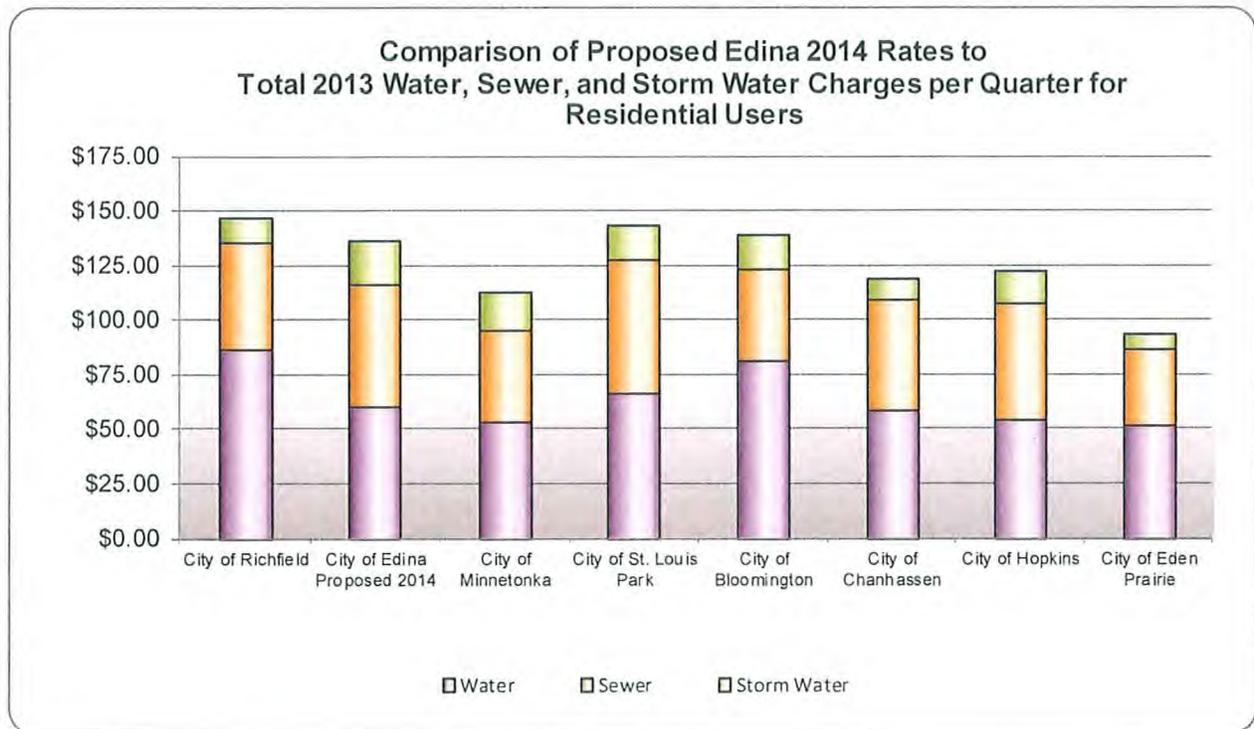
Appendices to this report follow:

Appendix A	Comparisons to Other Cities' Rates
Appendix B	Water Utility Projections
Appendix C	Sanitary Sewer Utility Projections
Appendix D	Storm Sewer Utility Projections
Appendix E	Capital Improvement Plan for Water
Appendix F	Capital Improvement Plan for Sanitary Sewer
Appendix G	Capital Improvement Plan for Storm Sewer
Appendix H	Proposed Rates
Appendix I	Conversion of Rates from Cubic Feet to Gallons

Appendix A

Comparison of Rates in Comparable Cities

The graph below compares a the quarterly utility bill of a residential customer using 27,000 gallons of water and 13,500 gallons of sewer, plus storm water charges. The Edina rates are those proposed for 2014, while the rates for the comparable communities are the actual 2013 rates.



