

Water, Sewer and Stormwater Rate Study

City of Mayer

Mayer, Minnesota

September 6, 2018

Draft

City of Mayer, Minnesota
Water, Sewer and Stormwater Rate Study
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INTRODUCTORY SECTION

CITY OF MAYER
MAYER, MINNESOTA

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City of Mayer, Minnesota
Water, Sewer and Stormwater Rate Study
September 6, 2018

I. Introduction

The City of Mayer, Minnesota (the City) owns and operates Water, Sewer and Stormwater utilities. The table below summarizes the Water service and average usage by the Residential, Senior Residents, Multi-Residential and Commercial customer classes. Sewer is billed based on water usage and Stormwater is a flat monthly rate.

AVERAGE NO. OF CUSTOMERS BY USAGE

CUSTOMER CLASS: Residential

SERVICE: Water

Water Usage (Gallons)	High Use Month	Low Use Month	Moderate Use Month 1	Moderate Use Month 2	Total # of Cusomters in Usage Level	Avg # of Customers in Usage Level	Customer % of Total	Avg Use	Avg Total Water Use	Use % of Total	
0	1,000	121	137	121	127	506	127	16.60%	500	63,500	2.47%
1,001	2,000	111	126	106	121	464	116	15.16%	1,500	174,000	6.76%
2,001	3,000	128	163	143	142	576	144	18.82%	2,500	360,000	13.98%
3,001	4,000	129	164	135	142	570	143	18.69%	3,500	500,500	19.44%
4,001	5,000	99	73	101	98	371	93	12.16%	4,500	418,500	16.25%
5,001	6,000	70	54	69	64	257	64	8.37%	5,500	352,000	13.67%
6,001	7,000	49	27	48	38	162	41	5.36%	6,500	266,500	10.35%
7,001	8,000	12	10	18	12	52	13	1.70%	7,500	97,500	3.79%
8,001	9,000	12	4	7	7	30	8	1.05%	8,500	68,000	2.64%
9,001	10,000	11	1	4	4	20	5	0.65%	9,500	47,500	1.84%
10,001	11,000	7	0	1	1	9	2	0.26%	10,500	21,000	0.82%
11,001	12,000	1	0	2	1	4	1	0.13%	11,500	11,500	0.45%
12,001	13,000	0	1	2	1	4	1	0.13%	12,500	12,500	0.49%
13,001	14,000	6	0	0	0	6	2	0.26%	13,500	27,000	1.05%
14,001	15,000	1	0	0	0	1	0	0.00%	14,500	-	0.00%
Over	15,000	6	3	6	5	20	5	0.65%	31,050	155,250	6.03%
					765	100.00%			2,575,250	100.00%	

AVERAGE NO. OF CUSTOMERS BY USAGE

CUSTOMER CLASS: Senior Residents

SERVICE: Water

Water Usage (Gallons)	High Use Month	Low Use Month	Moderate Use Month 1	Moderate Use Month 2	Total # of Cusomters in Usage Level	Avg # of Customers in Usage Level	Customer % of Total	Avg Use	Avg Total Water Use	Use % of Total	
-	1,000	2	4	1	4	11	3	30.00%	500	1,500	8.33%
1,001	2,000	2	3	4	2	11	3	30.00%	1,500	4,500	25.00%
2,001	3,000	3	2	2	1	8	2	20.00%	2,500	5,000	27.78%
3,001	4,000	1	1	2	2	6	2	20.00%	3,500	7,000	38.89%
4,001	5,000	1	0	0	0	1	0	0.00%	4,500	-	0.00%
5,001	6,000	0	0	0	1	1	0	0.00%	5,500	-	0.00%
6,001	7,000	1	0	0	0	1	0	0.00%	6,500	-	0.00%
7,001	8,000	0	0	0	0	0	0	0.00%	7,500	-	0.00%
8,001	9,000	0	0	1	0	1	0	0.00%	8,500	-	0.00%
9,001	10,000	0	0	0	0	0	0	0.00%	9,500	-	0.00%
10,001	11,000	0	0	0	0	0	0	0.00%	10,500	-	0.00%
11,001	12,000	0	0	0	0	0	0	0.00%	11,500	-	0.00%
12,001	13,000	0	0	0	0	0	0	0.00%	12,500	-	0.00%
13,001	14,000	0	0	0	0	0	0	0.00%	13,500	-	0.00%
14,001	15,000	0	0	0	0	0	0	0.00%	14,500	-	0.00%
Over	15,000	0	0	0	0	0	0	0.00%	-	-	0.00%
					10	100.00%			18,000	100.00%	

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I. Introduction (Continued)

AVERAGE NO. OF CUSTOMERS BY USAGE

CUSTOMER CLASS: Multi Residential

SERVICE: Water

Water Usage (Gallons)	High Use Month	Low Use Month	Moderate Use Month 1	Moderate Use Month 2	Total # of Customers in Usage Level	Avg # of Customers in Usage Level	Customer % of Total	Avg Use	Avg Total Water Use	Use % of Total
- 1,000	0	0	0	0	0	0	0.00%	500	-	0.00%
1,001 2,000	4	4	0	0	8	2	14.29%	1,500	3,000	9.09%
2,001 3,000	10	10	14	14	48	12	85.71%	2,500	30,000	90.91%
3,001 4,000	0	0	0	0	0	0	0.00%	3,500	-	0.00%
4,001 5,000	0	0	0	0	0	0	0.00%	4,500	-	0.00%
5,001 6,000	0	0	0	0	0	0	0.00%	5,500	-	0.00%
6,001 7,000	0	0	0	0	0	0	0.00%	6,500	-	0.00%
7,001 8,000	0	0	0	0	0	0	0.00%	7,500	-	0.00%
8,001 9,000	0	0	0	0	0	0	0.00%	8,500	-	0.00%
9,001 10,000	0	0	0	0	0	0	0.00%	9,500	-	0.00%
10,001 11,000	0	0	0	0	0	0	0.00%	10,500	-	0.00%
11,001 12,000	0	0	0	0	0	0	0.00%	11,500	-	0.00%
12,001 13,000	0	0	0	0	0	0	0.00%	12,500	-	0.00%
13,001 14,000	0	0	0	0	0	0	0.00%	13,500	-	0.00%
14,001 15,000	0	0	0	0	0	0	0.00%	14,500	-	0.00%
Over 15,000	0	0	0	0	0	0	0.00%	-	-	0.00%
					14		100.00%		33,000	100.00%

AVERAGE NO. OF CUSTOMERS BY USAGE

CUSTOMER CLASS: Commercial

SERVICE: Water

Water Usage (Gallons)	High Use Month	Low Use Month	Moderate Use Month 1	Moderate Use Month 2	Total # of Customers in Usage Level	Avg # of Customers in Usage Level	Customer % of Total	Avg Use	Avg Total Water Use	Use % of Total
- 1,000	25	24	26	26	101	25	71.43%	500	12,500	8.86%
1,001 2,000	3	4	2	3	12	3	8.57%	1,500	4,500	3.19%
2,001 3,000	3	2	2	1	8	2	5.71%	2,500	5,000	3.54%
3,001 4,000	0	0	1	0	1	0	0.00%	3,500	-	0.00%
4,001 5,000	0	1	0	0	1	0	0.00%	4,500	-	0.00%
5,001 6,000	1	1	1	1	4	1	2.86%	5,500	5,500	3.90%
6,001 7,000	0	0	0	1	1	0	0.00%	6,500	-	0.00%
7,001 8,000	1	0	2	1	4	1	2.86%	7,500	7,500	5.31%
8,001 9,000	0	1	0	0	1	0	0.00%	8,500	-	0.00%
9,001 10,000	0	0	0	0	0	0	0.00%	9,500	-	0.00%
10,001 11,000	1	0	0	0	1	0	0.00%	10,500	-	0.00%
11,001 12,000	0	0	0	0	0	0	0.00%	11,500	-	0.00%
12,001 13,000	0	0	0	0	0	0	0.00%	12,500	-	0.00%
13,001 14,000	0	0	0	0	0	0	0.00%	13,500	-	0.00%
14,001 15,000	0	1	0	0	1	0	0.00%	14,500	-	0.00%
Over 15,000	3	3	3	4	13	3	8.57%	35,385	106,154	75.20%
					35		100.00%		141,154	100.00%

City of Mayer, Minnesota
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I. Introduction (Continued)

This rate study analyzes the cash flows of the Water, Sewer and Stormwater utilities of the City. Sources and uses of cash are projected for the years ending December 31, 2018 to December 31, 2027. The study uses the current number and type of accounts to project future revenue at a suggested rate for each of the utility funds, each year.

Annual capital costs are projected separately for each of the funds for the projection period. The City has a Capital Improvement Plan (CIP) that goes from 2018 to 2022. Averages for that 5 year period were used to estimate capital spending from 2023 to 2028.

The financial projection is based on billings inflated from the current rate. Expense assumptions are outlined in the assumptions section on the following page and present, to the best of management's knowledge and belief, the City's expected results of cash flows for the projection period if such uses of cash occur. Accordingly, the projection reflects management's judgment, as of the date of this projection, of the expected conditions and the City's expected course of action if such usage and expense totals were attained. The presentation is designed to provide information to the City Council concerning recovery of expenses that might be achieved if rates were adjusted and should not be considered to be a presentation of expected future results. Accordingly, this projection may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projection. Furthermore, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected and those differences may be material.

