



CITY COUNCIL MEMO

TOPIC: UTILITY RATES STUDY

DATE: 01/07/2026

BACKGROUND

On October 15, 2025, the Council received presentation of a water, sewer, and storm utility rate study performed by Steve Donovan of Donovan Enterprises. The rate study considers the long-range needs of each system; these include the operating budget, growth forecasts, capital improvement plan, cash flow, and debt management.

On December 11, 2025, staff held an open house for the public to review the rate study and ask questions.

DISCUSSION

All three utilities require major capital improvements and expansion to meet the needs of the community. The capital improvement plans are based on the master plans prepared for each utility.

The rate study provides the recommended rates over the next 5 fiscal years beginning with FY2027. The rates that are recommended provide for continued operating, debt service and capital needs through FY2031.

The rate study includes rate comparisons with neighboring and other cities in our region.

RECOMMENDATION

The rate study recommended increases every year for 5 years, beginning in FY2027.

Staff recommends adoption of the recommended utility rates as outlined in the 2025 rate study.

"I move to adopt Resolution No. for utility rate adjustments as recommended by Donovan Enterprises for FY2027 through FY2031 effective on July 15, of each fiscal year."