

**AGENDA
CITY OF LEXINGTON
REGULAR COUNCIL MEETING
MAY 21, 2026– 7:00 P.M.
9180 LEXINGTON AVENUE**

1. PLEDGE OF ALLEGIANCE

2. CALL TO ORDER: – Mayor Murphy

- A. Roll Call - Council Members: DeVries, Mahr, Winge and Hunt

3. CITIZENS FORUM

This is a portion of the Council meeting where individuals will be allowed to address the Council on subjects which are not a part of the meeting agenda. Persons wishing to speak may be required to complete a sign-up sheet and give it to a staff person at the meeting. The Council may take action or reply at the time of the statement or may give direction to staff for future action based on the concerns expressed

4. APPROVAL OF AGENDA WITH CHANGES AND CORRECTIONS

5. LETTERS AND COMMUNICATIONS:

- A. Planning & Zoning Minutes – May 12, 2026

pp. 1-2

Consent Agenda:

The Consent Agenda covers routine administrative matters. These items are not discussed, and are approved in their entirety pursuant to the recommendations on the staff reports. A Council Member or citizen may ask that an item be moved from the Consent Agenda to the end of section 7 of the agenda in order to be discussed and receive separate action.

6. CONSENT ITEMS:

- A. Recommendation to Approve Council Minutes:

Board of Review & Council Meeting Minutes – May 7, 2026

pp. 3-6

- B. Recommendation to Approve Claims and Bills:

Check #'s 54091 through 54139

Check #'s 16150 through 16167

pp. 7-18

- C. Financial Reports

- Cash Balances

pp.19

- Fund Summary – Budget to Actual

pp.20-21

Action Items:

These items are intended primarily for Council discussion and action. It is up to the discretion of the Mayor as to what, if any, public comment will be heard on these items. Persons wishing to speak on discussion items must complete a sign-up sheet and give it to a staff person at the meeting.

7. ACTION ITEMS:

- A. Planning and Zoning Recommendation to Approve the Appointment of Daniel Johnson to Fill the Vacant Position on the Planning Commission. **Under Separate Cover**
- B. Recommendation to Approve an Escrow Agreement for Cell Tower Lease Renegotiations with American Tower Corporation. **pp.22-26**
- C. Recommendation to Approve a Joint Powers Agreement (JPA) by and Between the City of Lexington and the City of Blaine Relating to the Connection of Water Utility Systems.

****Ehler's and Associates will present and discuss the final utility rate study involving the Lexington/Blaine Water Utility JPA****

pp.27-54

8. MAYOR AND COUNCIL INPUT

9. ADMINISTRATOR INPUT

10. ADJOURNMENT

/mv

MINUTES
REGULAR PLANNING COMMISSION MEETING
May 12, 2026 - 7:00 P.M.
9180 Lexington Avenue, Lexington, MN

1. CALL TO ORDER

A. Roll Call: Chairperson Bautch, Commissioners Koch, Murphy, and Thorson

Chairperson Bautch called to order the Regular Planning Commission meeting April 12, 2026, at 7:00 p.m. Commissioners Present: Michelle Koch, Gloria Murphy, and Ron Thorson. Also present: Councilmember Kim Devries; Bill Petracek, City Administrator; Daniel Johnson, P&Z Applicant.

2. CITIZENS FORUM

No citizens were present to discuss items that were not on the agenda.

3. APPROVAL OF AGENDA WITH CHANGES AND CORRECTIONS

Koch made a motion to approve the agenda as typewritten. Thorson seconded the motion. Motion carried 4-0.

4. LETTERS AND COMMUNICATION

A. Building Permits for April 2026

No discussion on Letters and Communications

5. APPROVAL OF PLANNING COMMISSION MINUTES

B. April 14, 2026

Koch made a motion to approve the April 14, 2026 Planning Commission Minutes as presented. Thorson seconded the motion. Motion carried 4-0.

6. DISCUSSION ITEM:

A. Discuss Application for Vacant Planning & Zoning Seat – Daniel Johnson.

Mr. Johnson addressed the Planning Commission.

Bautch discussed Johnson applying for the open City Council seat, as well. He asked Johnson his reason for applying for the open seats on the City Council and Planning Commission. Johnson stated that he is getting into his late 40's in age and feels he should take more part in his community by serving on a Board or Commission. Discussion ensued.

Koch made a motion to Recommend to the City Council the appointment of Daniel Johnson to fill the vacant seat on the Planning Commission. Bautch seconded the motion. Motion carried 4-0.

7. NOTE COUNCIL MINUTES:

- A. April 2, 2026
- B. April 16, 2026

Some discussion was had on the approval of the Circle Pines/Lexington Lions Club charitable gambling permit for Cowboy's Saloon.

8. PLANNING COMMISSION INPUT

Thorson complained about the semi's parking overnight in front of O'Reilly's on South Highway Drive. He stated that they are parking there four days in a row at various times. Discussion ensued.

9. ADJOURNMENT

Murphy made a motion to adjourn the meeting at 7:20 p.m. Koch seconded the motion. Motion carried 4-0.

**MINUTES
CITY OF LEXINGTON
BOARD OF REVIEW
&
REGULAR COUNCIL MEETING
MAY 7, 2026 – 7:00 P.M.
9180 LEXINGTON AVENUE**

AGENDA

BOARD OF REVIEW

1. PLEDGE OF ALLEGIANCE

- 2. CALL TO ORDER BOARD OF REVIEW – Mayor Murphy**
A. Roll Call- Council Members: DeVries, Mahr, Winge and Hunt

Mayor Murphy called to order the Board of Review for May 7, 2026 at 7:00 p.m. Councilmember's present: Devries, Hunt, Mahr, and Winge. Also Present: Bill Petracek, City Administrator; Chris Galiov, Finance Director; Jim Mork, Police Chief; Brian Goetzke, Sergeant; Ted Anderson and Shane Gruek, Anoka County Assessor; Heidi and Jason Haakinson, Lexington; Diane and Keith Harris, Lexington; Mindy Feister, Circle Pines; Julie Morris, Shoreview; Maria Nelson; Quad Press; Numerous Centennial High School students.

3. INTRODUCTION OF COUNTY ASSESSOR

Ted Anderson, Anoka County Assessor, provided an overview of the LBAE process and statistics for property values that were provided in a handout.

Shane Gurek, Anoka County Assessor, discussed property pin #35312231540010. Gruek stated that the value for the property valued at \$35,000 was an appropriate value taking in to affect filling in the property and being a buildable lot. He added that the owner didn't agree with the value, and would be appealing the valuation to the Anoka County Board.

No action was taken.

4. CITIZENS WHO WISH TO ADDRESS ASSESSOR

No citizens were present to address the assessor.

5. CLOSE BOARD OF REVIEW

Councilmember Mahr made a motion to close the Board of Review at 7:14 p.m. Councilmember Devries seconded the motion. Motion carried 5-0.

REGULAR COUNCIL MEETING

6. CALL TO ORDER: – Mayor Murphy

- A. Roll Call - Council Members: DeVries, Mahr, Winge and Hunt

Mayor Murphy called to order the Regular Council meeting for May 7, 2026 at 7:15 p.m. Councilmember's present: Devries, Hunt, Mahr, and Winge. Also Present: Bill Petracek, City Administrator; Chris Galiov, Finance Director; Jim Mork, Police Chief; Brian Goetzke, Sergeant; Ted Anderson and Shane Gruek, Anoka County Assessor; Heidi and Jason Haakinson, Lexington; Diane and Keith Harris, Lexington; Mindy Feister, Circle Pines; Julie Morris, Shoreview; Maria Nelson; Quad Press; Numerous Centennial High School students.

7. CITIZENS FORUM

Mayor Murphy explained that the City Council is not discussing the fire department this evening and he is going to limit fire department discussion to three minutes per person.

Mayor Murphy made a motion to limit fire department debate to three minutes per person. Councilmember Devries seconded the motion. Motion carried 5-0.

*Heidi Haakinson
9333 Griggs Ave
Lexington, MN*

Ms. Haakinson stated she served on Lexington Fire Department for 6 years and was the Lexington Fire Relief President for 4 years. Haakinson provided a prepared statement questioning the recent approval of the temporary contract with SBM Fire Department, the approval of the gambling site for the Lexington/Circle Pines Lions Club, and the firing of Fire Chief Mohler.

*Julie Morris
County Rd. J
Shoreview, MN.*

Ms. Morris began by asking why on the 20th. Mayor Murphy explained that the Council is not answering any questions. He explained that the presentation from SBM Fire will be on the 21st of May, and the approval on June 4th. Mayor Murphy is asking that you attend that meeting to get the information. Discussion ensued.

*Keith Harris
3781 Centerwood Rd.
Lexington, MN. 55014*

Mr. Harris stated his questions and statements come from the Quad Press April 28 2026 edition. Mr. Harris discussed the service levels and responding to medical calls that SBM Fire provides. He also discussed the contract being temporary. He asked how can it be temporary when all of the fire fighters have resigned? Mr. Harris continued to question the Council on the Quad Press news article. Discussion ensued.