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II. Assumptions

Water Fund

- The projection assumes fees are inflated 3% annually.
- Operating expense inflation is assumed to be 3%.
- New connections are estimated at 35 new residential connections annually. Connection fee revenue assumes a 3% annual inflation increase.
- Planned acquisition of capital assets is taken from the City CIP. Major purchases are offset with bond proceeds and future debt payments.
- **Target cash reserve will be set at 100% of following year's debt service and 50% of following years operating expenses. Based on the current state, the cash balance will not be sufficient to meet the target and operating cash will not generate enough surplus to cover the following year's debt service and operating expenses. Scenario 2 creates positive cash flow sufficient to hit the targeted cash balance.**

Sewer Fund

- The projection assumes fees are inflated 3% annually.
- Operating expense inflation is assumed to be 3%.
- New connections are estimated at 35 new residential connections annually. Connection fee revenue assumes a 3% annual inflation increase.
- Planned acquisition of capital assets is taken from the City CIP. Major purchases are offset with bond proceeds and future debt payments. The average calculated and used as an estimate for years 2023 through 2027 does not include the Waste Water Treatment expansion project of \$3,000,000 in 2021.
- Property tax levy of \$273,000 in 2017 is continued but decreased by \$10,000 annually.
- **Target cash reserve will be set at 100% of following year's debt service and 50% of following years operating expenses. Based on the assumptions above, the cash balance will exceed the target and operating cash will generate enough surplus to cover the following year's debt service and operating expenses.**

Stormwater Fund

- Both scenarios assume fees are inflated at least 3% annually. Scenario 2 assumes additional increases to the rates are applied over several periods.
- Operating expense inflation is assumed to be 3%.
- Planned acquisition of capital assets is taken from the City CIP plan. Major purchases are offset with bond proceeds and future debt payments.
- **Target cash reserve will be set at 100% of following year's debt service and 50% of following years operating expenses. Based on the assumptions above, the cash balance will exceed the target and operating cash will generate enough surplus to cover the following year's debt service and operating expenses.**

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II. Assumptions (Continued)

A schedule of the planned capital projects are listed below.

The assumption is that the City will be doing these projects at some point during the projection period.

Water	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Well no. 3	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Additional Water Treatment 500 gal	-	-	-	-	100,000	-	-	-	-	-
* Water Tower	-	-	-	-	1,200,000	-	-	-	-	-
Total Water Fund Capital	\$ -	\$ -	\$ -	\$ 400,000	\$ 1,300,000	\$ -				
Average annual cost over a 5 year period	\$ 340,000									
<i>*Bonding</i>										

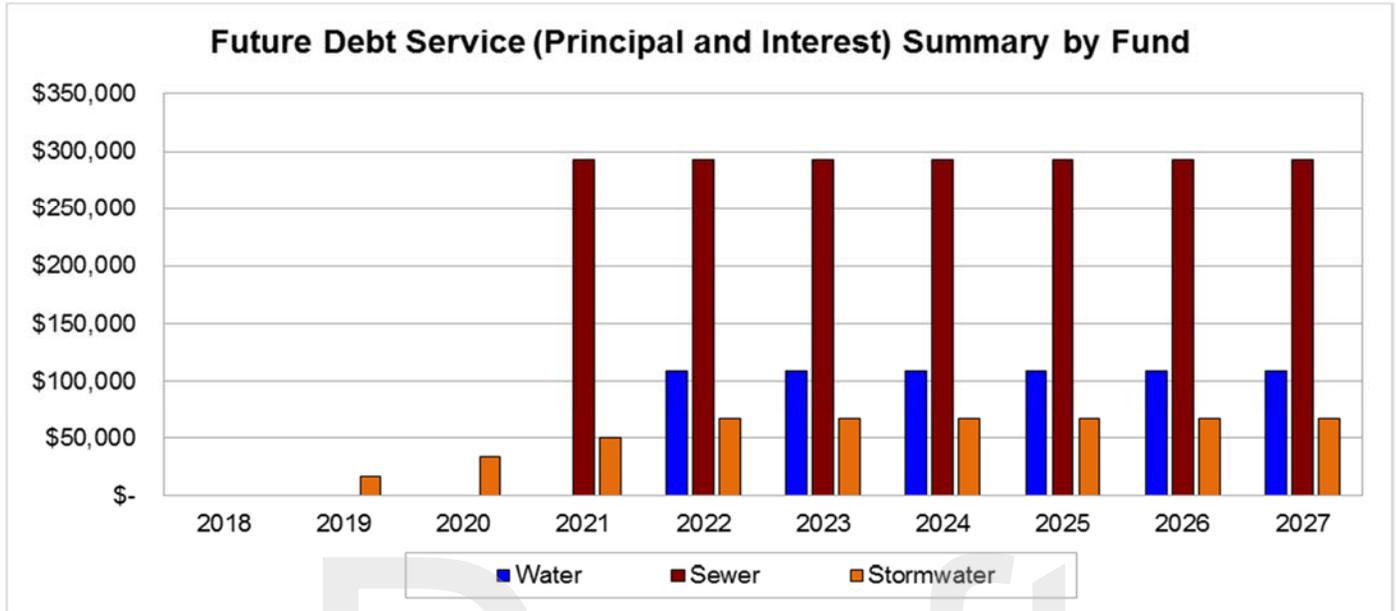
Sewer	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual budgeted amount	\$ 87,000	\$ 87,000	\$ 87,000	\$ 87,000	\$ 87,000	\$ -	\$ -	\$ -	\$ -	\$ -
Slip Lining 2018	60,000	-	-	-	-	-	-	-	-	-
Slip Lining 2019	-	60,000	-	-	-	-	-	-	-	-
Enlargement of the Main	-	-	-	100,000	-	-	-	-	-	-
* WWTF -Expansion	-	-	-	3,000,000	-	-	-	-	-	-
Lift Station 4	-	-	-	250,000	-	-	-	-	-	-
Expansion of Lift Station 2	-	-	-	-	75,000	-	-	-	-	-
Lift Station 3	-	-	-	-	250,000	-	-	-	-	-
Total Sewer Fund Capital	\$ 147,000	\$ 147,000	\$ 87,000	\$ 3,437,000	\$ 412,000	\$ -				
Average annual cost over a 5 year period (excludes WWTF-Expansion)	\$ 246,000									
<i>*Bonding</i>										

Stormwater	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Storm Water 2018	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Storm Water 2019	-	200,000	-	-	-	-	-	-	-	-
* Storm Water 2020	-	-	200,000	-	-	-	-	-	-	-
* Storm Water 2021	-	-	-	200,000	-	-	-	-	-	-
* Storm Water 2022	-	-	-	-	200,000	-	-	-	-	-
Total Sewer Fund Capital	\$ 50,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -				
Average annual cost over a 5 year period	\$ 170,000									
<i>*Bonding</i>										

City of Mayer, Minnesota
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II. Assumptions (Continued)

A summary of the total future debt service associated with the planned capital projects is presented below.



A schedule of the projected new connections is presented below.

	CONNECTION CHARGES									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual Increase in Users										
New Connections - Residential	35	35	35	35	35	35	35	35	35	35
New Connections - Commercial	-	-	-	-	-	-	-	-	-	-
Population	2,127	2,162	2,197	2,232	2,267	2,302	2,337	2,372	2,407	2,442
Connection Charges										
Water Connection Charge	\$ 4,500	\$ 4,640	\$ 4,780	\$ 4,920	\$ 5,070	\$ 5,220	\$ 5,380	\$ 5,540	\$ 5,710	\$ 5,880
Sewer Connection Charge	4,500	4,640	4,780	4,920	5,070	5,220	5,380	5,540	5,710	5,880
Connection Revenue - Residential										
Water Connection Charge	\$ 157,500	\$ 162,400	\$ 167,300	\$ 172,200	\$ 177,450	\$ 182,700	\$ 188,300	\$ 193,900	\$ 199,850	\$ 205,800
Sewer Connection Charge	157,500	162,400	167,300	172,200	177,450	182,700	188,300	193,900	199,850	205,800

City of Mayer, Minnesota
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III. Water, Sewer and Stormwater Rate Study

Water Utilities Operating Fund

Goal

- The Water fund will maintain a targeted cash balance sufficient to cover operations, capital and debt service. Targeted cash balance for the fund refers to the following years' debt service obligations well as 50 percent of estimated operating costs.

Rates

A summary of the current rates and proposed rates are listed below. Allowing for annual inflationary increase in rates will result in cash flows that will achieve the annual targets.

Rates Increased Over Several Periods

<u>Water - Residential</u>	Current	Proposed Rates								
		2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed increase on fixed rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Proposed increase on usage rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Monthly bill based on 3,500 gallons	\$ 30.26	\$ 31.16	\$ 32.10	\$ 33.06	\$ 34.05	\$ 35.07	\$ 36.13	\$ 37.21	\$ 38.33	\$ 39.48
Monthly \$ increase for a 3,500 gallon user		0.91	0.93	0.96	0.99	1.02	1.05	1.08	1.12	1.15
Annual \$ increase for an average 3,500 gallon user		10.89	11.22	11.56	11.90	12.26	12.63	13.01	13.40	13.80
Base Fee	\$ 11.88	\$ 12.24	\$ 12.60	\$ 12.98	\$ 13.37	\$ 13.77	\$ 14.19	\$ 14.61	\$ 15.05	\$ 15.50
Meter Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Usage Fee - Per 1,000 gallons</u>										
0 6,000	\$ 5.25	\$ 5.41	\$ 5.57	\$ 5.74	\$ 5.91	\$ 6.09	\$ 6.27	\$ 6.46	\$ 6.65	\$ 6.85
6,001 15,000	\$ 6.08	\$ 6.26	\$ 6.45	\$ 6.64	\$ 6.84	\$ 7.05	\$ 7.26	\$ 7.48	\$ 7.70	\$ 7.93
15,001 20,000	\$ 7.15	\$ 7.36	\$ 7.59	\$ 7.81	\$ 8.05	\$ 8.29	\$ 8.54	\$ 8.79	\$ 9.06	\$ 9.33
20,001 999,999,999	\$ 9.68	\$ 9.97	\$ 10.27	\$ 10.58	\$ 10.89	\$ 11.22	\$ 11.56	\$ 11.91	\$ 12.26	\$ 12.63

Rates Increased Over Several Periods

<u>Water - Commercial</u>	Current	Proposed Rates								
		2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed increase on fixed rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Proposed increase on usage rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Monthly bill based on 35,400 gallons	\$ 282.92	\$ 291.41	\$ 300.15	\$ 309.16	\$ 318.43	\$ 327.98	\$ 337.82	\$ 347.96	\$ 358.40	\$ 369.15
Monthly \$ increase for a 35,400 gallon user		8.49	8.74	9.00	9.27	9.55	9.84	10.13	10.44	10.75
Annual \$ increase for an average 35,400 gallon user		101.85	104.91	108.05	111.30	114.64	118.07	121.62	125.27	129.02
Base Fee	\$ 11.88	\$ 12.24	\$ 12.60	\$ 12.98	\$ 13.37	\$ 13.77	\$ 14.19	\$ 14.61	\$ 15.05	\$ 15.50
Meter Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Usage Fee - Per 1,000 gallons</u>										
0 6,000	\$ 5.25	\$ 5.41	\$ 5.57	\$ 5.74	\$ 5.91	\$ 6.09	\$ 6.27	\$ 6.46	\$ 6.65	\$ 6.85
6,001 15,000	\$ 6.08	\$ 6.26	\$ 6.45	\$ 6.64	\$ 6.84	\$ 7.05	\$ 7.26	\$ 7.48	\$ 7.70	\$ 7.93
15,001 20,000	\$ 7.15	\$ 7.36	\$ 7.59	\$ 7.81	\$ 8.05	\$ 8.29	\$ 8.54	\$ 8.79	\$ 9.06	\$ 9.33
20,001 999,999,999	\$ 9.68	\$ 9.97	\$ 10.27	\$ 10.58	\$ 10.89	\$ 11.22	\$ 11.56	\$ 11.91	\$ 12.26	\$ 12.63

