



Facing Our Financial Future: Part I

Protecting Resources & Planning Ahead

Planning for Increasing Costs

Staffing one of the largest line items in annual budget

- Market trends & inflation

Capital projects & infrastructure costs

- Factors that drive up costs
- Timing of projects

Long-term financial planning

- Pulling it all together
- Informed decision-making

A Shallow Dive into the Current Labor Market

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The Current Labor Market



The Current Labor Market

NEWS RELEASE

BUREAU OF LABOR STATISTICS

U. S. DEPARTMENT OF LABOR



Transmission of material in this news release is embargoed until 8:30 a.m. (ET) Friday, January 9, 2026

USDL-26-0020

Technical information:

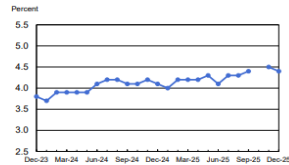
Household data: (202) 691-6378 • cpsinfo@bls.gov • www.bls.gov/cps
 Establishment data: (202) 691-6555 • cesinfo@bls.gov • www.bls.gov/ces

Media contact: (202) 691-5902 • PressOffice@bls.gov

THE EMPLOYMENT SITUATION — DECEMBER 2025

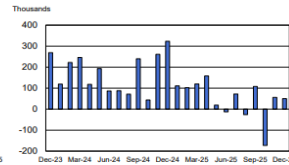
Both total **nonfarm payroll employment** (+50,000) and the **unemployment rate** (4.4 percent) changed little in December, the U.S. Bureau of Labor Statistics reported today. Employment continued to trend up in food services and drinking places, health care, and social assistance. Retail trade lost jobs.

Chart 1. Unemployment rate, seasonally adjusted, December 2023 – December 2025



Note: Data for October 2025 were not collected due to the federal government shutdown.

Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, December 2023 – December 2025



Revision of Seasonally Adjusted Household Survey Data

Seasonally adjusted household survey data have been revised using updated seasonal adjustment factors, a procedure done at the end of each calendar year. Seasonally adjusted estimates back to January 2021 were subject to revision. The unemployment rates for January 2025 through November 2025 (as originally published and as revised), along with additional information about the revisions, appear in table A on page 5.

Semi-Latest Jobs Report

New Jobs Added



Unemployment Rate

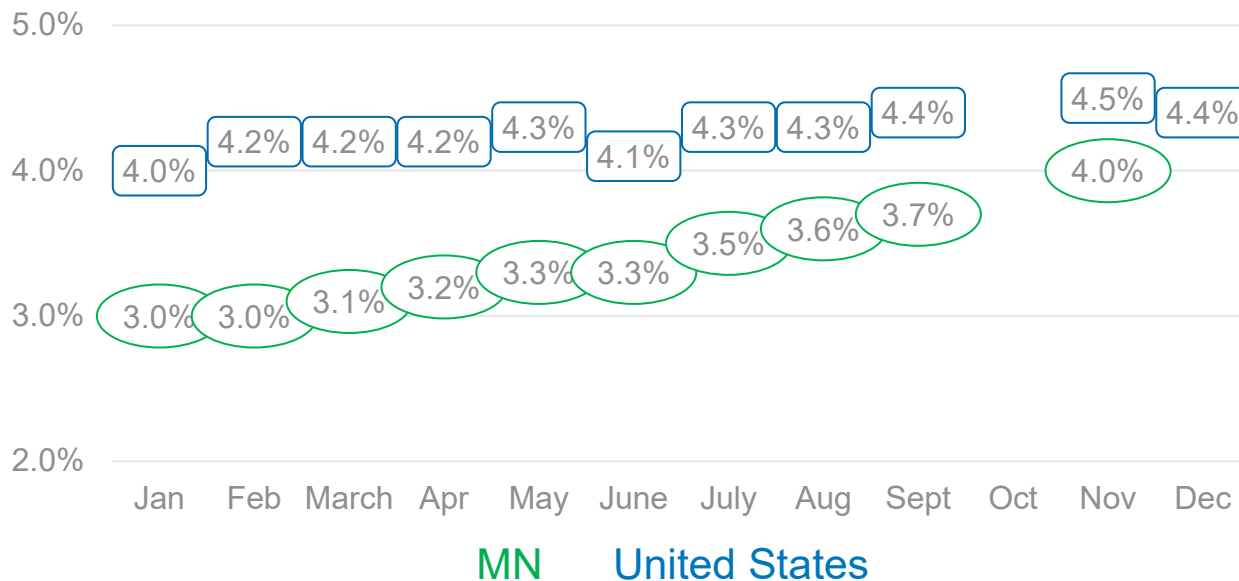


Average Wages

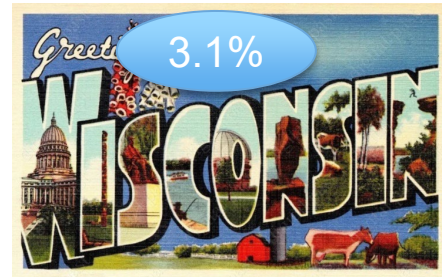
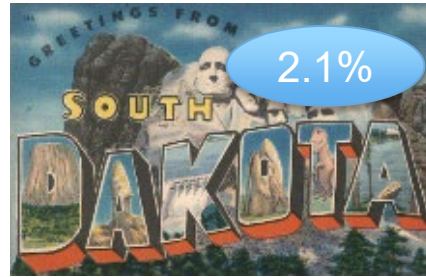