*Jason Haakinson
9333 Griggs Ave.
Lexington, MN*

Since they have lived here, we have gone through 3 fire chiefs – Gary Grote, Erik Edwards, and Mike Mohler. He explained that Gary Grote should have been fired and the city administrator swept it under the rug. He stated that the only consistent problem with the fire department is the city administrator. Why does he still have his job? Discussion ensued.

*Maria Nelson
Did not provide an address*

Ms. Nelson stated she is a retired HR person and finance director. She has questions about how things have happened. She stated that she understands that there are certain things you cannot talk about regarding personnel. She doesn't believe it should be used as an excuse to not explain why things happened the way they happened. She felt that the police chief escort following his termination was uncalled for. Discussion ensued.

8. APPROVAL OF AGENDA WITH CHANGES AND CORRECTIONS

Councilmember Devries made a motion to approve the agenda without changes or corrections. Councilmember Winge seconded the motion. Motion carried 5-0.

9. INFORMATIONAL REPORTS:

- A. Airport (Councilmember Devries) – *No report given*
- B. Cable Commission (Councilmember Mahr) *Quarterly meetings – Councilmember Mahr discussed the strategic planning for NMTV Cable Commission and updated the Council on cable franchise fees.*
- C. City Administrator (Bill Petracek) – *Petracek stated that Anoka County will be doing a mill and overlay of Lovell Rd. beginning May 4th. He added that it will take approximately 3 weeks to complete the project.*

Choose a building block.

10. LETTERS AND COMMUNICATIONS:

No discussion on Letters and Communications.

11. CONSENT ITEMS:

- A. Recommendation to Approve Council Minutes:
Council Meeting – April 16, 2026
- B. Recommendation to Approve Claims and Bills:
Check #'s 54025 through 54090
Check #'s 16133 through 16145

Councilmember Mahr made a motion to approve the consent agenda. Councilmember Devries seconded the motion. Motion carried 5-0.

12. ACTION ITEMS:

- A. Recommendation to Approve Resolution 26-05 – A Resolution of the City Council of Lexington, Minnesota Approving Summary Publication of Ordinance 26-01

Councilmember Devries made a motion to Approve Resolution 26-05 – A Resolution of the City Council of Lexington, Minnesota Approving Summary Publication of Ordinance 26-01. Councilmember Winge seconded the motion. Motion carried 5-0.

- B. Recommendation to Approve the hiring of Kelli Pote as the Administrative Assistant/Permit Technician - \$24.52/hr. (Probationary Status wage AFSCME CBA)

Councilmember Mahr made a motion to Approve the hiring of Kelli Pote as the Administrative Assistant/Permit Technician - \$24.52/hr. (Probationary Status wage AFSCME CBA). Councilmember Devries seconded the motion. Motion carried 5-0.

- C. Recommendation to approve Solicitors/Peddlers License Ace Solid Waste – Pending successful background check

Councilmember Winge made a motion to approve Solicitors/Peddlers License Ace Solid Waste – Pending successful background check. Councilmember Devries seconded the motion. Motion carried 5-0.

13. MAYOR AND COUNCIL INPUT

No input from the Mayor and City Council.

14. ADJOURNMENT

Councilmember Mahr made a motion to adjourn the meeting at 7:59 p.m. Councilmember Devries seconded the motion. Motion carried 5-0.

Claims & Bills

Under Separate Cover

Available Upon Request

**CITY OF LEXINGTON
ESCROW AGREEMENT FOR CELL TOWER**

This Escrow Agreement is entered into effective this ____ day of _____ 2026 by and between the **CITY OF LEXINGTON** (the “City”), and **AMERICAN TOWER DELAWARE CORPORATION**, a Delaware corporation, (the “Contractor”), its successors and assigns, and provides for the following:

WHEREFORE:

Contractor now requests to negotiate and renegotiate the lease and conditions for the “Premises,” aka Site 081408 at 9100 Hamline Avenue North – which are the lands and tower providing cellular served now managed Contractor.

RECITALS:

- A. Contractor currently holds an agreement with the City to lease and operate equipment on the Premises.
- B. Contractor desires to explore options for the Premises, including, but not limited to, adding equipment or customers, renegotiating the lease terms, or purchasing the site.
- C. The City will expend resources to examine, investigate, and negotiate Contractor’s proposals.
- D. The City must collect cost escrows to cover costs and expenditures related to Contractor’s proposals.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

- 1. **Creation of Account.** There is hereby created and established with the City a special and separate account to be held by the City and designated in the name of the Contractor for the proposes of this Agreement and related applications tendered by the Contractor (the “Contractor Account”).
- 2. **Deposit to Account.** Concurrently with the execution and delivery of this Agreement, the Contractor hereby deposits with the City, and the City acknowledges receipt and deposit into the Contractor Account, a non-interest-bearing account, the sum of Ten Thousand and No/100 Dollars (\$10,000.00), together with such additional funds as may thereafter be added (collectively, the “Escrow Funds”).
- 3. **Replenishment of the Account.** The City may request the Contractor to deposit additional funds to replenish the Contractor Account as necessary. Failure to timely deposit such additional

funds shall constitute grounds for the City to suspend its processes, including but not limited to suspending application review, ordering development or construction activity on the Premises to cease, or terminating this Agreement.

4. Creation of Lien and Application of Escrow Funds. The Contractor is hereby granted an express lien on, and security interest in, the Contractor Account until such funds are used, applied, or returned in accordance with this Agreement. The principal of the Contractor Account is hereby pledged and assigned and shall be applied pursuant to applicable City ordinances and State and Federal laws and regulations for any purpose related to land use or for the benefit of the Premises.

5. Amendments to Agreement. This Agreement is made for the benefit of the City, the Contractor, and the related Premises, and it shall not be repealed, revoked, altered, or amended except by a written instrument executed by both the City and the Contractor.

6. Termination. This Agreement may be terminated upon thirty (30) days' written notice to all parties. Notwithstanding termination, the obligations and requirements of this Agreement shall survive. The City, in its sole discretion, may retain funds in the Contractor Account or require additional replenishment of funds for so long as the City reasonably deems necessary to cover potential costs related to this Agreement and its enforcement. Thereafter, any sums remaining in the Contractor Account shall be returned to the Contractor.

7. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, complaint, demand to be given to or filed with the following parties if the same is duly sent via email and first class mail to:

To the City at:

City of Lexington
City Administrator, Bill Petracek
9180 Lexington Ave NE
Lexington, Minnesota 55014
bill.petracek@cityoflexingtonmn.org

To the Contractor at:

American Tower Corporation
John Sullivan
10 Presidential Way
Woburn, MA 01801
john.sullivan@americantower.com

8. Successors and Assigns. All of the covenants, promises, and agreements in this Agreement contained by or on behalf of the City or Contractor shall be binding upon and inure to the benefit of their respective successors and assigns whether so expressed or not.

9. Governing Law. The applicable law of the State of Minnesota shall govern this Agreement.

10. Assumption Of The Risk. Contractor acknowledges that amended agreements, land use plans, governmental approvals, fees, or other costs associated with the Premises have not been fully approved by the City or other governmental agencies. Contractor further acknowledges and agrees that it assumes all risks, known and unknown, associated with expending money, time, and

effort to obtain new uses for the Premises, to develop the Premises, or to pursue other purposes related to this Agreement. Contractor understands that such approvals and decisions are beyond the Contractor's control. Contractor shall hold the City harmless from any increased costs related to current or future agreements, or to operations at or related to the Premises, resulting from decisions made by the City or other governmental agencies.

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IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above written.

FOR THE CITY OF LEXINGTON

By: _____
Michael Murphy, Mayor

Attest

By: _____
Bill Petracek, City Administrator

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IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above written.

FOR AMERICAN TOWER DELAWARE CORPORATION

By: Richard Digitally signed
by Richard
Palermo
Its: Palermo Date: 2026.05.06
15:20:02 -04'00'

Date: _____

Prepared By
Kurt B. Glaser, City Attorney
Berglund, Baumgartner, and Glaser, LLC
333 Washington Avenue
405 Union Plaza Building
Minneapolis, MN 55401
612-333-6513
KGlaser@BBG.law

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**JOINT POWERS AGREEMENT
BY AND BETWEEN
THE CITY OF LEXINGTON AND THE CITY OF BLAINE
RELATING TO THE CONNECTION OF WATER UTILITY SYSTEMS**

This Joint Powers Agreement (the “Agreement”) made and entered into this 4th day of May, 2026 (the “Effective Date”) by and between the City of Lexington, a Minnesota municipal corporation, (“Lexington”) and the City of Blaine, a Minnesota municipal corporation (“Blaine”); (individually the “party and collectively the “parties”).