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III. Water, Sewer and Stormwater Rate Study (Continued)

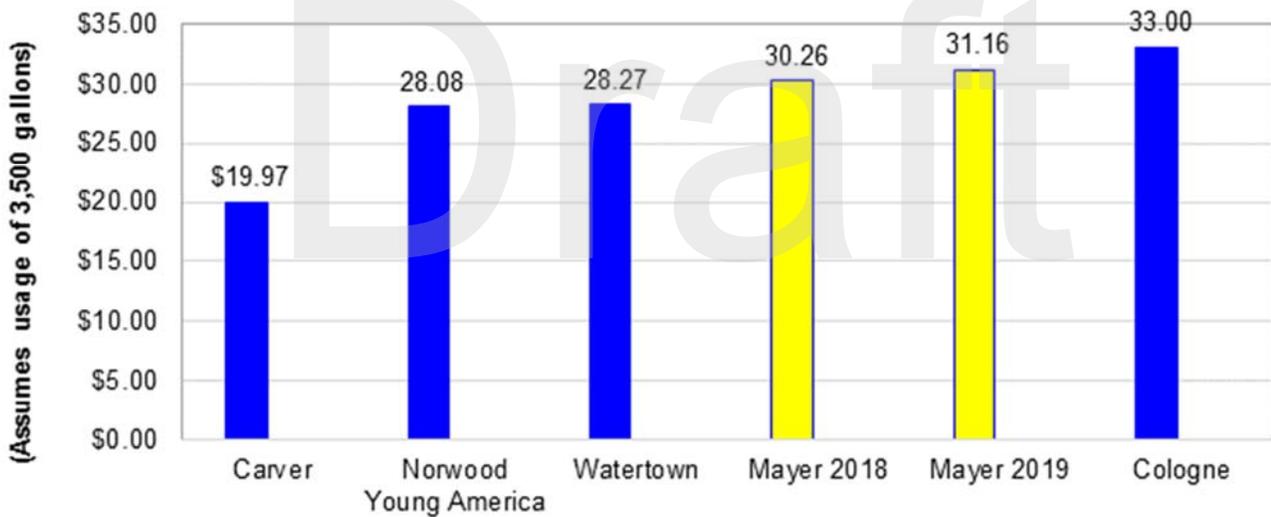
Water Utilities Operating Fund (Continued)

The table below summarizes comparable communities monthly Residential bill if average usage is 3,500 gallons. Currently, Mayer has Water rates in the middle of the comparable communities, annual inflation increase in the Water rates will allow Mayer's Water rates to remain within comparable range.

WATER

City	Monthly Bill (\$)
Carver	\$ 19.97
Norwood Young America	28.08
Watertown	28.27
Mayer 2018	30.26
Mayer 2019	31.16
Cologne	33.00
Average Bill (w/o Mayer)	<u>\$ 27.33</u>

COMPARISON OF MONTHLY WATER BILLINGS



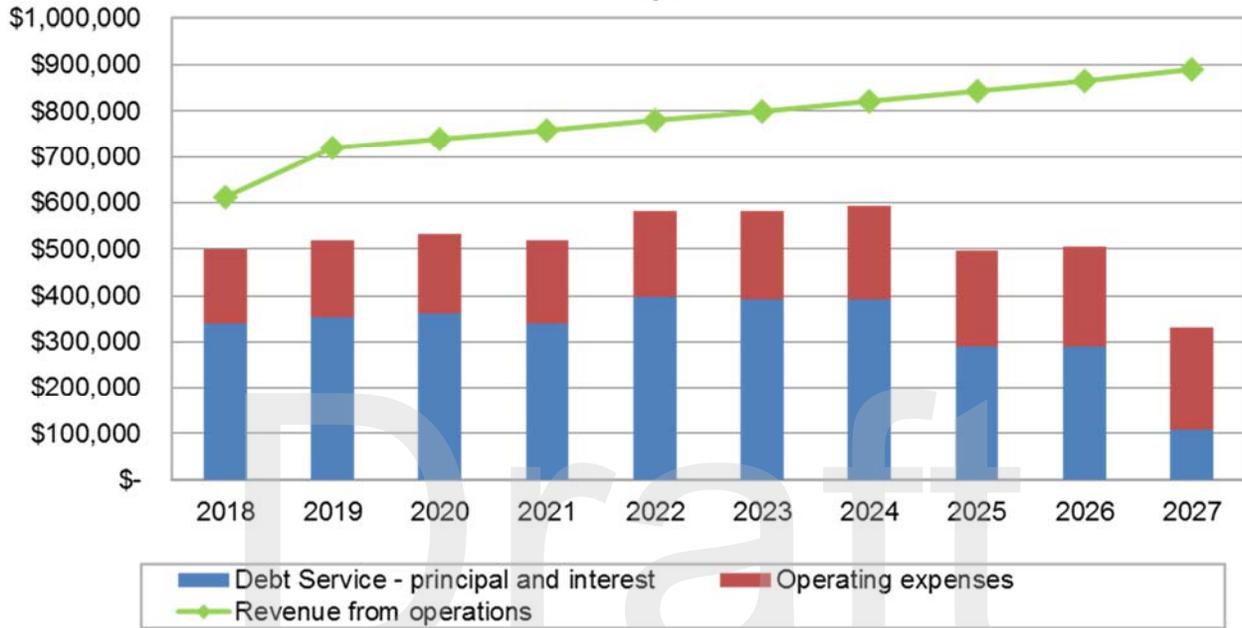
Average bill excluding Mayer is \$27.33

III. Water, Sewer and Stormwater Rate Study (Continued)

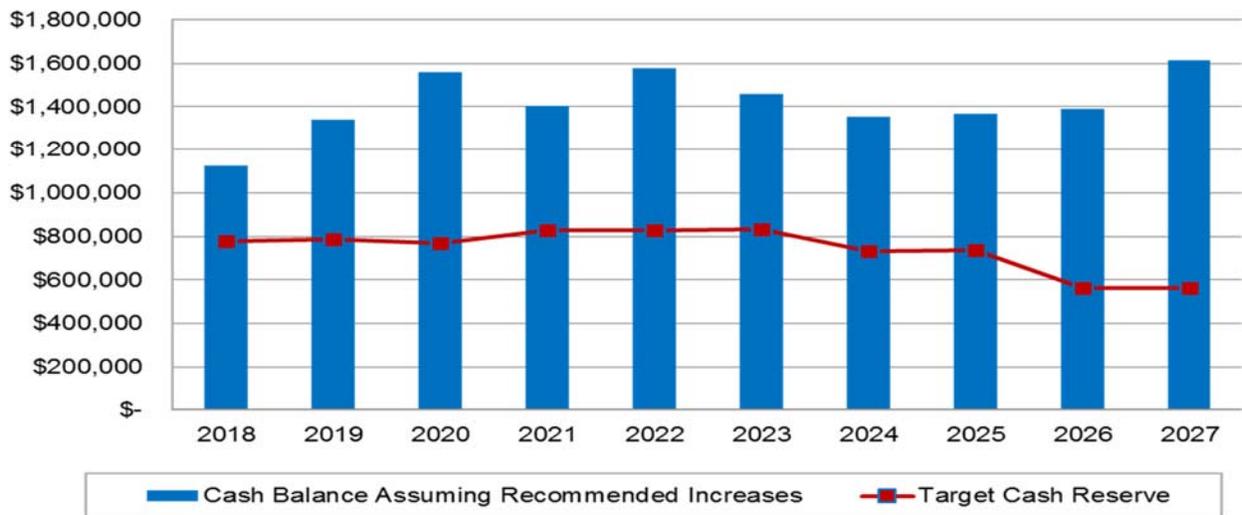
Water Utilities Operating Fund (Continued)

Current rates inflated at 3% annually

Revenue from Inflated rates compared with debt and operating expense



Projected ending cash balance compared to targeted cash reserve



Target Cash Reserve is lowest amount needed to fund operations. Excess above target would be used to future capital improvement needs above target.

As evidenced by the graphs above, the City's Water rates are sufficient to sustain the existing cash balance. Revenues are sufficient to cover operating expenses, debt and capital.

City of Mayer, Minnesota
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III. Water, Sewer and Stormwater Rate Study (Continued)

Sewer Utilities Operating Fund

Goal

- The Sewer Operating fund will maintain a sufficient working capital balance. Targeted cash balance for the fund refers to the following years' debt service obligations well as 50 percent of estimated operating costs.

Rates

A summary of the current rates and proposed rates are listed below. Allowing for rate increases over several periods as well as annual inflationary increases will result in cash flows that will achieve the annual targets in Scenario 2.

