

Memorandum

To: Pflugerville City Council
From: Grant Rabon
Date: August 8, 2023
Re: Water and Wastewater Rate Study

Key Assumptions

NewGen conducted a water and wastewater rate study update to the City of Pflugerville (City). Contained in the attached PowerPoint presentation are the results and recommendations stemming from this rate study. There are a few key assumptions underlying the results that warrant mention.

- Significant increases in the capital improvement plan (CIP)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Capital Improvement Plan						
Water	\$ 210,527,381	\$ 133,946,396	\$ 25,298,318	\$ 16,723,404	\$ 23,611,789	\$ 410,107,288
Wastewater	\$ 173,941,228	\$ 135,528,961	\$ 39,897,336	\$ 37,801,500	\$ 4,624,500	\$ 391,793,525
Total	\$ 384,468,609	\$ 269,475,357	\$ 65,195,654	\$ 54,524,904	\$ 28,236,289	\$ 801,900,813

- Lakeside MUD/WCID and Kelly Lane WCID no longer rely on the City for water service (roughly 6,250 connections)
- The Districts are now wholesale wastewater customers (and no longer rely on the City for O&M, billing, etc.)
- The Districts are assumed to pay the identified cost of service for wholesale wastewater, inclusive of treatment but also transmission of wastewater to the treatment plant
- Retail rates increase over the next three years to align with a rapidly increasing revenue requirement due to new debt obligations
- Same retail wastewater rate for customers outside the City Limits (roughly 3,600 connections)
- Inelastic demand for water (i.e., no decrease in consumption in response to rate increases)

Summary of Residential Bill Impacts

The proposed rates (shown in the PowerPoint presentation) result in typical residential bills as shown in the table below.

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Typical Residential Bill	Current	Proposed	Forecast	Forecast	Forecast
Water	\$ 72.10	\$ 95.10	\$ 117.60	\$ 140.60	\$ 140.60
Wastewater	57.00	79.50	102.00	104.50	109.50
Total	\$ 129.10	\$ 174.60	\$ 219.60	\$ 245.10	\$ 250.10



August 8, 2023

PFLUGERVILLE WATER/WASTEWATER RATE UPDATE

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WATER AND WASTEWATER COST OF SERVICE

- Cash basis, embedded cost of service
- Significant changes to the capital improvement plan (see table below)
- Assumes Districts pay “wholesale wastewater” cost of service
- City no longer operating or maintaining water distribution or wastewater collection systems, or billing individual customers in the Districts

Study Year	Five-Year Total CIP (\$)			Year-Over-Year	
	Water	Wastewater	Total	Increase (\$)	Increase (%)
2021	202,605,543	206,792,061	409,397,604		
2022	274,869,618	217,379,823	492,249,441	82,851,837	20.2%
2023 (current)	410,107,288	391,793,525	801,900,813	309,651,372	62.9%

WATER REVENUE REQUIREMENT FORECAST

	Year 1	Year 2	Year 3	Year 4	Year 5
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
O&M	\$ 14,498,269	\$ 15,355,079	\$ 16,159,072	\$ 16,575,451	\$ 17,007,010
Capital Outlay	\$ 743,983	\$ 759,607	\$ 775,559	\$ 791,845	\$ 808,474
Debt Service	\$ 11,449,351	\$ 22,756,033	\$ 28,237,725	\$ 31,253,770	\$ 32,902,668
Debt Reserve Contributions	\$ 353,000	\$ 353,000	\$ 353,000	\$ 353,000	\$ 353,000
Total Cost	\$ 27,044,603	\$ 39,223,718	\$ 45,525,356	\$ 48,974,066	\$ 51,071,153
Less: Impact Fee Offset for Debt	\$ (1,000,000)	\$ (500,000)	\$ -	\$ -	\$ -
Less: Revenue Offsets	\$ (364,479)	\$ (371,042)	\$ (377,932)	\$ (385,167)	\$ (392,764)
Net Revenue Requirement	\$ 25,680,124	\$ 38,352,677	\$ 45,147,424	\$ 48,588,899	\$ 50,678,389

WASTEWATER REVENUE REQUIREMENT FORECAST

	Year 1	Year 2	Year 3	Year 4	Year 5
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
O&M	\$ 9,958,178	\$ 10,645,374	\$ 11,305,645	\$ 11,696,749	\$ 12,071,860
Capital Outlay	\$ 287,013	\$ 293,041	\$ 299,194	\$ 305,478	\$ 311,893
Debt Service	\$ 10,576,076	\$ 13,662,858	\$ 20,878,986	\$ 24,671,400	\$ 25,318,242
Debt Reserve Contributions	\$ 1,315,000	\$ 1,315,000	\$ 1,315,000	\$ 1,315,000	\$ 1,315,000
Total Cost	\$ 22,136,267	\$ 25,916,272	\$ 33,798,826	\$ 37,988,627	\$ 39,016,995
Less: Impact Fee Offset for Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Revenue Offsets	\$ (151,930)	\$ (158,493)	\$ (165,383)	\$ (172,618)	\$ (180,215)
Net Revenue Requirement	\$ 21,984,337	\$ 25,757,780	\$ 33,633,442	\$ 37,816,009	\$ 38,836,779

FORECAST RATES – WATER

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
5/8"	\$ 24.00	\$ 37.50	\$ 51.00	\$ 64.50	\$ 64.50	\$ 64.50
3/4"	38.88	63.75	86.70	109.65	109.65	109.65
1"	62.91	101.25	137.70	174.15	174.15	174.15

Note: There are increasing fixed charges for larger water meters (i.e., meters larger than 1-inch)

