



City of Pflugerville

Legislation Text

File #: ORD-0544, **Version:** 3

Approving an ordinance on second reading with the caption reading: An ordinance of the City of Pflugerville, Texas, amending rates, charges and fees for water and wastewater utility service; repealing all ordinances to the extent they are in conflict; providing for severability; and providing an effective date.

Staff has been working with NewGen Strategies and Solutions (NewGen) on an analysis of the City of Pflugerville's water and wastewater rates. Historical data and future projections were considered in the cost of service and rate design study as were assumptions related to customer growth, cost inflation, and interest rates on proposed debt. The 5 year capital improvement program, which includes infrastructure projects necessary to maintain the existing systems and add capacity for growth, is a large portion of the anticipated future spending on both the water and wastewater utility systems.

Grant Rabon of NewGen presented the results of this study during the Council's worksession on September 8, 2020. This information was also presented to the Finance and Budget Committee on July 23, 2020. The Committee recommended the proposal to the City Council.

The annualized increase over the next five years to the revenue of the water and wastewater system through the rates that are being recommended is estimated to be over \$5.2 million.

Attached is an analysis of the proposed change in an average monthly residential customer bill for the next five years. This average bill assumes 8,000 gallons of water usage and 5,000 gallons of wastewater usage (due to winter averaging).

The wastewater bills shown are for customers inside the city limits. Customers outside the city limits are charged an additional \$5 per month.

Based on the study findings, staff concurs with the recommendation of a \$5 a month increase for FY 21 for the average residential water customer. This breaks down to a monthly increase of \$1.30 on the fixed charge and \$3.70 on the volumetric charge. For wastewater, staff is recommending a \$15 increase per month for the average residential wastewater customer. This breaks down to a monthly increase of \$5 on the fixed charge and \$2 on the volumetric charge. The average residential customer has been determined to have a 5/8" meter, use 8,000 gallons of water per month and has a winter wastewater average of 5,000 gallons. The overall effect to an average water/wastewater customer in the City of Pflugerville is a \$20 increase to the total bill.

The main driver for this rate increase is proposed water and wastewater infrastructure projects over the next five years which are roughly \$400 million. In order to establish capacity for the proposed debt issuances, the rates must be increased at this time

Prior City Council Action

The last utility rate study was conducted in 2017 and was effective October 1, 2018.

This ordinance was approved on first reading on September 22, 2020.

Deadline for City Council Action

The ordinance will be presented at the October 13, 2020 Council meeting for second and final reading with the new rate structure in effect for November 1, 2020 billing.

Funding Expected: Revenue Expenditure N/A

Budgeted Item: Yes No N/A

Amount: _____

1295 Form Required? Yes No

Legal Review Required: N/A Required Date Completed: 08/18/2020

Supporting documents attached:

Cost of Service and Rate Study

Analysis of Change of Monthly Bill

Cost of Service and Rate Study Presentation from September 8, 2020 Workession

Proposed Ordinance

Recommended Action

Approve the ordinance on second reading amending rates, charges and fees for water and wastewater utility service; repealing all ordinances to the extent they are in conflict; providing for severability; and providing an effective date.