



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: Chris Eitemiller, Finance Manager
Date: May 18, 2026
Item: Conduct First Reading of Chapter 34: Fees

Council Action Requested:

Council is requested to hold the first reading of an ordinance amendment adjusting City Water fees to fund the second of three water treatment plants.

Background Information:

Utility fees

During the 2026 budget process, it was discussed that rate increases related to constructing the Eastern Water Treatment Plant would be conducted in three steps. The first increase of 10% went into effect on January 1, 2026. The second increase, also 10%, is planned for July 2026. A third increase of 10% is planned for January 2027.

In accordance with this plan, staff recommends a 10% increase to build revenue associated with future debt payments for the second of three water treatment plants that will be needed to meet federal drinking water standards.

NOTE: The City has requested state funding for the Eastern WTP, and the City Council is reviewing updated financial projections. It is possible that these might enable a lower rate increase when Council acts on the ordinance's second reading June 1.

Financial Impact:

Utility Fees

The proposed rate increase is included in the 2026 budget. It is anticipated that this increase will continue to build a revenue stream for the Water utility fund to meet operational increases as well as increased debt service payments for the new water treatment plants, for which construction began in 2025. Rate increase requests in future years will be evaluated based on the fund health and are expected to be in line with inflationary measures and capital projects.

If approved, the updated fee structure will be effective with the July 2026 billing.

Advisory Commission Discussion:

N/A

Council Committee Discussion:

N/A

Attachments:

Ordinance amendment and full Fee Schedule changes

FIRST READING

CITY OF HASTINGS, MINNESOTA

ORDINANCE NO. 2026- THIRD SERIES

AN ORDINANCE OF THE CITY OF HASTINGS, MINNESOTA AMENDING CHAPTER 34 OF THE HASTINGS CITY CODE PERTAINING TO FEES FOR MUNICIPAL SERVICES

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HASTINGS AS FOLLOWS:

SECTION 1. WATER CHARGES. Chapter 34 of the Hastings City Code is hereby amended as follows:

Section 34.03 Fee Schedule

Public Works Fee Changes		
	Current	Proposed
Water Base Charges		
5/8" & 3/4" Meter	\$27.69	\$30.46
1.0" Meter	\$69.21	\$76.13
1.25" & 1.5" Meter	\$138.45	\$152.30
2.0" Meter	\$221.51	\$243.66
3.0" Meter	\$415.35	\$456.89
4.0" Meter	\$895.64	\$985.20
6.0" Meter	\$1,938.16	\$2,131.98
Irrigation Base Charges		
5/8" & 3/4" Meter	\$55.38	\$60.92
1.0" Meter	\$138.42	\$152.26
1.25" & 1.5" Meter	\$276.90	\$304.60
2.0" Meter	\$443.02	\$487.32
3.0" Meter	\$830.70	\$913.78
4.0" Meter	\$1,791.28	\$1,970.40
6.0" Meter	\$3,876.32	\$4,263.96

Section 34.03

Water Consumption		
Residential Users (applies all year)	Current	Proposed
0 – 15,999 gallons	\$1.67/1,000 gallons	\$1.84/1,000 gallons
16,000 – 30,999 gallons	\$2.16/1,000 gallons	\$2.38/1,000 gallons
31,000 – 60,999 gallons	\$3.48/1,000 gallons	\$3.83/1,000 gallons
61,000 gallons and above	\$6.60/1,000 gallons	\$7.26/1,000 gallons
Other Users		
0 – 15,999 gallons	\$1.67/1,000 gallons	\$1.84/1,000 gallons
16,000 – 75,999 gallons	\$2.16/1,000 gallons	\$2.38/1,000 gallons
76,000 – 200,999 gallons	\$3.48/1,000 gallons	\$3.83/1,000 gallons
201,000 gallons and above	\$6.60/1,000 gallons	\$7.26/1,000 gallons

SECTION 2. SUMMARY PUBLICATION. Pursuant to Minnesota Statutes Section 412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance.

The text amendment adopted by the Hastings City Council on

_____, _____ modifies City Ordinance Section 34.03 - Fee Schedule of the City Code to increase water rates by 10%.

SECTION 3. EFFECTIVE DATE. This Ordinance shall be in full force and effect from and after its passage and publication according to law.

Moved by Councilmember _____, seconded by Councilmember _____ to adopt the ordinance as presented.

Adopted by the Hastings City Council on this _____ day of _____ 2026, by the following vote:

Ayes:

Nays:

Absent:

CITY OF HASTINGS

Mary Fasbender, Mayor

ATTEST:

Kelly Murtaugh, City Clerk

I hereby certify that the above is a true and correct copy of the Ordinance presented to and adopted by the City of Hastings, County of Dakota, Minnesota, on the 18th day of May 2026, as disclosed by the records of the City of Hastings on file and of record in the office.

Kelly Murtaugh, City Clerk