Appendix B

Water Utility Projections

City of Edina
Utility Funds - Water Fund
Water Fund

Usage/fixed rate increase	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.00%	5.00%	5.00%	5.00%
Other revenue increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expenditure increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment Earnings	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

	Per Financial Statements		Budget	Proposed	Projected								
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cash flow													
Operating income (loss)	1,451,595	2,563,711	1,476,390	2,246,883	2,464,126	2,695,962	2,943,253	3,206,914	3,496,087	3,781,439	4,084,421	4,406,016	4,747,259
Depreciation	1,312,139	1,461,418	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155	1,957,160	2,015,875
Bond payments 2003C Prin	(172,500)	(180,000)	(185,000)										
Bond payments 2007B Prin	(280,000)	(295,000)	(305,000)	(320,000)	(330,000)	(345,000)	(360,000)						
Bond payments 2008A Prin	(700,000)	(725,000)	(750,000)	(780,000)	(810,000)	(845,000)	(880,000)	(920,000)	(960,000)				
Bond payments 2011A Prin			(770,000)	(840,000)	(855,000)	(870,000)	(890,000)	(905,000)	(925,000)	(945,000)	(970,000)	(1,000,000)	
Bond payments 2012A Prin				(265,000)	(305,000)	(315,000)	(325,000)	(340,000)	(355,000)	(370,000)	(380,000)	(390,000)	(400,000)
Non operating	(334,393)	(483,564)	(571,220)	(540,274)	(470,087)	(394,850)	(315,850)	(241,400)	(170,400)				
Miscellaneous-payment of IFL	(135,000)	(751,547)	0	0	0	0	0	0	0	0	0	0	0
Investment income	9,099	10,188	0	9,196	35,589	37,653	37,411	39,629	40,638	40,713	46,593	49,121	51,750
Transfers	(100,000)	(100,000)	(103,000)	(106,090)	(109,273)	(112,548)	(115,927)	(119,408)	(122,992)	(126,680)	(130,480)	(134,394)	(138,422)
Reconcile operating to cash	(107,950)	12,295											
Capital	(8,902,480)	(8,749,138)	(4,189,000)	(2,610,400)	(2,601,248)	(3,164,242)	(10,528,727)	(2,494,138)	(3,226,563)	(2,697,660)	(2,805,567)	(2,917,789)	(3,034,501)
2011 proceeds spent													
2012 proceeds spent													
Bond Proceeds	9,188,960	3,822,174		4,300,000	2,100,000	2,400,000	10,000,000	2,400,000	3,000,000	2,000,000	1,700,000	1,700,000	
Bonds:													
Debt (P&I) - 2012 Bonds-3%, 10 yrs				0	0	0	0	0	0	0	0	0	0
Debt (P&I) - 2013 Bonds				0	0	0	0	0	0	0	0	0	0
Debt (P&I) - 2014 Bonds					(504,091)	(504,091)	(504,091)	(504,091)	(504,091)	(504,091)	(504,091)	(504,091)	(504,091)
Debt (P&I) - 2015 Bonds						(246,184)	(246,184)	(246,184)	(246,184)	(246,184)	(246,184)	(246,184)	(246,184)
Debt (P&I) - 2016 Bonds							(281,353)	(281,353)	(281,353)	(281,353)	(281,353)	(281,353)	(281,353)
Debt (P&I) - 2017 Bonds 4%, 10 yrs								(1,232,909)	(1,232,909)	(1,232,909)	(1,232,909)	(1,232,909)	(1,232,909)
Debt (P&I) - 2018 Bonds									(295,898)	(295,898)	(295,898)	(295,898)	(295,898)
Debt (P&I) - 2019 Bonds-4.5%, 10 yrs										(379,136)	(379,136)	(379,136)	(379,136)
Debt (P&I) - 2020 Bonds											(252,758)	(252,758)	(252,758)
Debt (P&I) - 2021 Bonds												(214,844)	(214,844)
Debt (P&I) - 2022 Bonds													(214,844)
Debt (P&I) - 2023 Bonds													
Net Cashflow	1,260,059	(3,413,788)	(3,896,830)	2,639,316	206,367	(24,211)	221,796	100,970	7,412	588,050	252,792	262,939	(380,056)
Beginning cash	6,970,170	8,230,228	4,816,441	919,611	3,558,927	3,765,293	3,741,082	3,962,878	4,063,848	4,071,260	4,659,309	4,912,101	5,175,041
Ending cash	8,230,228	4,816,441	919,611	3,558,927	3,765,293	3,741,082	3,962,878	4,063,848	4,071,260	4,659,309	4,912,101	5,175,041	4,794,984
Target cash balance (50% of operating revenues)	2,869,351	3,516,067	3,223,499	3,683,305	3,868,722	4,063,740	4,268,858	4,484,606	4,715,626	4,947,330	5,190,519	5,445,766	5,713,670
Actual cash over (under) target	5,360,878	1,300,374	(2,303,888)	(124,378)	(103,429)	(322,657)	(305,980)	(420,758)	(644,367)	(288,021)	(278,418)	(270,726)	(918,686)

