



# CITY COUNCIL MEETING

## AGENDA ITEM

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<b>Prepared By:</b> <i>Allie Polsfuss, City Administrator</i>	<b>Meeting Date:</b> <i>6/1/2026</i>	<b>Item Name:</b> <b><i>Wastewater Rate Discussion</i></b>
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### **BACKGROUND**

Shannon Sweeney of David Drown and Associates conducted a wastewater rate study to project and evaluate sewer rates over the next 10 years. A preliminary review of the study was completed with staff, including Joe Zierden, Janette Rust, and myself, in coordination with Shannon Sweeney. The finance committee met to discuss and review the results.

The goal of the study is to ensure the City is properly planning for the future, and charging the proper rates to fund the sewer plant expansion and ongoing operations. This is not a commitment by the Council to charge these rates, just an acceptance of the study as a tool for future budgeting purposes.

### **OVERVIEW**

Attachment A includes the narrative and rate options provided by Shannon. This has been reviewed by the Finance Committee. Below is a summary of the analysis:

#### **Option 1: Bond for portion of expansion**

- Increase of 6% per year to sewer rates
- City will finance portion of expansion
  - Assumes PFA funding
- Remaining will be paid for in cash
- Fund to be kept with a reserve of \$1,000,000 following expansion

#### **Option 2: Cash for expansion**

- Increase of 10% per year to sewer rates
- City will pay in cash for expansion
- Fund to be kept with reserve of \$1,000,000 following expansion

The Finance Committee discussed both options and identified option 2 as preferred. Although the Finance Committee identified option 2 as preferred, the Council can decide to pivot at any time. Shannon is available to make adjustments to the data as requested by the City in the future.

Sewer fees are ultimately approved by the City Council during the fee schedule discussion. Fees from the study will be implemented as directed by the Finance Committee and ultimately approved by the Council.

### **STAFF RECOMMENDATION**

Accept the Wastewater Rate Study as presented as a tool for future planning as recommended by the Finance Committee.