

2026 Proposed Fees

Budget calendar

Discuss proposed 2026 fees and utility rate study	September 9
Department budget presentations	September 9
Adopt proposed city and EDA property tax levy	September 16
Discuss proposed 2026 budget (if needed)	November 25
Adopt city and EDA property tax levy and budget	December 2

2026 Fees

- Leadership team reviews fees
- Some fees are set by statute, city policy or agreements
- Annual utility rate study informs rates
- Other discretionary fees increased by 3%
- Primary source of revenues in enterprise funds

Ames Center

Key assumptions:

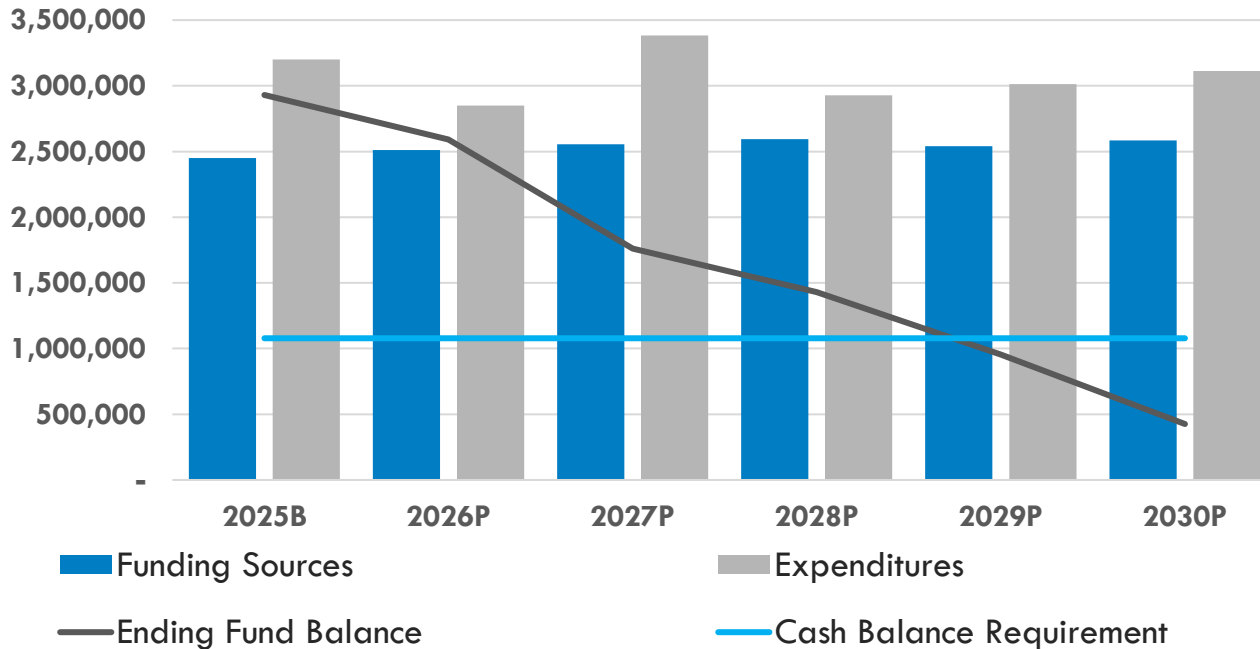
- Revenue projections are lower when compared to last year
- Revenues projected to increase by one percent over 2025
- Reduction in naming rights of \$100,000 starting in 2029
- 2026 Budget projecting an operating loss of \$240,870

Ames Center

Key assumptions:

- Expenditure projections are consistent with last year
- Expenditures projected to increase by seven percent in 2026
- Excludes \$3,018,640 of capital outlay supported by the Facilities Fund between 2026P and 2030P.

