



2024 Utility Rate Analysis

City Enterprise Funds

➤ Refuse Fund

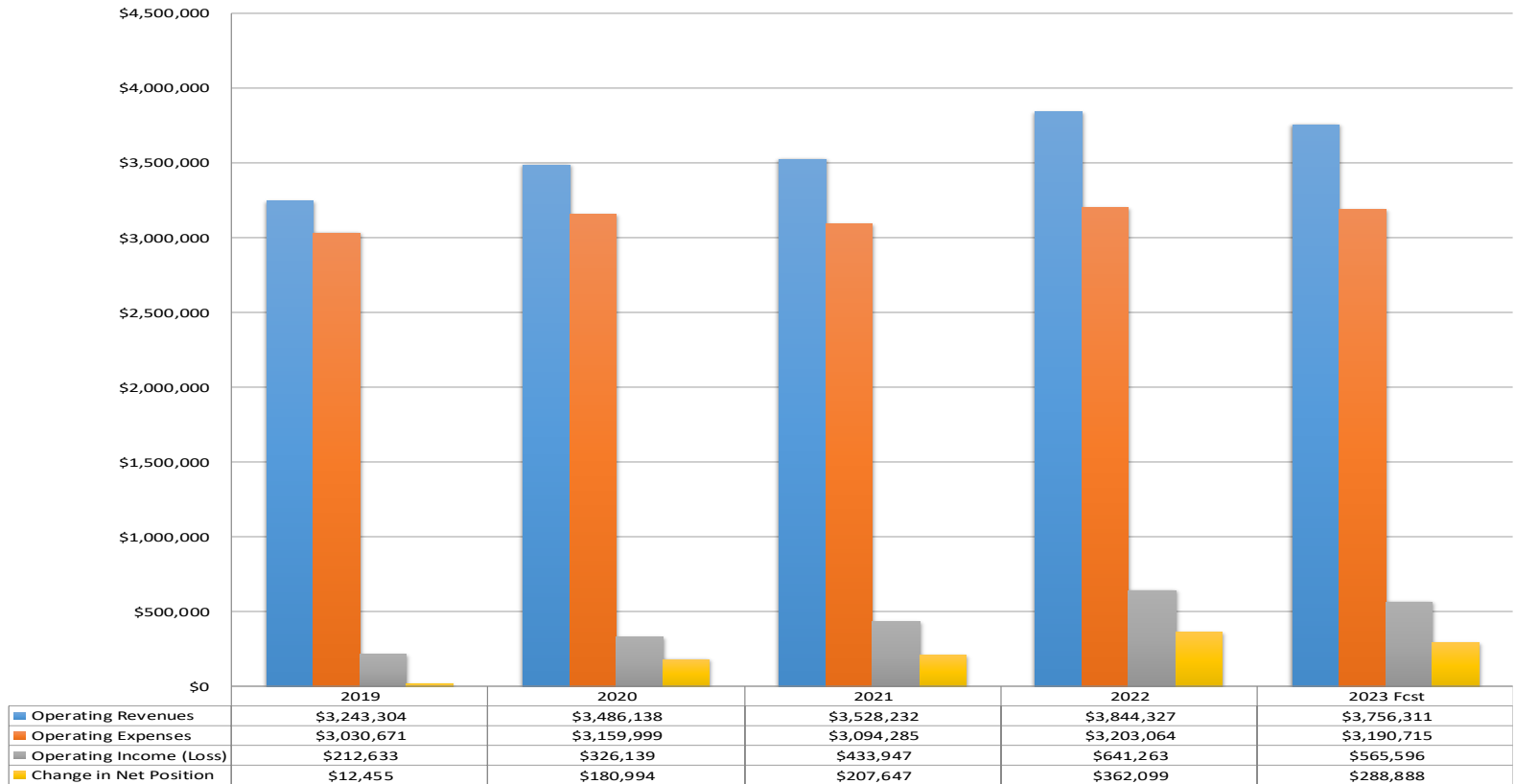
- Garbage (collection & disposal)
- Recycling (curbside service & tree mgmt.)
- Roll off
- Landfill Services & Demolition Debris