Appendix C

Sanitary Sewer Utility Projections

City of Edina

Utility Funds - Sanitary Sewer Fund

Sanitary Sewer Charges Increase	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other revenue increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
MCES Disposal Cost Increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expenditure increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	Per Financial Statements		Budget	Proposed	Projected									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
1 Revenues														
2 Sewer Charges	7,191,039	7,490,136	7,490,136	7,733,565	7,984,906	8,244,416	8,512,359	8,789,011	9,074,654	9,369,580	9,674,091	9,988,499	10,313,126	
3 Other	80,862	97,459	97,459	100,383	103,394	106,496	109,691	112,982	116,371	119,862	123,458	127,162	130,977	
4 Total operating revenues	7,271,901	7,587,595	7,587,595	7,833,948	8,088,301	8,350,912	8,622,050	8,901,993	9,191,025	9,489,442	9,797,550	10,115,661	10,444,102	
5 Expenses														
6 Disposal Charges	4,383,691	4,244,096	4,456,000	4,386,273	4,605,587	4,835,866	5,077,659	5,331,542	5,598,119	5,878,025	6,171,927	6,480,523	6,804,549	
7 Admin.	583,500	570,903	613,499	631,904	650,861	588,030	631,904	650,861	670,387	605,671	650,861	670,387	690,499	
8 Collection Systems	263,972	376,432	542,249	558,516	575,272	592,530	610,306	628,615	647,474	666,898	686,905	707,512	728,737	
9 Depreciation	426,895	491,225	450,000	463,500	477,405	491,727	506,479	521,673	537,324	553,443	570,047	587,148	604,762	
10 Total operating expense	5,658,058	5,688,656	6,061,748	6,040,193	6,309,125	6,508,153	6,826,348	7,132,692	7,453,303	7,704,037	8,079,739	8,445,570	8,828,547	
11 Operating income (loss)	1,613,843	1,898,939	1,525,847	1,793,755	1,779,176	1,842,758	1,795,702	1,769,301	1,737,721	1,785,405	1,717,811	1,670,092	1,615,555	
12 Non operating rev (exp)														
13 Investment income	20,679	23,154	0	36,259	36,390	36,416	41,345	43,615	42,945	41,334	43,371	44,184	43,835	
14 City SAC Revenue			0	120,000	150,000	157,500	165,375	173,644	0	0	0	0	0	
15 Gain (loss) on disposal of asset														
16 Interest Expense: 1999A Bonds														
17 Interest Expense: 2003C Bonds	(18,470)	(12,778)	(6,568)											
18 Interest Expense: 2007B Bonds	(42,500)	(36,600)	(30,500)	(24,200)	(17,600)	(10,700)	(3,600)							
19 Interest Expense: 2008A Bonds	(101,412)	(92,812)	(83,550)	(73,588)	(62,431)	(50,026)	(30,726)	(22,826)	(7,863)					
20 Interest Expense: 2011A Bonds		(12,482)	(15,800)	(14,550)	(13,250)	(11,900)	(10,500)	(9,100)	(7,650)	(5,775)	(3,525)	(1,200)		
21 Interest Expense: 2012A Bonds			(25,529)	(34,300)	(30,900)	(27,300)	(23,600)	(19,700)	(15,600)	(11,850)	(8,550)	(5,175)	(1,725)	
22 Miscellaneous														
23 Intergovernmental														
24 Total non operating	(141,704)	(131,518)	(161,947)	9,621	62,209	93,990	132,294	165,633	11,832	23,709	31,296	37,809	42,110	
25 Net income (loss)	1,472,140	1,767,421	1,363,900	1,803,376	1,841,384	1,936,749	1,927,996	1,934,934	1,749,554	1,809,114	1,749,106	1,707,900	1,657,665	
26 Operating transfers in														
27 Operating transfers out														
28 Net change to retained earnings	1,472,140	1,767,421	1,363,900	1,803,376	1,841,384	1,936,749	1,927,996	1,934,934	1,749,554	1,809,114	1,749,106	1,707,900	1,657,665	

