Summerset City Commission
Special Meeting w/Planning & Zoning in Attendance
Summerset Municipal Building
7055 Leisure Lane
Monday, November 17th, 2025, 6:00 P.M.

Mayor Michael Kitzmiller called the special meeting to order at 6:00 p.m. Commissioners Clyde Hirsch, Gwenn Markham, Michael Osten, and Jordan Pulscher were present. City Administrator Lisa Schieffer and City Attorney Michael Wheeler were also present. Planning and Zoning Members present were Casey Kenrick, Dustin Hirsch, Brody Oldfield, Mitchell Woldt (via zoom) and Brittni Bjorum (via zoom). Chris Robinson, Eric Jasper, and Lindsay Shagla were present from HDR Engineering along with Tobin Morris of Colliers Securities LLC (via zoom).

Present for Norman Ranch were Tony Thompson, Shawn Rost, Megan Kingsbury, Kyle Treloar (via zoom), Ian Garduna/Renner Engineering, Representatives from Rapid Construction, Attorney Jeff Collins, and Attorney Mike Nadolski.

Mayor Kitzmiller led in the Pledge of Allegiance.

Commissioner Osten gave the invocation.

Citizen Input
No citizen input.

Presentation and Project Overview of Highlands at Norman Ranch
Motion by Osten, second by Markham to open discussion. Motion carried.

Megan Kingsbury and Tony Thompson presented to the Board a presentation regarding the Highlands at Norman Ranch. Thompson gave an overview of the project history and structure of the same which included:

- Administration
- Engineering
- Force Main Sizing
- Municipal Authority

Kingsbury went on to explain that the purpose of the presentation was to inform everyone on the complex development of this project. Kingbury went over the project, explaining in detail:

- Regional Impact
- Financial Impact
- Benefits to Summerset

A handout entitled Highland at Norman Ranch – Built for Living, Designed for Community was given to the Board of Commissioners. Extra copies were available for the public in order to meet open meeting laws.

Kingsbury went over the Economic Impact Report pointing out the Fees, Tax Revenue, and financial benefits from Phase 1 to the City of Summerset. Next Kingsbury discussed the design element that Renner Engineering had completed.

Kingsbury went on to discuss the needs of Summerset regarding affordable housing. Kingbury pointed out where the city, working on their draft comprehensive plan, has had several public meetings/surveys that went out, and citizens gave feedback for the need.

Kingsbury went over the Project Design which included the annexation of the property, zoning of R-3 (multi-family residential) because of its flexibility, and phasing of the project.

Kingsbury described the different phases of the project as Phase 1A (final plat), Phase 1B (preliminary plat) and Phase 1C. A special note to the development plan is part of area is in the wetlands and is governed by the Corps of Engineers. Also, discussed were the covenants that run with the land.

Kingsbury laid out the chronological order and gave the history on the annexation, zoning and then the Developer's Agreement, which laid out the framework for the project. Next Kingsbury discussed what Tax Increment Financing was and the different types of classifications:

- Local
- Economic Development
- Affordable Housing
- Industrial

The TIF that was given by the City of Summerset to Norman Ranch was considered affordable housing. Affordable housing is defined as up to $410,000.00.

Attorney Jeff Collins explained the risk sharing of a TIF and laid out an example of a lawsuit (public) wherein the city is protected. Kingsbury then concluded with how a TIF works.

City Attorney Mike Wheeler asked about the grant that Norman Ranch had received. Thompson stated that it was part of the American Recovery Grant that they applied for and was awarded 3.2 million to use for 2 ½ miles of infrastructure. Rost went on to state that it was deemed by merit, and they had qualified for the same.

Kingsbury went on to discuss the Engineering and Review Process. Said reviewing agencies were the City of Summerset, Meade County, SDDANR, SDDOT, BHWUD, RCPE Railroad. Expert consultants were Renner Associates, JEO, Eocene (USACE), Dakota Pump, Malone Engineering, Dakota Testing & Engineering. Four rounds of reviews by HDR were completed along with submittals.

Kingsbury moved to the construction discussion regarding the preliminary plat, grading plan, and contractors which included: Midwest Contracting Solutions, with subcontractors: Rapid Construction, J&J Asphalt, Mushitz, and Timber Ridge.

Next Kingsbury went over the Utilities and Infrastructure and Quality Assurance Overview. Thompson stated the quality assurance was an additional 6 inch (6") base course on Highlands Way, triple geotechnical testing, continuous on-site inspection, and aerial progress monitoring. Discussion was had about the boring under the railroad, Norman Avenue, Interstate I-90, and Sturgis Road.

There being no more discussion on the power point presentation, motion was made by Markham, second by Pulscher to close discussion. Motion carried.

Presentation and Overview of Developer Agreement and Tax Increment Financing
Motion made by Hirsch, second by Markham, to open discussion. Motion carried.

Currently, there is a Developer's Agreement in place, but Norman Ranch is requesting consideration be given to memorialize the use of actual flows to determine how many homes can be served and to memorialize the timing of the upgrade requirements to the City of Summerset lift station. The language in the proposed Developer's Agreement would read as follows:

"The threshold for the off-site lift station upgrade work to begin is triggered when average daily wastewater flow exceeds 30,461 GPD over a 10-day period, which represents 95% of the allowable 80 GPM capacity at the Camping World Lift Station. This figure is based on Summerset IDCM design criteria of 100 GPCPD, an average household size of 2.65 persons, and a peaking factor of 3.5. Once this threshold is met, no additional certificates of occupancy will be issued for Norman Ranch Subdivision until all required lift station improvements are completed. The Developers may continue to develop additional lots and homes at their own risk during the interim."

"Wastewater flow will be measured and recorded at the Norman Ranch lift station and collected by the lift stations SCADA system. The city will monitor the flow data and provide monthly reports to the developer. Once the threshold, as defined in VI (F.), has been reached the city will notify the developer and no additional certificates of occupancy will be granted for structures that connect into the wastewater system within the subdivision. The developer shall have the opportunity to request and review the raw flow data and perform an independent analysis at their own expense to verify that the threshold has been met."

Attorney Collins stated that he drafted the request and that this is to protect both sides and that is why they are asking for the modification to the Developer's Agreement.

Discussion ensued regarding the theoretical rates versus using actual rates. Questions were asked about disruption of services and timeline on when the lift station would be built. Garduna explained that there would be some disruption with the switchover.

Discussion was had on whether or not the TIF would need to be changed. Kingsbury stated that if the Developer's Agreement is modified more than likely the TIF would not have to be changed.

There being no further discussion regarding the Developer's Agreement and Tax Increment, motion was made by Pulscher, second by Markham to close discussion. Motion carried.

Discussion of Ongoing Norman Ranch Development and Construction Issues
Motion by Osten, second by Hirsch to open discussion. Motion carried.

Mayor Kitzmiller explained he would like to start at the beginning and work our way through to present time. Public Works Director Anthony Kayl gave an overview of a list of items.

- Allegations of updated IDCM not provided until June of 2024. IDCM was sent to the developer team in 2023. Only changes to IDCM were lighting and cul de sacs over 500 feet in length. Those were sent in April with no response. Additional comments were sent in June and August,
- The lift station information report that was received in August of 2022 was sent to the developer team September of 2022.
- In May of 2025 we had a thrust block pour, there was some subgrade prep and were over excavated. The IDCM clearly states how the same must be poured. Kayl explained that it all got worked out and was redone and fixed.
- Contractors arguing about ADA compliance. Contractor did not want to listen to our engineers, which were correct. Vanocker Development took care of that matter for us.
- Asphalt Paving – we have requested sample thickness and have not received the results. In the pre-construction meeting, as it pertained to how core samples were to be patched and repaired, along with what would happen if it rained, it was stated there was no rain on that day, but the engineer was wet. Gravel was removed and the hole was filled with extra asphalt. One of the sections on Moray Mist Lane is approximately 9 ½ inches (9 ½") thick.
- Construction issues on 72-inch storm sewer required repair. Per the pre-construction meeting it was told that inspections and repairs were to be notified to have Summerset representatives there. There was no notice given for inspection of the repair and it there was grout slapped into places which are not up to spec. We made that information known and we have had no response.

Discussion ensued to have all parties have open lines of communication and to make sure everyone is getting the information.
Motion was made by Markham, second by Pulscher to close discussion.
Motion by Osten, second by Markham to adjourn at 8:04 p.m. Motion carried.

(SEAL)

ATTEST:

_____
Lisa Schieffer
City Administrator

_____
Michael Kitzmiller
Mayor

Published once _____at the total approximate cost of $_____.

Summerset City Commission
Regular Meeting
Summerset Municipal Building
7055 Leisure Lane
Thursday, November 20th, 2025, 6:00 P.M.

Mayor Kitzmiller called the regular meeting to order at 6:00 p.m. Commissioners Markham, Hirsch, and Pulscher were present. Commissioner Osten was absent. The City Administrator was also present.

Mayor Kitzmiller led in the Pledge of Allegiance.

Commissioner Markham gave the invocation.

Call For Changes
There were no declarations of conflict of interest.
Motion by Hirsch, second by Pulscher to approve the agenda of the regular meeting of the Summerset City Commission for November 20th, 2025. Motion carried.

Citizen Input
No citizen input.

Consent Calendar
Approval of the Minutes
Motion by Pulscher, second by Hirsch to approve the minutes of the meeting held on November 6th, 2025, as presented or amended. Motion carried.

Approval of the Claims
Motion by Markham, second by Pulscher to approve the claims in the amount of $118,671.53 from November 6th, 2025, to November 17th, 2025. Motion carried.

Anthony Kayl $294.67; A&B Business Solutions $45.00; BH Striping $573.48; Black Hawk Water Users District $43.00; Black Hills Asphalt $11,170.02; Black River Contracting $54,387.00; CBH Co-op $4,341.04; City of Rapid City $6,431.34; Dakota Pump $283.17; Demersseman Jensen Tellinghuisen & Huffman, LLP $1,192.50; Diamond Water Company $202.65; DOT Marketing $900.00; Golden West Technologies $4,159.93; Greenapsis $373.78; Hach Company $961.00; HDR Engineering $22,631.47; Hills Toilet Service $195.00; Meade County Auditor $2,715.05; Mehlhaff Construction $1,000.00; Mid-American Research Chemical $1,065.38; On-site First Aid & Safety $271.47; Rushmore Equipment $426.50; SD Department of Agricultural & Natural Resources $60.00; SD One Call $30.45; Servall uniform & Linen Supply $206.70; Summit Signs & Supply Inc. $353.00; Text My Gov $3,200.00.

Noted for the record-Department Head Reports are in the packet for viewing

Cornerstone Consulting/Brenna Block – Economic Development Update
Ms. Block informed the Board that she has made five (5) Summerset business visits and attended the Shooting Range Grand Opening. Ms. Block will be visiting further with the Board in executive session on economic development matters.

Summerset Marketing Fact Sheet Quotes – Brenna Block
Motion by Pulscher, second by Markham to open discussion. Motion carried. Ms. Block brought before the Board two (2) quotes for doing marketing fact sheets for the City of Summerset. Said quotes are as follows:

Midwest Marketing $260.00-$390.00
Dot Marketing $1,050.00

Block stated the reason that Midwest was lower was due to the fact that they have done the Rushmore Regional Marketing fact sheet and have a lot of the statistics readily available. Block went on to state the importance of having a local marketing tool for just Summerset when RFI's come in for businesses.

Motion by Hirsch, second by Pulscher to close discussion. Motion carried.
Motion by Pulscher, second by Markham to approve the quote of Midwest Marketing for a local marketing fact sheet on Summerset. Motion carried.

First Reading of Ordinance #2025-05 A Supplemental Appropriation Ordinance
Motion by Pulscher, second by Markham to open discussion. Motion carried. City Administrator Lisa Schieffer presented the Supplemental Appropriation Ordinance to the Board for review. Ms. Schieffer stated that additional funding would be needed in the engineering account due to ongoing matters and also additional funding in the economic development fund. Schieffer explained that they will be getting a refund check back from SEDC that will cover the appropriation in the 211 Fund.
Motion by Markham, second by Hirsch to close discussion. Motion carried.
Motion by Pulscher, second by Markham to approve the first reading of Ordinance #2025-05. Motion carried.
Motion by Markham, second by Hirsch, to set the second reading of Ordinance #2025-05 for December 4th @ 6:00 p.m. Motion carried.

First Reading of Ordinance #2025-06 An Ordinance to Amend Montana-Dakota Utilities Co., Franchise Agreement
Motion by Hirsch, second by Pulscher to open discussion. Motion carried. City Administrator Lisa Schieffer presented to the Board the Amendment to the MDU Franchise Agreement. Ms. Schieffer stated that every 20 years the franchise agreement gets renewed.
Motion by Pulscher, second by Markham to close discussion. Motion carried.
Motion by Hirsch, second by Markham to approve the first reading of Ordinance #2025-06. Motion carried.
Motion by Pulscher, second by Markham, to set the second reading of Ordinance #2025-06 for December 4th @ 6:00 p.m. Motion carried.

HDR Task Order 2026-01 – General Engineering Services for FY2026
Motion by Markham, second by Pulscher to open discussion. Motion carried. City Administrator Lisa Schieffer presented the HDR Task Order 2026-01 to the Board for review. Ms. Schieffer stated this is the general engineering services contract that we usually sign for the new fiscal year
Motion by Markham, second by Pulscher to close discussion. Motion carried.
Motion by Markham, second by Pulscher to approve the HDR Task Order 2026-01 for General Engineering Services for FY2026. Motion carried.

Set First Reading of Ordinance #2025-07 An Ordinance Amending 53.081 Sewer Use Charge
Motion by Hirsch, second by Pulscher to open discussion. Motion carried. City Administrator Lisa Schieffer explained to the Board that when the draft of the Summerset Sewer Rate Study was presented at the November 6th meeting, Schieffer did a review of the ordinances and found that the current ordinance was not correct and needed to be updated.
Motion by Pulscher, second by Markham to close discussion. Motion carried.
Motion by Markham, second by Hirsch to set the first reading of Ordinance #2025-07 for December 4th @ 6:00 p.m. Motion carried.

Appointment of City Finance Officer
Motion by Pulscher, second by Markham to appoint Lisa Fischer to the position of Summerset City Finance Officer at Grade 19, Step A, $59,846.66. Motion carried.

Upcoming Events
City Offices will be closed Thursday & Friday, November 27th & 28th for Thanksgiving.

Exit 48 Meeting put on by the SDDOT will be held December 3rd at Stagebarn Middle School from 5:30 p.m. to 7:00 p.m. This meeting is public, and everyone is encouraged to attend.

Executive Session
Motion by Pulscher, second by Markham to enter executive session at 6:21 p.m. per SDCL 1-25-2 for discussing economic development. Also requested to be present was Lisa Schieffer and Brenna Block. Motion carried. Motion by Pulscher, second by Hirsch to exit executive session and return to regular session at 7:25 p.m. Motion carried.

Adjournment
Motion by Markham, second by Pulscher to adjourn at 7:26 p.m. Motion carried.

(SEAL)

ATTEST:

_____
Lisa Schieffer
City Administrator

_____
Michael Kitzmiller
Mayor

Published once _____ 2025 at the total approximate cost of_____.

City of Summerset, SD

Payable Register

Payable Detail by Vendor Name

Packet: APPKT00260 - 12.4.25-AP

Payable # / Payable Description	Payable Type / Bank Code	Post Date	Payable Date	Due Date	Discount Date / On Hold	Amount	Tax	Shipping	Discount	Total
Vendor: 1098 - A&B Business Solutions									**Vendor Total:**	**627.88**
IN1314678	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	45.00	0.00	0.00	0.00	45.00
Water Machine Monthly Usage	BANKW - BANK WEST				No					
Items										
Item Description	**Commodity**	**Units**	**Price**	**Amount**	**Tax**	**Shipping**	**Discount**	**Total**		
Water Machine Monthly Usage	NA	0.00	0.00	45.00	0.00	0.00	0.00	45.00		
Distributions										
Account Number	**Account Name**	**Project Account Key**		**Amount**	**Percent**					
101-4192-43400	Equip Expense			45.00	100.00%					
IN1317640	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	582.88	0.00	0.00	0.00	582.88
Monthly copier usage	BANKW - BANK WEST				No					
Items										
Item Description	**Commodity**	**Units**	**Price**	**Amount**	**Tax**	**Shipping**	**Discount**	**Total**		
Monthly copier usage	NA	0.00	0.00	582.88	0.00	0.00	0.00	582.88		
Distributions										
Account Number	**Account Name**	**Project Account Key**		**Amount**	**Percent**					
101-4192-43400	Equip Expense			582.88	100.00%					
Vendor: 1111 - Ambrose, Jonathan									**Vendor Total:**	**50.00**
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					
Items										
Item Description	**Commodity**	**Units**	**Price**	**Amount**	**Tax**	**Shipping**	**Discount**	**Total**		
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00		
Distributions										
Account Number	**Account Name**	**Project Account Key**		**Amount**	**Percent**					
604-4000-42810	Phone			50.00	100.00%					
Vendor: 1808 - Anglin, Mitch									**Vendor Total:**	**50.00**
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					
Items										
Item Description	**Commodity**	**Units**	**Price**	**Amount**	**Tax**	**Shipping**	**Discount**	**Total**		
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00		
Distributions										
Account Number	**Account Name**	**Project Account Key**		**Amount**	**Percent**					
101-4310-42810	Phone			50.00	100.00%					
Vendor: 1695 - Aspen Ridge Lawn & Landscape LLC									**Vendor Total:**	**5,112.75**
188567	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	5,112.75	0.00	0.00	0.00	5,112.75
Treated road salt	BANKW - BANK WEST				No					
Items										
Item Description	**Commodity**	**Units**	**Price**	**Amount**	**Tax**	**Shipping**	**Discount**	**Total**		
Treated road salt	NA	0.00	0.00	5,112.75	0.00	0.00	0.00	5,112.75		
Distributions										
Account Number	**Account Name**	**Project Account Key**		**Amount**	**Percent**					
101-4310-42510	Street Snow Removal			5,112.75	100.00%					
Vendor: 1816 - AT&T Mobility									**Vendor Total:**	**3.24**
287349887802X11232025	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	3.24	0.00	0.00	0.00	3.24
Net Motion Licanse-605.510.4311	BANKW - BANK WEST				No					

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Net Motion Licanse-605.510.4311	NA	0.00	0.00	3.24	0.00	0.00	0.00	3.24

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42810	Phone		3.24	100.00%

Vendor: 1866 - Baumeister, Stephany — **Vendor Total:** 1,462.50

0004	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	1,462.50	0.00	0.00	0.00	1,462.50
Consulting Serevices	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Consulting Serevices	NA	0.00	0.00	1,462.50	0.00	0.00	0.00	1,462.50

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42200	Prof Fees Expense		1,462.50	100.00%

Vendor: 1906 - Birgen, Nicholin — **Vendor Total:** 50.00

2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42810	Phone		50.00	100.00%

Vendor: 0808 - Black Hills Energy — **Vendor Total:** 6,832.15

Nov. 2025	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	6,832.15	0.00	0.00	0.00	6,832.15
Monthly Usage	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Monthly Usage-4192	NA	0.00	0.00	612.37	0.00	0.00	0.00	612.37

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42800	Utility Expense		612.37	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Monthly Usage-4310	NA	0.00	0.00	1,440.36	0.00	0.00	0.00	1,440.36

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42800	Utility Expense		1,440.36	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Monthly Usage-4520	NA	0.00	0.00	66.07	0.00	0.00	0.00	66.07

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4520-42800	Utility Expense		66.07	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Monthly Usage-604	NA	0.00	0.00	4,713.35	0.00	0.00	0.00	4,713.35

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42800	Utility Expense		4,713.35	100.00%

Vendor: 1979 - Black River Contracting — **Vendor Total:** 196,803.00

App. 2-2025	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	196,803.00	0.00	0.00	0.00	196,803.00
Reed Bed -App. 2	BANKW - BANK WEST				No					

Payable Register

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Reed Bed -App. 2	NA	0.00	0.00	196,803.00	0.00	0.00	0.00	196,803.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-43000	Capital Expense		196,803.00	100.00%

Vendor Total: 12,545.11

Vendor: 1665 - Cardmember Services

2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	12,545.11	0.00	0.00	0.00	12,545.11
Monthly charges	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Antifreeze	NA	0.00	0.00	11.99	0.00	0.00	0.00	11.99

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42610	Auto Expense		11.99	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
First Aid Supplies	NA	0.00	0.00	139.88	0.00	0.00	0.00	139.88

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42610	Auto Expense		139.88	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Variety of supplies	NA	0.00	0.00	180.73	0.00	0.00	0.00	180.73

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42600	Supply/Material Exp		180.73	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
ORD. 2025-06	NA	0.00	0.00	24.13	0.00	0.00	0.00	24.13

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42300	Publishing Exp		24.13	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Commission meeting 10.23.25	NA	0.00	0.00	185.42	0.00	0.00	0.00	185.42

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42300	Publishing Exp		185.42	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Commission minutes 11.06.25	NA	0.00	0.00	146.69	0.00	0.00	0.00	146.69

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42300	Publishing Exp		146.69	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
ORD. 2025-07	NA	0.00	0.00	24.13	0.00	0.00	0.00	24.13

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42300	Publishing Exp		24.13	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Resolution 11-2025 Liquor Licenses	NA	0.00	0.00	83.82	0.00	0.00	0.00	83.82

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42300	Publishing Exp		83.82	100.00%

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Stormwater permit	NA	0.00	0.00	102.50	0.00	0.00	0.00	102.50

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42900	Other Expense		102.50	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Notice of Vacancy Elections	NA	0.00	0.00	47.00	0.00	0.00	0.00	47.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4130-42300	Publishing Exp		47.00	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
P & Z 11.11.25	NA	0.00	0.00	54.61	0.00	0.00	0.00	54.61

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4652-42300	Publishing Exp		54.61	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Domain Renewal	NA	0.00	0.00	20.83	0.00	0.00	0.00	20.83

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42900	Other Expense		20.83	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Code Enforcement Safety Benefits Conf	NA	0.00	0.00	147.60	0.00	0.00	0.00	147.60

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4320-42730	Training Expense		147.60	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Office Supplies	NA	0.00	0.00	48.77	0.00	0.00	0.00	48.77

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42600	Supply/Material Exp		48.77	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Commission meeting minutes 10.09.25	NA	0.00	0.00	261.62	0.00	0.00	0.00	261.62

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42300	Publishing Exp		261.62	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Commission meeting minutes 09.19.25	NA	0.00	0.00	222.25	0.00	0.00	0.00	222.25

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42300	Publishing Exp		222.25	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Internet	NA	0.00	0.00	101.04	0.00	0.00	0.00	101.04

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42800	Utility Expense		101.04	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Internet, phone-Glenwood Dr.	NA	0.00	0.00	188.04	0.00	0.00	0.00	188.04

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42600	Supply/Material Exp		188.04	100.00%

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Website Care Renewal-1 month	NA	0.00	0.00	130.24	0.00	0.00	0.00	130.24

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42200	Prof Fees Expense		130.24	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Website Security Premium Renewal-1 y	NA	0.00	0.00	374.99	0.00	0.00	0.00	374.99

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42200	Prof Fees Expense		374.99	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Telephone service-Leisure Lane	NA	0.00	0.00	1,207.60	0.00	0.00	0.00	1,207.60

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42800	Utility Expense		1,207.60	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
FirstNet Police Department-phones	NA	0.00	0.00	794.75	0.00	0.00	0.00	794.75

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42810	Phone		794.75	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Snow Ordinances	NA	0.00	0.00	133.36	0.00	0.00	0.00	133.36

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42300	Publishing Exp		133.36	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
P & Z 9.23.25	NA	0.00	0.00	69.22	0.00	0.00	0.00	69.22

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4652-42300	Publishing Exp		69.22	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
P & Z 10.14.25	NA	0.00	0.00	48.90	0.00	0.00	0.00	48.90

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4652-42300	Publishing Exp		48.90	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Utility CC testing on machine	NA	0.00	0.00	2.40	0.00	0.00	0.00	2.40

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42900	Other Expense		2.40	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Monthly subscription Renewal-single us	NA	0.00	0.00	24.00	0.00	0.00	0.00	24.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42201	Dues/Subscriptions		24.00	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
File folders and pens	NA	0.00	0.00	59.68	0.00	0.00	0.00	59.68

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42600	Supply/Material Exp		59.68	100.00%

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Sheet protectors	NA	0.00	0.00	27.50	0.00	0.00	0.00	27.50

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42600	Supply/Material Exp		27.50	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Weekly & monthly calendars	NA	0.00	0.00	50.21	0.00	0.00	0.00	50.21

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42600	Supply/Material Exp		50.21	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Laptop charger-Lisa F	NA	0.00	0.00	22.98	0.00	0.00	0.00	22.98

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42600	Supply/Material Exp		22.98	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Various office supplies	NA	0.00	0.00	62.06	0.00	0.00	0.00	62.06

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42600	Supply/Material Exp		62.06	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Weekly & Monthly calendars	NA	0.00	0.00	16.74	0.00	0.00	0.00	16.74

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		16.74	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Service- 2011 Freightliner	NA	0.00	0.00	639.65	0.00	0.00	0.00	639.65

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4320-42500	Repair/Maint Expense		639.65	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Pressure Protetion Valve & Roll Off Stra	NA	0.00	0.00	167.61	0.00	0.00	0.00	167.61

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4320-42500	Repair/Maint Expense		167.61	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Flat repair-Unit 205	NA	0.00	0.00	614.55	0.00	0.00	0.00	614.55

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4320-42500	Repair/Maint Expense		614.55	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Magnets	NA	0.00	0.00	930.00	0.00	0.00	0.00	930.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4320-42600	Supply/Material Exp		930.00	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Cured concrete & cold mix asphalt	NA	0.00	0.00	255.50	0.00	0.00	0.00	255.50

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42500	Repair/Maint Expense		255.50	100.00%

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Cold sealant and cold mix asphalt	NA	0.00	0.00	286.10	0.00	0.00	0.00	286.10

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42500	Repair/Maint Expense		286.10	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Hook, Paint Markers, & misc. supplies	NA	0.00	0.00	180.46	0.00	0.00	0.00	180.46

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		180.46	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Square tube	NA	0.00	0.00	54.99	0.00	0.00	0.00	54.99

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		54.99	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Work gloves & socket adatper	NA	0.00	0.00	175.92	0.00	0.00	0.00	175.92

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		175.92	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Spary paint, electrical tape, & lawn foo	NA	0.00	0.00	90.25	0.00	0.00	0.00	90.25

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		90.25	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Post pounder	NA	0.00	0.00	494.10	0.00	0.00	0.00	494.10

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		494.10	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Air Filter-2017 ford F-350	NA	0.00	0.00	111.75	0.00	0.00	0.00	111.75

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42610	Auto Expense		111.75	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
headlamp, vinly tubing & coupling	NA	0.00	0.00	30.05	0.00	0.00	0.00	30.05

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		30.05	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Microfiber towels, hose clamps, & glov	NA	0.00	0.00	205.76	0.00	0.00	0.00	205.76

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		205.76	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Square tube	NA	0.00	0.00	54.99	0.00	0.00	0.00	54.99

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		54.99	100.00%

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Metric grease fitting set	NA	0.00	0.00	15.98	0.00	0.00	0.00	15.98

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		15.98	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Headgear & ratchet	NA	0.00	0.00	71.91	0.00	0.00	0.00	71.91

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42600	Supply/Material Exp		71.91	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
22 Ford Explorer new tires	NA	0.00	0.00	1,524.54	0.00	0.00	0.00	1,524.54

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42500	Repair/Maint Expense		1,524.54	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Oil change	NA	0.00	0.00	89.97	0.00	0.00	0.00	89.97

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42500	Repair/Maint Expense		89.97	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Smartboard computer-PD	NA	0.00	0.00	403.55	0.00	0.00	0.00	403.55

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42205	I.T. GoldenWest		403.55	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Fire extenguisher & trauma first aid kit	NA	0.00	0.00	152.72	0.00	0.00	0.00	152.72

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42851	Duty Equipment		152.72	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Ooil change	NA	0.00	0.00	80.18	0.00	0.00	0.00	80.18

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42500	Repair/Maint Expense		80.18	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
New battery	NA	0.00	0.00	351.20	0.00	0.00	0.00	351.20

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42500	Repair/Maint Expense		351.20	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Asset tags for equipment-PD	NA	0.00	0.00	79.60	0.00	0.00	0.00	79.60

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42600	Supply/Material Exp		79.60	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Maile package to Pierre	NA	0.00	0.00	7.70	0.00	0.00	0.00	7.70

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42150	Postage		7.70	100.00%

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Mail package to Pierre	NA	0.00	0.00	15.40	0.00	0.00	0.00	15.40

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42150	Postage		15.40	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Background Inbestigations-Zoom	NA	0.00	0.00	445.00	0.00	0.00	0.00	445.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42900	Other Expense		445.00	100.00%

Vendor: 1093 - Dakota Pump, Inc — **Vendor Total:** 2,224.50

12476	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	653.06	0.00	0.00	0.00	653.06
WWTP Service	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
WWTP Service	NA	0.00	0.00	653.06	0.00	0.00	0.00	653.06

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42500	Repair/Maint Expense		653.06	100.00%

12542	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	1,571.44	0.00	0.00	0.00	1,571.44
Lift Station Repair	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Lift Station Repair	NA	0.00	0.00	1,571.44	0.00	0.00	0.00	1,571.44

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42500	Repair/Maint Expense		1,571.44	100.00%

Vendor: 2014 - DOT Marketing — **Vendor Total:** 600.00

13969	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	600.00	0.00	0.00	0.00	600.00
Website Updates	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Website Updates	NA	0.00	0.00	600.00	0.00	0.00	0.00	600.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42200	Prof Fees Expense		600.00	100.00%

Vendor: 2046 - Doty, Jason — **Vendor Total:** 50.00

2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42810	Phone		50.00	100.00%

Vendor: 0116 - Evergreen Office Products — **Vendor Total:** 894.00

32617	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	298.00	0.00	0.00	0.00	298.00
Prof. Srv.-Move electronic Whiteboard	BANKW - BANK WEST				No					

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Prof. Srv.-Move electronic Whiteboard	NA	0.00	0.00	298.00	0.00	0.00	0.00	298.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42200	Prof Fees Expense		298.00	100.00%

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
32618	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	596.00	0.00	0.00	0.00	596.00
Professional Srvc.-PD toughbook	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Professional Srvc.-PD toughbook	NA	0.00	0.00	596.00	0.00	0.00	0.00	596.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42200	Prof Fees Expense		596.00	100.00%