➤ Water Fund

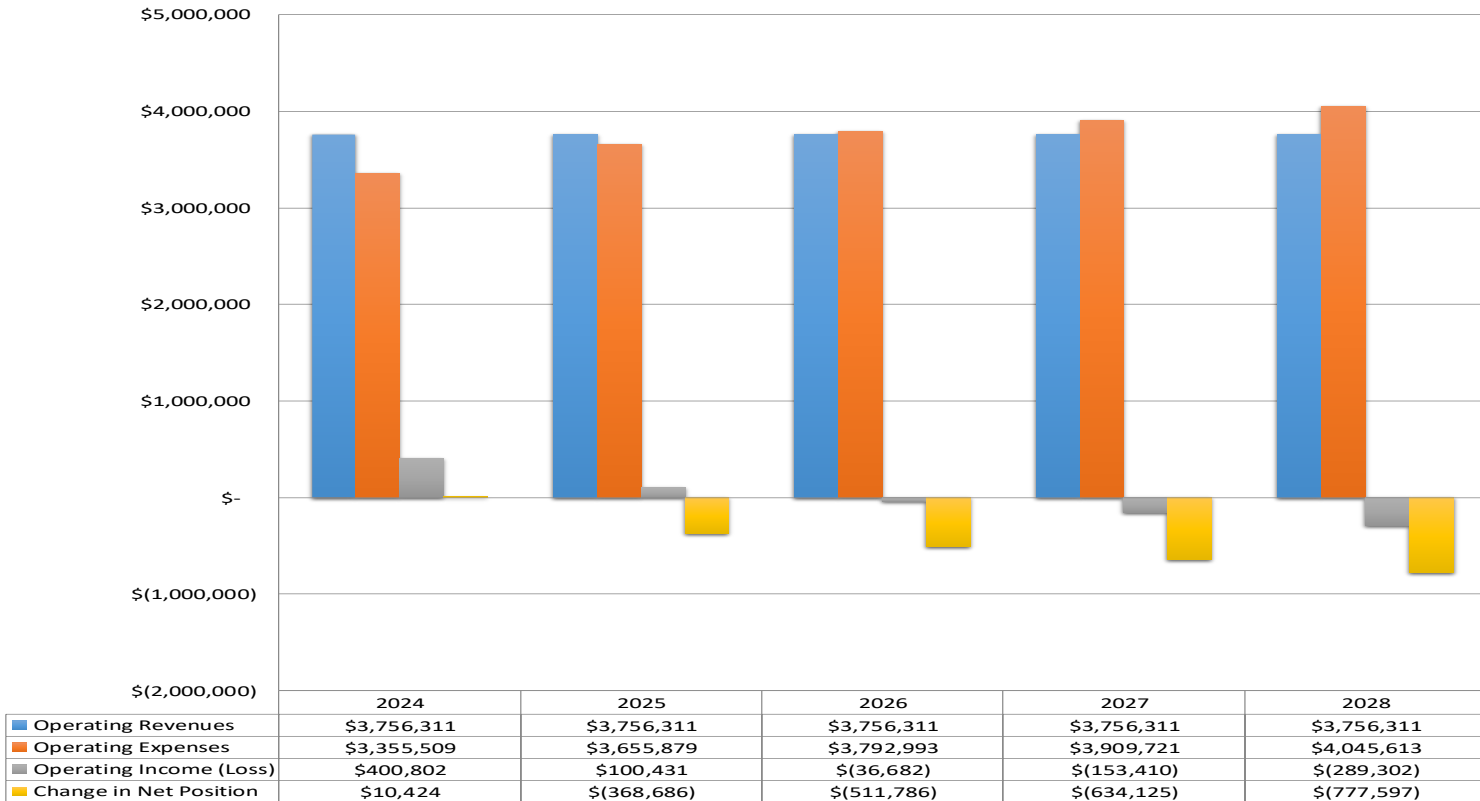
➤ Sewer Fund

➤ Stormwater Fund

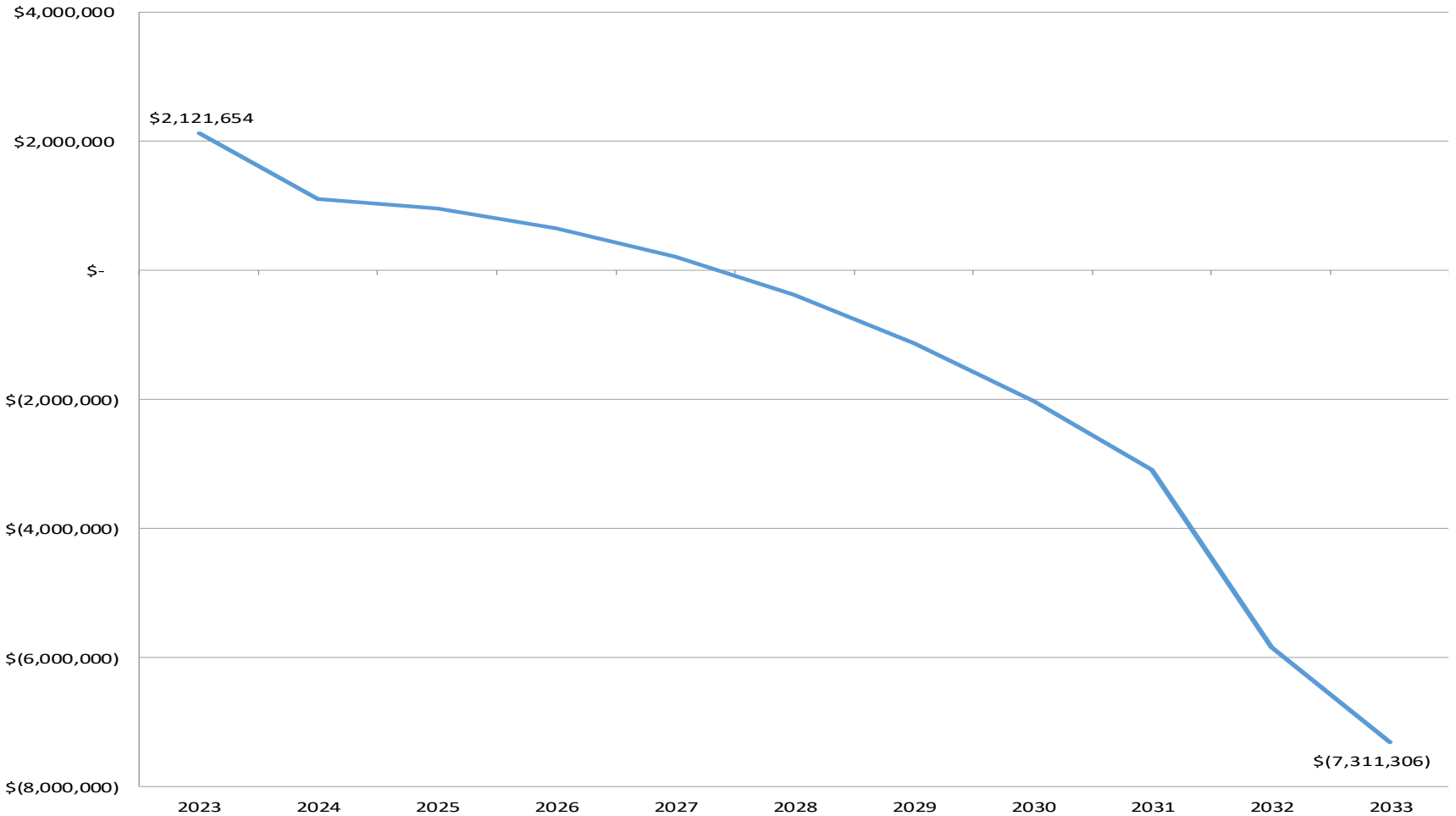
Refuse Fund Operations



Refuse Fund Projections (No Revenue Increase, 3–5% Expense Increase)



Refuse Fund Cash Balances (No Revenue Increase, 3–5% Expense Increase)



Refuse Fund – Garbage

➤ Current Trend:

- Operational costs of garbage collection continue to rise including increases equipment replacement
- Disposal rates at Otter Tail County increased 5.2% on 01/01/2024 (from \$123.93 to \$130.40)

➤ Recommended Rate Changes:

- 3.5% increase in residential/commercial collection and disposal fees in 2024, similar increases expected through 2033
- 3.5% increase in landfill fees (garbage) in 2024, similar increases expected through 2033
- 3.5% increase in tipping fees in 2024, similar increases expected through 2033
- 10% increase in roll off fees in 2024, similar increases expected through 2026, 4.0% through 2033

Refuse Fund – Recycling

➤ Current Trend:

- Operational costs of commercial and residential recycling continue to rise

➤ Recommended Changes:

- Recycling – \$.50 (7.75%) increase in recycling fees in 2024, similar increases in 2027, 2029, 2031 and 2033
- Tree Management – No increase in 2024, \$.20 (13%) increase in 2026 and no additional increases through 2033

