Executive Summary
City Council Business Meeting

AGENDA ITEM:	Resolution 2026-0727-05 Grandfathering of the Senior Sewer Rate
PREPARED BY:	Jacob Schillander, City Administrator
RECOMMENDED ACTION: 1 Motion **1.** Motion to approve Resolution 2026-0727-05	

Summary:

At the City Council workshop held on July 13, 2026, the Council discussed the historical senior sewer discount that existed in City ordinance prior to 2023 and the continued application of the reduced rate to certain utility accounts. Following discussion of the available policy options, the Council directed staff to prepare a resolution that would grandfather existing participants currently receiving the reduced senior sewer rate while closing the program to any new participants.

The proposed resolution implements the Council's direction by allowing current recipients of the historical senior sewer rate to continue receiving the discount, while establishing clear eligibility requirements and termination criteria.

Under the resolution, only those utility accounts receiving the senior sewer rate as of the effective date of the resolution would qualify for grandfathered status. The benefit would be limited to the current participant and property and would not transfer to future owners, occupants, tenants, or utility account holders.

Background

Prior to the adoption of the 2023 utility ordinance, the City Code included a reduced sewer rate for qualifying senior citizens. The current ordinance continues to provide a senior water service charge exemption but no longer contains language authorizing a reduced senior sewer rate. Staff's review found no grandfathering language or transition provisions preserving the discount after the 2023 ordinance was adopted. Despite this, approximately 25 utility accounts continue to receive the historical reduced sewer rate.

At the recent workshop, staff presented the Council with three policy options:

- Follow the current ordinance and discontinue the remaining reduced-rate accounts;
- Restore the discount by ordinance amendment; or
- Grandfather existing participants while closing the program to new applicants.

Following discussion, the Council directed staff to prepare a grandfathering resolution.

Proposed Grandfathering Provisions

The proposed resolution would:

- Grandfather all accounts currently receiving the historical senior sewer rate.
- Prohibit any new enrollment in the program.
- Limit the benefit to the current qualifying participant and property.
- Provide that the grandfathered status does not run with the land and may not be transferred to another owner, tenant, occupant, or utility account holder.
- Establish clear events that terminate eligibility.

Loss of Eligibility

Under the proposed resolution, grandfathered status would permanently terminate upon any of the following events:

- Sale or transfer of the property.
- Death of the qualifying participant or the participant no longer residing at the property.
- Conversion of the property to a rental or other non-owner-occupied use.
- Water consumption exceeding 8,000 gallons during any quarterly billing period.
- Closure or transfer of the utility account.
- Loss of eligibility for the City's senior water rate program.

Once eligibility is lost, the account would be billed at the standard residential sewer rate and could not re-enroll in the grandfathered program.

Fiscal Impact

The current senior sewer rate is $30.77 per quarter compared to the standard residential sewer charge of $100.54 per quarter, a difference of $69.77 per quarter or approximately $279 annually per participating household. Based on staff's review, approximately 25 accounts currently receive the reduced rate. The estimated annual revenue impact of continuing the grandfathered program is approximately $6,977.

Recommendation

Staff recommends adoption of Resolution 2026-0727-05, which implements the policy direction provided by the City Council at its workshop by preserving the historical senior sewer discount for existing participants while ensuring that the program is phased out over time through clearly defined eligibility requirements and termination criteria