Ames Center



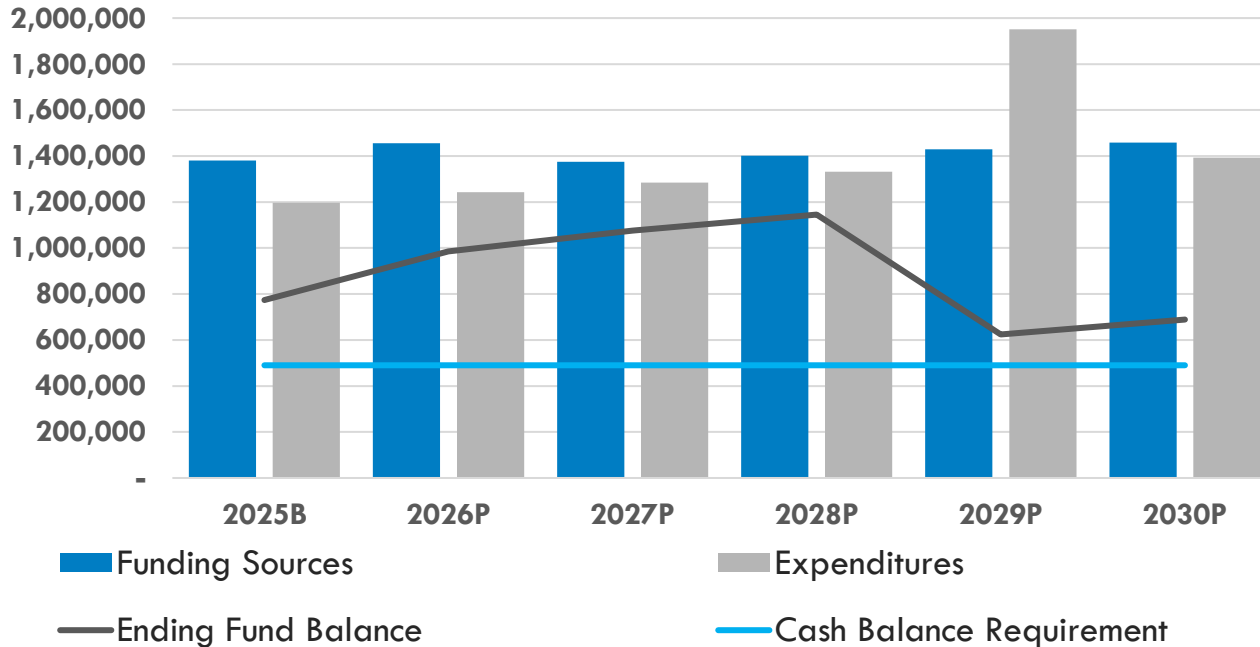


Ice Center

Key assumptions:

- 2026 revenues projected to be higher than 2025
- Cash reserves are within policy through 2030
- Excludes \$1,810,941 of capital outlay supported by the Facilities Fund between 2026P and 2030P

