



MEMO TO CITY COUNCIL

Request to Include Topic on the City Council Workshop Agenda

From: Laurelei Bakken, Public Works **Meeting Date:** August 11th, 2026
Presenter: Laurelei Bakken, Public Works **Estimated Time:** 15 minutes
Topic: FY27 Water and Sewer Rate Increase Proposal

Recommended Council Action:

None required at this time.

Summary:

The FY27 proposal includes a combined overall average water and sewer rate increase of 4.2% with an October 1, 2026 effective date. The proposed increase includes varying rate increases applied to the base and use charges to more accurately reflect the cost of providing these services to customers.

The water/sewer usage and base rates are subject to this increase, and the estimated impact to the average customer will be an increase of \$2.71/month.

A public hearing will also be scheduled for September 8th, 2026.

	Current Rates	Proposed Rates (FY27)	% Increase	\$ Increase
Water Base	\$6.48	\$7.05	9%	\$0.57
Water Use (per 1,000 gallons)	\$2.14	\$2.25	5%	\$0.11
Sewer Base	\$9.63	\$10.02	4%	\$0.39
Sewer Use	\$6.05	\$6.23	3%	\$0.18

The increases are needed due to continued rising operational and capital construction costs as well as meeting State and Federal safe drinking water and wastewater requirements. This funding strategy aims to maintain a 5-year solvency without debt funding.