

Water Sewer Committee Meeting

The Vergas Water/Sewer Committee met at the Vergas Government Services Center on Monday, August 10, 2026, at 9:00 AM

2026	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bruce Albright, Liaison	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P				
Dean Haarstick, Liaison	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P				
Julie Lammers, Clerk-Treasurer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P				
Mike DuFrane, Utilities Superintendent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P				

P: Present. A: Absent N/A: No meeting

Present via Zoom: Engineer Blaine Green with Widseth.

Call to order

Lammers called the meeting to order at 9:06 AM.

Additions and Deletions

None.

Minutes

Motion by Albright, seconded by Haarstick, to approve the minutes from November 25, 2025. The motion passed unanimously.

Ordinance Review

The committee discussed the potential need to update City Ordinances to address two infrastructure concerns. First, committee members discussed requiring grease traps for food-service businesses connected to the City sewer system. It was noted that existing permits already contain grease trap requirements, but compliance has been inconsistent. The annual cost to the City for enzyme treatments to address grease buildup in the sewer system was cited at approximately \$10,710 per year. The committee acknowledged the difficulty of enforcing compliance retroactively on existing businesses and discussed a possible approach of requiring compliance upon property transfer, similar to Otter Tail County's policy regarding septic systems. No formal action was taken, but the committee agreed the issue warrants a future recommendation to the full City Council.

Discussed wells and sewer systems in Vergas. Green reviewed Alexandria Ordinance and Lammers will get a copy for the committee to review.

DuFrane raised the issue of sump pumps being improperly connected to the City sewer system, which is not permitted under MPCA regulations. The committee discussed the possibility of requiring inspections upon property sale to identify non-compliant connections. Lammers noted that properties with City water and sewer service can be tracked through billing records, which would assist in identifying when properties transfer ownership.

Lead and Copper

The review of all unidentified service lines has been completed, and the system records have been updated accordingly.

Projects

A. Sewer Projects

1. Pumps

DuFrane reported that a contractor had recently inspected the main lift station and determined that the existing pipe elbows (risers) were in satisfactory condition and did not require replacement, contrary to the assessments of two prior contractors. This finding effectively freed up the \$12,000 that had been budgeted for riser replacement in 2026.

The committee discussed redirecting those funds toward replacing the main lift station pump as soon as possible, given the age of the equipment and the significant risk a pump failure would pose to the entire City's sewer system. It was noted that a failure of the main lift station could result in widespread sewer backups and the need for costly emergency pumper truck service. DuFrane

explained that the contractor had offered to work with the City on pricing if two pumps were ordered together, as the mobilization cost of \$975 would be shared, saving approximately \$1,000. Motion by Albright, seconded by Haarstick, to recommend to City Council to reallocate the \$12,000 budgeted for risers toward prompt pump replacement for \$17,000 each and budget second pump for 2027. The motion passed unanimously.

The committee also discussed the age of the City's five sewer lift station control panels, which are approximately 30 years old despite having a rated lifespan of 15 years. Two panels have already been replaced. DuFrane noted that the remaining three panels are not currently experiencing problems, though their age represents a long-term replacement need. Each panel was estimated to cost approximately \$15,000.

2. Smoke Testing

DuFrane reported that smoke testing of the sewer system is being coordinated. The contractor recently brought on new trained personnel and provided the required public notification materials. The cost was cited at approximately \$150, making it primarily a maintenance activity. No formal action was required.

3. Water Projects

DuFrane reported that no significant water system expenditures are anticipated in the near term beyond obligations already underway. The City has an existing three-year cleaning contract with KLN. The committee noted that water tower repainting would eventually be required and would be a substantial expense, as current AWWA standards would require stripping to bare metal before repainting. The fence installation at a water facility was referenced as having been approved at a prior council meeting.

DuFrane also reported on a recent water system inspection by the state health department, which went well overall. The inspector noted that the City's remote access controls include a 30-second authentication window that provides a reasonable cybersecurity safeguard. However, the inspector flagged that DuFrane has not yet completed a cybersecurity training course, which the state is increasingly requiring along with associated documentation. DuFrane indicated he would follow up once the inspector's formal report is received.

Additionally, the committee discussed backflow preventer (RPZ) compliance. The City has two known RPZ devices — one at the water treatment plant and one at Recluse. The committee noted that the Recluse RPZ annual calibration documentation, provided in the first year, has not been submitted for the current year, and a friendly reminder to the property owner was recommended.

