



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: Chris Eitemiller, Finance Manager
Date: December 16, 2024
Item: Second Reading of Chapter 34: Fees

Council Action Requested:

Council is requested to hold the second reading of an ordinance amendment adjusting various City fees.

There have been some small corrections from the first reading that Council saw in the December 2, meeting. These changes are mostly just one or two cents, but staff wanted to make sure Council is aware.

Background Information:

Utility fees

In 2023, the City worked with Northland Securities on a Utility Rate review which looked at the sustainability of our utility funds to cover projected capital needs over the next several years. The review recommends rate increases for water, sewer, and storm water.

In accordance with this review, staff recommends a 3.5% operational increase in water rates, plus an additional 6.5% increase to build revenue associated with future debt payments for the first of three water treatment plants that will be needed to meet federal drinking water standards. Another, yet-to-be-determined rate increase is planned for July 2025 once total non-bond revenues are known.

A 4.5% increase is recommended for our sewer rates. This adjustment keeps the fund in line with inflationary increases to expenditures and assist with funding the infrastructure improvements and capital asset purchases in the coming years.

A 4% increase is also recommended for our Storm Water Fund. The Storm Water Fund's future capital projects are driving this proposed increase.

Storm Water and Sewer rate increases match what was implemented for 2024, due largely to increased capital expenditure projections. Water's operational increase matches what was implemented for 2024. The additional increase is required to fund the new water treatment plant planned to begin construction in 2025.

Other Public Works fees

The Public works department proposes a number of maintenance-related increases in the Water utility. Among the changes are increases to meter replacements, bulk water purchases, and charges to turn on or off Water services. These fees need to be increased to meet rising costs, as it has been several years since these fees were increased.

Another change is adding new fees for staff and equipment costs for those instances when departmental staff is called out. One example of this type of instance would be if a streetlight

has been broken off because of an automobile accident.

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One fee for water hydrants associated with temporary construction projects, is recommended to be removed from the fee schedule.

NSF Fee

No change to the fee is recommended, but because ACHS fees can also be charged an NSF fee as well as checks, staff requests that this be renamed from “NSF Check Fee” to “NSF Bank Fee.”

Arena Fees

The Parks Department proposes to increase Prime and Non-Prime ice rental rates, beginning on July 1, 2025, to help offset continually increasing operating expenses. The department is also proposing to increase Off-Season ice rental rates effective March 17, 2025 and Advertising rates effective January 1, 2025.

With these rate increases, Hastings will remain within the fee schedule ranges of facilities in our region. We will not be the lowest and will not be the highest in any category and will remain competitive. These should be reviewed for potential mid-year adjustment ahead of the 2025-2026 season.

Financial Impact:

Utility Fees

The proposed rate increase is included in the 2025 budget. It is anticipated this increase will create a revenue stream from each of the utility funds to meet operational increases as well as increased debt service payments for the new water treatment plant planned for 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 January 2025 billing.

Residential Impact Chart – quarterly bill

Average Single Family Home						
City Average Based on 15,000 Gallons						
	2024		2025		Variance	
Water-Consumption	\$ 18.79	\$	\$ 20.67	\$	\$ 1.88	
Water-Fixed	\$ 20.80	\$	\$ 22.88	\$	\$ 2.08	
MN Test Fee	\$ 2.43	\$	\$ 2.43	\$	\$ -	
Water-Total	\$ 42.02	\$	\$ 45.98	\$	\$ 3.96	
Sewer-Consumption	\$ 68.91	\$	\$ 72.01	\$	\$ 3.10	
Sewer-Fixed	\$ 20.29	\$	\$ 21.20	\$	\$ 0.91	
Sewer-Total	\$ 89.20	\$	\$ 93.21	\$	\$ 4.01	
Storm Water-Fixed	\$ 22.41	\$	\$ 23.31	\$	\$ 0.90	
Total Bill	\$ 153.63	\$	\$ 162.50	\$	\$ 8.87	

Other Public Works fees

The other proposed fee changes for Public Works would not generate substantial revenues and are intended to maintain a level of revenue sufficient to offset cost increases.

Arena Fees

The ice rental rates, will help pay for increasing debt service and operating costs. Staff estimate approximately \$80,000 of increased revenue with these fee changes.

Advisory Commission Discussion:

N/A

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Council Committee Discussion:

The November 25th Finance Committee meeting included discussion on the utility funds and rate increase requests.

Attachments:

Ordinance amendment and full Fee Schedule changes

SECOND READING

CITY OF HASTINGS, MINNESOTA

ORDINANCE NO. 2024- 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:

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	\$20.80	\$22.88
1.0" Meter	\$52.00	\$57.20
1.25" & 1.5" Meter	\$104.02	\$114.42
2.0" Meter	\$166.42	\$183.06
3.0" Meter	\$312.05	\$343.26
4.0" Meter	\$672.81	\$740.10
6.0" Meter	\$1,456.16	\$1,601.78
Irrigation Base Charges		
5/8" & 3/4" Meter	\$41.61	\$45.76
1.0" Meter	\$104.02	\$114.40
1.25" & 1.5" Meter	\$208.03	\$228.84
2.0" Meter	\$332.84	\$366.12
3.0" Meter	\$624.11	\$686.52
4.0" Meter	\$1,352.14	\$1,480.20
6.0" Meter	\$2,912.32	\$3,203.56