The Current Labor Market

Unemployment Rate

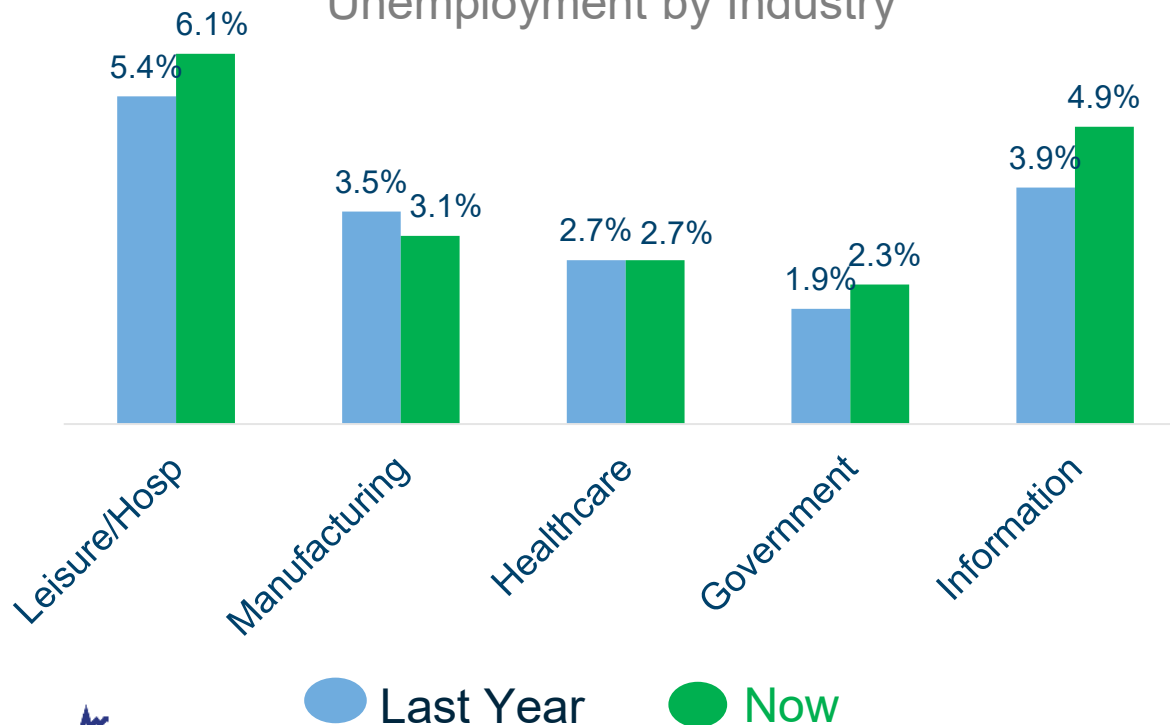


Regional Unemployment



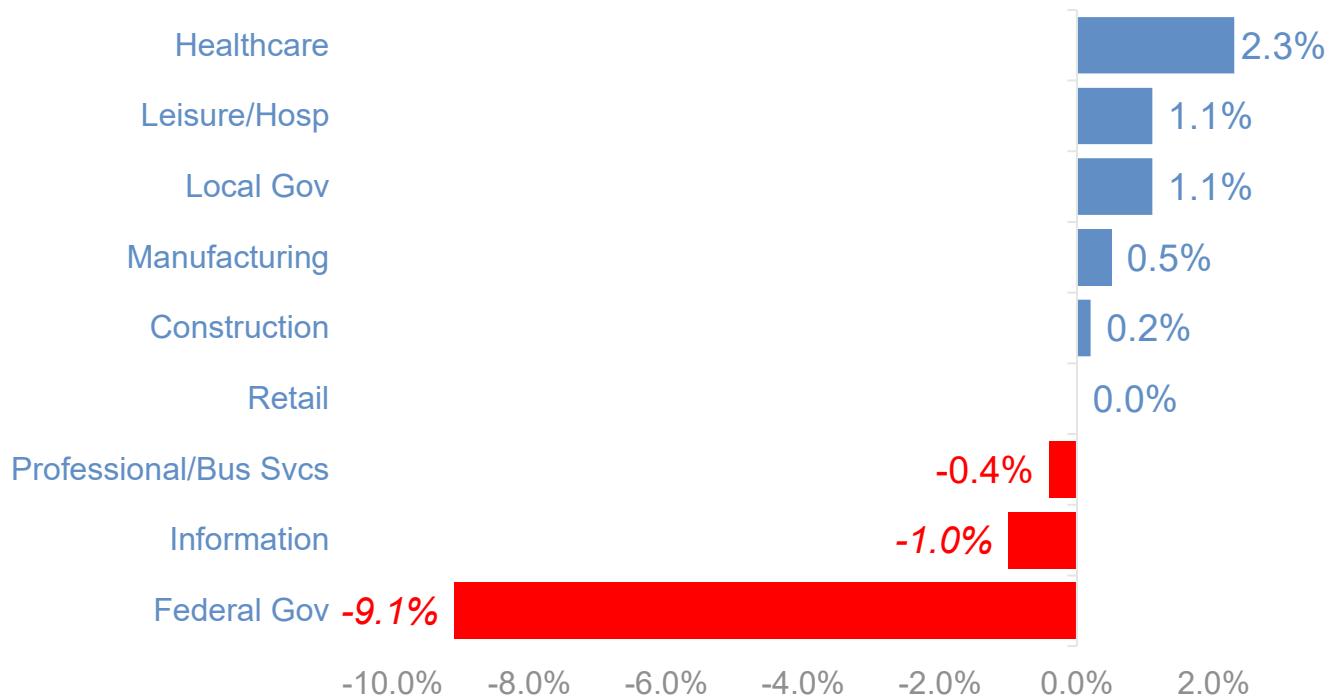
The Current Labor Market

Unemployment by Industry



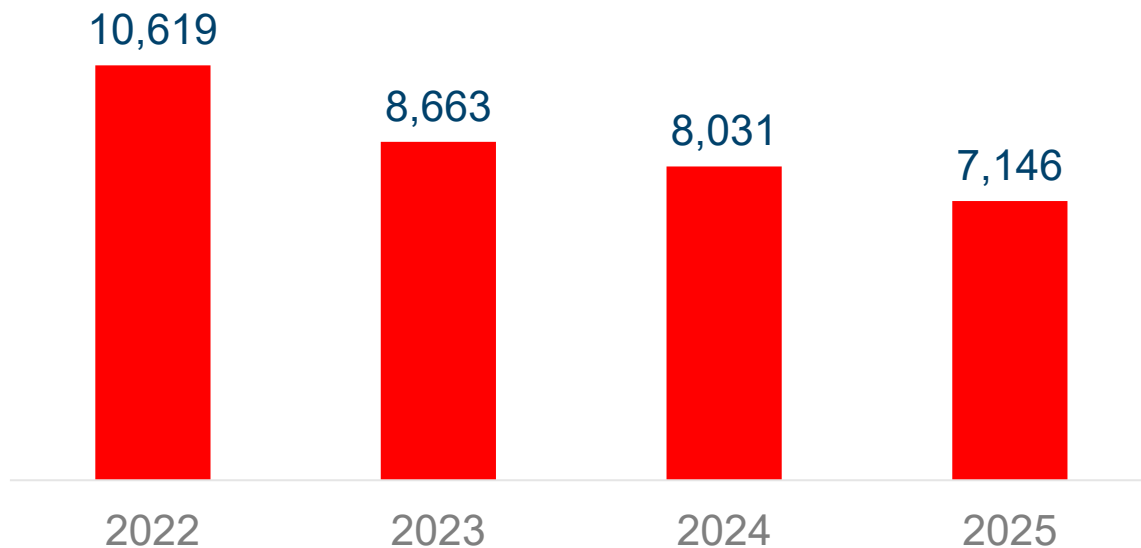