Based on the representations, covenants and provisions hereafter contained, the parties do hereby agree as follows:

ARTICLE 1
RECITALS

- 1.1 Status of Parties.** Lexington and Blaine are municipal corporations under the laws of the State of Minnesota. The cities adjoin each other generally along the north, south and west borders of Lexington.
- 1.2 Cooperative Agreement.** Minnesota Statutes, Section 471.59, as amended (the “Joint Powers Act”), authorizes two or more governmental units, by agreement of their respective governing bodies, to jointly and cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they are exercised. Here, both the City of Lexington and the City of Blaine have the powers identified in this Agreement. Lexington and Blaine have chosen to enter into this cooperative service agreement, providing for the joint exercise of powers to provide water services as described in greater detail below.
- 1.3 Lexington and Blaine – Water Utility Systems.** Lexington and Blaine seek to resolve their mutual disputes regarding Water Utility Systems as between them. Per the decision of the Honorable Jenny Walker Jasper, Judge of District Court, Anoka County, Tenth Judicial Court, Findings of Fact, Conclusions of Law, and Order for Judgment, dated June 4, 2025 (Court File No. 02-CV-22-4769), among other legal rights set forth in the decision, Blaine has the right to separate, meter, and close the interconnection points between its Water Utility System and the Lexington Water Utility System. Lexington and Blaine seek to cooperate as neighboring cities and have determined that properties located within the City of Lexington would be more efficiently served by water produced and supplied by Blaine through the existing interconnection points. Lexington agrees and represents that water rates set as set forth below are reasonable and appropriate, noting that they are based on water rates charged to Blaine residents and that lower water rates would be unfair to Blaine and its residents resulting in those residents subsidizing Lexington and Lexington residents.
- 1.4 Public Relations and Communications.** Both parties agree to communicate professionally and respectfully to the public regarding this Agreement and their respective duties and responsibilities respecting the Agreement. As for the prior litigation between them, both

parties agree that the respectful and appropriate response is that the district court has decided and each city undertook the responsible action for its residents in agreeing to a Joint Powers Agreement.

- 1.5 Payment for Water Usage Pre-JPA.** Lexington and Blaine have agreed on an amount due for Lexington's past water usage in 2025 prior to the adoption of this JPA. The amount of water provided by Blaine to Lexington in 2025 will be calculated by taking the total amount of metered water usage by Lexington, based upon meter readings, minus the total amount of water pumped by Lexington's Well 15, based upon the well meter reading. This sum will be considered the amount of water provided by Blaine. The agreed amount due will be based upon 75% of the amount of water provided by Blaine billed at a rate of \$3.24 per 1,000 gallons. Upon adoption of the JPA by both parties, Blaine will invoice Lexington for the water usage amount due and Lexington shall pay the invoiced amount within 30 days of receipt of the invoice. Both parties agree that such payment and receipt of payment without limitation is in complete satisfaction of Lexington's past 2025 water usage payment obligation to Blaine. Lexington appreciates that Blaine waived any claim for interest, late fees, or any other costs or expenses.

For all water usage between January 1, 2026 and the adoption of the JPA, Lexington agrees to pay 101% of the total amount of metered water usage by Lexington, per the terms set forth in Section 8.2.

- 1.6 Agreement and Amendments.** Upon execution, this Joint Powers Agreement shall supersede and replace all existing municipal drinking water service agreements between Lexington and Blaine and all prior agreements shall be of no further force or effect.

ARTICLE 2 **DEFINITIONS**

Resident. Any property owner, resident or tenant of a residential dwelling, business or other building served by a Water Utility System.

Water Utility System. The infrastructure owned, operated and maintained by the city used to distribute and provide potable water to the city's Residents. Such infrastructure includes, but is not limited to, water mains, valves, hydrants, water treatment plants, well houses, wells, pumps, water towers, storage reservoirs, and SCADA systems.

ARTICLE 3 **TERM AND TERMINATION**

- 3.1 Term and Termination.** This Agreement shall remain in effect until December 31, 2031, upon which time the agreement will be terminated unless both parties agree, via resolutions passed by both City Councils, to renew this Agreement, including any amendments agreed to thereof. Either Party may terminate this Agreement at any time by delivering written notice of termination at least eighteen (18) months in advance of the termination date set forth in the written termination notice.

- 3.2 **Biannual Review.** The terms and conditions for this Agreement shall be subject to periodic review by the parties, at intervals of no less than twenty-four (24) months from the Effective Date. The purpose of the review is to assess the financial and operational performance of water distribution pursuant to this Agreement.

ARTICLE 4 USE OF MUNICIPAL WATER UTILITY SYSTEM

- 4.1 **Water Service - Use Permitted.** Blaine agrees to allow Lexington to purchase water from Blaine that will be supplied through the existing interconnections between the Blaine and Lexington municipal water systems per the conditions and stipulations outlined in this Agreement.
- a. *Interconnections* . Blaine agrees to allow the fifteen existing interconnections to remain open under the terms of this agreement. Blaine reserves the right to temporarily close interconnection points as needed to service or maintain the Blaine Water Utility System, for example in the event of a water main break. Neither Blaine nor Lexington will close an interconnection point without informing the other of the need to close the interconnection.
 - b. *Large Water User Notification.* Lexington shall notify Blaine in writing immediately when any application for development or building permit is received for any commercial, industrial or high-density residential property anticipated to use more than 5,000 gallons of water per day in the City of Lexington
 - c. *Servicing Properties Located in the Adjacent City.* Currently certain Lexington properties are connected to the Blaine Water Utility System and certain Blaine properties are connected to the Lexington Water Utility System. These properties will continue to be served by the respective city's Water Utility System and billed accordingly.
 - d. *Meters and Metering.* At its sole expense, Lexington is responsible for all water meters connected to the Lexington Water Utility System and their repair, maintenance, collection of meter data and replacement. All service connections shall be metered by and at the expense of Lexington. Lexington represents that there are no unmetered water service connections in the City of Lexington and each and every meter is less than twenty (20) total years in service. Every meter shall be replaced on or before the meter reaches 20 years of age. All meter replacements shall meet and comply with the current AWWA, ANSI, and NSF standards. Meters and/or radios/transmitters will be replaced within one (1) year of first failed reading and/or test. In its discretion, Blaine may at any time request the following testing. Within six months from the date of the request, Lexington at its expense will provide a test, dated less than 5 years from the date supplied to Blaine, of its large water users' meters by a third party to ensure accuracy and 5 percent of the other meters in the system for accuracy in accordance with AWWA standards. The results of the meter testing will be provided to Blaine within 60 days of the testing. Testing is not required for meters less than 10 years old.

- e. *Water Usage.* Lexington shall provide a water usage report to Blaine quarterly. Raw meter read data shall be provided to Blaine upon request.
- f. *Projects and Water Usage.* For any projects requiring water usage, such as street/road construction, repair, maintenance, or replacement projects, Lexington shall ensure that a water meter with appropriate backflow prevention protection is installed, maintained, and water usage data obtained and reported per this Agreement.
- g. *Water Leak Survey and Water Leaks.*
 - i. *Leak Survey.* Lexington shall perform a leak survey of its entire water system in compliance with AWWA standards at a minimum of every 3 years or more often if break history indicates possible system degradation or failures within Lexington's water system in whole or in part. Lexington shall provide the complete survey report to Blaine with 30 calendar days of its receipt by Lexington. If Lexington has not undertaken a leak survey of its entire system since 2023 to the present, then Lexington shall undertake and complete such a survey no later than December 31, 2026. Leaks found as a result of the survey shall be repaired within 30 calendar days.
 - ii. *Emergency Water Leaks or Breaks.* As long as water main leaks or breaks are repaired, controlled or mitigated and scheduled for repair within 24 hours from knowledge of or notification of the leak or break, Blaine will not charge Lexington for water usage due to the leak or break. Repairs shall be completed to AWWA standards.
- h. *Water Usage Maximum and Limitations.* The maximum water supply volume furnished in a calendar year by Blaine cannot and shall not exceed 68,000,000 (sixty-eight million) gallons unless otherwise agreed by Blaine staff in writing or email for the reasons stated in this paragraph. Lexington has the duty to take any and all measures to ensure compliance with this maximum limitation including but not limited to taking advance mitigation, water restrictions and rationing, and other measures. If the amount agreed upon herein is exceeded in a year, then the overage will be billed at one and a half times the normal rate.

Blaine will undertake reasonable measures and actions to provide water to Lexington per this Agreement. Blaine neither represents nor guarantees water quality/volume/pressure provided to Lexington. Notwithstanding anything to the contrary, Blaine's Residents have priority respecting Blaine's water supply, and, furthermore, in the event of diminished water supply due to an emergency; a drought; Blaine's water system breakdowns or need to repair, replace, or temporarily or permanently remove one or more of its wells for any reason; or for any reason causing Blaine to reduce water to Lexington, Blaine makes no guarantees as to amount of water its system can or will provide to Lexington at any time and may ration its water supply to Lexington from time to time without penalty of any kind.

