

CITY OF SHELLEY
WORK MEETING
MINUTES

February 12, 2026

PRESENT: Mayor Kim Westergard

Council Members: Leif Watson, Don West, Sean Kress (Absent), Louise Street,
Department Heads: Justin Johnson, Jordon Johnson, and Lisa Ybarra

The meeting was opened at 6:05 p.m.

This work meeting was held to discuss water rate increases, interim financing and private water service line financing.

Dave went over a couple of different options and recommendations of what the water rate should be increased to. Dave mentioned that getting this project done in three years versus five years would cost the city about \$100,000/month for the two years. It is recommended to stay on top of the construction and make sure that we are on track to finish the project withing the three years. Dave also stated that the city has accepted funding from three different source, grant, loan and debt and O&M. Dave mentioned that on the debt and O&M combined, the city would have to charge \$76/month. This is still under the 2% affordability rate. Dave and Ted recommend for the city to charge enough in the base rate to cover the debt and then charge on the meter enough to cover the O&M. The \$76 would cover the reserve as well. Dave went over the different scenarios. The first one would have a base rate of \$50.57 flat rate would cover the debt and debt reserves, Ted mentioned \$55 would cover both reserves. Dave then mentioned that a flow rate of \$1.77 per month per thousand gallons metered would cover the O&M and Capital Improvements. The second is keeping the current rate of \$27.28 per month per EDU with a flow rate of \$3.05 per month per thousand gallons metered. The third option would be the base rate of \$50.57 for the debt and debt reserves plus 5,000 gallons and charge \$2.75 per month per thousand gallons metered above 5,000 gallons. Leif asked if the reserve would be put away for a rainy day. Ted mentioned that it would take about 10 years to make it up and the city cannot depend on the new construction. Mayor Kim mentioned that option number two would not be reasonable to do because it will make the residents who have been here the longest to pay more in water usage. Dave mentioned that she was correct and this is another reason why we are doing the project, the older residents would pay for what they actually use in water versus paying the same amount for a family of six. Dave mentioned that everyone will all pay the same for cost of the system and the difference is that they would decide what amount is worth paying beyond that. It was also mentioned hat if the 10% debt reserve is met before the 10 years because of connection fees and/or growth, the rates could go back down. Louise asked if we could use funds in the reserves to fix a system or would we have to get permission to use it before the 10% is made. Dave said we could that anytime.

It was mentioned that the ERUs would be adjusted to match the sewer calculations. With this scenario businesses and schools will be affected the most. It was also mentioned that the base rate be \$57 and no flow rate would be ideal.

Lisa asked that if the base rate is set at \$57 with no flow rate, if those who are paying a flow rate currently would pay less because it would only be based on the \$57.00. Dave said they would. Louise mentioned that it would affect our O&M now. Ted mentioned that he would get with Sandy and finish the ERU chart and have those ready for the council. Leif mentioned that he would need to go to the schools and explain what the changes will be. Ted mentioned that he would need to get the students enrolled now at the schools and if they all have cafeterias. Dave mentioned that it would actually be the student max that they would need to calculate. It was asked if council could call for a public hearing. Lisa mentioned that the council could not call for a public hearing tonight. They could have a special meeting to call for a hearing and have the information for publication. It was decided that there were more questions that council would like to have answered and they would have this item at the following council meeting.

Adjourned: 7:35 p.m.

APPROVE:  ATTEST: 