City of Edina

Utility Funds - Sanitary Sewer Fund

Sanitary Sewer Charges Increase	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other revenue increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
MCES Disposal Cost Increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expenditure increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	Per Financial Statements		Budget	Proposed	Projected									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
40	Cash flow													
41	Operating income (loss)	1,613,843	1,898,939	1,525,847	1,793,755	1,779,176	1,842,758	1,795,702	1,769,301	1,737,721	1,785,405	1,717,811	1,670,092	1,615,555
42	Depreciation	426,895	497,225	450,000	463,500	477,405	491,727	506,479	521,673	537,324	553,443	570,047	587,148	604,762
43	Bond payments: 1999A P&I													
44	Bond payments: 2003C Prin	(172,500)	(180,000)	(185,000)										
45	Bond Payments: 2007B Prin	(145,000)	(150,000)	(155,000)	(160,000)	(170,000)	(175,000)	(180,000)						
46	Bond Payments: 2008A Prin	(270,000)	(280,000)	(290,000)	(300,000)	(315,000)	(325,000)	(340,000)	(355,000)	(370,000)				
47	Bond Payments: 2011A Prin			(60,000)	(65,000)	(65,000)	(70,000)	(70,000)	(70,000)	(75,000)	(75,000)	(75,000)	(80,000)	
48	Bond Payments: 2012A Prin				(80,000)	(90,000)	(90,000)	(95,000)	(100,000)	(105,000)	(110,000)	(110,000)	(115,000)	(115,000)
49	Net other	(162,382)	(154,672)	(161,947)	(146,638)	(124,181)	(99,926)	(74,426)	(51,626)	(31,113)	(17,625)	(12,075)	(6,375)	(1,725)
50	Investment income	20,679	23,154	0	36,259	36,390	36,416	41,345	43,615	42,945	41,334	43,371	44,184	43,835
51	Met Council I&I Surcharge													
52	Met Council I&I Surcharge Rebate (50%)													
53	Capital	(725,000)	(2,320,000)	(2,339,000)	(1,528,800)	(1,526,138)	(1,118,115)	(1,357,036)	(1,824,979)	(1,897,979)	(1,973,898)	(2,052,854)	(2,134,968)	(2,220,366)
54	2008 proceeds spent													
55	Bond proceeds	729,395	1,126,033											
56	Bonds:													
57	Debt (P&I) - 2012 Bonds (3% for 10 years)				0	0	0	0	0	0	0	0	0	0
58	Debt (P&I) - 2013 Bonds (3% for 10 years)				0	0	0	0	0	0	0	0	0	0
59	Debt (P&I) - 2014 Bonds (3% for 10 years)				0	0	0	0	0	0	0	0	0	0
60	Debt (P&I) - 2015 Bonds (3% for 10 years)				0	0	0	0	0	0	0	0	0	0
61	Debt (P&I) - 2016 Bonds (3% for 10 years)				0	0	0	0	0	0	0	0	0	0
62	Debt (P&I) - 2017 Bonds (4% for 10 years)				0	0	0	0	0	0	0	0	0	0
63	Debt (P&I) - 2018 Bonds (4% for 10 years)				0	0	0	0	0	0	0	0	0	0
64	Debt (P&I) - 2019 Bonds (4.5% for 10 years)				0	0	0	0	0	0	0	0	0	0
65	Debt (P&I) - 2020 Bonds (4.5% for 10 years)				0	0	0	0	0	0	0	0	0	0
66	Cash flow	1,315,930	460,679	(1,215,100)	13,076	2,652	492,861	227,064	(67,016)	(161,101)	203,660	81,299	(34,919)	(72,939)
67	Beginning cash	3,064,377	4,380,306	4,840,985	3,625,885	3,638,961	3,641,612	4,134,473	4,361,537	4,294,521	4,133,420	4,337,080	4,418,379	4,383,459
68	Ending cash	4,380,306	4,840,985	3,625,885	3,638,961	3,641,612	4,134,473	4,361,537	4,294,521	4,133,420	4,337,080	4,418,379	4,383,459	4,310,520
69	Target Cash Balance (50% of operating revenues)	3,635,951	3,793,798	3,793,798	3,916,974.095	4,044,150	4,175,456	4,311,025	4,450,996	4,595,512	4,744,721	4,898,775	5,057,831	5,222,051
70	Actual cash over (under) target	744,356	1,047,188	(167,913)	(278,013)	(402,538)	(40,983)	50,512	(156,475)	(462,093)	(407,642)	(480,396)	(674,371)	(911,531)

