

**GRANDVIEW CITY COUNCIL  
SPECIAL MEETING MINUTES – BUDGET  
OCTOBER 20, 2025**

**1. CALL TO ORDER**

Mayor Ashley Lara called the special meeting to order at 6:00 p.m. in the Council Chambers at City Hall.

The meeting was held in person and was also available via teleconference.

Present in person: Mayor Lara and Councilmembers David Diaz, Laura Flores, Bill Moore, Robert Ozuna, Javier Rodriguez and Joan Souders

Present via teleconference: None

Absent: Councilmember Steve Barrientes

Staff present were: City Administrator Shane Fisher, City Treasurer Matt Cordray, Public Works Director John Simmons, Fire Chief George Saenz and City Clerk Anita Palacios

**2. 2026 PRELIMINARY BUDGET**

**2026 Water and Sewer Rate Analysis**

Jakob Michael, City Engineer with HLA Engineering and Land Surveying, Inc., presented the 2026 Water and Sewer Rate Analysis, as follows:

**Project Background**

Revenues and expenditures for Grandview's water and sewer funds were reviewed annually as part of the budget planning process. Individual water and sewer funds were examined separately, and a long-term financial plan was updated to assess future needs, so revenues could be reasonably adjusted to meet operating expenses and capital improvement costs.

Sewer rates were increased 8% in 2024 and 8% in 2025 in anticipation of a major treatment plant improvement project to address Department of Ecology (Ecology) requirements. Water rates increased by 4% in 2024 and 8% in 2025 in anticipation of source well and reservoir storage improvements. These rate increases helped Grandview to maintain a stable fund balance in the 10- to 15-year horizon while completing major capital improvement projects and O&M improvements.

Sewer revenues grew steadily from 2023 to 2025, with declines of 1.2% in 2021 and 0.8% in 2022. Water revenues declined by 2% in 2019 and 2020, but increased steadily from 2021 to 2025. Revenue changes were tied to industrial activity, crop size, and weather, which cannot be controlled by the City. The City's control of expenditures and the conservative approach to budgeting has historically placed the City Water and Sewer Funds in a good financial position.

**October 2025 Analysis**

Our recent analysis included the following major work items:

- A review of 2024 revenues and expenses.

- Projection of 2025 year-end revenues and expenses using historical seasonal distribution of water consumption, sewer discharges, and expenditures.
- Examination of current and proposed capital improvements.
- Preparation of a cash flow analysis to review projected revenue needs.

The cash flow analysis relies on reasonable revenue projections. The past downward trend in water and sewer revenues flattened in 2022. Overall revenue generated from water charges for service in 2025 was projected to be about 10.2% higher than 2024. Sewer charge revenue in 2025 was expected to increase about 8.4% from 2024 revenues. These projected revenue increases were not expected to establish new trends, and it was therefore assumed usage would remain consistent in 2026 for conservative analysis. Cash flow was then updated to reflect these revised revenue projections and to account for adjustments in planned capital improvements. A few key items in the analysis were worth noting:

- Ecology requested an analysis and report to address groundwater concerns at the wastewater treatment plant (WWTP). A WWTP Facility Plan was submitted and approved by Ecology and included a proposed schedule for improvements. Design of the WWTP improvements began in 2023 and would continue through 2025. The City did not receive Public Works Board funding for construction in 2026. However, the City may be able to construct solids dewatering and sludge holding tank improvements using local funding. If the dewatering improvements could be funded locally, it was recommended the City continue to apply for construction funding for phases 2 through 4. The estimated cost of all WWTP improvements (\$42 million and the associated debt service) was included in the cash flow analysis. Funding was proposed through a combination of local funds and low interest loans as follows:

Design (Complete 2025):

Ecology Loan	\$2,240,000
Ecology Forgivable Principal	<u>\$2,240,000</u>
	\$4,480,000

Phase 1 - Dewatering Improvements (2026)

Local Funding	\$7,000,000
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Phase 2 Improvements (2027)