- i. *Water Usage Restrictions.* Any restrictions or bans Blaine imposes on its Residents respecting water usage, including but not limited to sprinkler systems, watering of lawns, swimming pools or irrigation restrictions, Lexington shall impose and meet or exceed. For instance, solely within and at Blaine's discretion, lawn watering bans or restrictions may start, at minimum, when MN DNR Drought index indicates a moderate drought locally. Either Party may erect or install water restriction signs along bordering streets. Each city shall be required to enforce any water usage restrictions on its Residents.

ARTICLE 5 OWNERSHIP AND MAINTENANCE

5.1 Water Line System Ownership and Maintenance.

- a. *Lexington.* Subject to and except as provided in Subpart b below, Lexington will own all water lines within its boundaries. Lexington will be entirely responsible for operation, maintenance, repair, replacement and upgrades of the Lexington Water Utility System in the Lexington Water Utility System including but not limited to broken hydrants, leaking valves, and main breaks at Lexington's sole cost and expense. Lexington will undertake preventative maintenance including, but not limited to, hydrant flushing and valve turning in accordance with AWWA standards. Lexington shall ensure all State of Minnesota and Federal rules and regulations pertaining to potable water systems are complied with for the Water Utility System and all appurtenances connected to it.
- b. *Blaine.* Blaine owns and Lexington shall provide unrestricted access (over, above, under, and across) to and the right to operate, repair, maintain, or replace, in its sole discretion, the following infrastructure (16-inch watermain and other water system infrastructure) located in Lexington as identified in Exhibit A attached hereto. Pursuant to the terms, conditions, and needs of this Agreement, Lexington hereby grants Blaine a right-of-way permit free of charge. Blaine shall meet the other terms and conditions of Lexington's right-of-way regulations.
- c. *Blaine.* Blaine will own, operate, repair, maintain and replace all municipal water lines within its boundaries as it affects the area served under this Agreement and keep same in good working order at Blaine's sole cost and expense.
- d. *Legal Requirements, Regulations, and Reports.* Each city is responsible for their own Water Utility System, including but not limited to regulatory requirements and reports/data requirements, water supply plans and updates, testing, monitoring, remediation or mitigation needs, etc., and shall cooperate with the partner cities, Minnesota Department of Natural Resources, and Minnesota Department of Health in providing access for repair, maintenance, and regulator compliance.

- 5.2 Review by Blaine City Engineer/Director of Engineering. At Blaine's own expense, the Blaine City Engineer/Director of Engineering or any duly authorized representative of the city shall be permitted to inspect the construction, operation, and records of the Lexington Water Utility System at any reasonable times to determine compliance with this Agreement.

**ARTICLE 6
WELL 15 AND WATER TOWER**

- 6.1 Well 15.** Lexington agrees to not run Well 15 except in an emergency. The Well 15 valve shall be off and locked. Well 15 shall be connected to the Blaine SCADA system, at Lexington's cost, to show status (on/off), until abandoned and sealed in accordance with all regulatory requirements. Lexington acknowledges it retains all responsibilities, including regulatory and financial, without limitation for Well 15.
- a. *Emergency Use.* Lexington must notify Blaine 14 days in advance of Lexington's plans to use Well 15. In the event of an emergency requiring Lexington's immediate unanticipated use of Well 15, then Lexington shall immediately notify Blaine that Well 15 is turned on or planned to be turned on. Lexington shall be responsible for all notifications to all regulatory organizations and customers at no expense to Blaine.
 - b. *Park Irrigation.* Prior to using Well 15 for irrigation or other non-potable water uses, Lexington shall obtain written approval from the Minnesota Department of Health and the Minnesota Department of Natural Resources and provide true and correct copies of those approvals to Blaine. If Lexington utilizes Well 15 for irrigation or other non-potable uses, then Well 15 shall be physically separated from Lexington's Water Utility System.
- 6.2 Water Tower.** Lexington Water Tower shall remain offline and Well 15 shall be in a locked valved off status from the water supply system, and any Well 15 expenses related to upkeep or removal shall be borne by Lexington.

**ARTICLE 7
COMMUNICATIONS AND NOTIFICATIONS**

- 7.1 Lexington Resident Communications.** Lexington shall handle all Lexington Resident communications.
- a. Lexington shall communicate the pertinent details of this JPA to its residents, including the pricing structure and complaints and notification details.
 - b. *Complaints.* Lexington is responsible for investigating Lexington Resident complaints (e.g., discolored water, low pressure, water quality, leaks, etc.). If Lexington determines or believes the issue is with the Blaine water system or water coming from Blaine, then Lexington shall contact Blaine providing information/data in support. Lexington and Blaine will work cooperatively with each other to resolve the issue.
 - c. *Water Tests.* Blaine will provide water test data of Blaine's water supply as needed or when requested to Lexington for annual Consumer Confidence Reports or any other water reporting requirements; water testing will be done from Blaine's Water Utility System. Blaine is not responsible for undertaking any water testing or sampling from the Lexington Water Utility System. Any required or desired testing of the water within the Lexington water system is solely the responsibility of Lexington at its own expense.

Lexington will facilitate access for testing for Blaine if needed to perform routine testing or mandated testing.

- d. *Notifications.* Blaine will notify Lexington of any material issues with the Blaine water system that may substantially impact Lexington's water supply including those that may require Resident notification such as a boil alert. Lexington, however, shall be responsible for all Lexington Resident notifications, such as the creating and transmitting of any alert or the annual Consumer Confidence Report. Except for emergencies, Lexington and Blaine will work cooperatively on the notification prior to Lexington mailing, sending, posting, or communicating the notifications in any manner to Lexington Residents. Notwithstanding anything to the contrary, each city is responsible, at its own expense, for their own water supply plans, other regulatory reports, studies, testing, and data requirements, relating to their respective municipal water supply system.

ARTICLE 8 PAYMENT AND INVOICING

8.1 Lexington Resident Invoicing. Lexington shall directly bill the Residents served by the Lexington Water Utility System based on the rates Lexington sets for its Residents.

8.2 Blaine Invoicing and Lexington Payment.

- a. *Base Rate for Water Charged to Lexington.* Effective January 1, 2026, for the water provided to Lexington by Blaine under this Agreement, Lexington agrees to pay one-hundred and one percent (101%) of the lowest tier base residential rate that Blaine charges its Residents for that calendar year. For 2026, this rate is \$3.86 per 1,000 gallons. The additional one percent is a nominal amount that reflects this extension of the City of Blaine's services to an adjacent municipal city and its residents; in furtherance of this aim neither city is subsidizing the other city.
- b. *Base Rate.* Blaine will provide Lexington the base rate that will be charged to Lexington for the next year on or before December 31st of the previous year. Blaine's base rate will be based on any and all fees, user rates, connection charges, or service charges consistent with those paid by Residents of the city of Blaine. Blaine agrees that all fees charged for any connection to the water system provided for under this Agreement shall not exceed those fees charged for a comparable customer in the City of Blaine, except for any fees and expenses unique to and attributable to providing water services to Lexington. Lexington's billing of its Residents shall cover the base rate set by Blaine.
- c. *Water Usage and Payment.* Lexington shall report total water usage and issue payment concurrently to Blaine on the following schedule: by April 30 (1/1 to 3/31 water usage); by July 31 (4/1 to 6/30 water usage); by October 31 (7/1 to 9/30 water usage); and by January 31, (10/1 to 12/31 water usage, previous year).
- d. *Invoicing and Payment.* Blaine will invoice Lexington quarterly based on the reported total water usage, plus a two percent (2%) administration fee. Lexington shall pay the

invoice in full within thirty-five (35) days from the date of the invoice. As permitted under Minnesota Statutes Section 471.425 (Prompt Payment of Local Government Bills, for each and every past due invoice, interest shall be applied, effective the date of the invoice, at the rate of 1-1/2 percent per month or part of a month, compounded monthly, until paid in full.

8.3 No Subsidy. Both parties to this Agreement agree that implementation of this Agreement should never create a situation in which the citizens of Blaine are effectively subsidizing the service being provided to the City of Lexington.

8.4 Payment Due Date. All payments to be made under this Agreement between Lexington and Blaine unless otherwise specified shall be billed quarterly and paid within thirty-five (35) days after the bill date. If either party disputes the amount or propriety of any charges, then the disputing party shall pay all charges, which are not in dispute, in full and shall fully describe the nature of the dispute with respect to the balance of the charge.

ARTICLE 9 EVENTS OF DEFAULT AND REMEDIES

9.1 Events of Default.

- a. *Events of Default Defined.* The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in the Agreement, any one or more of the following events:
 1. Subject to unavoidable delays, failure by Lexington to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement and failure to do so, individually, shall and may constitute a separate Event of Default.
 2. Failure of Lexington to pay any monetary obligation required by this Agreement.
- b. *Remedies on Default.* Whenever any Event of Default occurs, unless expressly provided otherwise in this Agreement or there is an emergency or in the reasonable judgment of Blaine immediate action or action less than 30 days is required, then Blaine shall provide a written notice of default to Lexington and in the event Lexington fails to cure within thirty (30) days of said notice of default then Blaine may undertake any one or more of the following:
 1. Blaine may suspend its performance under this Agreement until it receives assurances from the Lexington, deemed adequate by Blaine in its sole discretion, that Lexington will cure its default and continue its performance under the Development Agreement. Suspension of performance includes the right to reduce the supply of, or totally cease supplying, water to Lexington. Except if an emergency requires such immediate action, subject to a 60-day written notification, Blaine may close, sever, or disconnect the interconnects.