Refuse Fund –Demolition Debris

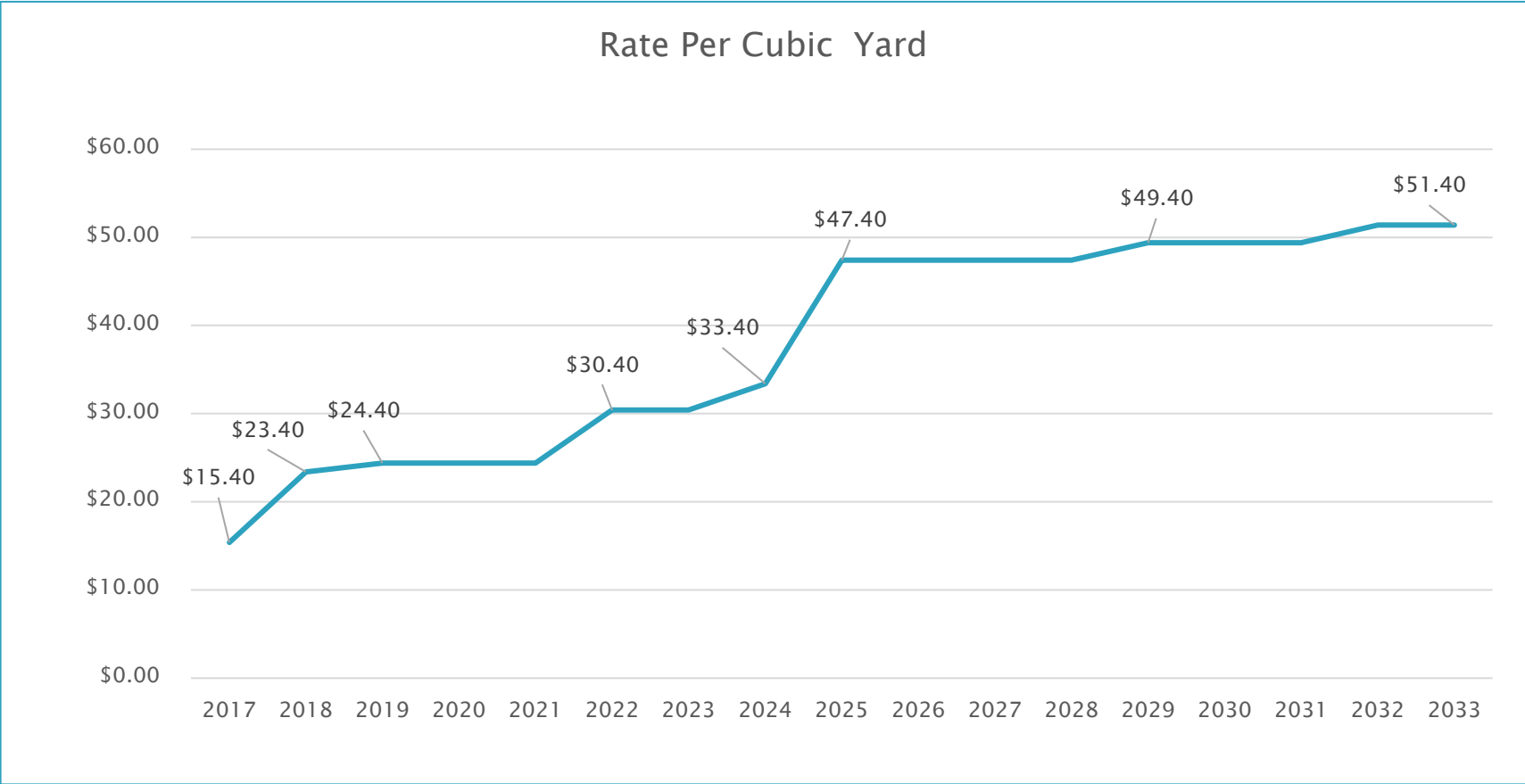
➤ Current Trend:

- Continued expansion of demo site will require significant investment and result in increases to existing demo rates
- Regionalization of demo disposal sites may be on the horizon as other sites find it cost prohibitive to comply with MPCA regulations, but timing is unknown (5–10 years?)

➤ Recommended Changes:

- 9.9% increase in 2024, 41.9% increase in 2025, 4.2% in 2029 and 4.0% in 2032

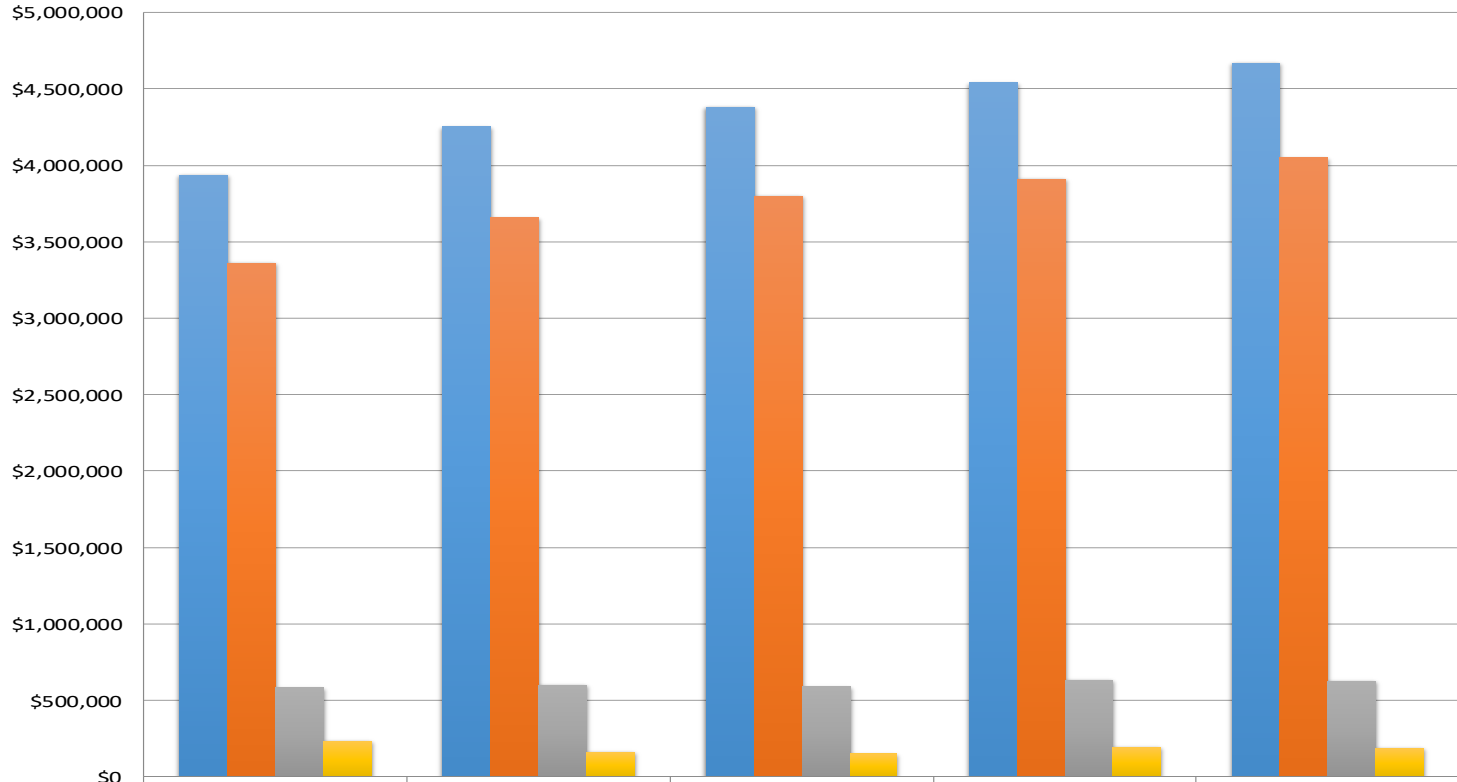
Rate Increases Required for Continuing Demo Cell Operations



Note: Other regional demo sites have significantly lower rates, but MPCA requirements will likely drive future rate increases at those sites.