Rates Increased Over Several Periods

<u>Sewer - Residential</u>	Current	Proposed Rates								
		2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed increase on fixed rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Proposed increase on usage rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Monthly bill based on 3,500 gallons	\$ 45.36	\$ 46.72	\$ 48.12	\$ 49.57	\$ 51.05	\$ 52.58	\$ 54.16	\$ 55.79	\$ 57.46	\$ 59.18
Monthly \$ increase for a 3,500 gallon user		1.36	1.40	1.44	1.49	1.53	1.58	1.62	1.67	1.72
Annual \$ increase for an average 3,500 gallon user		16.33	16.82	17.32	17.84	18.38	18.93	19.50	20.08	20.69
Base Fee	\$ 19.46	\$ 20.04	\$ 20.65	\$ 21.26	\$ 21.90	\$ 22.56	\$ 23.24	\$ 23.93	\$ 24.65	\$ 25.39
Meter Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Usage Fee - Per 1,000 gallons</u>										
0 999,999,999	\$ 7.40	\$ 7.62	\$ 7.85	\$ 8.09	\$ 8.33	\$ 8.58	\$ 8.84	\$ 9.10	\$ 9.37	\$ 9.66

Rates Increased Over Several Periods

<u>Sewer - Commercial</u>	Current	Proposed Rates								
		2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed increase on fixed rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Proposed increase on usage rates		3%	3%	3%	3%	3%	3%	3%	3%	3%
Monthly bill based on 35,400 gallons	\$ 281.42	\$ 289.86	\$ 298.56	\$ 307.52	\$ 316.74	\$ 326.24	\$ 336.03	\$ 346.11	\$ 356.49	\$ 367.19
Monthly \$ increase for a 35,400 gallon user		8.44	8.70	8.96	9.23	9.50	9.79	10.08	10.38	10.69
Annual \$ increase for an average 35,400 gallon user		101.31	104.35	107.48	110.71	114.03	117.45	120.97	124.60	128.34
Base Fee	\$ 19.46	\$ 20.04	\$ 20.65	\$ 21.26	\$ 21.90	\$ 22.56	\$ 23.24	\$ 23.93	\$ 24.65	\$ 25.39
Meter Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Usage Fee - Per 1,000 gallons</u>										
0 999,999,999	\$ 7.40	\$ 7.62	\$ 7.85	\$ 8.09	\$ 8.33	\$ 8.58	\$ 8.84	\$ 9.10	\$ 9.37	\$ 9.66

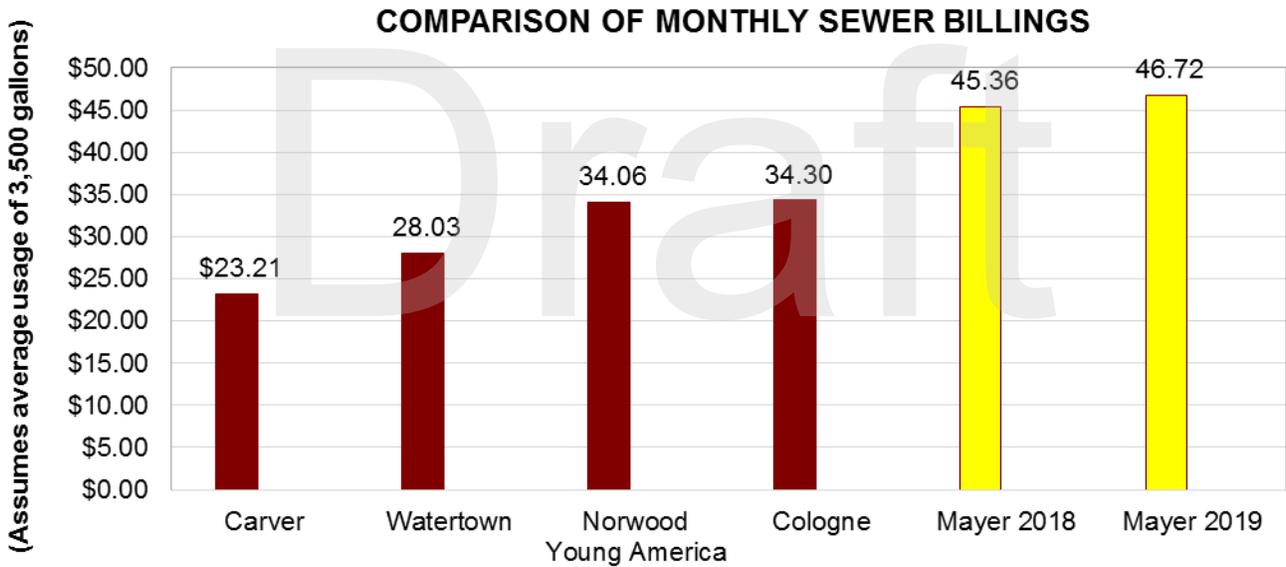
City of Mayer, Minnesota
 Water, Sewer and Stormwater Rate Study
 September 6, 2018

III. Water, Sewer and Stormwater Rate Study (Continued)

Sewer Utilities Operating Fund (Continued)

The table below summarizes comparable communities monthly Residential bill if average usage is 3,500 gallons. Currently, Mayer’s Sewer rates are above average in comparison to the cities below. With the proposed rate increases in Scenario 2, Mayer’s Sewer rates will be the highest of the comparison the cities below.

City	Monthly Bill (\$)
Carver	\$ 23.21
Watertown	28.03
Norwood Young America	34.06
Cologne	34.30
Mayer 2018	45.36
Mayer 2019	46.72
Average Bill (w/o Mayer)	\$ 29.90



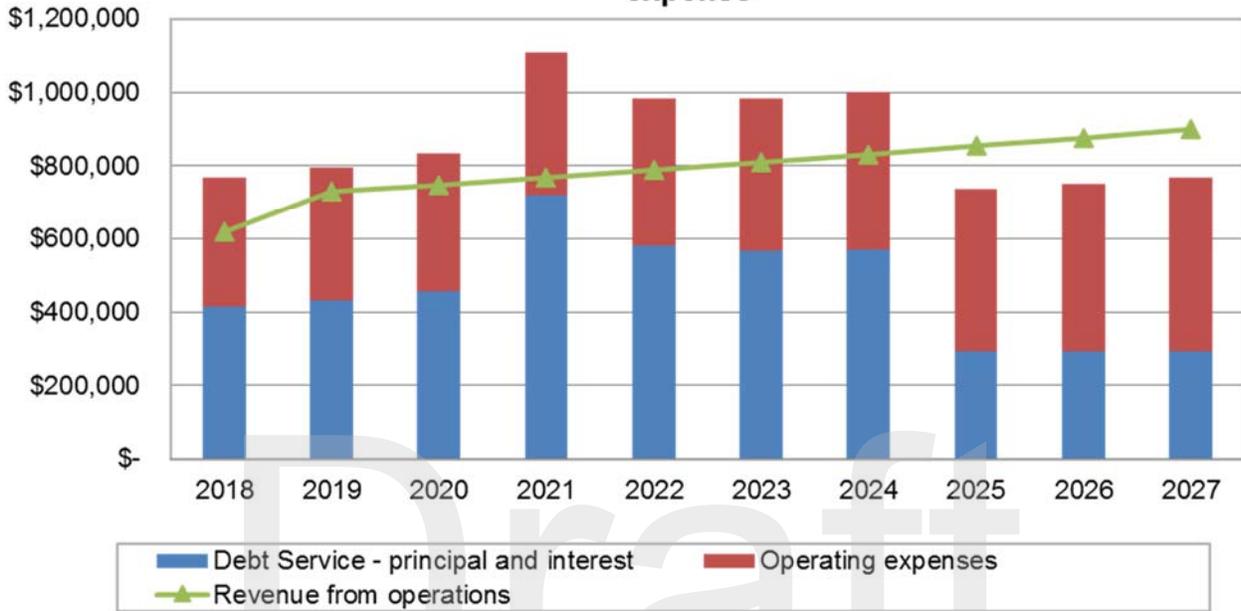
Average bill excluding Mayer is \$29.90

III. Water, Sewer and Stormwater Rate Study (Continued)

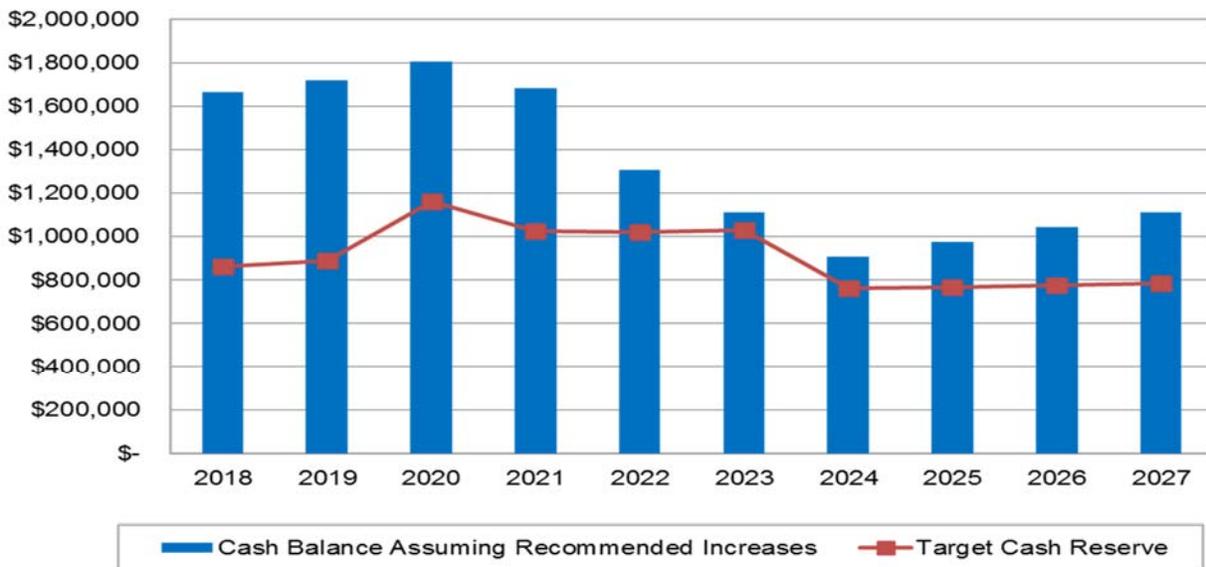
Sewer Utilities Operating Fund (Continued)

Current rates inflated at 3% annually

Revenue from Inflated Rates compared with debt and operating expense



Projected ending cash balance compared to targeted cash reserve



Target Cash Reserve is lowest amount needed to fund operations. Excess above target would be used to future capital improvement needs above target.

As evidenced by the graphs above, the City's Sewer rates are sufficient to sustain the existing cash balance. Revenues do not cover operating expenses and debt service and planned capital for most of the years presented. With gradual increases in rates along with inflationary increases, revenues will increase over the years and achieve sufficient cash reserves over the life of the projection.

City of Mayer, Minnesota
Water, Sewer and Stormwater Rate Study
September 6, 2018

III. Water, Sewer and Stormwater Rate Study (Continued)

Stormwater Utilities Operating Fund

Goal

- The Stormwater fund will maintain a targeted cash balance sufficient to cover operations and debt service. Targeted cash balance for the fund refers to the following years' debt service obligations well as 50 percent of estimated operating costs.

