

**CITY COUNCIL REPORT FROM STAFF**

**TO:** Mayor and City Council

**cc:** Department Directors

**FROM:** Jerald A. Postema, Utility Director

**VIA:** Mayor Jessop, Mayor/City Administrator

**DATE:** September 4, 2025

**RE:** Add New Meter Sizes to Water Base Rate

*Jerald A. Postema*

**BACKGROUND/HISTORY:**

In FY24 Rural Community Assistance Corporation (RCAC) conducted a water rate study. During the study, they provided three alternatives for funding the Water Department without having to provide subsidies from the General Fund. The three alternatives, 3.1, 3.2 and 3.3 were presented to the Utility Board for discussion and recommendation. After two (2) meetings with RCAC and the Utility Board, the recommendation was to adopt Water Rate Study number 3.3 modified, by the Utility Board, to reduce the first-year fees by 5%. The rate increase included the Base Rate and several tiered rates. The rate study was adopted by both Councils in July or August of 2024 and went into effect September of 2024.

**DISCUSSION:**

The adopted rates included meter sizes 5/8"X3/4" diameter meters through 2" meters. During the past year, new development has installed 4" diameter meters, which was not included in the original Base Rate fees in the Water Rate Study. Over the past few months Utility staff has been working with RCAC to determine equitable base rates for meters in sizes of 2.5" through 12" diameter. Based on the outcome of the RCAC study, and discussion with the Utility staff, a recommended addition to only the Water Base Rate in meter sizes of larger than 2.5" diameter. The rest of the water rates and tiers will not change, the recommendation by the Utility Board to the Councils is to only add the Base Rates for the larger diameter meters which were not covered in the FY24 Rate Study.

The Base Rate is predicated on the ability to get larger flows from larger meters. In order for the water system to instantaneously produce 20 gallons per minute flow through a 5/8"X3/4" meter requires significantly less wells, water storage and smaller water mains than serving a 12" Meter with an instantaneous demand of 5,000 gallons per minute. A Base Rate allows the Utility to maintain the infrastructure needed to meet the instantaneous demand requirements for the flows of the meter installed at a house or business.

**OPTIONS: (if applicable)**

**NEXT STEPS: (if applicable)**

Adopt the meter Base Rate with no increase in any other water fess other than what was adopted in 2024 and took effect in September of 2024.

**SUMMARY:**

By adopting the increased size Base Rate for larger meters there will only be an impact on two (2) current users and no impact on the other 1,300 users. There will be an impact on new developments, with almost 100 % being large businesses.

Meter Size (Inches)	AWWA Safe Maximum Operating Cap. (GPM)	% Capacity of Most Common Meter Size	Proposed Base Rate (based on 3/4" Base Rate)
Enter current rate for 3/4" meters here:			\$38.50
5/8"	20	67%	\$25.67
3/4"	30	100%	\$38.50
1"	50	167%	\$64.17
1.5"	100	333%	\$128.33
2"	160	533%	\$205.33
2.25"		0%	\$0.00
2.5"	300	1000%	\$385.00
3"	320	1067%	\$410.67
4"	500	1667%	\$641.67
6"	1000	3333%	\$1,283.33
8"	1600	5333%	\$2,053.33
10"	3800	12667%	\$4,876.67
12"	5000	16667%	\$6,416.67

References:

1. Safe maximum meter capacity for 5/8" through 2" meters (column D) based on AWWA C
2. Safe maximum meter capacity for 2.5" meter based on DAE WP-250n 2.5" Lead Free W
2. Safe maximum meter capacity for 3" through 8" meters based on AWWA C702 compoun
3. Safe maximum meter capacity for 10" and 12" meter based on AWWA C701 turbine clas