Appendix D

Storm Sewer Utility Projections

City of Edina

Utility Funds - Storm Sewer Fund

Storm Sewer Revenue Increase	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Other revenue increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Expenditure increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	Per Financial Statements		Budget	Proposed	Projected								
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 Revenues													
2 Charges for services	2,431,574	2,540,358	2,540,358	2,692,779	2,854,346	3,025,607	3,207,143	3,399,572	3,603,546	3,819,759	4,048,945	4,291,881	4,549,394
3 Other	9,483	8,922	8,922	9,457	10,025	10,626	11,264	11,940	12,656	13,415	14,220	15,074	15,978
4 Total operating revenues	2,441,057	2,549,280	2,549,280	2,702,237	2,864,371	3,036,233	3,218,407	3,411,512	3,616,202	3,833,175	4,063,165	4,306,955	4,565,372
5 Expenses													
6 Admin	169,309	185,073	185,073	190,625	196,344	202,234	208,301	214,550	220,987	227,616	234,445	241,478	248,723
7 Operating Expenses	221,632	230,551	230,551	237,468	244,592	251,929	259,487	267,272	275,290	283,549	292,055	300,817	309,841
8 Depreciation	580,893	709,568	750,228	832,888	931,424	1,028,276	1,122,296	1,209,498	1,301,457	1,398,402	1,500,571	1,608,214	1,721,591
9 Total operating expense	971,834	1,125,192	1,165,852	1,260,981	1,372,359	1,482,439	1,590,085	1,691,320	1,797,734	1,909,567	2,027,071	2,150,509	2,280,155
10 Operating income (loss)	1,469,223	1,424,088	1,383,428	1,441,256	1,492,012	1,553,794	1,628,322	1,720,192	1,818,469	1,923,608	2,036,094	2,156,446	2,285,218
11 Cash flow													
12 Operating income (loss)	1,469,223	1,424,088	1,383,428	1,441,256	1,492,012	1,553,794	1,628,322	1,720,192	1,818,469	1,923,608	2,036,094	2,156,446	2,285,218
13 Depreciation	580,893	709,568	750,228	832,888	931,424	1,028,276	1,122,296	1,209,498	1,301,457	1,398,402	1,500,571	1,608,214	1,721,591
14 Other changes													
15 Intergovernmental	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Interest income	11,580	12,966	0	22,176	24,491	19,145	17,295	17,354	19,641	19,817	21,713	19,630	20,092
17 Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Disposal of assets	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Bond proceeds	1,608,881	1,834,146		2,000,000	2,000,000	2,200,000	2,200,000	1,600,000	1,500,000	1,500,000	1,200,000	1,500,000	1,500,000
20 Debt payments: 1999 bonds P&I													
21 Debt payments: 2007 bonds P&I	(433,900)	(435,200)	(431,000)	(431,300)	(431,000)	(430,100)	(433,500)						
22 Debt payments: 2008A bonds P&I	(267,713)	(266,538)	(264,956)	(267,862)	(269,881)	(270,962)	(271,362)	(271,362)	(270,631)				
23 Debt payments: 2011A bonds P&I		(27,522)	(169,850)	(177,050)	(174,150)	(176,200)	(178,150)	(175,050)	(176,900)	(177,825)	(177,800)	(177,625)	
24 Debt payments: 2012A bonds P&I			(41,564)	(180,950)	(195,550)	(194,650)	(193,550)	(197,150)	(195,450)	(194,425)	(194,100)	(193,625)	(197,925)
25 Debt (P&I) - 2013 Bonds				0	0	0	0	0	0	0	0	0	0
26 Debt (P&I) - 2014 Bonds (3% for 10 years)					(234,461)	(234,461)	(234,461)	(234,461)	(234,461)	(234,461)	(234,461)	(234,461)	(234,461)
27 Debt (P&I) - 2015 Bonds (3% for 10 years)						(234,461)	(234,461)	(234,461)	(234,461)	(234,461)	(234,461)	(234,461)	(234,461)
28 Debt (P&I) - 2016 Bonds (3% for 10 years)							(257,907)	(257,907)	(257,907)	(257,907)	(257,907)	(257,907)	(257,907)
29 Debt (P&I) - 2017 Bonds (4% for 10 years)								(271,240)	(271,240)	(271,240)	(271,240)	(271,240)	(271,240)
30 Debt (P&I) - 2018 Bonds (4% for 10 years)									(197,266)	(197,266)	(197,266)	(197,266)	(197,266)
31 Debt (P&I) - 2019 Bonds (4.5% for 10 years)										(189,568)	(199,002)	(199,002)	(199,002)
32 Debt (P&I) - 2020 Bonds (4.5% for 10 years)											(189,568)	(189,568)	(189,568)
33 Debt (P&I) - 2021 Bonds (4.5% for 10 years)												(151,655)	(151,655)
34 Debt (P&I) - 2022 Bonds (4.5% for 10 years)													(189,568)
35 Capital	(1,595,000)	(3,020,000)	(2,033,000)	(3,007,680)	(3,677,440)	(3,445,458)	(3,158,618)	(2,676,636)	(2,783,702)	(2,895,050)	(3,010,852)	(3,131,280)	(3,256,537)
36 Cash flow	1,373,964	231,508	(806,714)	231,478	(534,556)	(185,077)	5,904	228,776	17,549	189,623	(208,278)	46,195	147,311
37 Beginning cash	1,418,853	2,792,817	3,024,325	2,217,611	2,449,089	1,914,533	1,729,456	1,735,360	1,964,136	1,981,685	2,171,309	1,963,030	2,009,225
38 Ending cash	2,792,817	3,024,325	2,217,611	2,449,089	1,914,533	1,729,456	1,735,360	1,964,136	1,981,685	2,171,309	1,963,030	2,009,225	2,156,536
39 Quarterly Charge for Single Family Home	19.58	20.56	21.59	22.89	24.26	25.71	27.26	28.89	30.63	32.46	34.41	36.48	38.66

