



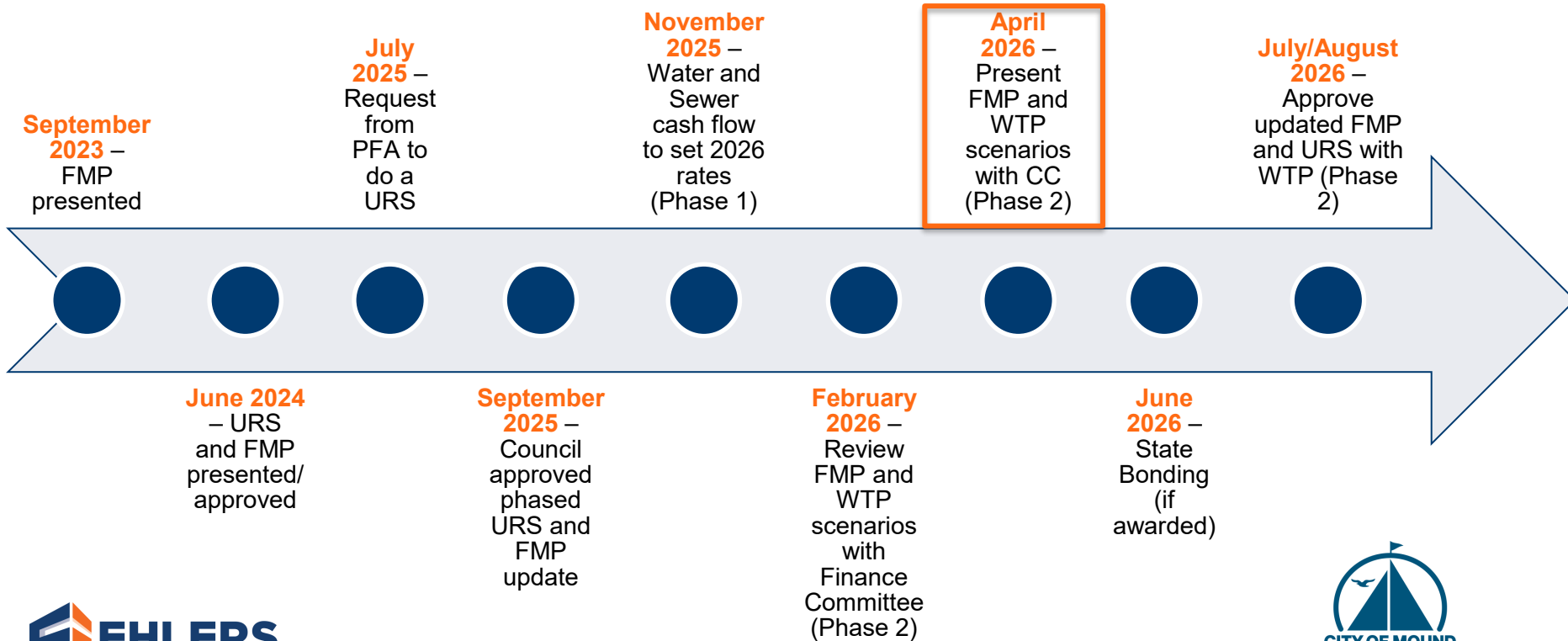
## City of Mound, Minnesota

Utility Rate Study and Financial Management Plan  
Update – Phase 2

April 28, 2026

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# Timeline



# Background

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- **CIP** – Capital Improvement Plan
- **FMP** – Financial Management Plan
- **PFA** – Public Facilities Authority
- **URS** – Utility Rate Study
- **WTP** – Water Treatment Plant
- **Ehlers** – Public Finance Advisor to the City

# Why is a Water Treatment Plant needed?

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- Remove manganese
- Remove iron and other contaminants
- Steward taxpayer dollars and save money spent on in-home water solutions
- Protect and preserve infrastructure (public and private)



# 2026 Construction Project

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The City of Mound is starting the construction portion of the Water Treatment Infrastructure Improvements Project Phase 2.