2. Blaine may initiate such action, including legal, equitable or administrative action, as is necessary for Blaine to secure performance of any provision of this Agreement or recover any amounts due under this Agreement from Lexington.
- c. *Enforcement by Blaine.* Lexington acknowledges the right of Blaine to enforce the terms of this Agreement against Lexington, by action for specific performance or damages, or both, and by any other legally authorized means. Lexington also acknowledges that its failure to perform any or all of its obligations under this Agreement may result in substantial damages to the Blaine; that in the event of default by Lexington that remains uncured after lapse of any cure period, if applicable, given to Lexington in the notice of default to cure a default and the time frames set forth in this Agreement to cure a default, Blaine may commence legal action to recover all damages, losses and expenses sustained by Blaine; and that such expenses may include, but are not limited to Blaine's staff time and expense as well as the reasonable fees of legal counsel employed with respect to the enforcement of this Agreement.
- d. *No Remedies Exclusive.* No remedy in this Agreement conferred upon or reserved to Blaine is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.
- e. *No Additional Implied Waiver.* In the event any provision contained in this Agreement is breached by any party and thereafter waived in writing by any other party, such waiver shall be limited to the expressed breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE 10

INDEMNIFICATION; TORT CAP LIMITATIONS; IMMUNITY; AND INSURANCE

- 10.1 **Indemnification.** Each party to this Agreement shall be liable for its own acts and its officers, employees, or agents and the results thereof to the extent authorized by law and shall not be responsible for the acts of any other party, its officers, employees or agents. Each party hereby agrees to indemnify, defend and hold harmless any other party, its officers and employees against any and all liability, loss, costs, damages, expenses, claims, or actions, including attorney's fees that any other party, its officers and employees may hereafter sustain, incur or be required to pay, arising out of or by reason of any act or omission of the party, its agents, servants or employees, in the execution, performance, or failure to adequately perform its obligations pursuant to this Agreement.
- 10.2 **No Waiver of Governmental Immunity or Limitations on Liability Protections.** Nothing in this Agreement shall in any way affect or impair either city's immunity or the immunity of either city's employees, consultants and contractors, whether on account of official immunity,

legislative immunity, statutory immunity, discretionary immunity or otherwise. Under no circumstances, however, shall a party be required to pay on behalf of itself and the other party any amounts in excess of the limits on liability established in Minnesota Statutes, Chapter 466 applicable to any one party. The limits of liability for both parties may not be added together to determine the maximum amount of liability for either party. The intent of this paragraph is to impose on each party a limited duty to defend and indemnify each other subject to the limits of liability under Minnesota Statutes, Chapter 466. The purpose of creating this duty to defend and indemnify is to simplify the defense of claims by eliminating conflicts among the parties and to permit liability claims against both parties from a single occurrence to be defended by a single attorney. By entering into this Agreement, neither city waives any rights, protections, or limitations as provided under law and equity or of their respective employees, consultants and contractors.

10.3 No Third-Party Benefit. Other than as explicitly stated in this Agreement, the obligations, covenants, representations, and agreements of hereunder are for the exclusive benefit of the City of Lexington and the City of Blaine and shall not be construed to create rights or convey benefits to any party or other third party not a party to this Agreement.

10.4 Insurance. Each party agrees to maintain insurance in an amount consistent with Minnesota Statutes, Chapter 466. Each party will maintain workers' compensation insurance or self-insurance coverage, covering its own personnel while they are providing any services pursuant to this Agreement. Each party waives the right to sue any other party for any workers' compensation benefits paid to its own employee or volunteer or their dependents, even if the injuries were caused wholly or partially by the negligence of any other party or its officers, employees, or volunteers.

ARTICLE 11 **GENERAL PROVISIONS**

11.1 Communication.

- a. *Gopher One.* Lexington will respond to and be responsible for Gopher One locates for the Lexington Water Utility system owned by Lexington. Blaine will respond to and be responsible for Gopher One locates for the Blaine public utilities located within Lexington as noted on **Exhibit A**.
- b. *Communications/Notices to Residents.* Except as expressly permitted above, Blaine shall not provide direct communication with the Lexington Residents.

11.2 Ordinances; Rules and Regulations. All parties shall comply with applicable State of Minnesota rules and regulations, most particularly those imposed by the Minnesota Department of Health and Minnesota Department of Natural Resources.

11.3 Governing Law, Interpretation, Jurisdiction and Venue. This Agreement shall be construed and interpreted according to the laws of the State of Minnesota and interpreted and applied per the decision of Honorable Jenny Walker Jasper, Judge of District Court, Anoka County, Tenth Judicial Court, Findings of Fact, Conclusions of Law, and Order for Judgment,

dated June 4, 2025 (Court File No. 02-CV-22-4769). Any and all disputes, claim, or lawsuit shall be venued in Anoka County, State of Minnesota.

- 11.4 **Notices.** Except for breach claims or notice of lawsuits, which shall be by certified notice to the City Administrator at the following addresses, all notices or communications required or permitted pursuant to this Agreement shall be either hand delivered or mailed to Lexington and Blaine both from and to the following individuals at the following address (emails are also acceptable if the recipient replies):

Lexington: Attention:

 City Administrator
 9180 Lexington Avenue North
 Lexington, MN 55014

Blaine: Attention:

 City Manager
 10801 Town Squire Drive NE
 Blaine, MN 55449

and

 Director of Public Works
 10801 Town Squire Drive NE
 Blaine, MN 55449

Either party may change its address or authorized representative by providing written notice delivered to the other party.

- 11.5 **Counterparts.** This Agreement may be executed more than one counterpart, each of which shall be deemed to be an original but all of which taken together shall be deemed a single instrument.

- 11.6 **Survival of Representations and Warranties.** The representations, warranties, covenants and agreements of the parties under this Agreement, and the remedies of either party for the breach of such representations, warranties, covenants and agreements by the other party shall survive the execution and termination of this Agreement.

- 11.7 **Dispute Resolution.** Lexington and Blaine agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice of dispute prior to proceeding to formal dispute resolution or exercising their rights under law. Any claims or disputes unresolved after good faith negotiations shall first be submitted to mediation utilizing the Minnesota District Court Rule 114 Roster. Following mediation, neither party is prohibited from pursuing unresolved disputes in the District Court in Anoka County, Minnesota, including all rights of appeal.

- 11.8 Government Data Practices.** The parties agree to comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13.
- 11.9 Records—Availability and Retention.** Pursuant to Minn. Stat. § 16C.05, subd. 5, the parties agree that any party, the State Auditor, or any of their duly authorized representatives at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of the Water Utility System and involve transactions relating to this Agreement.
- 11.10 Severability.** The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause or phrase of this Agreement is for any reason held to be contrary to law, or contrary to any rule or regulation having the force and effect of law, such decision shall not affect the remaining portions of this Agreement.
- 11.11 City Staff Authorization.** To the fullest extent authorized by law, each of the party's staff are authorized to undertake any and all decisions and actions to facilitate and undertake the duties and responsibilities of this Agreement. The officials identified in section 10.4 above or their respective designees are authorized to enter into amendments, revisions, resolve minor issues, coordinate opportunities, or revise the geographical areas pertaining to the operation and maintenance of the sanitary sewer and water mains in the areas depicted in **Exhibit A**.
- 11.12 Amendments.** Except for extending the term beyond renewals as set forth in Article 3 or material changes in joint powers clearly requiring approval by each party's City Councils, this Agreement may be amended by the Lexington City Engineer, the Blaine City Engineer/Director of Engineering or Director of Public Works (or the identical or similar positions if later retitled or revised), if reduced to writing, dated, and signed by the duly authorized representative of each party. To be effective, the amendment must be signed by both parties, attached to this Agreement, and transmitted to both the Lexington City Clerk and the Blaine City Clerk.

EXHIBIT LIST


Exhibit A

IN WITNESS WHEREOF, the parties have executed this Agreement the date and year first set forth above.