Vendor: 2102 - FISCHER,LISA — **Vendor Total:** 50.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42810	Phone		50.00	100.00%

Vendor: 0246 - Golden West Technologies — **Vendor Total:** 270.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
8757	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	270.00	0.00	0.00	0.00	270.00
Security billable labor	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Security billable labor	NA	0.00	0.00	270.00	0.00	0.00	0.00	270.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42200	Prof Fees Expense		270.00	100.00%

Vendor: 1369 - Greenapsis — **Vendor Total:** 350.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
99	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	350.00	0.00	0.00	0.00	350.00
Cleaning Service Fee	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Cleaning Service Fee	NA	0.00	0.00	350.00	0.00	0.00	0.00	350.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42200	Prof Fees Expense		350.00	100.00%

Vendor: 1513 - Hirsch, Clyde — **Vendor Total:** 50.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42810	Phone		50.00	100.00%

Vendor: 2091 - Jaeson Garcia — **Vendor Total:** 50.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42810	Phone		50.00	100.00%

Vendor: 0324 - Kayl, Anthony — **Vendor Total:** 50.00

2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42810	Phone		50.00	100.00%

Vendor: 1103 - Kitzmiller, Michael — **Vendor Total:** 50.00

2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4120-42810	Phone		50.00	100.00%

Vendor: 1970 - Markham, Gwenn — **Vendor Total:** 50.00

2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42810	Phone		50.00	100.00%

Vendor: 0937 - MDU — **Vendor Total:** 895.76

1393310009	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	52.78	0.00	0.00	0.00	52.78
Recreational Dr.-Generator	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Recreational Dr.-Generator	NA	0.00	0.00	52.78	0.00	0.00	0.00	52.78

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42800	Utility Expense		52.78	100.00%

19146935150-11	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	57.75	0.00	0.00	0.00	57.75
PW BLDG	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
PW BLDG	NA	0.00	0.00	57.75	0.00	0.00	0.00	57.75

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4310-42800	Utility Expense		57.75	100.00%

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Bank Code	On Hold	Amount	Tax	Shipping	Discount	Total
333774310002 Sewer Lift Station	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	BANKW - BANK WEST	No	58.49	0.00	0.00	0.00	58.49

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Sewer Lift Station	NA	0.00	0.00	58.49	0.00	0.00	0.00	58.49

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42800	Utility Expense		58.49	100.00%

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Bank Code	On Hold	Amount	Tax	Shipping	Discount	Total
70173310007 Farm Tap	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	BANKW - BANK WEST	No	611.71	0.00	0.00	0.00	611.71

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Farm Tap	NA	0.00	0.00	611.71	0.00	0.00	0.00	611.71

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42800	Utility Expense		611.71	100.00%

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Bank Code	On Hold	Amount	Tax	Shipping	Discount	Total
Nov. 7-25 City Hall	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	BANKW - BANK WEST	No	115.03	0.00	0.00	0.00	115.03

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
City Hall	NA	0.00	0.00	115.03	0.00	0.00	0.00	115.03

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4192-42800	Utility Expense		115.03	100.00%

Vendor: 1433 - Midcontinent Communications — **Vendor Total:** 101.04

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Bank Code	On Hold	Amount	Tax	Shipping	Discount	Total
38273260115065 WWTP Telephone	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	BANKEFT - BANK WEST EFT	No	101.04	0.00	0.00	0.00	101.04

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
WWTP Telephone	NA	0.00	0.00	101.04	0.00	0.00	0.00	101.04

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42800	Utility Expense		101.04	100.00%

Vendor: 1157 - Midcontinent Testing Laboratories, Inc. — **Vendor Total:** 176.75

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Bank Code	On Hold	Amount	Tax	Shipping	Discount	Total
136574 Monthly Testing	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	BANKW - BANK WEST	No	176.75	0.00	0.00	0.00	176.75

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Monthly Testing	NA	0.00	0.00	176.75	0.00	0.00	0.00	176.75

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-4000-42620	Testing Expense		176.75	100.00%

Vendor: 1730 - Nasser, Rich — **Vendor Total:** 39.70

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Bank Code	On Hold	Amount	Tax	Shipping	Discount	Total
38T-R2L6-6P54 Registration Fee-2025 Tahoe	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	BANKW - BANK WEST	No	39.70	0.00	0.00	0.00	39.70

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Registration Fee-2025 Tahoe	NA	0.00	0.00	39.70	0.00	0.00	0.00	39.70

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4210-42900	Other Expense		39.70	100.00%

Vendor: 1971 - Osten, Michael — **Vendor Total:** 50.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42810	Phone		50.00	100.00%

Vendor: 2047 - Pulscher, Jordan — **Vendor Total:** 50.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42810	Phone		50.00	100.00%

Vendor: 1732 - Schieffer, Lisa — **Vendor Total:** 50.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	50.00	0.00	0.00	0.00	50.00
Phone Stipend	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Phone Stipend	NA	0.00	0.00	50.00	0.00	0.00	0.00	50.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42810	Phone		50.00	100.00%

Vendor: 1318 - SDML — **Vendor Total:** 2,645.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
300000685	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	2,645.00	0.00	0.00	0.00	2,645.00
Annual Municipal Membership	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Annual Municipal Membership	NA	0.00	0.00	661.25	0.00	0.00	0.00	661.25

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4652-42900	Other Expense		661.25	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Annual Municipal Membership	NA	0.00	0.00	661.25	0.00	0.00	0.00	661.25

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4110-42900	Other Expense		661.25	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Annual Municipal Membership	NA	0.00	0.00	661.25	0.00	0.00	0.00	661.25

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4120-42900	Other Expense		661.25	100.00%

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Annual Municipal Membership	NA	0.00	0.00	661.25	0.00	0.00	0.00	661.25

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-4140-42900	Other Expense		661.25	100.00%

Vendor: 0578 - USDA — **Vendor Total:** 148,400.00

Payable #	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
Payable Description	Bank Code				On Hold					
2025.12	Invoice	12/4/2025	12/4/2025	12/4/2025	12/4/2025	148,400.00	0.00	0.00	0.00	148,400.00
USDA Debt Service Payment	BANKEFT - BANK WEST EFT				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
USDA Debt Service Payment	NA	0.00	0.00	148,400.00	0.00	0.00	0.00	148,400.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
302-4700-44200	Debt Service Expense		148,400.00	100.00%

Payable Summary

Type	Count	Gross	Tax	Shipping	Discount	Total	Manual Payment	Balance
Invoice	38	380,633.38	0.00	0.00	0.00	380,633.38	0.00	380,633.38
	Grand Total:	**380,633.38**	**0.00**	**0.00**	**0.00**	**380,633.38**	**0.00**	**380,633.38**

Account Summary

Account	Name	Amount
101-4110-42300	Publishing Exp	864.24
101-4110-42810	Phone	200.00
101-4110-42900	Other Expense	661.25
101-4120-42810	Phone	50.00
101-4120-42900	Other Expense	661.25
101-4130-42300	Publishing Exp	47.00
101-4140-42200	Prof Fees Expense	1,462.50
101-4140-42201	Dues/Subscriptions	24.00
101-4140-42300	Publishing Exp	83.82
101-4140-42600	Supply/Material Exp	209.14
101-4140-42810	Phone	150.00
101-4140-42900	Other Expense	684.48
101-4192-42200	Prof Fees Expense	1,725.23
101-4192-42600	Supply/Material Exp	62.06
101-4192-42800	Utility Expense	1,935.00
101-4192-43400	Equip Expense	627.88
101-4210-42150	Postage	23.10
101-4210-42200	Prof Fees Expense	894.00
101-4210-42205	I.T. GoldenWest	403.55
101-4210-42500	Repair/Maint Expense	2,045.89
101-4210-42600	Supply/Material Exp	79.60
101-4210-42810	Phone	797.99
101-4210-42851	Duty Equipment	152.72
101-4210-42900	Other Expense	484.70
101-4310-42300	Publishing Exp	133.36
101-4310-42500	Repair/Maint Expense	541.60
101-4310-42510	Street Snow Removal	5,112.75
101-4310-42600	Supply/Material Exp	1,391.15
101-4310-42610	Auto Expense	111.75
101-4310-42800	Utility Expense	1,498.11
101-4310-42810	Phone	150.00
101-4320-42500	Repair/Maint Expense	1,421.81
101-4320-42600	Supply/Material Exp	930.00
101-4320-42730	Training Expense	147.60
101-4520-42800	Utility Expense	66.07
101-4652-42300	Publishing Exp	172.73
101-4652-42900	Other Expense	661.25
	Total:	**26,667.58**

Account	Name	Amount
302-4700-44200	Debt Service Expense	148,400.00
	Total:	**148,400.00**

Account	Name	Amount
604-4000-42500	Repair/Maint Expense	2,224.50
604-4000-42600	Supply/Material Exp	368.77
604-4000-42610	Auto Expense	151.87
604-4000-42620	Testing Expense	176.75
604-4000-42800	Utility Expense	5,638.41
604-4000-42810	Phone	100.00
604-4000-42900	Other Expense	102.50
604-4000-43000	Capital Expense	196,803.00
	Total:	**205,565.80**

City of Summerset, SD

Payable Register

Payable Detail by Vendor Name

Packet: APPKT00261 - PYPKT00284 - Nov. 2025 -PY

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
	Bank Code				On Hold				Vendor Total:	871.00
Vendor: 0468 - Delta Dental										
1964912	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	871.00	0.00	0.00	0.00	871.00
Denatl & Vision Ins. Payable	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Denatl & Vision Ins. Payable	NA	0.00	0.00	871.00	0.00	0.00	0.00	871.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
998-0000-21800	Dental & Vision Ins Payable		871.00	100.00%

									Vendor Total:	15,617.81
Vendor: 0041 - Health Pool of SD										
Dec. 2025	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	15,617.81	0.00	0.00	0.00	15,617.81
Medical Ins, Payable	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Medical Ins, Payable	NA	0.00	0.00	15,617.81	0.00	0.00	0.00	15,617.81

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
998-0000-21830	Medical Ins Payable		15,617.81	100.00%

									Vendor Total:	11,440.66
Vendor: 0011 - SDRS										
INV0000297	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	4,824.12	0.00	0.00	0.00	4,824.12
SDRS 6%	BANKEFT - BANK WEST EFT				No	Payment Date: 11/26/2025			Bank Draft:	DFT0000400

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
SDRS 6%	NA	0.00	0.00	4,824.12	0.00	0.00	0.00	4,824.12

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
211-0000-21910	SDRS Payable		211.40	0%
101-0000-21910	SDRS Payable		2,963.48	0%
604-0000-21910	SDRS Payable		1,649.24	0%

INV0000298	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	6,616.54	0.00	0.00	0.00	6,616.54
SDRS 8%	BANKEFT - BANK WEST EFT				No	Payment Date: 11/26/2025			Bank Draft:	DFT0000401

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
SDRS 8%	NA	0.00	0.00	6,616.54	0.00	0.00	0.00	6,616.54

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-0000-21910	SDRS Payable		6,616.54	0%

									Vendor Total:	615.00
Vendor: 1022 - SDRS-Supplemental Retirement Plan (SDSRP)										
INV0000299	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	615.00	0.00	0.00	0.00	615.00
SDRS Supplemental	BANKW - BANK WEST				No					

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
SDRS Supplemental	NA	0.00	0.00	615.00	0.00	0.00	0.00	615.00

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
101-0000-21910	SDRS Payable		460.01	0%
604-0000-21910	SDRS Payable		154.99	0%

Payable # / Payable Description	Payable Type	Post Date	Payable Date	Due Date	Discount Date	Amount	Tax	Shipping	Discount	Total
	Bank Code				On Hold				Vendor Total:	20,575.77
Vendor: 0128 - United States Treasury										
INV0000300	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	6,975.99	0.00	0.00	0.00	6,975.99
Federal W/H	BANKEFT - BANK WEST EFT				No	Payment Date: 11/26/2025			Bank Draft:	DFT0000402

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Federal W/H	NA	0.00	0.00	6,975.99	0.00	0.00	0.00	6,975.99

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
211-0000-21710	Payroll Tax Payable		205.71	0%
604-0000-21710	Payroll Tax Payable		1,135.07	0%
101-0000-21710	Payroll Tax Payable		5,635.21	0%

INV0000301	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	11,022.02	0.00	0.00	0.00	11,022.02
Social Security	BANKEFT - BANK WEST EFT				No	Payment Date: 11/26/2025			Bank Draft:	DFT0000403

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Social Security	NA	0.00	0.00	11,022.02	0.00	0.00	0.00	11,022.02

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
604-0000-21710	Payroll Tax Payable		1,623.40	0%
101-0000-21710	Payroll Tax Payable		9,180.24	0%
211-0000-21710	Payroll Tax Payable		218.38	0%

INV0000302	Invoice	11/26/2025	11/26/2025	11/26/2025	11/26/2025	2,577.76	0.00	0.00	0.00	2,577.76
Medicare	BANKEFT - BANK WEST EFT				No	Payment Date: 11/26/2025			Bank Draft:	DFT0000404

Items

Item Description	Commodity	Units	Price	Amount	Tax	Shipping	Discount	Total
Medicare	NA	0.00	0.00	2,577.76	0.00	0.00	0.00	2,577.76

Distributions

Account Number	Account Name	Project Account Key	Amount	Percent
211-0000-21710	Payroll Tax Payable		51.08	0%
604-0000-21710	Payroll Tax Payable		379.66	0%
101-0000-21710	Payroll Tax Payable		2,147.02	0%

Payable Summary

Type	Count	Gross	Tax	Shipping	Discount	Total	Manual Payment	Balance
Invoice	8	49,120.24	0.00	0.00	0.00	49,120.24	32,016.43	17,103.81
	Grand Total:	**49,120.24**	**0.00**	**0.00**	**0.00**	**49,120.24**	**32,016.43**	**17,103.81**

Account Summary

Account	Name	Amount
101-0000-21710	Payroll Tax Payable	16,962.47
101-0000-21910	SDRS Payable	10,040.03
	Total:	**27,002.50**

Account	Name	Amount
211-0000-21710	Payroll Tax Payable	475.17
211-0000-21910	SDRS Payable	211.40
	Total:	**686.57**

Account	Name	Amount
604-0000-21710	Payroll Tax Payable	3,138.13
604-0000-21910	SDRS Payable	1,804.23
	Total:	**4,942.36**

Account	Name	Amount
998-0000-21800	Dental & Vision Ins Payable	871.00
998-0000-21830	Medical Ins Payable	15,617.81
	Total:	**16,488.81**

Michael Osten

October

Commission Report

11-30-25

Meetings:

Attended the Summerset regular commission meeting on 1-06-2025.

Was absent from the Summerset regular meeting on and 11-20-2025.

Attended the Special meeting of the Summerset Commission on 11-17-25.

Public Works:

Phone conversations with/from Director of Public Works on multiple occasions to discuss daily operations, monthly expenditures, and budget items.

Stopped at the office/shop building on Wednesday November 26th. Met with Tony, Mitch, and Jason.
Found everything to be clean and well organized.
Tony showed me the new city tractor.
Was impressed with several new rack systems the crew had fabricated to keep tools and equipment more organized and minimize damage.

Commissioner Pulscher's Report- November 2025

- Attended 2 Commission Meetings
- Attended Norman Ranch Subdivision Special Meeting
- Check-ins with City Administrator and new Finance Officer
- Signed checks in tandem with City Administrator while waiting on new Finance officer to be appointed.
- Messaged some newer citizens who had questions about the snow ordinance.
- Multiple phone conversations with the Mayor and other commissioners.
- Attended 2 meetings dealing with the mining operation in Piedmont.

November Commission Report
Commissioner Markham

Meetings:

- 2 – Commission Meetings
- 1 – Special Commission Meeting
    - Norman Ranch
- DOT Marketing
    - Training
        - how to make changes on the website
- DOT Marketing
    - website review
        - went over what needs to be done before going live

Police Department:

- Weekly/ Daily touch base with Chief Nasser
    - Day to Day Operations
    - Review Schedule
    - Interviews
    - Review Budget

Other Business:

- Working in the office:
    - L. Schiffer
        - Website
        - City Christmas Party
        - Christmas Night Lights
    - N. Birgen
        - Filing
        - Reports
        - Business licenses
        - Residential Licenses

- VARIOUS EMAILS WITH:
  - CHIEF NASSER
  - LISA SCHIFFER
  - MAYOR KITZMILLER
  - COMMISSIONER PULSCHER

- TEXT MESSAGES
  - COMMISSIONER OSTEN
  - MAYOR KITZMILLER
  - COMMISSIONER PULSCHER

Required Report

November 2025 Mayor Kitzmiller

MEETINGS

- Attended all required Commission Meeting
- Attended all special meetings

PUBLIC WORKS

Almost daily calls or text messages with our City Administrator. Working directly with City department Commissioners and Department heads.

- Generators....grant
- City Street Lighting....installed
- Norman Ranch.....discussion
- DOT.....roads
- Equipment.....new tractor delivered
- Employment....Finance Manager
- Budget....end of the year

Monitored my Facebook page providing information and taking phone calls from our citizens. Happy Thanksgiving!

Required Report

NOV 2025 **Commissioner Clyde Hirsch**

MEETINGS

- Attended 2 ( ) Commission Meetings
- Attended 1 ( ) Special Meetings.

~~POLICE~~ DEPARTMENT

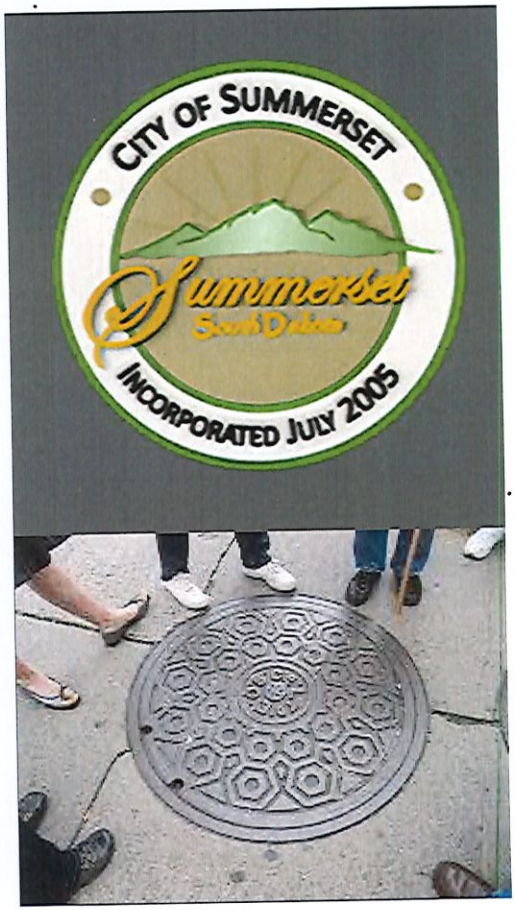
Waste Water

Weekly updates with Jon

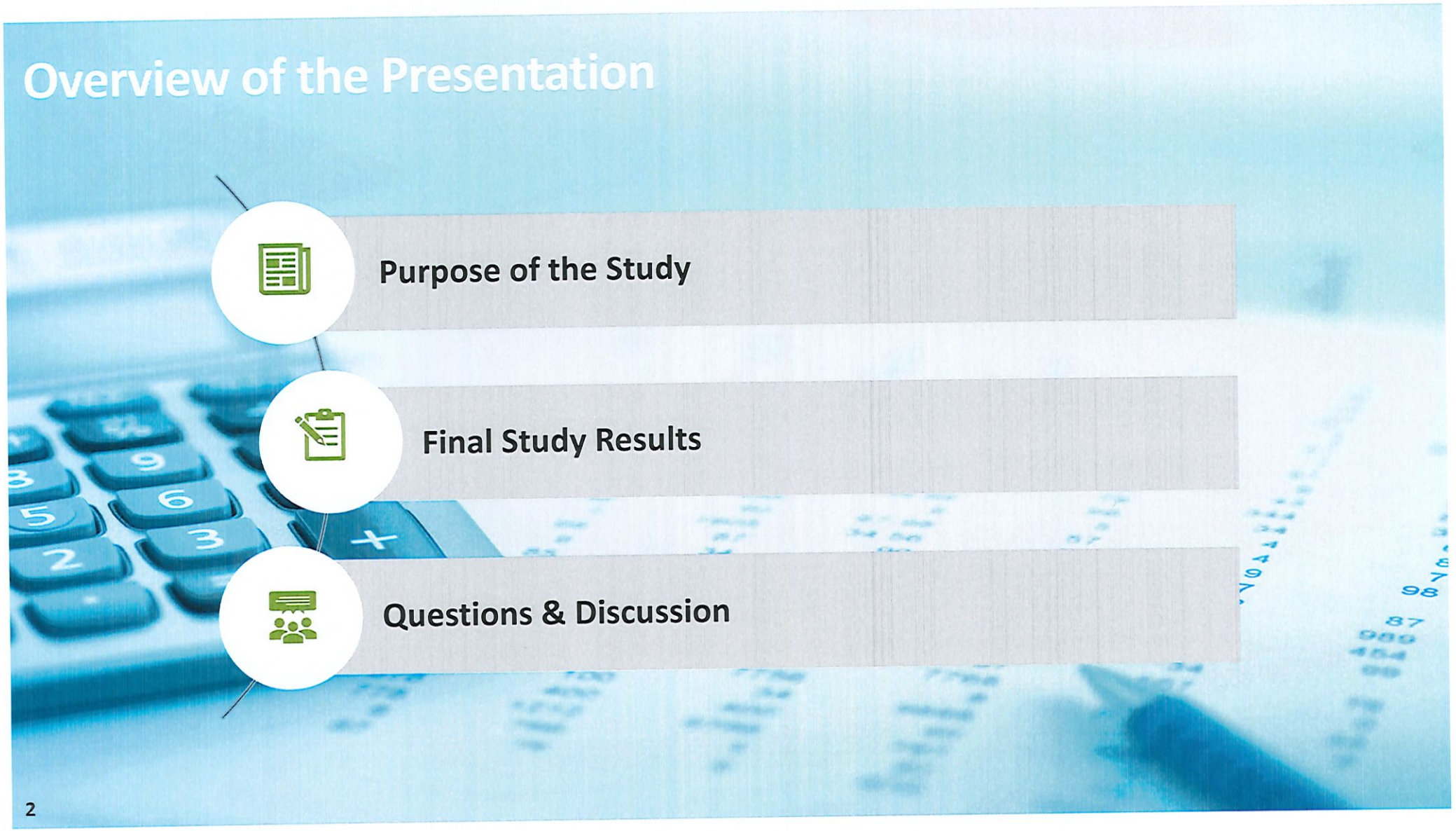
City of Summerset

Sewer Rate Study Final Results

December 4, 2025



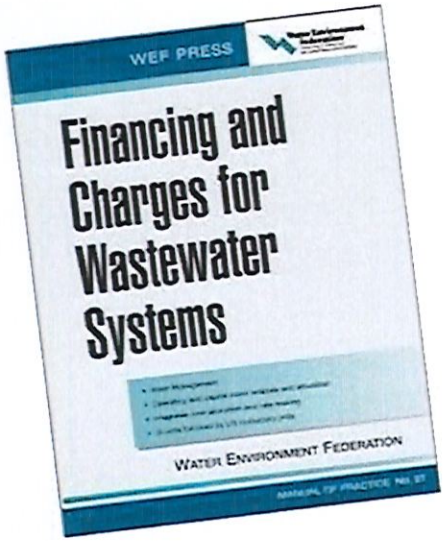
Overview of the Presentation



- Purpose of the Study
- Final Study Results
- Questions & Discussion

Purpose of the Study

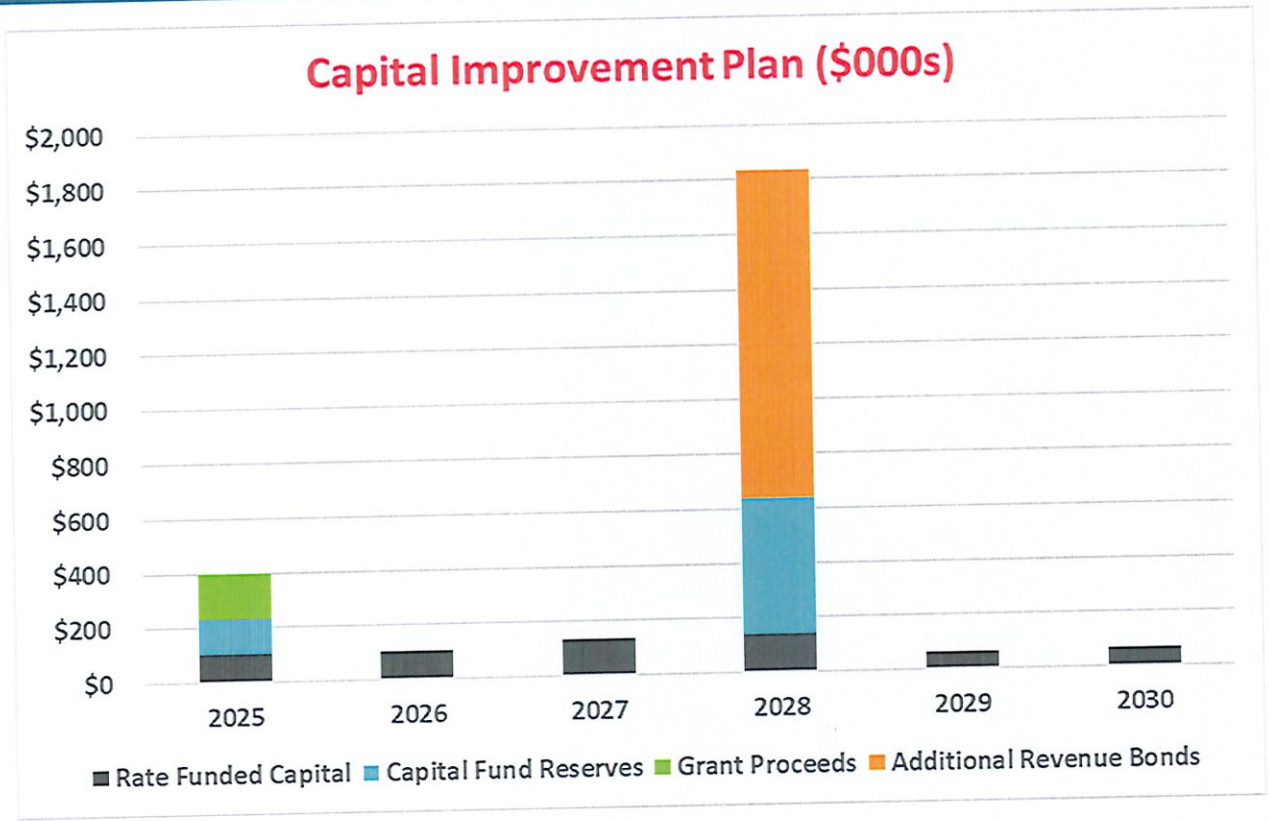
- Provide sufficient revenue to operate and maintain the City's sewer infrastructure
- Develop cost-based rates that reflect customer and system characteristics
- Reflect prudent financial planning criteria
  - Funding capital improvement needs
  - Maintain target minimum reserve levels
  - Meet debt service coverage requirements
- Develop the Study using generally accepted methodologies tailored to the City's system and customer characteristics



Key Assumptions

- O&M costs based on 2025 budget
  - Projected for 2026 through 2044 on inflationary factors
- New customer growth expected in 2027 (Niche Sanitary District)
- Funding capital projects
  - Sun Valley Estates Access Road (2028)
  - Other miscellaneous capital investments
- Debt service expense – 2023 SRF & 2008 USDA
  - TIF #1 and #2 contributing to cover debt service cost