Proposed improvements include:

- Replacement of existing watermains, mainly by trenchless methods
- Replacement of water services
- Restoration of disturbed pavements, sidewalks and turf areas

# Goals for a Utility Rate Study

## Phase 1 – Completed in 2025

- Account for changes in CIP, consumption, and MCES charge
- Bridge gap in rates between now and Phase 2 - WTP scenarios
- Set 2026 rates for water and sewer

## Phase 2

- Analyze funding scenarios for WTP
- Review of franchise fees
- Finalize updated FMP and URS with WTP
  - Plan for 2027-2033 utility rate and property tax increases

# Assumptions and Changes – All Scenarios

All capital projects are incorporated per the Capital Improvement Plans

- *Water treatment plant added – phase 2*

Increase in gas and electric franchise fees in 2027, 2029, 2031

- Residential – Current \$4/month, 2027 \$6/month, 2029 \$9/month, 2031 \$13.50/month per Utility (Gas & Electric)
- \$5.4M in additional revenue from 2027-2033 for WTP

\$3M PFA Grant

- \$1.5M received in 2027 and 2028

WTP project costs split evenly between 2027 and 2028

# Water Treatment Plant Cost

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## Cost

- \$12M site preparation
- \$30M construction
- = \$42M total cost

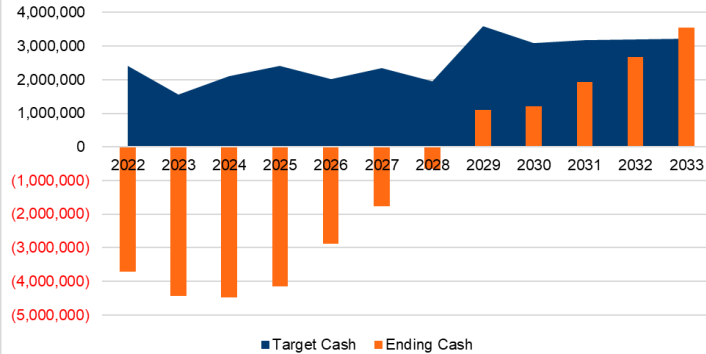
## Funding

- + \$12M State and Federal
- + \$3M PFA Grant
- + \$27M PFA Loan
- = \$42M total funding

# Ensure Adequate Cash Balances - Water

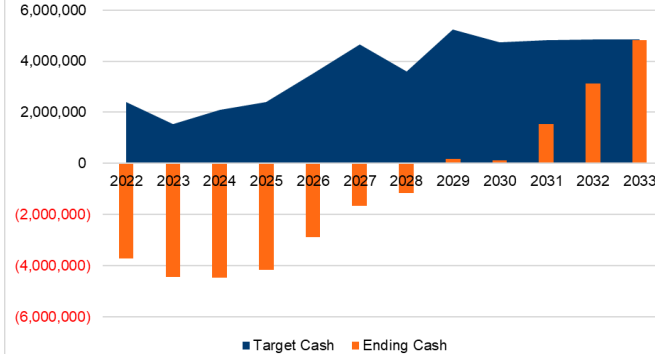
## No WTP

Water Fund  
Projected Cash Balances



## \$27M Loan

Water Fund  
Projected Cash Balances



## Take Aways

- Positive cash in **2029**
- Target cash achieved in **2033**
- No planned debt issuance beyond **2029**

# Water Rate Increases – 2027-2033

| Year | No WTP | \$27M Loan* |
|------|--------|-------------|
| 2027 | 13.5%  | 17%         |
| 2028 | 11.5%  | 16%         |
| 2029 | 7.5%   | 15%         |
| 2030 | 3%     | 10%         |
| 2031 | 3%     | 8%          |
| 2032 | 3%     | 5%          |
| 2033 | 3%     | 3%          |