The Current Labor Market

Employment Growth by Industry



The Current Labor Market

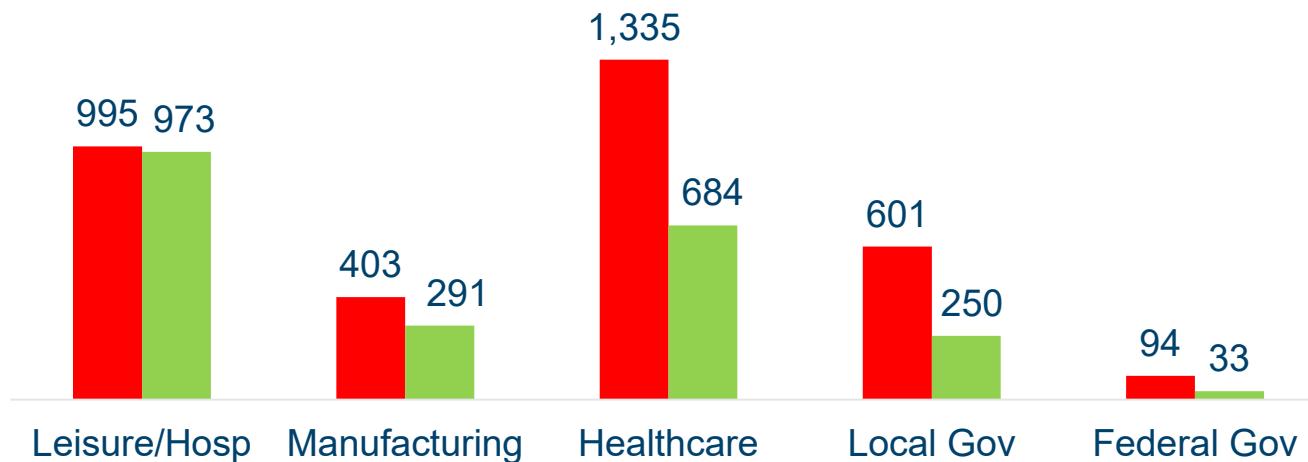
Monthly Job Openings *(Thousands)*



The Current Labor Market

Openings/Hiring by Industry

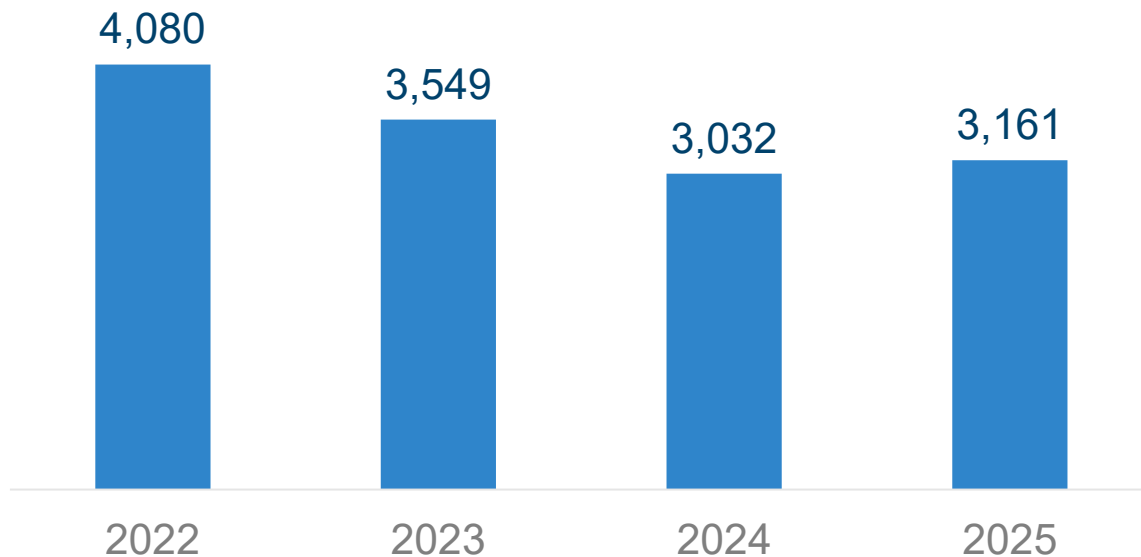
(Thousands)