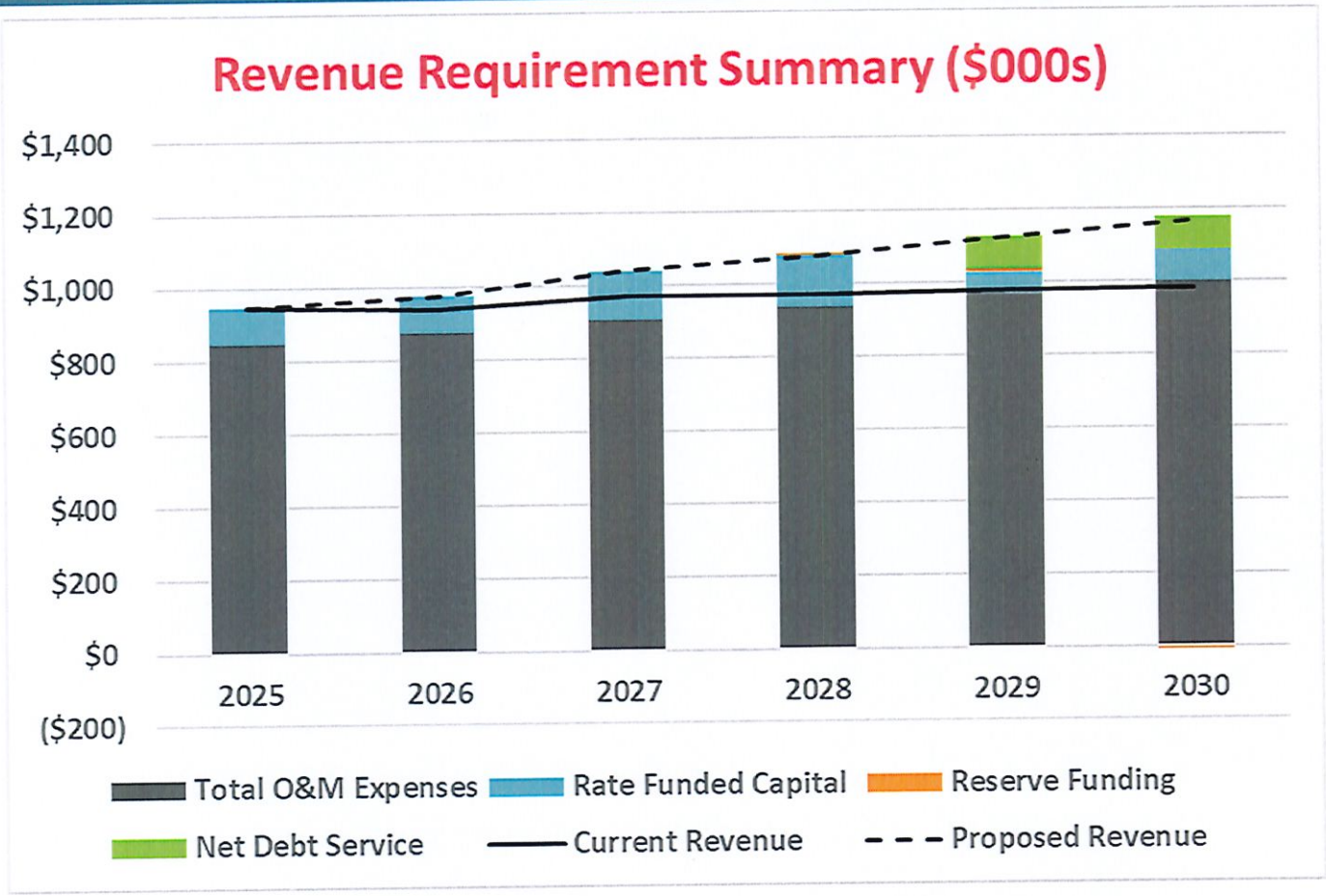
Capital Improvement Plan



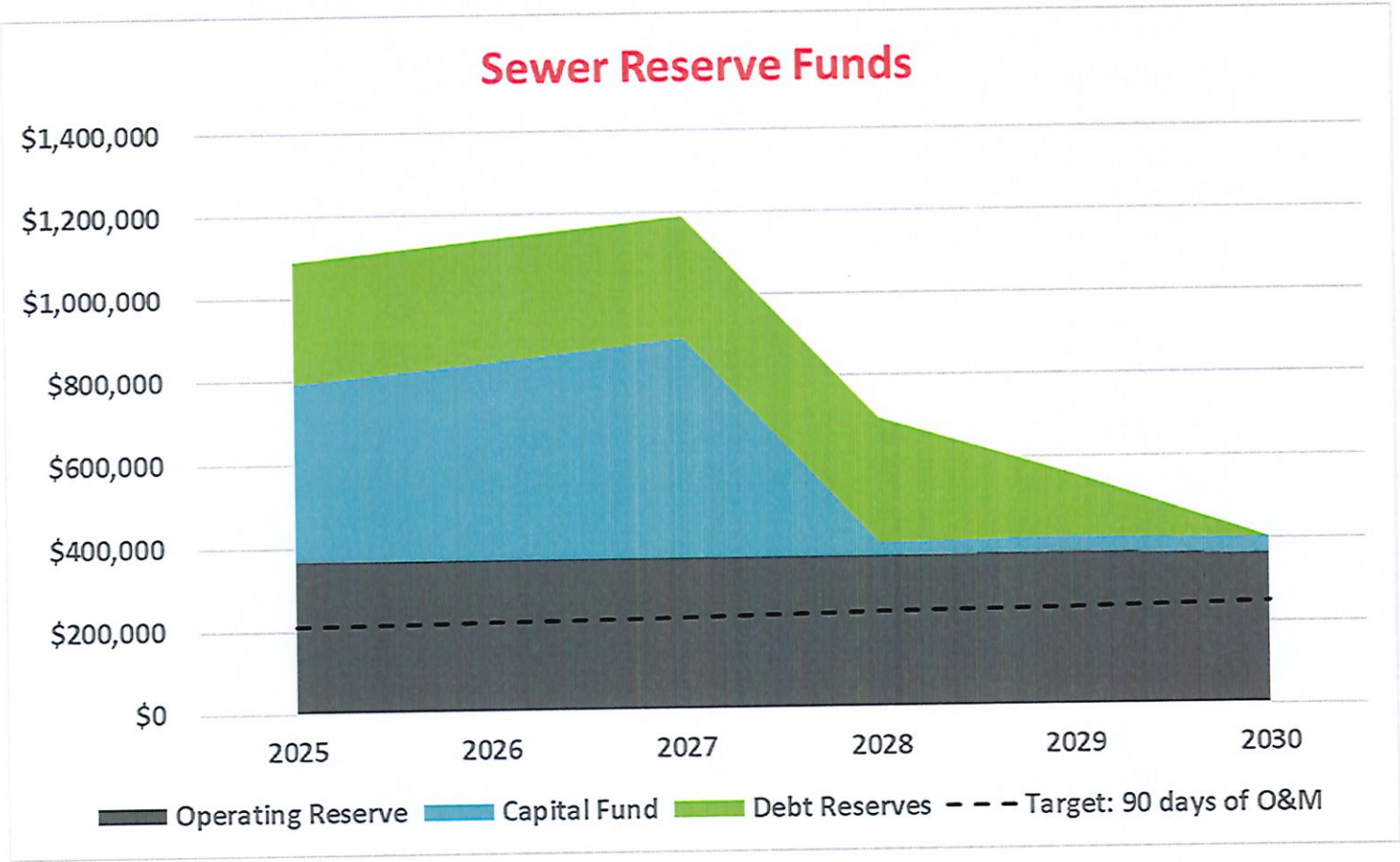
Key Projects

- Siouxland Rd Reconstruction (2025)
- Sun Valley Estates Access Rd (2028)

Revenue Requirement



Sewer Reserve Levels



Revenue Requirement Summary

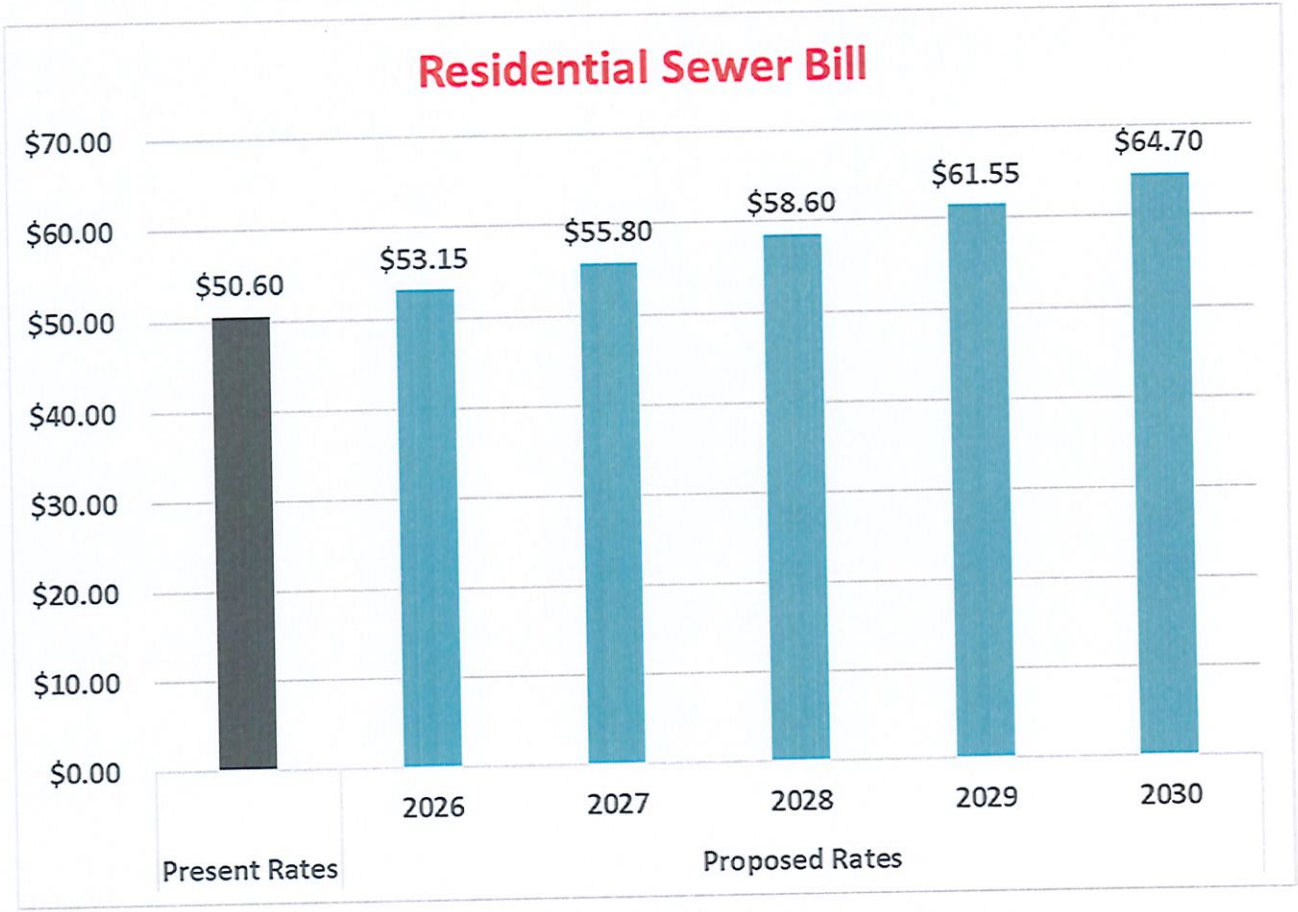
- Annual rate adjustments are necessary to prudently fund the water utility
  - **O&M** – current and future costs with inflationary increases
  - **Capital** – increase rate funding for renewal and replacement projects
  - **Debt** – cover debt cost once the TIF revenues are used up
  - **Reserves** – maintain strong reserves for cash flow, emergency situations, and strong financials

	2025	2026	2027	2028	2029	2030
Proposed Rate Adjustment		**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Sewer Avg Customer Bill						
Avg Customer Bill	$50.60	$53.15	$55.80	$58.60	$61.55	$64.70
Annual Monthly Change	--	$2.55	$2.65	$2.80	$2.95	$3.15

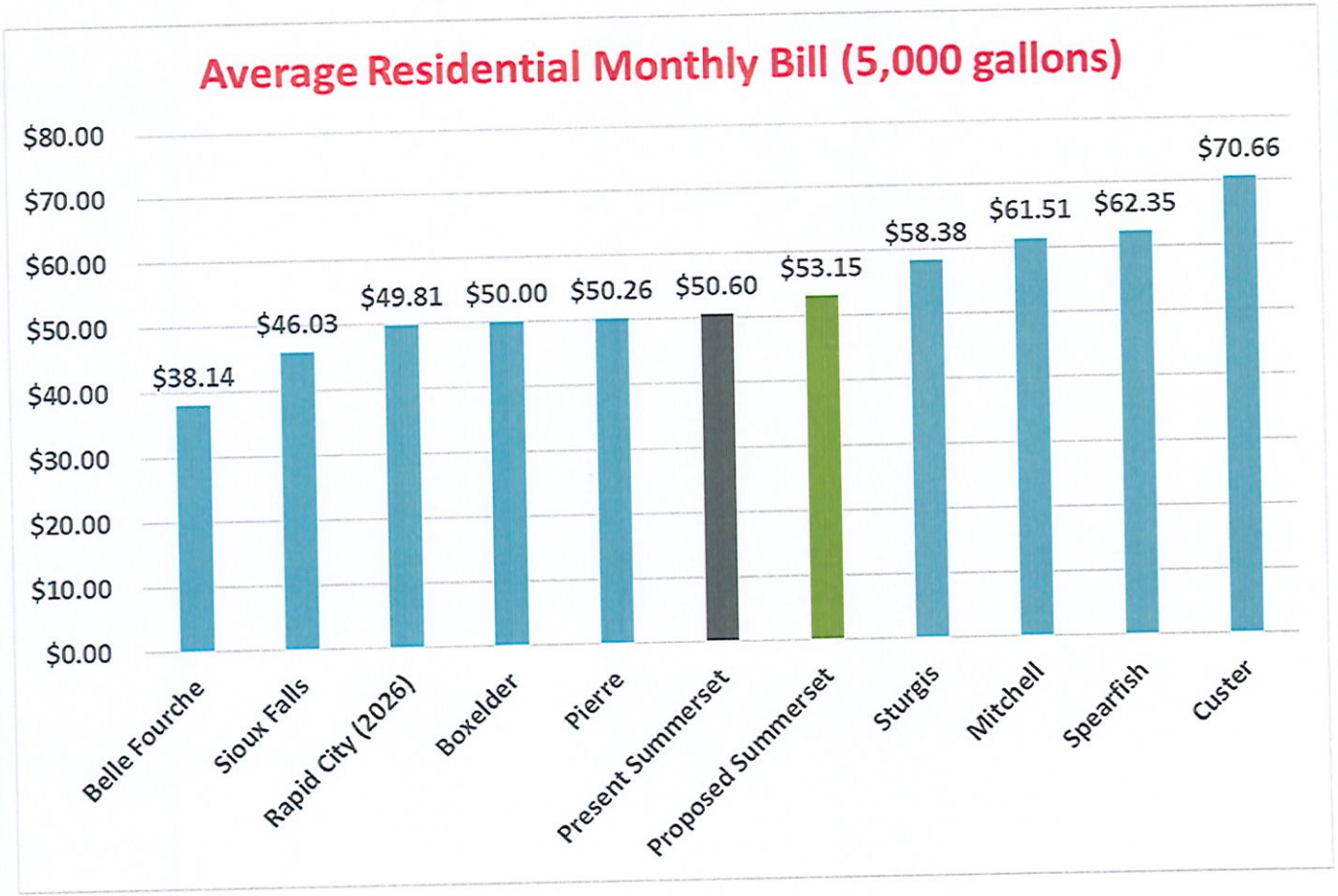
Rate Design

Status Quo	Present Rates	2026	2027	2028	2029	2030
Base Fee	*$ / Mo*					
Sewer Service	$36.00	$37.80	$39.70	$41.70	$43.80	$46.00
Debt Reserve	2.20	2.30	2.40	2.50	2.65	2.80
Maintenance Charge	4.50	4.75	5.00	5.25	5.50	5.80
SRF Debt Service Fee	7.90	8.30	8.70	9.15	9.60	10.10
Volume Charge	*$ / Gallon*					
Commercial	$0.00525	$0.00551	$0.00579	$0.00608	$0.00638	$0.00670

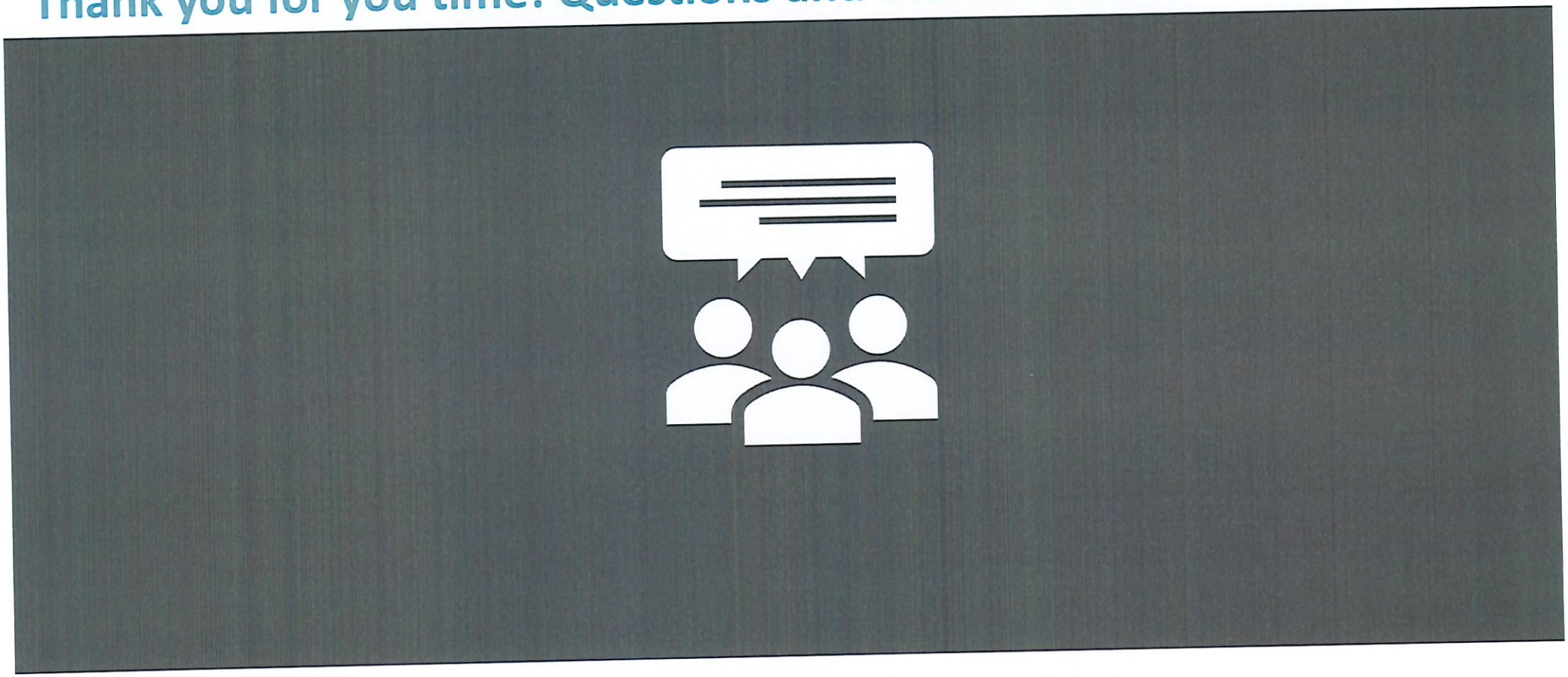
Sewer Bill Impacts



Local Comparison

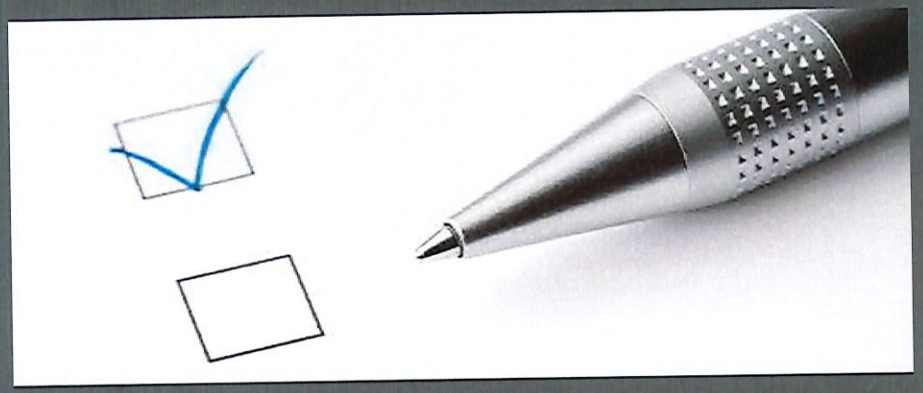


Thank you for you time! Questions and Discussion



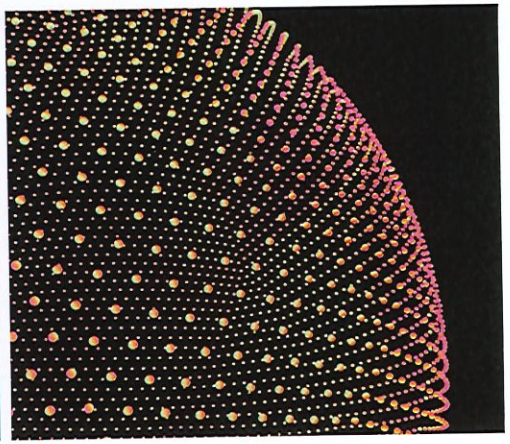
Goals Total / Desired Input

- Overall study results
- Input on proposed rates (level and structure)
- Timing of implementation

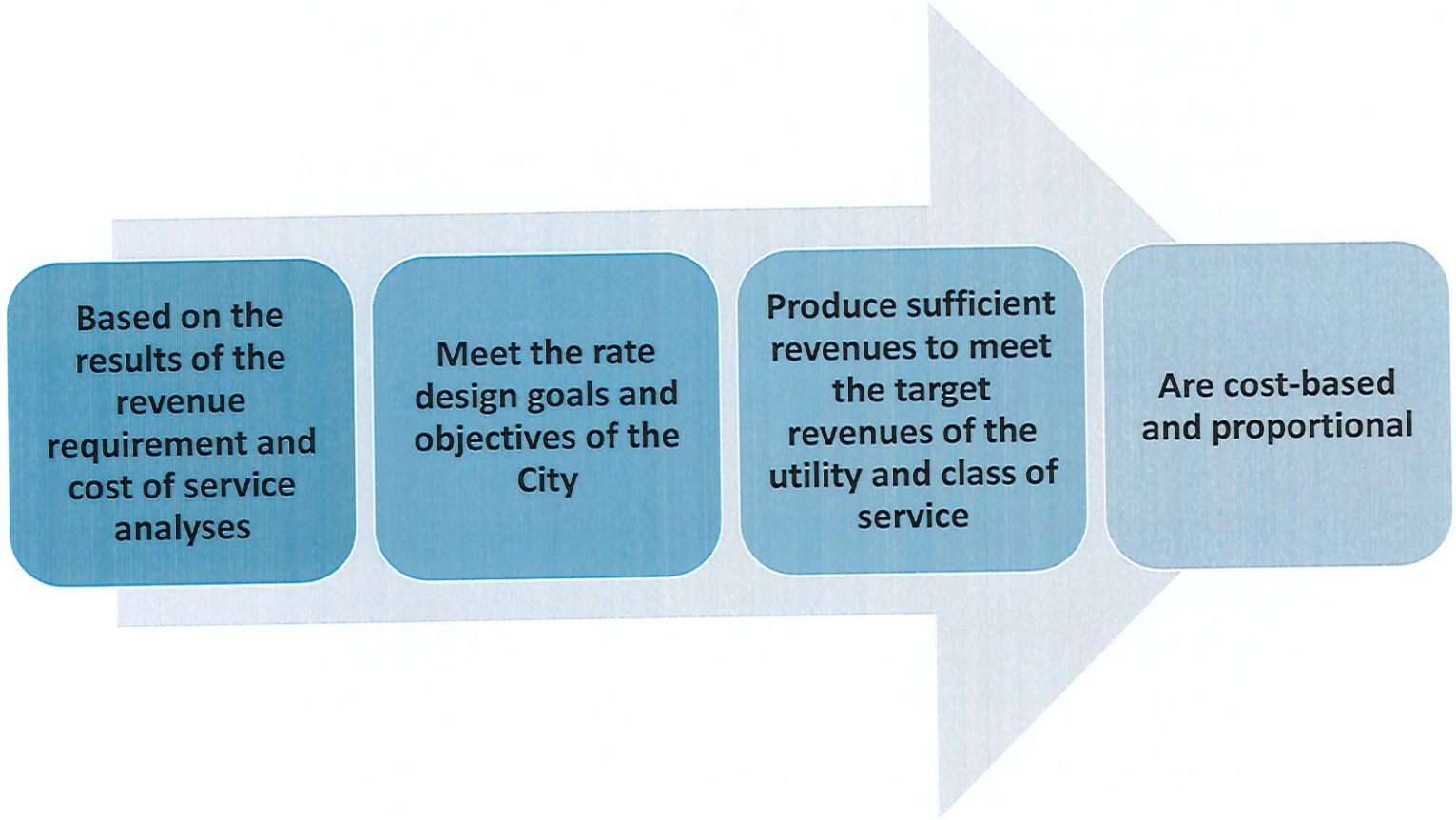


Revenue Requirement Analysis

Rate Design

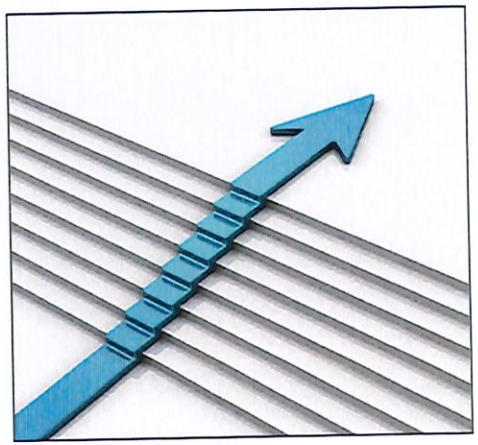


Rate Design - Overview



Next Steps

- Receive Commission feedback and direction
- Update study based on direction
- Review draft final results with staff
- Present final recommendations to Commission
  - December 4th, 2025 target
- Finalize written report
- Implement new sewer rates January 1, 2026



Final Report

City of Summerset

Sewer Rate Study

November 2025

HDR

HDR

November 24, 2025

Ms. Lisa Schieffer
City Administrator
City of Summerset
7055 Leisure Lane
Summerset, SD 57718

Subject: Sewer Rate Study

Dear Ms. Schieffer:

HDR Engineering, Inc. (HDR) is pleased to present to the City of Summerset (City) the final report for the sewer rate study (Study). The Study was developed to provide sewer rates that generate sufficient revenue to fund the operating and capital needs for the City's sewer utility. More importantly, the Study develops and proposes cost-based sewer rates for the City's customers. This report outlines the overall approach used to achieve these objectives, along with our findings, conclusions, and recommendations.

The sewer rate study was developed utilizing City provided financial, accounting, and engineering information and records. Furthermore, the City's Study was developed utilizing generally accepted industry standard rate setting principles and methodologies. This report provides the basis for developing and implementing cost-based sewer rates for the City's customers.

In the development of the Study, HDR and City collaborated to provide a Study that reflects the specific customer and system characteristics and costs to provide sewer service. The Study included a technical review process with the City's key department staff as well as public presentations to the City Commission members. The Study was based on City provided data and information. Should this data and information change, or be updated, then the Study should be updated to reflect those changes.

We appreciate the assistance provided by the City's project team in the development of this Study. More importantly, HDR appreciates the opportunity to provide these technical and professional services to the City of Summerset.

Sincerely yours,
HDR Engineering, Inc.

Josiah Close

Josiah Close
Utility Rates Project Manager

Table of Contents

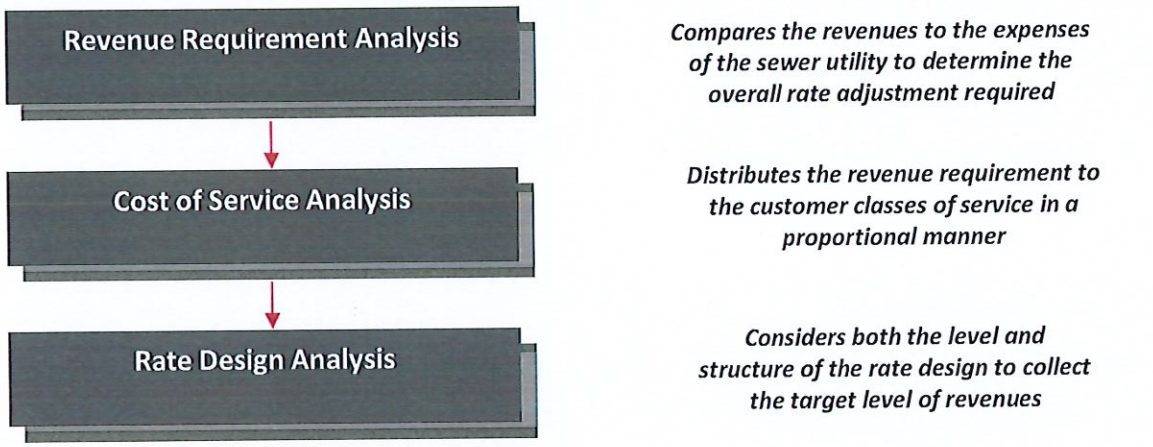
Executive Summary

HDR was retained by the City of Summerset to conduct a comprehensive sewer rate study. The objective of the Study was to review the City's current and projected operating expenses and capital infrastructure costs to develop a financial plan and proposed cost-based rates for sewer utility. The Study determined the adequacy of the existing sewer rates and provided the technical and policy framework required to establish cost-based and proportional sewer rates.

Overview of the Rate Study Process

A comprehensive rate study uses three interrelated technical analyses to address the adequacy and proportionality of a utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES - 1.

Figure ES – 1
Overview of the Comprehensive Sewer Rate Analyses



The above framework for reviewing and evaluating rates was utilized for the development of the City's sewer rate study.

Key Rate Study Results

The technical analyses for the City's Study were developed based on the operating and capital costs necessary to provide sewer service to the City's customers. The analyses performed resulted in the following findings, conclusions, and recommendations.

- A revenue requirement analysis was developed for the sewer utility starting with the 2025 budget and then projected through 2044. The results over the rate setting period of 2026 through 2030 indicated the need to adjust overall revenue levels by 5.0%, annually.

- A cost of service analysis was developed to review the existing sewer rates and to proportionally distribute the revenue requirement between the identified customer classes of service (Residential and Commercial). The cost of service analysis indicated that there are minor cost differences between the customer classes of service and no cost of service adjustment is recommended at this time.
- Based upon the results and recommendations from the revenue requirement and cost of service analyses, the Study has developed proposed sewer rates for the 2026 –2030 rate setting period.

Summary of the Revenue Requirement Analysis

A revenue requirement analysis is the first analytical step in the development of the sewer rate study. This analysis determines the adequacy of the level of current sewer rates for the City. From this analysis, a determination can be made as to the overall level of sewer revenue adjustments needed to provide adequate and prudent funding for both operating and capital needs.

For the Study, the revenue requirement started with the adopted 2025 budget and projected over the review period of 2026 – 2044. A multi-year time frame is recommended to better anticipate future financial requirements and allow the City to begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. HDR recommends a multiple year adoption for rates. However, at this time, the City has not determined the time period rates will be adopted for. For purposes of rate setting and the Study, the time frame identified was 2026 – 2030.

For the revenue requirement analysis, a cash basis approach was utilized. The cash basis approach is the most commonly used methodology by municipal utilities to establish the revenue requirement and it includes an analysis of annual O&M expenses, debt service, rate funded capital, and transfers related to reserve funding. The primary financial inputs in the development of the revenue requirement analysis were the City's adopted budget, historical billed customer and consumption data, and the current sewer capital improvement plan.

The sewer utility's operation and maintenance (O&M) expenses were projected over the time period by using the City's O&M budget and escalating the expenses using assumed escalation (inflationary) factors. Given the projected O&M expenses, a capital project funding plan was developed. The proper and adequate funding of capital projects is important to help minimize rates over time. A general financial guideline states that, at a minimum, a utility should fund an amount equal to or greater than annual depreciation expense through rates. For the Study, the City provided their capital improvement plan (CIP). This plan identified the projects necessary to maintain the sewer system as well as projects necessary to meet new customer growth and capacity expansion of the system. Provided below in Table ES - 1 is a summary of the capital improvement plan over the planning period.

Table ES – 1 Summary of the Capital Improvement Plan ($000)						
	2025	2026	2027	2028	2029	2030
Total Capital Projects	$400	$100	$135	$1,832	$60	$85
Less: Other Funding	300	0	0	1,692	0	0
Total Rate Funded Capital	**$100**	**$100**	**$135**	**$140**	**$60**	**$85**

In total, the City has approximately $2.6 million of capital projects planned from 2025 – 2030. This is an average of approximately $435,000 per year in capital projects to be funded during this time period. While the total amount required to fund the projects may vary from year-to-year, the sewer utility CIP funding plan developed as a part of the Study has attempted to provide a consistent funding source for replacement/improvement capital improvement projects. In this case, the funding plan has assumed that sewer rates will fund on average $103,000 per year (as shown in the blue highlighted area of Table ES - 1). The remaining funding, "other funding" in Table ES - 1, will come through a mix of remaining reserves, grants, and planned issuance of long-term debt. As a note, the additional long-term debt will result in annual debt service payments which will be funded through rates and discussed in later sections of this report.