Rates

A summary of the current rates and proposed rates are listed below. . Allowing for rate increases over several periods as well as annual inflationary increases will result in cash flows that will achieve the annual targets in Scenario 2.

Rates Increased Over Several Periods

<u>Stormwater - Residential</u>	Current	Proposed Rates								
		2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed increase on fixed rates		100%	40%	25%	25%	25%	3%	3%	3%	3%
Monthly bill	\$ 2.00	\$ 4.00	\$ 5.60	\$ 7.00	\$ 8.75	\$ 10.94	\$ 11.27	\$ 11.60	\$ 11.95	\$ 12.31
Monthly \$ increase		2.00	1.60	1.40	1.75	2.19	0.33	0.34	0.35	0.36
Annual \$ increase		24.00	19.20	16.80	21.00	26.25	3.94	4.06	4.18	4.30
Base Fee	\$ 2.00	\$ 4.00	\$ 5.60	\$ 7.00	\$ 8.75	\$ 10.94	\$ 11.27	\$ 11.60	\$ 11.95	\$ 12.31

Rates Increased Over Several Periods

<u>Stormwater - Commercial</u>	Current	Proposed Rates								
		2019	2020	2021	2022	2023	2024	2025	2026	2027
Proposed increase on fixed rates		100%	40%	25%	25%	25%	3%	3%	3%	3%
Monthly bill	\$ 6.00	\$ 12.00	\$ 16.80	\$ 21.00	\$ 26.25	\$ 32.81	\$ 33.80	\$ 34.81	\$ 35.86	\$ 36.93
Monthly \$ increase		6.00	4.80	4.20	5.25	6.56	0.98	1.01	1.04	1.08
Annual \$ increase		72.00	57.60	50.40	63.00	78.75	11.81	12.17	12.53	12.91
Base Fee	\$ 6.00	\$ 12.00	\$ 16.80	\$ 21.00	\$ 26.25	\$ 32.81	\$ 33.80	\$ 34.81	\$ 35.86	\$ 36.93

City of Mayer, Minnesota
Water, Sewer and Stormwater Rate Study
September 6, 2018

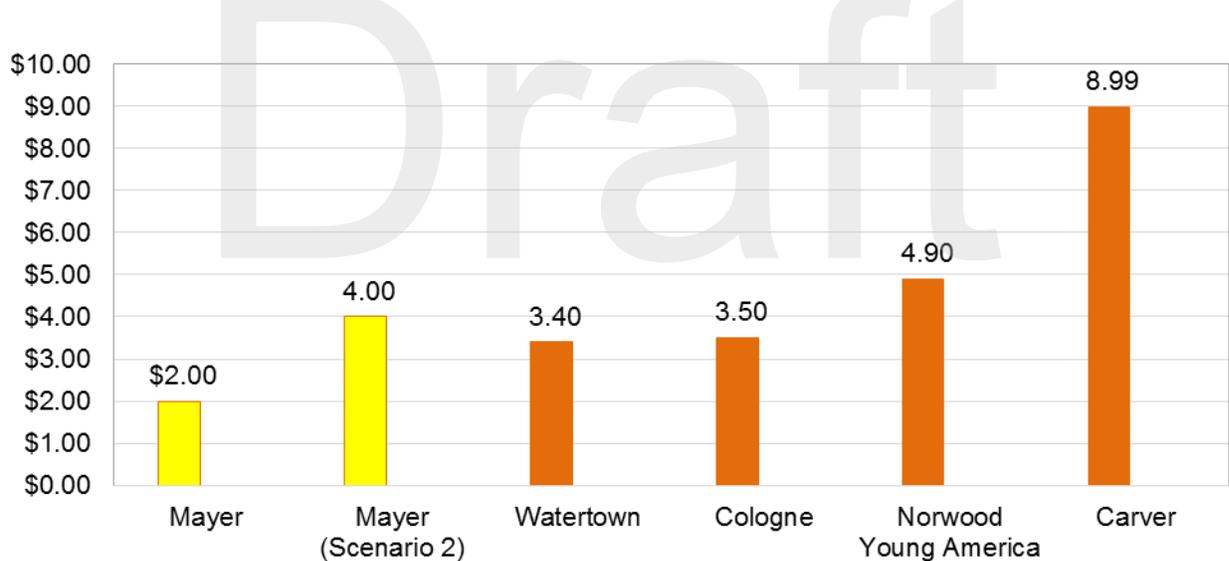
III. Water, Sewer and Stormwater Rate Study (Continued)

Stormwater Utilities Operating Fund (Continued)

The table below summarizes comparable communities monthly Residential Stormwater bill. Currently Mayer's Stormwater rates are below average and the lowest of the comparison cities below. With the proposed Stormwater rate increases in Scenario 2, Mayer's Stormwater rates will still be below average and in the middle range of the comparison the cities.

STORMWATER	
City	Monthly Bill (\$)
Mayer	\$ 2.00
Mayer (Scenario 2)	4.00
Watertown	3.40
Cologne	3.50
Norwood Young America	4.90
Carver	8.99
Average Bill (w/o Mayer)	\$ 5.20

COMPARISON OF MONTHLY STORMWATER BILLINGS

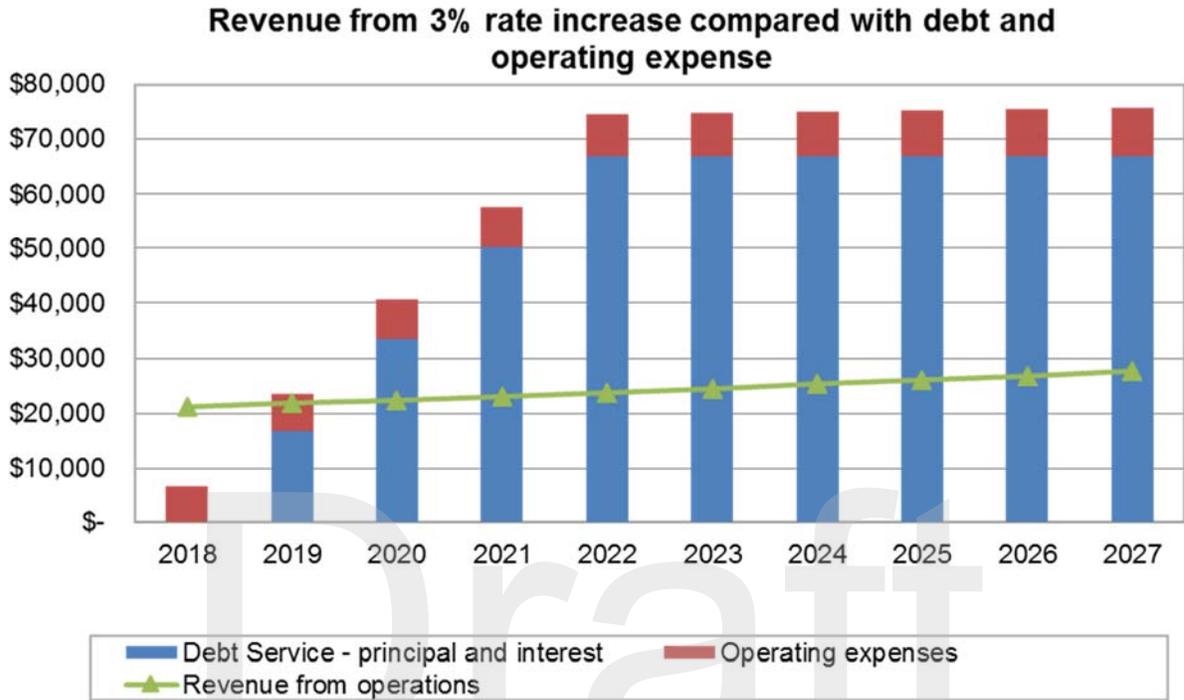


Average bill excluding Mayer is \$5.20

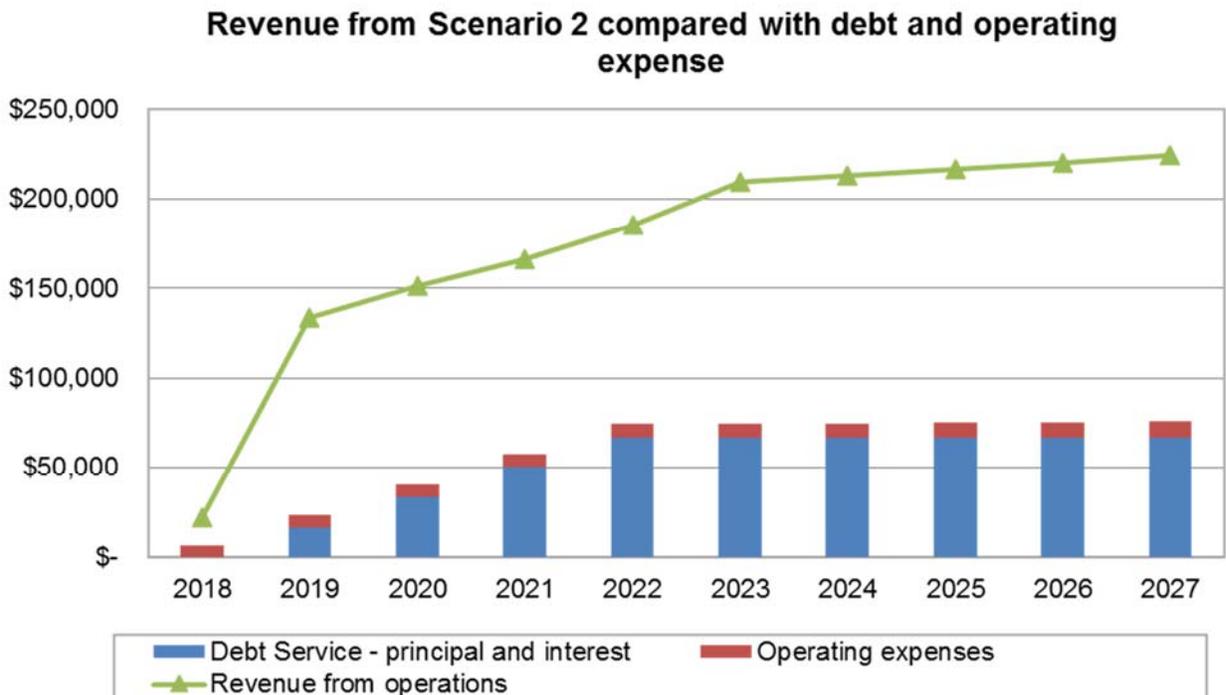
III. Water, Sewer and Stormwater Rate Study (Continued)