● Openings ● Hires

The Current Labor Market

Monthly Quits

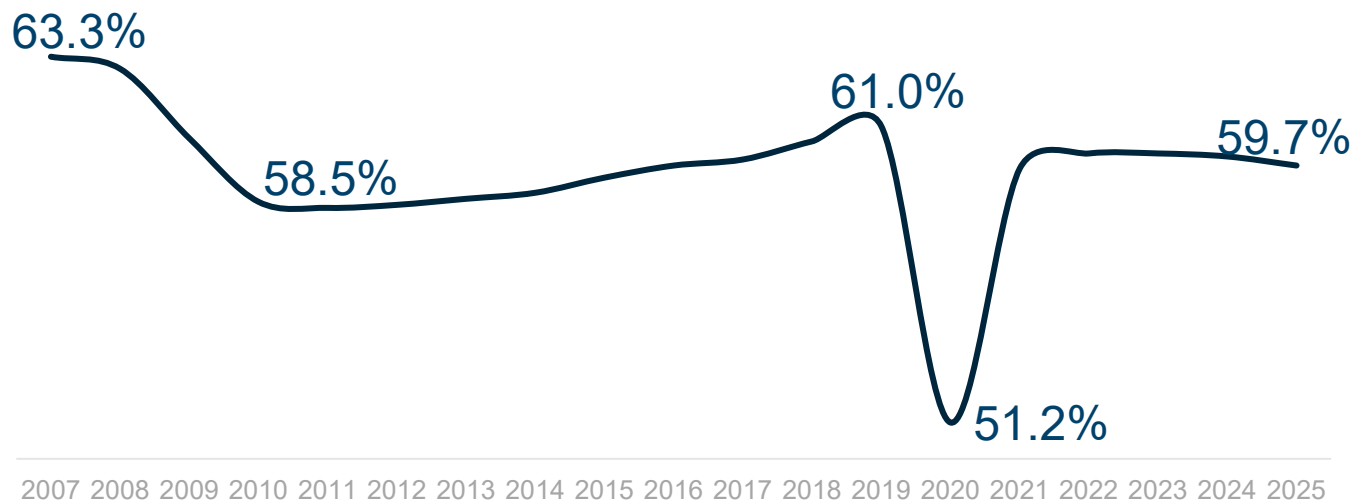


Hiring/Quits in State/Local Government



The Current Labor Market

Employment Population Ratio





Inflation/CPI



19.8%



-20.9%



17.8%



-9.8%

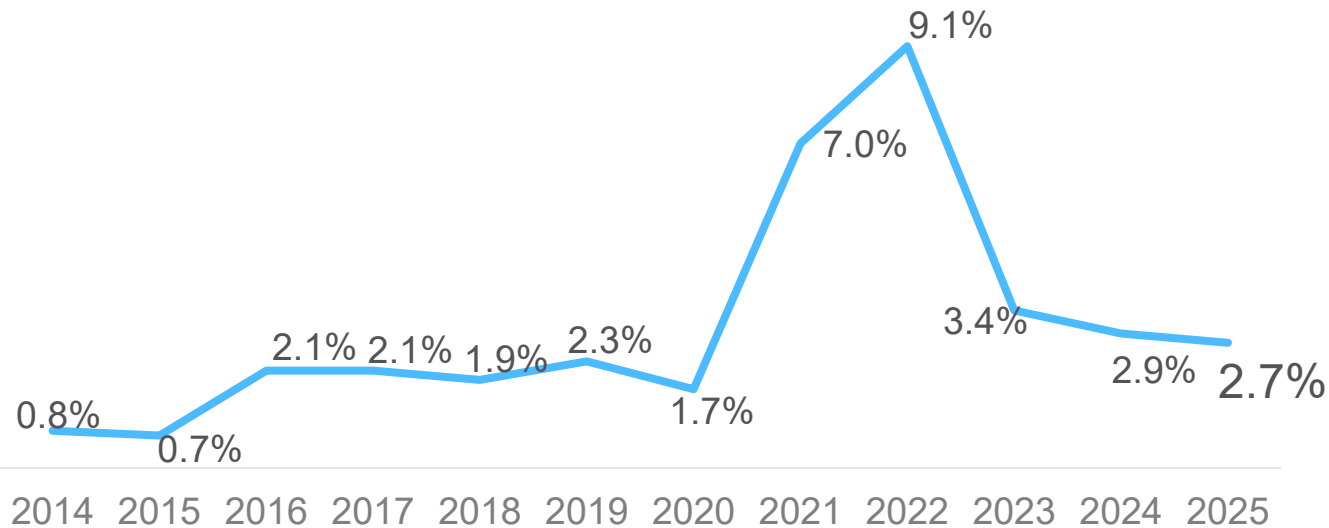


13.3%



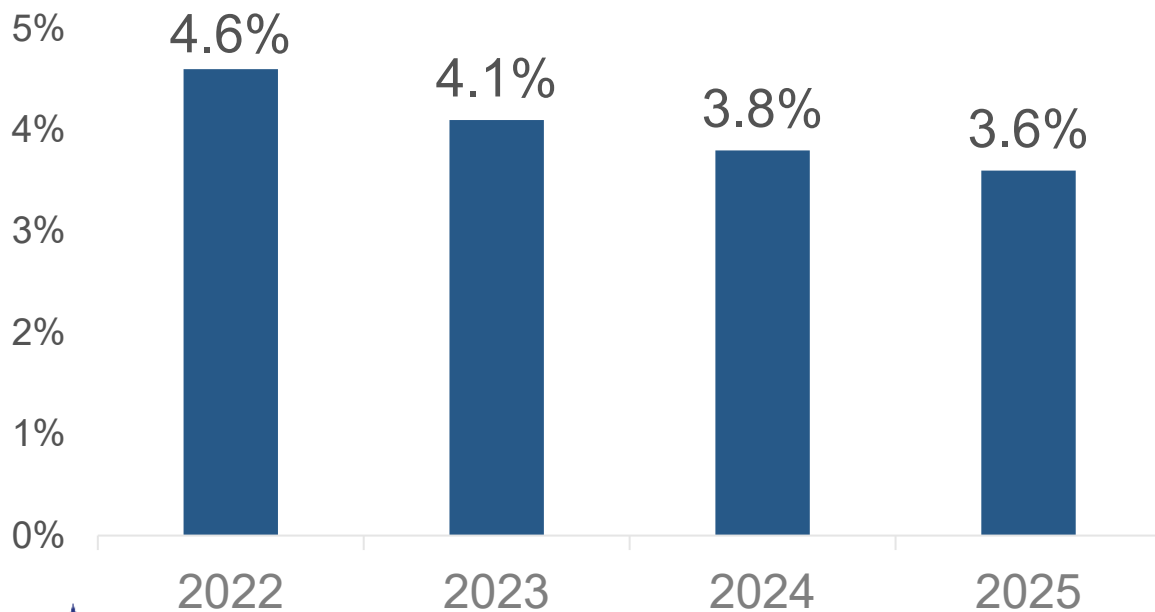
-7.2%

Inflation/CPI



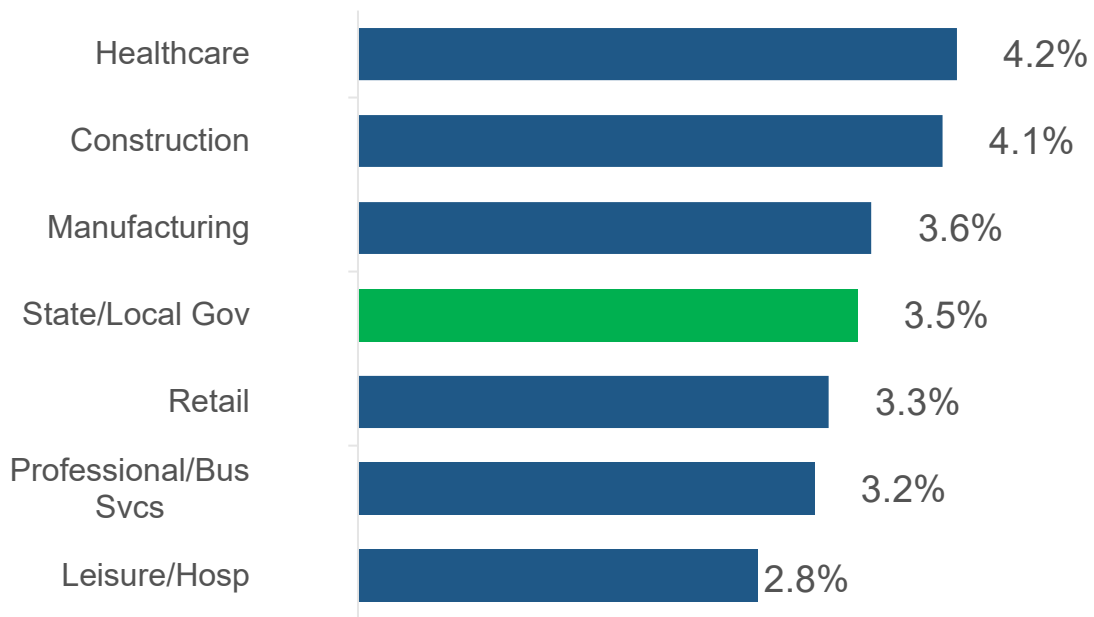