The sewer utility currently has two outstanding low interest loans with total annual debt service payments of approximately $297,000 in 2025 and increasing to $684,000 by 2027 prior to additional debt issuances. It is important to note that the debt service is paid through Tax Increment Funding (TIF) revenues and does not impact sewer rates until after the TIF revenues are depleted which is anticipated to be in 2038. As noted, the Study has assumed the need for additional long-term debt to fund a portion of the total sewer capital improvement projects. The total annual debt service payments are assumed to increase to $875,000 in 2029 with the current and anticipated debt service. This decreases with the retirement of a debt issuance and is $726,000 in 2030.

The final component of the revenue requirement is the use of reserves or the "Reserve Funding". The reserve funding may be used to either build up reserves in order to maintain prudent ending reserve balances or be used to fund future capital projects. For the City sewer rate model purposes, there are two unrestricted reserves, the Operating Reserve and Capital Reserve, and then two restricted reserves, the TIF Reserve and Debt Reserve (which has the last payment for the 2008 USDA loan). At the present time, the current balance of total sewer reserves is projected to be approximately $3.5 million by the end of 2025. General financial policies utilized as a part of the Study indicated that the minimum operating fund balance for the sewer utility should be 90 days of O&M expenses or approximately $209,000. Over the rate study projected period, the existing reserves are utilized to fund capital projects and debt service but remain in excess of the minimum targets described above.

Given the above projections of revenues and expenses, a summary of the City's sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis,

consideration was given to the financial planning and rate setting policies of the City. In particular, emphasis was placed on minimizing rates, yet still having adequate funds to support the operational activities and capital replacement needs throughout the projected time period. Provided below, in Table ES – 2, is a summary of the sewer revenue requirement analysis.

Table ES - 2
Summary of the Revenue Requirement ($000)

	2025	2026	2027	2028	2029	2030
Revenues						
Rate Revenues	$673	$673	$673	$673	$673	$673
Non-Operating Revenues	271	266	296	296	305	307
Total Revenues	**$944**	**$939**	**$970**	**$969**	**$979**	**$980**
Expenses						
Total O & M Expenses	$847	$875	$905	$935	$967	$999
Rate Funded Capital	100	100	135	140	60	85
Net Debt Service	0	0	0	0	92	92
Reserve Funding	(3)	(3)	(1)	0	5	(10)
Total Expenses	**$944**	**$973**	**$1,039**	**$1,075**	**$1,124**	**$1,166**
Bal./(Def.) of Funds	$0	($34)	($69)	($106)	($145)	($186)
Bal. as a % of Rate Rev.	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%
Proposed Rate Adjustment	**0.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Add'l Rev. from Rate Adj.	$0	$34	$69	$106	$145	$186
Total Bal./(Def.) of Funds	$0	($0)	$0	$0	$0	$0

The sewer revenue requirement has summed the O&M, net annual debt service, rate funded capital, and reserve funding. The total revenue requirement is then compared to the total sources of funds which are the rate revenues, at present rate levels, and other non-operating revenues. From this comparison a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate revenue adjustment needed to meet the total revenue requirement. For the sewer utility, rate revenue adjustments have been proposed of 5.0% in 2026 through 2030. A more detailed discussion of the revenue requirement analysis is provided in Section 2 of the report.

Summary of the Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the revenue requirement to the identified customer classes of service (Residential and Commercial). The objective of the sewer cost of service analysis is to distribute the total revenue requirement to each customer class of service to determine the revenue responsibility based on how each customer class benefits from the service being provided.

In summary form, the cost of service analysis began by functionalizing the City's 2026 sewer revenue requirement. The functionalized revenue requirement was then allocated to the appropriate cost component(s) (volume, strength, customer, etc.). The individual allocation totals for each cost component were then proportionally distributed to the customer classes of service based on the appropriate distribution factor. The distributed expenses for each customer class were accumulated to determine each customer class's total revenue generation responsibility, or the proportional share of costs for the City's sewer utility and the cost to provide service. Shown below in Table ES - 3 is the summary of the sewer cost of service analysis.

Table ES - 3
Summary of the Cost of Service ($000)

Class of Service	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
Residential	$619	$653	$33	5.4%
Commercial	54	54	0	0.5%
Total	**$673**	**$707**	**$34**	**5.0%**

The results of the analysis show that some minor cost differences exist between the customer classes of service. Typically, if a customer class of service is within ± 5.0% of the overall system adjustment (in this case, within the range of 0.0% to 10.0%) then a class of service is generally considered to be paying their "cost of service." The reason for using a range of values to assess the results of the cost of service analysis is that a cost of service is not a static analysis, but rather, it is a dynamic analysis which is constantly changing through time. HDR concluded that the cost of service results indicated that all the classes of service were reasonably within the range of paying their "cost of service" and from that conclusion, recommended that the City make no interclass adjustments to rates and apply the rate revenue adjustments equally across all classes of service. Key in this decision was the fact that the City has not performed a cost of service analysis before and it is not recommended to make adjustments based on a single data point. A more detailed discussion of the sewer cost of service analysis can be found in Section 3 of the report.

Summary of the Rate Design Analysis

The final step of the comprehensive rate study process is the design of sewer rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analysis. The revenue requirement analysis provided a set of recommendations related to annual rate adjustments, or the level of total revenues necessary to provide sufficient funding, while the cost of service analysis resulted in recommendations as to how the revenue is collected proportionally from the customer classes of service.

Developing cost-based rates is of paramount importance in developing proposed sewer rates. Given this, the City's proposed sewer rates have been developed to meet that intent. A key goal

in the development of rates is to reflect the cost of providing service and proportionally distribute those costs among the customer classes of service.

The City currently has two classes of service, Residential and Commercial, and has a rate schedule for each customer class. The present sewer rates for Residential is a monthly fixed base fee. For Commercial, there is the same monthly fixed charge (base fee) as Residential, plus a volumetric charge.

In discussion with City staff and based on the results of the cost of service, no changes to the sewer rate structure are proposed and only the revenue level of the City's rates will be adjusted by the proposed rate revenue adjustment from the revenue requirement analysis. Provided below in Table ES – 4 is a summary of the present and proposed sewer rates.

Table ES – 4
Summary of the Present and Proposed Sewer Rates

	Present Rates	2026	2027	2028	2029	2030
Base Fee	*$ / Month*					
Sewer Service	$36.00	$37.80	$39.70	$41.70	$43.80	$46.00
Debt Reserve	2.20	2.30	2.40	2.50	2.65	2.80
Maintenance Charge	4.50	4.75	5.00	5.25	5.50	5.80
SRF Debt Service Fee	7.90	8.30	8.70	9.15	9.60	10.10
Volume Charge	*$ / gallon*					
Commercial Use	$0.00525	$0.00551	$0.00579	$0.00608	$0.00638	$0.00670

As can be seen in Table ES - 4, the rates are adjusted each year by the recommended level of rate revenue adjustment and each component is adjusted equally.

Summary of the Sewer Rate Study

The development of the proposed sewer rates is based on the overall recommendations developed as part of the revenue requirement and cost of service analyses. HDR would recommend the adoption of the proposed sewer rates which are cost-based, proportional, and reflect the specific costs of the City's sewer utility.

1 Overview of the Rate Setting Process

HDR was retained by the City to conduct a comprehensive sewer rate study. The objective of the Study was to review the City's current and projected operating and capital infrastructure needs (i.e., costs) and develop a financial plan and resulting cost-based rates for the sewer utility. The Study determined the adequacy of the existing sewer rates and provided the technical and policy framework to establish cost-based and proportional rates.

1.1 Study Goals and Objectives

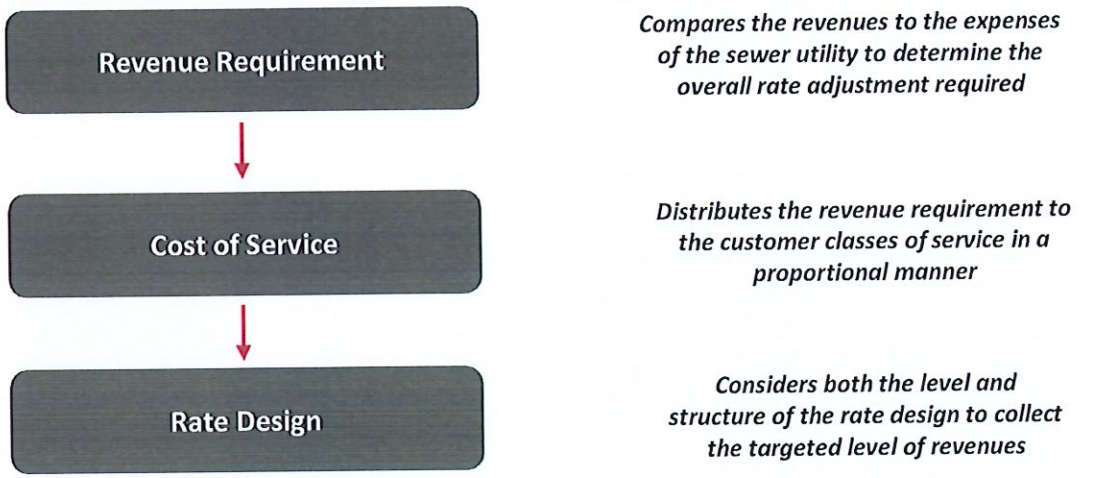
The City had a number of key objectives in developing the sewer rate study. These key objectives provided a framework for policy decisions in the analysis that follows. These key objectives were as follows:

- Develop the sewer study in a manner that is consistent with the rate setting principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Sewer Systems
- In the financial planning process and while establishing the City's rates, review and utilize best industry practices, while recognizing and acknowledging the specific and unique characteristics of the City's sewer system
- Meet the City's financial policies and planning criteria and goals, such as debt service coverage ratios, adequate funding of capital infrastructure replacement, and maintenance of adequate and prudent reserve levels
- Develop a financial plan which supports the utility's funding requirements, while attempting to minimize overall impacts to rates
- Review the City's rates utilizing generally accepted cost of service principles and methodologies to determine adequacy and proportionality of the utility's rates

1.2 Overview of the Rate Study Process

User rates must be set at a level where a utility's operating and capital expenses are met with the revenues received from customers. This is an important point, as failure to achieve this objective may lead to insufficient funds to maintain system integrity. To evaluate the adequacy of the existing sewer rates, a comprehensive rate study is often performed. A comprehensive rate study consists of three interrelated analyses. Figure 1 - 1 provides an overview of these analyses.

Figure 1 – 1
Overview of the Comprehensive Sewer Rate Study



The above framework for reviewing and evaluating rates was utilized for the development of the City's sewer rate study. In that process, the analyses were tailored to reflect the City's specific and unique facilities, operations, and customer characteristics.

1.3 Generally Accepted Rate Setting Principles

As a practical matter, all utilities should consider setting their rates around generally accepted or global principles and guidelines. Utility rates should be:

- Cost-based, proportional, and set at a level that meets the utility's full revenue requirement
- Easy to understand and administer
- Designed to conform to "generally accepted" rate setting techniques
- Stable in their ability to provide adequate revenues for meeting the utility's financial, operating, and regulatory requirements
- Established at a level that is stable from year-to-year from a customer's perspective

1.4 Determining the Revenue Requirement

Most public utilities use the cash basis approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy straightforward. A public utility totals its cash expenditures for a period of time to determine required revenues. The revenue requirement for a public utility is usually comprised of the following major costs or expenses:

- **Total Operating Expenses:** This includes a utility's operation and maintenance expenses, plus any applicable taxes or transfer payments. Operation and maintenance expenses

include the materials, electricity, labor, supplies, etc., needed to keep the utility functioning.

- **Total Capital Expenses:** Capital expenses are calculated by adding debt service payments (principal and interest) to capital replacements financed with rate revenues. In lieu of including capital replacements financed with rate revenues, a utility sometimes includes annual depreciation expense to stabilize the annual revenue requirement.

Under the cash basis approach, the sum of the total O&M expenses plus the total capital expenses equals the utility's revenue requirement during any selected period of time (historical or projected).

Note that the two portions of the capital expense component (debt service and rate funded capital) are necessary under the cash basis approach as utilities generally cannot finance all their capital facilities with long-term debt. At the same time, it is often difficult to pay for capital expenditures on a "pay-as-you-go" or cash funding basis given that some major capital projects may have significant rate impacts upon a utility, even when financed with long-term debt. Many utilities have found that some combination of pay-as-you-go funding and long-term financing will often lead to minimization of rate increases and rate levels over time.

As noted, public utilities typically use the cash basis[1] approach to establish their revenue requirement. An exception may occur if a public utility provides service to a wholesale or contract customer. In this situation, a public utility could use the utility basis approach (see Table 1 - 1), and in doing so, would earn a reasonable return on its investment to serve the wholesale or contract customer.

Table 1 – 1
Cash versus Utility Basis Comparison

	Cash Basis		Utility Basis (Accrual)
+	O&M Expenses	+	O&M Expenses
+	Taxes/Transfer Payments	+	Taxes/Transfer Payments
+	Capital Improv. Funded From Rates (≥ Annual Depreciation Expense)	+	Depreciation Expense
+	Debt Service (Principal + Interest)	+	Return on Investment
=	**Total Revenue Requirement**	=	**Total Revenue Requirement**

[1] "Cash basis" as used in the context of rate setting is not the same as the terminology used for accounting purposes and recognition of revenues and expenses. As used for rate setting, "cash basis" simply refers to the specific cost components to be included within the revenue requirement analysis.

1.5 Analyzing Cost of Service

After the utility's total revenue requirement is determined, it is proportionally distributed to the users of the service. The distribution of costs – as analyzed through a cost of service analysis - reflects the cost relationships for providing sewer services. A cost of service analysis requires three analytical steps:

1. Costs are ***functionalized*** or grouped into the various cost categories related to providing service (collection, pumping, treatment, etc.). This step is largely accomplished through the utility's accounting system (chart of accounts).
2. The functionalized costs are then ***allocated*** to specific cost components. Allocation refers to the arrangement of the functionalized data into cost components. For example, sewer costs are typically allocated as volume, strength, and customer-related costs.
3. Once the costs are allocated to the appropriate cost component(s), each cost component is then proportionally ***distributed*** to the customer classes of service (e.g., residential, commercial). The distribution is based on each customer class's relative or proportional contribution to the cost component. For example, customer-related costs are distributed to each class of service based on the total number of customers in that class of service. Once costs are distributed, the total amount of revenues needed from each customer class of service, in order to achieve cost-based rates, can be determined.

1.6 Designing Utility Rates

Rates that meet the utility's objectives are designed based on the findings and conclusions obtained from both the revenue requirement and the cost of service analysis. This approach results in rates that are strictly cost-based and does not consider other non-cost based goals and objectives (ability to pay, revenue stability, ease of administration, economic development, etc.). In designing the final proposed sewer rates, factors such as ability to pay, continuity of past rate philosophy, economic development, ease of administration, and customer understanding may be taken into consideration. While other multiple factors can be taken into consideration in designing final rates, it is important to understand that in the end the over-arching goals of a comprehensive rate study is to provide cost-based and defensible rates.

1.7 Summary

This section of the report has provided a brief introduction to the general principles, techniques, and approaches used to develop cost-based and proportional sewer rates. These principles and techniques have been used in the development of the City's Study.

2 Revenue Requirement Analysis

A comprehensive sewer rate study is completed to determine the adequacy of the utility's rates and provide the cost-basis and rationale for any needed rate adjustments to establish and maintain cost-based and proportional sewer rates. As noted in Section 1, a comprehensive sewer rate study is composed of three separate technical analyses; a revenue requirement analysis to determine the overall adequacy of the City's sewer rates, a cost of service analysis to proportionally distribute the revenue requirement to the customers using the service, and finally, a rate design analysis to develop the proposed sewer rates. This report has conducted each of these technical analyses for the City's sewer utility. This section of the report will focus on the revenue requirement analysis.

The sewer revenue requirement analysis was developed based on data and information provided by the City. This included the City's adopted sewer budget for 2025, capital improvement plan, historical customer revenue and consumption data, plant accounting records, and the sewer system's operational characteristics. Using this information, the revenue requirement analysis was developed to prudently fund the identified sewer utility costs, both operating and capital. Provided below is a more detailed discussion of the analytical steps and key assumptions used in the development of the City's sewer revenue requirement analysis.

2.1 Establishing a Time Frame and Approach

To begin calculating the revenue requirement for the City's sewer system, a time frame was established for the analysis. The City's adopted sewer budget for 2025 was utilized as a starting point, and costs were projected through 2044. Reviewing a projected multi-year time period is recommended since it identifies major expenses that may be on the horizon (e.g., capital projects, known changes in operations, staffing adjustments). By anticipating future financial requirements, the City can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. While the analysis projected revenues and expenses over a longer period, for purposes of reviewing and adjusting sewer rates, the focus was on the next five year period of 2026 –2030.

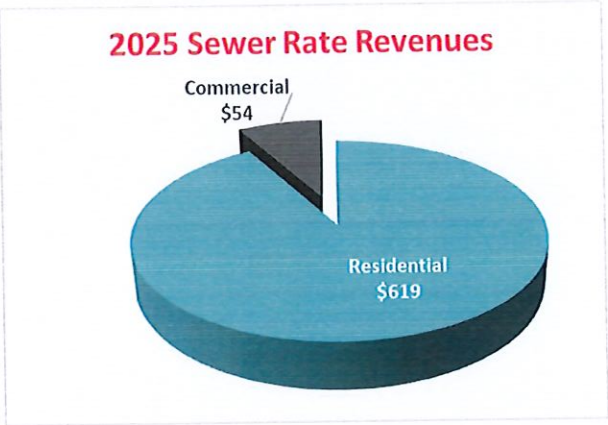
The second step in determining the revenue requirement was to determine the basis of accumulating costs. For the City's Study the revenue requirement analysis was developed using a "cash basis" approach. The cash basis approach is most commonly used by municipal utilities to establish and determine their revenue requirement. Section 1.4 provides a summary overview of the cash basis approach and cost components used to develop the City's sewer revenue requirement analysis.

Given a time period to develop the revenue requirement and a method to accumulate the costs; the focus shifts to the development and projection of the revenues and expenses of the City's sewer system.

2.2 Projecting Rate and Other Revenues

For the sewer utility, the City receives revenue from two primary sources, sewer rates and other non-operating revenues. Sewer rate revenues are based on the current sewer rates which are billed on a monthly basis. Other non-operating revenues includes items such as interest income, fees, and other miscellaneous income. Provided below is a brief discussion of the projection of the sewer revenues.

The first step in developing a projection of the sewer rate revenues was to develop the projected billing units for each customer class (Residential and Commercial). The billing units supplied by the City were then multiplied by the City's current (adopted) sewer rates. This method of independently calculating rate revenues is used to help confirm that the projected revenues used within the analysis match to the projected billing units used in the rate design analysis.



In total, for 2025, the City is projected to have approximately $673,000 in sewer rate revenues (shown in the pie chart). Over the rate setting period of the Study, annual customer growth is expected to remain flat at this level. It is important to note that this projection of rate revenue assumes only customer growth and no rate revenue adjustments are included. Ultimately, the revenue requirement compares the current level of revenues derived from rates to the total expenses of the utility to determine the balance or deficiency of rates over time. This provides the measure of the needed adjustments to existing rate levels.

In addition to rate revenues, the City also receives other non-operating revenues from a variety of different sources. The total non-operating revenues are projected to be approximately $271,000 in 2025. Non-operating revenues are expected to increase over the rate setting period primarily due to the addition of the Niche Sanitary District wholesale customers and in total are projected to be approximately $307,000 by 2030.

On a combined basis, taking into account both rate revenues and non-operating revenues, the City's total sewer revenues are projected to be approximately $944,000 in 2025, increasing to approximately $980,000 by 2030.

2.3 Projecting Operation and Maintenance Expenses

Operation and maintenance expenses are incurred by the City to operate and maintain the sewer utility. The sewer utility included both sewer collection and sewer treatment systems. The costs incurred are expensed during the current year and are not capitalized or depreciated. To begin the process of projecting sewer O&M expenses over the planning horizon, a set of escalation factors were developed. Escalation factors were developed for the basic types of expenses

incurred: labor, benefits, materials and supplies, utilities, equipment, and miscellaneous expenses. The City's escalation factors were projected based upon recent inflationary trends. For the Study planning period, the escalation factors were assumed to be in the range of 3.0% to 4.0%, annually, depending on the specific cost and expense year.

Given the budgeted 2025 O&M expenses, HDR then projected the O&M expenses based on the previously mentioned escalation factors over the projected time period. Total sewer operation and maintenance expenses for the City are projected to be approximately $847,000 in 2025 and are projected to increase to approximately $999,000 by 2030.

2.4 Projecting Rate Funded Capital

A key component in the development of the sewer revenue requirement was properly and adequately funding capital infrastructure needs. One of the major issues facing utilities across the U.S. is the amount of deferred capital projects and the funding pressure from regulatory-related projects (e.g., consent decrees/combined sewer overflows, effluent discharge requirements). The proper and adequate funding of capital projects is an important issue for all sewer utilities and is not just a local isolated issue for the City.

In general, there are three types of capital projects that a utility may need to fund. These include the following types:

- Renewal and replacement projects (i.e., improvement projects)
- Growth / capacity projects (i.e., expansion projects)
- Regulatory-related projects

Renewal and replacement projects are required to maintain the existing infrastructure or system that is in place today. As the existing plant or facilities become worn out, obsolete, etc., the utility should be making continuous investments to maintain the integrity of the facilities. To address these needs, the City has developed a capital improvement plan which aides in identifying and prioritizing capital replacement on the system. The CIP also includes projects to expand the capacity of facilities to accommodate future customer growth/capacity needs. Finally, certain projects may be a function of a regulatory requirement in which the Federal or State government mandates or legally requires certain improvements to the system to meet a regulatory standard.

Understanding these different types of capital projects is important because the way in which capital projects are funded may vary by the type of capital project. For example, renewal and replacement projects may be paid for via rates and funded on a "pay-as-you-go" basis. In contrast to this, growth or capacity expansion projects may be funded via the collection of sewer capacity or connection fees (i.e., growth-related charges) in which new or expanding development pays an equitable share of the cost of sewer facilities necessary to serve their development (impact). Finally, regulatory projects may be funded by a variety of different means, which may include rates, long-term debt, grants, etc.

As a part of the Study, the City's sewer capital improvement plan was analyzed and a funding plan developed. Provided below in Table 2 - 1 is a summary of the capital funding plan developed for the City's sewer system for 2025 – 2030.

Table 2 – 1
Summary of the Capital Funding Plan ($000)

	2025	2026	2027	2028	2029	2030
Total Capital Projects	**$400**	**$100**	**$135**	**$1,832**	**$60**	**$85**
Less: Funding Sources						
Reserves	$130	$0	$0	$500	$0	$0
Grants	170	0	0	0	0	0
New Long-Term Debt	0	0	0	1,192	0	0
Total Outside Funding	**$300**	**$0**	**$0**	**$1,692**	**$0**	**$0**
Rate Funding Capital	**$100**	**$100**	**$135**	**$140**	**$60**	**$85**

In viewing Table 2 - 1, the total capital projects have been summarized, however, the CIP is made up of multiple projects and this level of detail can be seen in the Technical Appendix, Exhibit 4. Once the capital projects are totaled, the funding source(s) is identified. In total, the City has identified approximately $2.6 million in projects from 2025 – 2030 review period. This is an average of about $435,000 per year in capital projects.

While the total amount required to fund the projects may vary from year-to-year, the sewer utility CIP funding plan developed as a part of the Study has attempted to provide a consistent funding source for renewal and replacement capital improvement projects. In this case, the funding plan has assumed that sewer rates will fund between $60,000 and $135,000 over the review period and averages $103,000 per year. A desirable and recommended minimum funding target for rate funded capital is an amount equal to, or greater than, annual depreciation expense[2]. The level of funding through rates gradually increases over the time period and then is lowered slightly as a result of the rate impacts of the annual debt service for an assumed long-term debt issuance that is funded by rates.

While the City's sewer rates will provide a significant funding source during the 2025 – 2030 time period (totaling $620,000), other capital improvement funding sources will also need be utilized. These include reserves ($630,000), grants ($170,000), and long-term debt ($1.2 million).

In developing this plan, HDR and the City have attempted to minimize rate impacts while properly and adequately funding the planned capital improvement projects of the sewer system. A key

[2] An amount which is greater than annual depreciation expense reflects the potential replacement cost of a capital item. Depreciation expense reflects the value of the asset when it was constructed, which may be 10 to 50 years ago. Given that, funding an amount from rates which is greater than annual depreciation expense helps to fund the difference between depreciation expense and the actual replacement cost of the item.

benefit of this funding plan is it has created a consistent funding source for the City's sewer capital projects.

2.5 Projection of Debt Service

The prior subsection discussed the funding of the sewer capital improvement projects. A potential funding source for the sewer capital improvement projects is long-term borrowing. When money is borrowed to fund a capital project, the debt service associated with that debt issuance is included within the revenue requirement analysis.

The City's sewer utility currently has two outstanding long-term debt issues. The total annual debt payment associated with this debt is approximately $297,000 in 2025 and increases to $684,000 in 2027. On issuance is retired in 2030 which results in a decrease in $297,000 of annual debt service expense. The existing debt service costs are currently funded through the TIF revenues and do not impact the sewer rates. Over time, these revenues are used up, and by 2038 sewer rates will need to be increased to cover the costs of this debt issuance. As noted, the City is anticipated to issue additional long-term debt for sewer capital improvement projects in 2029. With the issuance of additional debt, the total debt payment are anticipated to begin in FY 2025 and be approximately $308,000, annually. Over time, and with the issuance of additional debt, the total annual debt service payment increases to approximately $726,000 by 2030.

2.6 Reserve Funding

The final component of the revenue requirement analysis is the use of reserves or "Reserve Funding". The reserve funding component may be used to either build up reserves to maintain prudent ending reserve balances, be used to fund future capital projects, or for in times of a deficiency to fund the annual expenses of the sewer utility. For the five-year rate setting period, reserves are being used to minimize rate increases and to maintain minimum reserve balances.

2.7 Summary of the Revenue Requirement

Given the above projections of revenues and expenses, a summary of the City's sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning and rate setting policies of the City. In particular, emphasis was placed on minimizing rates, yet still having adequate funds to support the operational activities and capital replacement needs throughout the review period. Details of the revenue requirement analysis can be found in the Technical Appendix (Exhibits 1 – 6). Shown below in Table 2 – 2 is a summary of the revenue requirement analysis performed for the City's sewer utility.

Table 2 - 2
Summary of the Revenue Requirement Analysis ($000)

	2025	2026	2027	2028	2029	2030
Revenues						
Rate Revenues	$673	$673	$673	$673	$673	$673
Non-Operating Revenues	271	266	296	296	305	307
Total Revenues	**$944**	**$939**	**$970**	**$969**	**$979**	**$980**
Expenses						
Total O & M Expenses	$847	$875	$905	$935	$967	$999
Rate Funded Capital	100	100	135	140	60	85
Net Annual Debt Service	0	0	0	0	92	92
Reserve Funding	(3)	(3)	(1)	0	5	(10)
Total Expenses	**$944**	**$973**	**$1,039**	**$1,075**	**$1,124**	**$1,166**
Bal./(Def.) of Funds	$0	($34)	($69)	($106)	($145)	($186)
Bal. as a % of Rate Rev.	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%
Proposed Rate Adjustment	**0.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Add'l Rev. from Rate Adj.	$0	$34	$69	$106	$145	$186
Total Bal./(Def.) of Funds	$0	($0)	$0	$0	$0	$0

The revenue requirement analysis has summed the O&M, net annual debt service, rate funded capital, and transfers to/from reserves. The total revenue requirement is then compared to the total sources of funds which are the rate revenues, at present rate levels, and other miscellaneous (non-operating) revenues. From this comparison a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate revenue adjustment needed to meet the total revenue requirement. For the City's sewer utility, rate revenue adjustments have been proposed in Table 2 - 2 (blue band) of 5.0%, annually, in 2026 through 2030 to prudently fund the City's sewer utility operating and capital costs.

2.8 Reserve Levels

As was previously noted, funding of the City's reserve funds was a focus area of the Study. Utilities can have several different reserves, with each reserve serving a different financial purpose or operating objective. A specific reserve may have a minimum ending balance that if reached, or falls below, is a signal that the City should review the reason for the declining reserve levels and take appropriate management or policy action. The minimum ending balances will vary depending on the purpose of the reserve fund. In the case of the City, there are four different types of sewer reserves. Each of these is discussed in more detail below.

- **Operating Reserve –** The operating reserve is in place to meet the City's operating cash flow needs. A typical minimum ending balance for an operating reserve ranges from 45 – 180 days of annual O&M expenses. For the City, the target minimum was set at 90 days

of O&M expenses. In 2025, this equates to approximately $209,000. Over the review period, the target minimum balance increases as the level of O&M increases. The proposed rate adjustments provide the funding so that the sewer utility meets the target minimum during the review period.

- **Capital Reserve** – The capital reserve is used to fund the City's capital improvement projects as well as reserve funds to help should an emergency capital project be required. There is currently no minimum or target for the reserve.
- **TIF Reserve** – the TIF reserve is in place to store revenues from TIF #1 and #2 which are then used to pay for the City's sewer utility debt service. There is currently no minimum or target for the reserve, however, over time the reserve begins to have a declining balance until all funds are projected to be used to fund debt service payments by 2038.
- **Debt Reserve** – the debt reserve is in place as a requirement of taking the proceeds. Typically, this reserve amount is set equal to one year of debt service expense. The reserve is not anticipated to increase or decrease over the review period and remain consistent until it is used as the final payment in 2030.

The above discussion has provided an overview and understanding of the water reserve funds and the establishment of target minimum reserve levels for the City's sewer utility reserve funds. Maintaining adequate and prudent reserves will help the City's sewer operate more efficiently, while at the same time helping to minimize long-term borrowing for capital improvement projects. Additionally, the reserve funds will help in case the City's sewer utility has a catastrophic or emergency failure which can help mitigate the risks and costs to the City's customers.