Budgets

A. 2026 Sewer Budget

Lammers presented the current financial position of the sewer fund. The sewer fund ended 2025 with a deficit of \$56,553, and from 2020 to 2025 has drawn a cumulative total of \$32,779 from the general fund. Lammers noted that while the rate increases implemented for 2026 meaningfully improved revenue — from \$57,766 collected through July 30 of the prior year to \$77,000 in the current year — the fund is still projected to fall approximately \$10,000 to \$12,000 short for 2026, and adding the anticipated main pump replacement would increase that shortfall to approximately \$26,000–\$28,000.

The committee discussed the fiscal and legal obligation to operate the sewer fund as a self-sustaining enterprise fund, noting that the state will scrutinize continued reliance on general fund transfers to cover sewer deficits.

B. 2026 Water Budget

Lammers reported that the water fund is performing better than the sewer fund due in part to elevated water usage resulting from drought conditions. The fund is projected to finish 2026 within a range of negative \$5,000 to positive \$5,000. No rate increase for water was recommended for 2026. From 2020 to 2025, the water fund drew a cumulative \$22,942 from the general fund, with 2021 being the only year it was self-sustaining.

C. 2027 Sewer Budget

The committee discussed the need to raise sewer rates to address the ongoing deficit. The current sewer usage rate is \$4.00 per 1,000 gallons, and the current base rate is \$33.50 per month. The committee agreed on a two-part approach: raise the usage rate by \$0.50 per 1,000 gallons effective September 1, 2026, and raise the base rate by \$2.50 (to \$36.00 per month) effective January 1, 2027. This phased approach was seen as more manageable for residents and avoids a large single increase. Lammers noted that

publishing the mid-year rate change in the local newspaper would cost approximately \$40. The committee also discussed the value of communicating to residents that Vergas's sewer rates remain well below typical rates for similarly sized communities, with some comparable cities paying approximately \$90 per month for sewer service alone.

Motion by Albright, seconded by Haarstick, to recommend to City Council to raise the sewer usage rate by \$0.50 per 1,000 gallons effective September 1, 2026, and to raise the sewer base rate by \$2.50 per month effective January 1, 2027. The motion passed unanimously.

D. 2027 Water Budget

The committee discussed a modest rate increase for water to maintain fund solvency going into 2027. The current water base rate is \$31.50 per month and the usage rate is \$4.50 per 1,000 gallons. The committee agreed to raise the base rate to \$32.00 and the usage rate to \$5.00 per 1,000 gallons, both effective January 1, 2027. Committee members noted the value of making small, incremental annual rate adjustments rather than allowing deficits to grow and requiring large future increases. DuFrane referenced the approach used by rural water systems of implementing a standing automatic annual rate adjustment to avoid the appearance of politically motivated rate changes. Albright volunteered to draft a newsletter article explaining that both water and sewer are enterprise funds required to operate independently, and that rate increases reflect aging infrastructure needs — not general budget shortfalls.

Motion by Albright, seconded by Haarstick, to recommend to City Council to raise the water base rate to \$32.00 per month and the water usage rate to \$5.00 per 1,000 gallons, both effective January 1, 2027. The motion passed unanimously.

Adjournment

The meeting was adjourned at 10:16 AM.

Council Recommendations

- Recommend to City Council to approve the purchase of 1 main lift station pump in 2026 and another in 2027.
- Recommend to City Council to raise the sewer usage rate by \$0.50 per 1,000 gallons effective September 1, 2026, and to raise the sewer base rate by \$2.50 per month effective January 1, 2027.
- Recommend to City Council to raise the water base rate to \$32.00 per month and the water usage rate to \$5.00 per 1,000 gallons, both effective January 1, 2027.

Follow Up Actions

- Lammers: Contact Alexandria to obtain a copy of their water-sewer ordinance for consideration before the planning commission meeting on the 24th
- Albright: Draft an article for the monthly newsletter explaining the necessity of sewer and water rate increases due to aging infrastructure.
- DuFrane: Proceed with replacing one pump at the main lift station using the \$12,000 budgeted for risers, and budget for the second pump replacement after the first of the year.
- Lammers: Obtain the average sewer rate for cities of similar size from the state for informational purposes.
- DuFrane: Follow up with Troy to obtain the calibration certificate for the backflow
- DuFrane: Attend a cybersecurity training class when available, as recommended by the health department inspection report.