



Agenda Report

Agenda of: June 10, 2025

Department: Public Works

Subject: Utility Rate Discussion

Recommended Motion: Discuss the utility rates charged to customers and how the rates are calculated.

Background: Starting in May 2021, the City of Castroville (City) retained Schneider Engineering, LLC (SE) to complete a cost of service and rate study for the City's electric, water, wastewater, and gas systems. Using data provided by Castroville, SE modeled and allocated the costs to run the City's utility department and supported functions, including general fund transfers. The goal when building, designing, and populating the model is to appropriately allocate costs to customers on the basis of how they contribute to costs inherent to running the system. Ideally, every customer pays their share of costs associated with serving that customer's particular load.

The city had two main concerns: growth westward coming out of San Antonio and the delayed investments into the water and wastewater systems. Development inquiries have grown recently, and City Management requested cost of service study be performed in anticipation of population growth.

Fiscal Impact: Castroville's utility systems are well positioned to meet its customers' need over the next several years. The City is projected to be very close, if not completely able, to meeting its cost of service needs should the market and operations and maintenance costs, accounting for historical inflation, remain relatively steady. Moreover, through adjusting rates, Castroville will be able to wholly carry out the projects requested on the capital improvement plan. While it is good policy to review and revise the cost of service study in several years to reflect changes to costs, market prices, and changes to customer behaviors, the City Council and Staff used the cost of service study as it should have – as one of many tools to ensure that the Utility provides reliable service at an affordable cost in a method that meets the needs and goals of the City and its residents.

☒ **Budgeted** ☐ **Requires Budget Amendment**

Source of Funding: Account Code:

Attachments:

Attachment A- Schneider Engineering-Rate Study

Attachment B- Ordinance 2022-003 Establishing Utility Rates (1)

Attachment C- Ord. No 2024-003 Establishing Utility Rates

Attachment D- Utility Rates Chart

Attachment E – Explanation of the electric charges on the current

Attachment F- Bill Calculation For Customer Bills

Attachment G- Example of Customer Bill

Urgency (0-5 = Low Urgency to High Urgency):

Impact (0-5 = Low Impact to High Impact):

Submitted by: John Gomez