

City of Melbourne
Regular City Council Meeting
October 12, 2026
7:00 Meeting at Library basement

Melbourne City Council met on October 12, 2026 at 7:00 pm at the Melbourne Library basement for the September meeting. Present were Council persons Beth Smith, Beth Opperman, Josh Fuller, Gary Fricke and Lucas Hauser. Also present were Mayor Mansager, Clerk Mary Pothast, Carrie Swartz and Nicholas Babberl of PFM Financial Advisors, LLC. Mansager called the meeting to order at 7 pm and led the Pledge of Allegiance. Motion by Fuller, 2nd by Smith to approve the consent agenda. Vote was all ayes. Deputy was not yet present, nor the building permit applicants, so Mansager moved to the discussion of sewer project funding.

Mansager opened the public hearing for comments on Resolution 26-10-01” to Enter into a Sewer Revenue Loan and Disbursement Agreement and to Borrow Money Thereunder”. Carrie Swartz (PFM) presented two scenarios for funding the sewer lagoon project. Since the project was bid at a much higher cost than originally estimated by the engineering firm (\$1,947,000) by the Intended Use Plan filed with the DNR, the City is required by law to increase sewer rates to meet certain criteria for funding. The bid project cost is \$2,377,000, with contingency of \$237,700, engineering of \$239,800, P&D loan payback of \$66,866, and the WTPF grant paying \$500,000. The total project amount is \$2,421,366, approximately \$475,000 above original estimate. The City will pay off the current loan balance of \$118,000, that originated in 2013 for sewer lining. The City will reallocate the \$6 water debt retirement fee to a sewer debt retirement fee. That is not an increase, but a lateral movement of that fee. Scenario #1 allows for the entire project of \$2,421,366 to be paid by a revenue loan, requiring sewer revenue alone to pay the loan payments. SRF requires 110% of the annual debt service payment be budgeted for revenues. The annual amount paid would be \$192,000 for each of 20 years. That would require an increase of 14% for 3 years in sewer rates, followed by a minimum of 3% for the following 17 years. Scenario #2 splits the amount into two loans. The first, a revenue loan (SRF) of \$1,463,000 (with an average annual debt service payment of \$111,000), and a general obligation loan of \$1,040,000 (with an average debt service payment of \$75,000). The general obligation loan does not require 110% of revenue like the SRF loan does. It can be paid by a debt service levy by property taxes, local option sales tax funds, franchise fee funds, fund balances or a combination. The revenue portion will require an increase of 8% for a three year period, followed by a minimum of 3% for the 17 year period. The lagoon improvement project is required by the Federal Government, who sets the EPA standards for sewer lagoon discharge. The City has no option to not comply. There were many questions by Mayor and Council regarding the financing options. A 5 year update by the financial advisor is required to ensure the City remains capable of paying the debt. Swartz said there will be a required special meeting and public hearing to get the rate change in place before the October 23rd construction loan application deadline. Public hearing was closed without further questions or comments. Motion to approve Resolution 26-10-

01 made by Opperman, 2nd by Fricke. Roll call vote was 5 ayes (Opperman, Hauser, Fricke, Smith, Fuller aye), 0 nays.

Deputy Rogers arrived at 7:28 and gave the Sheriff's Department report. There were no questions.

Building permit for a new garage at 12 1st Street was presented. A variance will be required due to a 3' setback from the east side. There is an existing garage at that location, but will be expanded to the west. Clerk has all the letters prepared and will mail on Tuesday. A public hearing will be scheduled for November 9 at 7 pm with publication in the Mid Iowa Enterprise.

The City of Melbourne received a notice from Iowa Regional Utilities (IRUA), where the city's water is purchased that there will be a 7% increase in January. The current ordinance reads that there will be a 3% increase plus whatever IRUA raises. Fricke made a motion to change the ordinance to read that it will increase 7% according to the IRUA increase in January 2027, and omit the additional 3%. 2nd by Fuller. Vote was all ayes. Clerk will prepare the Ordinance amendment to read as such for the November meeting.

Hauler permits were presented from Prairie Waste and LeGrand Sanitation. All requirements were in order. Motion to approve both by Hauser, 2nd by Opperman. Vote was all ayes.

The first partial pay request from Boomerang for May 30, 2026 to September 30, 2026 for \$40,881.62 had been submitted. It covered mobilization, bond and land rent. Motion to approve by Fuller, 2nd by Fricke. Vote was all ayes.

Change Order #1 was submitted that modified the final completion date due to delayed start due to IDNR Environmental Review approval and concerns brought up by the city during the preconstruction meeting. There were no cost changes. Motion to approve by Smith, 2nd by Fuller. Vote was all ayes. Veenstra & Kimm arranged a contract with CMT Service to survey for leaks in the lagoon cell prior to construction for \$7675. Motion by Fricke, 2nd by Hauser to ratify the contract. Vote was all ayes.

Mansager set a public hearing to Vacate a City Alley for Todd Brown for November 9, 2026 at 7 pm at the Melbourne library basement. This is a redo of action taken in 2007 that was not recorded properly at the time.

Clerk presented the AFR for the 25-26 fiscal year. It is a compilation of all transactions from that time frame and is submitted to the state, as well as published. Motion to approve the submittal made by Smith with 2nd by Opperman. Vote was all ayes. The city has not received a quote for water main replacement on 4th Street yet. The project will be pursued after harvest season traffic has ended. The Beautification Committee has offered to fund the replacement of the Christmas decorations on the streetlight poles 100%. This is money that has been donated by individuals, MidWest One Bank and other entities to beautify the City. No taxpayer money is funding this

purchase. Thank you everyone for your generosity. If you are interested in purchasing one of the old decorations for your personal use, please let City Hall know. A couple are already spoken for.

Nuisance complaints were followed up with for further action. The stop sign installations are requiring some more brackets that have just been ordered. A request for a Children at Play sign was made for Butler Street and will be ordered.

Council will continue to review the social media policy, and the employee handbook will be revised to include employees in an updated policy as well. This will be discussed at the November meeting. Motion to adjourn by Opperman, 2nd by Fuller. Meeting adjourned at 8:27 pm.

EXPENSES: GENERAL \$51,918.24, ROAD USE \$2049.20, EMPLOYEE BENEFITS \$2389.23, LOST FIRE ASSN \$337.00, LOST 1ST RESP \$284.36, WATER \$11,467.84, SEWER \$6239.97, SANITARY SEWER LAGOON \$9398.85. TOTAL EXPENSES \$84,084.69.

REVENUES: GENERAL \$22,738.71, ROAD USE \$9214.10, EMP BENEFITS \$781.63, LOST FIRE ASSN \$1589.74, LOST 1ST RESP \$1589.74, POOL \$1589.74, LOST REC CENTER \$1589.72, WATER \$25,022.30, SEWER \$33,406.71, SANITARY SEWER LAGOON \$10,835.10. TOTAL REVENUES: \$108,357.49.

SUBMITTED PRIOR TO APPROVAL.