The Current Labor Market

Annual Wage/Salary Growth



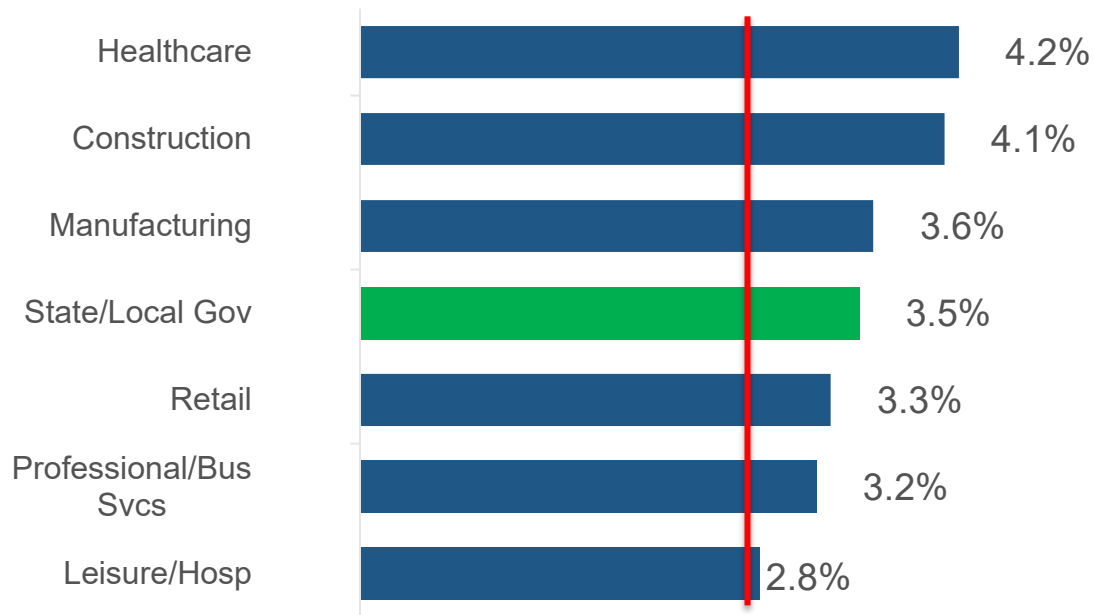
The Current Labor Market

Annual Wage/Salary Growth



The Current Labor Market

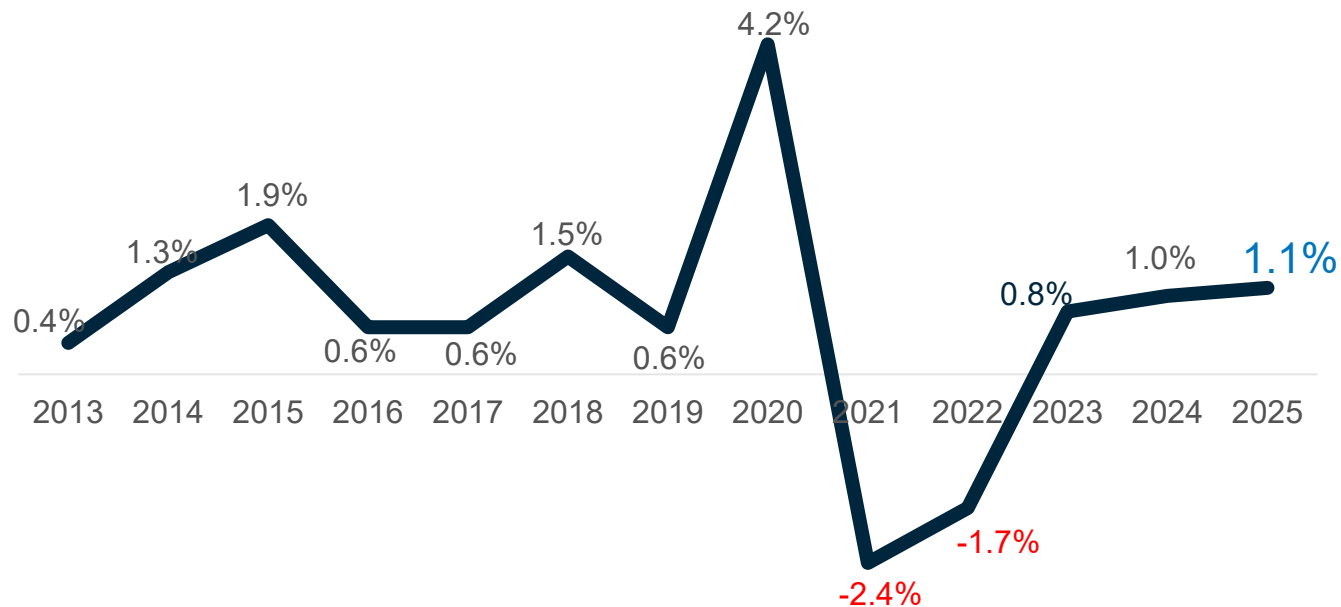
Annual Wage/Salary Growth



CPI 2.7%

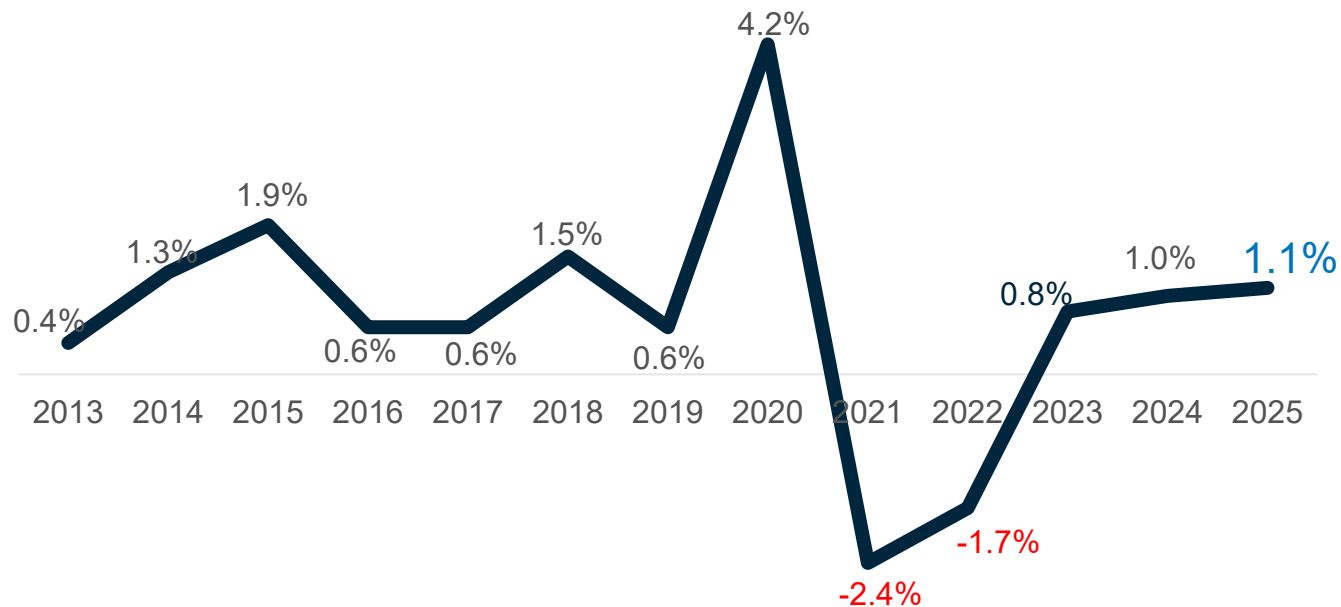
The Current Labor Market

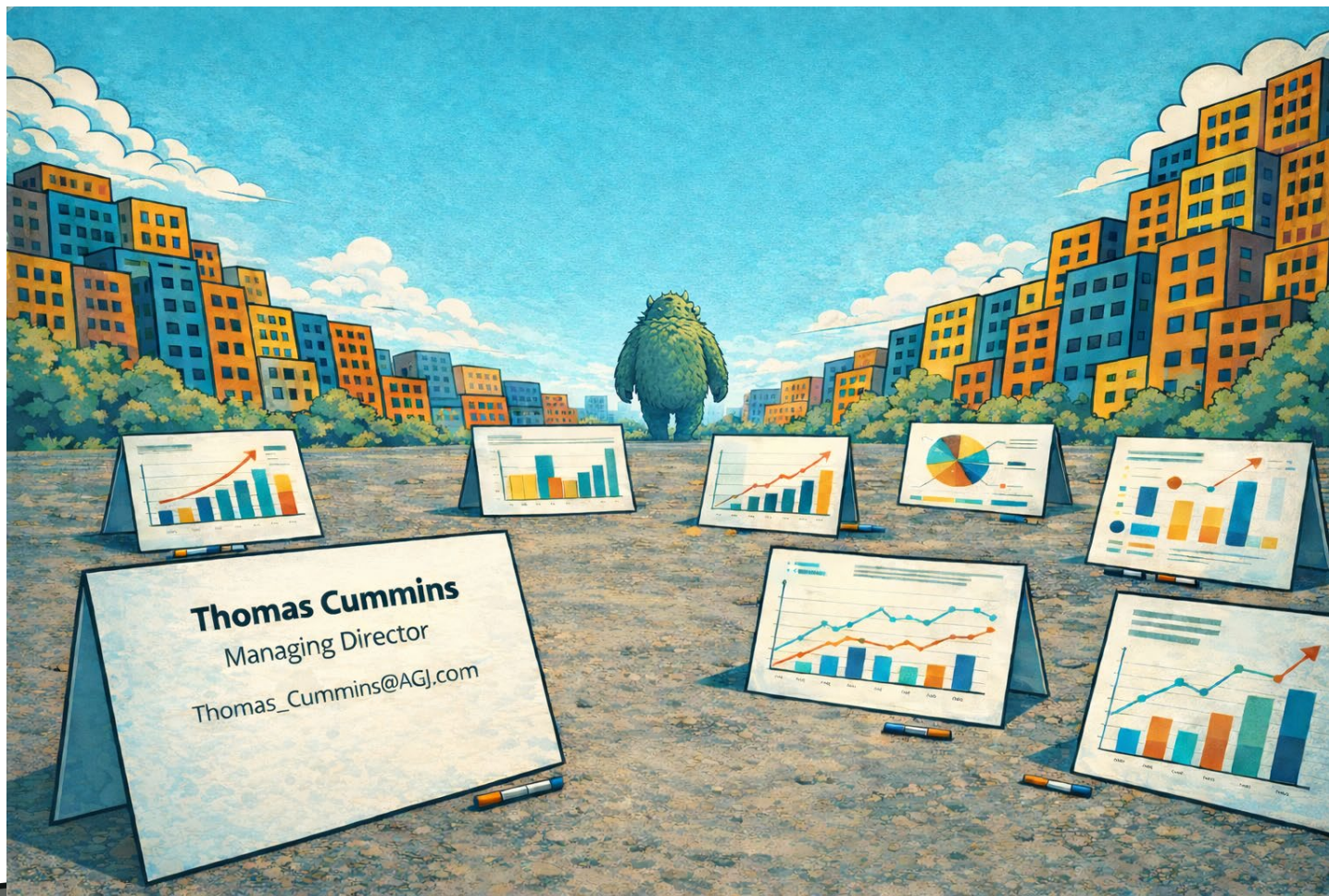
Real Wage Growth