Refuse Fund Projections

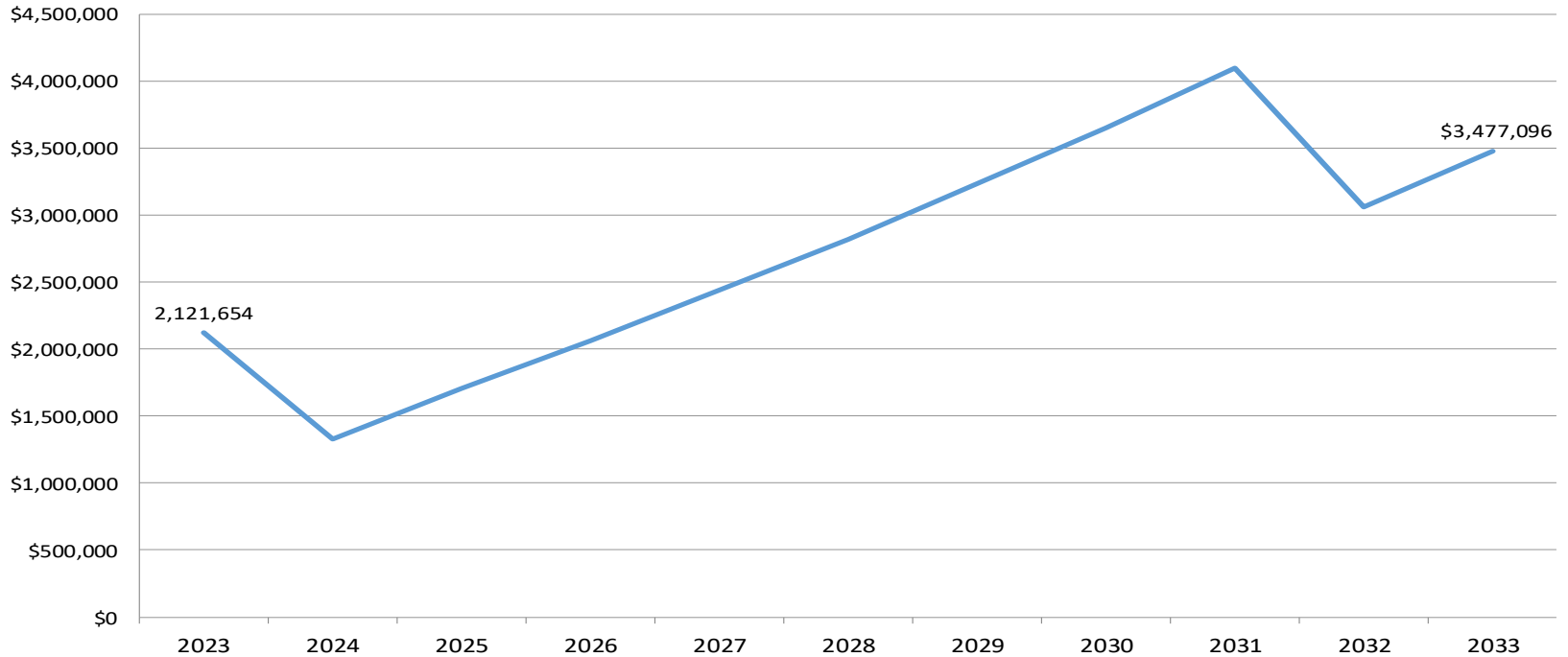
(With Revenue Increases in April 2024 and Subsequent Years)



	2024	2025	2026	2027	2028
Op. Revenues	\$3,935,204	\$4,255,393	\$4,380,652	\$4,541,171	\$4,669,385
Op. Expenses	\$3,355,509	\$3,655,879	\$3,792,993	\$3,909,721	\$4,045,613
Op. Income (Loss)	\$579,695	\$599,514	\$587,659	\$631,450	\$623,773
Change in Net Position	\$231,751	\$156,992	\$146,611	\$191,936	\$184,341

Refuse Fund Cash Balances

(With Revenue Increases January 2024 and Subsequent Years)



City Enterprise Funds

- Refuse Fund
 - Garbage (collection & disposal)
 - Recycling (curbside service & tree mgmt.)
 - Roll off
 - Landfill Services & Demolition Debris