Stormwater Utilities Operating Fund (Continued)

Current rates inflated at 3% annually



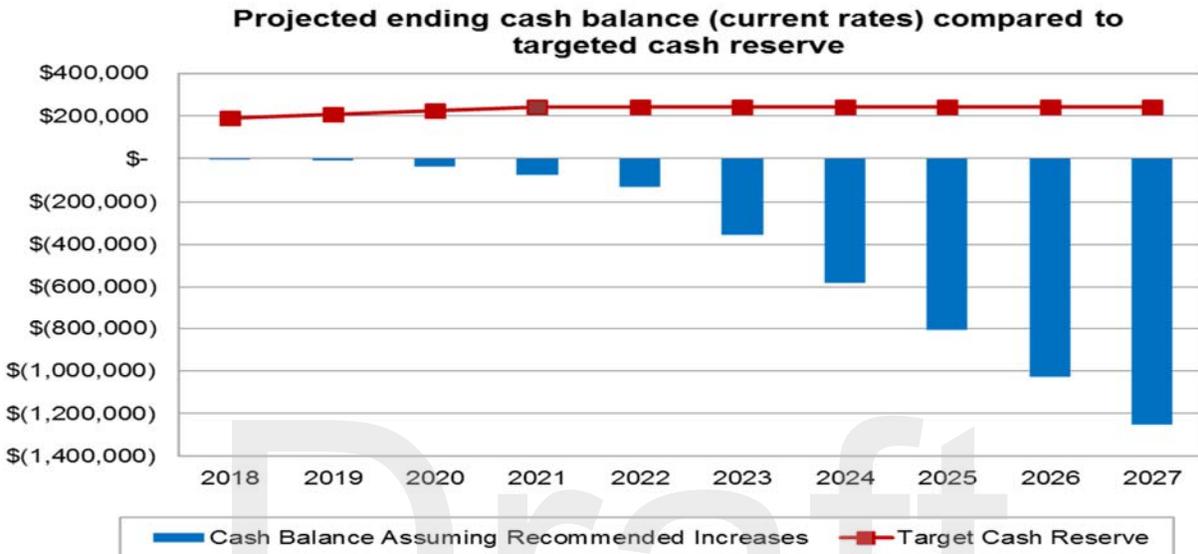
Scenario 2 - Change in rates over several periods



III. Water, Sewer and Stormwater Rate Study (Continued)

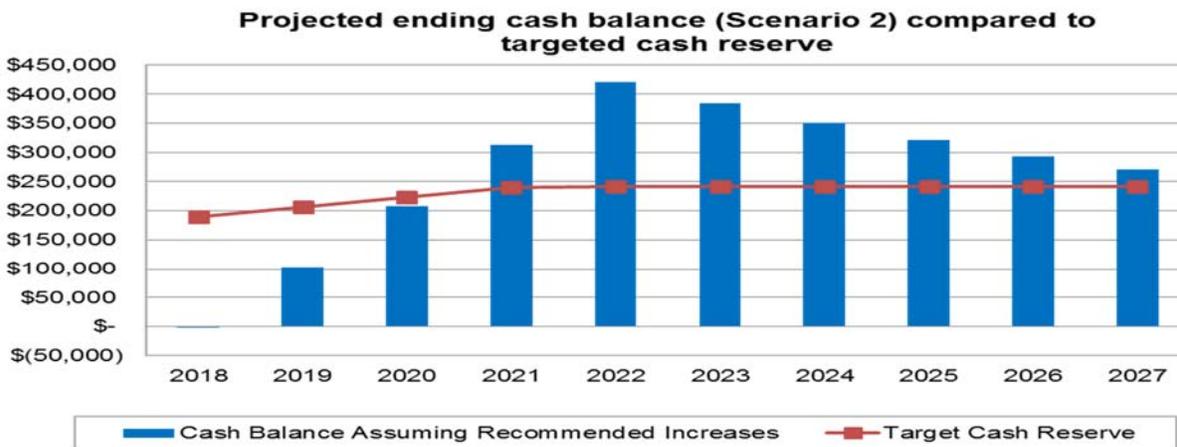
Stormwater Utilities Operating Fund (Continued)

Current rates inflated at 3% annually



Target Cash Reserve is lowest amount needed to fund operations. Excess above target would be used to future capital improvement needs above target.

Scenario 2 - Change in rates over several periods



Target Cash Reserve is lowest amount needed to fund operations. Excess above target would be used to future capital improvement needs above target.

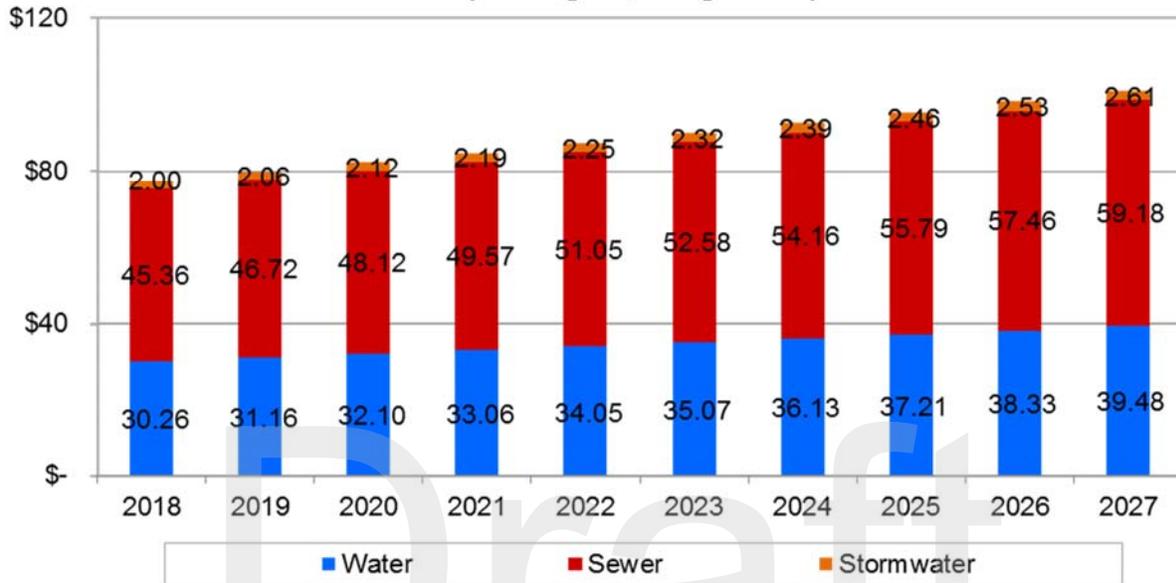
As evidenced by the graphs above, the City's Stormwater rates are insufficient to sustain the existing cash balance. Revenues are not sufficient to cover operating expenses, debt and capital. Scenario 2 rates achieve sufficient cash reserves over the life of the projection.

City of Mayer, Minnesota
Water, Sewer and Stormwater Rate Study
September 6, 2018

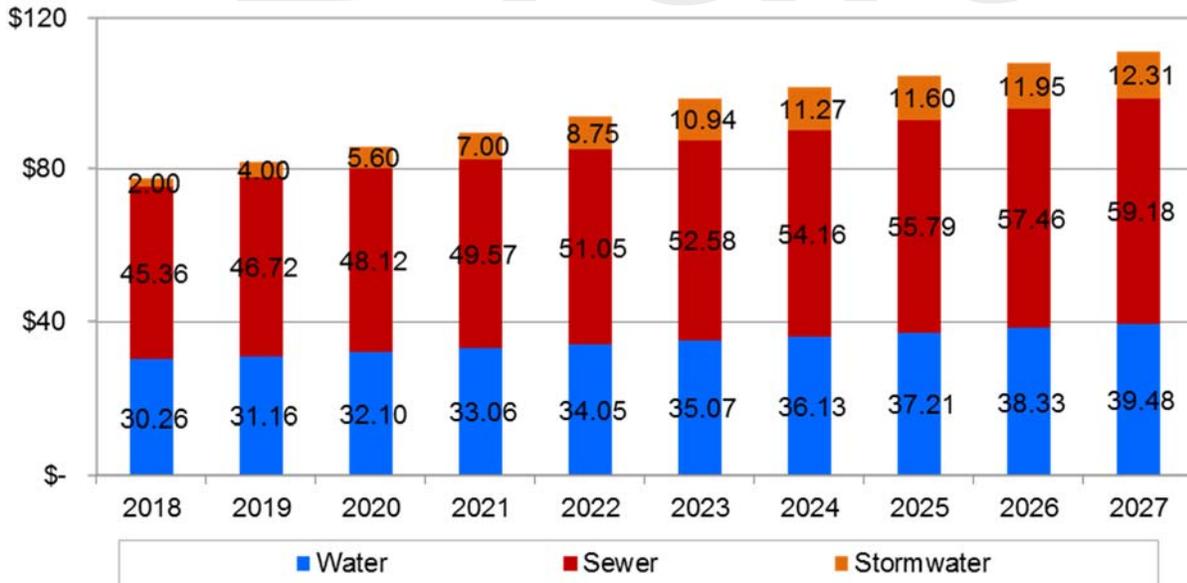
Summary

As evidenced in the discussions above, it appears the City's utility rates are competitive with similar communities. For Sewer and Stormwater an increase in rates will help the utilities achieve sufficient cash flows to meet the targets. For the Water utility, annual inflation increases will provide cash flows sufficient to meet the targets.

