

CITY OF SHELLEY
WORK MEETING MINUTES

MAY 19, 2026

PRESENT: Mayor Westergard, Councilman Kress, Councilman Watson, Councilman West, Councilwoman Street, Justin Johnson, Jordon Johnson, Dave Noel, Spence Ward, and Ted Hendricks

The meeting was called to order at 5:32 p.m.

Spence said at a previous Council meeting it was decided not to use the EIRSD ERU calculation sheet to determine the water ERU's for the schools and businesses. He said a new calculation sheet will be formulated that will be more affordable. Spence said the increased base rate of \$55 per ERU was going to be effective June 1, 2026, but is the new flow rate going to be applied then also?

Dave said they have been working on a flat flow rate based on the size of lot that could be implemented until all of the meters have been installed. He presented a table to show the examples of the proposed lot rates. An example is 0 – ¼ acre lot would be charged a flat rate of \$15 for flow, and a lot ¼ - ½ acre would be charged \$25 per month. ½ acre and above would be billed \$35 per month. Businesses designated as light would be \$15, medium usage \$25 and heavy usage \$35. He said this will be a substitute rate instead of reading the meters except for the large business and the schools. The Council discussed how this will affect the residents using surface water to irrigate their yards and not city water. Dave said the city will evaluate the size of everyone's lots and then send out notice. Those that have exceptions can present their information to the city for adjustments.

The Mayor and Council said the new base rates are set to begin on June 1, 2026. A public hearing will be needed to establish a new fee for the flat (substitute) flow rate. The new flat flow rate is proposed to be implemented July 1, 2026. Ted said this is to get by for two and a half years until the water project is completed and more data on flow can be evaluated.

Ted said DEQ is reimbursing the City approximately \$830,000 for funds the city has paid for water meters and other components of the project. Mayor asked if some of those funds could be used to subsidize some of the residents that may need assistance with their monthly utility bills. Ted said there could be an account established for that. Louise said those funds could be assigned for that purpose and that's all they could be used for. Ted said the residents could apply to see if they qualify and then use those funds and possibly future funds that come from the growth of the city to continue subsidizing. Ted discussed subsidizing the schools over the next three years to discount their ERUS until they could be eased into the full rate. He said the city could discount their ERU base rate by 50% the first year, 25% the second year to allow the school to work this increase into their budget. Ted said some of the reimbursed funds could be used for that as well. He said once more data is received, an ERU rate could be established more equitably for the schools. Ted said right now based on their flow the high school is at about 37 ERU's instead of the projected 44. Sean agreed to step up the schools and business so they're ready to pay the full amount when the project is over in the next three years. Ted said we can do this because the interest that needs to be paid over the next two and a half years is assessed only as the loan is drawn on. He said the City could subsidize for all of the schools and business and still have enough to pay the interest for two and a half years. He said this would be paid by the base rate of \$55 per ERU.

Dave said he disagrees with Ted regarding the delay of billing for the base rates. He said the ERU data sheets should be ready by October. Dave said everyone will be billed for 1 ERU at \$55 until then. After October 1st there will be a new calculation chart. A public hearing will be need to charge a flat rate depending on lot size as well.

Another work meeting is schedule for May 28, 2026 at 5:30 p.m.

Adjourned: 8:00 p.m.

APPROVE:  ATTEST: 