



# City of Pflugerville

## Legislation Text

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File #: ORD-0437, Version: 2

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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 Finance and Budget (FAB) Committee analyzed the results of the water and wastewater cost of service and rate design study prepared by NewGen Strategies and Solutions at their November 1, 2018 meeting. Mr. Grant Rabon from NewGen presented the results of the study and explained the methodology behind the calculations. The FAB Committee unanimously approved a motion to recommend City Council approval of the water and wastewater rates as presented in the rate study to be effective December 1, 2018.

In fall of 2017, the City Council approved an increase to wastewater rates following an analysis by NewGen. At that time wastewater rates were increased due to the wastewater capital improvement program and have generated expected revenues during that time.

Attached to this agenda item are the ordinance under consideration, the presentation to the FAB Committee, a draft report that has been reviewed by staff, and the Utility Fund Capital Improvement Program (CIP) from the FY19 budget document.

Although information in the attached presentation and report includes rate information for fiscal years 2020-2022, the City Council is being asked to consider rates for FY19 only. The City is in the midst of developing new water and wastewater master plans and revising the impact fee ordinance. It is anticipated that the results of this effort will have an effect on rates going forward from FY20.

Shown below is the proposed change in an average monthly residential customer bill for FY19. This average bill assumes 7,000 gallons of water usage and 5,000 gallons of wastewater usage due to winter averaging.

	Current	Proposed
Total Water & Wastewater Bill	\$73.15	\$ 77.60
Total Bill Increase		6.1%

For FY19, the FAB Committee is recommending a \$0.20 increase to the fixed charge for a residential water customer to provide additional funding for the water utility. An additional change to the water utility is to increase the rate for bulk water sold to contractors in the development process from the current tiered rate structure to \$10.00/1,000 gallons.

The main driver for the wastewater rate increase is the \$97 million of proposed wastewater CIP projects over the next four years. In order to establish capacity for the proposed debt issuances, the

wastewater rates must be increased at this time. The wastewater fixed charge increases from \$22.50 to \$23.50 for each account, while the volumetric charge increases from \$1.55 to \$2.20 per thousand gallons. For an average residential user with a winter wastewater average of 5,000 gallons, the monthly cost of wastewater increases from \$30.25 to \$34.50. The overall effect to an average water/wastewater customer in the City of Pflugerville is a 6.1% increase to the total bill.

NewGen will be working with the City on an annual basis to review the operating expenses of the utility department and the status of the CIP projects and recommend appropriate future rate increases accordingly.

**Prior City Council Action**

The ordinance was approved on first reading on November 13, 2018 by a unanimous vote.

**Deadline for City Council Action**

In order for the rates to be effective December 1, 2018, the ordinance needs to be approved on November 27, 2018.

**Funding Expected:** Revenue  Expenditure  N/A

**Budgeted Item:** Yes  No  N/A

**Amount:** see summary

**1295 Form Required?** Yes  No

**Legal Review Required:** N/A  Required  Date Completed: \_\_\_\_\_

**Supporting documents attached**

- Ordinance
- Cost of Service and Rate Study Presentation
- Cost of Service and Rate Study Draft
- FY19 Utility CIP Information

**Recommended Action**

Motion to approve the ordinance on second reading amending rates, charges and fees for water, wastewater and solid waste utility service.