CITY OF LEXINGTON

CITY OF BLAINE

By: _____
Mike Murphy
Its Mayor

By: 

Tim Sanders
Its Mayor


Attest: _____
Bill Petracek
Its City Administrator

By: 

Erik Thorvig
Its City Manager

Approved as to Form:

By: _____
City Attorney

By: 

City Attorney

Date: _____

Date: July 5, 2026

STATE OF MINNESOTA)
) ss.
COUNTY OF ANOKA)

On this ____ day of _____ 2026, before me a Notary Public within and for said County, personally appeared _____ to me personally known, who being each by me duly sworn, each did say that they are respectively the Mayor and City Clerk of the City of Lexington the municipality named in the foregoing instrument, and that the seal affixed to said instrument was signed and sealed on behalf of said municipality by authority of its City Council and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said municipality.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF ANOKA)

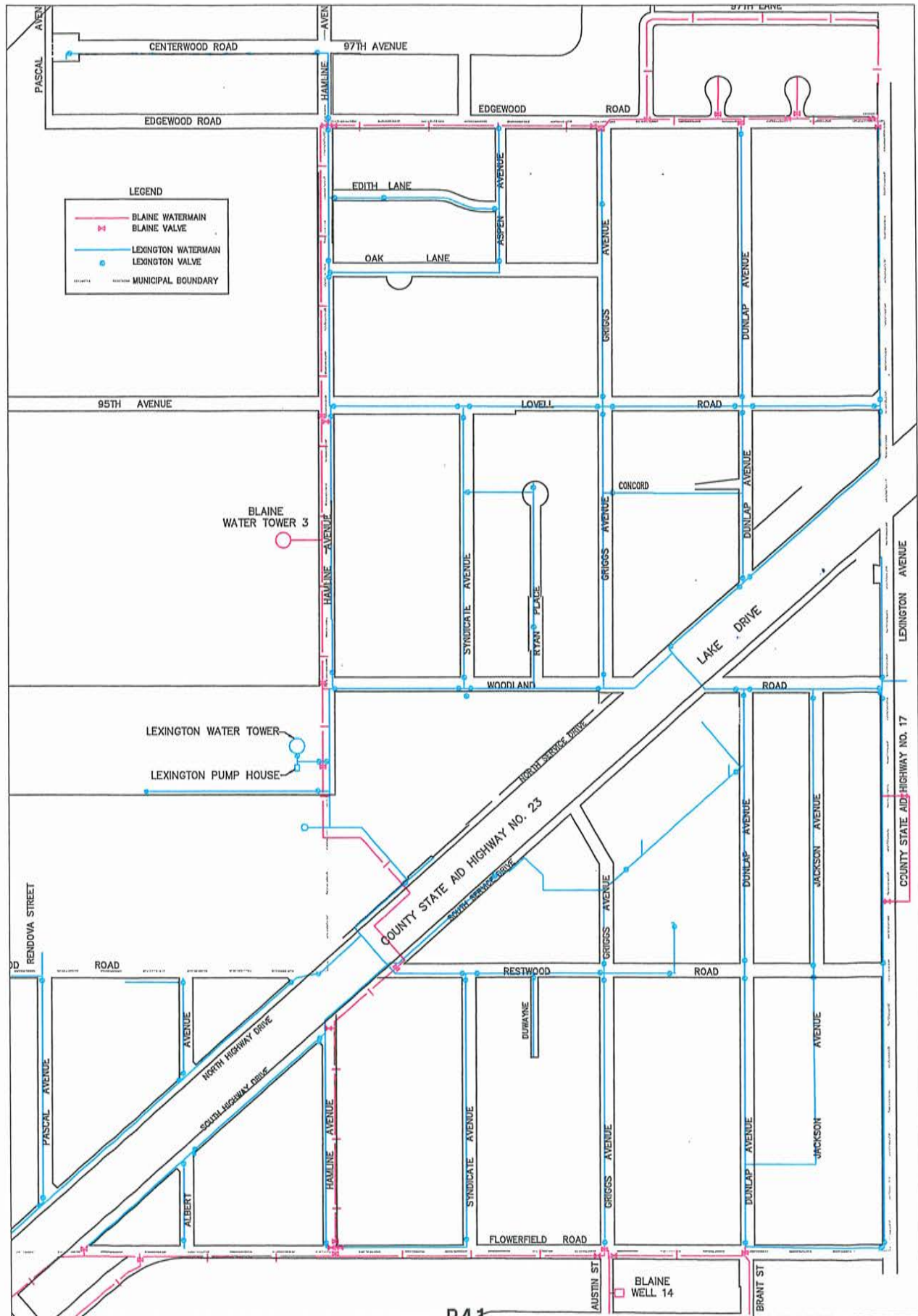
On this 4th day of May 2026, before me a Notary Public within and for said County, personally appeared Tim Sanders and Erik Thorvig to me personally known, who being each by me duly sworn, each did say that they are respectively the Mayor and City Manager of the City of Blaine, the municipality named in the foregoing instrument, and that the seal affixed to said instrument was signed and sealed on behalf of said municipality by authority of its City Council and said Mayor and City Manager acknowledged said instrument to be the free act and deed of said municipality.

Lisa Hogstad-Osterhues
Notary Public

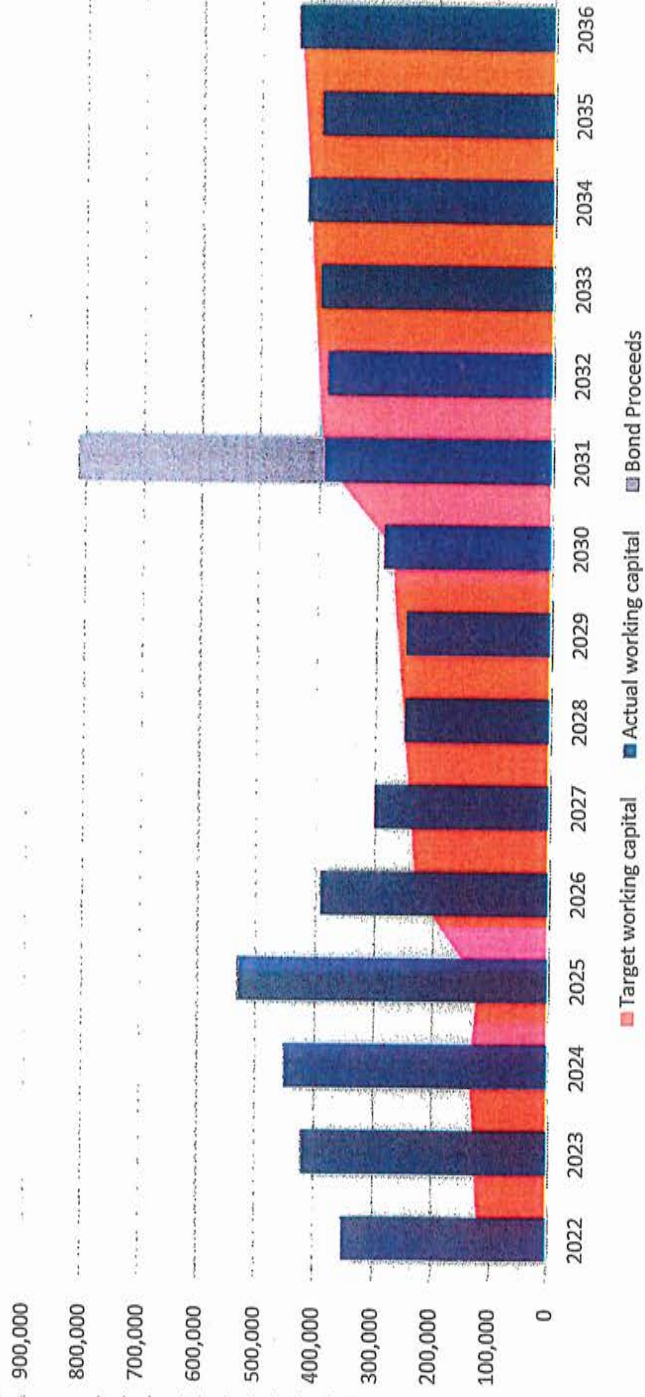


JPA EXHIBIT A

BLAINE AND LEXINGTON INTERCONNECTS AREA WATERMAIN AND VALVE OWNERSHIP MAP



Water Fund Capital Reserves



City of Lexington, MN
Sanitary Sewer System
 Capital Improvement Program

Projects	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
CAPITAL EQUIPMENT											
Lift Station Controls (4 Stations)			40,000								
Lift Station Pumps, Upgrades (2 Stations)											80,000
PROJECTS											
Future Capital (Placeholder)					30,000		30,000		30,000		
Actual CIP (2025 Dollars)	0	0	40,000	0	30,000	0	30,000	0	30,000	0	80,000
Percent Inflation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Inflated Project Costs	0	0	42,436	0	33,765	0	35,822	0	38,003	0	107,513
Projected Bonding Amounts											
Projected MN PFA Loan Amounts											
2025											



