

New Prague, Minnesota

A Tradition of Progress



NEW PRAGUE UTILITIES COMMISSION 2024 PROPOSED WATER BUDGET REPORT

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MANAGEMENT STATEMENT

The overall management goal for the New Prague Utilities Water Department is our commitment to the Community in providing a safe and reliable water supply to the City of New Prague. During the past couple of years, we had to change the focus of our budget to include major CIP reconstruction projects that affect the water distribution system. That focus is forecasted to continue through 2025 with large CIP projects in the NE sector of town with total bonding estimated at nearly \$1.8 million in the next two years.

FORECAST

The 2024 water department budget is projected to forecast the financial operation of the New Prague Utilities Commission. The New Prague Utilities Commission has been able to keep rates relatively flat with an average increase of only 1.9% per year over the past 5 years. The 2024 budget reflects a change in the rate structure to include a summer seasonal rate increase to usage. This seasonal rate (June 1 through September 30) is necessary to cover the added cost of capital projects, meet budget reserve goals and the requirements set forth by the water resource departments in the state of Minnesota.

REVENUE

The 2024 Revenue budget reflects a 5% annual overall rate increase, depending on usage. Commercial and residential customers will see an estimated annual increase between 3.9% - 5.2%. Water usage during the summer months of June through September will be billed at higher rates to recover needed revenue and to meet the water conservation pricing requirement set forth by the state.

EXPENSES

Personnel Costs:

- Wages Full-Time and Part-Time – Reflects a 4% COLA wage adjustment and step increases.
- Health Insurance – There will be a 6.25% increase in health insurance premiums for 2024. Note: 2024 is year 2 of a two -year rate guarantee, 2023 was an 11.08% decrease. Employer cost share remains at 80% and HSA contributions will remain at \$1,000 (family) and \$500 (single).
- Dental Insurance – There is an 8.07% increase in dental insurance premiums for 2024. This increase is due to dental trend increases and inflation.
- Life, Long-Term Disability and Short-Term Disability – 0% change in 2024 as part of the 36-month rate guarantee established in 2023.

Operating Expenses:

- Projected decrease by 20% in water hook-up fees due to fewer homes being built in 2024.
- Debt service interest increased slightly by 1.12% due to the cost of CIP projects.
- Purification decreased by 25.6% primarily due to lower cost of chemicals.
- Distribution decreased slightly by 2.08% due to the cost of planned projects.

2024 KEY WATER BUDGET AND OPERATIONAL CHALLENGES

- Replace 3700' of water main and 59 service lines in the Lexington and Lyndale Ave CIP.
- Continue conversion to a new GIS mapping system.
- Continue CIP Planning for several reconstruction projects that are planned in the NW sector of town through 2025.