Low Interest Loan	\$3,500,000
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Phase 3 Improvements (2028 to 2029)

Low Interest Loan	\$26,000,000
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Phase 4 Improvements (2031 to 2032)

Low Interest Loan	\$6,050,000
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Total:

Local Funding	\$7,000,000
Grant Funding	\$2,240,000
Loan Funding	<u>\$37,790,000</u>
	\$47,030,000

- Grandview received \$3,578,329 from Department of Health Drinking Water State Revolving Fund (DWSRF) and \$850,000 from Yakima County American Rescue Plan Act (ARPA) to complete Source Well Improvements and Source Well Rehabilitation projects. The new well has been drilled, and the wellhouse design was anticipated to be completed at the end of 2025 for early 2026 construction.
- Several maintenance projects were planned for the City’s water and sewer systems in 2026. Maintenance projects improve overall public safety and were important for reliable system operation. This year’s analysis considered the following maintenance projects:

Balcom and Moe Well Aeration Improvements	\$750,000
Butternut Well Rehabilitation	\$950,000
N. Elm Street Water Main Improvements	\$1,300,000
Forrest Road Pump and Control Improvements	\$600,000
Forrest Road Bioxide Treatment	\$250,000
Lead and Copper Service Replacement	\$300,000
	<u>\$4,150,000</u>

Expenditures for these improvements were planned in 2026. Funding using City reserves was included in the analysis.

- Grandview received \$9,090,000 from Department of Health Drinking Water State Revolving Fund (DWSRF) and was providing \$2,809,700 of local funds to complete the New 3.0 MG Reservoir project and replace the existing transmission main in E. Elm Street near the cemetery. Construction has begun on the reservoir, and was anticipated to be completed in mid-2026. The City was anticipated to have approximately \$2,355,000 remaining after these improvements were completed. DWSRF has approved using the leftover funds for the existing 3.0 MG Reservoir Rehabilitation project, which would be completed in 2026.
- The City was successful in applying for SIED and Community Economic Revitalization Board (CERB) funding in 2024 for the Northwest Grandview Infrastructure Improvements (truck stop) project. The developer was committed to paying \$20,000,000 for the project and would reimburse Grandview for the SIED/CERB loans to fund sewer and water improvements, which were approximately \$3,649,465. The design was projected to be completed in 2025, and construction anticipated to begin in 2025 and end in 2026.

Water

CERB Loan	\$1,139,605
SIED Loan	\$490,700
	<u>\$1,630,305</u>

Sewer

CERB Loan	\$1,412,160
SIED Loan	\$607,000
	<u>\$2,019,160</u>

- Ending fund balances were adequate to provide a typical minimum balance of at least 50% of annual expenditures, which provides more than six months of reserve.

**Results**

### Water Department

- Future water system capital improvements have been discussed with City staff and were included in the City's Water System Plan. Capital improvements should be re-examined each year as part of the budget process, and the long-term financial plan should be updated accordingly.
- Since both major capital improvement projects and O&M improvements were anticipated in the next few years, a 7% water rate increase is recommended for 2026 to maintain a stable fund balance in the 10- to 15-year horizon. Based on the timing of future capital improvements, regular rate increases will be needed for several years.

### Sewer Department

- The rate analysis included future improvements to the WWTP needed to address potential groundwater contamination. The plan was to complete design of the future improvements in 2025, with construction proposed in 2026 and 2027, depending on available construction funding. The financing plan included accumulating reserves to pay for a portion of the project cost to reduce future debt.
- Since the new WWTP and other sewer system improvement projects were anticipated in the short term, an 8% increase in sewer rates was recommended for 2026 to meet the need to accumulate reserves for future project expenses.
- Additional sewer rate increases would be needed in the future, but the timing and amount of the increase would depend on when capital improvements were completed, as well as the type of financing. Therefore, the City should continue to monitor sewer revenues and update the rate analysis as more information concerning capital improvements was available.