City of Lexington, MN
 Utility Rate Study
 Base Model

Description	Actual		Projected												
	2022	2023	2024	Budget 2025	Budget 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1 Rates Inflation						0.00%	0.00%	0.00%	5.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
2 Revenue growth assumption - non-usage						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
3 Investment income yield						1.00%	1.40%	1.60%	1.80%	2.20%	2.40%	2.60%	2.80%	2.80%	3.00%
4 Expense growth - general and administrative						3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
5 Expense growth - contractual						3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
6 Expense growth - non personnel						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
7 BEGINNING NET ASSETS	1,410,017	1,379,146	1,359,165	1,366,998	1,280,420	1,169,826	1,051,878	925,757	790,539	660,112	534,397	429,817	346,692	285,270	271,827
Operating Revenues															
8 Water charges															
9 Sewer charges															
10 Other operating revenues	269,718	289,003	337,479	297,502	293,983	293,983	293,983	293,983	309,282	323,296	354,826	369,508	427,659	469,625	515,767
11 Revenue due to growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Total Operating Revenues	269,718	289,003	337,479	297,502	293,983	293,983	293,983	293,983	309,282	323,296	354,826	369,508	427,659	469,625	515,767
Operating Expenses															
13 Personnel services	77,954	82,117	84,541	92,979	97,813	100,747	103,770	106,883	110,069	113,392	116,794	120,298	123,907	127,524	131,452
14 Additional Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Repairs and maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Supplies	2,868	2,799	2,663	5,023	4,215	4,289	4,385	4,473	4,562	4,654	4,747	4,842	4,939	5,037	5,138
17 Other services and charges	179,171	210,594	291,960	287,399	259,601	284,788	270,088	275,461	281,000	286,620	292,353	298,200	304,164	310,247	316,452
18 Depreciation	48,497	56,041	57,800	57,800	51,481	52,542	52,542	53,366	54,262	55,232	56,262	57,332	58,442	59,592	60,782
19 Total Operating Expenses	308,480	351,551	376,984	393,201	415,110	422,382	430,765	440,233	449,038	458,948	468,176	478,571	489,241	500,828	510,963
20 Net Operations	(38,772)	(63,548)	(39,405)	(95,699)	(119,127)	(128,399)	(136,803)	(146,250)	(149,756)	(135,652)	(113,350)	(89,063)	(60,582)	(31,203)	4,825
Non operating revenues (expenses)															
21 Interest income	6,495	50,108	53,864	10,700	9,850	10,451	10,683	11,031	10,330	9,937	8,571	8,138	7,160	7,761	6,125
22 Special Assessments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Intergovernmental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Miscellaneous Revenue	24	0	25	0	0	0	0	0	0	0	0	0	0	0	0
25 Capital Contributions	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26 Gain on Sale of Capital Assets	8,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27 Existing interest and other expenses	(6,216)	(6,541)	(4,571)	(3,379)	(1,316)	0	0	0	0	0	0	0	0	0	0
28 Transfers in	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29 Transfers out	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 Transfer out - Water Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31 Total non operating revenue (expenses)	7,901	43,567	49,318	7,321	8,534	10,451	10,683	11,031	10,330	9,937	8,571	8,138	7,160	7,761	6,125
32- ENDING NET ASSETS	1,379,146	1,359,165	1,366,998	1,280,420	1,169,826	1,051,878	925,757	790,539	660,112	534,397	429,817	346,692	285,270	271,827	271,827

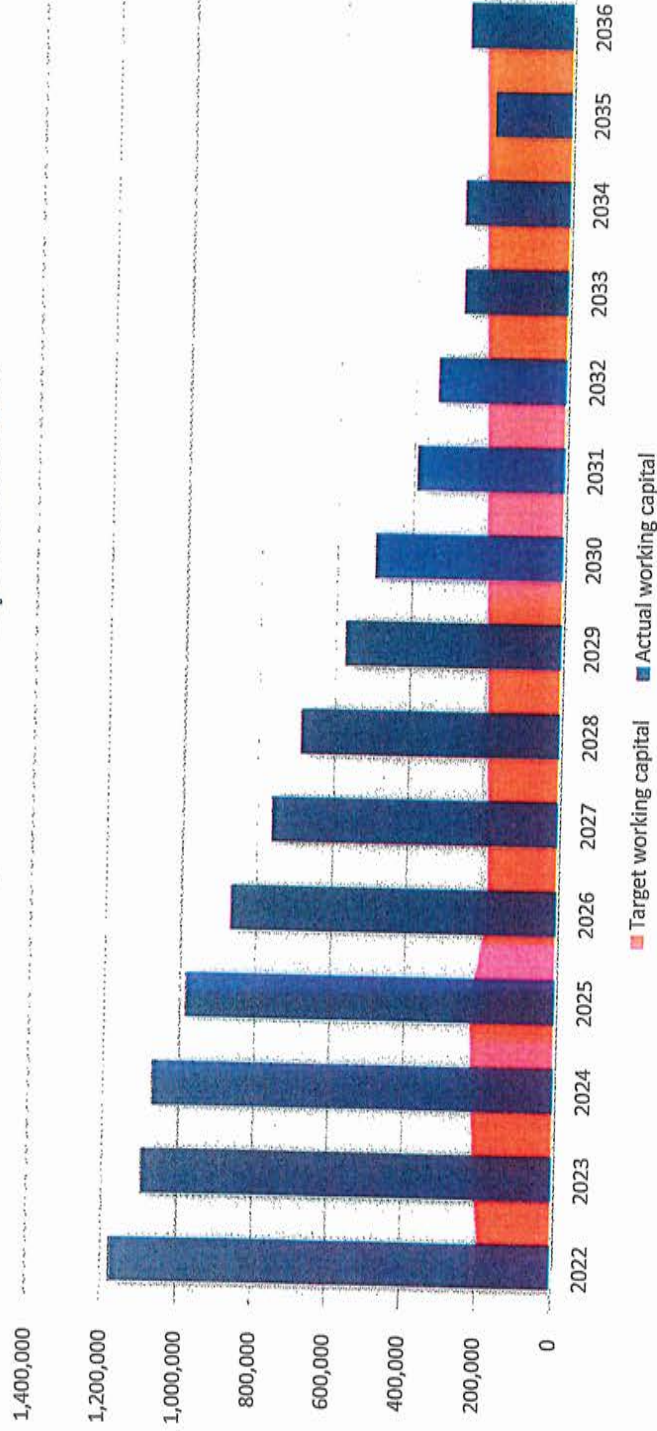


City of Lexington, MN
 Utility Rate Study
 Base Model

Description	Actual			Projected											
	2022	2023	2024	Budget 2025	Budget 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
CIP Funding															
33 Acquisition of capital assets															
34 Bond proceeds															
35 Bond P&I - future years															
36 Bond P&I - future years															
37 Bond P&I - future years															
38 Bond P&I - future years															
39 Bond P&I - future years															
40 Bond P&I - future years															
41 Bond P&I - future years															
42 Bond P&I - future years															
43 Bond P&I - future years															
44 Bond P&I - future years															
45 Bond Prin - existing															
46 BEGINNING CASH	1,294,312	1,179,151	1,096,294	1,070,775	984,997	870,884	763,042	689,463	573,866	496,825	389,570	339,072	275,376	277,186	204,150
47 Add net operations (line 20)	(38,772)	(63,548)	(39,485)	(95,869)	(119,127)	(128,369)	(136,803)	(146,250)	(140,756)	(135,632)	(113,350)	(89,063)	(60,582)	(31,203)	4,825
48 Add back depreciation (line 18)	48,497	56,041	57,800	57,800	51,481	52,542	52,542	53,366	53,366	54,282	54,282	55,232	55,232	57,920	57,920
49 Add net non operating (line 31)	7,901	43,667	49,318	7,321	8,584	10,451	10,663	11,031	10,330	9,937	8,571	8,138	7,160	7,781	6,125
50 Add capital and bond (lines 33 - 44)	(125,194)	(118,793)	(74,057)	(55,000)	(55,000)	(42,436)	0	(33,765)	0	(35,822)	0	(38,003)	0	(107,513)	0
51 Net change in balance sheet items	(7,693)	(124)	(19,095)	(55,000)	(55,000)	(42,436)	0	(33,765)	0	(35,822)	0	(38,003)	0	(107,513)	0
52 ENDING CASH	1,179,151	1,096,294	1,070,775	984,997	870,884	763,042	689,463	573,866	496,825	389,570	339,072	275,376	277,186	204,150	273,019
53 Target minimum working capital	186,538	207,326	217,361	224,017	180,815	184,920	189,122	193,423	197,826	202,353	206,947	211,670	216,505	221,454	226,521
54 Actual working capital-cash balance	1,179,151	1,096,294	1,070,775	984,997	870,884	763,042	689,463	573,866	496,825	389,570	339,072	275,376	277,186	204,150	273,019
55 Over (Under) target working capital	992,614	888,968	852,614	760,980	690,070	578,122	500,341	380,443	298,999	187,237	132,126	63,706	60,681	(17,300)	(46,498)



Sanitary Sewer Fund Capital Reserves



		PROPOSED QUARTERLY RATES										
		Existing 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Percentage Increase			17.50%	17.50%	17.50%	12.00%	12.00%	5.00%	5.00%	3.50%	3.50%	3.50%
Base Rates												
Quarterly Base Fee		21.30	25.03	29.41	34.55	38.70	43.34	45.51	47.79	49.46	51.19	52.98
Water Test Fee		3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81
Usage Rates												
All Users												
0-15,000 gallons		3.46	4.07	4.78	5.61	6.29	7.04	7.39	7.76	8.03	8.32	8.61
15,001-30,000 gallons		4.28	5.03	5.91	6.94	7.78	8.71	9.14	9.60	9.94	10.29	10.65
30,001-40,000 gallons		5.72	6.72	7.90	9.28	10.39	11.64	12.22	12.83	13.28	13.75	14.23
Over 40,000 gallons		7.92	9.31	10.93	12.85	14.39	16.12	16.92	17.77	18.39	19.03	19.70