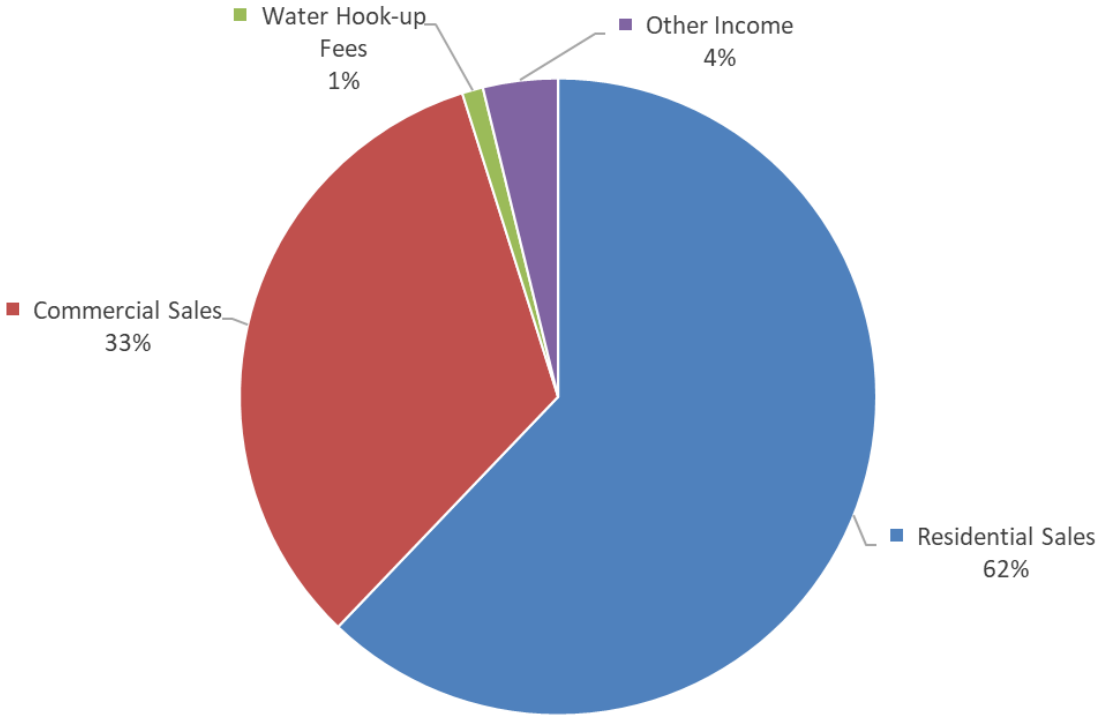
2023 KEY ACCOMPLISHMENTS

- Replaced 1600' feet of water main and services lines on 10th Ave NE
- Replaced 3700' of water main and 43 service lines on the Sunset and Sunrise CIP project.
- Replaced well #2 failed pump and piping.
- Replaced well #4 failed pump and piping.
- Installed fiber communication to the West Water Tower
- Finished consolidating and moving the water department maintenance operations to the new building addition at 200 7th Ave NW.
- Long and short-term planning for several reconstruction projects that are planned in the NE sector of town over the next three years.
- Conversion to new GIS mapping system.
- Implemented new software programs for customer billing, accounting, payroll, purchasing & inventory management.

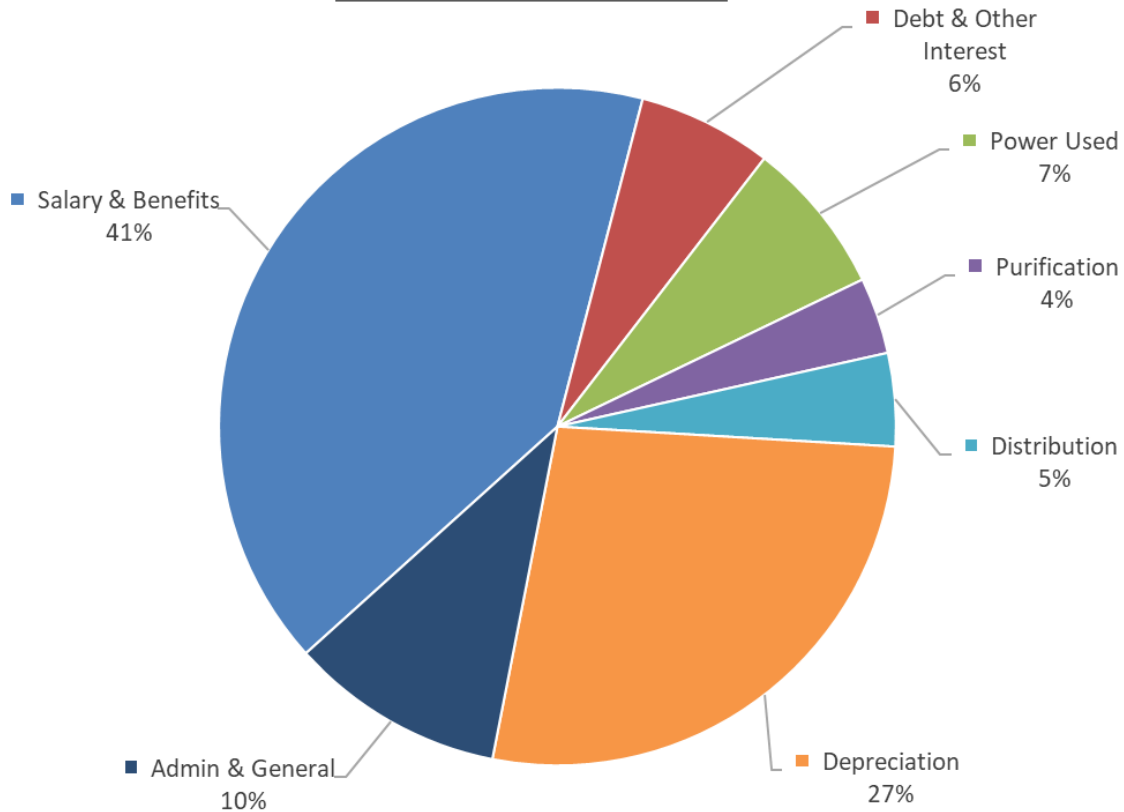
NEW PRAGUE UTILITIES COMMISSION
PROPOSED WATER BUDGET
As of 8/31/2023