Ice Center



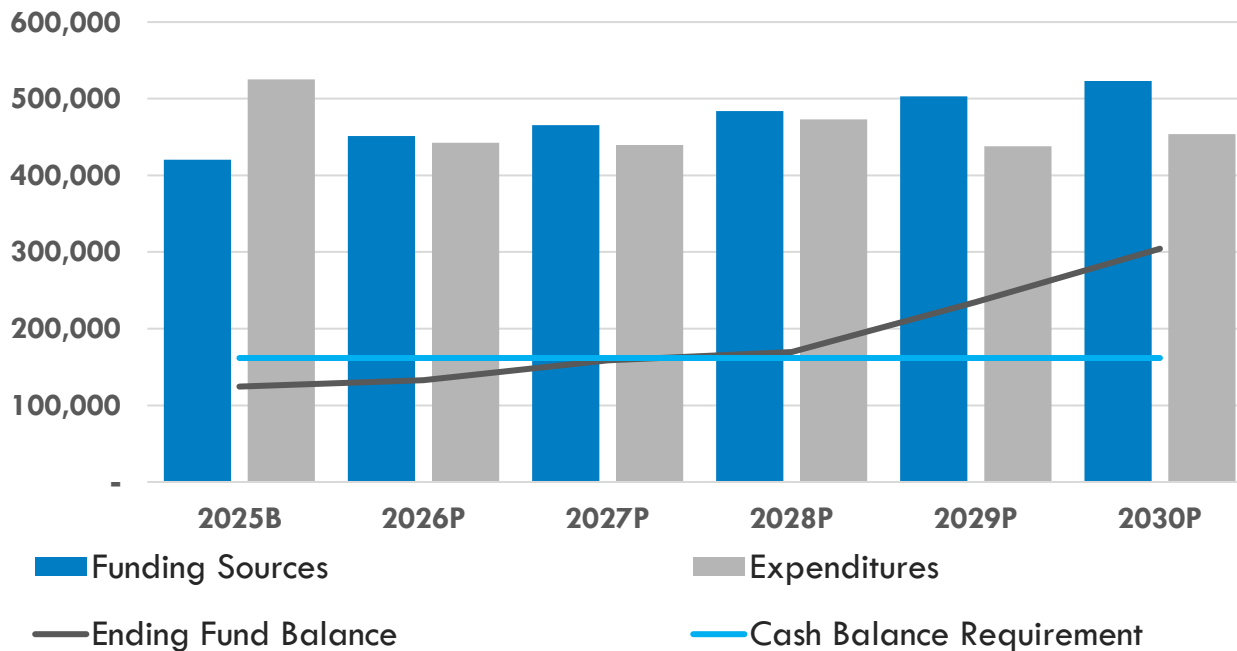


Golf Course

Key assumptions:

- 2026 revenues projected to be higher than 2025
- Cash reserves are within policy through 2030
- Excludes \$246,000 of capital outlay supported by the Facilities Fund between 2026P and 2030P

Golf Course



Street Lighting

Utility charges:

- Continuous Street Lighting: fees to properties that benefit from existing street lights
- Major Roadway Lighting: fees to all properties in the city to fund existing major roadway and intersection lights

Street Lighting

Key assumptions:

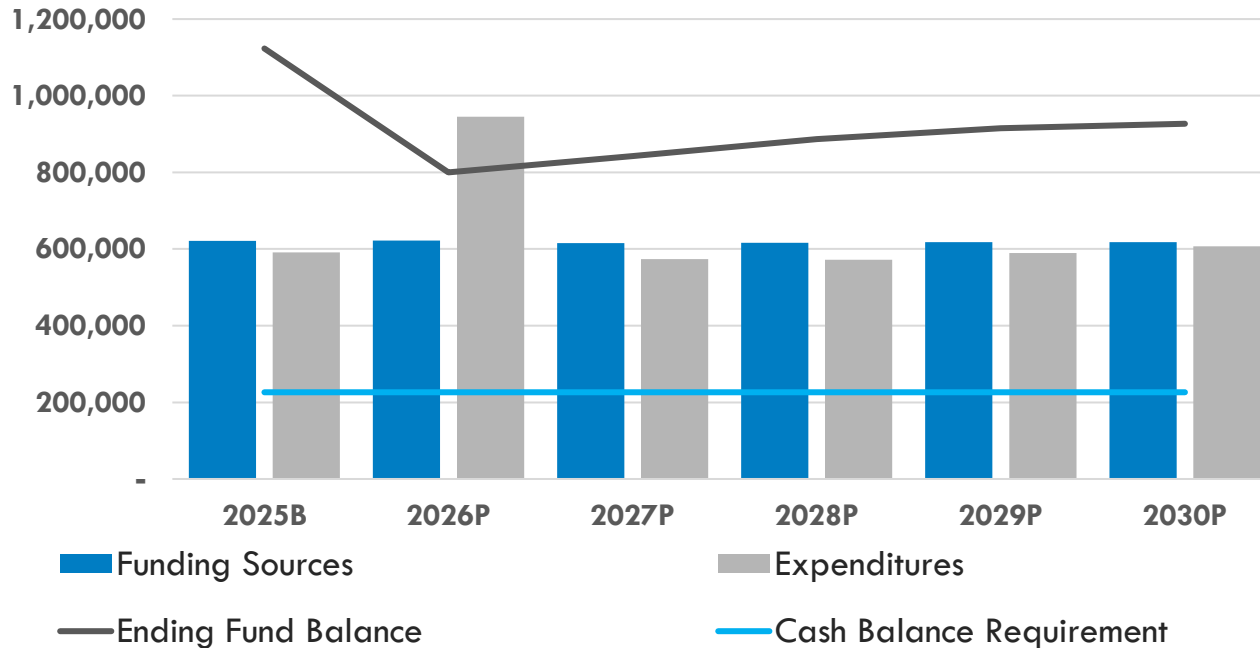
- Assumes no rate increases through 2030
- Includes \$975,000 in capital improvements through 2030
- 2026 proposed projects total \$510,000