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
0 - 3,000	\$ 5.20	\$ 6.20	\$ 7.20	\$ 8.20	\$ 8.20	\$ 8.20
3,001 - 10,000	6.50	7.80	9.00	10.30	10.30	10.30
10,001 - 25,000	8.10	9.80	11.30	12.90	12.90	12.90
> 25,000	10.10	12.30	14.10	16.10	16.10	16.10

NEWGEN STRATEGIES AND SOLUTIONS, LLC

5-YEAR BILL IMPACT – RESIDENTIAL WATER

			FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
			Current	Proposed	Forecast	Forecast	Forecast	Forecast
Retail Fixed Charges								
Meter Size	5/8"		\$ 24.00	\$ 37.50	\$ 51.00	\$ 64.50	\$ 64.50	\$ 64.50
Volumetric Charges								
Monthly Volume	8,000 gallons		48.10	57.60	66.60	76.10	76.10	76.10
Total Water Bill			\$ 72.10	\$ 95.10	\$ 117.60	\$ 140.60	\$ 140.60	\$ 140.60
Year-Over-Year Change (in dollars)								
	Retail Fixed Charges			\$ 13.50	\$ 13.50	\$ 13.50	\$ -	\$ -
	Volumetric Charges			9.50	9.00	9.50	-	-
				\$ 23.00	\$ 22.50	\$ 23.00	\$ -	\$ -

5-YEAR BILL IMPACT – COMMERCIAL WATER

			FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
			Current	Proposed	Forecast	Forecast	Forecast
Retail Fixed Charges							
Meter Size	1"		\$ 62.91	\$ 101.25	\$ 137.70	\$ 174.15	\$ 174.15
Volumetric Charges							
Monthly Volume	12,000 gallons		77.30	92.80	107.20	122.50	122.50
Total Water Bill			\$ 140.21	\$ 194.05	\$ 244.90	\$ 296.65	\$ 296.65
Year-Over-Year Change (in dollars)							
	Retail Fixed Charges			\$ 38.34	\$ 36.45	\$ 36.45	\$ -
	Volumetric Charges			15.50	14.40	15.30	-
				\$ 53.84	\$ 50.85	\$ 51.75	\$ -

FORECAST RATES – WASTEWATER

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inside City Limits Base Charge	\$ 31.00	\$ 51.00	\$ 71.00	\$ 71.00	\$ 71.00	\$ 71.00
Outside City Limits* Base Charge	\$ 34.00	\$ 51.00	\$ 71.00	\$ 71.00	\$ 71.00	\$ 71.00
All Customers Per 1,000 Gal	\$ 5.20	\$ 5.70	\$ 6.20	\$ 6.70	\$ 7.20	\$ 7.70

* Outside City Limits includes customers in Villages of Hidden Lake, Sorrento, Boulder Ridge and Pflugerville Estates. It does not include customers in Districts that set their own rates.

Assumes Districts adopt rates to pay the “wholesale wastewater” cost of service, as forecasted below:

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Wholesale Wastewater per LUE	\$ 41.67	\$ 50.00	\$ 56.00	\$ 72.00	\$ 79.00	\$ 77.00

5-YEAR BILL IMPACT – RESIDENTIAL WASTEWATER

				FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
			Current	Proposed	Forecast	Forecast	Forecast	Forecast
Retail Fixed Charges								
Meter Size	5/8"		\$ 31.00	\$ 51.00	\$ 71.00	\$ 71.00	\$ 71.00	\$ 71.00
Volumetric Charges								
Monthly Volume	5,000 gallons		26.00	28.50	31.00	33.50	36.00	38.50
Total Wastewater Bill			\$ 57.00	\$ 79.50	\$ 102.00	\$ 104.50	\$ 107.00	\$ 109.50
Year-Over-Year Change (in dollars)								
	Retail Fixed Charges			\$ 20.00	\$ 20.00	\$ -	\$ -	\$ -
	Volumetric Charges			2.50	2.50	2.50	2.50	2.50
				\$ 22.50	\$ 22.50	\$ 2.50	\$ 2.50	\$ 2.50

5-YEAR BILL IMPACT – COMMERCIAL WASTEWATER

			FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
			Current	Proposed	Forecast	Forecast	Forecast
Retail Fixed Charges							
Meter Size	1"		\$ 31.00	\$ 51.00	\$ 71.00	\$ 71.00	\$ 71.00
Volumetric Charges							
Monthly Volume	12,000 gallons		62.40	68.40	74.40	80.40	86.40
Total Wastewater Bill			\$ 93.40	\$ 119.40	\$ 145.40	\$ 151.40	\$ 157.40
Year-Over-Year Change (in dollars)							
Retail Fixed Charges				\$ 20.00	\$ 20.00	\$ -	\$ -
Volumetric Charges				6.00	6.00	6.00	6.00
				\$ 26.00	\$ 26.00	\$ 6.00	\$ 6.00

BENCHMARKING – RESIDENTIAL RATE COMPARISON

	Water	Wastewater	Total
Pflugerville, Current FY 2023	72.10	57.00	129.10
Pflugerville, Proposed FY 2024	95.10	79.50	174.60
Round Rock	37.00	28.72	65.72
Georgetown	35.85	38.85	74.70
Cedar Park	41.83	34.15	75.98
Leander	73.75	28.78	102.53
Austin	58.20	49.82	108.02
Hutto	70.68	56.96	127.64
Windermere Utility Company, Inc. (SWWC Utilities, Inc.)	75.77	76.07	151.84

Assumes 5/8" meter, 8,000 gallons for water and 5,000 gallons for wastewater



QUESTIONS?

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