	2022	2023	2023	2024	2023-2024	
	ACTUAL	Y-T-D ACTUAL	CURRENT BUDGET	PROPOSED BUDGET	\$ DIFFERENCE	% DIFFERENCE
REVENUES						
Unbilled Accounts Receivable	\$ 21,050.94	\$ 46,214.14	\$ -	\$ -	\$ -	0.00%
Residential	\$ 1,124,777.83	\$ 837,911.66	\$ 1,136,392.00	\$ 1,167,088.00	\$ 30,696.00	2.70%
Commercial	\$ 536,901.19	\$ 404,060.81	\$ 534,347.00	\$ 619,473.00	\$ 85,126.00	15.93%
Water Hook-up Fees	\$ 33,005.20	\$ 33,763.96	\$ 25,000.00	\$ 20,000.00	\$ (5,000.00)	-20.00%
Other Income	\$ 76,300.90	\$ 38,305.29	\$ 81,865.00	\$ 71,400.00	\$ (10,465.00)	-12.78%
TOTAL REVENUES	\$ 1,792,036.06	\$ 1,360,255.86	\$ 1,777,604.00	\$ 1,877,961.00	\$ 100,357.00	5.65%
EXPENSES						
Power Used	\$ 118,056.42	\$ 92,349.00	\$ 117,000.00	\$ 117,500.00	\$ 500.00	0.43%
Purification	\$ 48,898.77	\$ 39,821.12	\$ 78,000.00	\$ 58,000.00	\$ (20,000.00)	-25.64%
Distribution	\$ 69,466.36	\$ 45,871.66	\$ 72,000.00	\$ 70,500.00	\$ (1,500.00)	-2.08%
Depreciation	\$ 430,721.57	\$ 252,986.12	\$ 426,677.00	\$ 431,460.00	\$ 4,783.00	1.12%
Debt & Other Interest	\$ 103,132.44	\$ 100,910.57	\$ 101,948.00	\$ 101,948.00	\$ -	0.00%
Salary & Benefits	\$ 627,039.41	\$ 368,517.57	\$ 591,764.00	\$ 647,468.00	\$ 55,704.00	9.41%
Loss on Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Admin & General	\$ 115,509.42	\$ 100,376.54	\$ 157,410.00	\$ 163,028.00	\$ 5,618.00	3.57%
TOTAL EXPENSES	\$ 1,512,824.39	\$ 1,000,832.58	\$ 1,544,799.00	\$ 1,589,904	\$ 45,105.00	2.92%
EXCESS REVENUES OVER EXPENSES	\$ 279,211.67	\$ 359,423.28	\$ 232,805.00	\$ 288,057.00	\$ (55,252.00)	23.73%