Street Lighting

2026 Capital Improvements:

- Heart of the City (HOC) lighting and electrical upgrades of \$325,000
- 35W Southbound Exit Ramp to County Road 42 and Buck Hill Road Lighting of \$100,000

Street Lighting





City of Burnsville, Minnesota

Utility Rate Study Update

September 9, 2025

Overview

- Goal of the Study
- Water, Sanitary Sewer & Storm Water Utilities
 - ✓ Goals & Assumptions
 - ✓ General Findings
 - ✓ Capital Project Needs
 - ✓ Rate Modifications
 - ✓ Projections & Recommendations
- Ratepayer Impact Analysis
- Next Steps

Goals of the Study

Utility Funds

- To ensure funds remain self-sufficient
- To maintain appropriate fund & cash balances
- To balance the use of cash & debt for capital projects

Utility Rates

- To recommend utility rates and fees to support the funds

Assumptions & Other Factors

- Fund & cash balance requirements
 - ✓ Minimum Working Capital: Six Months of Operations (including some depreciation) + One-Year of Debt Service
- Funds all capital projects per the Capital Improvement Plan (CIP)

Assumption or Variable	Annual Amount
Flat & Monthly Rates	Varies by Fund
Other Revenue Growth	2.0% - 4.0%
Investment Earnings	2.0%
Expenses, Operations	2.0% - 5.0%
Expenses, Capital Projects	0%

Assumptions & Other Factors, continued...

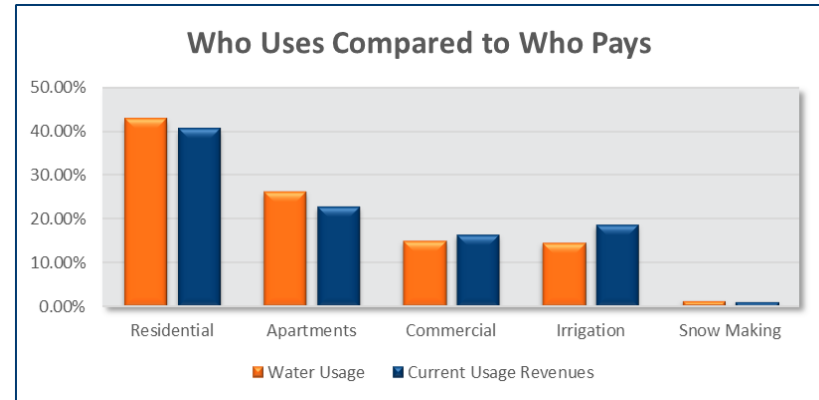
- Safe Drinking Water Fee increase from MN Dept of Health
 - ✓ Was \$9.72 per connection per year
 - ✓ Increasing to \$15.22 per connection per year in 2026
- Increasing costs from MCES for Sewer
 - ✓ Assumes 5% annual increases in fee
- \$8.5M State bonding requests for Water fund moved to 2031 - 2036