The Current Labor Market

Real Wage Growth





Infrastructure Cost Considerations for Communities and How to Manage Them



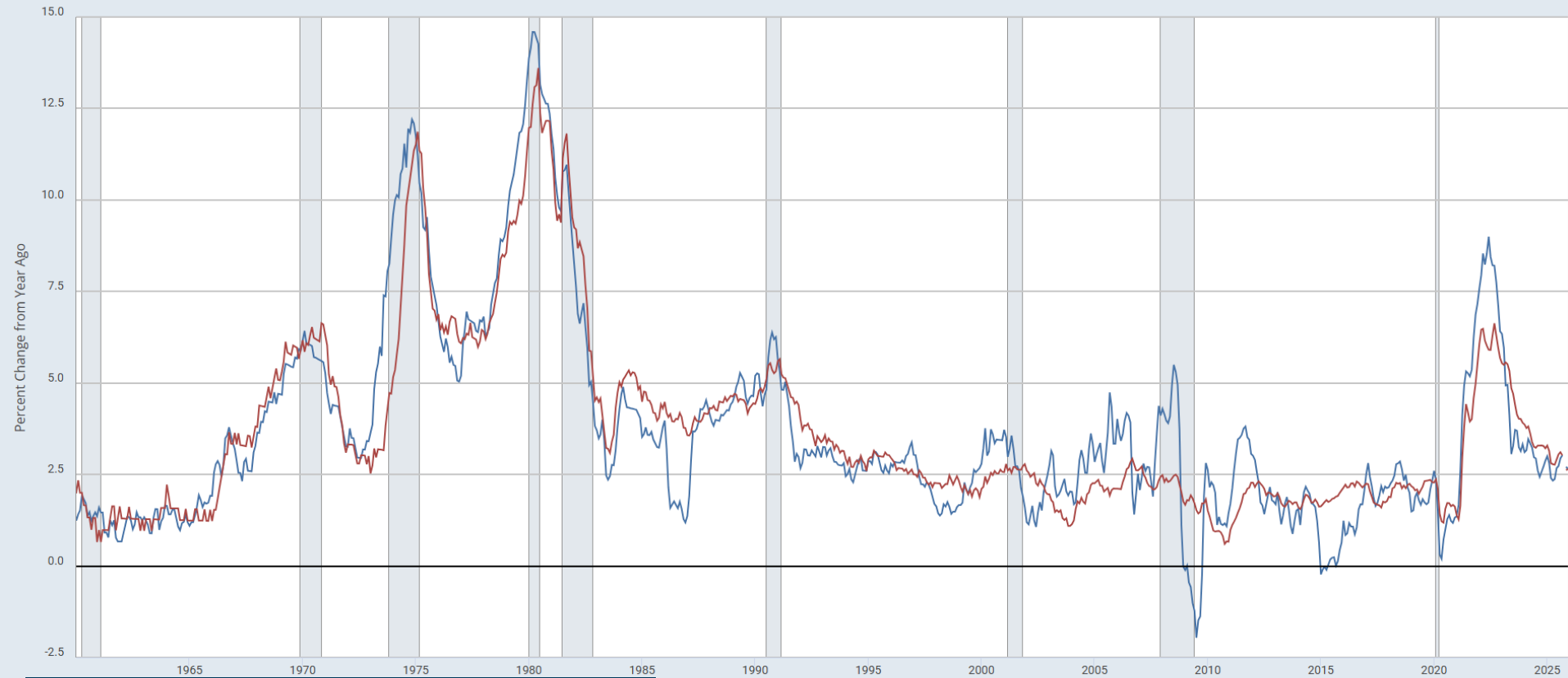
Real People. Real Solutions.

Kris Swanson, PE
Vice President of Water
Senior Principal

Overview

- Where are infrastructure costs at?
- What do these costs mean for communities?
- What do we do with this information?
- Summary