2024 Water Revenue Budget



2024 Water Expense Budget



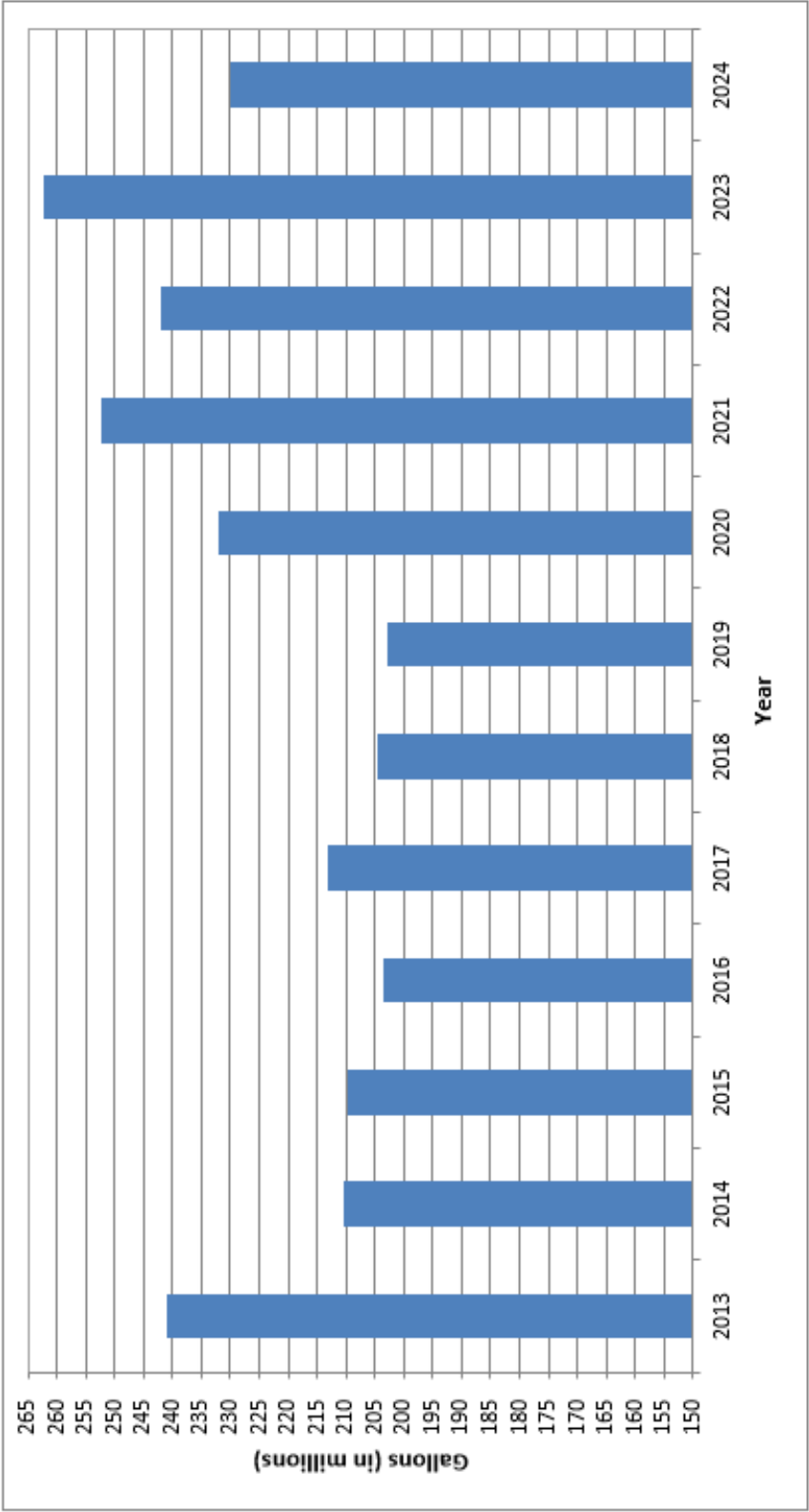
2024 Projected Water Sales

Water Sales are projected to be at 230,000,000 gallons sold for 2024. Weather has a large effect on gallons sold.

