

A water-sewer rate workshop meeting of the Palo City Council was held on Tuesday, October 7, 2025, at the Palo Community Center in the Council Chambers. Mayor Van Kerckhove called the meeting to order at 5:30 pm. Council members who were present: Angie Brekke, Pete Hagstrom, Doug Hanover, Jen Welton. The other city staff present were Jennifer Fencil, City Clerk; Clark Robertson, Public Works; and Michelle Cheever, City Engineer. Hagstrom motioned to approve the agenda. Welton second. 4 Yeas, 0 Nay. Motion carried (4-0).

A discussion was held regarding the City's water rates. Cheever provided the Council with an updated spreadsheet detailing revenues and expenses from FY21 through FY26. The Council, along with city staff, reviewed the financial data, including revenue, expenses, and capital improvement plan (CIP) projections for FY26. Cheever indicated that the city does not need to increase the planned rates at this time. Motion by Hanover, second by Brekke to keep rates as they are and not put on the October agenda. 4 Yeas, 0 Nay. Motion carried (4-0).

Darren Stoltenberg arrived at 5:52 pm. A discussion was held regarding the City's sewer rates. Cheever provided the Council with an updated spreadsheet to reflect the rate increases proposed by the City of Cedar Rapids for treating wastewater. The rates will increase by 9% annually for the next two fiscal years. Council reviewed the impact of the planned rate increases on the city's operations and on average users' monthly bills. Cheever provided three options that will keep up with increases and establish a reserve fund for repairs and maintenance. Motion by Hagstrom, second by Welton to establish a \$25,000 sewer reserve fund and set the base monthly sewer rate at \$49.75 and the charge per 1,000 of water usage at \$18.25. The increase would be \$2.95 for the base fee and \$6.31 for the per 1,000 water use. These rates will be brought before council for formal approval at the regularly scheduled council meeting on October 20th. 5 Yeas, 0 Nay. Motion carried (5-0).

Motion by Hanover to adjourn the meeting at 6:15 pm. Second by Brekke. 5 Yeas, 0 Nay. Motion carried (5-0).
Respectfully submitted by Jennifer Fencil.