- Water Fund

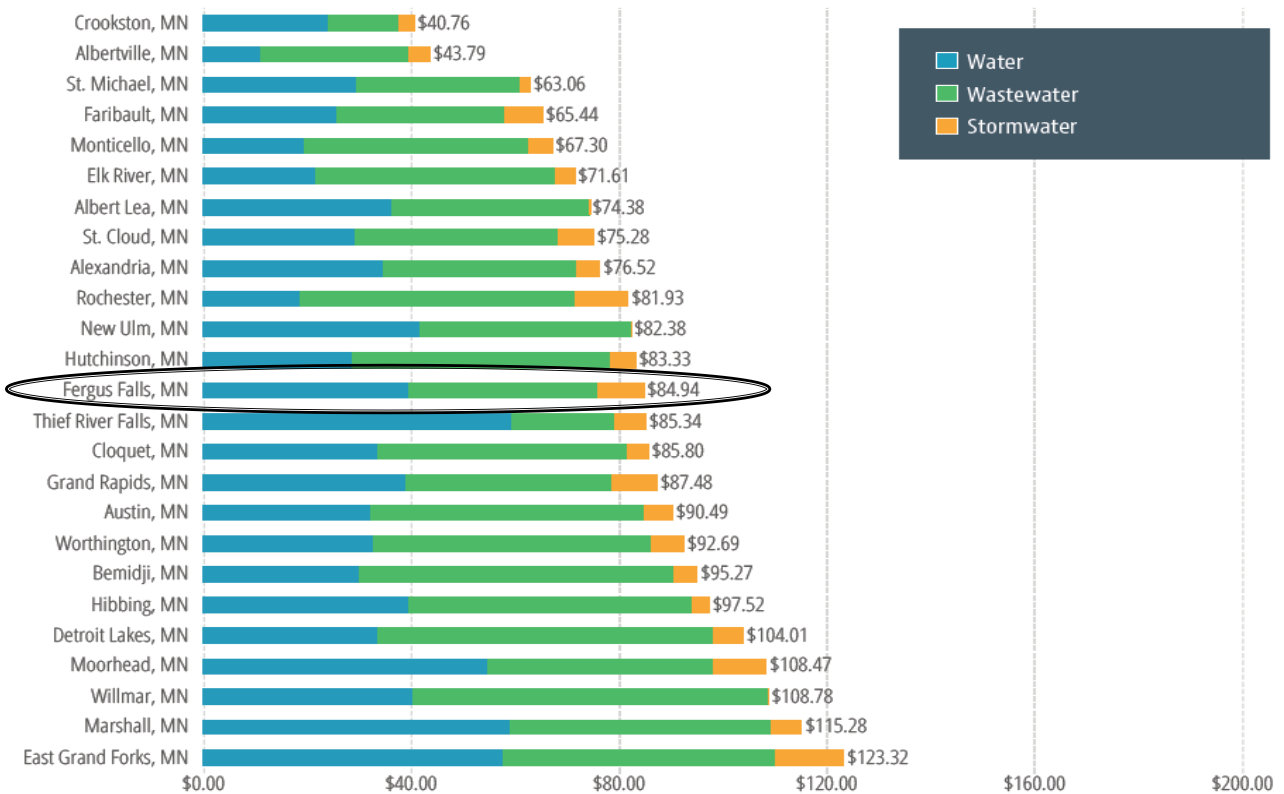
- Sewer Fund

- Stormwater Fund

Utility Rate Comparison

MINNESOTA

(Excluding Minneapolis/St. Paul Metro)



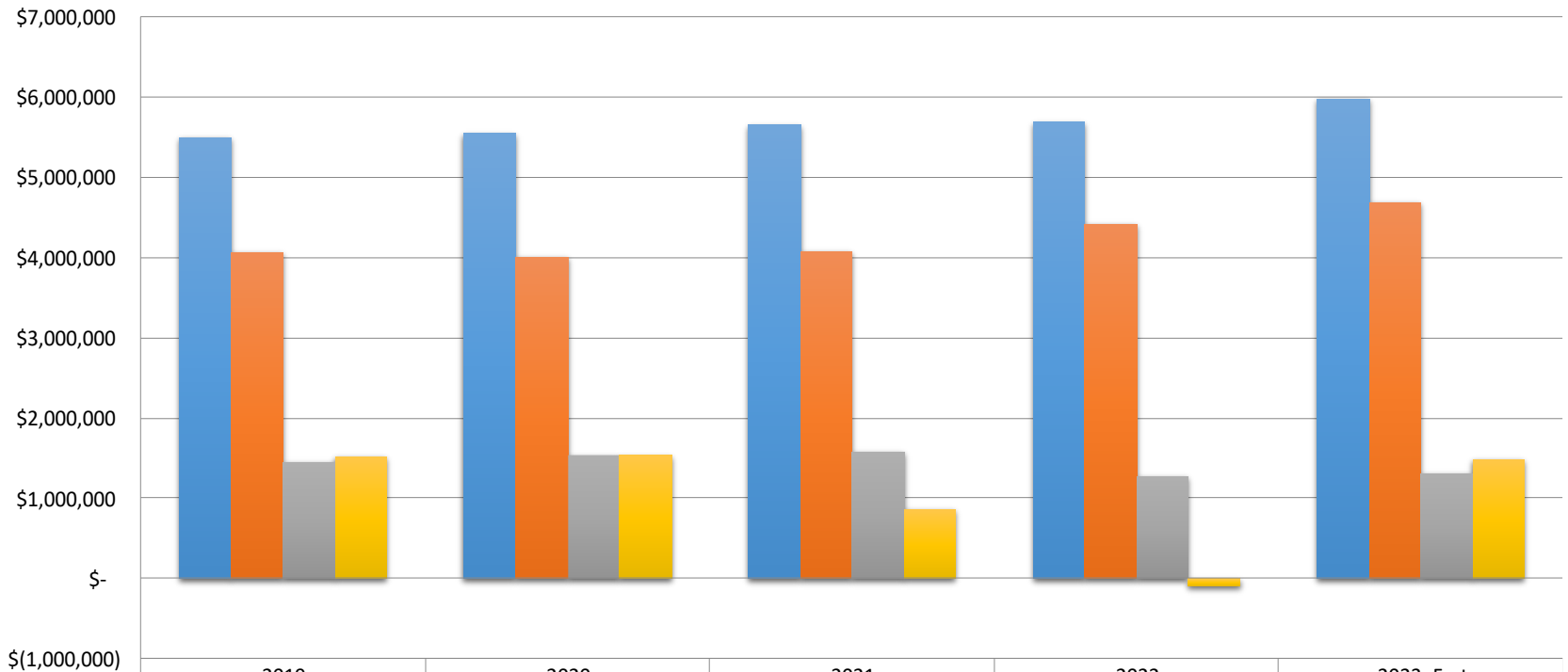
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Water, Sewer and Stormwater Funds

➤ Overview

- Operational costs within these funds continue to increase
- Capital improvement plans include the ongoing cost of maintaining infrastructure for these systems (for the treatment plants, water reservoirs, water towers, lifts stations, etc.)
- In addition, the fast-track street improvements being considered impacts these funds as they now include significant capital costs related to the replacement of the infrastructure under those streets
- Rate increases will be required in 2024 and beyond to maintain appropriate cash balances
- If franchise fees are not implemented, the fast-track street improvements will be spread over more years in the models which could reduce increases in 2025 and beyond