Council discussed utility rate increases, with HLA suggesting a 7% water rate and 8% sewer rate, along with staff recommending a 4% garbage rate, 6% irrigation rate and \$1.59 EMS fee. These increases would result in an additional \$10 on residential bills for residents using 5,000 gallons of water, well under the \$20 cap agreed upon.

The Council also considered raising utility taxes, which could bring in an additional \$92,000 to \$366,000 to the Current Expense Fund annually. It was noted that utility tax rates have not increased since 2013. The Council agreed to target a 4% increase. They emphasized the need to educate the public about the reasons for the increase, which would fund essential City services like public works, code enforcement and public safety. The Council noted that while this initial funding was a good start, it would not cover all necessary expenses, but they felt it was a manageable amount for residents to understand and support.

Council also discussed the need to educate the public about upcoming tax increases. They agreed to start messaging about the increases in November, ahead of the February 1st billing cycle, and to create a fact sheet for consistent communication. The Council emphasized that the increases were necessary, but represented the bare minimum needed to maintain city infrastructure, particularly important for residents on fixed incomes. They also emphasized the importance of thoughtful rate increases to fund future projects and maintain infrastructure. The Council also touched on connection fees for new developments and the need to communicate how these fees contribute to system capacity improvements.

Following discussion, Council consensus was to increase water rates 7%, increase sewer rates 8%, increase garbage rates 4%, increase irrigation rates 6%, increase the EMS fee \$1.59 and increase the utility tax rate 4%.

### **2026 Revenue and Expenditure Estimates**

City Treasurer Cordray continued the presentation of the 2025 preliminary budget, as follows:

#### **Capital Improvements**

2025 Revenue Budget \$810,000  
2026 Revenue Estimate \$558,500  
2025 Expenditure Budget \$1,330,050  
2026 Expenditure Proposed \$701,000  
Notable Changes in 2026 –

- New Police Department building – \$200,000
- Pool splash pad - \$500,000

#### **WCR/McCreadie Utilities – SIED Loan & Grant**

2025 Revenue Budget \$-0-  
2026 Revenue Proposed \$-0-  
2025 Expenditure Budget \$-0-  
2026 Expenditure Proposed \$-0-  
Notable Changes in 2026 – None

#### **WCR & Higgins Improvements (Truck Plaza) – SIED Loan & Grant**

2025 Revenue Budget \$-0-  
2026 Revenue Proposed \$-0-  
2025 Expenditure Budget \$-0-  
2026 Expenditure Proposed \$-0-  
Notable Changes in 2026 – None

#### **OIE (Welch's) & West Fifth Street Sewer Improvements – SIED Loan & Grant**

2025 Revenue Budget \$-0-  
2026 Revenue Proposed \$-0-  
2025 Expenditure Budget \$-0-  
2026 Expenditure Proposed \$-0-  
Notable Changes in 2026 –None

#### **NW Grandview Infrastructure Improvements – SIED Loan & Grant**

2025 Budget \$6,589,000  
2026 Proposed \$6,578,590  
Notable Changes in 2026 – Expenditure amounts have been put into place in case work continues.

#### **Water Fund**

2025 Revenue Budget \$10,904,800  
2026 Revenue Estimate \$11,270,050  
2025 Expenditure Budget \$12,114,720  
2026 Expenditure Proposed \$12,497,610  
Notable Changes in 2026 –

- Water Meters – \$80,000

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- New Well – \$2,265,000
- New 3 MG Reservoir – \$5,980,000
- Willoughby Irrigation System – \$40,000
- Reservoir Rehabilitation – \$165,000
- N. Elm Water Main Improvements – \$910,000

Staff proposed a 7% increase in water rates.

### Water Debt Service

Following were the outstanding loans with their respective years of origin and maturity.