General Findings & Other Considerations

- Water & Sanitary Sewer Fund
 - ✓ Water and sewer usage down in 2024
 - ✓ Sanitary Sewer Utility
 - Rate structure analysis completed last year with no recommended changes
- Storm Water Utility Fund also performing well
- Other Findings & Considerations
 - ✓ Moderate impact to ratepayers for 2026
 - ✓ Debt limited to larger capital projects
 - ✓ Capital projects pressures tend to result in utility rates toward utility rate increases

Rate Structure Analysis

- Analysis of fixed and variable costs of the system
 - ✓ Compared to fixed meter charges and tiered consumption rates
 - ✓ Ensures fixed costs are covered, regardless of usage
- Reviewed current tiered water rate structure
 - ✓ Promotes conservation
 - ✓ Who uses vs. who pays



Capital Projects – Next 5 Years

Project	Water	Sewer	Storm
Capital Equipment	\$1,638,000	\$1,450,000	\$766,000
Street Projects	10,877,000	3,320,000	5,744,000
Water Production Projects	6,669,500		
Water Treatment Projects	4,523,000		
Transmission & Distribution	6,379,000		
Studies	670,000		300,000
Lift Station Rehabilitation Projects		2,300,000	
Sanitary Sewer Rehab Projects		5,405,000	
Storm Water Maintenance Projects			6,286,000
Storm Water Improvement Projects			2,969,000
Total	\$30,756,500	\$12,475,000	\$16,065,000

Capital Projects – Next 5 Years

Proposed Bonding by Fund				
Year	Water Fund	Sewer Fund	Storm Water Fund	Total
2026	7,800,000	1,000,000	-	8,800,000
2027	4,500,000	4,800,000	-	9,300,000
2028	4,600,000	1,300,000	-	5,900,000
2029	3,500,000	2,500,000	2,200,000	8,200,000
2030	4,300,000	1,300,000	-	5,600,000
TOTALS	\$ 24,700,000	\$ 10,900,000	\$ 2,200,000	\$ 37,800,000

Does not include any State bonding requests for the Water Fund

Water Utility – Proposed Rates

WATER FUND		
Current <u>Monthly</u> Rate Structure	Existing 2025 Rate	Proposed 2026 Rate

METER CHARGE

1	5/8 inch & 3/4 inch	\$ 10.31	\$ 11.03
2	1 Inch	25.78	27.58
3	1.5 Inch (R2 - Displacement)	51.55	55.15
4	1.5 Inch (Turbine, Class 2)	61.86	66.18
5	1.5 Inch (Compound, Class 2)	61.86	66.18
6	2.0 Inch (R2 - Displacement)	82.48	88.24
7	2.0 Inch (Compound, Class 2)	82.48	104.79
8	2.0 Inch (Turbine, Class 2)	97.95	88.24
9	3.0 Inch (Compound, Class 2)	180.43	193.03
10	3.0 Inch (Turbine, Class 2)	224.76	240.45
11	4.0 Inch (Compound, Class 2)	309.30	330.90
12	4.0 Inch (Turbine, Class 2)	386.63	413.63
13	6.0 Inch (Compound, Class 2)	695.93	882.40
14	6.0 Inch (Turbine, Class 2)	824.80	744.53
15	8.0 inch - Buck Hill	1,443.40	1,544.20

WATER FUND		
Current <u>Monthly</u> Rate Structure	Existing 2025 Rate	Proposed 2026 Rate

CONSUMPTION CHARGE:		Current Tiers (1,000 gal.)			
1	Residential / Apartments	0	to 5	\$ 2.58	\$ 2.76
2		6	to 15	3.21	3.43
3			Over 15	4.03	4.31
4	Commercial	0	to 15	\$ 2.58	\$ 2.76
5		16	to 105	3.21	3.43
6			Over 105	4.03	4.31
7	Irrigation / Pools	0	to 999	\$ 4.03	\$ 4.31
8	Snow Making	0	to 999	\$ 2.87	\$ 3.07