2.9 Summary of the Revenue Requirement Analysis

A revenue requirement analysis was developed for the sewer utility using generally accepted revenue requirement methodologies, along with the City's financial data and records. The results of the revenue requirement analysis indicate that the sewer utility will need to adjust rate revenue levels to adequately fund the expenses incurred to provide sewer services to the customers.

The revenue requirement analysis concluded that the City's sewer rates should be adjusted annually over the 2026 –2030 rate setting period. As shown in Table 2 – 2, the proposed sewer rate adjustments have been developed to help smoothly transition customers to cost-based rate levels. HDR would recommend that the City adjust their overall revenue levels to be consistent with the findings and conclusions from this sewer revenue requirement analysis.

The next section of the report will discuss the sewer cost of service analysis, or the proportional distribution of the revenue requirement to the different types of customers served by the City's sewer utility.

3 Cost of Service Analysis

In the previous section, the revenue requirement analysis focused on the total sources and application of funds required to adequately fund the City's sewer utility. This section of the report will discuss the development of the cost of service analysis. A cost of service analysis provides the basis for the proportional distribution of the total revenue requirement between the customer classes of service (Residential and Commercial). The previously developed revenue requirement was utilized in the development of the City's sewer cost of service analysis.

In recent years, increasing emphasis has been placed on the cost of service analysis. This interest has been generated in part by continued inflationary trends, increased operating and capital expenditures, and concerns of charging customers proportionally in rates. Following the generally accepted guidelines and principles of a cost of service analysis will inherently lead to rates which are proportional, cost-based, and not viewed as arbitrary or capricious in nature.

3.1 Objectives of a Cost of Service Analysis

There are two primary objectives in conducting a cost of service analysis:

- Proportionally distribute the revenue requirement among the customer classes of service
- Derive average unit costs for subsequent rate designs

The objectives of the sewer cost of service analysis are different from determining revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall financial needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement from the identified customer classes of service.

The second rationale for conducting a cost of service analysis is to develop rates such that it properly reflects the costs incurred by the City. The City's sewer utility incurs costs related to collecting, conveying and treating wastewater received from customers. This includes costs related to the total volumes conveyed and treated as well as the strength of the wastewater received. As an example, a sewer customer with higher than normal sewer strength should pay their proportional share of the cost of treating their higher strength sewer.

3.2 General Cost of Service Procedures

In order to determine the cost to serve each customer class of service on the City's sewer system, a cost of service analysis is conducted. A cost of service study utilizes a three-step approach to review costs. These steps take the form of functionalization, allocation, and distribution of the utility's costs (i.e., revenue requirement). Provided below is a detailed discussion of the sewer cost of service analysis for the City, and the specific steps taken within the analysis.

3.3 Sewer Customer Classes of Service

The City currently has two different customer classes of service (rate schedules). The Study has used the current customer classes of service for the distribution of the revenue requirements. The classes of service used within the City's sewer cost of service analysis were as follows:

- Residential
- Commercial

In determining the customer classes of service for cost of service purposes, the objective is to group customers together into similar or homogeneous groups based upon facility requirements and/or flow characteristics.

3.4 Functionalization of Costs

The first analytical step in the cost of service process is called functionalization. Functionalization is the arrangement of the plant asset and expense data by the major operating functions of the sewer utility (e.g., collection, treatment). Within the Study, there was a limited amount of functionalization required as the City's asset and expense records are already functionalized by major cost category.

3.5 Allocation of Costs

The second analytical task performed in a sewer cost of service analysis is the allocation of the costs. Allocation determines why the expenses were incurred or what type of need is being met. The following cost allocators were used to develop the City's sewer cost of service analysis:

- **Volume Related Costs:** Volume related costs are those costs which tend to vary with the total quantity of wastewater collected and treated.
- **Strength Related Costs:** Strength related costs are those costs associated with the additional handling and treatment of high "strength" wastewater. Strength of wastewater is typically measured in biochemical oxygen demand[3] (BOD) and total suspended solids[4] (SS). Increased levels of BOD or SS generally equate to increased treatment costs.
- **Customer Related Costs:** Customer-related costs vary with the addition or deletion of a customer or a cost which is a function of the number of customers served. Customer related costs typically include the costs of billing, collecting, and accounting. Actual customer costs vary proportionally, from customer to customer, with the addition or deletion of a customer regardless of the size of the customer. An example of an actual customer cost is postage for mailing bills. This cost does not vary from customer to customer, regardless of the size or consumption characteristics of the customer.
- **Revenue Related Costs:** Some costs associated with the utility may vary with the amount of revenue received by the utility. An example of a revenue related cost would be a utility

[3] Biochemical Oxygen Demand or BOD is the amount of dissolved oxygen that must be present in water in order for microorganisms to decompose the organic matter in the sewer

[4] Total Suspended Solids or TSS is the entire amount of organic and inorganic particles dispersed in sewer

tax which is based on gross utility revenue.

3.6 Distribution of Costs

The final step of the cost of service analysis is the distribution of the allocated costs to the customer classes of service. The previous allocation process grouped the utility's total revenue requirement to the appropriate cost component(s) (e.g., volume, strength, customer). The distribution of costs takes each allocated cost component and proportionally distributes that particular cost between the customer classes of service. For example, customer-related costs are proportionally distributed to the different classes of service based upon the number of customers within each class of service. In the case of the City's cost of service analysis, the City's allocated costs were distributed to the previously identified customer classes of service using the following distribution factors.

- **Volume Distribution Factor:** Volume-related costs are generally distributed on the basis of each class's estimated contribution to sewer flows. Sewer contributions are not metered at a customer's premises and therefore must be estimated. For Residential, the estimate was based on winter water usage and Commercial was based on the billed water. In addition to the assumed contributions to sewer flow, each class of service was also assigned a portion of inflow and infiltration (I&I). The volume distribution factor developed for the City's sewer cost of service analysis can be seen on Exhibit 7 of the Technical Appendix.
- **Customer Distribution Factor:** Customer costs vary with the number of customers on the system. The distribution factor for actual customers was based on the projection of the number of customers developed within the revenue requirement. The customer-related distribution factor can be seen in Exhibit 8 of the Technical Appendix.
- **Strength Distribution Factor:** Strength-related costs are allocated between BOD and SS and based on industry standard strength levels for each customer class. Strength contributions by class of service are a function of total flow and the assumed strength of the sewer being contributed for each constituent. The strength distribution factors for BOD

Sewer Terminology
Cost of Service Analysis

Functionalization – The arrangement of the cost data by functional category (e.g. collection, treatment).

Allocation – The assignment of functionalized costs to cost components (e.g., volume, strength, and customer related).

Distribution – Distributing the allocated costs to each class of service based upon each class's proportional contribution to that specific cost component.

Volume Costs – Costs that are classified as volume related vary with the total flow of sewer (e.g., power for pumping).

Strength Costs – Costs classified as strength related refer to the sewer treatment function. Typically, strength-related costs are further defined as biochemical oxygen demand (BOD) and total suspended solids (SS). Different types of customers may have high sewer strength characteristics and high strength sewer costs more to treat. Treatment facilities are often designed and sized around meeting these costs.

Customer Costs – Costs classified as customer related vary with the number of customers on the system, e.g., billing costs.

Direct Assignment – Costs that can be clearly identified as belonging to a specific customer group or group of customers.

and SS –related costs developed for the City's sewer cost of service analysis can be seen on Exhibit 9 of the Sewer Technical Appendix.

- **Revenue Related Distribution Factor:** The revenue related distribution factor was developed from the projected rate revenues for 2026 for each customer class of service. These same revenues were used within the revenue requirement analysis discussed previously. The revenue related distribution factor can be seen in Exhibit 10 of the Technical Appendix.

3.7 Functionalization and Allocation of Operating Expenses

Operating expenses are generally functionalized and allocated in a manner similar to the corresponding plant account if it exists. For example, treatment operating expenses incurred to treat the wastewater received from customers are typically allocated in the same manner (allocation percentages) as the corresponding plant in service (i.e., treatment plant). This approach to allocating the City's sewer operating expenses was used for this analysis. While the City does have some functionalized structure for O&M expenses, most expenses were allocated as 75% volume and 25% actual customer to reflect the assumption that there is a relationship and basis to both the amount of the wastewater volume contribution in total and the number of customers.

For the Study, the revenue requirement for 2026 was functionalized and allocated based on the approach noted above. As noted, the City utilized a cash basis revenue requirement, which was comprised of operation and maintenance expenses, debt service, rate funded capital, and reserve funding. A detailed exhibit of the functionalization and allocation the revenue requirement can be found on Exhibit 11 of the Technical Appendix.

3.8 Major Assumptions of the Cost of Service Analysis

A number of key assumptions were used within the City's cost of service analysis. Below is a brief discussion of the major assumptions used.

- The test period used for the cost of service analysis was FY 2026. The revenue and expense data was previously developed within the revenue requirement analysis.
- The cost of service used a cash basis approach which conforms to generally accepted sewer (sewer) cost of service methodologies.
- Using the City's specific data and operational information, the City's plant in service was allocated to cost components using generally accepted allocation techniques and methodologies.
- Volumes, by class of service, are not metered and thus needed to be estimated from the City's water consumption data and billing records. The volume distribution factor was developed for each class of service based on available information and generally accepted methods for estimating wastewater volumes.

- Sewer strengths by customer class of service were estimated based upon typical strength levels for the different customer classes of service. In all cases, the strength levels assumed were within the range of domestic level strength parameters.

3.9 Summary of the Sewer Cost of Service Analysis

In summary form, the cost of service analysis began by functionalizing the City's 2026 revenue requirement. The functionalized revenue requirement was then allocated to the appropriate cost component(s) (i.e., volume, strength, customer). Then, the individual allocation totals for each cost component were proportionally distributed to the customer classes of service based on the corresponding distribution factor. The distributed expenses for each customer class were then summed to determine each customer class's overall revenue responsibility. Shown below in Table 3 - 1 is the summary of the cost of service analysis.

Table 3 - 1
Summary of the Cost of Service Analysis ($000)

Class of Service	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
Residential	$619	$653	$33	5.4%
Commercial	54	54	0	0.5%
Total	**$673**	**$707**	**$34**	**5.0%**

*Results in table may not foot due to rounding

The results of the analysis show that minor cost differences exist between the identified customer classes of service. Typically, if a customer class of service is within ± 5.0% of the overall system adjustment (i.e., within the range of 0.0% to 10.0%) then a class of service is generally considered to be paying their "cost of service." The reason for using a range of values to assess the results of the cost of service analysis is that a cost of service is not a static analysis, but rather, it is a dynamic analysis which is constantly changing through time. Additionally, this is the first cost of service analysis that has been performed on the City's sewer utility and only represents a single data point. Often, recommending cost of service changes happens when a number of cost of service analyses have been performed in order to confirm the findings. This is done in an attempt to avoid major shifts in costs from one customer class to another and from one cost of service analysis to the next.

3.10 Summary of the Cost of Service Analysis

While the City's sewer cost of service analysis utilizes a single point in time (i.e., 2026 revenue requirement) to proportionally distribute costs, the reality is that costs and consumption patterns vary from year-to-year. As a result of this dynamic, the results of the cost of service are best judged over the course of a number of years. Given that perspective on cost of service, it is prudent to have the City continue to monitor rates and cost of service through future studies. At this time, it appears that all classes of service are within a reasonable range of the cost of service.

Given that, HDR is of the opinion that no interclass (i.e., cost of service) adjustments are required at this time to better align the sewer rates with the cost of service analysis results.

This section of the report has reviewed the sewer cost of service analysis developed for the City. This analysis was prepared using generally accepted cost of service techniques as provided in the Water Environment Federation (WEF), Manual of Practice No. 27, and tailored to reflect the specific costs and characteristics of the City's customers and sewer system. The results of the analysis indicated that minor cost differences between customer classes of service may exist on the City's system, but they do not result in a recommendation to make interclass cost of service adjustments at this time.

4 Rate Design Analysis

The final step of the City's sewer rate study is the design of rates to collect the desired levels of revenues, based on the results of the revenue requirement and cost of service analyses. In reviewing the City's sewer rates, consideration must be given to the level of the rates as well as the structure of the rates. The level of rates reflects the amount of revenues that should be collected while the structure of the rates is how it is collected (charged) from the customers.

The overall revenue level for the City's sewer utility was established within the revenue requirement analysis, while the proportional distribution of costs to the customer classes of service was established in the cost of service analysis. This provides the revenue levels to be collected from each class of service.

4.1 Rate Design Criteria and Considerations

Prudent rate administration dictates that several criteria must be considered when setting utility rates. Some of these rate design criteria are listed below:

- Rates which are easy to understand from the customer's perspective
- Rates which are easy for the City to administer
- Consideration of the customer's ability to pay
- Continuity, over time, of the rate making philosophy
- Policy considerations (economic development, low-income, etc.)
- Provide revenue stability from month-to-month and year-to-year
- Promote efficient allocation of the resource
- Proportional and non-discriminatory (cost-based)
- Legally defensible

It is important that the City provide its customers with a proper price signal as to what their service is costing. This goal may be approached through rate level and structure. When developing the proposed rate designs, all the above listed criteria were taken into consideration. However, it should be noted that it is difficult, if not impossible, to design a rate that meets all the goals and objectives listed above.

4.2 Overview of the Present and Proposed Sewer Rates

The present sewer rates for Residential is a monthly fixed base fee. For Commercial, there are charged a monthly fixed charge (base fee) and a volumetric charge. Based on the results of the cost of service analysis and in discussion with City staff, no changes to the sewer rate structure are proposed at this time. The proposed sewer rates reflect the proposed rate revenue adjustment from the revenue requirement analysis. Below in Table 4 - 1 is a summary of the current sewer rates.

Table 4 – 1
Summary of the Present and Proposed Sewer Rates

	Present Rates	2026	2027	2028	2029	2030
Base Fee	*$ / Month*					
Sewer Service	$36.00	$37.80	$39.70	$41.70	$43.80	$46.00
Debt Reserve	2.20	2.30	2.40	2.50	2.65	2.80
Maintenance Charge	4.50	4.75	5.00	5.25	5.50	5.80
SRF Debt Service Fee	7.90	8.30	8.70	9.15	9.60	10.10
Volume Charge	*$ / gallon*					
Commercial Use	$0.00525	$0.00551	$0.00579	$0.00608	$0.00638	$0.00670

The rate structure has been maintained in the proposed sewer rates for all customers. Only the level of the rates - and the corresponding revenues – have been adjusted which has been applied equally across the fixed and consumption portions of the rate design.

4.3 Summary of the Rate Designs

The development of the proposed sewer rates is based on the overall recommendations developed as part of the revenue requirement and cost of service analyses. HDR would recommend the adoption of the proposed sewer rates which are cost-based, proportional, and reflect the specific costs of the City's sewer utility.

This completes the comprehensive sewer rate study for the City. The Study has provided a comprehensive review of the City's sewer rates. Adoption of the proposed rates will allow the City to meet their current and projected sewer system financial obligations and major capital projects for the time period reviewed. The Study was based on City provided data and information. Should this data and information change, or be updated, then the Study should be updated to reflect those changes.

5 Technical Appendix

Final Report

City of Summerset

Sewer Rate Study

November 2025

HDR

November 24, 2025

Ms. Lisa Schieffer
City Administrator
City of Summerset
7055 Leisure Lane
Summerset, SD 57718

Subject: Sewer Rate Study

Dear Ms. Schieffer:

HDR Engineering, Inc. (HDR) is pleased to present to the City of Summerset (City) the final report for the sewer rate study (Study). The Study was developed to provide sewer rates that generate sufficient revenue to fund the operating and capital needs for the City's sewer utility. More importantly, the Study develops and proposes cost-based sewer rates for the City's customers. This report outlines the overall approach used to achieve these objectives, along with our findings, conclusions, and recommendations.

The sewer rate study was developed utilizing City provided financial, accounting, and engineering information and records. Furthermore, the City's Study was developed utilizing generally accepted industry standard rate setting principles and methodologies. This report provides the basis for developing and implementing cost-based sewer rates for the City's customers.

In the development of the Study, HDR and City collaborated to provide a Study that reflects the specific customer and system characteristics and costs to provide sewer service. The Study included a technical review process with the City's key department staff as well as public presentations to the City Commission members. The Study was based on City provided data and information. Should this data and information change, or be updated, then the Study should be updated to reflect those changes.

We appreciate the assistance provided by the City's project team in the development of this Study. More importantly, HDR appreciates the opportunity to provide these technical and professional services to the City of Summerset.

Sincerely yours,
HDR Engineering, Inc.

Josiah Close
Utility Rates Project Manager

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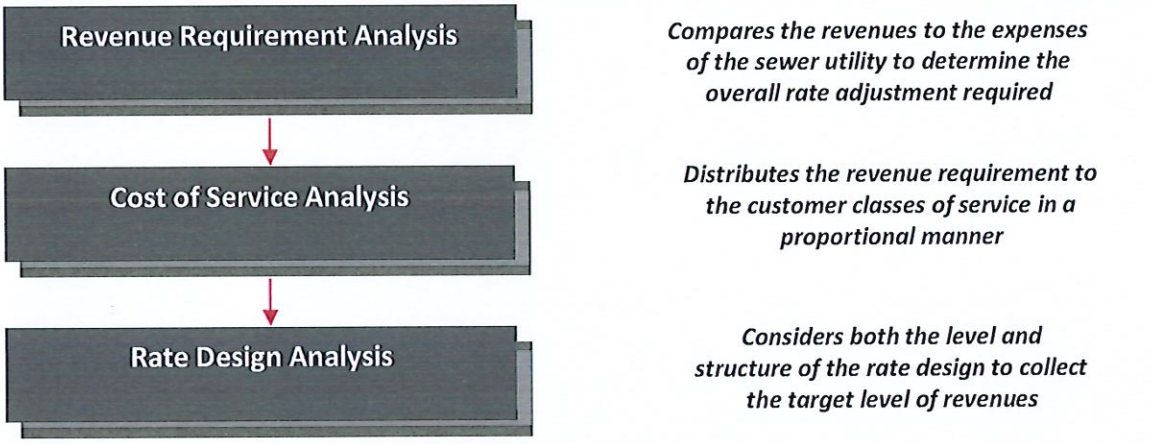
Executive Summary

HDR was retained by the City of Summerset to conduct a comprehensive sewer rate study. The objective of the Study was to review the City's current and projected operating expenses and capital infrastructure costs to develop a financial plan and proposed cost-based rates for sewer utility. The Study determined the adequacy of the existing sewer rates and provided the technical and policy framework required to establish cost-based and proportional sewer rates.

Overview of the Rate Study Process

A comprehensive rate study uses three interrelated technical analyses to address the adequacy and proportionality of a utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES - 1.

Figure ES – 1
Overview of the Comprehensive Sewer Rate Analyses



The above framework for reviewing and evaluating rates was utilized for the development of the City's sewer rate study.

Key Rate Study Results

The technical analyses for the City's Study were developed based on the operating and capital costs necessary to provide sewer service to the City's customers. The analyses performed resulted in the following findings, conclusions, and recommendations.

- A revenue requirement analysis was developed for the sewer utility starting with the 2025 budget and then projected through 2044. The results over the rate setting period of 2026 through 2030 indicated the need to adjust overall revenue levels by 5.0%, annually.

- A cost of service analysis was developed to review the existing sewer rates and to proportionally distribute the revenue requirement between the identified customer classes of service (Residential and Commercial). The cost of service analysis indicated that there are minor cost differences between the customer classes of service and no cost of service adjustment is recommended at this time.
- Based upon the results and recommendations from the revenue requirement and cost of service analyses, the Study has developed proposed sewer rates for the 2026 –2030 rate setting period.

Summary of the Revenue Requirement Analysis

A revenue requirement analysis is the first analytical step in the development of the sewer rate study. This analysis determines the adequacy of the level of current sewer rates for the City. From this analysis, a determination can be made as to the overall level of sewer revenue adjustments needed to provide adequate and prudent funding for both operating and capital needs.

For the Study, the revenue requirement started with the adopted 2025 budget and projected over the review period of 2026 – 2044. A multi-year time frame is recommended to better anticipate future financial requirements and allow the City to begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. HDR recommends a multiple year adoption for rates. However, at this time, the City has not determined the time period rates will be adopted for. For purposes of rate setting and the Study, the time frame identified was 2026 – 2030.

For the revenue requirement analysis, a cash basis approach was utilized. The cash basis approach is the most commonly used methodology by municipal utilities to establish the revenue requirement and it includes an analysis of annual O&M expenses, debt service, rate funded capital, and transfers related to reserve funding. The primary financial inputs in the development of the revenue requirement analysis were the City's adopted budget, historical billed customer and consumption data, and the current sewer capital improvement plan.

The sewer utility's operation and maintenance (O&M) expenses were projected over the time period by using the City's O&M budget and escalating the expenses using assumed escalation (inflationary) factors. Given the projected O&M expenses, a capital project funding plan was developed. The proper and adequate funding of capital projects is important to help minimize rates over time. A general financial guideline states that, at a minimum, a utility should fund an amount equal to or greater than annual depreciation expense through rates. For the Study, the City provided their capital improvement plan (CIP). This plan identified the projects necessary to maintain the sewer system as well as projects necessary to meet new customer growth and capacity expansion of the system. Provided below in Table ES - 1 is a summary of the capital improvement plan over the planning period.

Table ES – 1 Summary of the Capital Improvement Plan ($000)						
	2025	2026	2027	2028	2029	2030
Total Capital Projects	$400	$100	$135	$1,832	$60	$85
Less: Other Funding	300	0	0	1,692	0	0
Total Rate Funded Capital	**$100**	**$100**	**$135**	**$140**	**$60**	**$85**

In total, the City has approximately $2.6 million of capital projects planned from 2025 – 2030. This is an average of approximately $435,000 per year in capital projects to be funded during this time period. While the total amount required to fund the projects may vary from year-to-year, the sewer utility CIP funding plan developed as a part of the Study has attempted to provide a consistent funding source for replacement/improvement capital improvement projects. In this case, the funding plan has assumed that sewer rates will fund on average $103,000 per year (as shown in the blue highlighted area of Table ES - 1). The remaining funding, "other funding" in Table ES - 1, will come through a mix of remaining reserves, grants, and planned issuance of long-term debt. As a note, the additional long-term debt will result in annual debt service payments which will be funded through rates and discussed in later sections of this report.

The sewer utility currently has two outstanding low interest loans with total annual debt service payments of approximately $297,000 in 2025 and increasing to $684,000 by 2027 prior to additional debt issuances. It is important to note that the debt service is paid through Tax Increment Funding (TIF) revenues and does not impact sewer rates until after the TIF revenues are depleted which is anticipated to be in 2038. As noted, the Study has assumed the need for additional long-term debt to fund a portion of the total sewer capital improvement projects. The total annual debt service payments are assumed to increase to $875,000 in 2029 with the current and anticipated debt service. This decreases with the retirement of a debt issuance and is $726,000 in 2030.

The final component of the revenue requirement is the use of reserves or the "Reserve Funding". The reserve funding may be used to either build up reserves in order to maintain prudent ending reserve balances or be used to fund future capital projects. For the City sewer rate model purposes, there are two unrestricted reserves, the Operating Reserve and Capital Reserve, and then two restricted reserves, the TIF Reserve and Debt Reserve (which has the last payment for the 2008 USDA loan). At the present time, the current balance of total sewer reserves is projected to be approximately $3.5 million by the end of 2025. General financial policies utilized as a part of the Study indicated that the minimum operating fund balance for the sewer utility should be 90 days of O&M expenses or approximately $209,000. Over the rate study projected period, the existing reserves are utilized to fund capital projects and debt service but remain in excess of the minimum targets described above.

Given the above projections of revenues and expenses, a summary of the City's sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis,

consideration was given to the financial planning and rate setting policies of the City. In particular, emphasis was placed on minimizing rates, yet still having adequate funds to support the operational activities and capital replacement needs throughout the projected time period. Provided below, in Table ES – 2, is a summary of the sewer revenue requirement analysis.

Table ES - 2
Summary of the Revenue Requirement ($000)

	2025	2026	2027	2028	2029	2030
Revenues						
Rate Revenues	$673	$673	$673	$673	$673	$673
Non-Operating Revenues	271	266	296	296	305	307
Total Revenues	**$944**	**$939**	**$970**	**$969**	**$979**	**$980**
Expenses						
Total O & M Expenses	$847	$875	$905	$935	$967	$999
Rate Funded Capital	100	100	135	140	60	85
Net Debt Service	0	0	0	0	92	92
Reserve Funding	(3)	(3)	(1)	0	5	(10)
Total Expenses	**$944**	**$973**	**$1,039**	**$1,075**	**$1,124**	**$1,166**
Bal./(Def.) of Funds	$0	($34)	($69)	($106)	($145)	($186)
Bal. as a % of Rate Rev.	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%
Proposed Rate Adjustment	**0.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Add'l Rev. from Rate Adj.	$0	$34	$69	$106	$145	$186
Total Bal./(Def.) of Funds	$0	($0)	$0	$0	$0	$0

The sewer revenue requirement has summed the O&M, net annual debt service, rate funded capital, and reserve funding. The total revenue requirement is then compared to the total sources of funds which are the rate revenues, at present rate levels, and other non-operating revenues. From this comparison a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate revenue adjustment needed to meet the total revenue requirement. For the sewer utility, rate revenue adjustments have been proposed of 5.0% in 2026 through 2030. A more detailed discussion of the revenue requirement analysis is provided in Section 2 of the report.

Summary of the Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the revenue requirement to the identified customer classes of service (Residential and Commercial). The objective of the sewer cost of service analysis is to distribute the total revenue requirement to each customer class of service to determine the revenue responsibility based on how each customer class benefits from the service being provided.

In summary form, the cost of service analysis began by functionalizing the City's 2026 sewer revenue requirement. The functionalized revenue requirement was then allocated to the appropriate cost component(s) (volume, strength, customer, etc.). The individual allocation totals for each cost component were then proportionally distributed to the customer classes of service based on the appropriate distribution factor. The distributed expenses for each customer class were accumulated to determine each customer class's total revenue generation responsibility, or the proportional share of costs for the City's sewer utility and the cost to provide service. Shown below in Table ES - 3 is the summary of the sewer cost of service analysis.

Table ES - 3
Summary of the Cost of Service ($000)

Class of Service	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
Residential	$619	$653	$33	5.4%
Commercial	54	54	0	0.5%
Total	**$673**	**$707**	**$34**	**5.0%**

The results of the analysis show that some minor cost differences exist between the customer classes of service. Typically, if a customer class of service is within ± 5.0% of the overall system adjustment (in this case, within the range of 0.0% to 10.0%) then a class of service is generally considered to be paying their "cost of service." The reason for using a range of values to assess the results of the cost of service analysis is that a cost of service is not a static analysis, but rather, it is a dynamic analysis which is constantly changing through time. HDR concluded that the cost of service results indicated that all the classes of service were reasonably within the range of paying their "cost of service" and from that conclusion, recommended that the City make no interclass adjustments to rates and apply the rate revenue adjustments equally across all classes of service. Key in this decision was the fact that the City has not performed a cost of service analysis before and it is not recommended to make adjustments based on a single data point. A more detailed discussion of the sewer cost of service analysis can be found in Section 3 of the report.

Summary of the Rate Design Analysis

The final step of the comprehensive rate study process is the design of sewer rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analysis. The revenue requirement analysis provided a set of recommendations related to annual rate adjustments, or the level of total revenues necessary to provide sufficient funding, while the cost of service analysis resulted in recommendations as to how the revenue is collected proportionally from the customer classes of service.

Developing cost-based rates is of paramount importance in developing proposed sewer rates. Given this, the City's proposed sewer rates have been developed to meet that intent. A key goal

in the development of rates is to reflect the cost of providing service and proportionally distribute those costs among the customer classes of service.

The City currently has two classes of service, Residential and Commercial, and has a rate schedule for each customer class. The present sewer rates for Residential is a monthly fixed base fee. For Commercial, there is the same monthly fixed charge (base fee) as Residential, plus a volumetric charge.

In discussion with City staff and based on the results of the cost of service, no changes to the sewer rate structure are proposed and only the revenue level of the City's rates will be adjusted by the proposed rate revenue adjustment from the revenue requirement analysis. Provided below in Table ES – 4 is a summary of the present and proposed sewer rates.

Table ES – 4
Summary of the Present and Proposed Sewer Rates

	Present Rates	2026	2027	2028	2029	2030
Base Fee	***$ / Month***					
Sewer Service	$36.00	$37.80	$39.70	$41.70	$43.80	$46.00
Debt Reserve	2.20	2.30	2.40	2.50	2.65	2.80
Maintenance Charge	4.50	4.75	5.00	5.25	5.50	5.80
SRF Debt Service Fee	7.90	8.30	8.70	9.15	9.60	10.10
Volume Charge	***$ / gallon***					
Commercial Use	$0.00525	$0.00551	$0.00579	$0.00608	$0.00638	$0.00670

As can be seen in Table ES - 4, the rates are adjusted each year by the recommended level of rate revenue adjustment and each component is adjusted equally.

Summary of the Sewer Rate Study

The development of the proposed sewer rates is based on the overall recommendations developed as part of the revenue requirement and cost of service analyses. HDR would recommend the adoption of the proposed sewer rates which are cost-based, proportional, and reflect the specific costs of the City's sewer utility.

1 Overview of the Rate Setting Process

HDR was retained by the City to conduct a comprehensive sewer rate study. The objective of the Study was to review the City's current and projected operating and capital infrastructure needs (i.e., costs) and develop a financial plan and resulting cost-based rates for the sewer utility. The Study determined the adequacy of the existing sewer rates and provided the technical and policy framework to establish cost-based and proportional rates.

