



# City of Pflugerville

## Legislation Text

File #: ORD-0363, Version: 5

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, WASTEWATER AND SOLID WASTE UTILITY SERVICE; REPEALING ALL ORDINANCES TO THE EXTENT THEY ARE IN CONFLICT; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

The City Council discussed the results of the water/wastewater rate study done by NewGen Strategies and Solutions and the recommendations of staff at the July 25, 2017 City Council worksession. This ordinance includes the rates as presented at that time. Attached to the agenda item is the ordinance modifying the rates, the Capital Improvement Program (CIP) listing proposed utility projects for the fiscal years 2018-2022 along with the funding required, and the final documentation for the rate study provided by NewGen.

In 2014, the City engaged NewGen to review the City's water and wastewater rates. The rates recommended as a result of that study restructured the water rate tiers to encourage water conservation and employed a consistent fixed charge for wastewater customers regardless of water meter size. These rates were implemented by ordinance on September 23, 2014 and have generated expected revenues during that time. There have been no changes to the water or wastewater rates since that time.

The Finance department has analyzed the CIP to determine funding sources to complete the projects in the specified time frame. In addition to available fund balance and impact fees there is a need for bond funding for proposed wastewater CIP projects. Bonds were last issued to fund utility projects in 2015. The proposed wastewater rate increases will provide needed capacity for the bond funding.

NewGen has completed a cost of service and rate design study for the City. Shown below is the proposed change in an average monthly residential customer bill for the next three years. This average bill assumes 7,000 gallons of water usage and 5,000 gallons of wastewater usage (due to winter averaging).

	Current	Proposed FY 2018	Proposed FY 2019	Proposed FY 2020
<b>Water Bill Total</b>	<b>\$42.90</b>	<b>\$42.90</b>	<b>\$42.90</b>	<b>\$44.00</b>
<b><i>Water Bill Increase</i></b>		<b><i>0.0%</i></b>	<b><i>0.0%</i></b>	<b><i>2.6%</i></b>
<b>Wastewater Bill Total</b>	<b>\$25.75</b>	<b>\$30.25</b>	<b>\$34.75</b>	<b>\$38.50</b>
<b><i>Wastewater Bill Increase</i></b>		<b><i>17.5%</i></b>	<b><i>14.9%</i></b>	<b><i>10.8%</i></b>
<b>Total Water &amp; Wastewater Bill</b>	<b>\$68.65</b>	<b>\$73.15</b>	<b>\$77.65</b>	<b>\$82.50</b>
<b><i>Total Bill Increase</i></b>	<b>-</b>	<b><i>6.6%</i></b>	<b><i>6.2%</i></b>	<b><i>6.2%</i></b>

For fiscal year 2018, staff is recommending no increase to water rates. The wastewater fixed charge increases from \$19.50 to \$22.50 for each account, while the volumetric charge increases from \$1.25 to \$1.55 per thousand gallons. For an average residential user with a winter wastewater average of 5,000 gallons, the monthly cost of wastewater increases 17.5% from \$25.75 to \$30.25. The overall effect to an average water/wastewater customer in the City of Pflugerville is a 6.6% increase to the total bill.

The main driver for this rate increase is the \$67 million of proposed wastewater CIP projects over the next three years. In order to establish capacity for the proposed debt issuances, the wastewater rates must be increased at this time. NewGen will be working with the City on an annual basis to review the status of the CIP projects and adjust any required rate increases accordingly.

The chart shown below shows additional proposed changes to the city rate ordinance. The Returned Payment Fee is being increased to from \$25.00 to \$30.00. This fee has not changed for at least 20 years and better reflects the cost to the city to process returned payments. The solid waste charges for additional trash/recycle carts are identical to the amount billed to the city by our solid waste provider and passed onto the customers that request them. These amounts were changed in the contract during the previous negotiation, but not changed in our rate ordinance.

<b>Additional Proposed Changes</b>	<b>Current</b>	<b>Proposed</b>
Returned Payment Fee (per item)	\$ 25.00	\$ 30.00
Extra Trash Carts (per month)	\$ 6.00	\$ 6.12
Extra Recycle Cart (per month)	\$ 2.50	\$ 2.55

This ordinance was approved on first reading on August 8, 2017, failed on second reading on August 22, 2017 and was approved on first reading on September 12, 2017.

### **Fiscal Impact**

The fiscal impact is explained throughout the rate study and will be reflected in the utility revenue proposed in the fiscal year 2018 budget.

### **Staff Recommendation**

Approve the ordinance on second and final reading for rates effective October 1, 2017.

### **Drafter**

Lauri Gillam  
Assistant City Manager