Take Aways

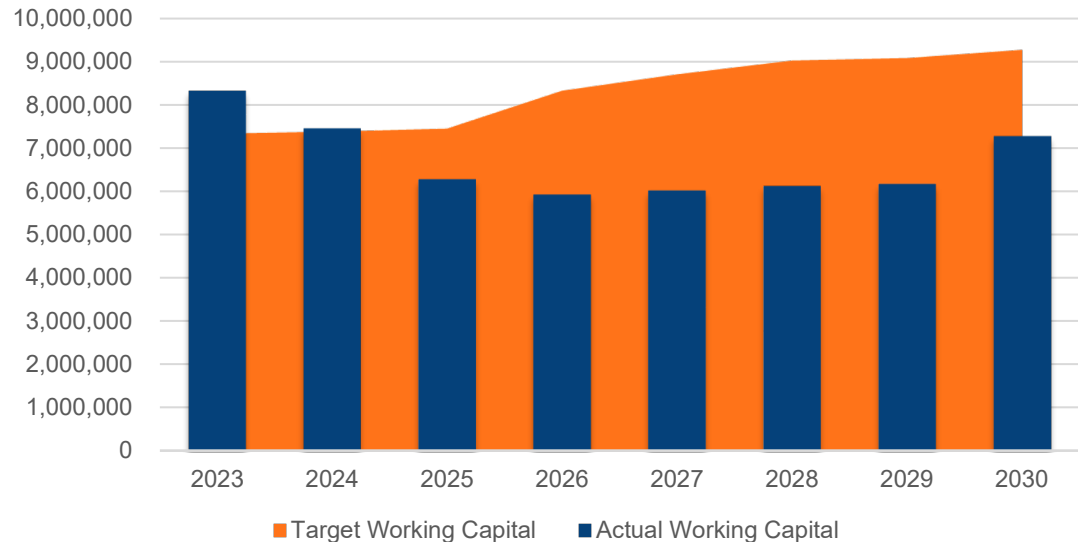
- Capital costs driving 7.0%/yr rate increases thru 2030
- Maintaining cash reserves for future capital & debt needs
- Some impact on the average ratepayer

Water Utility - Projections

Take Aways

- Cash balances continue to remain stable & close to targeted working capital
- Supports **\$30.7** million in capital projects between 2026 & 2030
 - ✓ Includes **\$24.7** million bonding

Water Fund Capital Cash Reserves



Target Working Capital = 6 months of operating expenses, including some depreciation + next year's debt service

Sanitary Sewer Utility – Proposed Rates

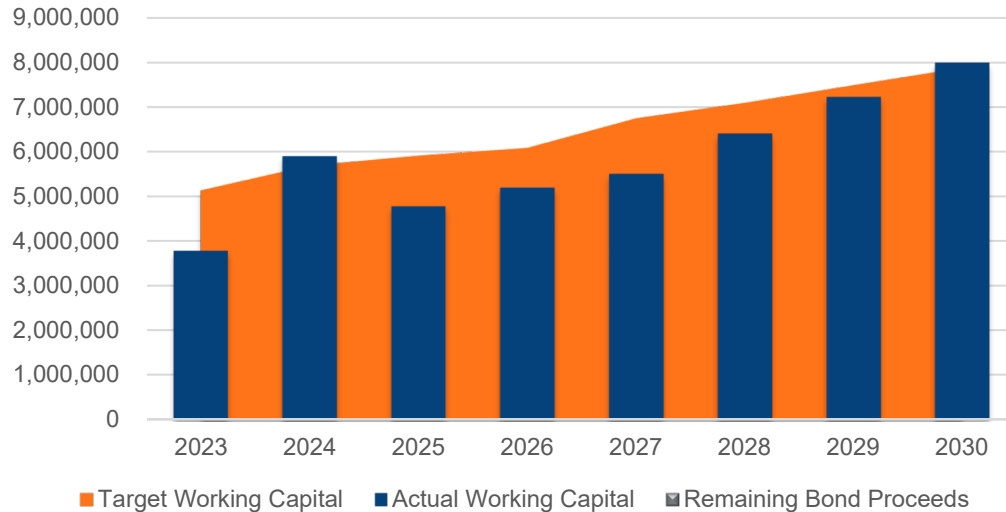
SEWER FUND		
Current <u>Monthly</u> Rate Structure	Existing 2025 Rate	Proposed 2026 Rate
BASE CHARGE		
1 All Users	\$ 7.72	\$ 8.45
2 Sewer Only	32.77	35.88
CONSUMPTION CHARGES		
3 All Users	\$ 5.00	\$ 5.48