1.1 Study Goals and Objectives

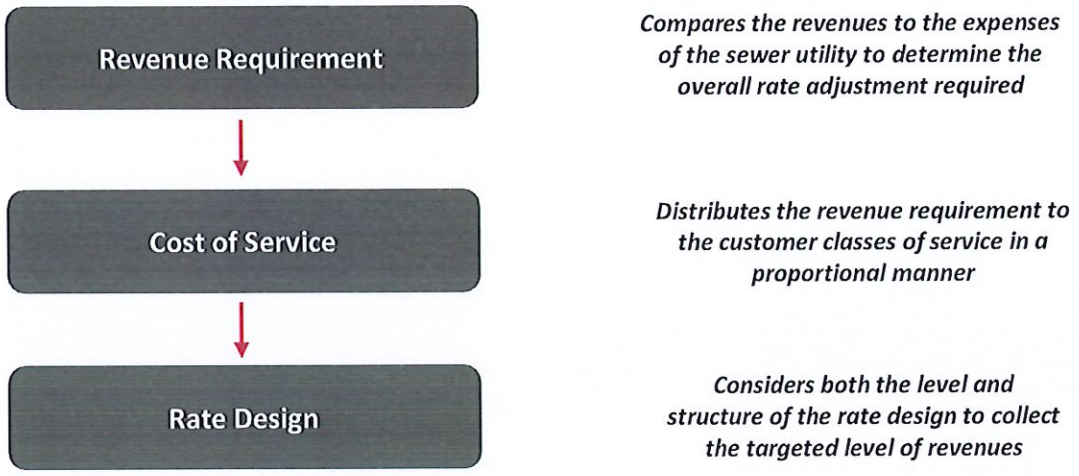
The City had a number of key objectives in developing the sewer rate study. These key objectives provided a framework for policy decisions in the analysis that follows. These key objectives were as follows:

- Develop the sewer study in a manner that is consistent with the rate setting principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Sewer Systems
- In the financial planning process and while establishing the City's rates, review and utilize best industry practices, while recognizing and acknowledging the specific and unique characteristics of the City's sewer system
- Meet the City's financial policies and planning criteria and goals, such as debt service coverage ratios, adequate funding of capital infrastructure replacement, and maintenance of adequate and prudent reserve levels
- Develop a financial plan which supports the utility's funding requirements, while attempting to minimize overall impacts to rates
- Review the City's rates utilizing generally accepted cost of service principles and methodologies to determine adequacy and proportionality of the utility's rates

1.2 Overview of the Rate Study Process

User rates must be set at a level where a utility's operating and capital expenses are met with the revenues received from customers. This is an important point, as failure to achieve this objective may lead to insufficient funds to maintain system integrity. To evaluate the adequacy of the existing sewer rates, a comprehensive rate study is often performed. A comprehensive rate study consists of three interrelated analyses. Figure 1 - 1 provides an overview of these analyses.

Figure 1 – 1
Overview of the Comprehensive Sewer Rate Study



The above framework for reviewing and evaluating rates was utilized for the development of the City's sewer rate study. In that process, the analyses were tailored to reflect the City's specific and unique facilities, operations, and customer characteristics.

1.3 Generally Accepted Rate Setting Principles

As a practical matter, all utilities should consider setting their rates around generally accepted or global principles and guidelines. Utility rates should be:

- Cost-based, proportional, and set at a level that meets the utility's full revenue requirement
- Easy to understand and administer
- Designed to conform to "generally accepted" rate setting techniques
- Stable in their ability to provide adequate revenues for meeting the utility's financial, operating, and regulatory requirements
- Established at a level that is stable from year-to-year from a customer's perspective

1.4 Determining the Revenue Requirement

Most public utilities use the cash basis approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy straightforward. A public utility totals its cash expenditures for a period of time to determine required revenues. The revenue requirement for a public utility is usually comprised of the following major costs or expenses:

- **Total Operating Expenses:** This includes a utility's operation and maintenance expenses, plus any applicable taxes or transfer payments. Operation and maintenance expenses

include the materials, electricity, labor, supplies, etc., needed to keep the utility functioning.

- **Total Capital Expenses:** Capital expenses are calculated by adding debt service payments (principal and interest) to capital replacements financed with rate revenues. In lieu of including capital replacements financed with rate revenues, a utility sometimes includes annual depreciation expense to stabilize the annual revenue requirement.

Under the cash basis approach, the sum of the total O&M expenses plus the total capital expenses equals the utility's revenue requirement during any selected period of time (historical or projected).

Note that the two portions of the capital expense component (debt service and rate funded capital) are necessary under the cash basis approach as utilities generally cannot finance all their capital facilities with long-term debt. At the same time, it is often difficult to pay for capital expenditures on a "pay-as-you-go" or cash funding basis given that some major capital projects may have significant rate impacts upon a utility, even when financed with long-term debt. Many utilities have found that some combination of pay-as-you-go funding and long-term financing will often lead to minimization of rate increases and rate levels over time.

As noted, public utilities typically use the cash basis[1] approach to establish their revenue requirement. An exception may occur if a public utility provides service to a wholesale or contract customer. In this situation, a public utility could use the utility basis approach (see Table 1 - 1), and in doing so, would earn a reasonable return on its investment to serve the wholesale or contract customer.

Table 1 – 1
Cash versus Utility Basis Comparison

	Cash Basis		Utility Basis (Accrual)
+	O&M Expenses	+	O&M Expenses
+	Taxes/Transfer Payments	+	Taxes/Transfer Payments
+	Capital Improv. Funded From Rates (≥ Annual Depreciation Expense)	+	Depreciation Expense
+	Debt Service (Principal + Interest)	+	Return on Investment
=	**Total Revenue Requirement**	=	**Total Revenue Requirement**

[1] "Cash basis" as used in the context of rate setting is not the same as the terminology used for accounting purposes and recognition of revenues and expenses. As used for rate setting, "cash basis" simply refers to the specific cost components to be included within the revenue requirement analysis.

1.5 Analyzing Cost of Service

After the utility's total revenue requirement is determined, it is proportionally distributed to the users of the service. The distribution of costs – as analyzed through a cost of service analysis - reflects the cost relationships for providing sewer services. A cost of service analysis requires three analytical steps:

1. Costs are ***functionalized*** or grouped into the various cost categories related to providing service (collection, pumping, treatment, etc.). This step is largely accomplished through the utility's accounting system (chart of accounts).
2. The functionalized costs are then ***allocated*** to specific cost components. Allocation refers to the arrangement of the functionalized data into cost components. For example, sewer costs are typically allocated as volume, strength, and customer-related costs.
3. Once the costs are allocated to the appropriate cost component(s), each cost component is then proportionally ***distributed*** to the customer classes of service (e.g., residential, commercial). The distribution is based on each customer class's relative or proportional contribution to the cost component. For example, customer-related costs are distributed to each class of service based on the total number of customers in that class of service. Once costs are distributed, the total amount of revenues needed from each customer class of service, in order to achieve cost-based rates, can be determined.

1.6 Designing Utility Rates

Rates that meet the utility's objectives are designed based on the findings and conclusions obtained from both the revenue requirement and the cost of service analysis. This approach results in rates that are strictly cost-based and does not consider other non-cost based goals and objectives (ability to pay, revenue stability, ease of administration, economic development, etc.). In designing the final proposed sewer rates, factors such as ability to pay, continuity of past rate philosophy, economic development, ease of administration, and customer understanding may be taken into consideration. While other multiple factors can be taken into consideration in designing final rates, it is important to understand that in the end the over-arching goals of a comprehensive rate study is to provide cost-based and defensible rates.

1.7 Summary

This section of the report has provided a brief introduction to the general principles, techniques, and approaches used to develop cost-based and proportional sewer rates. These principles and techniques have been used in the development of the City's Study.

2 Revenue Requirement Analysis

A comprehensive sewer rate study is completed to determine the adequacy of the utility's rates and provide the cost-basis and rationale for any needed rate adjustments to establish and maintain cost-based and proportional sewer rates. As noted in Section 1, a comprehensive sewer rate study is composed of three separate technical analyses; a revenue requirement analysis to determine the overall adequacy of the City's sewer rates, a cost of service analysis to proportionally distribute the revenue requirement to the customers using the service, and finally, a rate design analysis to develop the proposed sewer rates. This report has conducted each of these technical analyses for the City's sewer utility. This section of the report will focus on the revenue requirement analysis.

The sewer revenue requirement analysis was developed based on data and information provided by the City. This included the City's adopted sewer budget for 2025, capital improvement plan, historical customer revenue and consumption data, plant accounting records, and the sewer system's operational characteristics. Using this information, the revenue requirement analysis was developed to prudently fund the identified sewer utility costs, both operating and capital. Provided below is a more detailed discussion of the analytical steps and key assumptions used in the development of the City's sewer revenue requirement analysis.

2.1 Establishing a Time Frame and Approach

To begin calculating the revenue requirement for the City's sewer system, a time frame was established for the analysis. The City's adopted sewer budget for 2025 was utilized as a starting point, and costs were projected through 2044. Reviewing a projected multi-year time period is recommended since it identifies major expenses that may be on the horizon (e.g., capital projects, known changes in operations, staffing adjustments). By anticipating future financial requirements, the City can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. While the analysis projected revenues and expenses over a longer period, for purposes of reviewing and adjusting sewer rates, the focus was on the next five year period of 2026 –2030.

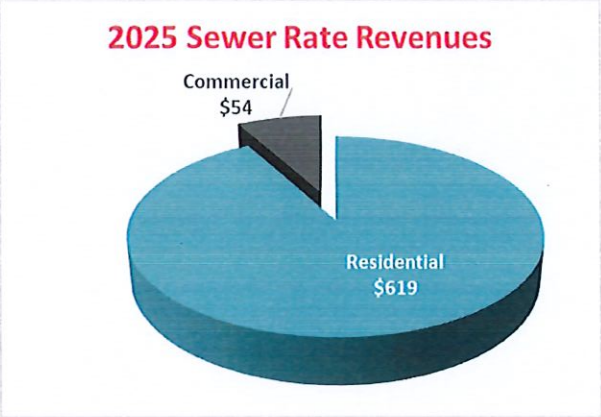
The second step in determining the revenue requirement was to determine the basis of accumulating costs. For the City's Study the revenue requirement analysis was developed using a "cash basis" approach. The cash basis approach is most commonly used by municipal utilities to establish and determine their revenue requirement. Section 1.4 provides a summary overview of the cash basis approach and cost components used to develop the City's sewer revenue requirement analysis.

Given a time period to develop the revenue requirement and a method to accumulate the costs; the focus shifts to the development and projection of the revenues and expenses of the City's sewer system.

2.2 Projecting Rate and Other Revenues

For the sewer utility, the City receives revenue from two primary sources, sewer rates and other non-operating revenues. Sewer rate revenues are based on the current sewer rates which are billed on a monthly basis. Other non-operating revenues includes items such as interest income, fees, and other miscellaneous income. Provided below is a brief discussion of the projection of the sewer revenues.

The first step in developing a projection of the sewer rate revenues was to develop the projected billing units for each customer class (Residential and Commercial). The billing units supplied by the City were then multiplied by the City's current (adopted) sewer rates. This method of independently calculating rate revenues is used to help confirm that the projected revenues used within the analysis match to the projected billing units used in the rate design analysis.



In total, for 2025, the City is projected to have approximately $673,000 in sewer rate revenues (shown in the pie chart). Over the rate setting period of the Study, annual customer growth is expected to remain flat at this level. It is important to note that this projection of rate revenue assumes only customer growth and no rate revenue adjustments are included. Ultimately, the revenue requirement compares the current level of revenues derived from rates to the total expenses of the utility to determine the balance or deficiency of rates over time. This provides the measure of the needed adjustments to existing rate levels.

In addition to rate revenues, the City also receives other non-operating revenues from a variety of different sources. The total non-operating revenues are projected to be approximately $271,000 in 2025. Non-operating revenues are expected to increase over the rate setting period primarily due to the addition of the Niche Sanitary District wholesale customers and in total are projected to be approximately $307,000 by 2030.

On a combined basis, taking into account both rate revenues and non-operating revenues, the City's total sewer revenues are projected to be approximately $944,000 in 2025, increasing to approximately $980,000 by 2030.

2.3 Projecting Operation and Maintenance Expenses

Operation and maintenance expenses are incurred by the City to operate and maintain the sewer utility. The sewer utility included both sewer collection and sewer treatment systems. The costs incurred are expensed during the current year and are not capitalized or depreciated. To begin the process of projecting sewer O&M expenses over the planning horizon, a set of escalation factors were developed. Escalation factors were developed for the basic types of expenses

incurred: labor, benefits, materials and supplies, utilities, equipment, and miscellaneous expenses. The City's escalation factors were projected based upon recent inflationary trends. For the Study planning period, the escalation factors were assumed to be in the range of 3.0% to 4.0%, annually, depending on the specific cost and expense year.

Given the budgeted 2025 O&M expenses, HDR then projected the O&M expenses based on the previously mentioned escalation factors over the projected time period. Total sewer operation and maintenance expenses for the City are projected to be approximately $847,000 in 2025 and are projected to increase to approximately $999,000 by 2030.

2.4 Projecting Rate Funded Capital

A key component in the development of the sewer revenue requirement was properly and adequately funding capital infrastructure needs. One of the major issues facing utilities across the U.S. is the amount of deferred capital projects and the funding pressure from regulatory-related projects (e.g., consent decrees/combined sewer overflows, effluent discharge requirements). The proper and adequate funding of capital projects is an important issue for all sewer utilities and is not just a local isolated issue for the City.

In general, there are three types of capital projects that a utility may need to fund. These include the following types:

- Renewal and replacement projects (i.e., improvement projects)
- Growth / capacity projects (i.e., expansion projects)
- Regulatory-related projects

Renewal and replacement projects are required to maintain the existing infrastructure or system that is in place today. As the existing plant or facilities become worn out, obsolete, etc., the utility should be making continuous investments to maintain the integrity of the facilities. To address these needs, the City has developed a capital improvement plan which aides in identifying and prioritizing capital replacement on the system. The CIP also includes projects to expand the capacity of facilities to accommodate future customer growth/capacity needs. Finally, certain projects may be a function of a regulatory requirement in which the Federal or State government mandates or legally requires certain improvements to the system to meet a regulatory standard.

Understanding these different types of capital projects is important because the way in which capital projects are funded may vary by the type of capital project. For example, renewal and replacement projects may be paid for via rates and funded on a "pay-as-you-go" basis. In contrast to this, growth or capacity expansion projects may be funded via the collection of sewer capacity or connection fees (i.e., growth-related charges) in which new or expanding development pays an equitable share of the cost of sewer facilities necessary to serve their development (impact). Finally, regulatory projects may be funded by a variety of different means, which may include rates, long-term debt, grants, etc.

As a part of the Study, the City's sewer capital improvement plan was analyzed and a funding plan developed. Provided below in Table 2 - 1 is a summary of the capital funding plan developed for the City's sewer system for 2025 – 2030.

Table 2 – 1
Summary of the Capital Funding Plan ($000)

	2025	2026	2027	2028	2029	2030
Total Capital Projects	**$400**	**$100**	**$135**	**$1,832**	**$60**	**$85**
Less: Funding Sources						
Reserves	$130	$0	$0	$500	$0	$0
Grants	170	0	0	0	0	0
New Long-Term Debt	0	0	0	1,192	0	0
Total Outside Funding	**$300**	**$0**	**$0**	**$1,692**	**$0**	**$0**
Rate Funding Capital	**$100**	**$100**	**$135**	**$140**	**$60**	**$85**

In viewing Table 2 - 1, the total capital projects have been summarized, however, the CIP is made up of multiple projects and this level of detail can be seen in the Technical Appendix, Exhibit 4. Once the capital projects are totaled, the funding source(s) is identified. In total, the City has identified approximately $2.6 million in projects from 2025 – 2030 review period. This is an average of about $435,000 per year in capital projects.

While the total amount required to fund the projects may vary from year-to-year, the sewer utility CIP funding plan developed as a part of the Study has attempted to provide a consistent funding source for renewal and replacement capital improvement projects. In this case, the funding plan has assumed that sewer rates will fund between $60,000 and $135,000 over the review period and averages $103,000 per year. A desirable and recommended minimum funding target for rate funded capital is an amount equal to, or greater than, annual depreciation expense[2]. The level of funding through rates gradually increases over the time period and then is lowered slightly as a result of the rate impacts of the annual debt service for an assumed long-term debt issuance that is funded by rates.

While the City's sewer rates will provide a significant funding source during the 2025 – 2030 time period (totaling $620,000), other capital improvement funding sources will also need be utilized. These include reserves ($630,000), grants ($170,000), and long-term debt ($1.2 million).

In developing this plan, HDR and the City have attempted to minimize rate impacts while properly and adequately funding the planned capital improvement projects of the sewer system. A key

[2] An amount which is greater than annual depreciation expense reflects the potential replacement cost of a capital item. Depreciation expense reflects the value of the asset when it was constructed, which may be 10 to 50 years ago. Given that, funding an amount from rates which is greater than annual depreciation expense helps to fund the difference between depreciation expense and the actual replacement cost of the item.

benefit of this funding plan is it has created a consistent funding source for the City's sewer capital projects.

2.5 Projection of Debt Service

The prior subsection discussed the funding of the sewer capital improvement projects. A potential funding source for the sewer capital improvement projects is long-term borrowing. When money is borrowed to fund a capital project, the debt service associated with that debt issuance is included within the revenue requirement analysis.

The City's sewer utility currently has two outstanding long-term debt issues. The total annual debt payment associated with this debt is approximately $297,000 in 2025 and increases to $684,000 in 2027. On issuance is retired in 2030 which results in a decrease in $297,000 of annual debt service expense. The existing debt service costs are currently funded through the TIF revenues and do not impact the sewer rates. Over time, these revenues are used up, and by 2038 sewer rates will need to be increased to cover the costs of this debt issuance. As noted, the City is anticipated to issue additional long-term debt for sewer capital improvement projects in 2029. With the issuance of additional debt, the total debt payment are anticipated to begin in FY 2025 and be approximately $308,000, annually. Over time, and with the issuance of additional debt, the total annual debt service payment increases to approximately $726,000 by 2030.

2.6 Reserve Funding

The final component of the revenue requirement analysis is the use of reserves or "Reserve Funding". The reserve funding component may be used to either build up reserves to maintain prudent ending reserve balances, be used to fund future capital projects, or for in times of a deficiency to fund the annual expenses of the sewer utility. For the five-year rate setting period, reserves are being used to minimize rate increases and to maintain minimum reserve balances.

2.7 Summary of the Revenue Requirement

Given the above projections of revenues and expenses, a summary of the City's sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning and rate setting policies of the City. In particular, emphasis was placed on minimizing rates, yet still having adequate funds to support the operational activities and capital replacement needs throughout the review period. Details of the revenue requirement analysis can be found in the Technical Appendix (Exhibits 1 – 6). Shown below in Table 2 – 2 is a summary of the revenue requirement analysis performed for the City's sewer utility.

Table 2 - 2 Summary of the Revenue Requirement Analysis ($000)						
	2025	2026	2027	2028	2029	2030
Revenues						
Rate Revenues	$673	$673	$673	$673	$673	$673
Non-Operating Revenues	271	266	296	296	305	307
Total Revenues	**$944**	**$939**	**$970**	**$969**	**$979**	**$980**
Expenses						
Total O & M Expenses	$847	$875	$905	$935	$967	$999
Rate Funded Capital	100	100	135	140	60	85
Net Annual Debt Service	0	0	0	0	92	92
Reserve Funding	(3)	(3)	(1)	0	5	(10)
Total Expenses	**$944**	**$973**	**$1,039**	**$1,075**	**$1,124**	**$1,166**
Bal./(Def.) of Funds	$0	($34)	($69)	($106)	($145)	($186)
Bal. as a % of Rate Rev.	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%
Proposed Rate Adjustment	**0.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Add'l Rev. from Rate Adj.	$0	$34	$69	$106	$145	$186
Total Bal./(Def.) of Funds	$0	($0)	$0	$0	$0	$0

The revenue requirement analysis has summed the O&M, net annual debt service, rate funded capital, and transfers to/from reserves. The total revenue requirement is then compared to the total sources of funds which are the rate revenues, at present rate levels, and other miscellaneous (non-operating) revenues. From this comparison a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate revenue adjustment needed to meet the total revenue requirement. For the City's sewer utility, rate revenue adjustments have been proposed in Table 2 - 2 (blue band) of 5.0%, annually, in 2026 through 2030 to prudently fund the City's sewer utility operating and capital costs.

2.8 Reserve Levels

As was previously noted, funding of the City's reserve funds was a focus area of the Study. Utilities can have several different reserves, with each reserve serving a different financial purpose or operating objective. A specific reserve may have a minimum ending balance that if reached, or falls below, is a signal that the City should review the reason for the declining reserve levels and take appropriate management or policy action. The minimum ending balances will vary depending on the purpose of the reserve fund. In the case of the City, there are four different types of sewer reserves. Each of these is discussed in more detail below.

- **Operating Reserve –** The operating reserve is in place to meet the City's operating cash flow needs. A typical minimum ending balance for an operating reserve ranges from 45 – 180 days of annual O&M expenses. For the City, the target minimum was set at 90 days

of O&M expenses. In 2025, this equates to approximately $209,000. Over the review period, the target minimum balance increases as the level of O&M increases. The proposed rate adjustments provide the funding so that the sewer utility meets the target minimum during the review period.

- **Capital Reserve** – The capital reserve is used to fund the City's capital improvement projects as well as reserve funds to help should an emergency capital project be required. There is currently no minimum or target for the reserve.
- **TIF Reserve** – the TIF reserve is in place to store revenues from TIF #1 and #2 which are then used to pay for the City's sewer utility debt service. There is currently no minimum or target for the reserve, however, over time the reserve begins to have a declining balance until all funds are projected to be used to fund debt service payments by 2038.
- **Debt Reserve** – the debt reserve is in place as a requirement of taking the proceeds. Typically, this reserve amount is set equal to one year of debt service expense. The reserve is not anticipated to increase or decrease over the review period and remain consistent until it is used as the final payment in 2030.

The above discussion has provided an overview and understanding of the water reserve funds and the establishment of target minimum reserve levels for the City's sewer utility reserve funds. Maintaining adequate and prudent reserves will help the City's sewer operate more efficiently, while at the same time helping to minimize long-term borrowing for capital improvement projects. Additionally, the reserve funds will help in case the City's sewer utility has a catastrophic or emergency failure which can help mitigate the risks and costs to the City's customers.

2.9 Summary of the Revenue Requirement Analysis

A revenue requirement analysis was developed for the sewer utility using generally accepted revenue requirement methodologies, along with the City's financial data and records. The results of the revenue requirement analysis indicate that the sewer utility will need to adjust rate revenue levels to adequately fund the expenses incurred to provide sewer services to the customers.

The revenue requirement analysis concluded that the City's sewer rates should be adjusted annually over the 2026 –2030 rate setting period. As shown in Table 2 – 2, the proposed sewer rate adjustments have been developed to help smoothly transition customers to cost-based rate levels. HDR would recommend that the City adjust their overall revenue levels to be consistent with the findings and conclusions from this sewer revenue requirement analysis.

The next section of the report will discuss the sewer cost of service analysis, or the proportional distribution of the revenue requirement to the different types of customers served by the City's sewer utility.

3 Cost of Service Analysis

In the previous section, the revenue requirement analysis focused on the total sources and application of funds required to adequately fund the City's sewer utility. This section of the report will discuss the development of the cost of service analysis. A cost of service analysis provides the basis for the proportional distribution of the total revenue requirement between the customer classes of service (Residential and Commercial). The previously developed revenue requirement was utilized in the development of the City's sewer cost of service analysis.

In recent years, increasing emphasis has been placed on the cost of service analysis. This interest has been generated in part by continued inflationary trends, increased operating and capital expenditures, and concerns of charging customers proportionally in rates. Following the generally accepted guidelines and principles of a cost of service analysis will inherently lead to rates which are proportional, cost-based, and not viewed as arbitrary or capricious in nature.

3.1 Objectives of a Cost of Service Analysis

There are two primary objectives in conducting a cost of service analysis:

- Proportionally distribute the revenue requirement among the customer classes of service
- Derive average unit costs for subsequent rate designs

The objectives of the sewer cost of service analysis are different from determining revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall financial needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement from the identified customer classes of service.

The second rationale for conducting a cost of service analysis is to develop rates such that it properly reflects the costs incurred by the City. The City's sewer utility incurs costs related to collecting, conveying and treating wastewater received from customers. This includes costs related to the total volumes conveyed and treated as well as the strength of the wastewater received. As an example, a sewer customer with higher than normal sewer strength should pay their proportional share of the cost of treating their higher strength sewer.

3.2 General Cost of Service Procedures

In order to determine the cost to serve each customer class of service on the City's sewer system, a cost of service analysis is conducted. A cost of service study utilizes a three-step approach to review costs. These steps take the form of functionalization, allocation, and distribution of the utility's costs (i.e., revenue requirement). Provided below is a detailed discussion of the sewer cost of service analysis for the City, and the specific steps taken within the analysis.

3.3 Sewer Customer Classes of Service

The City currently has two different customer classes of service (rate schedules). The Study has used the current customer classes of service for the distribution of the revenue requirements. The classes of service used within the City's sewer cost of service analysis were as follows:

- Residential
- Commercial

In determining the customer classes of service for cost of service purposes, the objective is to group customers together into similar or homogeneous groups based upon facility requirements and/or flow characteristics.

3.4 Functionalization of Costs

The first analytical step in the cost of service process is called functionalization. Functionalization is the arrangement of the plant asset and expense data by the major operating functions of the sewer utility (e.g., collection, treatment). Within the Study, there was a limited amount of functionalization required as the City's asset and expense records are already functionalized by major cost category.

3.5 Allocation of Costs

The second analytical task performed in a sewer cost of service analysis is the allocation of the costs. Allocation determines why the expenses were incurred or what type of need is being met. The following cost allocators were used to develop the City's sewer cost of service analysis:

- **Volume Related Costs:** Volume related costs are those costs which tend to vary with the total quantity of wastewater collected and treated.
- **Strength Related Costs:** Strength related costs are those costs associated with the additional handling and treatment of high "strength" wastewater. Strength of wastewater is typically measured in biochemical oxygen demand[3] (BOD) and total suspended solids[4] (SS). Increased levels of BOD or SS generally equate to increased treatment costs.
- **Customer Related Costs:** Customer-related costs vary with the addition or deletion of a customer or a cost which is a function of the number of customers served. Customer related costs typically include the costs of billing, collecting, and accounting. Actual customer costs vary proportionally, from customer to customer, with the addition or deletion of a customer regardless of the size of the customer. An example of an actual customer cost is postage for mailing bills. This cost does not vary from customer to customer, regardless of the size or consumption characteristics of the customer.
- **Revenue Related Costs:** Some costs associated with the utility may vary with the amount of revenue received by the utility. An example of a revenue related cost would be a utility

[3] Biochemical Oxygen Demand or BOD is the amount of dissolved oxygen that must be present in water in order for microorganisms to decompose the organic matter in the sewer

[4] Total Suspended Solids or TSS is the entire amount of organic and inorganic particles dispersed in sewer

tax which is based on gross utility revenue.

3.6 Distribution of Costs

The final step of the cost of service analysis is the distribution of the allocated costs to the customer classes of service. The previous allocation process grouped the utility's total revenue requirement to the appropriate cost component(s) (e.g., volume, strength, customer). The distribution of costs takes each allocated cost component and proportionally distributes that particular cost between the customer classes of service. For example, customer-related costs are proportionally distributed to the different classes of service based upon the number of customers within each class of service. In the case of the City's cost of service analysis, the City's allocated costs were distributed to the previously identified customer classes of service using the following distribution factors.

- **Volume Distribution Factor:** Volume-related costs are generally distributed on the basis of each class's estimated contribution to sewer flows. Sewer contributions are not metered at a customer's premises and therefore must be estimated. For Residential, the estimate was based on winter water usage and Commercial was based on the billed water. In addition to the assumed contributions to sewer flow, each class of service was also assigned a portion of inflow and infiltration (I&I). The volume distribution factor developed for the City's sewer cost of service analysis can be seen on Exhibit 7 of the Technical Appendix.
- **Customer Distribution Factor:** Customer costs vary with the number of customers on the system. The distribution factor for actual customers was based on the projection of the number of customers developed within the revenue requirement. The customer-related distribution factor can be seen in Exhibit 8 of the Technical Appendix.
- **Strength Distribution Factor:** Strength-related costs are allocated between BOD and SS and based on industry standard strength levels for each customer class. Strength contributions by class of service are a function of total flow and the assumed strength of the sewer being contributed for each constituent. The strength distribution factors for BOD

Sewer Terminology
Cost of Service Analysis

Functionalization – The arrangement of the cost data by functional category (e.g. collection, treatment).

Allocation – The assignment of functionalized costs to cost components (e.g., volume, strength, and customer related).

Distribution – Distributing the allocated costs to each class of service based upon each class's proportional contribution to that specific cost component.

Volume Costs – Costs that are classified as volume related vary with the total flow of sewer (e.g., power for pumping).

Strength Costs – Costs classified as strength related refer to the sewer treatment function. Typically, strength-related costs are further defined as biochemical oxygen demand (BOD) and total suspended solids (SS). Different types of customers may have high sewer strength characteristics and high strength sewer costs more to treat. Treatment facilities are often designed and sized around meeting these costs.

Customer Costs – Costs classified as customer related vary with the number of customers on the system, e.g., billing costs.

Direct Assignment – Costs that can be clearly identified as belonging to a specific customer group or group of customers.

and SS –related costs developed for the City's sewer cost of service analysis can be seen on Exhibit 9 of the Sewer Technical Appendix.

- **Revenue Related Distribution Factor:** The revenue related distribution factor was developed from the projected rate revenues for 2026 for each customer class of service. These same revenues were used within the revenue requirement analysis discussed previously. The revenue related distribution factor can be seen in Exhibit 10 of the Technical Appendix.

3.7 Functionalization and Allocation of Operating Expenses

Operating expenses are generally functionalized and allocated in a manner similar to the corresponding plant account if it exists. For example, treatment operating expenses incurred to treat the wastewater received from customers are typically allocated in the same manner (allocation percentages) as the corresponding plant in service (i.e., treatment plant). This approach to allocating the City's sewer operating expenses was used for this analysis. While the City does have some functionalized structure for O&M expenses, most expenses were allocated as 75% volume and 25% actual customer to reflect the assumption that there is a relationship and basis to both the amount of the wastewater volume contribution in total and the number of customers.

For the Study, the revenue requirement for 2026 was functionalized and allocated based on the approach noted above. As noted, the City utilized a cash basis revenue requirement, which was comprised of operation and maintenance expenses, debt service, rate funded capital, and reserve funding. A detailed exhibit of the functionalization and allocation the revenue requirement can be found on Exhibit 11 of the Technical Appendix.

3.8 Major Assumptions of the Cost of Service Analysis

A number of key assumptions were used within the City's cost of service analysis. Below is a brief discussion of the major assumptions used.

- The test period used for the cost of service analysis was FY 2026. The revenue and expense data was previously developed within the revenue requirement analysis.
- The cost of service used a cash basis approach which conforms to generally accepted sewer (sewer) cost of service methodologies.
- Using the City's specific data and operational information, the City's plant in service was allocated to cost components using generally accepted allocation techniques and methodologies.
- Volumes, by class of service, are not metered and thus needed to be estimated from the City's water consumption data and billing records. The volume distribution factor was developed for each class of service based on available information and generally accepted methods for estimating wastewater volumes.

- Sewer strengths by customer class of service were estimated based upon typical strength levels for the different customer classes of service. In all cases, the strength levels assumed were within the range of domestic level strength parameters.

