

City of Breezy Point, Minnesota

WASTEWATER RATE STUDY PROPOSAL

Deadline for Request: February 20, 2026



DDA

**David Drown Associates, Inc.
Public Finance Advisors**

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Section 1 Consultant Qualifications/Profile

David Drown Associates (“DDA”) was created in 1997 by owner and President David P. Drown. DDA was formed to fill a need in the financial consulting industry by providing a higher level of personal service to municipal clients with an emphasis on preserving long-term financial strength. Some consulting firms measure success by the number of transactions they have completed, DDA measures success by the strength of its client’s trust. DDA currently serves approximately 400 local jurisdictions across the state and is the financial advisor for many of Minnesota Rural Water Association’s financing programs. David Drown Associates, Inc. is a registered, independent financial advisory firm that serves Minnesota communities.

DDA competently provides the following financial services to local governments in Minnesota: debt structuring, municipal bond sales and issuance, continuing disclosure, utility rate studies, developer negotiation, TIF district creation and administration, tax abatement, capital financial planning and computer modeling, business subsidy processing and more. The associates at DDA have issued hundreds of millions of dollars’ worth of municipal bonds, have authored hundreds of TIF and tax abatement plans, and offer a unique approach to capital financial planning and the analysis of utility rate structures.

As a municipal advisor, it is our duty to advise on revenue sources and the impacts to property taxes and utility rates that projects have when implemented. This includes in depth analysis of all costs including the cost of operations associated with new facilities, increases in operating costs and projected debt payments. This is considered in the context of opportunities that may exist to schedule projects at advantageous times. Additionally, we have significant knowledge of and experience with funding programs used by Minnesota cities. This type of analysis is provided at various levels based on the size and scope of the project proposed.

David Drown Associates, Inc. maintains offices in Minneapolis, Cologne, Parkers Prairie, and Spring Valley. Because of this, DDA staff is uniquely positioned to serve our clients throughout Minnesota. We deliver service to our clients where it is most convenient to them – in their communities.

Section 2 Key Personnel

Staff assigned to conduct the wastewater rate study for the City of Breezy Point will be Mr. Shannon Sweeney. Shannon has been with David Drown Associates, Inc. as a municipal advisor for more than 25 years. During that time he has had the opportunity to assist local units of government with project financing for housing subdivisions, senior housing, hospitals, nursing homes, public works facilities, fire stations, broadband networks, airport improvements, and many street and utility construction and reconstruction projects including a variety of water and wastewater treatment projects.

Shannon has coordinated both public and private components of project financing for a number of Minnesota Public Facilities Authority and USDA – Rural Development funded projects. More recently Shannon has also assisted client communities with securing and administering projects that have received Special Appropriations (SPAP) funding through the State of Minnesota’s bonding bill.

Shannon has undertaken a number of utility rate studies including most recently an update of a water rate analysis for a water treatment plant project proposed by the City of Minnetrista. Similar studies have also been completed for large water/sewer projects in the City of Aurora/Town of White), and the Cities of Le Sueur, Annandale and Shorewood. Each of these studies was customized to meet the needs of the client.

Section 3 Project Approach/Work Plan for Water Rate Study

1. **Gather and review background information** – Information that we will gather for review in our initial phase of the study will include the following:
 - a) The 5 most recent financial audits of the City (we presently have audits through 2022)
 - b) Year-end (2025) revenue and expense reports for the wastewater utility
 - c) 2025 budget for the wastewater enterprise
 - d) Wastewater rate schedules for 2022-2026 including access charges
 - e) Capital Improvement Plan for the wastewater enterprise with estimated project construction costs and impact to annual operating costs (CIP provided capital cost but will need to discuss impact to operating costs)
 - f) Annual flow data (2022-2025) for the wastewater system
 - g) Number of total connections to the wastewater system for 2022-2025
2. **Analyze existing rate structure** – The information collected will be used to create a financial model for the wastewater enterprise. The model will provide for the analysis of the impacts of capital projects and associated increases to operating costs to the existing rate structure.

The funding approach for past and current projects will be evaluated and specific recommendations will be made if beneficial changes are identified. Cash balance targets for the wastewater fund will be discussed with staff.

To address affordability of projects and the proposed rate structure, we will compare the rate impacts to a peer group of cities from the region. Our approach to addressing affordability is to determine where the city falls within its peer group for cost of service.

3. **Funding Recommendations** - Funding sources for the various capital improvements will be recommended as part of the study. Recommendations for timing and implementation of a project (as determined to be appropriate) will also be provided. Our experience in working with State and Federal Agencies enables us to quickly evaluate funding alternatives and provide specific information pertaining to the projected annual debt service cost and impact to rates.
4. **Wastewater Rate Recommendations** - We will examine the current rate structure and impacts associated with projected increases that may be required due to planned capital expenditures and increases to operating costs. We will have discussions with staff regarding any actual or perceived deficiencies and make recommendations for modifications.
5. **Reserve Amounts** – Appropriate levels of cash reserves will be discussed. The financial model will be able to incorporate a long-term replacement plan that takes timing and affordability into consideration, but cost estimates will be needed from staff for the study period.

Section 4 Cost

Our fixed fee for providing the services outlined in this proposal shall be \$4,500. Participation in two council work sessions or meetings is anticipated. Financial models will be created using Microsoft Excel and will be provided to the City along with our report. Once the financial model is created, updates in subsequent years can be provided at a cost not-to-exceed \$500.00 each year as long as the work is authorized each year.

Section 6 Additional Information

David Drown Associates, Inc. is not aware of any conflicts of interest associated with this engagement. As a registered municipal advisor we will need to have a signed engagement letter on file once authorized to proceed as we will be providing financial advice. The engagement letter is not a contract, and its sole purpose is to inform the City of our fiduciary responsibility.