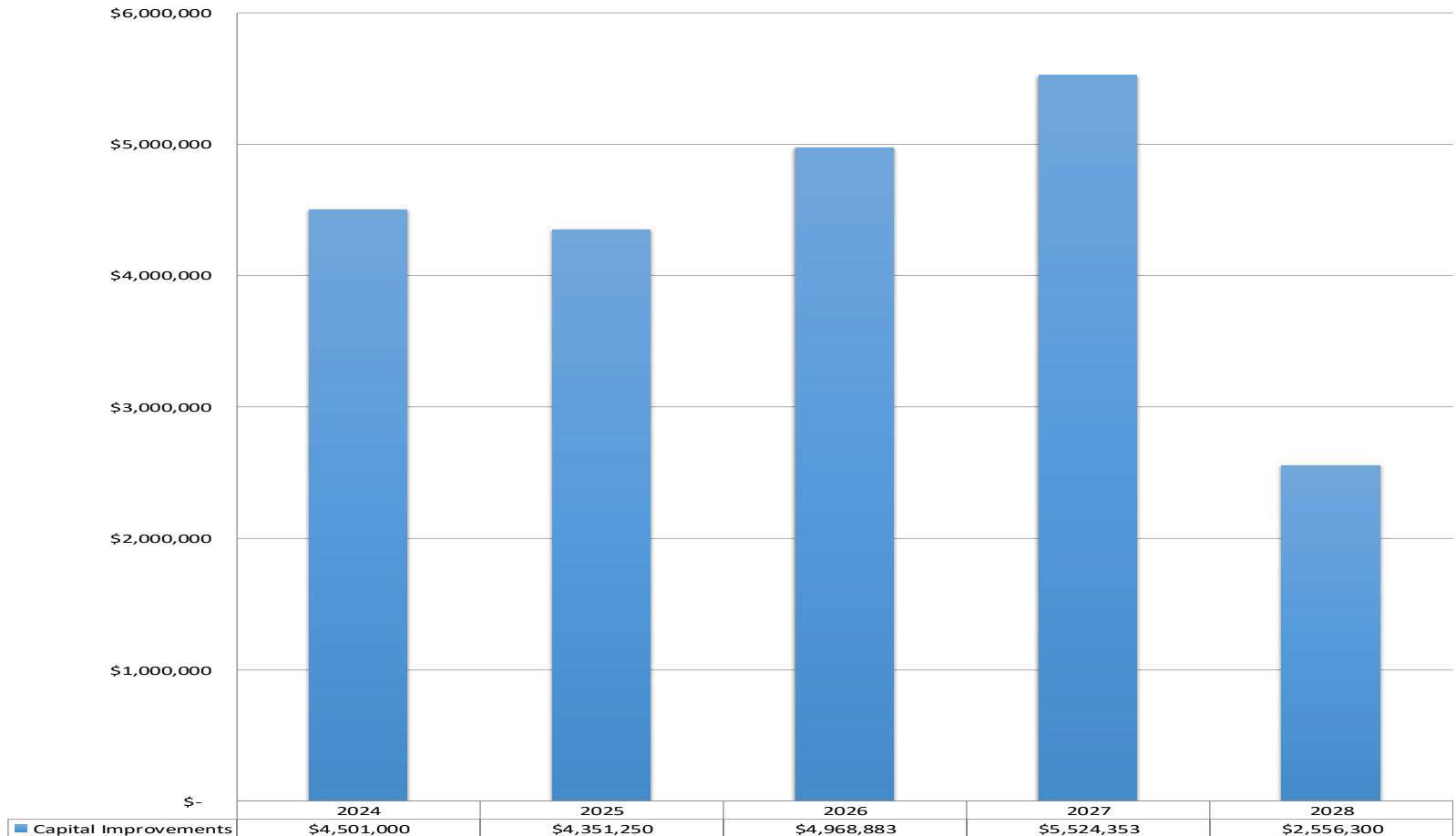
Water, Sewer and Stormwater Fund Operations



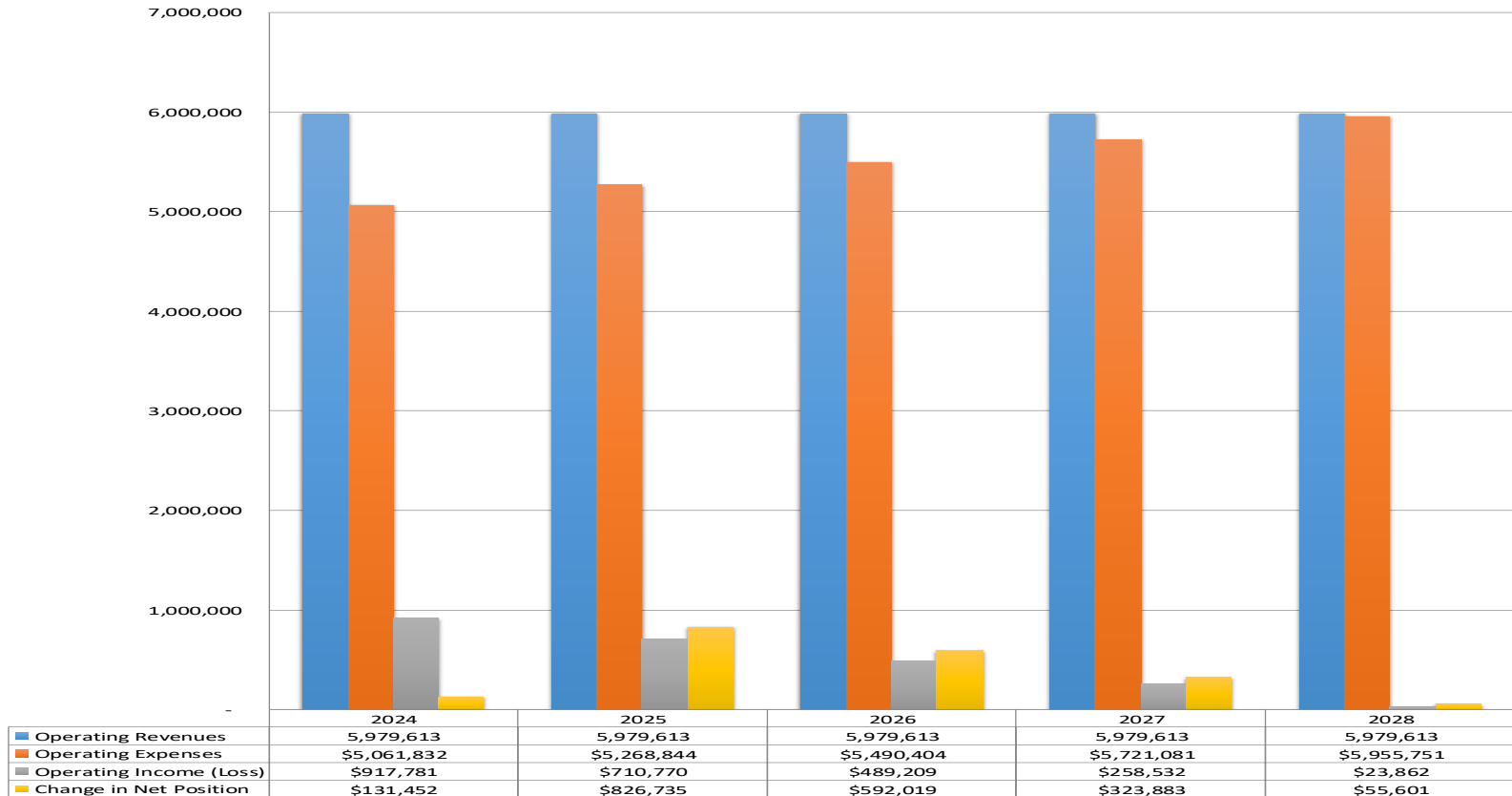
	2019	2020	2021	2022	2023 Fcst
Operating Revenues	\$5,492,077	\$5,545,497	\$5,652,770	\$5,681,630	\$5,979,613
Operating Expenses	\$4,053,210	\$4,012,368	\$4,081,236	\$4,419,097	\$4,681,163
Operating Income (Loss)	\$1,438,867	\$1,533,129	\$1,571,534	\$1,262,533	\$1,298,450
Change in Net Position	\$1,510,325	\$1,536,989	\$846,904	\$(86,125)	\$1,488,451

Note: 2022 decrease in net position due to investment losses.

