GRANDVIEW CITY COUNCIL
SPECIAL MEETING MINUTES – BUDGET
OCTOBER 19, 2026

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 Laura Flores, Ramona Garibay Rios, Bill Moore, Robert Ozuna, Javier Rodriguez and Joan Souders

Present via teleconference: Councilmember David Diaz

Absent: None

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

2. 2027 PRELIMINARY BUDGET

2027 Water and Sewer Rate Analysis

Jakob Michael, City Engineer with HLA Engineering and Land Surveying, Inc., presented the 2027 Water and Sewer Rate Analysis, as follows:

Project Background

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

Sewer rates were increased 8% in 2025 and 8% in 2026 in anticipation of a major treatment plant improvement project to address Department of Ecology (Ecology) requirements. Water rates increased by 8% in 2025 and 7% in 2026 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 2022 to 2026. Water revenues steadily increased from 2022 to 2026, despite minimal increase in consumption. Grandview relies heavily on industrial revenues, which are tied to industrial activity, crop size, and weather, and cannot be controlled by the City. The City's control of expenditures and the conservative approach to budgeting has historically placed the City of Grandview's Water and Sewer Funds in a good financial position.

October 2026 Analysis

The recent analysis included the following major work items:

- A review of 2025 revenues and expenses.
- Projection of 2026 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. Overall revenue generated from water charges for service in 2026 is projected to be about 2.6% higher than 2025. Sewer charge revenue in 2026 is expected to increase by 2.9% from 2025 revenues. Annual water consumption peaked in 2024 and has remained stable since. These projected revenues are not expected to establish new trends, and we therefore assumed usage would remain consistent in 2027 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 are worth noting:

- The City is in the process of completing major Wastewater Treatment Plant (WWTP) upgrades to address Ecology groundwater contamination concerns. Design of the improvements was completed in 2026, and the project will be bid in several phases. Phase 1 - Solids Handling Improvements, was bid in Spring 2026, and awarded to Apollo, Inc. for $14.4 million. The City intends to use financing from Banner Bank for $10 million of the improvements, and local funding for $4.4 million. If the City can secure a loan for the entire project and pay for long term debt service rather than pay for direct project costs out of reserves, sewer rates would remain lower on the 10 – 15 year horizon. The Sewer Fund has been accumulating capital for several years in anticipation of these major WWTP improvements. The estimated cost of all WWTP improvements is included in the cash flow analysis. Funding is proposed through a combination of local funds and low interest loans as follows:

  Planned WWTP Project Costs:

Phase 1 - Dewatering Improvements (2027)	
Local Funding	$4,400,000
Banner Bank Loan	$10,000,000
Phase 2 Improvements (2028 - 2031)	
Local Funding	$3,000,000
Low-Interest Loan	$30,000,000
Total:	
Local Funding	$7,400,000
Loan Funding	$40,000,000
	$47,400,000

- 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 construction began in September 2026.

- Several maintenance projects are planned for the City's water and sewer systems in 2027. Maintenance projects improve overall public safety and are important for reliable system operation. This year's analysis considered the following maintenance projects:

Water System:	
Balcom and Moe Well (S02) Improvements	$1,600,000
N. Elm Street Water Main Improvements	$1,350,000
	$2,950,000
Sewer System:	
Forrest Road Pump and Control Improvements	$900,000
	$900,000

Expenditures for these improvements are planned in 2027. 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 is providing $2,809,700 of local funds to complete the New 3.0 MG Reservoir project, replace the existing transmission main in E. Elm Street near the cemetery, and rehabilitate the existing 3.0 MG (West) reservoir. Construction of the new 3.0 MG (East) reservoir and E. Elm Street transmission main is complete. The existing 3.0 MG (West) reservoir is currently undergoing coating rehabilitation and safety improvements which will be completed in Spring 2027. Of the total $1.5 million rehabilitation cost, $1.1 million will be funded by DWSRF and $0.4 million will be funded by City reserve funds.

- Projected ending fund balances are sufficient to maintain a minimum reserve equivalent to at least six months of annual expenditures.

Results

Water Department

- Future water system capital improvements have been discussed with City staff and are 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 are anticipated in the next few years, a 6% water rate increase is recommended for 2027 to maintain a stable fund balance in the 10- to 15-year horizon. The resulting residential base rate would increase from $29.71 to $31.50 (+$1.79), and the usage rate would increase from $0.45 / 1,000 gallons to $0.48 / 1,000 gallons. Based on the timing of future capital improvements, regular rate increases will be needed for several years.

2027 Recommendation Summary - Water	
Rate Increase	6%
New Base Rate	$31.50
New Usage Rate	$0.48

Sewer Department

- The rate analysis includes future improvements to the WWTP needed to address potential groundwater contamination. Design of the improvements is complete, and Phase 1 construction will begin early 2027. Construction of the future phase(s) will be completed as funding becomes available. The financing plan includes accumulating reserves to pay for a portion of the project cost to reduce future debt.