Water Consumption		
Residential Users (applies all year)		
0 – 15,999 gallons	\$1.25/1,000 gallons	\$1.38/1,000 gallons
16,000 – 30,999 gallons	\$1.62/1,000 gallons	\$1.78/1,000 gallons
31,000 – 60,999 gallons	\$2.61/1,000 gallons	\$2.87/1,000 gallons
61,000 gallons and above	\$4.95/1,000 gallons	\$5.45/1,000 gallons
Other Users		
0 – 15,999 gallons	\$1.25/1,000 gallons	\$1.38/1,000 gallons
16,000 – 75,999 gallons	\$1.62/1,000 gallons	\$1.78/1,000 gallons
76,000 – 200,999 gallons	\$2.61/1,000 gallons	\$2.87/1,000 gallons
201,000 gallons and above	\$4.95/1,000 gallons	\$5.45/1,000 gallons
Sewer Rates		
Sewer Fixed Charges	\$20.29	\$21.20
Sewer Consumption Charge (based on metered use during winter billing quarter)	\$4.60/1,000 gallons	\$4.81/1,000 gallons
Storm Water Utility Rates		
Low Density Residential	\$22.41/lot	\$23.31/lot
Medium Density Residential	\$12.32/lot	\$12.81/lot
High Density Residential	\$87.36/acre	\$90.85/acre
Manufactured Housing	\$67.20/acre	\$69.89/acre
Commercial/Office	\$107.52/acre	\$111.82/acre
Industrial	\$94.07/acre	\$97.83/acre
Public/Institutional	Exempt/acre	Exempt/acre
Golf Course	\$20.18/acre	\$20.99/acre
Open Space/Vacant	\$22.41/lot	\$23.31/lot
Agricultural	\$22.41/lot	\$23.31/lot

Other Public Works Fees		
	Current	Proposed
Meter Replacement		
3/4" IPERL with MXU	\$384.00	\$446.40
1" IPERL with MXU	\$474.00	\$564.00
1.5" T2 OMNI with MXU	\$1,219.00	\$1,555.00
1.5" C2 OMNI with MXU	\$1,679.00	\$2,162.40
Larger than 1.5"	TBD – based on cost	
Hydrant Meters (temp construction)		
Installation	\$150.00	Remove from fee schedule
Usage	\$0.01/gallon up to 1,000 gallons	Remove from fee schedule
Usage	\$10.00 per 1,000 gallons	Remove from fee schedule
Fill Station Water	\$4.50/1,000 gallons	\$10.00/1,000 gallons

	Current	Proposed
Water Shut Off		
During regular work hours (7:00 a.m. to 3:00 p.m.)	\$50.00	\$55.00
Outside regular work hours	\$240.00	\$250.00
Water Turn On		
7:00 a.m. to 3:00 p.m.	No charge if same day as a turn off	No charge
7:00 a.m. to 3:00 p.m.	\$50.00	\$55.00
Outside regular work hours	\$120.00	\$250.00
Winter Emergency Water Turn off – Dec 1 – April 15		
7:00 a.m. to 3:00 p.m.	No charge if same day as a turn off	No charge
7:00 a.m. to 3:00 p.m.	\$100.00	\$110.00
Outside regular work hours	\$240.00	\$250.00
Winter Water Turn On		
7:00 a.m. to 3:00 p.m.	No charge if same day as a turn off	No charge
7:00 a.m. to 3:00 p.m.	\$100.00	\$110.00
Outside regular work hours	\$240.00	\$250.00
Equipment (plus operator fees)		
Pickup Truck	\$35.00/hour	\$\$50.00/hour
New addition-staff time for call-outs		
Public Works Operator		
7:00 a.m. to 3:00 p.m.	0	\$50.00/hour
Outside regular work hours - minimum 2-hour charge	0	\$75.00/hour
NSF Check Bank Fee	\$30.00	Change description, not rate
Ice Rental		
Prime (7am to 9:30 pm)	\$230 (effective October 17, 2025)	\$260 (effective July 1, 2025)
Non-prime (9:30 am to 7am)	\$160 (effective October 17, 2025)	\$160 (effective July 1, 2025)
Ice Rental, Off Season (rates effective 3/17/2025)		
1-10 hours	\$160 per hour plus tax	\$170 per hour plus tax
11-25 hours	\$150 per hour plus tax	\$160 per hour plus tax
26 or more hours	\$140 per hour plus tax	\$150 per hour plus tax
Advertising		
Rink Wall Ad 4' X 6'	\$350 per year	\$450 per year
Rink Wall Ad 4' X 6'	\$196 per year	\$350 per year
Zamboni – 23 3/4" X 75 5/8" x 3/16"	\$600 per year	\$700 per year

Moved by Councilmember _____, seconded by Councilmember _____ to **VIII-19**
adopt the ordinance as presented.

Adopted by the Hastings City Council on this 16th day of December 2024, 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 16th day of December 2024, as disclosed by the records of the City of Hastings on file and of record in the office.

Kelly Murtaugh, City Clerk