

Staff Report

STAFF PRESENTATION ON FY 2025/26 WATER AND SEWER RATES

April 8, 2025

BACKGROUND:

Each year as part of the annual budget process, staff updates a model for the Water and Sewer Funds that reflects current and projected operating and capital expenses over the next ten years, and the resulting annual ending fund balances in each of the two separate funds. This model is used to establish a long-range pattern of rate increases that will fully finance these self-funded enterprise utilities, including an operating reserve that is slowly being increased to a target of 25% of the annual operating budget.

During the development of the FY 2025/26 budget, staff determined that a three-and-one-half percent (3.5%) increase to water rates and a five-and-one-half percent (5.5%) increase to sewer rates would be needed, effective July 1, 2025. While the need for an increase was shared with Council during the budget presentations, no formal action has yet been taken by Council to adopt these new rates.

Staff will present a summary of the fund balance analysis in a format that is very similar to what has been used in prior years. Highlights from the attached slides will be shared at the Council meeting in a brief presentation.

STAFF COMMENTS:

The presentation is informational only at this time. An ordinance to adjust the water rates by three-and-one-half percent (3.5%) and the sewer rates by five-and-one-half percent (5.5%) will be brought forward at the April 22 City Council meeting for first reading and a public hearing.

ATTACHMENT(S):

[Council Handouts FY 25-26 Water and Sewer Rates.pdf](#)