

CITY OF HASTINGS, NEBRASKA  
MINUTES OF UTILITY BOARD REGULAR MEETING  
Thursday, June 11, 2026

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted Airport Conference Room - Hastings Municipal Airport 3300 W 12th Street, on June 11, 2026.

**ROLL CALL:**

The meeting was called to order at 9:00 am in regular session by Bill Hitesman with the following members present: Jeanette Dewalt, Scott Kvols. Absent: Susan Meeske, Regg Rutt. Derek Zeisler, Erik Nielsen, Tony Herrman, Jaci Higgins, Jeanne Espina, Larry Fox, Shane Stone, Noel Nienhueser, Larry Consbruck, Mark Funkey, Steve Huntley, Karl Block, Kyle Patten, Jason Redding, Brandan Lubken, Leen Vrooman, Lori Hartman. Absent: Jay Beckby, Jesse Oswald

**PLEDGE OF ALLEGIANCE:**

Bill Hitesman led the group in the recital of the Pledge of Allegiance to the United States of America.

**MOTION TO ADOPT CURRENT AGENDA FOR June 11, 2026 REGULAR MEETING.**

Moved by Kvols and seconded by Dewalt to adopt the current agenda for the June 11, 2026, Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Kvols. Nays: None. Absent: Meeske, Rutt. The motion carried.

**PUBLIC NOTICE** - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, June 9, 2026. Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is located at the back of the Council Chambers. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Council Chambers which is accessible to members of the public.

**MANAGER'S COMMUNICATIONS:**

We are fortunate that the storm moved north of us. We had one pole that was hit, and we were able to get that repaired.

This is Bill Hitesman's last meeting. Thank you, Bill, for your leadership. We appreciate what you have done for the utilities and our staff. We would like to present you with a plaque as a thank you for your service. Thank you for your service and your time.

**BOARD CHAIRMAN'S COMMUNICATIONS:**

It has been a pleasure and I will miss working with all of you. It is the people that make it work. The utilities have been outstanding at what they do. We need to find a way to find money to help our community.

**BOARD MEMBERS' COMMUNICATIONS:**

Thank you for being on the board. We will miss your leadership and timeliness.

**CITIZEN COMMUNICATIONS:**

None

**CONSENT AGENDA:**

1. All Consent Items.

- (a) Approval of the minutes of the Hastings Utility Board Meeting of May 14, 2026

Moved by Dewalt, second by Kvols. Roll Call: Ayes: Hitesman, Dewalt, Kvols. Nays: None. Absent: Meeske, Rutt.  
Approved.

**REGULAR AGENDA:**

2. Unfinished Business of Preceding Meeting.

- (3.) Administration

- a Cost of Service Water and Sewer Update and Recommendation for Budget

Cost of Service/Rate Design Studies for Water and Wastewater Utilities presented by John Krajewski.

Background: - Last water and wastewater rate updates were in 2022. - Implemented Infrastructure Fee in water rates due in significant capital expenditures in long-term budget.

Purpose of Studies: - Review financial performance of the water and wastewater utilities. - Develop rates that reflect the cost of service and accomplish other goals established by HU. \*Long-term financial integrity \*Fair, reasonable and non-discriminatory rates \*Competitive rates compared to HU's peer group \*Recognize cost of service for each rate class.

Water COS/RDS Results

Projected Financial Results: - Operating deficits begin to occur in fiscal year (FY) 2029 - Implementing small rate increases now can maintain cash reserves and prevent larger rate increase later.

Proposed Rate Plan: - Implement 1.5% annual rate increases in FY 2027 through FY 2030. - Avoids implementing a large rate increase in FY 2030 and helps maintain adequate cash reserve. - Proposed rate schedule in report implement rate increases through FY 2029. - Future rate changes can be assessed in the next rate study.

Cost of Service: - Findings \*For all customers, except CMS, rate increases were within

small bandwidth around overall 1.5% rate change \*CMS rates would need to increase more than 100% for revenue to approach the cost of service ~Low customer density results in higher operating costs per customer ~Much larger investment per customer due to lower customer density.