Water, Sewer and Stormwater Fund Capital Improvements

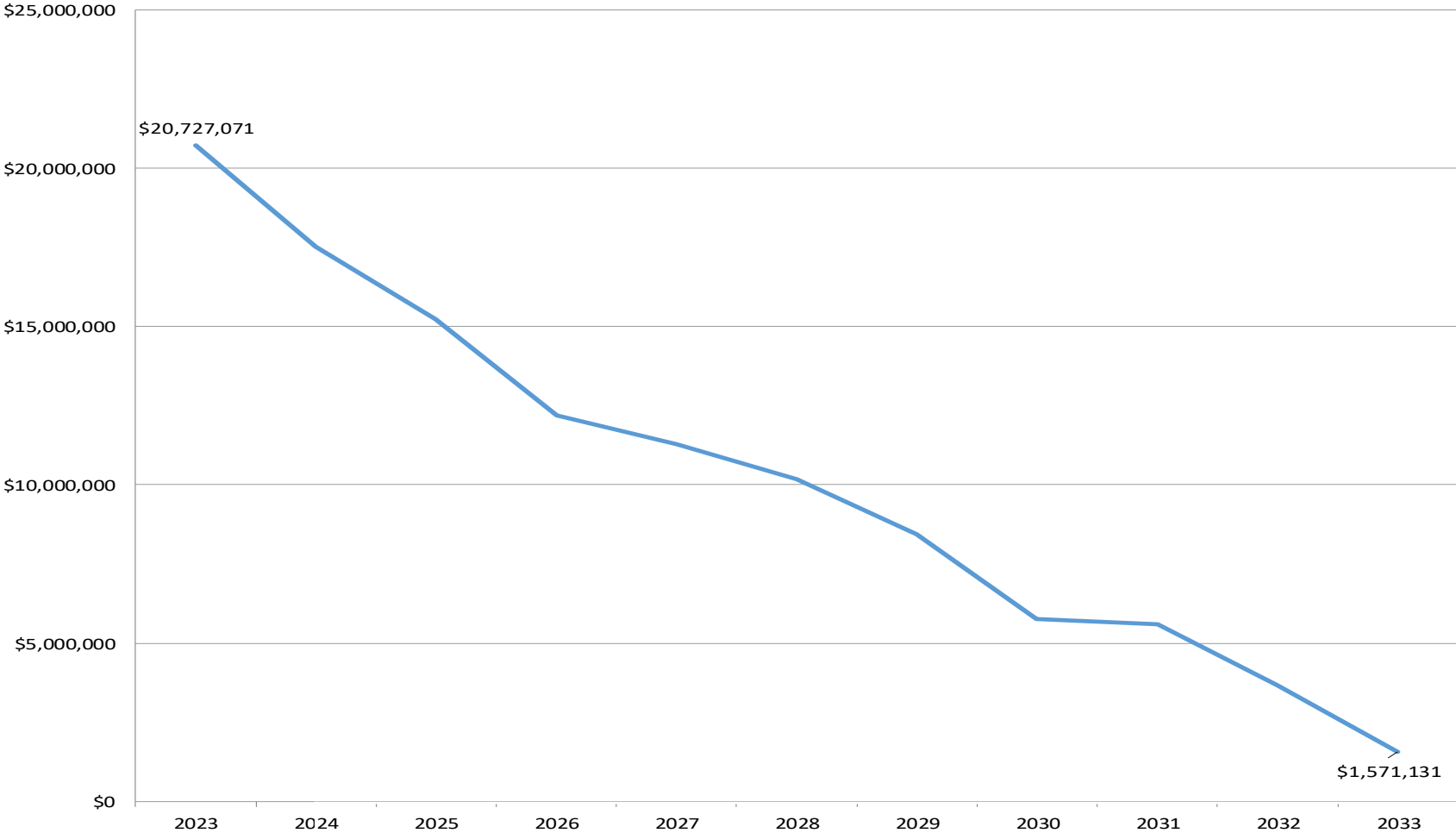


Water, Sewer and Stormwater Fund Operations (No Revenue Increase, 3%–5% Expense Increases)



Note: 2024 includes demolition of old sewer plant.

Water, Sewer, Stormwater Fund Cash Balances (No Revenue Increase, 3%–5% Expense Increases)



Water, Sewer and Stormwater Rate Increases

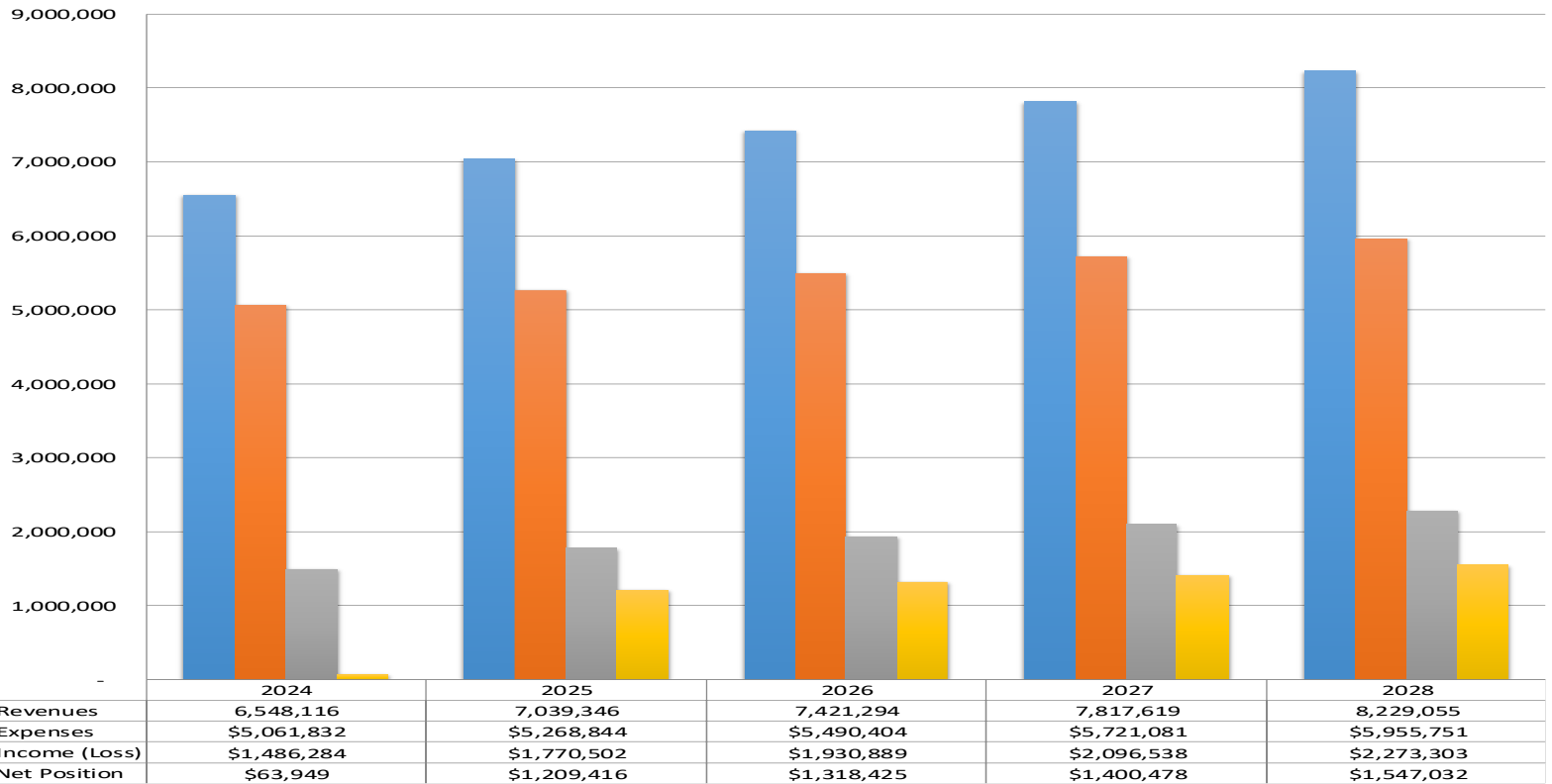
- Water Fund:
 - Flat & variable flow rates: 10% Increase in 2024, additional smaller increases needed in future years
 - \$2.7M debt issuance assumed in 2027