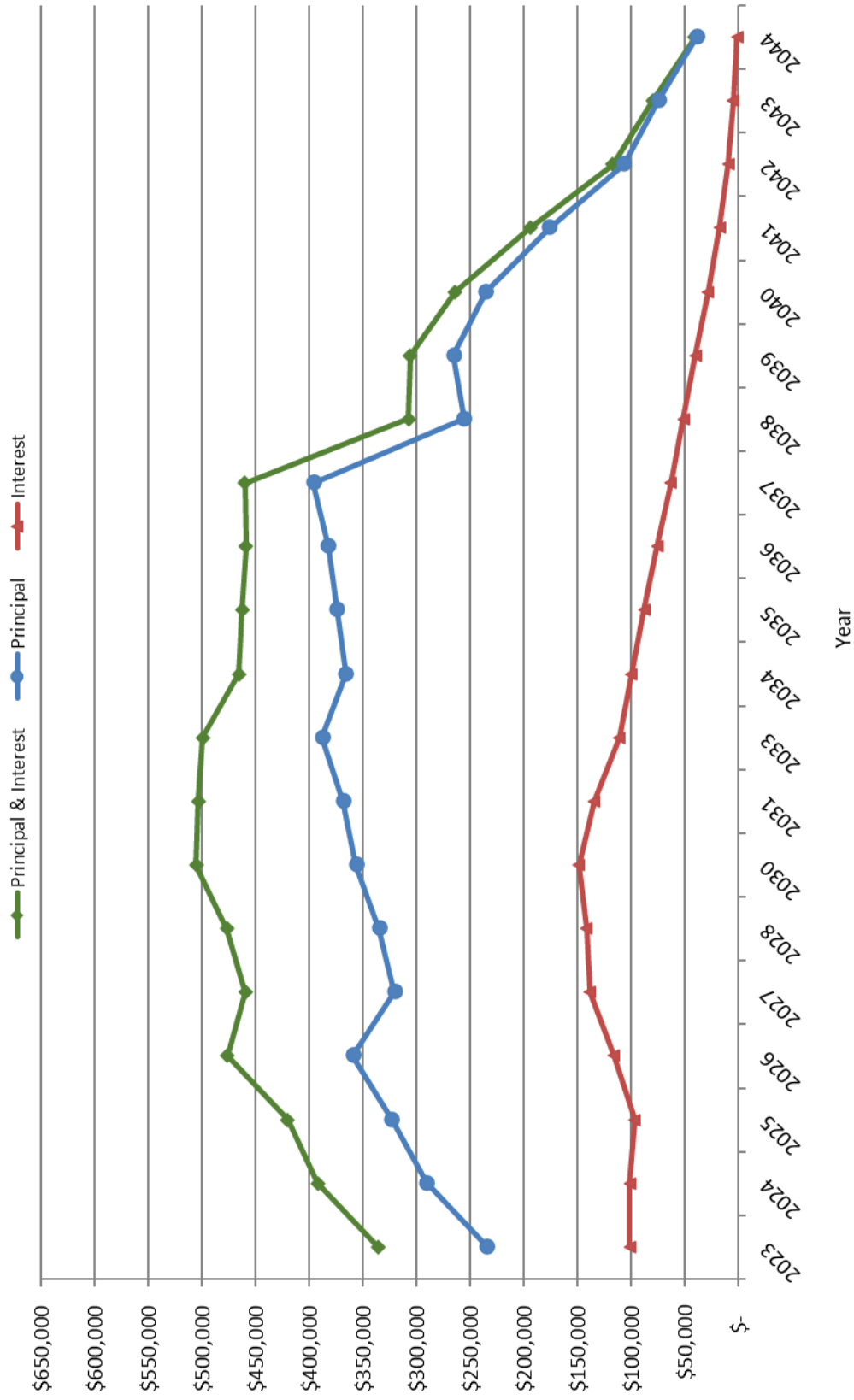
History of Water Sales:

2013	241,000,000	2019	203,000,000
2014	210,547,000	2020	231,931,000
2015	209,645,000	2021	252,326,000
2016	203,679,000	2022	241,960,000
2017	213,000,000	* 2023	262,281,000
2018	204,592,000	** 2024	230,000,000