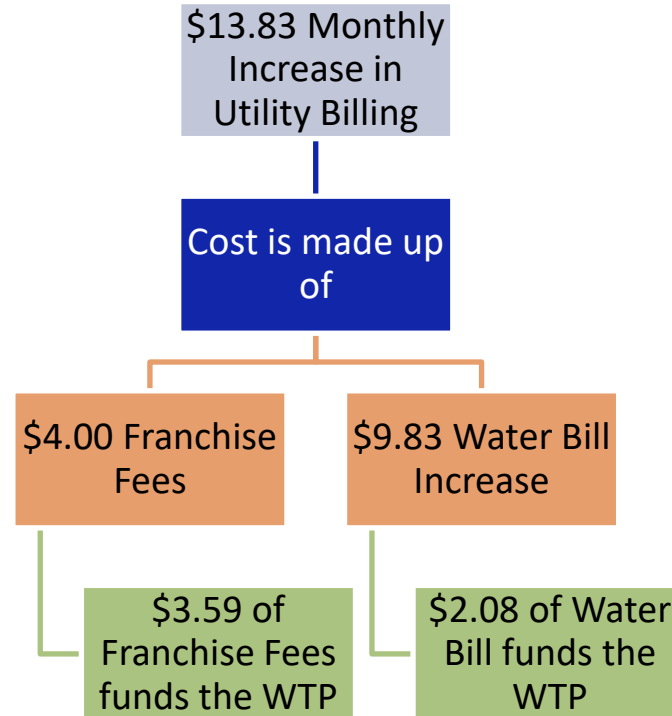
**\*Scenarios include additional Franchise Fee revenue**

# Residential Impact – 2027

|                                      | 2026  | 2027<br>No WTP | 2027<br>\$27M Loan |
|--------------------------------------|-------|----------------|--------------------|
| Franchise Fees                       | \$96  | \$101          | \$144              |
| Water Fees*                          | \$695 | \$788          | \$813              |
| <b>Total Cost</b>                    | \$791 | \$889          | \$957              |
| Total annual<br><b>2027 Increase</b> |       | <b>\$98</b>    | <b>\$166</b>       |
| <b>Monthly 2027 Increase</b>         |       | <b>\$8.16</b>  | <b>\$13.83</b>     |

\*Medium volume user (14,000 gallons)

# Residential Impact – 2027



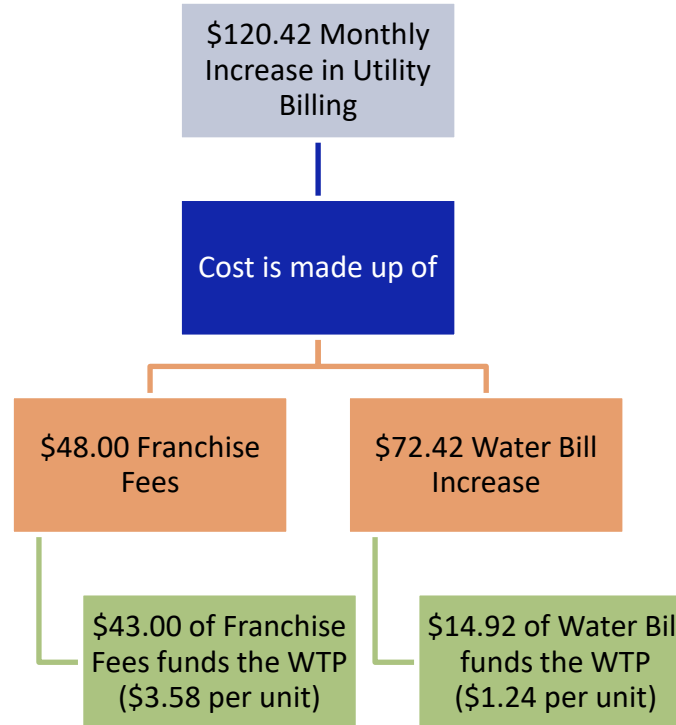
Many household solutions such as softening, reverse osmosis or purchasing water cost more than \$2 per month.

# Multifamily Impact – 2027

|                                   | 2026 Actual | 2027 No WTP    | 2027 \$27M Loan |
|-----------------------------------|-------------|----------------|-----------------|
| Franchise Fees                    | \$1,152     | \$1,212        | \$1,728         |
| Water Fees*                       | \$5,118     | \$5,808        | \$5,987         |
| <b>Total Cost</b>                 | \$6,270     | \$7,020        | \$7,715         |
| <b>Total annual 2027 Increase</b> |             | <b>\$750</b>   | <b>\$1,445</b>  |
| <b>Monthly 2027 Increase</b>      |             | <b>\$62.50</b> | <b>\$120.42</b> |

\*Medium volume user (62,000 Gallons and 12 Units)