3.9 Summary of the Sewer Cost of Service Analysis

In summary form, the cost of service analysis began by functionalizing the City's 2026 revenue requirement. The functionalized revenue requirement was then allocated to the appropriate cost component(s) (i.e., volume, strength, customer). Then, the individual allocation totals for each cost component were proportionally distributed to the customer classes of service based on the corresponding distribution factor. The distributed expenses for each customer class were then summed to determine each customer class's overall revenue responsibility. Shown below in Table 3 - 1 is the summary of the cost of service analysis.

Table 3 - 1
Summary of the Cost of Service Analysis ($000)

Class of Service	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
Residential	$619	$653	$33	5.4%
Commercial	54	54	0	0.5%
Total	**$673**	**$707**	**$34**	**5.0%**

*Results in table may not foot due to rounding

The results of the analysis show that minor cost differences exist between the identified customer classes of service. Typically, if a customer class of service is within ± 5.0% of the overall system adjustment (i.e., within the range of 0.0% to 10.0%) then a class of service is generally considered to be paying their "cost of service." The reason for using a range of values to assess the results of the cost of service analysis is that a cost of service is not a static analysis, but rather, it is a dynamic analysis which is constantly changing through time. Additionally, this is the first cost of service analysis that has been performed on the City's sewer utility and only represents a single data point. Often, recommending cost of service changes happens when a number of cost of service analyses have been performed in order to confirm the findings. This is done in an attempt to avoid major shifts in costs from one customer class to another and from one cost of service analysis to the next.

3.10 Summary of the Cost of Service Analysis

While the City's sewer cost of service analysis utilizes a single point in time (i.e., 2026 revenue requirement) to proportionally distribute costs, the reality is that costs and consumption patterns vary from year-to-year. As a result of this dynamic, the results of the cost of service are best judged over the course of a number of years. Given that perspective on cost of service, it is prudent to have the City continue to monitor rates and cost of service through future studies. At this time, it appears that all classes of service are within a reasonable range of the cost of service.

Given that, HDR is of the opinion that no interclass (i.e., cost of service) adjustments are required at this time to better align the sewer rates with the cost of service analysis results.

This section of the report has reviewed the sewer cost of service analysis developed for the City. This analysis was prepared using generally accepted cost of service techniques as provided in the Water Environment Federation (WEF), Manual of Practice No. 27, and tailored to reflect the specific costs and characteristics of the City's customers and sewer system. The results of the analysis indicated that minor cost differences between customer classes of service may exist on the City's system, but they do not result in a recommendation to make interclass cost of service adjustments at this time.

4 Rate Design Analysis

The final step of the City's sewer rate study is the design of rates to collect the desired levels of revenues, based on the results of the revenue requirement and cost of service analyses. In reviewing the City's sewer rates, consideration must be given to the level of the rates as well as the structure of the rates. The level of rates reflects the amount of revenues that should be collected while the structure of the rates is how it is collected (charged) from the customers.

The overall revenue level for the City's sewer utility was established within the revenue requirement analysis, while the proportional distribution of costs to the customer classes of service was established in the cost of service analysis. This provides the revenue levels to be collected from each class of service.

4.1 Rate Design Criteria and Considerations

Prudent rate administration dictates that several criteria must be considered when setting utility rates. Some of these rate design criteria are listed below:

- Rates which are easy to understand from the customer's perspective
- Rates which are easy for the City to administer
- Consideration of the customer's ability to pay
- Continuity, over time, of the rate making philosophy
- Policy considerations (economic development, low-income, etc.)
- Provide revenue stability from month-to-month and year-to-year
- Promote efficient allocation of the resource
- Proportional and non-discriminatory (cost-based)
- Legally defensible

It is important that the City provide its customers with a proper price signal as to what their service is costing. This goal may be approached through rate level and structure. When developing the proposed rate designs, all the above listed criteria were taken into consideration. However, it should be noted that it is difficult, if not impossible, to design a rate that meets all the goals and objectives listed above.

4.2 Overview of the Present and Proposed Sewer Rates

The present sewer rates for Residential is a monthly fixed base fee. For Commercial, there are charged a monthly fixed charge (base fee) and a volumetric charge. Based on the results of the cost of service analysis and in discussion with City staff, no changes to the sewer rate structure are proposed at this time. The proposed sewer rates reflect the proposed rate revenue adjustment from the revenue requirement analysis. Below in Table 4 - 1 is a summary of the current sewer rates.

Table 4 – 1 Summary of the Present and Proposed Sewer Rates						
	Present Rates	2026	2027	2028	2029	2030
Base Fee	***$ / Month***					
Sewer Service	$36.00	$37.80	$39.70	$41.70	$43.80	$46.00
Debt Reserve	2.20	2.30	2.40	2.50	2.65	2.80
Maintenance Charge	4.50	4.75	5.00	5.25	5.50	5.80
SRF Debt Service Fee	7.90	8.30	8.70	9.15	9.60	10.10
Volume Charge	***$ / gallon***					
Commercial Use	$0.00525	$0.00551	$0.00579	$0.00608	$0.00638	$0.00670

The rate structure has been maintained in the proposed sewer rates for all customers. Only the level of the rates - and the corresponding revenues – have been adjusted which has been applied equally across the fixed and consumption portions of the rate design.

4.3 Summary of the Rate Designs

The development of the proposed sewer rates is based on the overall recommendations developed as part of the revenue requirement and cost of service analyses. HDR would recommend the adoption of the proposed sewer rates which are cost-based, proportional, and reflect the specific costs of the City's sewer utility.

This completes the comprehensive sewer rate study for the City. The Study has provided a comprehensive review of the City's sewer rates. Adoption of the proposed rates will allow the City to meet their current and projected sewer system financial obligations and major capital projects for the time period reviewed. The Study was based on City provided data and information. Should this data and information change, or be updated, then the Study should be updated to reflect those changes.

5 Technical Appendix

City of Summerset
Sewer Rate Study
Revenue Requirement Summary
Exhibit 1

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Revenues																				
Rate Revenues	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460
Miscellaneous Revenues	270,812	265,579	296,497	295,882	305,220	306,871	319,511	321,217	334,741	336,440	350,977	352,794	368,907	371,200	387,725	389,432	407,595	409,982	430,049	425,447
Add'l Revenue with Rate Adj.	0	33,673	69,030	106,154	145,135	186,065	233,338	283,212	340,613	401,457	465,952	534,317	606,784	709,203	819,816	924,345	1,036,192	1,087,481	1,140,310	1,194,723
Total Revenues	$944,272	$972,712	$1,038,986	$1,075,497	$1,123,815	$1,166,395	$1,226,309	$1,277,889	$1,348,814	$1,411,358	$1,490,389	$1,560,571	$1,649,150	$1,753,863	$1,881,001	$1,987,237	$2,117,247	$2,170,924	$2,243,819	$2,293,630
Expenses																				
Total Expenses	$846,967	$875,428	$904,861	$935,301	$966,782	$999,341	$1,033,016	$1,067,845	$1,103,868	$1,141,128	$1,179,667	$1,219,530	$1,260,763	$1,303,415	$1,347,535	$1,393,175	$1,440,387	$1,489,227	$1,539,752	$1,592,022
Total Additional O&M	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total O&M Expenses	$846,967	$875,428	$904,861	$935,301	$966,782	$999,341	$1,033,016	$1,067,845	$1,103,868	$1,141,128	$1,179,667	$1,219,530	$1,260,763	$1,303,415	$1,347,535	$1,393,175	$1,440,387	$1,489,227	$1,539,752	$1,592,022
Rate Funded Capital	$100,000	$100,000	$135,000	$140,000	$60,000	$85,000	$95,000	$125,000	$155,000	$185,000	$215,000	$245,000	$275,000	$200,000	$0	$0	$200,000	$560,000	$590,000	$610,000
Net Debt Service	0	0	0	0	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	250,747	577,779	577,779	456,250	91,664	91,664	91,664
Reserve Funding	(2,695)	(2,716)	(874)	196	5,369	(9,609)	6,630	(6,619)	(1,717)	(6,433)	4,059	4,378	21,724	(300)	(44,313)	16,284	20,610	30,033	22,403	(55)
Total Revenue Requirement	$944,272	$972,712	$1,038,986	$1,075,497	$1,123,815	$1,166,395	$1,226,309	$1,277,889	$1,348,814	$1,411,358	$1,490,389	$1,560,571	$1,649,150	$1,753,863	$1,881,001	$1,987,237	$2,117,247	$2,170,924	$2,243,819	$2,293,630
Proposed Rate Adjustment	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%
Bal. / (Def.) After Rate Adj.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ending Reserve Balance	$3,454,137	$4,057,622	$4,275,899	$3,846,240	$3,921,784	$4,131,389	$3,655,056	$3,165,507	$2,680,890	$2,191,590	$1,712,815	$1,234,392	$848,347	$524,396	$483,497	$503,229	$527,322	$610,873	$686,829	$740,362

City of Summerset
Sewer Rate Study
Escalation Factors
Exhibit 2

	Budget	*Projected*																			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	*Notes*
Revenues																					
Customer Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Wholesale Rate Growth	0.0%	0.0%	8.0%	0.0%	8.0%	0.0%	8.0%	0.0%	8.0%	0.0%	8.0%	0.0%	8.0%	0.0%	8.0%	0.0%	8.0%	0.0%	8.0%	0.0%	
Misc. Revenues	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Expenses																					
Salaries	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Benefits	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Benefits - Medical	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Benefits - Retirement	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Materials & Supplies	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Equipment	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Miscellaneous	Budget	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	
Chemicals	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Utilities	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Flat	Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
General Expenses	Budget	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
CIP Inflation	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Insurance	Budget	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Interest	0.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
New Debt Service																					
Low Interest Loans																					
Term in Years	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Revenue Bond																					
Term in Years	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	

City of Summerset
Sewer Rate Study
Revenue Requirement
Exhibit 3

	Budget	Projected																			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Notes
Revenues																					
Rate Revenues																					
Residential	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	$581,090	As Customer Growth
Commercial	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	54,116	As Customer Growth
Pine Hills	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254	As Customer Growth
Total Rate Revenues	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	$673,460	
Other Revenues																					
Sewer Late Fees	$7,500	$7,575	$7,651	$7,727	$7,805	$7,883	$7,961	$8,041	$8,121	$8,203	$8,285	$8,368	$8,451	$8,536	$8,621	$8,707	$8,794	$8,882	$8,971	$9,061	As Misc. Revenues
NSF Fees	200	202	204	206	208	210	212	214	217	219	221	223	225	228	230	232	235	237	239	242	As Misc. Revenues
Sewer Misc Revenue	150,000	151,500	153,015	154,545	156,091	157,652	159,228	160,820	162,429	164,053	165,693	167,350	169,024	170,714	172,421	174,145	175,887	177,646	179,422	181,216	As Misc. Revenues
Interest	15,000	8,190	8,702	6,479	4,038	4,048	4,064	4,096	4,086	4,078	4,099	4,174	4,713	5,229	5,039	4,934	5,153	5,691	6,489	0	Calculated on Reserves
Stagebarn Sanitary District	98,112	98,112	105,960	105,960	114,437	114,437	123,592	123,592	133,480	133,480	144,158	144,158	155,691	155,691	168,146	168,146	181,598	181,598	196,125	196,125	As Wholesale Rate Growth
Niche Sanitary District	0	0	20,964	20,964	22,641	22,641	24,452	24,452	26,409	26,409	28,521	28,521	30,803	30,803	33,267	33,267	35,929	35,929	38,803	38,803	As Wholesale Rate Growth
Total Other Revenues	$270,812	$265,579	$296,497	$295,882	$305,220	$306,871	$319,511	$321,217	$334,741	$336,440	$350,977	$352,794	$368,907	$371,200	$387,725	$389,432	$407,595	$409,982	$430,049	$425,447	
Total Revenues	$944,272	$939,039	$969,957	$969,343	$978,680	$980,331	$992,971	$994,677	$1,008,201	$1,009,901	$1,024,437	$1,026,254	$1,042,367	$1,044,660	$1,061,185	$1,062,892	$1,081,055	$1,083,442	$1,103,509	$1,098,907	
Expenses																					
Wage Expense	$77,004	$79,314	$81,694	$84,144	$86,669	$89,269	$91,947	$94,705	$97,546	$100,473	$103,487	$106,592	$109,789	$113,083	$116,475	$119,970	$123,569	$127,276	$131,094	$135,027	As Salaries
Sewer City Admin Wages	21,141	21,775	22,428	23,101	23,794	24,508	25,243	26,001	26,781	27,584	28,412	29,264	30,142	31,046	31,978	32,937	33,925	34,943	35,991	37,071	As Salaries
Wage Expense - Hourly	46,167	47,552	48,979	50,448	51,961	53,520	55,126	56,780	58,483	60,237	62,045	63,906	65,823	67,798	69,832	71,927	74,084	76,307	78,596	80,954	As Salaries
Admin Wages	23,031	23,722	24,434	25,167	25,922	26,699	27,500	28,325	29,175	30,050	30,952	31,880	32,837	33,822	34,836	35,882	36,958	38,067	39,209	40,385	As Salaries
PR Tax Expense	12,794	13,306	13,838	14,392	14,967	15,566	16,188	16,836	17,509	18,210	18,938	19,696	20,484	21,303	22,155	23,041	23,963	24,921	25,918	26,955	As Benefits
SDRS Expense	100,358	104,372	108,547	112,889	117,405	122,101	126,985	132,064	137,347	142,841	148,554	154,497	160,676	167,103	173,788	180,739	187,969	195,487	203,307	211,439	As Benefits
Workers Comp Expense	4,000	4,160	4,326	4,499	4,679	4,867	5,061	5,264	5,474	5,693	5,921	6,158	6,404	6,660	6,927	7,204	7,492	7,792	8,103	8,427	As Benefits
Med Ins Expense	44,017	45,778	47,609	49,513	51,494	53,553	55,696	57,923	60,240	62,650	65,156	67,762	70,473	73,292	76,223	79,272	82,443	85,741	89,170	92,737	As Benefits
Other Ins Expense	17,000	17,680	18,387	19,123	19,888	20,683	21,510	22,371	23,266	24,196	25,164	26,171	27,218	28,306	29,438	30,616	31,841	33,114	34,439	35,816	As Benefits
Collection & Filing Fees	500	515	530	546	563	580	597	615	633	652	672	692	713	734	756	779	802	826	851	877	As Materials & Supplies
Postage	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790	8,024	8,264	8,512	8,768	As Materials & Supplies
Prof Fees Expense	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535	As Materials & Supplies
Dues / Subscription	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535	As Materials & Supplies
Publishing Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Repair/Maint Expense	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587	207,635	213,864	220,280	226,888	233,695	240,706	247,927	255,365	263,026	As Materials & Supplies
Supply/Material Exp	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,764	21,386	22,028	22,689	23,370	24,071	24,793	25,536	26,303	As Materials & Supplies
Auto Expense	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790	8,024	8,264	8,512	8,768	As Materials & Supplies
Testing Expense	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	5,376	5,537	5,703	5,874	6,050	6,232	6,419	6,611	6,810	7,014	As Materials & Supplies
Chemicals and Lab Supplies	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535	As Materials & Supplies
Permits/Penalties	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261	As Materials & Supplies
Sludge Hauling	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Travel/Conf Expense	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	2,688	2,768	2,852	2,937	3,025	3,116	3,209	3,306	3,405	3,507	As Materials & Supplies
Utility Expense	70,000	72,800	75,712	78,740	81,890	85,166	88,572	92,115	95,800	99,632	103,617	107,762	112,072	116,555	121,217	126,066	131,109	136,353	141,807	147,479	As Utilities
Phone	2,000	2,080	2,163	2,250	2,340	2,433	2,531	2,632	2,737	2,847	2,960	3,079	3,202	3,330	3,463	3,602	3,746	3,896	4,052	4,214	As Utilities
Uniform Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Other Expense	198,755	205,115	211,679	218,453	225,443	232,657	240,102	247,786	255,715	263,898	272,342	281,057	290,051	299,333	308,911	318,796	328,998	339,526	350,391	361,603	As Miscellaneous
Tyler Technologies	1,200	1,238	1,278	1,319	1,361	1,405	1,450	1,496	1,544	1,593	1,644	1,697	1,751	1,807	1,865	1,925	1,986	2,050	2,116	2,183	As Miscellaneous
Capital Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	In Exhibit 3
Equip Expense	15,000	15,600	16,224	16,873	17,548	18,250	18,980	19,739	20,529	21,350	22,204	23,092	24,015	24,976	25,975	27,014	28,095	29,219	30,387	31,603	As Equipment
Total Expenses	$846,967	$875,428	$904,861	$935,301	$966,782	$999,341	$1,033,016	$1,067,845	$1,103,868	$1,141,128	$1,179,667	$1,219,530	$1,260,763	$1,303,415	$1,347,535	$1,393,175	$1,440,387	$1,489,227	$1,539,752	$1,592,022	

	Budget	Projected																			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Notes
Additional O&M																					
Staffing Adjustments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	As Salaries
Niche Sanitary District Customer Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Total Additional O&M	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Total O&M Expenses	$846,967	$875,428	$904,861	$935,301	$966,782	$999,341	$1,033,016	$1,067,845	$1,103,868	$1,141,128	$1,179,667	$1,219,530	$1,260,763	$1,303,415	$1,347,535	$1,393,175	$1,440,387	$1,489,227	$1,539,752	$1,592,022	
Rate Funded Capital	$100,000	$100,000	$135,000	$140,000	$60,000	$85,000	$95,000	$125,000	$155,000	$185,000	$215,000	$245,000	$275,000	$200,000	$0	$0	$200,000	$560,000	$590,000	$610,000	
Debt Service																					
2023 SRF	$0	$0	$387,079	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$364,586	$0	$0	$0	Debt Schedule
2008 USDA	296,800	296,800	296,800	296,800	296,800	147,793	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Debt Schedule
Assumed Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Calc'd @ 2.5% for 20 yrs
Assumed Revenue Bond	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Calc'd @ 4.5% for 20 yrs
Additional Long-Term Debt	0	0	0	0	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	91,664	Calc'd @ 4.5% for 20 yrs
Total Debt Service	$296,800	$296,800	$683,879	$782,915	$874,579	$725,572	$577,779	$577,779	$577,779	$577,779	$577,779	$577,779	$577,779	$577,779	$577,779	$577,779	$456,250	$91,664	$91,664	$91,664	
LESS: Other Funding																					
Tap Fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
TIF #1 Revenues	296,800	296,800	296,800	296,800	147,793	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TIF #2 Revenues	0	0	387,079	486,115	486,115	486,115	486,115	486,115	486,115	486,115	486,115	486,115	486,115	327,032	0	0	0	0	0	0	
Debt Reserves	0	0	0	0	149,007	147,793	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	$0	$0	$0	$0	$91,664	$91,664	$91,664	$91,664	$91,664	$91,664	$91,664	$91,664	$91,664	$250,747	$577,779	$577,779	$456,250	$91,664	$91,664	$91,664	
Reserve Funding																					
To / (From) Operating Reserve	($2,695)	($2,716)	($874)	$196	$5,369	($9,609)	$6,630	($6,619)	($1,717)	($6,433)	$4,059	$4,378	$21,724	($300)	($44,313)	$16,284	$20,610	$30,033	$22,403	($55)	
To / (From) Capital Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
To / (From) TIF Reserves (#1 and #2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
To / (From) Contingency Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Reserve Funding	($2,695)	($2,716)	($874)	$196	$5,369	($9,609)	$6,630	($6,619)	($1,717)	($6,433)	$4,059	$4,378	$21,724	($300)	($44,313)	$16,284	$20,610	$30,033	$22,403	($55)	
Total Revenue Requirement	$944,272	$972,712	$1,038,986	$1,075,497	$1,123,815	$1,166,395	$1,226,309	$1,277,889	$1,348,814	$1,411,358	$1,490,389	$1,560,571	$1,649,150	$1,753,863	$1,881,001	$1,987,237	$2,117,247	$2,170,924	$2,243,819	$2,293,630	
Bal. / (Def.) of Funds	$0	($33,673)	($69,030)	($106,154)	($145,135)	($186,065)	($233,338)	($283,212)	($340,613)	($401,457)	($465,952)	($534,317)	($606,784)	($709,203)	($819,816)	($924,345)	($1,036,192)	($1,087,481)	($1,140,310)	($1,194,723)	
Balance a % of Rate Adj. Req'd	0.0%	5.0%	10.3%	15.8%	21.6%	27.6%	34.6%	42.1%	50.6%	59.6%	69.2%	79.3%	90.1%	105.3%	121.7%	137.3%	153.9%	161.5%	169.3%	177.4%	
Proposed Rate Adjustment	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	
Months of Adjustment	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	
Add'l Revenue with Rate Adj.	$0	$33,673	$69,030	$106,154	$145,135	$186,065	$233,338	$283,212	$340,613	$401,457	$465,952	$534,317	$606,784	$709,203	$819,816	$924,345	$1,036,192	$1,087,481	$1,140,310	$1,194,723	
Bal. / (Def.) After Rate Adj.	$0	($0)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Add'l Rate Adj. Req'd	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

City of Summerset
Sewer Rate Study
Revenue Requirement
Exhibit 3

	Budget	Projected																		
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Notes
Average Residential Customer Bill (Base)																					
Customer Bill on Proposed Adj.	$50.60	$53.15	$55.80	$58.60	$61.55	$64.70	$68.26	$72.01	$76.33	$80.91	$85.77	$90.91	$96.37	$104.08	$112.41	$120.27	$128.69	$132.55	$136.53	$140.63	
Bill Difference - Monthly		2.55	2.65	2.80	2.95	3.15	3.56	3.75	4.32	4.58	4.85	5.15	5.45	7.71	8.33	7.87	8.42	3.86	3.98	4.10	
Cumulative Bill Difference		2.55	5.20	8.00	10.95	14.10	17.66	21.41	25.73	30.31	35.17	40.31	45.77	53.48	61.81	69.67	78.09	81.95	85.93	90.03	
Debt Service Coverage Ratio (all debt)																					
Before Rate Adjustment	0.33	0.21	0.10	0.04	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
After Proposed Rate Adjustment	0.33	0.33	0.20	0.18	0.18	0.23	0.33	0.36	0.42	0.47	0.54	0.59	0.67	0.78	0.92	1.03	1.48	7.44	7.68	7.65	
After Rate Adj w/TIF	1.33	1.33	1.20	1.18	0.90	0.90	1.18	1.20	1.27	1.31	1.38	1.43	1.51	1.35	0.92	1.03	1.48	7.44	7.68	7.65	
Reserve Funds																					
Beginning Reserve Balance	$2,983,686	$3,454,137	$4,057,622	$4,275,899	$3,846,240	$3,921,784	$4,131,389	$3,655,056	$3,165,507	$2,680,890	$2,191,590	$1,712,815	$1,234,392	$848,347	$524,396	$483,497	$503,229	$527,322	$610,873	$686,829	
Operating Reserve																					
Beginning Balance	$373,630	$370,934	$368,219	$367,344	$367,540	$372,909	$363,300	$369,930	$363,311	$361,593	$355,160	$359,219	$363,597	$385,321	$385,021	$340,708	$356,991	$377,601	$407,634	$430,037	
Plus: Additions	0	0	0	196	5,369	0	6,630	0	0	0	4,059	4,378	21,724	0	0	16,284	20,610	30,033	22,403	0	
Less: Uses of Funds	(2,695)	(2,716)	(874)	0	0	(9,609)	0	(6,619)	(1,717)	(6,433)	0	0	0	(300)	(44,313)	0	0	0	0	(55)	
Ending Balance	$370,934	$368,219	$367,344	$367,540	$372,909	$363,300	$369,930	$363,311	$361,593	$355,160	$359,219	$363,597	$385,321	$385,021	$340,708	$356,991	$377,601	$407,634	$430,037	$429,982	
Target: 90 days of O&M	*$208,841*	*$215,859*	*$223,116*	*$230,622*	*$238,385*	*$246,413*	*$254,716*	*$263,304*	*$272,187*	*$281,374*	*$290,877*	*$300,706*	*$310,873*	*$321,390*	*$332,269*	*$343,523*	*$355,164*	*$367,207*	*$379,665*	*$392,553*	
Capital Fund																					
Beginning Balance	$503,000	$422,947	$475,947	$528,977	$32,037	$35,128	$38,250	$41,403	$44,588	$47,804	$51,053	$54,334	$57,648	$135,995	$139,375	$142,789	$146,238	$149,721	$203,238	$256,791	
Plus: Additions	0	50,000	50,000	0	0	0	0	0	0	0	0	0	75,000	0	0	0	0	50,000	50,000	50,000	
Tap Fees	50,000	3,000	3,030	3,060	3,091	3,122	3,153	3,185	3,216	3,249	3,281	3,314	3,347	3,380	3,414	3,448	3,483	3,518	3,553	3,588	As Misc. Revenues
Less: Uses of Funds	(130,053)	0	0	(500,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	$422,947	$475,947	$528,977	$32,037	$35,128	$38,250	$41,403	$44,588	$47,804	$51,053	$54,334	$57,648	$135,995	$139,375	$142,789	$146,238	$149,721	$203,238	$256,791	$310,380	
TIF Reserves (#1 and #2)																					
Beginning Balance	$1,810,256	$2,363,456	$2,916,656	$3,082,777	$3,149,862	$3,365,954	$3,729,839	$3,243,724	$2,757,608	$2,271,493	$1,785,378	$1,299,263	$813,147	$327,032	$0	$0	$0	$0	$0	$0	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TIF #1	850,000	850,000	850,000	850,000	850,000	850,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TIF #2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Less: Uses of Funds	(296,800)	(296,800)	(683,879)	(782,915)	(633,908)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(327,032)	0	0	0	0	0	0	
Ending Balance	$2,363,456	$2,916,656	$3,082,777	$3,149,862	$3,365,954	$3,729,839	$3,243,724	$2,757,608	$2,271,493	$1,785,378	$1,299,263	$813,147	$327,032	$0	$0	$0	$0	$0	$0	$0	
Debt Reserves																					
Beginning Balance	$296,800	$296,800	$296,800	$296,800	$296,800	$147,793	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Less: Uses of Funds	0	0	0	0	(149,007)	(147,793)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	$296,800	$296,800	$296,800	$296,800	$147,793	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Ending Reserve Balance	$3,454,137	$4,057,622	$4,275,899	$3,846,240	$3,921,784	$4,131,389	$3,655,056	$3,165,507	$2,680,890	$2,191,590	$1,712,815	$1,234,392	$848,347	$524,396	$483,497	$503,229	$527,322	$610,873	$686,829	$740,362	

City of Summerset
Sewer Rate Study
TIF

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
TIF #1																					
Annual Revenue	$1,019,951	$850,000	$850,000	$850,000	$850,000	$850,000	$850,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Annual Debt Service																					
2008 USDA	$296,800	$296,800	$296,800	$296,800	$296,800	$296,800	$147,793	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Debt Service Coverage Ratio	***3.44***	***2.86***	***2.86***	***2.86***	***2.86***	***2.86***	***5.75***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***
TIF #2																					
Annual Revenue	$210,829	$225,000	$250,000	$275,000	$275,000	$275,000	$275,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TIF #1 after Debt Service	723,151	553,200	553,200	553,200	553,200	553,200	702,207	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Rate Revenue	0	0	0	0	0	0	0	(126,217)	(111,172)	(89,795)	(66,210)	(40,254)	(11,753)	19,481	79,248	145,741	204,631	269,265	271,715	274,018	276,161
Annual Debt Service																					
2023 SRF	$0	$0	$0	$387,079	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$486,115	$364,586	$0	$0	$0
Debt Service Coverage Ratio	***n/a***	***n/a***	***n/a***	***2.14***	***1.70***	***1.70***	***2.01***	***(0.26)***	***(0.23)***	***(0.18)***	***(0.14)***	***(0.08)***	***(0.02)***	***0.04***	***0.16***	***0.30***	***0.42***	***0.74***	***n/a***	***n/a***	***n/a***
TIF Reserves (#1 and #2)																					
Beginning Balance	$1,810,256	$1,810,256	$2,363,456	$2,916,656	$3,082,777	$3,149,862	$3,365,954	$3,729,839	$3,243,724	$2,757,608	$2,271,493	$1,785,378	$1,299,263	$813,147	$327,032	$0	$0	$0	$0	$0	$0
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TIF #1	0	850,000	850,000	850,000	850,000	850,000	850,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TIF #2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Uses of Funds	0	(296,800)	(296,800)	(683,879)	(782,915)	(633,908)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(486,115)	(327,032)	0	0	0	0	0	0
Ending Balance	$1,810,256	$2,363,456	$2,916,656	$3,082,777	$3,149,862	$3,365,954	$3,729,839	$3,243,724	$2,757,608	$2,271,493	$1,785,378	$1,299,263	$813,147	$327,032	$0	$0	$0	$0	$0	$0	$0

City of Summerset
Sewer Rate Study
Capital Improvement Plan
Exhibit 4

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total	Notes
Sewer Capital																							
Slouxland Road Reconstruction	$0	$188,876	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$188,876	*Sewer Related Costs*
Sun Valley Estates Access Road	0	0	0	0	1,832,355	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,832,355	
Total Sewer Capital	$0	$188,876	$0	$0	$1,832,355	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,021,231	
Future Capital Projects	$0	$211,124	$50,000	$85,000	$0	$60,000	$85,000	$95,000	$125,000	$155,000	$185,000	$215,000	$245,000	$200,000	$200,000	$0	$0	$200,000	$510,000	$540,000	$560,000	$1,051,124	
Transfer to Cash Reserve	$0	$0	$50,000	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$75,000	$0	$0	$0	$0	$50,000	$50,000	$50,000	$100,000	
Total Capital Improvement Projects	$0	$400,000	$100,000	$135,000	$1,832,355	$60,000	$85,000	$95,000	$125,000	$155,000	$185,000	$215,000	$245,000	$275,000	$200,000	$0	$0	$200,000	$560,000	$590,000	$610,000	$3,172,355	
Less: Outside Funding Sources																							
Operating Fund Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Capital Fund Reserves	0	130,053	0	0	500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	630,053	
Grant Proceeds	0	169,947	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	169,947	
Assumed Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Assumed Revenue Bond	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Additional Revenue Bonds	0	0	0	0	1,192,355	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,192,355	
Total Funding Sources	$0	$300,000	$0	$0	$1,692,355	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,992,355	
Rate Funded Capital	$0	$100,000	$100,000	$135,000	$140,000	$60,000	$85,000	$95,000	$125,000	$155,000	$185,000	$215,000	$245,000	$275,000	$200,000	$0	$0	$200,000	$560,000	$590,000	$610,000	$1,180,000	