- Since major WWTP improvements and other sewer system improvement projects are anticipated in the short term, a 6% increase in sewer rates is recommended for 2027 to meet the need to accumulate reserves for future project expenses. The resulting residential base rate would increase from $47.17 to $50.00 (+$2.83).

- Additional sewer rate increases will be needed in the future, but the timing and amount of the increase will depend on when capital improvements are 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 is available.

2027 Recommendation Summary - Sewer	
Rate Increase	6%
New Base Rate	$50.00

2027 Revenue and Expenditure Estimates

City Treasurer Cordray continued the presentation of the 2027 preliminary budget, as follows:

Capital Improvements
2026 Revenue Budget $1,006,000
2027 Revenue Estimate $563,500
2026 Expenditure Budget $901,000
2027 Expenditure Proposed $830,000
Notable Changes in 2027 –

- New Police Department building – $800,000

Water Fund
2026 Revenue Budget $12,535,050
2027 Revenue Estimate $5,427,350
2026 Expenditure Budget $17,897,610
2027 Expenditure Proposed $9,240,930
Notable Changes in 2027 –

- Water Meters – $75,000
- New Well – $1,110,000
- New 3 MG Reservoir – $1,115,000
- Balcom and Moe Well Rehabilitation – $1,600,000
- Mechanical Lift at Public Works - $15,000
- N. Elm Water Main Improvements – $1,350,000

Staff proposed a 6% 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 & McCreadie 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
- Yakima County SIED Loan – NW Grandview Infrastructure
  - 2027 – 2036

Notable Changes in 2027 – Interest only payment for NW Grandview Infrastructure.

Sewer Fund
2026 Revenue Budget $7,082,650
2027 Revenue Estimate $16,702,650

Sewer Collection
2026 Expenditure Budget $1,660,000
2027 Expenditure Proposed $2,321,150
Notable Changes in 2027 –

- Forrest Road Lift Station – $900,000
- Lift Station Telemetry – $15,000
- Mechanical Lift at Public Works – $15,000

Sewer Treatment
2026 Expenditure Budget 9,833,050
2026Expenditure Proposed $13,110,300
Notable Changes in 2027 –

- Wastewater Treatment Plant Upgrades – $10,570,000

Staff proposed a 6% 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
  - 2024 – 2044
- Yakima County SIED Loan – WCR & McCreadie Utilities
  - 2024 – 2033
- Yakima County SIED Loan – WCR & Higgins Way (Truck Plaza)
  - 2025 – 2034
- Yakima County SIED Loan – OIE (Welch’s) & 5th Street Sewer

    - 2026 – 2035
- Yakima County SIED Loan – NW Grandview Infrastructure
    - 2027 – 2036

- Department of Ecology Loan – Wastewater Treatment Plant Upgrades

Notable Changes in 2027 –
- Interest only payment for NW Grandview Infrastructure.
- The City began drawing down on a Department of Ecology loan for Wastewater Treatment Plant upgrades. The City should have an interest payment due in 2027 and then began paying principal and interest payments in 2028.
- The City was approved for a loan from Banner Bank in the amount of $10,000,000 for Wastewater Treatment Plant upgrades. The drawdown on that will begin in 2027 with principal and interest payments set to start in 2028.

Irrigation
2026 Revenue Budget $720,750
2027 Revenue Estimate $813,300
2026 Expenditure Budget $791,160
2027 Expenditure Proposed $873,300
Notable Changes in 2027 –
- Anticipated 5% increase in water being purchased from Sunnyside Valley Irrigation District.
- New pump and VFD for irrigation pump (shop) - $50,000

Staff proposed a 12% increase in irrigation rates.

Solid Waste Collection
2026 Revenue Budget $1,547,050
2027 Revenue Estimate $1,730,550
2026 Expenditure Budget $1,733,000
2027 Expenditure Proposed $1,850,520
Notable Changes in 2027 – Yakima County increasing tipping fees by 45%.

Staff proposed a 10% increase in garbage rates.

Neighborhood Clean-up
2026 Expenditure Budget $26,090
2027 Expenditure Proposed $30,320
Notable Changes in 2025 – Yakima County increasing tipping fees by 45%.

Equipment Rental
2026 Revenue Budget $745,000
2027 Revenue Estimate $848,000
2026 Expenditure Budget $812,890
2027 Expenditure Proposed $835,650
Notable Changes in 2027 – The following equipment to purchase or replace:
- Replace patrol vehicle #216 – $90,000
- Replace patrol vehicle #242 – $90,000

Budget discussions ended with acknowledgment that the current expense fund balance was projected at only $230,000, requiring careful consideration of additional expenditures until final revenue figures were confirmed in February. Staff recommended holding off on additional expenditures from the current expense fund until the February budget review to determine the actual year-end balance, particularly given ongoing police union contract negotiations that could impact future budgets.

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 Ozuna, the special meeting adjourned at 7:10 p.m.

Mayor Ashley Lara

Anita Palacios, City Clerk