

Consider Ordinance Increasing Water and Sewer Rates

Melinda Moritz
Public Works Director
City Council Meeting
April 15, 2025

Summary

- Question: Should the City Council approve an Ordinance increasing water and sewer rates to fund the Capital Improvements Plan?
- Options
 - Approve
 - Deny
 - Other
- Declaration
 - Staff recommends approving the Ordinance to assure adequate funding for the water and sewer system Capital Improvements Plan

Purpose

- City Engineer & staff performed an in-depth review of needed improvements to the water and sewer system
 - Found that numerous water & sewer mains need to be replaced
 - Mains were placed in a list prioritized from worst to best
- Opinion of Probable Cost for each area were developed
- Capital Improvements Plan developed from the research, priority listings, and costs
- Presented to City Council for discussion on proposed funding sources and potential rate increases

Purpose

- City Council decided to implement a 5-year increasing rate and tier structure
 - Rates are to be reviewed at end of two-year period for possible reduction or future increases
- To implement proposed rates, an Ordinance must be approved
- Ordinance also increases charges for Edwards Aquifer Authority fees and TCEQ fees, as both entities have increased their fees
- Tiers have been revised to match SAWS tiers

Current Rate Structure

Water Charges

Meter Size	Deposit Amount	Residential Meter Fee	Non-Residential Meter Fee
5/8"	\$70.00	\$11.76	\$12.30
3/4"	\$70.00	\$13.39	\$15.08
1"	\$100.00	\$19.06	\$19.06
1 1/2"	\$170.00	n/a	\$30.72
2"	\$500.00	n/a	\$45.28
3"	\$770.00	n/a	\$129.41
4"	\$1,010.00	n/a	\$164.71
8"	\$1,520.00	n/a	\$616.73
10"	\$2,420.00	n/a	\$1,165.23

Residential/Irrigation Water Rates per 1,000 Gallons:

Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
0-3000	3,001-6,000	6,001-10,000	10,001-17,000	17,001+
\$3.56	\$5.06	\$6.56	\$8.06	\$9.56

Nonresidential Water Rates per 1,000 Gallons:

0-500,000	\$3.70
Above 500,001	\$3.95

Sewer Charges

Residential Service	0-1,000 gallons	\$15.08 minimum
Residential Service	Over 1,000 gallons	\$6.24 per 1,000 gallons
Non-Residential Service	0 gallons	\$15.08 minimum
Non-Residential Service	0 gallons	\$6.24 per 1,000 gallons

Proposed Rate Structure - Water

Water	Base Rate	\$/1,000 gallons				
		0-4,000	4,001-7,000	7,001-12,000	12,001-20,000	20,001+
Year 1	\$12.00	\$3.75	\$5.55	\$7.00	\$8.64	\$10.25
Year 2	\$12.25	\$4.00	\$5.92	\$7.46	\$9.21	\$10.93
Year 3	\$12.50	\$4.26	\$6.31	\$7.95	\$9.82	\$11.65
Year 4	\$12.75	\$4.54	\$6.72	\$8.48	\$10.47	\$12.42
Year 5	\$13.00	\$4.84	\$7.17	\$9.04	\$11.16	\$13.24

Proposed Rate Structure - Sewer

Sewer	Base Rate	\$/1,000 gallons
Year 1	\$15.38	\$5.50
Year 2	\$15.69	\$5.86
Year 3	\$16.00	\$6.25
Year 4	\$16.32	\$6.66
Year 5	\$16.65	\$7.10

EAA Fee

\$0.70 per 1,000 gallons

TCEQ Fee

0.5% of total bill for each Leon Valley water connection



Sample Bill Increase

5,000 GAL/MONTH	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Water – Base Fee	\$11.76	\$12.00	\$12.25	\$12.48	\$12.75	\$13.00
Water – Usage Charge	\$20.80	\$20.55	\$21.91	\$23.35	\$24.89	\$26.54
EAA Fee	\$3.10	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
Sewer – Base Fee	\$15.08	\$15.38	\$15.69	\$16.00	\$16.32	\$16.65
Sewer – Usage Charge	\$24.96	\$27.50	\$29.32	\$31.25	\$33.31	\$35.51
TCEQ Fee	\$0.38	\$0.39	\$0.41	\$0.43	\$0.45	\$0.48
TOTAL	\$76.08	\$79.32	\$83.07	\$87.04	\$91.23	\$95.67
<i>% Change from Existing</i>	-	4%	9%	14%	20%	26%
<i>\$ Change from Existing</i>		\$3.24	\$7.00	\$10.96	\$15.15	\$19.59

Estimated Revenue Projection

	Existing	Year 1	Year 2	Year 3	Year 4	Year 5
Proj Rev Water	\$1,992,464.52	\$2,011,794.99	\$2,124,069.02	\$2,243,327.30	\$2,369,657.34	\$2,503,614.66
<i>% Change from Existing</i>		0.97%	6.61%	12.59%	18.93%	25.65%
Proj Rev Sewer	\$2,146,878.24	\$2,121,617.93	\$2,269,281.89	\$2,385,851.05	\$2,500,249.42	\$2,642,577.85
<i>% Change from Existing</i>		-1.18%	5.70%	11.13%	16.46%	23.09%
Proj Rev Total	\$4,139,342.76	\$4,133,412.91	\$4,393,350.91	\$4,629,178.36	\$4,869,906.76	\$5,146,192.51
<i>% Change from Existing</i>		-0.14%	6.14%	11.83%	17.65%	24.32%

Fiscal Impact

- Expected to increase budget by \$1,006,849.75
- Use portion of existing capital improvements funds of \$1,000,000 to fund a bond or other financing solution
- Apply for grants from Texas Water Development Board and others if available
- Perform emergency repairs in-house as needed with remaining capital funds

Recommendation

- At the April 1, 2025, City Council meeting, the Council voted to proceed with this rate increase and to revisit it in two years to see if there is a need for any adjustments*.

*watch council meeting 4/1 <https://www.leonvalleytexas.gov/citycouncil/page/city-council-regular-meeting-151> @ 50:30