Take Aways

- 2nd year of 9.5% rate increase
 - ✓ 2027 also 9.5% rate increase
 - ✓ 4.0%/yr thereafter
 - ✓ Designed to build cash reserves over time
 - ✓ Helps the City to pursue additional capital projects

Sanitary Sewer Utility – Projections

Sewer Fund Capital Cash Reserves



Target Working Capital = 6 months of operating expenses, including depreciation + next year's debt service

Take Aways

- Cash balance remains below the target working capital until 2030
- Supports about **\$12.5** million in capital projects between 2026 & 2030
 - ✓ Includes **\$10.9** million bonding

Storm Water Fund – Proposed Rates

Take Aways

- 2.50% rate increase for 2026
 - ✓ Consistent with last study update
 - ✓ 4.25% 2027 and beyond
 - ✓ Minimal impact on ratepayers

STORM WATER FUND

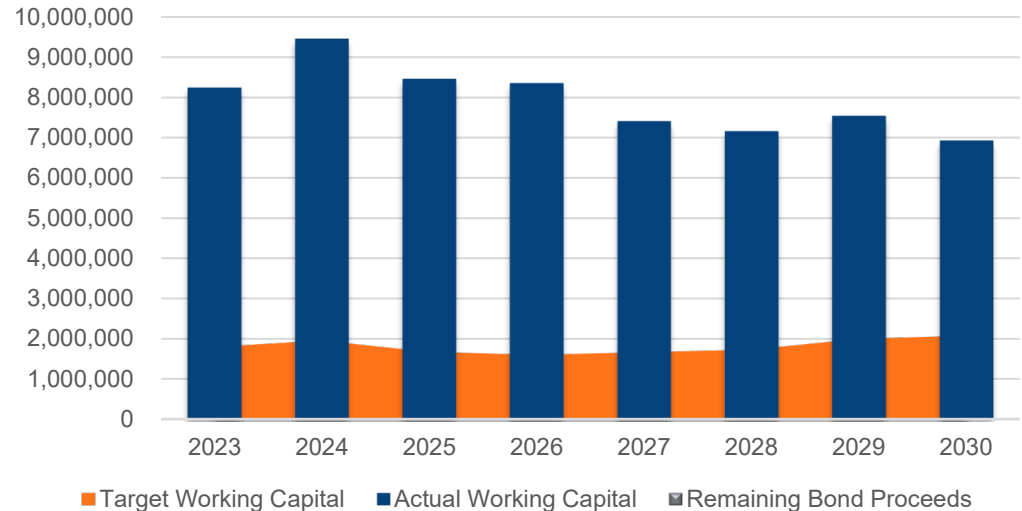
Current <u>Monthly</u> Rate Structure		Existing 2025 Rate	Proposed 2026 Rate
1	All Users - Per R.E.U.	\$ 7.98	\$ 8.18

Storm Water Fund – Projections

Take Aways

- Cash balances generally decrease but remain well above the target for working capital
- ✓ Supports **\$16.1** million in capital projects between 2026 & 2030
- ✓ **\$2.2M** of bonding recommended in 2029

Storm Sewer Fund Cash Reserves



Target Working Capital = 6 months of operating expenses, including depreciation + next year's debt service