- Sewer Fund:
 - Flat & variable flow rates: 8% Increase in 2024, additional smaller increases needed in future years
 - No debt issuance included in the model

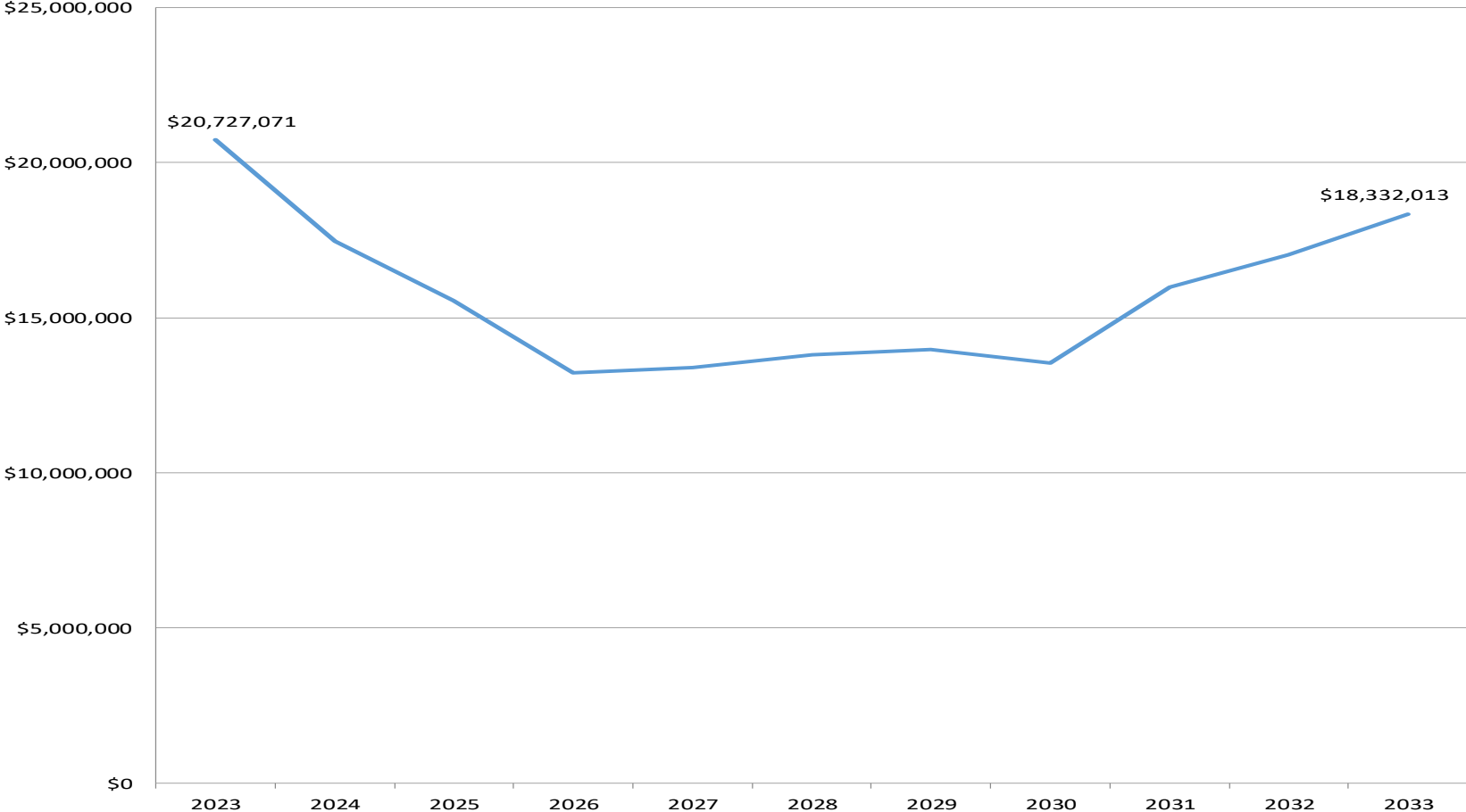
- Stormwater Fund:
 - Flat rate: Residential increase \$1.25 (14.3% from \$8.75 to \$10.00), additional smaller increases needed in future years
 - No debt issuance included in the model

Water, Sewer and Stormwater Fund Operations

(With Revenue Increases, 3%–5% Expense Increases)



Water, Sewer, Stormwater Fund Cash Balances (With Revenue Increases, 3%–5% Expense Increases)



Average Residential Utility Bill

(assumes 6,000 gallons of water usage)

	Current Monthly Rate	Proposed Monthly Rate	\$ Increase	Increase
Garbage (65 gal. can)	14.38	14.88	0.50	3.5%
Refuse Disposal (65 gal. can)	7.73	8.00	0.27	3.5%
Waste Management Tax (9.75%)	2.16	2.23	0.08	3.5%
Recycling	6.50	7.00	0.50	7.7%
Tree Management	1.50	1.50	-	0.0%
Sewer (5/8" meter)	36.67	39.60	2.93	8.0%
Water (5/8" meter)	39.52	43.47	3.95	10.0%
Storm Water	8.75	10.00	1.25	14.3%
Monthly Total	\$ 117.20	\$ 126.68	\$ 9.48	8.1%
Annual Total	\$ 1,406.45	\$ 1,520.17	\$ 113.73	8.1%

Utility Rate Change Schedule

- ▶ 02-20-24 Present utility summary along with franchise fee analysis to City Council work session
- ▶ 02-28-24 Present in-depth utility rate analysis and proposed rate changes to City Council Committee of the Whole
- ▶ 03-04-24 City Council approve rate changes
- ▶ Rate changes become effective for the utility bills printed at the end of April 2024