Appendix E

Capital Improvement Plan-Water Utility

City of Edina
 Utility Funds
 Water Fund Capital Improvements
 Exhibit

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

	PROJ. #	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Main Rehabilitation/Replacement/Extensions:												
Water main improvements	ENG-13-002	\$ 1,375,000	\$ 1,200,000	\$ 2,000,000	\$ 2,000,000	\$ 1,800,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Morningside neighborhood water main relinig	ENG-13-014			\$ 200,000	\$ 100,000							
Well Rehabilitation/Replacement/Construction:												
Piping wells #15 and #9 to treatment plant 6	ENG-13-005		\$ 1,100,000									
Piping wells #5 and #18 TO WTP #5	UT-08-008	\$ 100,000										
Well #5 (W 69th St)	UT-08-009				\$ 120,000							
Well #2 rehab project	UT-09-010	\$ 120,000										
Well #9 rehab	UT-10-008	\$ 200,000										
Well #11 rehab	UT-10-009		\$ 120,000									
Well #10 rehab	UT-11-006			\$ 120,000								
Well #8	UT-12-006	\$ 35,000										
Tower repainting								\$ 500,000				
Control System, Equipment Replacements/Upgrades:												
Utilities equipment replacement	PW-13-005	\$ 64,000	\$ 40,000	\$ 25,000	\$ 103,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Water meter replacement project	UT-10-006	\$ 2,100,000										
SCADA radio system upgrade	UT-12-007	\$ 20,000										
Asset management update	UT-12-008	\$ 25,000	\$ 10,000	\$ 20,000	\$ 20,000							
Water Treatment Plant Rehab:												
Well #13 rehab	PW-13-006				\$ 120,000							
Well #17 rehab	PW-13-007				\$ 120,000							
Well #16 rehab	PW-13-008					\$ 120,000						
Water treatment plant #5	UT-07-002	\$ 150,000				\$ 7,000,000						
Miscellaneous Projects:												
Reconstruct Valley View Rd	ENG-13-009			\$ 40,000								
Reconstruct Tracy Ave	ENG-13-010				\$ 220,000							
Concrete rehab-Parklawn Ave	PW-00-074				\$ 10,000							
Reconstruct W 54th St (Wooddale to Francis)	PW-01-012		\$ 40,000									
Reconstruct W 58th St (Wooddale to Francis)	PW-04-001					\$ 40,000						
Future estimated-based on average												
TOTAL		\$ 4,189,000	\$ 2,510,000	\$ 2,405,000	\$ 2,813,000	\$ 9,000,000	\$ 2,050,000	\$ 2,550,000	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000
Inflated Costs	4.00%	\$ 4,189,000	\$ 2,610,400	\$ 2,601,248	\$ 3,164,242	\$ 10,528,727	\$ 2,494,138	\$ 3,226,563	\$ 2,697,660	\$ 2,805,567	\$ 2,917,789	\$ 3,034,501