Projected Total Residential Monthly Utility Bill Under Current Rates (Average 3,500 gallons)



Projected Total Residential Monthly Utility Bill Under Scenario 2 (Average 3,500 gallons)



SUPPLEMENTARY INFORMATION

CITY OF MAYER
MAYER, MINNESOTA

Draft

City of Mayer, Minnesota
Water Fund
Schedule of Cash Flows - Rates Inflated 3%
For the Years Ending December 31, 2015 Through 2027

	RATE STUDY PROJECTIONS												
	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027
Projected Rate Increase					3%	3%	3%	3%	3%	3%	3%	3%	3%
Usage Rates					3%	3%	3%	3%	3%	3%	3%	3%	3%
Fixed					3%	3%	3%	3%	3%	3%	3%	3%	3%
Cash Flows from Operating Activities													
Overall % Increase		15.14%	25.03%	6.67%	25.29%	2.47%	2.48%	2.49%	2.50%	2.52%	2.53%	2.54%	2.55%
Receipts from customers and users	\$ 261,518	\$ 301,120	\$ 376,486	\$ 401,580	\$ 503,153	\$ 515,562	\$ 528,343	\$ 541,508	\$ 555,067	\$ 569,033	\$ 583,419	\$ 598,235	\$ 613,497
Other operating receipts	45,015	45,555	76,277	53,822	55,436	57,099	58,812	60,577	62,394	64,266	66,194	68,179	70,225
Payments to suppliers, contractors and other governments	(71,908)	(113,577)	(81,915)	(103,871)	(106,987)	(110,196)	(113,502)	(116,907)	(120,414)	(124,027)	(127,748)	(131,580)	(135,527)
Payments to employees	(16,155)	(41,085)	(46,616)	(56,244)	(59,056)	(62,009)	(65,109)	(68,365)	(71,783)	(75,372)	(79,141)	(83,098)	(87,253)
Net cash from operating activities	218,470	192,013	324,232	295,287	392,547	400,456	408,544	416,812	425,263	433,900	442,724	451,737	460,941
Cash Flows from Noncapital Financing Activities													
Special assessments received	550	1,420	2,050	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from noncapital financing activities	550	1,420	2,050	-	-	-	-	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities													
Acquisition of capital assets	(163,006)	-	-	-	-	-	(412,000)	(1,339,000)	(350,200)	(350,200)	(350,200)	(350,200)	(350,200)
Intergovernmental receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Property taxes received	-	-	-	-	-	-	-	-	-	-	-	-	-
Connection fees collected	114,236	169,816	213,207	157,500	162,399	167,298	172,197	177,446	182,695	188,294	193,893	199,842	205,791
Proceeds of bonds issued, net of issuance costs	190,000	-	-	-	-	-	-	1,300,000	-	-	-	-	-
Proceeds of refunding bonds issued	-	-	777,880	-	-	-	-	-	-	-	-	-	-
Payment on refunding bonds	-	-	(777,600)	-	-	-	-	-	-	-	-	-	-
Principal paid on long-term debt	(231,400)	(239,450)	(265,550)	(276,300)	(296,100)	(313,600)	(301,400)	(328,397)	(332,144)	(342,703)	(249,379)	(255,670)	(81,029)
Interest paid on long-term debt	(90,230)	(79,944)	(86,167)	(64,165)	(56,079)	(47,392)	(38,028)	(68,138)	(58,901)	(49,451)	(39,625)	(33,712)	(27,868)
Net cash from capital and related financing activities	(180,400)	(149,578)	(138,230)	(182,965)	(189,780)	(193,694)	(579,231)	(258,089)	(558,550)	(554,060)	(445,311)	(439,740)	(253,306)
Cash Flows from Investing Activities													
Interest received on investments	3,027	1,685	6,314	10,036	11,260	13,400	15,602	14,051	15,779	14,604	13,548	13,658	13,914
Net Increase (Decrease) in Cash and Cash Equivalents	41,647	45,540	194,366	122,358	214,026	220,163	(155,085)	172,774	(117,507)	(105,557)	10,961	25,655	221,550
Cash and Cash Equivalents, January 1	722,094	763,741	809,281	1,003,647	1,126,005	1,340,032	1,560,194	1,405,109	1,577,883	1,460,376	1,354,819	1,365,780	1,391,435
Cash and Cash Equivalents, December 31	\$ 763,741	\$ 809,281	\$ 1,003,647	\$ 1,126,005	\$ 1,340,032	\$ 1,560,194	\$ 1,405,109	\$ 1,577,883	\$ 1,460,376	\$ 1,354,819	\$ 1,365,780	\$ 1,391,435	\$ 1,612,984
Target Cash Reserve	\$ 396,725	\$ 415,983	\$ 420,522	\$ 775,201	\$ 787,094	\$ 768,734	\$ 829,171	\$ 827,143	\$ 831,854	\$ 732,448	\$ 736,721	\$ 560,287	\$ 564,501
Cash in Excess of Reserve	\$ 367,016	\$ 393,299	\$ 583,125	\$ 350,805	\$ 552,937	\$ 791,460	\$ 575,938	\$ 750,740	\$ 628,522	\$ 622,371	\$ 629,059	\$ 831,148	\$ 1,048,483
Average Monthly Bill (3,500 Gallons)				\$ 30.26	\$ 31.16	\$ 32.10	\$ 33.06	\$ 34.05	\$ 35.07	\$ 36.13	\$ 37.21	\$ 38.33	\$ 39.48
Average Percentage Increase					3%	3%	3%	3%	3%	3%	3%	3%	3%
Average Monthly Dollar Increase				\$ 30.26	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05	\$ 1.08	\$ 1.12	\$ 1.15
Average Annual Dollar Increase				\$ 363.06	\$ 10.89	\$ 11.22	\$ 11.56	\$ 11.90	\$ 12.26	\$ 12.63	\$ 13.01	\$ 13.40	\$ 13.80
Five Year Average Capital Expenses				\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000

City of Mayer, Minnesota
Sewer Fund
Schedule of Cash Flows - Rates Inflated 3%
For the Years Ending December 31, 2015 Through 2027

	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027
Projected Rate Increase					3%	3%	3%	3%	3%	3%	3%	3%	3%
Usage Rates					3%	3%	3%	3%	3%	3%	3%	3%	3%
Fixed					3%	3%	3%	3%	3%	3%	3%	3%	3%
Cash Flows from Operating Activities													
Overall % Increase		7.22%	11.00%	6.89%	22.62%	2.52%	2.53%	2.54%	2.55%	2.57%	2.58%	2.59%	2.60%
Receipts from customers and users	\$ 358,610	\$ 384,502	\$ 426,810	\$ 456,237	\$ 559,450	\$ 573,548	\$ 588,069	\$ 603,025	\$ 618,430	\$ 634,297	\$ 650,640	\$ 667,474	\$ 684,812
Other operating receipts	-	-	13	7,232	7,449	7,672	7,903	8,140	8,384	8,635	8,894	9,161	9,436
Payments to suppliers, contractors and other governments	(199,428)	(226,188)	(224,820)	(296,974)	(305,883)	(315,059)	(324,511)	(334,246)	(344,274)	(354,602)	(365,240)	(376,197)	(387,483)
Payments to employees	(16,155)	(41,085)	(46,616)	(56,244)	(59,056)	(62,009)	(65,109)	(68,365)	(71,783)	(75,372)	(79,141)	(83,098)	(87,253)
Net cash from operating activities	143,027	117,229	155,387	110,252	201,960	204,152	206,351	208,553	210,757	212,958	215,154	217,340	219,512
Cash Flows from Noncapital Financing Activities													
Special assessments received	550	1,420	2,330	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from noncapital financing activities	550	1,420	2,330	-	-	-	-	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities													
Acquisition of capital assets	(5,873)	(87,550)	(52,660)	(147,000)	(151,410)	(89,610)	(3,540,110)	(424,360)	(253,380)	(253,380)	(253,380)	(253,380)	(253,380)
Intergovernmental receipts	-	-	-	3,516	3,691	3,876	4,070	4,273	4,487	4,711	4,947	5,194	5,454
Property taxes received**	336,000	309,000	273,000	263,000	253,000	243,000	233,000	223,000	213,000	203,000	193,000	183,000	173,000
Connection fees collected	117,658	173,283	216,836	157,500	162,400	167,300	172,200	177,450	182,700	188,300	193,900	199,850	205,800
Proceeds of bonds issued, net of issuance costs	-	-	-	-	-	-	3,500,000	-	-	-	-	-	-
Proceeds of refunding bonds issued	-	-	2,103,156	-	-	-	-	-	-	-	-	-	-
Payment on refunding bonds	-	-	(2,102,400)	-	-	-	-	-	-	-	-	-	-
Principal paid on long-term debt	(272,600)	(284,550)	(307,450)	(326,700)	(356,900)	(394,400)	(567,783)	(449,328)	(451,493)	(472,083)	(211,802)	(218,156)	(224,700)
Interest paid on long-term debt	(120,927)	(110,910)	(101,428)	(88,059)	(75,592)	(61,931)	(151,784)	(130,955)	(114,920)	(98,541)	(81,381)	(75,027)	(68,483)
Net cash from capital and related financing activities	54,258	(727)	29,054	(137,743)	(164,811)	(131,765)	(350,407)	(599,920)	(419,606)	(427,993)	(154,716)	(158,519)	(162,309)
Cash Flows from Investing Activities													
Interest received on investments	5,233	3,016	9,513	16,748	16,641	17,179	18,075	16,815	13,069	11,111	9,072	9,767	10,453
Net Increase (Decrease) in Cash and Cash Equivalents	203,068	120,938	196,284	(10,743)	53,791	89,566	(125,982)	(374,552)	(195,780)	(203,923)	69,510	68,588	67,656
Cash and Cash Equivalents, January 1	1,154,556	1,357,624	1,478,562	1,674,846	1,664,103	1,717,894	1,807,460	1,681,478	1,306,926	1,111,146	907,223	976,732	1,045,320
Cash and Cash Equivalents, December 31	\$ 1,357,624	\$ 1,478,562	\$ 1,674,846	\$ 1,664,103	\$ 1,717,894	\$ 1,807,460	\$ 1,681,478	\$ 1,306,926	\$ 1,111,146	\$ 907,223	\$ 976,732	\$ 1,045,320	\$ 1,112,976
Target Cash Reserve	\$ 529,097	\$ 544,596	\$ 591,368	\$ 860,961	\$ 890,865	\$ 1,160,377	\$ 1,027,588	\$ 1,020,441	\$ 1,031,611	\$ 761,373	\$ 768,831	\$ 776,551	\$ 784,545
Cash in Excess of Reserve	\$ 828,528	\$ 933,966	\$ 1,083,478	\$ 803,141	\$ 827,029	\$ 647,083	\$ 653,889	\$ 286,485	\$ 79,535	\$ 145,849	\$ 207,902	\$ 268,769	\$ 328,432
Average Monthly Bill (3,500 Gallons)				\$ 45.36	\$ 46.72	\$ 48.12	\$ 49.57	\$ 51.05	\$ 52.58	\$ 54.16	\$ 55.79	\$ 57.46	\$ 59.18
Average Percentage Increase					3%	3%	3%	3%	3%	3%	3%	3%	3%
Average Monthly Dollar Increase				\$ 45.36	\$ 1.36	\$ 1.40	\$ 1.44	\$ 1.49	\$ 1.53	\$ 1.58	\$ 1.62	\$ 1.67	\$ 1.72
Average Annual Dollar Increase				\$ 544.32	\$ 16.33	\$ 16.82	\$ 17.32	\$ 17.84	\$ 18.38	\$ 18.93	\$ 19.50	\$ 20.08	\$ 20.69
Five Year Average Capital Expenses				\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000