* Anticipated ** Budgeted



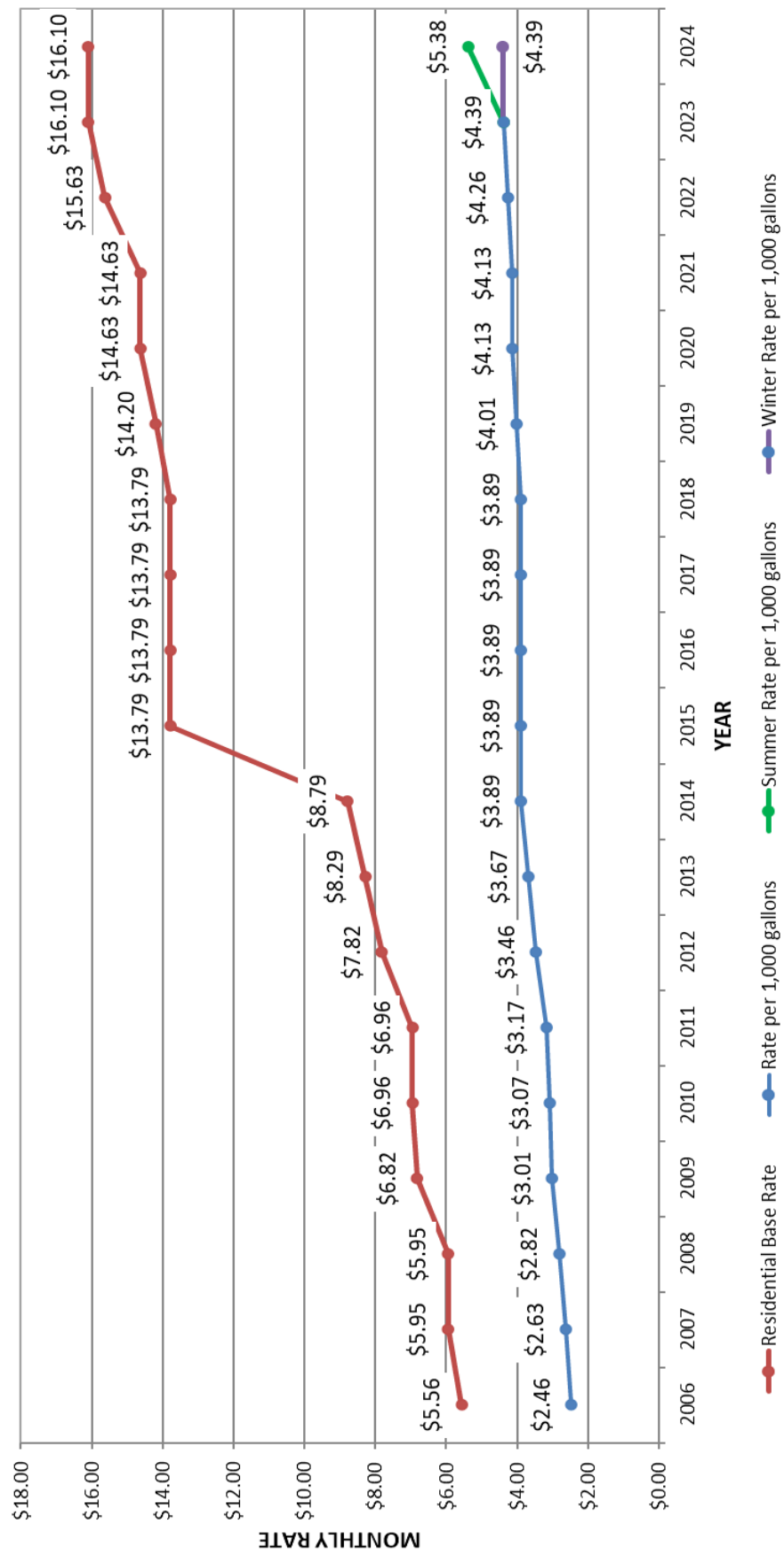
Debt Service Chart (Existing & Future)



CITY OF NEW PRAGUE

WATER RATE INFORMATION HISTORY

(2006 - 2024)



* An average residential customer using 4,000 gallons will see an annual increase of \$15.84 with 2024 rate increase

* An average residential customer using 8,000 gallons will see an annual increase of \$31.68 with 2024 rate increase

New Prague Utilities Commission Monthly water costs compared to surrounding cities based on 5,000 gallon usage



Projects By Department/Division

	Previous Years	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Later Years	Project Total
<i>Water</i>													
10th Ave Water Main	\$430,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$430,000
Fiber Lines - Tower & 10th Ave	\$115,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000
Future CIP	\$2,575,000	\$750,000	\$830,000	\$400,000	\$420,000	\$441,000	\$463,050	\$486,200	\$510,500	\$536,000	\$0	\$0	\$7,411,750
Misc Equipment	\$20,000	\$10,000	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000
SCADA Upgrade	\$120,000	\$10,000	\$10,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$0	\$0	\$245,000
Service Truck	\$52,000	\$45,000	\$0	\$45,000	\$23,000	\$0	\$40,000	\$0	\$48,000	\$0	\$0	\$0	\$253,000
Well #2 Replacement	\$30,000	\$0	\$0	\$0	\$42,380	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$72,380
Well #4 Replacement Pipe / Pump	\$45,000	\$0	\$33,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$78,000
Well #5 Replacement	\$40,000	\$0	\$0	\$0	\$0	\$38,640	\$0	\$0	\$0	\$0	\$0	\$0	\$78,640
Roof Replacement - Filter Plant #1	\$0	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
Well #1 Replacement	\$0	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
Mini Excavator Backhoe (1/3 of Cost)	\$0	\$0	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,000
Well #3 Replacement	\$0	\$0	\$18,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,000
Service Truck (1/2 Cost)	\$0	\$0	\$0	\$21,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,000
<i>Subtotal - Water</i>	\$3,427,000	\$885,000	\$916,000	\$491,000	\$500,380	\$494,640	\$518,050	\$501,200	\$573,500	\$551,000	\$0	\$0	\$8,957,770
Grand Total:	\$3,427,000	\$885,000	\$916,000	\$491,000	\$500,380	\$494,640	\$518,050	\$501,200	\$573,500	\$551,000	\$0	\$0	\$8,957,770