Appendix F

Capital Improvement Plan-Sanitary Sewer Utility

City of Edina
 Utility Funds
 Sanitary Sewer Fund Capital Improvements
 Exhibit

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

	PROJ. #												
1	Main Rehabilitation/Replacement/Extensions:												
2	Trunk sanitary sewer lining project	UT-08-014	\$ 540,000	\$ 600,000									
3	Sanitary sewer main improvements	ENG-13-003	\$ 1,451,000	\$ 690,000	\$ 931,000	\$ 700,000	\$ 1,100,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	
4													
5	Lift Station Rehabilitation/Replacement/Construction:												
6	Remove lift station #1	UT-03-010	\$ 150,000										
7	W 69th St and York Ave watermain loop	UT-10-011		\$ 150,000									
8													
9	Control System, Equipment Replacements/Upgrades:												
10	SCADA Upgrades	UT-12-007	\$ 20,000										
11	Utilities equipment replacement	PW-13-005	\$ 133,000		\$ 440,000	\$ 104,000	\$ 40,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
12													
13	Sanitary Sewer Treatment Plant Rehab:												
14													
15	Miscellaneous Projects:												
16	Reconstruct Valley View Rd	ENG-13-009		\$ 20,000									
17	Reconstruct Tracy Ave	ENG-13-010			\$ 145,000								
18	Concrete rehab-Parklawn Ave	PW-00-074			\$ 25,000								
19	Reconstruct W 54th St (Wooddale to Francis)	PW-01-012		\$ 20,000									
20	Reconstruct W 58th St (Wooddale to Francis)	PW-04-001				\$ 20,000							
21	Sewer jetter replacement	UT-07-008											
22	Manhole repair project	UT-10-010											
23	Annual vehicle replacement	UT-11-005											
24	Sewer camera and cable reel	UT-11-008	\$ 20,000										
25	30 Kw generator	UT-12-005											
26	Cityworks asset management update	UT-12-008	\$ 25,000	\$ 10,000	\$ 20,000	\$ 20,000							
27	Future estimated-based on average												
28	TOTAL		\$ 2,339,000	\$ 1,470,000	\$ 1,411,000	\$ 994,000	\$ 1,160,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	
29													
30	Inflated Costs	4.00%	\$ 2,339,000	\$ 1,528,800	\$ 1,526,138	\$ 1,118,115	\$ 1,357,036	\$ 1,824,979	\$ 1,897,979	\$ 1,973,898	\$ 2,052,854	\$ 2,134,968	\$ 2,220,366

Appendix G

Capital Improvement Plan-Storm Sewer Utility

City of Edina
 Utility Funds
 Storm Sewer Fund Capital Improvements
 Exhibit

			2013	2014	2015	2016	2017	2018	2018	2019	2020	2021	2022	2023
1		PROJ. #												
2	Storm sewer-pipe and grading improvements	ENG-13-004	\$ 1,800,000	\$ 2,200,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000							
3	Reconstruct 2nd St South	ENG-13-008	\$ 30,000											
4	Reconstruct Valley View Rd	ENG-13-009			\$ 20,000									
5	Reconstruct Tracy Ave	ENG-13-010				\$ 90,000								
6	2013-2014 Flood Protection and Water Improvements	ENG-13-011	\$ 30,000	\$ 35,000	\$ 250,000									
7	2014-2015 Flood Protection and Water Improvements	ENG-13-012		\$ 50,000	\$ 275,000									
8	2015-2016 Flood Protection and Water Improvements	ENG-13-013			\$ 50,000	\$ 275,000								
9	Comprehensive Water Resource Mgmt Plan	ENG-13-016			\$ 45,000									
10	Storm water pollution prevention plan	ENG-13-017	\$ 45,000											
11	NMWD Pelilton Projects-Phase I	ENG-13-018		\$ 180,000	\$ 140,000									
12	Concrete rehab:Parklawn Ave (France to W 77)	PW-00-074				\$ 15,000								
13	Reconstruct W 54th St (Wooddale to Francis)	PW-01-012		\$ 20,000										
14	Reconstruct W 58th St (Wooddale to Francis)	PW-04-001					\$ 20,000							
15	Utilities equipment replacement	PW-13-005	\$ 63,000	\$ 197,000		\$ 63,000								
16	Storm water lift station #3 rehab	UT-11-007		\$ 200,000										
17	Sewer camera and cable reel	UT-11-008	\$ 20,000											
18	SCADA radio system upgrade	UT-12-007	\$ 20,000											
19	Asset management update	UT-12-008	\$ 25,000	\$ 10,000	\$ 20,000	\$ 20,000								
20	Cooper Circle pond outlet	UT-12-009					\$ 80,000							
21	Future estimated-based on average							\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000
22	TOTAL		\$ 2,033,000	\$ 2,892,000	\$ 3,400,000	\$ 3,063,000	\$ 2,700,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000
23														
24	Inflated Costs	4.00%	\$ 2,033,000	\$ 3,007,680	\$ 3,677,440	\$ 3,445,458	\$ 3,158,618	\$ 2,676,636	\$ 2,783,702	\$ 2,895,050	\$ 3,010,852	\$ 3,131,286	\$ 3,256,537	\$ 3,386,799