		Quarterly Wastewater Rates											
		PROPOSED QUARTERLY RATES											
Existing		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Percentage Increase			0.00%	0.00%	0.00%	5.00%	5.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
Fiat Rates													
Residential													
Base Fee	13.67	13.67	13.67	13.67	13.67	14.35	15.07	16.58	18.24	20.06	22.07	24.27	
Senior Per Quarter	37.68	37.68	37.68	37.68	37.68	39.56	41.54	45.70	50.27	55.29	60.82	66.90	
Sewer Only	62.57	62.57	62.57	62.57	62.57	65.70	68.98	75.88	83.47	91.82	101.00	111.10	
Usage Rates													
All Users	3.88	3.88	3.88	3.88	3.88	4.07	4.28	4.71	5.18	5.68	6.26	6.89	
Tier 1													

Impact Analysis on Rate Payers

	PROPOSED QUARTERLY UTILITY BILLS											
	Existing 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Residential Property												
Water (12,000 gallons/quarter)	\$ 66.63	\$ 77.62	\$ 90.54	\$ 105.72	\$ 117.95	\$ 131.64	\$ 138.04	\$ 144.75	\$ 149.68	\$ 154.79	\$ 160.07	
Sewer (12,000 gallons/quarter)	60.23	60.23	60.23	60.23	63.24	66.40	73.04	80.35	88.38	97.22	106.94	
Storm Water	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	
Total Quarterly Utility Bill	\$ 148.71	\$ 159.70	\$ 172.62	\$ 187.80	\$ 203.04	\$ 213.89	\$ 232.93	\$ 246.95	\$ 259.91	\$ 273.86	\$ 286.86	
\$ Increase/(Decrease)		10.99	12.92	15.18	15.24	16.85	13.04	14.02	12.96	13.85	18.00	
% Increase/(Decrease)		7.4%	8.1%	8.8%	8.1%	8.3%	5.9%	6.0%	5.2%	5.4%	5.5%	

	PROPOSED QUARTERLY UTILITY BILLS											
	Existing 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Commercial Property												
Water (34,000 gallons/quarter)	\$ 164.09	\$ 192.14	\$ 225.10	\$ 263.82	\$ 295.02	\$ 329.97	\$ 346.28	\$ 363.40	\$ 375.99	\$ 389.01	\$ 402.49	
Sewer (34,000 gallons/quarter)	145.59	145.59	145.59	145.59	152.97	160.51	176.56	194.22	213.64	235.01	258.51	
Storm Water	43.70	43.70	43.70	43.70	43.70	43.70	43.70	43.70	43.70	43.70	43.70	
Total Quarterly Utility Bill	\$ 353.38	\$ 381.43	\$ 414.39	\$ 453.11	\$ 491.59	\$ 534.18	\$ 566.54	\$ 601.32	\$ 633.33	\$ 667.72	\$ 704.70	
\$ Increase/(Decrease)		28.05	32.96	38.72	38.48	42.59	32.36	34.78	32.01	34.39	36.98	
% Increase/(Decrease)		7.9%	8.6%	9.3%	8.5%	8.7%	6.1%	6.1%	5.3%	5.4%	5.5%	



Impact Analysis on Rate Payers

Existing 2026	PROPOSED QUARTERLY UTILITY BILLS										
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Mayor Michael Murphy											
Water (17,000 gallons/quarter)	\$ 85.57	\$ 98.88	\$ 116.69	\$ 136.44	\$ 152.36	\$ 170.19	\$ 178.50	\$ 187.24	\$ 193.66	\$ 200.30	\$ 207.18
Sewer (17,000 gallons/quarter)	79.63	79.63	79.63	79.63	83.61	87.79	96.57	106.23	116.85	128.54	141.39
Storm Water	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85
Total Quarterly Utility Bill	\$ 187.05	\$ 201.36	\$ 218.17	\$ 237.92	\$ 257.82	\$ 279.83	\$ 296.92	\$ 315.32	\$ 332.36	\$ 350.69	\$ 370.42
\$ Increase/(Decrease)		14.31	16.81	19.75	19.90	22.01	17.09	16.40	17.04	18.33	19.73
% Increase/(Decrease)		7.7%	8.3%	8.1%	8.4%	8.5%	6.1%	6.2%	5.4%	5.5%	5.6%

Existing 2026	PROPOSED QUARTERLY UTILITY BILLS										
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Councilmember Barbara Mahr											
Water (4,000 gallons/quarter)	\$ 38.95	\$ 45.10	\$ 52.33	\$ 60.81	\$ 67.66	\$ 75.31	\$ 78.89	\$ 82.65	\$ 85.41	\$ 88.26	\$ 91.22
Sewer (4,000 gallons/quarter)	29.19	29.19	29.19	29.19	30.65	32.18	35.40	38.94	42.83	47.12	51.83
Storm Water	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85
Total Quarterly Utility Bill	\$ 89.99	\$ 96.14	\$ 103.37	\$ 111.85	\$ 120.16	\$ 129.34	\$ 136.14	\$ 143.44	\$ 150.09	\$ 157.23	\$ 164.90
\$ Increase/(Decrease)		6.15	7.23	8.49	8.31	8.16	6.80	7.30	6.65	7.14	7.87
% Increase/(Decrease)		6.8%	7.5%	8.2%	7.4%	7.8%	5.3%	5.4%	4.6%	4.8%	4.9%

Existing 2026	PROPOSED QUARTERLY UTILITY BILLS										
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Councilmember Jill Hunt											
Water (12,000 gallons/quarter)	\$ 66.63	\$ 77.63	\$ 90.54	\$ 105.72	\$ 117.95	\$ 131.64	\$ 138.03	\$ 144.75	\$ 149.68	\$ 154.79	\$ 160.07
Sewer (12,000 gallons/quarter)	60.23	60.23	60.23	60.23	63.24	66.40	73.04	80.35	88.38	97.22	106.94
Storm Water	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85
Total Quarterly Utility Bill	\$ 148.71	\$ 159.71	\$ 172.62	\$ 187.80	\$ 203.04	\$ 219.89	\$ 232.92	\$ 246.95	\$ 259.91	\$ 273.86	\$ 288.86
\$ Increase/(Decrease)		11.00	12.91	15.19	15.24	16.85	13.03	14.03	12.96	13.95	15.00
% Increase/(Decrease)		7.4%	8.1%	8.8%	8.1%	8.3%	5.9%	6.0%	5.2%	5.4%	5.5%

Existing 2026	PROPOSED QUARTERLY UTILITY BILLS										
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Councilmember Brandon Winge											
Water (10,000 gallons/quarter)	\$ 59.71	\$ 69.50	\$ 80.99	\$ 94.49	\$ 105.37	\$ 117.66	\$ 123.25	\$ 129.23	\$ 133.61	\$ 138.15	\$ 142.85
Sewer (10,000 gallons/quarter)	52.47	52.47	52.47	52.47	55.09	57.85	63.63	70.00	77.00	84.70	93.17
Storm Water	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85	21.85
Total Quarterly Utility Bill	\$ 134.03	\$ 143.82	\$ 155.31	\$ 168.81	\$ 182.31	\$ 197.26	\$ 208.73	\$ 221.08	\$ 232.46	\$ 244.70	\$ 257.87
\$ Increase/(Decrease)		9.79	11.49	13.51	13.50	14.95	11.47	12.35	11.38	12.24	13.17
% Increase/(Decrease)		7.3%	8.0%	8.7%	8.0%	8.2%	5.8%	5.9%	5.1%	5.3%	5.4%



Rate Option Differences in Dollars

	Proposed 2027		Difference from existing 2026		Difference from proposed 2027		Difference from proposed 2027		Difference from Option 1 & Option 3A
	Option 1 85%	Option 3A 17.5%	Option 1 65%	Option 3A 17.5%	Option 1 40%	Option 3A 17.5%	Option 1 40%	Option 3A 17.5%	
Base Rates									
Quarterly Base Fee	\$ 35.15	\$ 25.03	\$ 13.85	\$ 3.73	\$ 10.12	\$ 29.41	\$ 7.64	\$ 4.38	\$ 3.28
Usage Rates									
All Users									
0-15,000 gallons	4.97	4.07	1.51	0.61	0.90	4.78	1.98	0.71	1.27
15,001-30,000 gallons	6.14	5.03	1.86	0.75	1.11	5.91	2.45	0.86	1.57
30,001-40,000 gallons	8.20	6.72	2.46	1.00	1.46	7.90	3.28	1.18	2.10
Over 40,000 gallons	11.37	9.31	3.45	1.39	2.06	10.93	4.55	1.63	2.92