**New Prague Utilities
Existing and Proposed Water Rates**

<u>Class</u>	<u>Current Rate</u>	2024 <u>Proposed Rate</u>
Customer Charges		
Residential 5/8 3/4	\$ 16.10	\$ 16.10
Residential 1	\$ 16.81	\$ 16.81
Residential 1.5	\$ 16.96	\$ 16.96
Commercial 5/8 3/4	\$ 16.10	\$ 16.10
Commercial 1	\$ 16.81	\$ 16.81
Commercial 1.5	\$ 16.96	\$ 16.96
Commercial 2	\$ 37.17	\$ 37.17
Commercial 3	\$ 42.46	\$ 42.46
Commercial 4	\$ 62.83	\$ 62.83
Commercial 6	\$ 93.66	\$ 93.66
Commercial 6 no base fee	\$ -	\$ -
Residential Multi	\$ 11.27	\$ 11.27
Commercial Multi	\$ 11.27	\$ 11.27
Water Charges		
per 1000 gallons (June 1-Sept 30)	\$ 4.39	\$ 5.38
per 1000 gallons (nonsummer)	\$ 4.39	\$ 4.39
golf course per 1000 gallons (all months)	\$ 4.39	\$ 4.52

New Prague Utilities - Water Operating Results at Proposed Rates

* Note Future revenues are based on rate study recommendations and projections are estimates only, actual budget proposals may differ.

	Projected				
	2022	2023	2024	2025	2026
	Historical				
OPERATING REVENUES					
Charges for Services	\$ 1,702,476	\$ 1,931,263	\$ 1,840,320	\$ 1,952,298	\$ 2,065,536
Total Operating Revenues	\$ 1,702,476	\$ 1,931,263	\$ 1,840,320	\$ 1,952,298	\$ 2,065,536
OPERATING EXPENSES					
Power and pumping	\$ 118,057	\$ 117,000	\$ 121,680	\$ 126,547	\$ 131,609
Transmission and distribution	350,065	150,000	156,000	162,240	168,730
Administration and general	503,473	744,174	773,941	804,899	837,095
Depreciation	430,721	464,054	493,554	524,088	540,454
Total Operating Expenses	\$ 1,402,316	\$ 1,475,228	\$ 1,545,175	\$ 1,617,773	\$ 1,677,888
OPERATING INCOME	\$ 300,160	\$ 456,034	\$ 295,144	\$ 334,524	\$ 387,648
NON-OPERATING REVENUE (EXPENSE)					
Intergovernmental	\$ 2,032	\$ -	\$ -	\$ -	\$ -
Investment income	(58,865)	15,000	15,000	15,000	15,000
Miscellaneous income	11,648	18,465	18,465	18,465	18,465
Water meter income	7,064	5,000	5,000	5,000	5,000
Bond issuance expense	(7,378)	(11,313)	(18,445)	(20,412)	(9,837)
Interest expense	(103,133)	(101,848)	(89,563)	(97,294)	(116,817)
Amortization of bond premium	2,219	2,219	2,219	2,219	2,219
Total Non-Operating Revenues (Expenses)	\$ (146,413)	\$ (74,696)	\$ (69,543)	\$ (79,241)	\$ (88,189)
Net Income before Contributions	\$ 153,747	\$ 381,338	\$ 225,602	\$ 255,283	\$ 299,459
Capital Contributions	\$ 125,463	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
CHANGE IN NET POSITION					
As Percent of Revenues	\$ 279,210 16.4%	\$ 401,338 20.8%	\$ 245,602 13.3%	\$ 275,283 14.1%	\$ 319,459 15.5%
CASH RESERVES - TOTAL					
Beginning of Year	\$ 2,460,038	\$ 2,460,038	\$ 2,550,721	\$ 2,863,899	\$ 3,251,586
Plus Change in Net Position		401,338	245,602	275,283	319,459
Plus Depreciation		464,054	493,554	524,088	540,454
Plus Net Bond Proceeds		460,000	750,000	830,000	400,000
Less Principal Pmts		(234,710)	(290,977)	(325,684)	(358,150)
Less Capital Improvements		(1,000,000)	(885,000)	(916,000)	(491,000)
End of Year	\$ 2,460,038	\$ 2,550,721	\$ 2,863,899	\$ 3,251,586	\$ 3,662,349
As a percent of Operating Revenue	144%	132%	156%	167%	177%
					191%