



CITY COUNCIL WORK SESSION

December 03, 2024 at 5:30 PM

City Hall Council Chambers – 450 Virginia Avenue, Long Lake, MN 55356

AGENDA

1. **Call to Order**

2. **Approve Agenda**

3. **Open Correspondence**

NOTE: Open Correspondence is an item on the agenda during which the public may address the City Council.

No formal action is taken by the City Council and comments shall be limited to five minutes or less.

Open Correspondence comments may also be emailed to City staff by 12:00 noon on the date of the meeting.

4. **Regular Business**

A. Discussion of Proposed City Utilities/Recycling Rates

5. **Other Business / Work Session Council Reports**

6. **Adjourn**

2025 Utility Rates



Contributing Factors to Consider

- The addition of 127 new apartments/condos to our city water and sewer infrastructure. Bringing the total utility accounts to 985; residential 638, commercial 110, apartments 237 (apartment base rates billed at 80% per unit).
- An increase of \$99,164 in Met Council Environmental Services (MCES) wastewater service fees, bringing the annual amount to \$351,225.
- The implementation of city-wide Organics Recycling collection.

The water fund (601) is currently budgeted to have an operating loss of over \$125,000 in 2025. However, given that the fund balance is just over a million dollars I decided not to increase rates above the pre-approved percentage of 1.75%. The tier adjustment listed for commercial customers is to better align with that of residential users.

	2024 Rates	Proposed 2025	\$ Impact Base or Per 1K Gal.	
Water Base	5.50	5.60	0.10	Pre-approved 1.75% Increase
Water Base - Apts (Per Unit)	2.75	4.48	1.73	80% of Base
Residential Tier 1 (0-2,000 Gal)	3.89	3.95	0.06	Pre-approved 1.75% Increase
Residential Tier 2 (3,000-7,000 Gal)	4.48	4.55	0.07	Pre-approved 1.75% Increase
Residential Tier 3 (>8,000 Gal)	5.14	5.25	0.11	Pre-approved 1.75% Increase
Irrigation Tier 1 (ALL)	5.60	5.75	0.15	Pre-approved 1.75% Increase
Commercial Tier 1 (0-8,000 Gal)	3.89	4.55	0.66	Tier adjustment to Residential Tier 2
Commercial Tier 2 (9,000-16,000 Gal)	4.48	5.25	0.77	Tier adjustment to Residential Tier 3
Commercial Tier 3 (>17,000 Gal)	5.14	5.75	0.61	Tier adjustment to Irrigation Tier 1
Large Industrial (ALL)	4.48	5.25	0.77	Tier adjustment to Residential Tier 3

The sewer fund (602) is reflecting a positive cash balance of around \$275,000. Last year, in an effort to be more transparent with our residents, we created a separate line item for the MCES wastewater treatment fee and started transitioning sewer revenue into that account. We planned on continuing that transition in 2025 however, we were notified that our Cities MCES charges will be increasing almost 40% to \$351,225 (an annual increase of \$105.76 per connection). This increase will be a major burden on our residents. For this reason, we are recommending that the first 2,000 gallons of sewer charges are at no cost (saving residents up to \$15.68 per month).

	2024 Rates	Proposed 2025	\$ Impact Base or Per 1K Gal.	
Sewer Base	5.50	5.60	.10	Consistent with water base charge
Sewer Base - Apts (Per Unit)	2.75	4.48	1.65	80% of Base
Sewer Tier 1 (0-2,000 Gal)	7.84	0.00	(7.84)	Remove rate to help offset the new MCES base cost (\$15.68/2k gal).
Sewer Tier 2 (>3,000 Gal)	7.84	8.00	0.16	2% increase rather than the pre-approved 4%.
MCES Swr Treatment Base	10.00	31.22	21.22	Separate out MCES costs
MCES Swr Treatment Base - Apts (Per Unit)	0.00	24.98	24.98	80% of Base

The storm water fund (603) has a current cash balance of around \$185,000, but is reflecting a \$5,000 budget shortfall for 2025. A minor rate increase of 2% residential and 5% commercial is recommended.

	2024 Rates	Proposed 2025	\$ Impact Per Property	
Residential Storm Water	4.50	4.60	.10	2% Increase
Commercial/Industrial per acre	40.00	42.00	2.00	5% Increase
Green Space per acre	30.00	31.50	1.50	5% Increase

The Recycling fund (604) is back to operating in the black, with a current cash balance of around \$9,600. In 2024, the City Council approved adding organics recycling to our citywide services. We expect this service to cost around \$4.25 per household.

	2024 Rates	Proposed 2025	\$ Impact Per Household	
Recycling	7.50	7.00	(0.50)	Decrease to help offset organics
Organics	N/A	4.25	4.25	
Recycling - Apts per unit	2.50	2.75	.25	Waste Management rate