Appendix H

Proposed Rates

Proposed	2014	2015	2016	2017	2018
Water Rates					
Quarterly Usage Rates					
0-35 units	\$ 1.38	\$ 1.45	\$ 1.53	\$ 1.61	\$ 1.69
36-65 units	\$ 1.83	\$ 1.93	\$ 2.03	\$ 2.14	\$ 2.25
> 65 units	\$ 2.87	\$ 3.02	\$ 3.18	\$ 3.35	\$ 3.53
Morningside	\$ 2.45	Future rate increases for the Morningside area is dependent on increases to the City of Minneapolis contract			
Quarterly Fixed Rates-Based on Meter Size					
3/4"-5/8"	\$ 16.81	\$ 17.69	\$ 18.62	\$ 19.60	\$ 20.63
1"	\$ 22.91	\$ 24.12	\$ 25.38	\$ 26.71	\$ 28.12
1.25"	\$ 26.14	\$ 27.52	\$ 28.96	\$ 30.48	\$ 32.08
1.5"	\$ 29.41	\$ 30.95	\$ 32.58	\$ 34.29	\$ 36.09
2"	\$ 47.35	\$ 49.84	\$ 52.45	\$ 55.21	\$ 58.11
3"	\$ 179.82	\$ 189.26	\$ 199.20	\$ 209.65	\$ 220.66
4"	\$ 228.89	\$ 240.90	\$ 253.55	\$ 266.86	\$ 280.87
Sanitary Sewer Rates					
Quarterly Usage Rates	\$ 3.30	\$ 3.41	\$ 3.52	\$ 3.64	\$ 3.75
Quarterly Fixed Rates	\$ 52.86	\$ 54.58	\$ 56.36	\$ 58.19	\$ 60.08
Storm Sewer Rates					
Quarterly Fixed Rates	\$ 22.89	\$ 24.26	\$ 25.71	\$ 27.26	\$ 28.89

Appendix I

Conversion of Rates from Cubic Feet to Gallons

November, 2013

John Wallin, Finance Director, City of Edina
 Eric Roggeman, Assistant Finance Director, City of Edina
 4801 W. 50th Street
 Edina, MN 55424

Re: Utility Rate Study-Conversion from Cubic Feet to Gallons

Ehlers has worked with City staff to update the Utility Rate study. We have completed the study and have arrived at rate recommendations. The City is currently undertaking a conversion of water meters that read in cubic feet to those that read in gallons. We have been asked to prepare a conversion schedule showing the equivalent gallon rates that have been preliminarily discussed by City Council. The following table shows the conversion of the rates, holding the usages constant. They have been expressed in terms of price per gallon.

The City currently bills some accounts on a unit basis, which is 100 cubic feet. One hundred cubic feet of water equals 750 gallons. The table below shows the preliminary rates from the Utility Study converted to a rate per gallon and a rate per thousand gallons.

Residential	Cubic Feet Units	Prelim 2014 Rate	Gallons Per Tier	Rate per Gallon	Rate per Thousand Gallon
Water Rates					
Tier 1	35	1.38	26,250	0.001834	1.83
Tier 2	30	1.83	22,500	0.002436	2.44
Tier 3		2.87	26,251	0.003822	3.82
Commercial					
Tier 1	35	1.38	26,250	0.001834	1.83
Tier 2		1.83	26,251	0.002436	2.44
Tier 3					
Irrigation					
Tier 1	35	1.83	26,250	0.002436	2.44
Tier 2		2.87	26,251	0.003822	3.82
Tier 3					
Morningside					
	all usage	2.45		0.003267	3.27
Sewer Rates					
	Winter quarter water use	3.30		0.004400	4.40

The following table shows the calculation of the total water bill for users at two different levels of usage. The user bill is calculated using the cubic foot rate and the converted gallon rate.

	Gallons Used	Cubic Foot Charge	Gallon Charge
30 Units	22,500		
Tier 1		\$ 41.27	\$ 41.27
Fixed Charge		\$ 16.81	\$ 16.81
Total		\$ 58.08	\$ 58.08
50 Units	37,500		
Tier 1		\$ 48.14	\$ 48.14
Tier 2		\$ 27.41	\$ 27.41
Fixed Charge		\$ 16.81	\$ 16.81
Total		\$ 92.36	\$ 92.36

Sincerely,



Elizabeth Diaz
Senior Financial Specialist