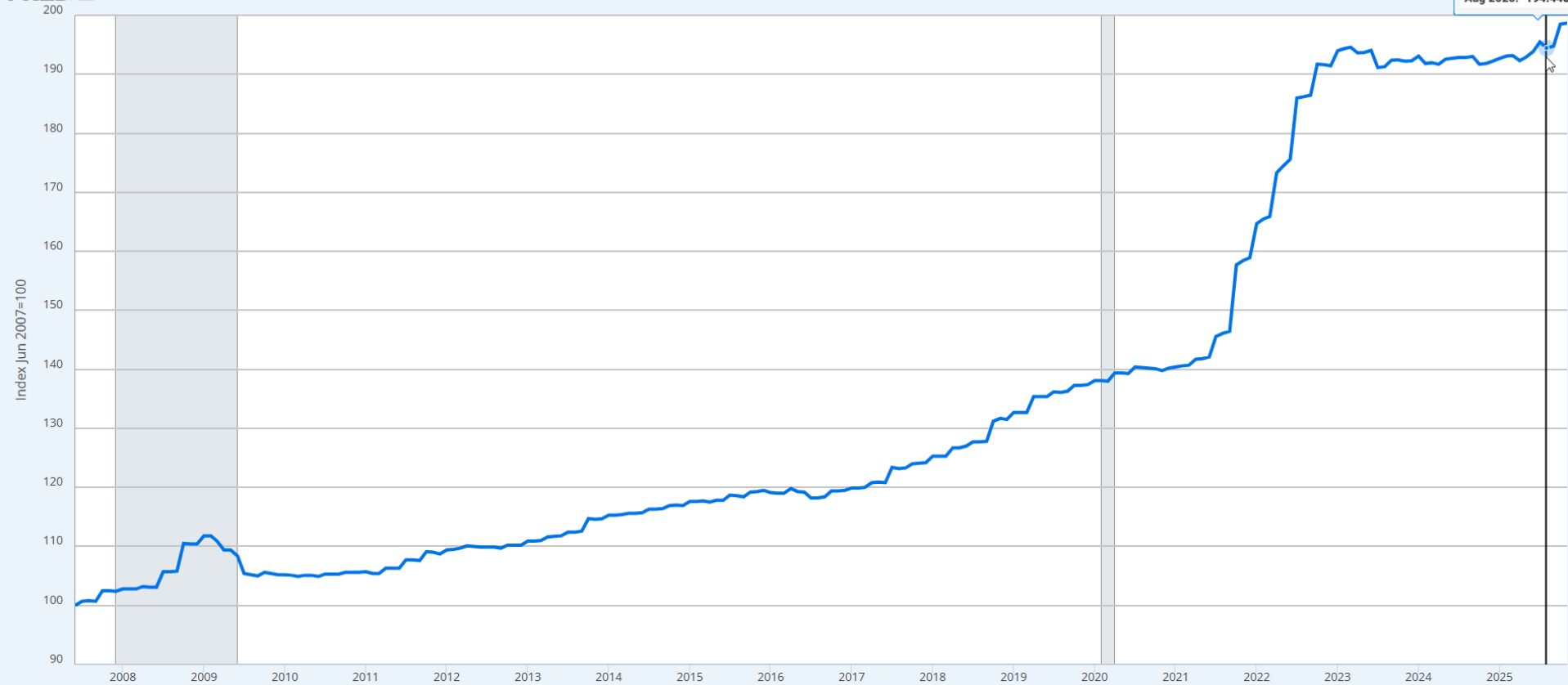
National Inflation

fred.stlouisfed.org



Source: U.S. Bureau of Labor
Statistics via FRED®





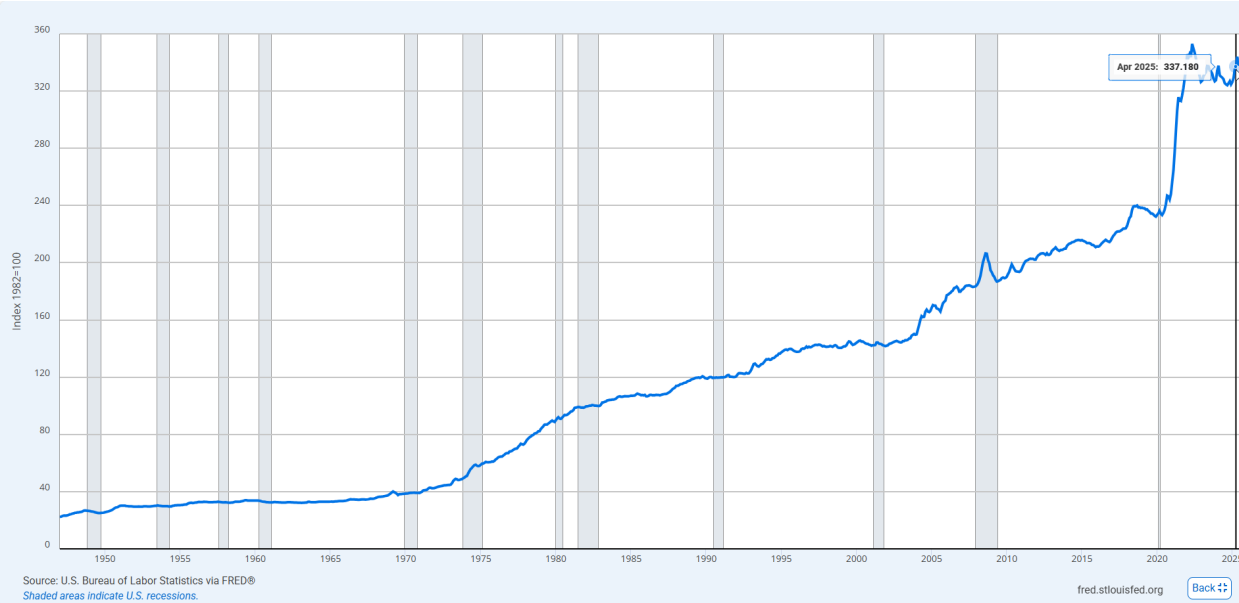
Construction Cost Index



Infrastructure Costs

What Factors are Driving up Costs?

- 1 Labor Market
- 2 Materials
- 3 Energy
- 4 Government Regulations & Financing



Source: U.S. Bureau of Labor
Statistics via FRED®



COST OF THE TRUCK

2011	+29%	2020	+39%	2024
\$30,692		\$39,698		\$55,200



How Infrastructure Costs Affect Communities



- RFP in 2007
- Design/Bid 2009
- Bid Cost of **\$17.2M** (Written Opinion of Cost of \$12M, morning of update of \$14M)
- Current Value of Infrastructure – **\$32M+**



How Infrastructure Costs Affect Communities



- Street reconstruction w/ sanitary sewer, watermain, and storm sewer
- **\$4.4M** in 2020
- **\$5.5M+** in 2025 (25%)

2020 Street & Utility Reconstruction
City of Apple Valley, MN



Albert Lea

When is the right time to build?





What Do We Do With This Information?