Impact Analysis – Monthly Bills

Take Aways

- Moderate impact on median users
- Residential: **\$4.29/month** –or- **\$51.48/year**
 - ✓ Assumes 4,000 gallons/month
- Commercial: **\$21.16/month** -or- **\$253.92/year**
 - ✓ Assumes 10,000 gallons/month

Impact Analysis on Rate Payers

	Existing 2025	Proposed 2026
<u>Residential Property</u>		
Water (4,000 gallons/month)	\$ 20.63	\$ 22.07
Sewer (4,000 gallons/month)	27.72	30.37
Storm Water	7.98	8.18
Total Monthly Utility Bill	\$ 56.33	\$ 60.62
\$ Increase/(Decrease)		\$ 4.29
% Increase/(Decrease)		7.6%
<u>Commercial Property</u>		
Water (10,000 gallons/month)	\$ 36.11	\$ 38.63
Sewer (10,000 gallons/month)	50.42	63.25
Storm Water (29.06 REU's)	231.90	237.71
Total Monthly Utility Bill	\$ 318.43	\$ 339.59
\$ Increase/(Decrease)		\$ 21.16
% Increase/(Decrease)		6.6%

Summary & Conclusions



- Utility rate increases needed to....
 - ✓ Maintain & increases cash balances
 - ✓ Support community needs & the various capital programs
 - ✓ Pay for existing & recommended debt service
- Additional needs may require more debt and/or greater increases in utility rates

Next Steps

- Review the activity & status of the utility funds annually
- Separate the Water & Sanitary Sewer Fund into two funds



Thank you! Questions?

Important Disclosures

Ehlers is the joint marketing name of the following affiliated businesses (collectively, the “Affiliates”): Ehlers & Associates, Inc. (“EA”), a municipal advisor registered with the Municipal Securities Rulemaking Board (“MSRB”) and the Securities and Exchange Commission (“SEC”); Ehlers Investment Partners, LLC (“EIP”), an SEC registered investment adviser; and Bond Trust Services Corporation (“BTS”), a holder of a limited banking charter issued by the State of Minnesota.

Where an activity requires registration as a municipal advisor pursuant to Section 15B of the Exchange Act of 1934 (Financial Management Planning and Debt Issuance & Management), such activity is or will be performed by EA; where an activity requires registration as an investment adviser pursuant to the Investment Advisers Act of 1940 (Investments and Treasury Management), such activity is or will be performed by EIP; and where an activity requires licensing as a bank pursuant to applicable state law (paying agent services shown under Debt Issuance & Management), such activity is or will be performed by BTS. Activities not requiring registration may be performed by any Affiliate.

This communication does not constitute an offer or solicitation for the purchase or sale of any investment (including without limitation, any municipal financial product, municipal security, or other security) or agreement with respect to any investment strategy or program. This communication is offered without charge to clients, friends, and prospective clients of the Affiliates as a source of general information about the services Ehlers provides. This communication is neither advice nor a recommendation by any Affiliate to any person with respect to any municipal financial product, municipal security, or other security, as such terms are defined pursuant to Section 15B of the Exchange Act of 1934 and rules of the MSRB. This communication does not constitute investment advice by any Affiliate that purports to meet the objectives or needs of any person pursuant to the Investment Advisers Act of 1940 or applicable state law.

Monthly utility bill comparisons

4,000 gallons per month	2025	2026
Sidewalk Snow Plowing	\$2.21	\$2.28
Street Lighting	\$3.31	\$3.31
Water	\$20.63	\$22.08
Sewer	\$27.74	\$30.37
Storm Water	\$7.98	\$8.18
State Surcharge	\$0.81	\$1.27
Total	\$62.68	\$67.49

Monthly utility bill comparisons

6,000 gallons per month	2025	2026
Sidewalk Snow Plowing	\$2.21	\$2.28
Street Lighting	\$3.31	\$3.31
Water	\$26.44	\$28.29
Sewer	\$37.74	\$41.33
Storm Water	\$7.98	\$8.18
State Surcharge	\$0.81	\$1.27
Total	\$78.49	\$84.66