- U.S.D.A. Note – Water System Improvements
  - 2009 – 2049
- Public Works Board, DWSRF Loan – Old Inland Empire Water Improvements
  - 2014 – 2036
- Yakima County SIED Loan – WCR & McCreddie Utilities
  - 2024 – 2033
- Commerce DWSRF Loan – New Source Well
  - 2025 – 2044
- Yakima County SIED Loan – WCR & Higgins Way (Truck Plaza)
  - 2025 – 2034
- Commerce DWSRF Loan – Storage Reservoir
  - 2026 – 2045

Notable Changes in 2026 – In 2025, the City began drawing down on the DWSRF Loan for the Storage Reservoir project. That initiated a small payment to the loan. In 2026, the regular annual principal and interest payments would begin.

### Sewer Fund

2025 Revenue Budget \$10,530,200

2026 Revenue Estimate \$16,447,650

### Sewer Collection

2025 Expenditure Budget \$6,989,580

2026 Expenditure Proposed \$16,566,020

Notable Changes in 2026 – None

### Sewer Treatment

2025 Expenditure Budget \$5,563,460

2026 Expenditure Proposed \$14,703,050

Notable Changes in 2026 –

- WWTP upgrade – \$11,870,000
- Forrest Road Lift Station pump upgrade – \$160,000

Staff proposed an 8% increase in sewer rates.

### Sewer Debt Service

Following outstanding loans with their respective years of origin and maturity:

- U.S.D.A. Loan – Waste Water System Improvements
  - 2016 – 2056
- Department of Ecology Loan – 21” Sewer Trunk Main

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- 2024 – 2044
- Yakima County SIED Loan – WCR & McCreddie Utilities
  - 2024 – 2033
- Yakima County SIED Loan – WCR & Higgins Way (Truck Plaza)
  - 2025 – 2034
- Yakima County SIED Loan – OIE (Welch's) & 5<sup>th</sup> Street Sewer
  - 2026 – 2035

Notable Changes in 2026 – OIE (Welch's) & 5<sup>th</sup> Street Sewer Improvement project was completed in 2025. The City would begin making payments to the loan in 2026.

### Irrigation

2025 Revenue Budget \$663,500

2026 Revenue Estimate \$720,750

2025 Expenditure Budget \$699,350

2026 Expenditure Proposed \$740,300

Notable Changes in 2026 – Anticipated 5% increase in water being purchased from Sunnyside Valley Irrigation District.

Staff proposed a 6% increase in irrigation rates.

### Solid Waste Collection

2025 Revenue Budget \$1,403,530

2026 Revenue Estimate \$1,507,050

2025 Expenditure Budget \$1,588,750

2026 Expenditure Proposed \$1,640,590

Notable Changes in 2026 – None

Staff proposed a 4% increase in garbage rates.

### Neighborhood Clean-up

2025 Expenditure Budget \$18,410

2026 Expenditure Proposed \$26,090

Notable Changes in 2025 – Increase cost in tipping fees – \$8,000

### Equipment Rental

2025 Revenue Budget \$605,000

2026 Revenue Estimate \$605,000

2025 Expenditure Budget \$866,260

2026 Expenditure Proposed \$797,890

Notable Changes in 2026 – The following equipment to purchase or replace:

- One patrol vehicle – \$85,000
- Two Public Works trucks - \$30,000

### Community Events Budget Allocation

Council discussed continuing to invest in community events, with a focus on showcasing the City's amenities and providing recreational opportunities. They agreed to set aside \$30,000 in the budget for community events, with the possibility of adjusting this amount in February 2026 if needed. Council also decided to put out a request for proposals (RFP) for event planning, allowing various community groups to apply for funding. They emphasized the importance of keeping

events free for the community while exploring options for sponsorships or donations to offset costs.

City Treasurer Cordray would finalize the preliminary budget numbers which would be available the first of November.

**3. ADJOURNMENT**

**On motion by Councilmember Moore, second by Councilmember Souders, the special meeting adjourned at 7:45 p.m.**

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Mayor Ashley Lara

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Anita Palacios, City Clerk