Quality Capital Improvements Plan

Start with Asset Management - planning tool for building CIP

Funding/Communication/Rates

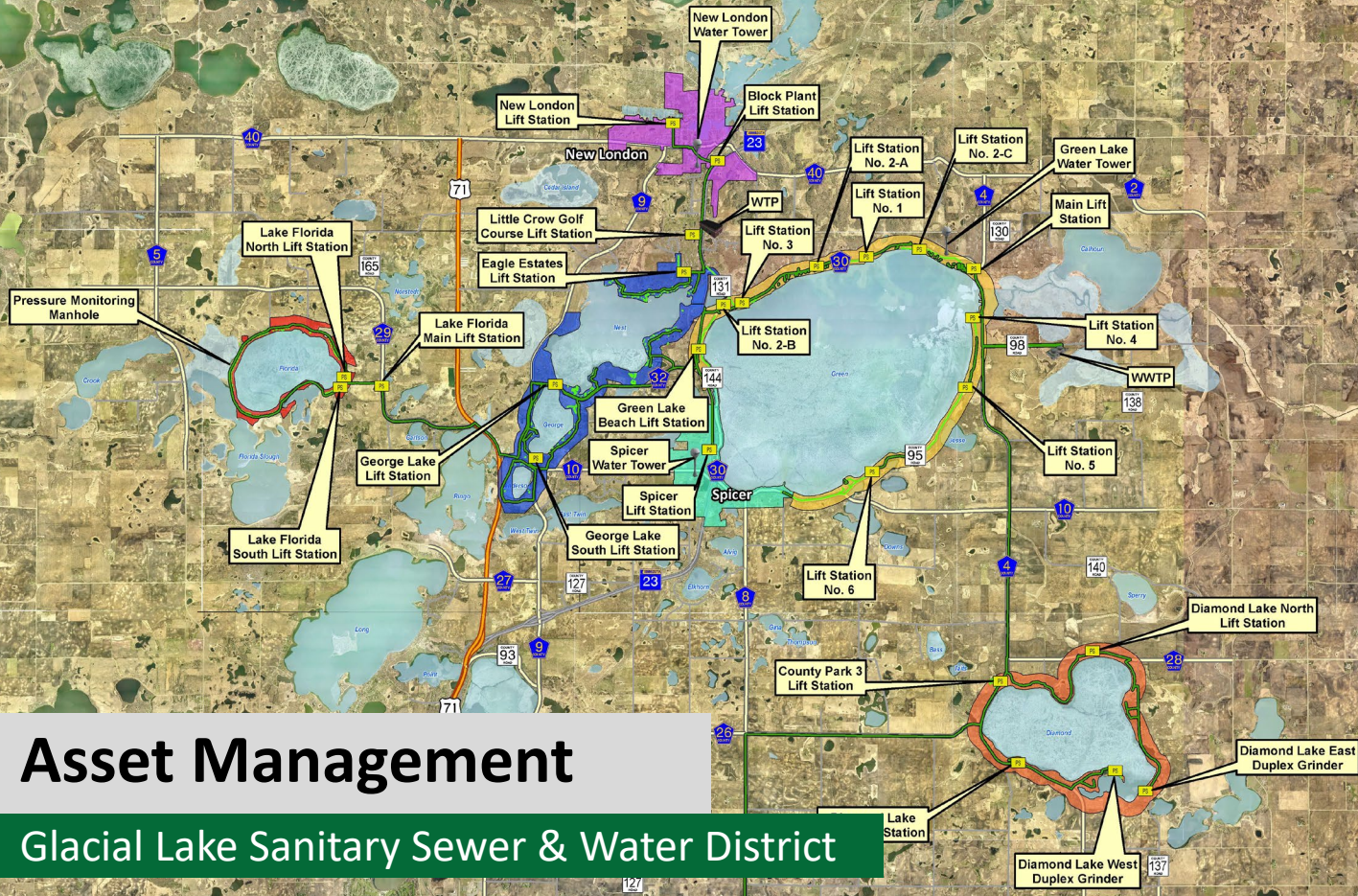
- BE **PROACTIVE**



Asset Management

Worthington WWTF





Legend

- Water Tower
 - Water Treatment Plant
 - Wastewater Treatment Plant
 - Lift Station
 - Gravity Pipe
 - Forcemain
- Service Areas**
- Diamond Lake
 - Green Lake
 - Kandiyohi
 - Lake Florida
 - Nes/George/Henderson Lakes
 - New London
 - Spicer
- U.S. Highways
 - State Highways
 - County Roads
 - Local Roads
 - Lakes

Source: Kandiyohi County, MNDNR



0 1.5
Miles

Asset Management

Glacial Lake Sanitary Sewer & Water District



CIP Summary Example – 2017 Dollars

Capital Improvements Plan Cost Summaries					
<u>Category</u>	<u>2017-2021</u>	<u>2022-2026</u>	<u>2027-2031</u>	<u>2032-2036</u>	<u>Total</u>
WWTF/WTF SCADA	\$500,000	\$240,000	\$300,000	\$0	\$1,040,000
WTF & Storage	\$721,000	\$1,995,000	\$3,968,000	\$100,000	\$6,784,000
WWTF	\$5,522,000	\$15,605,000	\$3,360,000	\$375,000	\$24,862,000
Lift Stations	\$3,815,000	\$260,000	\$175,000	\$175,000	\$4,425,000
Vehicles	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
Manholes/Castings	\$200,000	\$100,000	\$50,000	\$25,000	\$375,000
Planning Documents	\$225,000	\$30,000	\$50,000	\$105,000	\$410,000
TOTAL	\$11,233,000	\$18,480,000	\$8,153,000	\$1,030,000	\$38,896,000



Other Ways to be Proactive

Have projects ready to go for...

- Funding programs and shovel ready infrastructure
- Economic downturns (lower rates)
- Changes to rest of CIP
- Economic development opportunities



Don't be surprised by construction costs



Project Timing

Can you time your project right for cost considerations?

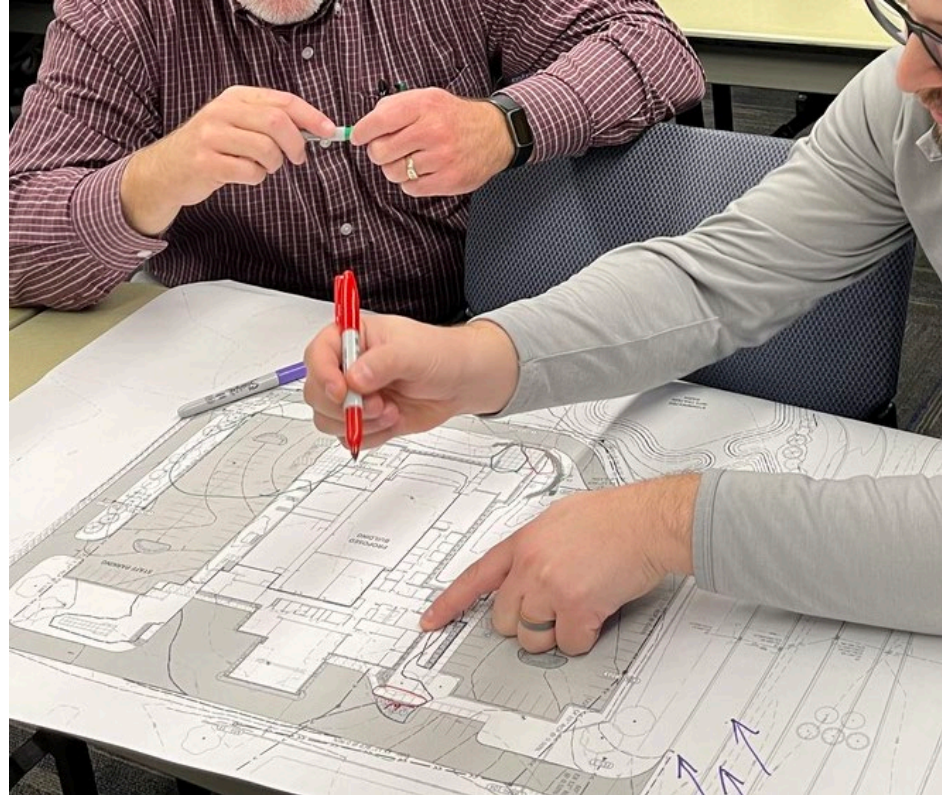


There is never a better time to proceed with your project than **RIGHT NOW.**



Be Realistic

- Annual rate increases on water, sewer, stormwater, and other utilities
- Know your community's needs and wants so projects truly serve them
- This is where asset management comes in



Summary

Construction costs continue to rise; **now is the time to build and to Plan**

CIPs developed from an asset management process that is updated regularly

Stay on top of rising costs with systematic rate/fee increases w/ regular checks



So, Now What?

Impacts beyond annual budgeting process...

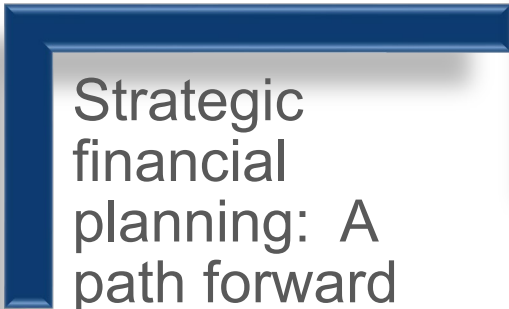
Increasing labor costs

- Existing staff
- Future staffing needs

Capital projects planned years in advance

- Potential tax levy impact for Governmental Funds
- Ensure Utility Funds have adequate rates

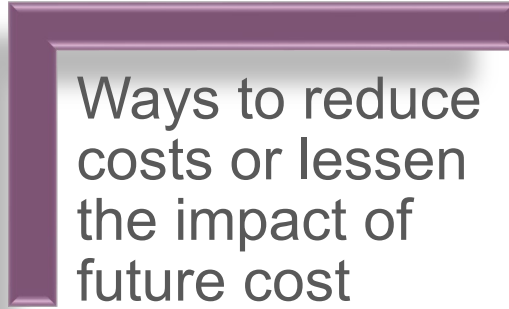
Coming up in Part II...



Strategic
financial
planning: A
path forward



New &
expanded
funding
mechanisms

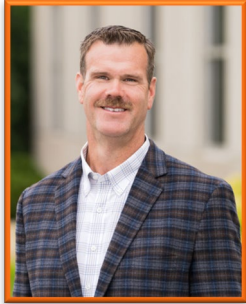


Ways to reduce
costs or lessen
the impact of
future cost
increases

Download the Presentation



Your Presenters



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Senior Principal

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Real People. Real Solutions.



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