# Multifamily Impact - 2027



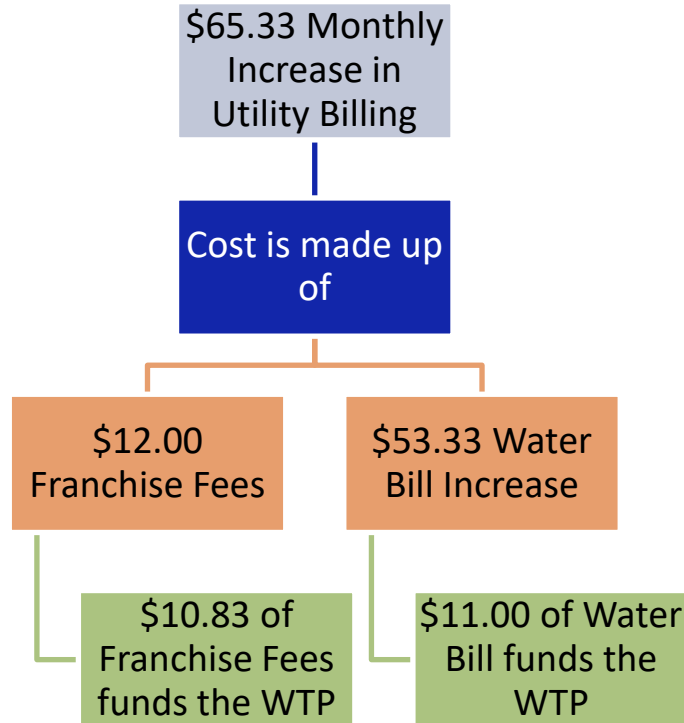
# Commercial Impact – 2027

|                              | 2026 Actual | 2027 No WTP    | 2027 \$27M Loan |
|------------------------------|-------------|----------------|-----------------|
| Franchise Fees***            | \$288       | \$302          | \$432           |
| Water Fees*                  | \$3,764     | \$4,272        | \$4,404         |
| <b>Total Cost</b>            | \$4,052     | \$4,574        | \$4,836         |
| Total annual 2027 Increase   |             | <b>\$522</b>   | <b>\$784</b>    |
| <b>Monthly 2027 Increase</b> |             | <b>\$43.50</b> | <b>\$65.33</b>  |

\*Medium volume user (31,000 gallons)

\*\*Customer Class - Small C&I Non-Demand (electric), Commercial A (gas)

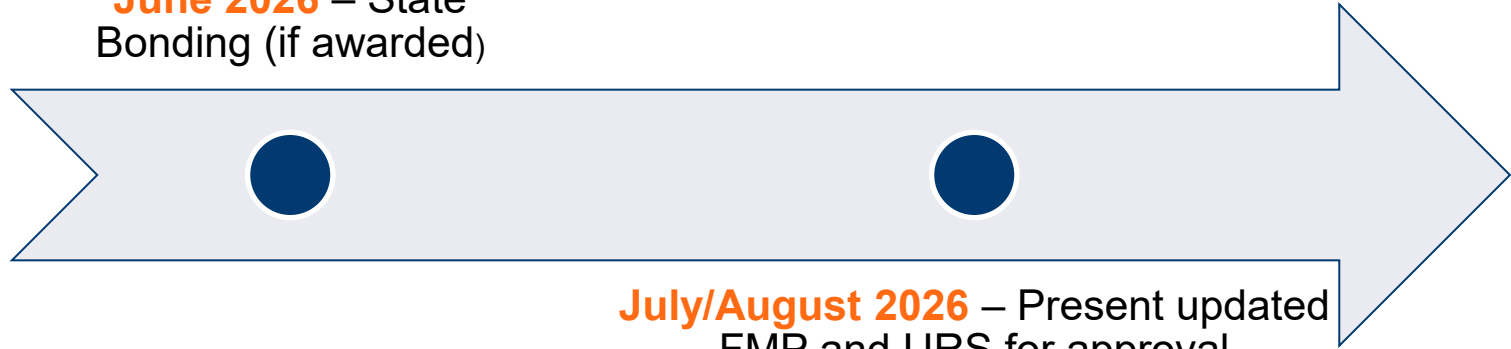
# Commercial Impact - 2027



# Next Steps

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**June 2026** – State Bonding (if awarded)



# Let's Talk!

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