Rate Design: - All rate classes, except CMS, proposed to increase rates approximately 1.5% annually for the next three years \*Some changes are not exactly 1.5% based on desire to keep rates rounded to nearest \$.01 per ccf. - CMC rates proposed to increase 10% annually for next three years \*Even with series of three 10% rate increases, revenues still well below the cost of service. - Inclining block rate proposed for Residential rate classes \*First ccf: \$1.79/ccf (\$0.20 decrease compared to existing) \*Next 25 ccf: \$2.09/ccf (\$0.10 increase compared to existing) \*Excess: \$2.42/ccf (\$0.43 increase compared to existing) - Rate is designed to encourage conservation, particularly for discretionary usage - Users with less than 15 ccf of consumption pay less under new rates.

Typical Residential Water Bill: - Proposed rates would increase typical monthly Residential water bill \$0.53/month in FY 2027, \$0.53/month in FY 2028 and \$0.61/month in FY 2029.

Typical Water Bill Comparison: Residential 5/8" Meter, Summer Season

Conclusions: - Series of 1.5% rate increases in FY 2027 through FY 2030 would ensure adequate cash flow and avoid larger rate increase later. - CMS rates would need to increase more than 100% to cover the cost of service. - Implementing inclining block rate for residential customers would encourage conservation. - With proposed rate changes, retail rates are near the median compared to peer group.

Recommendations: - Implement rate schedule included as Appendix A to report \*1.5% annual rate increases for FY 2027, FY 2028 and FY 2029 for all rate classes except CMS \*10% annual rate increases for FY 2027, FY 2028 and FY 2029 for CMS. - HU should review rates again in 2029 or sooner if an unexpected expense or change in usage occurs.

Wastewater COS/RDS Results

Projected Financial Results: - Adequate revenue to cover operating expenses and capital improvements needs throughout study period. - No need to raise rates on a system-wide basis.

Cost of Service: - CMS rates would need to increase more than 100% to cover the cost of service. \*low customer density \*higher investment per customer \*higher operating cost per customer - Revenues for all other customers are reasonable compared to the cost of service.

Rate Design: Increase Rate Class S-3 rate 10% annually in FY 2027, FY 2028 and FY 2029

Conclusions: - Except Rate Class S-3 (CMS), existing rates are adequate and no overall rate change is necessary. - Rates for CMS customers would need to increase more than 100% to cover the cost of service.

Recommendations: - Implement rate schedule in Appendix A \*Only change rates is increasing Rate Class S-3 rate by 10% annually in FY 2027, FY 2028, and FY 2029. - HU should review rates on a regular basis, especially if there is a change to the system, including capital improvements or operating expense increases.

We need a recommendation to move the Cost of Service for Water and Sewer to move on to City Council. Dewalt moves to approve a recommendation to move this to the city council for the water and sewer rates for 2027-2029 per John's recommendation.

Second by Kvols.

Role Call: Ayes: Hitesman, Dewalt, Kvols. Nays: None. Absent: Meeske, Rutt.

Approved to move to City Council.

4. General Business.

(a) Finance

i. Financial Update (Q2)

Financial and Operating Report Fiscal Year (FY) 2026 Q2

Electric Department: - Very strong January market, inflating the revenue and expenses.  
- Trending towards budget but will wrap up the spring outage in Q3 and will enter an unknown pricing market for city load purchases and generation revenue in Q4.

Gas Department: - Extremely mild fall and winter, impacting gas revenue. - The Gas department would be well behind budget, but the monthly Transportation Credit is just over \$1.2M for October through March. Transportation Credits are market driven and fall under Other Income and do not fall under Operating Revenue. This is an exceptionally unique year for Transportation Credits.

Water Department: - October through March is not a typical watering season as shown in lower revenues and expenses. - With the dry spring, will likely see an increase in water usage for Q3.

Sewer Department: - Operating revenue lower than the prior year due to the unbilled sewer usage. The unbilled revenue will be captured in Q3.

ii. Budget Update and Schedule

Jaci gives everyone an update on the budget. Reach out to her to schedule a meeting and see what time works best for you. Everything is progressing very well. Larry let's everyone know that there will be some changes on how you see things.

(b) Production

(c) Operations

(d) Other

i. Propose to move July 9th meeting to July 23rd.

All present board members are okay to move the July 9th meeting to July 23rd.

5. Possible Closed Session (if necessary or requested).

**ADJOURN:**

Moved by Dewalt seconded by Kvols with there being no further business to adjourn at 10:00 am. Roll Call: Ayes: Bill Hitesman, Jeanette Dewalt, Scott Kvols. Nays: None. Absent: Meeske, Rutt. Meeting Adjourned.

APPROVED:

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Board Secretary