City of Summerset
Sewer Rate Study
Debt Schedule
Exhibit 5

Year	2023 SRF	2008 USDA	*Total*
2024	$0	$296,800	$296,800
2025	0	296,800	296,800
2026	0	296,800	296,800
2027	387,079	296,800	683,879
2028	486,115	296,800	782,915
2029	486,115	296,800	782,915
2030	486,115	147,793	633,908
2031	486,115	0	486,115
2032	486,115	0	486,115
2033	486,115	0	486,115
2034	486,115	0	486,115
2035	486,115	0	486,115
2036	486,115	0	486,115
2037	486,115	0	486,115
2038	486,115	0	486,115
2039	486,115	0	486,115
2040	486,115	0	486,115
2041	364,586	0	364,586
2042	0	0	0
2043	0	0	0
2044	0	0	0
Total Debt Service	$7,071,164	$1,928,593	$8,999,756

City of Summerset
Sewer Rate Study
Revenues at Present Rates
Exhibit 6

		Jul-25	Aug-22	Sep-24	Oct-22	Nov-24	Dec-24	Jan-24	Feb-24	Mar-25	Apr-25	May-25	Jun-25	Total
Residential														
Base Fee	$36.00	957	957	957	957	957	957	957	957	957	957	957	957	957
Debt Reserve	2.20	957	957	957	957	957	957	957	957	957	957	957	957	957
Maintenance Charge	4.50	957	957	957	957	957	957	957	957	957	957	957	957	957
SRF Debt Service Fee	7.90	957	957	957	957	957	957	957	957	957	957	957	957	957
Total Base Fee Revenue	$50.60	$48,424	$48,424	$48,424	$48,424	$48,424	$48,424	$48,424	$48,424	$48,424	$48,424	$48,424	$48,424	$581,090
Volume Charge		0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Volume Charge Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Residential Revenue		**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$48,424**	**$581,090**
Commercial														
	$ / Acct.													
Base Fee	$20.15	21	21	21	21	21	21	21	21	21	21	21	21	21
Surcharge	15.85	21	21	21	21	21	21	21	21	21	21	21	21	21
Debt Reserve	2.20	21	21	21	21	21	21	21	21	21	21	21	21	21
Maintenance Charge	4.50	21	21	21	21	21	21	21	21	21	21	21	21	21
SRF Debt Service Fee	7.90	21	21	21	21	21	21	21	21	21	21	21	21	21
Total Base Fee Revenue	$50.60	$1,063	$1,063	$1,063	$1,063	$1,063	$1,063	$1,063	$1,063	$1,063	$1,063	$1,063	$1,063	$12,751
	$ / gallon													
Volume Charge	$0.00525	675,332	646,002	865,111	794,309	654,557	571,973	704,942	569,128	638,987	641,162	504,690	612,846	7,879,039
		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Volume Charge Revenue		$3,545	$3,392	$4,542	$4,170	$3,436	$3,003	$3,701	$2,988	$3,355	$3,366	$2,650	$3,217	$41,365
Total Commercial Revenue		**$4,608**	**$4,454**	**$5,604**	**$5,233**	**$4,499**	**$4,065**	**$4,764**	**$4,051**	**$4,417**	**$4,429**	**$3,712**	**$4,280**	**$54,116**
Pine Hills														
Base Fee	$50.60	63	63	63	63	63	63	63	63	63	63	63	63	63
		63	63	63	63	63	63	63	63	63	63	63	63	63
Total Base Fee Revenue		$3,188	$3,188	$3,188	$3,188	$3,188	$3,188	$3,188	$3,188	$3,188	$3,188	$3,188	$3,188	$38,254
Volume Charge	$0.00													0
		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Volume Charge Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Pine Hills Revenue		**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$3,188**	**$38,254**

City of Summerset
Sewer Rate Study
Revenues at Present Rates
Exhibit 6

		Jul-25	Aug-22	Sep-24	Oct-22	Nov-24	Dec-24	Jan-24	Feb-24	Mar-25	Apr-25	May-25	Jun-25	Total
Stagebarn Sanitary District														
Base Fee	$69.88	117	117	117	117	117	117	117	117	117	117	117	117	117
		117	117	117	117	117	117	117	117	117	117	117	117	117
Total Base Fee Revenue		$8,176	$8,176	$8,176	$8,176	$8,176	$8,176	$8,176	$8,176	$8,176	$8,176	$8,176	$8,176	$98,112
Total Stagebarn Sanitary District Revenue		**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$8,176**	**$98,112**
Niche Sanitary District														
Base Fee	$69.88	25	25	25	25	25	25	25	25	25	25	25	25	25
		25	25	25	25	25	25	25	25	25	25	25	25	25
Total Base Fee Revenue		$1,747	$1,747	$1,747	$1,747	$1,747	$1,747	$1,747	$1,747	$1,747	$1,747	$1,747	$1,747	$20,964
Total Niche Sanitary District Revenue		**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$1,747**	**$20,964**
Summary														
Customers														
Residential		957	957	957	957	957	957	957	957	957	957	957	957	957
Commercial		21	21	21	21	21	21	21	21	21	21	21	21	21
Pine Hills		63	63	63	63	63	63	63	63	63	63	63	63	63
Stagebarn Sanitary District		117	117	117	117	117	117	117	117	117	117	117	117	117
Niche Sanitary District		25	25	25	25	25	25	25	25	25	25	25	25	25
Total Number of Customers		**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**	**1,183**
Volume														
Residential		0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0
Pine Hills		0	0	0	0	0	0	0	0	0	0	0	0	0
Stagebarn Sanitary District		0	0	0	0	0	0	0	0	0	0	0	0	0
Niche Sanitary District		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Consumption		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Revenues														
Base Fee		$62,598	$62,598	$62,598	$62,598	$62,598	$62,598	$62,598	$62,598	$62,598	$62,598	$62,598	$62,598	$751,171
Volume Charge		3,545	3,392	4,542	4,170	3,436	3,003	3,701	2,988	3,355	3,366	2,650	3,217	41,365
Total Revenues		**$66,143**	**$65,989**	**$67,139**	**$66,768**	**$66,034**	**$65,600**	**$66,299**	**$65,585**	**$65,952**	**$65,964**	**$65,247**	**$65,815**	**$792,536**
													2023 Actual	**$789,802**
													Difference	*$2,734*
													Percent	0.3%
													2024 Actual	**$774,950**
													Difference	*$17,586*
													Percent	2.3%
													2025 Budget	**$799,688**
													Difference	*($7,152)*
													Percent	-0.9%

City of Summerset
Sewer Rate Study
Exhibit 7
Volume Distribution Factor

	2026 Annual Flow (1,000 gal)	20.0% Inflow and Infiltration [1]	Total Annual Flow at Plant (1,000 gal)	Avg. Daily Flow At Plant (MGD)	% of Total
Residential	85,680	17,136	102,816	0.28	91.6%
Commercial	7,879	1,576	9,455	0.03	8.4%
Total	**93,559**	**18,712**	**112,271**	**0.31**	**100.0%**
		Actual Flows [2]	**136,008**	0.37	
					(VOL)

Notes

[1] - Estimated to tie to flow; 2020 Sanitary Sewer System Facility Plan pg. 28
[2] - Provided by City for June 2024 - May 2025 less wholesale estimate

City of Summerset
Sewer Rate Study
Exhibit 8
Customer Distribution Factors

	Actual Customer	
	Number of Account [1]	**% of Total**
Residential	1,020	98.0%
Commercial	21	2.0%
Total	**1,041**	**100.0%**
		(AC)

Notes

[1] - Based on FY 2021 Billing Data
[2] - Based on City records
[3] - Based on meter size; HSD based on average flow

City of Summerset
Sewer Rate Study
Exhibit 9
Strength Distribution Factors

	Biochemical Oxygen Demand				*Total Suspended Solids*		
	Daily Flow (MGD)	**Avg. Factor** (mg/l)	**Calculated Pounds** [1][2]	**% of Total**	**Avg. Factor** (mg/l)	**Calculated Pounds** [1][2]	**% of Total**
Residential	0.28	250	214,371	90.8%	275	235,808	90.9%
Commercial	0.03	275	21,685	9.2%	300	23,656	9.1%
Total	**0.31**		**236,056**	**100.0%**		**259,465**	**100.0%**
			(BOD)				***(TSS)***

Notes

[1] - Calculated Pounds = Daily Flow * Factor * 8.34 (Lbs. / MGD)
[2] - Retail figures based on WRF influent design

City of Summerset
Sewer Rate Study
Exhibit 10
Revenue Distribution Factor

	Projected 2026	% of Total
Residential	$619,344	92.0%
Commercial	54,116	8.0%
Total	**$673,460**	**100.0%**

(RR)

City of Summerset
Sewer Rate Study
Exhibit 11
Classification of the Revenue Requirement

	Test Year 2026	Volume (VOL)	Strength Related: Biochemical Oxygen Demand (BOD)	Strength Related: Total Suspended Solids (TSS)	Actual Customer (AC)	Revenue (RR)	Direct (DA)	Basis of Classification
Expenses								
Wage Expense	$79,314	$59,486	$0	$0	$19,829	$0	$0	75.0% VOL 25.0% AC
Sewer City Admin Wages	21,775	16,331	0	0	5,444	0	0	75.0% VOL 25.0% AC
Wage Expense - Hourly	47,552	35,664	0	0	11,888	0	0	75.0% VOL 25.0% AC
Admin Wages	23,722	17,791	0	0	5,930	0	0	75.0% VOL 25.0% AC
PR Tax Expense	13,306	9,979	0	0	3,326	0	0	75.0% VOL 25.0% AC
SDRS Expense	104,372	78,279	0	0	26,093	0	0	75.0% VOL 25.0% AC
Workers Comp Expense	4,160	3,120	0	0	1,040	0	0	75.0% VOL 25.0% AC
Med Ins Expense	45,778	34,333	0	0	11,444	0	0	75.0% VOL 25.0% AC
Other Ins Expense	17,680	13,260	0	0	4,420	0	0	75.0% VOL 25.0% AC
Collection & Filing Fees	515	386	0	0	129	0	0	75.0% VOL 25.0% AC
Postage	5,150	3,863	0	0	1,288	0	0	75.0% VOL 25.0% AC
Prof Fees Expense	10,300	7,725	0	0	2,575	0	0	75.0% VOL 25.0% AC
Dues / Subscription	10,300	7,725	0	0	2,575	0	0	75.0% VOL 25.0% AC
Publishing Exp	0	0	0	0	0	0	0	75.0% VOL 25.0% AC
Repair/Maint Expense	154,500	115,875	0	0	38,625	0	0	75.0% VOL 25.0% AC
Supply/Material Exp	15,450	11,588	0	0	3,863	0	0	75.0% VOL 25.0% AC
Auto Expense	5,150	3,863	0	0	1,288	0	0	75.0% VOL 25.0% AC
Testing Expense	4,120	3,090	0	0	1,030	0	0	75.0% VOL 25.0% AC
Chemicals and Lab Supplies	10,300	7,725	0	0	2,575	0	0	75.0% VOL 25.0% AC
Permits/Penalties	3,090	2,318	0	0	773	0	0	75.0% VOL 25.0% AC
Sludge Hauling	0	0	0	0	0	0	0	75.0% VOL 25.0% AC
Travel/Conf Expense	2,060	1,545	0	0	515	0	0	75.0% VOL 25.0% AC
Utility Expense	72,800	36,400	18,200	18,200	0	0	0	50.0% VOL 25.0% BOD 25.0% TSS
Phone	2,080	1,560	0	0	520	0	0	75.0% VOL 25.0% AC
Uniform Allowance	0	0	0	0	0	0	0	75.0% VOL 25.0% AC
Other Expense	205,115	153,836	0	0	51,279	0	0	75.0% VOL 25.0% AC
Tyler Technologies	1,238	929	0	0	310	0	0	75.0% VOL 25.0% AC
Capital Expense	0	0	0	0	0	0	0	75.0% VOL 25.0% AC
Equip Expense	15,600	11,700	0	0	3,900	0	0	75.0% VOL 25.0% AC
Total Expenses	**$875,428**	**$638,371**	**$18,200**	**$18,200**	**$200,657**	**$0**	**$0**	

City of Summerset
Sewer Rate Study
Exhibit 11
Classification of the Revenue Requirement

	Test Year 2026	Volume (VOL)	Strength Related: Biochemical Oxygen Demand (BOD)	Strength Related: Total Suspended Solids (TSS)	Actual Customer (AC)	Revenue (RR)	Direct (DA)	Basis of Classification
Additional O&M								
Staffing Adjustments	$0	0	0	0	0	0	0	As Other Expenses
Total Additional O&M	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Total O&M Expenses	**$875,428**	**$638,371**	**$18,200**	**$18,200**	**$200,657**	**$0**	**$0**	
Rate Funded Capital	**$100,000**	**$72,921**	**$2,079**	**$2,079**	**$22,921**	**$0**	**$0**	As Revenue Requirement
Debt Service								
2023 SRF	$0	$0	$0	$0	$0	$0	$0	100.0% AC
2008 USDA	296,800	0	0	0	296,800	0	0	100.0% AC
Assumed Low Interest Loan	0	0	0	0	0	0	0	100.0% AC
Assumed Revenue Bond	0	0	0	0	0	0	0	100.0% AC
Additional Long-Term Debt	0	0	0	0	0	0	0	100.0% AC
Total Debt Service	$296,800	$0	$0	$0	$296,800	$0	$0	
LESS: Other Funding								
Tap Fees	$0	$0	$0	$0	$0	$0	$0	100.0% AC
TIF #1 Revenues	296,800	0	0	0	296,800	0	0	100.0% AC
TIF #2 Revenues	0	0	0	0	0	0	0	100.0% AC
Debt Reserves	0	0	0	0	0	0	0	100.0% AC
Net Debt Service	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Reserve Funding								
To / (From) Operating Reserve	($2,716)	$0	$0	$0	($2,716)	$0	$0	100.0% AC
To / (From) Capital Fund	0	0	0	0	0	0	0	100.0% AC
To / (From) TIF Reserves (#1 and #2)	0	0	0	0	0	0	0	100.0% AC
To / (From) Contingency Reserves	0	0	0	0	0	0	0	100.0% AC
Debt Reserves	0	0	0	0	0	0	0	100.0% AC
Total Reserve Funding	**($2,716)**	**$0**	**$0**	**$0**	**($2,716)**	**$0**	**$0**	
Total Revenue Requirement	**$972,712**	**$711,292**	**$20,279**	**$20,279**	**$220,862**	**$0**	**$0**	
Less: Non-Operating Revenue								
Sewer Late Fees	$7,575	$5,539	$158	$158	$1,720	$0	$0	As Revenue Requirement
NSF Fees	202	148	4	4	46	0	0	As Revenue Requirement
Sewer Misc Revenue	151,500	110,784	3,158	3,158	34,399	0	0	As Revenue Requirement
Interest	8,190	5,989	171	171	1,860	0	0	As Revenue Requirement
Stagebarn Sanitary District	98,112	0	0	0	98,112	0	0	100.0% AC
Niche Sanitary District	0	0	0	0	0	0	0	100.0% AC
Total Other Revenues	**$265,579**	**$122,460**	**$3,491**	**$3,491**	**$136,136**	**$0**	**$0**	
Net Revenue Requirement	**$707,133**	**$588,832**	**$16,788**	**$16,788**	**$84,726**	**$0**	**$0**	

City of Summerset
Sewer Rate Study
Exhibit 12
Distribution of Total Revenue Requirement

	Expenses 2026	Residential	Commercial	
Volume Related	$588,832	$539,244	$49,588	*91.6%*
Total Volume Related	**$588,832**	$539,244	$49,588	
Strength Related				
Biochemical Oxygen Demand	$16,788	$15,245	$1,542	*90.8%*
Total Suspended Solids	16,788	15,257	1,531	*90.9%*
Total Strength Related	**$33,575**	$30,503	$3,073	
Customer Related				
Actual Customer	$84,726	$83,017	$1,709	*98.0%*
Total Customer Related	**$84,726**	$83,017	$1,709	
Revenue Related	$0	$0	$0	*#DIV/0!*
Direct Assignment	$0	$0	$0	*#DIV/0!*
Total Revenue Requirements	**$707,133**	**$652,763**	**$54,370**	

City of Summerset
Sewer Rate Study
Exhibit 14
Cost of Service Analysis Summary

	2026	Residential	Commercial
Revenues at Present Rates	**$673,460**	$619,344	$54,116
Distributed Revenue Requirement	**$707,133**	$652,763	$54,370
Balance / (Deficiency) of Funds	**($33,673)**	**($33,419)**	**($254)**
Required % Change in Rates	**5.0%**	**5.4%**	**0.5%**

City of Summerset
Sewer Rate Study
Rate Schedule

	Present	*Proposed Rates*				
	Rates	**2026**	**2027**	**2028**	**2029**	**2030**
Base Fee	*$ / Mo*					
Sewer Service	$36.00	$37.80	$39.70	$41.70	$43.80	$46.00
Debt Reserve	2.20	2.30	2.40	2.50	2.65	2.80
Maintenance Charge	4.50	4.75	5.00	5.25	5.50	5.80
SRF Debt Service Fee	7.90	8.30	8.70	9.15	9.60	10.10
Volume Charge	*$ / gallon*					
Commercial Use	$0.00525	$0.00551	$0.00579	$0.00608	$0.00638	$0.00670

RESOLUTION NO. 2025-12

A RESOLUTION ESTABLISHING REVISED SEWER RATES BASED ON THE CITY OF SUMMERSET SEWER RATE STUDY

WHEREAS, The City of Summerset is responsible for providing safe, reliable, and sustainable sewer services to its residents and businesses; and

WHEREAS, The City commissioned HDR to complete a Sewer Rate Study to evaluate the financial health of the sewer utility, including operating costs, capital improvement needs, debt service obligations, and long-term sustainability; and

WHEREAS, The Sewer Rate Study recommended an adjustment to the sewer rates to cover projected expenses, maintain regulatory compliance, and fund necessary infrastructure improvements thus ensuring the utility remains financially stable and continues to provide high-quality service; and

WHEREAS, The City Commission has reviewed the findings of the Sewer Rate Study and determined that an increase in sewer rates is necessary and in the best interest of the public.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SUMMERSET, SOUTH DAKOTA:

1. The Summerset City Commission hereby adopts the findings and recommendations of the Sewer Rate Study as the basis for establishing revised sewer rates as set forth in Exhibit A.
2. Revised Sewer Rates Effective January 1st, 2026, sewer rates shall be adjusted as follows:
    - Residential Customers: Sewer Service $37.80; Debt Reserve $2.30; Maintenance Charge $4.75; and SRF Debt Service Fee $8.30.
    - Commercial Customers: .00551 usage rate per 1,000 gallons
3. The City Commission shall review sewer rates annually to ensure continued alignment with utility costs, capital needs, and regulatory requirements.

PASSED AND APPROVED: By the City Commission of the City of Summerset, South Dakota, this 4th day of December, 2025.

Mayor: _____
Michael Kitzmiller

Attest: _____
Lisa Fischer, Finance Officer

Exhibit "A"

Sewer:	Sewer Tap Fee-Residential	$3,000
	Sewer Tap Fee Commercial	$6,000
	Multi-family (3 or more)	$7,500
	Stagebarn Bulk Users	Per Commission/Contract
	Pine Hills Bulk Users	Per Commission/Contract
	Septic Permit	$160.00
Residential:		
	Sewer Service Charge	$37.80 per month
	Sewer Maintenance Reserve Fee	$ 4.75 per month
	Sewer Debt Reserve	$ 2.30 per month
	CWSRF Surcharge	$ 8.30 per month
	Deposit	$50 owner\$100 renter
Commercial and Residential Apartment Dwelling 5 or More Units:		
	Sewer Service Charge	Base Fee $37.80 .0551 per 1000
	Sewer Maintenance Reserve Fee	$4.75 Per Month
	Sewer Debt Reserve	$2.30 Per Month
	CWSRF Surcharge	$8.30 per month
	Deposit	$100
Private Wastewater Disposal System:		
	Permit and Inspection Fee-Tap Fee	$1,000
	Sewer Late Payment Penalty	$15
	Sewer Delinquent Account Deposit	$100
	Industrial Waste Permit	$ 500 Annual Administrative Fee
	Wastewater Treatment System Service Fee	Set by resolution to fund expansion and emergency need-none currently

NOTICE FOR PUBLICATION

Ordinance 2025-07

AN ORDINANCE AMENDING TITLE V- PUBLIC WORKS, CHAPTER 53 SANITARY SEWER SERVICE SYSTEM, 53.081 SEWER USE CHARGE

NOTICE IS HEREBY GIVEN that the City of Summerset will set the first reading on Ordinance #2025-07 Amending Title V - Chapter 53, Subsection 53.081

Said first reading will be held at Summerset City Hall, 7055 Leisure Lane, Summerset SD on December 4th, 2025 @ 6:00 p.m. The purpose of the public hearing is to accept public comment on the proposed amended ordinance.

Individuals needing assistance related to the American Disabilities Act should contact the Summerset City Finance Officer no less than 24 hours prior to this hearing to make necessary arrangements.

Dated this 14th day of November 2025.

City of Summerset

Published once on _____, at the total approximate cost of $_____.

Ordinance #2025-07

§ 53.081 SEWER USE CHARGE.

(A) *Minimum rate and monthly charge.* All wastewater and industrial waste discharged to the wastewater facilities shall be paid for by the tenant or owner of the premises served, according to the following schedule:

(1) Residential class: Refer to the fee schedule adopted by resolution. The Board of Commissioners may revise the fees as set forth herein from time to time by resolution; and

(2) Commercial and industrial class: Refer to fee schedule adopted by resolution. The Board of Commissioners may revise the fees as set forth herein from time to time by resolution. ~~$64.35 per service.~~

(B) *Surcharge.* There is established and imposed, pursuant to the authority of SDCL Chapter 9-40, a surcharge upon sewer service, the proceeds of such surcharge to be used for the payment of the principal of and interest on bonds issued under the authority of SDCL Chapter 9-40. No portion of the proceeds of such surcharge shall be expended for any purpose other than retiring sewer bonds until all of such bonds have been retired. ~~The surcharge shall be imposed at the rate of $10.35 per sewer account.~~ The charge shall be in addition to any rate per unit charges imposed under division (A) of this section.

(C) *Deposits.*

(1) Any customer requesting sanitary sewer service from the city shall be required to make one of the following deposits based upon the type of service required:

(a) All commercial accounts: $100;

(b) Residential accounts where the customer does not own the property being served, to be referred to as residential rental accounts: $100;

(c) Residential accounts where the customer does own the property being served, to be referred to as residential owner accounts: $50); or

(d) Delinquent accounts: $100.

(2) The Finance Officer shall, at his or her sole and unlimited discretion, have the ability to waive the deposit in consideration of the customer's previous record of prompt payment to the city for utility services. Letters of reference from other utility companies are not acceptable in lieu of utility deposit.

(3) A delinquent account deposit shall be required at such time as the customer had prior service with the city, and had such service disconnected for nonpayment; or if collection efforts outside the normal procedure for the finance office (small claims action, lien on the property or collection agency action) were taken; or if customer had four late utility payments (not consecutive) with any 12-month period.

(4) The Finance Officer shall deposit such moneys in a separate account and interest earned thereon shall be the property of the city. At such time as sanitary sewer service shall be terminated, the Finance Officer shall promptly refund any such deposit to the water customer; provided however, that all accounts are paid in full. In the event that the water customer and owner of any trust deposit shall fail to pay his or her utility billings to the city before the same may be delinquent, then the Finance Officer shall have the right to withdraw such trust fund and apply to any obligation. This remedy shall be in addition to any other remedies the city shall have for the collection of such moneys and the right to terminate such service upon nonpayment by the water customer.

(5) Fees, charges, and rates for sewer services, connections, and tap fees may be changed per resolution by the Board of Commissioners whose authority to do so is granted by SDCL § 9-48-15.

Dated this 18th day of December, 2025.

CITY OF SUMMERSET

BY:_____
Michael Kitzmiller, Mayor

ATTEST:

BY: _____
Lisa Fischer, Finance Officer

VOTE:
Kitzmiller:
Osten:
Markham:
Hirsch:
Pulscher:

First Reading: December 4, 2025
Second Reading: December 18, 2025
Adopted:
Published:
Effective:

Published once at the approximate cost of _____.

CITY OF SUMMERSET
ORDINANCE NO. 2025-05
SUPPLEMENTAL APPROPRIATION ORDINANCE

Be it ordained by the City of Summerset that the following sums are supplementally appropriated to meet obligations of the municipality.

EXPENDITURES	211 Liquor, Lodging, & Dining Fund
4650 Economic Development	
42200 Professional Services and Fees	$5,000.00
Total Appropriations	$5,000.00

The following designates the fund or funds to which the money derived from the following source is applied.

SOURCE OF FUNDING	211 Liquor, Lodging, & Dining Fund
Unassigned Fund Balance	$5,000.00
Total Means of Finance	$5,000.00

EXPENDITURES	101 Fund, General Fund
4196 City Engineer Expense	
42200 Professional Services and Fees	$45,000.00
Total Appropriations	$45,000.00

The following designates the fund or funds to which the money derived from the following source is applied.

SOURCE OF FUNDING	101 Fund, General Fund
Unassigned Fund Balance	$45,000.00
Total Means of Finance	$45,000.00

Dated this 4th day of December, 2025.

ATTEST:

Finance Officer	Mayor

Vote:
Kitzmiller:
Osten:
Markham:
Pulscher:
Hirsch:

First Reading: November 20, 2025
Second Reading: December 4, 2025
Publication:

NOTICE FOR PUBLICATION

ORDINANCE 2025-06

AN ORDINANCE TO AMEND MONTANA-DAKOTA UTILITIES CO., FRANCHISE AGREEMENT (ORDINANCE 3.1 TABLE I – FRANCHISE AGREEMENTS)

NOTICE IS HEREBY GIVEN that the City of Summerset will set the first reading on amended Ordinance #2025-06 Amending Ordinance 3.1 Table I – Franchise Agreements. Said first reading will be held at Summerset City Hall, 7055 Leisure Lane, Summerset SD on November 20th, 2025 @ 6:00 p.m. The purpose of the public hearing is to accept public comment on the proposed amended ordinance. Individuals needing assistance related to the American Disabilities Act should contact the Summerset City Finance Officer no less than 24 hours prior to this hearing to make necessary arrangements.

Dated this 6th day of November, 2025.

City of Summerset

Published once on _____, at the total approximate cost of $_____.

To the City of Summerset,

Meade County, South Dakota

Montana-Dakota Utilities Co., a Delaware corporation, having its principal place of business at 400 North Fourth Street, Bismarck, North Dakota 58501, hereby makes application for a franchise, granting to it the right to construct, maintain and operate within and upon, in and under the streets, alleys and public grounds of your municipality a gas transmission and distribution system to distribute natural or manufactured gas for public and private use in the city of Summerset, South Dakota. The extent and conditions of such rights and privileges are more fully set forth in the attached copy of a proposed natural gas franchise ordinance.

The Company respectfully requests that you take the necessary steps to grant this franchise.

MONTANA-DAKOTA UTILITIES CO.

By Regan Brilz

Regan Brilz
Region Director

ORDINANCE NO. _____

AN ORDINANCE GRANTING TO MONTANA-DAKOTA UTILITIES CO., A DELAWARE CORPORATION, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE AND RIGHT TO CONSTRUCT, MAINTAIN AND OPERATE WITHIN AND UPON, IN AND UNDER THE STREETS, ALLEYS AND PUBLIC GROUNDS OF THE

_____

A GAS TRANSMISSION AND DISTRIBUTION SYSTEM FOR TRANSMITTING AND DISTRIBUTING NATURAL OR MANUFACTURED GAS, OR A MIXTURE OF BOTH, FOR PUBLIC AND PRIVATE USE.

BE IT ORDAINED BY

_____

SECTION 1. For convenience, herein, said municipal corporation is designated and referred to as "Municipality" and Montana-Dakota Utilities Co. is designated and referred to as "Grantee." Any reference to either includes their respective successors and assigns.

SECTION II. There is hereby granted to Montana-Dakota Utilities Co, a Delaware corporation, its successors and assigns, subject to the limitations herein stated, the right and franchise to occupy and use the streets, alleys and public grounds of the municipality as now, or hereafter constituted, for the purpose of constructing, maintaining, and operating, within, upon, in and under the same, a gas distribution system for transmitting and distributing natural or manufactured gas, or a mixture of both, for public and private use.

SECTION III. Grantee shall maintain an efficient distribution system for furnishing natural or manufactured gas, or a mixture of both for public and private use at such reasonable rates as may be approved by the Public Utilities Commission of the State of South Dakota and under such orders, rules or regulations as may be issued by a federal or state agency having jurisdiction thereof.

SECTION IV. This franchise shall not be exclusive and shall not be construed to prevent the Municipality from granting to any other party the right to use the streets, alleys, and public grounds of the Municipality for like purposes.

SECTION V. The Municipality reserves any right it may have, under its police power, or otherwise, to control or regulate the use of said streets, alleys, and public grounds by Grantee. This section shall not affect the right of Grantee to receive compensation for the expense of changing, removing or relocating its facilities located in private right of way. Further, if at any time said Municipality shall vacate any street, alley or public grounds in which Grantee's facilities are located, an alternate route or private property easement shall be provided to Grantee. Grantee shall not be required to relocate facilities when any street, alley or public grounds in which they are located is vacated for the convenience of abutting property owners or another private party and not as an incident to the public improvement, unless the reasonable cost of such relocation and the loss and expenses resulting therefrom is first paid to Grantee.

SECTION VI. Grantee shall indemnify and save and hold the Municipality harmless from any loss or damage due to the construction, installation, and maintenance of its distribution system, and its use of the streets, alleys, and public grounds of the Municipality; however, Grantee shall not be required to indemnify and save or hold the Municipality harmless from loss or damage to the extent such loss or damage is caused by the acts, omissions, or negligence of the Municipality, its employees, assigns, agents, contractors, or other persons under its direction or control.

SECTION VII. Grantee shall have the right to assign this franchise to any party, or corporation, but all obligations hereunder shall be binding upon its successors and assigns.

SECTION VIII. Within thirty (30) days after Grantee is notified of passage and final approval of this Ordinance, Grantee shall file with the clerk or auditor of the Municipality its written acceptance of this franchise.

SECTION IX. This franchise shall continue and remain in full force and effect for a period of twenty (20) years from the date upon which this ordinance shall become effective as provided by law.

Passed the _____ day of _____, 20_____.

Approved _____ day of _____, 20_____.

ATTEST:_____ _____

Auditor Mayor-President

(Seal of the Municipality)