City of Mayer, Minnesota
Storm Fund
Schedule of Cash Flows - Scenario 1 - Current State
For the Years Ending December 31, 2015 Through 2027

	Actual 2015	Actual 2016	Actual 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027
Projected Rate Increase					3%	3%	3%	3%	3%	3%	3%	3%	3%
Usage Rates					3%	3%	3%	3%	3%	3%	3%	3%	3%
Fixed					3%	3%	3%	3%	3%	3%	3%	3%	3%
Cash Flows from Operating Activities													
Overall % Increase		1.38%	1.34%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Receipts from customers and users	\$ 19,673	\$ 19,945	\$ 20,213	\$ 20,819	\$ 21,444	\$ 22,087	\$ 22,750	\$ 23,432	\$ 24,135	\$ 24,859	\$ 25,605	\$ 26,373	\$ 27,165
Other operating receipts	-	-	-	346	356	367	378	389	401	413	425	438	451
Payments to suppliers, contractors and other governments	(6,762)	(11,913)	(5,995)	(6,658)	(6,857)	(7,063)	(7,275)	(7,493)	(7,718)	(7,949)	(8,188)	(8,434)	(8,687)
Payments to employees	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from operating activities	12,911	8,032	14,218	14,507	14,943	15,391	15,853	16,328	16,818	17,323	17,842	18,378	18,929
Cash Flows from Noncapital Financing Activities													
Special assessments received	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	92,931	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from noncapital financing activities	92,931	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities													
Acquisition of capital assets	(28,309)	(160,742)	(110,791)	(50,000)	(206,000)	(206,000)	(206,000)	(206,000)	(175,100)	(175,100)	(175,100)	(175,100)	(175,100)
Intergovernmental receipts	-	25,000	-	-	-	-	-	-	-	-	-	-	-
Property taxes received	-	-	-	-	-	-	-	-	-	-	-	-	-
Connection fees collected	2,901	27,701	57,743	-	-	-	-	-	-	-	-	-	-
Proceeds of bonds issued, net of issuance costs	-	-	-	-	200,000	200,000	200,000	200,000	-	-	-	-	-
Proceeds of refunding bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment on refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal paid on long-term debt	-	-	-	-	(10,753)	(21,829)	(33,237)	(44,987)	(46,337)	(47,727)	(49,159)	(50,634)	(52,153)
Interest paid on long-term debt	-	-	-	-	(6,000)	(11,677)	(17,022)	(22,025)	(20,675)	(19,285)	(17,853)	(16,378)	(14,859)
Net cash from capital and related financing activities	(25,408)	(108,041)	(53,048)	(50,000)	(22,753)	(39,506)	(56,259)	(73,012)	(242,112)	(242,112)	(242,112)	(242,112)	(242,112)
Cash Flows from Investing Activities													
Interest received on investments	588	144	268	329	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	81,022	(99,865)	(38,562)	(35,164)	(7,810)	(24,115)	(40,406)	(56,684)	(225,294)	(224,789)	(224,270)	(223,734)	(223,183)
Cash and Cash Equivalents, January 1	90,310	171,332	71,467	32,905	(2,259)	(10,069)	(34,184)	(74,590)	(131,274)	(356,568)	(581,358)	(805,627)	(1,029,362)
Cash and Cash Equivalents, December 31	\$ 171,332	\$ 71,467	\$ 32,905	\$ (2,259)	\$ (10,069)	\$ (34,184)	\$ (74,590)	\$ (131,274)	\$ (356,568)	\$ (581,358)	\$ (805,627)	\$ (1,029,362)	\$ (1,252,545)
Target Cash Reserve	\$ 5,957	\$ 2,998	\$ 3,329	\$ 190,182	\$ 207,037	\$ 223,896	\$ 240,759	\$ 240,871	\$ 240,987	\$ 241,106	\$ 241,229	\$ 241,355	\$ 241,486
Cash in Excess of Reserve	\$ 165,376	\$ 68,470	\$ 29,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Monthly Bill				\$ 2.00	\$ 2.06	\$ 2.12	\$ 2.19	\$ 2.25	\$ 2.32	\$ 2.39	\$ 2.46	\$ 2.53	\$ 2.61
Average Percentage Increase					3%	3%	3%	3%	3%	3%	3%	3%	3%
Average Monthly Dollar Increase				\$ 2.00	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.08
Average Annual Dollar Increase				\$ 24.00	\$ 0.72	\$ 0.74	\$ 0.76	\$ 0.79	\$ 0.81	\$ 0.83	\$ 0.86	\$ 0.89	\$ 0.91
Five Year Average Capital Expenses				\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000

City of Mayer, Minnesota
Storm Fund
Schedule of Cash Flows - Storm - Scenario 2 - Increase Spread Over Several Periods to Achieve Target
For the Years Ending December 31, 2015 Through 2027

	Actual	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Projected Rate Increase					100%	40%	25%	25%	25%	3%	3%	3%	3%
Fixed					100%	40%	25%	25%	25%	3%	3%	3%	3%
Cash Flows from Operating Activities													
Overall % Increase		1.38%	1.34%	7.93%	510.37%	13.11%	10.14%	11.51%	12.90%	1.71%	1.74%	1.76%	1.78%
Receipts from customers and users	\$ 19,673	\$ 19,945	\$ 20,213	\$ 21,816	\$ 133,158	\$ 150,611	\$ 165,882	\$ 184,971	\$ 208,832	\$ 212,411	\$ 216,098	\$ 219,895	\$ 223,806
Other operating receipts	-	-	-	346	356	367	378	389	401	413	425	438	451
Payments to suppliers, contractors and other governments	(6,762)	(11,913)	(5,995)	(6,658)	(6,857)	(7,063)	(7,275)	(7,493)	(7,718)	(7,949)	(8,188)	(8,434)	(8,687)
Payments to employees	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from operating activities	12,911	8,032	14,218	15,504	126,657	143,914	158,985	177,867	201,515	204,874	208,335	211,899	215,570
Cash Flows from Noncapital Financing Activities													
Special assessments received	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	92,931	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from noncapital financing activities	92,931	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities													
Acquisition of capital assets	(28,309)	(160,742)	(110,791)	(50,000)	(206,000)	(206,000)	(206,000)	(206,000)	(175,100)	(175,100)	(175,100)	(175,100)	(175,100)
Intergovernmental receipts	-	25,000	-	-	-	-	-	-	-	-	-	-	-
Property taxes received	-	-	-	-	-	-	-	-	-	-	-	-	-
Connection fees collected	2,901	27,701	57,743	-	-	-	-	-	-	-	-	-	-
Proceeds of bonds issued, net of issuance costs	-	-	-	-	200,000	200,000	200,000	200,000	-	-	-	-	-
Proceeds of refunding bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment on refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal paid on long-term debt	-	-	-	-	(10,753)	(21,829)	(33,237)	(44,987)	(46,337)	(47,727)	(49,159)	(50,634)	(52,153)
Interest paid on long-term debt	-	-	-	-	(6,000)	(11,677)	(17,022)	(22,025)	(20,675)	(19,285)	(17,853)	(16,378)	(14,859)
Net cash from capital and related financing activities	(25,408)	(108,041)	(53,048)	(50,000)	(22,753)	(39,506)	(56,259)	(73,012)	(242,112)	(242,112)	(242,112)	(242,112)	(242,112)
Cash Flows from Investing Activities													
Interest received on investments	588	144	268	329	-	1,026	2,081	3,129	4,209	3,845	3,511	3,208	2,938
Net Increase (Decrease) in Cash and Cash Equivalents	81,022	(99,865)	(38,562)	(34,167)	103,904	105,435	104,806	107,983	(36,389)	(33,393)	(30,266)	(27,005)	(23,603)
Cash and Cash Equivalents, January 1	90,310	171,332	71,467	32,905	(1,262)	102,642	208,076	312,883	420,866	384,478	351,085	320,818	293,814
Cash and Cash Equivalents, December 31	\$ 171,332	\$ 71,467	\$ 32,905	\$ (1,262)	\$ 102,642	\$ 208,076	\$ 312,883	\$ 420,866	\$ 384,478	\$ 351,085	\$ 320,818	\$ 293,814	\$ 270,210
Target Cash Reserve	\$ 5,957	\$ 2,998	\$ 3,329	\$ 190,182	\$ 207,037	\$ 223,896	\$ 240,759	\$ 240,871	\$ 240,987	\$ 241,106	\$ 241,229	\$ 241,355	\$ 241,486
Cash in Excess of Reserve	\$ 165,376	\$ 68,470	\$ 29,576	\$ -	\$ -	\$ -	\$ 72,124	\$ 179,995	\$ 143,491	\$ 109,979	\$ 79,590	\$ 52,459	\$ 28,725
Average Monthly Bill				\$ 2.00	\$ 4.00	\$ 5.60	\$ 7.00	\$ 8.75	\$ 10.94	\$ 11.27	\$ 11.60	\$ 11.95	\$ 12.31
Average Percentage Increase					100%	40%	25%	25%	25%	3%	3%	3%	3%
Average Monthly Dollar Increase				\$ 2.00	\$ 2.00	\$ 1.60	\$ 1.40	\$ 1.75	\$ 2.19	\$ 0.33	\$ 0.34	\$ 0.35	\$ 0.36
Average Annual Dollar Increase				\$ 24.00	\$ 24.00	\$ 19.20	\$ 16.80	\$ 21.00	\$ 26.25	\$ 3.94	\$ 4.06	\$ 4.18	\$ 4.30
Five Year Average Capital Expenses				\$ 170,000									