

**Hastings, Minnesota  
City Council Workshop  
June 3, 2024**

The City Council of the City of Hastings, Minnesota met in a workshop on Monday, June 3, 2024, at 5:30 p.m. in the Community Room at the Hastings City Hall, 101 East 4<sup>th</sup> Street, Hastings, Minnesota.

**Members Present:** Mayor Fasbender, Councilmembers Fox, Haus, Lawrence, Leifeld, Pemble, and Vihrachoff

**Members Absent:** None

**Staff Present:** City Administrator Dan Wietecha  
Assistant City Administrator Kelly Murtaugh  
Finance Manager Chris Eitemiller  
Assistant Finance Manager Ashley DeBernardi  
Community Development Director John Hinzman  
Public Works Director Ryan Stempki

Mayor Fasbender called the workshop to order at 5:30 pm and welcomed councilmembers and staff. Eitemiller opened the presentation and discussion on preparation and planning for the 2025 budget.

**Overview**

Eitemiller reviewed basic revenues and expenses for the budget. At present market valuations and data to estimate property taxes are pending, but it appears that a plain “maintenance” budget to fund existing services, prior commitments, and inflation could result in a 7% to 7.5% increase in the levy. Based on last year’s property values, this would be about a \$144 increase for the average residential home.

He noted several other major expenses that will impact this and/or future budgets: backlog of capital projects, parks and trails plan, fire station remodel, City share of Highway 61 project, and three water treatment plants for PFAS and nitrates.

**PFAS Treatment**

Stempski explained that due the new EPA limits, the City will need to construct water treatment plants to remove PFAS contamination from the drinking water. Plans include treatment to also remove nitrates which are at elevated levels. This will be a lengthy and expensive project. The total construction estimate is \$68.9M, and ongoing operations and maintenance will run upwards of \$1M annually. The plan is to construct one WTP per year for three years, proposed to start in early spring 2025 in order to budget the water rate increases to begin the first of the year. With a five year deadline by the EPA, there is little time to delay.

Although our project seemed to be well received, the legislative session ended without a state bonding bill. We have applied for other funding and intend to seek state bonding support next

session. But, in the meantime, we will need to consider significant water rate increases in order to keep the project moving forward. Current estimates to cover debt service for WTP #1 would mean a 37% increase in water rates. On the average residential user, this would estimate an approximate increase of \$76 for the year. Additional 35% to 40% increases would be necessary to bring each of the other two WTPs online without outside funding. As the City reviews potential locations for WTPs #2 and #3, they may result in additional expenses for land acquisition and piping. In addition to the budgetary expense, this level of debt could degrade the City's AA+ bond rating.

There had been considerable public question about options for temporary treatment during construction over the next three to five years. Stempski reviewed problems such as permitting, costs, and winter weather which would limit use of trailer units. In-home filters would pose problems as cost prohibitive and required regular maintenance to avoid causing bacteriological illness. Utilizing the state contract for bottled water would exceed the Water Department's current budget; City Council inquired about the possibility of piggybacking on the state contract as a savings for individuals rather than purchased by the City. Education, communication, and private fundraising might be affordable options to help residents determine short-term treatment appropriate for their individual needs.

### **Impact on Average Residence**

With preliminary estimates of property taxes at \$144 and water rates at \$76, this would be a \$220 increase, plus lesser increases for sewer and stormwater utilities. Council noted that this was pushing beyond prior property tax and utility increases and may be very difficult for some residents.

Council discussed careful and deliberate spending; may need to pause on some things that were previously budgeted; difficulty of increasing water rates vs reducing services/resources; some infrastructure and operations that have historically underfunded; and the need to still run a City with a variety of services.

Staff proposed while developing their department budget proposals, also generating a list of potential items that might be scaled back, reduced, or delayed.

### **Communications**

Likely property tax and water rate increases will need much communication for the public to understand the expenses, how they compare to other cities, costs of operating the City, and efforts to reduce expenses.

### **ADJOURNMENT**

Workshop adjourned at 6:56 p.m.

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Mary D. Fasbender, Mayor

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Kelly Murtaugh, City Clerk