

CITY OF MINNETRISTA



CITY COUNCIL AGENDA ITEM

Subject: Water Rate Discussion

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Meeting Date: October 20, 2025

Issue: At the October 6th City Council Work Session, City Council gave staff direction to develop a series of options for potential 2026 water rates utilizing the utility rate study prepared by DDA. Below are some options and also an update on monthly billing.

Overview: Per City Council direction, staff developed rates with base rates of \$50, \$75, and \$100 per quarter. Below are the 2025 rates for reference and also the results of the various base rates for 2026.

Residential Water Rates

2025 Base Rate \$40.97/quarter

Usage Rates

0-25k Gallons: \$5.76/1,000 Gallons

25k – 65k Gallons: \$8.01/1,000 Gallons

>65k Gallons: \$14.43/1,000 Gallons

2026 Base Rate \$50/quarter (+22%)

Usage Rates (+30%)

0-25k Gallons: \$7.49/1,000 Gallons

25k – 65k Gallons: \$10.42/1,000 Gallons

>65k Gallons: \$18.76/1,000 Gallons

2026 Base Rate \$75/quarter (+83.1%)

Usage Rates (+15%)

0-25k Gallons: \$6.63/1,000 Gallons

25k – 65k Gallons: \$9.21/1,000 Gallons

>65k Gallons: \$16.59/1,000 Gallons

2026 Base Rate \$100/quarter (+144.1%)

Usage Rates (+9.0%)

0-25k Gallons: \$6.28/1,000 Gallons

25k – 65k Gallons: \$8.73/1,000 Gallons

>65k Gallons: \$15.73/1,000 Gallons

Mission Statement:

The City of Minnetrista will deliver quality services in a cost effective and innovative manner and provide opportunities for a high quality of life while protecting natural resources and maintaining a rural character.

As a note, the Commercial and School water rate categories would follow whatever is decided for the residential rates. Water connection fees and trunk water charges are recommended to increase 15% for any of the base rate options. These numbers don't have much of an impact on rates that they are quite variable and we conservatively budget for these revenues.

Staff will be ready to develop rates on the fly per City Council direction if there is a desire to come up with a base rate not described above.

Also, the Finance Department staff took some time to review all of the requirements to transition from quarterly to monthly billing. There are some things that will make January 1, 2026, transition nearly impossible, and the recommendation is to look at a Q2 or Q3 start for monthly billing. This will allow for the City to adequately communicate this change with residents, making the transition less impactful and confusing for residents. Staff would like to engage City Council about this transition and wish to receive feedback.

Recommended City Council Action: Staff request that the City Council discuss the water utility rate changes proposed for evaluation, and also engage in a discussion about the monthly billing transition.

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