CITY OF BLAIR

MEMORANDUM

DATE: November 24, 2026, 7:00PM

MEMO TO: Mayor and City Council

FROM: CJ Heaton, Deputy City Administrator of Public Works

RE: Water Department Rate Study Proposals

SUMMARY: To facilitate the City of Blairs water distribution needs we applied to the State of Nebraska State Revolving Loan Fund (SRF) program to pay for two pump stations located at Black Elk and another along highway 75. The application has been approved but the SRF Loan can't be issued because the city doesn't meet the 1.35% debt to revenue ratio. We are now required to have a rate study done and bring rates into line with revenues to move forward with the pump station projects. The city should be meeting the 1.35% debt to revenue ratio to keep the water department in acceptable financial health.

PREVIOUS ACTION: The City of Blair water department had a rate study done in 2024 by Veenstra & Kimm Inc. The city has followed those rate recommendations. However, other factors have led to the need for another rate study.

BACKROUND/DISCUSSION: The factors that have led to the need for a current rate study include the following.

Several large projects to accommodate Cargill's needs that were funded with long term debt.

Every SRF loan has a portion of that loan forgiven by the state upon the completion of the project. For the last several years the city's auditors have recorded that forgivable portion as revenue. This makes our debt to revenue ratio look better that it is. How they recorded this is within GAPP and GASB municipal finance accounting rules. So, it isn't their fault, but it is a reality.

Also, keep in mind that we have Ten million ($10,000,000) in Bond Anticipation Notes (BANS) that will come due in March of 2027, So, since these BANS will need to either be paid off or transferred to long term debt, time is of the essence. We must start that process sometime in January 2027.

FINANCIAL IMPLICATIONS: We prepared a bid document and distributed it to the companies that we thought might be interested in completing the study. Below are the responses we received back.

HDR:	$57,364
SEH:	$45,600
VK:	$21,300
JEO:	Declined the Bid

RECOMMENDATION: We recommend moving forward with Veenstra & Kimm Inc. They were the lowest bid and with this process being time sensitive we fell they can get the study done in a thorough and timely manner.