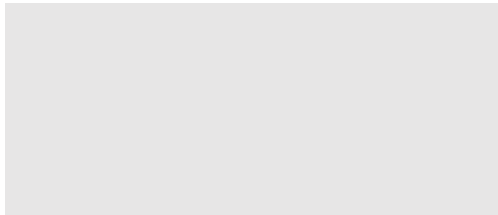
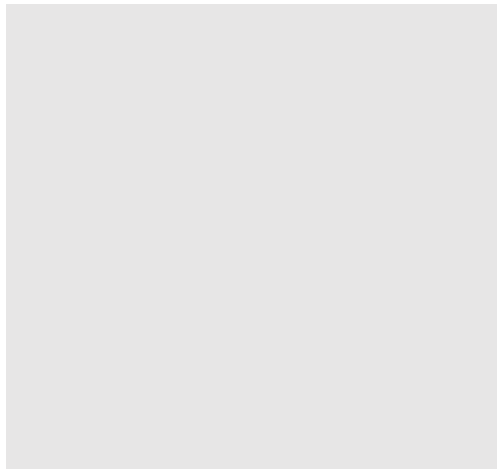


LEON VALLEY 2025 PROPOSED RATES REVIEW







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ARDURRA



AGENDA

-  Rate Study Scope
-  Examine Current Rates
-  Assumption in Projections
-  Rate Proposal As Requested
-  Other Options to Consider
-  Preliminary Examinations of Options

RATES PROPOSAL - SCOPE

- City has requested Ardurra and team to evaluate existing rates for sustainability and potential rate adjustments to cover system operating costs.
- City of Leon Valley Water & Sewer Capital Improvement Plan (in process), has potential to require an additional ~\$500,000 per year to water and sewer budgets once enacted. (\$1,000,000 total)



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

CURRENT RATES – SAMPLE BILL & NOTES

- City requested presenting average residential water bill
 - Average residential customer uses about 5,000 gallons per month
- Note: there are fees not noted in the previous table that are accounted for in real bills (and sample bill)
 - Edwards Aquifer Availability Fee
 - \$0.62 / 1,000 gallons usage
 - TCEQ Fee
 - 0.5% of total bill



CURRENT RATES - SAMPLE RESIDENTIAL BILL

5,000 GAL/MONTH	\$
Water – Base Fee	\$11.76
Water – Usage Charge	\$20.80
EAA Fee	\$3.10
Sewer – Base Fee (Includes 1,000 gal)	\$15.08
Sewer – Usage Charge (above 1,000 gal)	\$24.96
TCEQ Fee	\$0.38
TOTAL	\$76.08



REVENUE PROJECTION ASSUMPTIONS

- Revenue projections are based on usage data from 2022
 - 301,245,000 gallons billed for by LV
 - 2,643 total meters in water system
 - 2,518 total customers in sewer system

- Revenue from meter fees are calculated as shown on the right.
 - Meter count provided by city, 2022 data

Meter Size	# of cust.	Meter Fee	Rev/Yr
5/8", 3/4"	2,305	\$11.76	\$342,921.60
1"	59	\$19.06	\$13,494.48
1-1/2"	86	\$30.72	\$31,703.04
2"	55	\$45.28	\$29,884.80
3"	11	\$129.41	\$17,082.12
4"	1	\$164.71	\$1,976.52
8"	1	\$616.73	\$7,400.76
Total Revenue Water Meter Fee			\$444,463.32

Meter Size	# of cust.	Base Fee	Rev/Yr
All Cust.	2,518	\$15.08	\$455,657.28
Total Revenue Sewer Base Fee			\$455,657.28



CURRENT RATES – REVENUE PROJECTIONS

WATER UTILITY	\$
Meter Fee	\$444,463.32
Usage Charge	\$1,548,082.20
Revenue Estimate	\$1,992,545.52
<i>Actual Sales (22-23)</i>	<i>\$2,020,985.00</i>
<i>Budgeted Sales (2025)</i>	<i>\$2,119,100.00</i>

SEWER UTILITY	\$
Base Rate Charge	\$455,657.28
Usage Charge	\$1,691,220.96
Revenue Estimate	\$2,146,878.24
<i>Actual Sales (22-23)</i>	<i>\$2,563,039.00</i>
<i>Budgeted Sales (2025)</i>	<i>\$2,508,000.00</i>

- Usage is calculated based on the average cost per 1,000 gallons for 9,500 gallons of usage / month
 - (301,245,000 gallons/yr)/(2,643 total meters)
 - ~9,500 gallons/month
 - \$5.14 / 1,000 gal in current rates
- Actual revenue from 2022-2023 is given to show how our projections are conservative

SUMMARY – FIRST PROPOSAL

- For sake of cost security and sustainability, all expenses the system defines as necessary to keep system running will be considered “fixed costs”
- GOAL: Ensure system will have all fixed costs, upcoming CIP costs included, covered even in low usage years by raising base rate revenue
 - Residential water meter fee proposed:
 - Existing: \$11.76
 - Proposed: \$44.91
 - Sewer base rate proposed:
 - Existing: \$15.08
 - Proposed: \$75.79
 - Usage fee adjusted to \$0.50 / 1,000 gallons for all tiers
- Current sewer charge structure has first 1,000 gallons of usage included in base rate.
 - *It is recommended to change this so all usage is accounted and paid for.*

FIRST PROPOSAL

- Lowest bill would go up 250%
 - *(0 gallons of usage)*
- Average bill would rise 60%
 - *(5,000 gallons of usage)*
- After declining first proposal, City Council requested Ardurra to evaluate:
 - **Raising Meter Fee and Usage Charge 2% annually for 5 years**
 - **Matching Water Usage Tiers to SAWS**
 - **Raise EAA fee from \$0.62 to \$0.70/1,000 gal**
 - Edwards Aquifer Authority is raising charge to city, this is a pass-through charge.



PROPOSED WATER RATES FOR STANDARD RESIDENTIAL METER

Water	Base Rate	\$/1,000 gallons				
		0-3,000	3,001-6,000	6,001-10,000	10,001-17,000	17,001+
Existing	\$11.76	\$3.56	\$5.06	\$6.56	\$8.06	\$9.56

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	\$3.63	\$5.16	\$6.69	\$8.22	\$9.75
Year 2	\$12.24	\$3.70	\$5.26	\$6.83	\$8.39	\$9.95
Year 3	\$12.48	\$3.78	\$5.37	\$6.96	\$8.55	\$10.15
Year 4	\$12.73	\$3.85	\$5.48	\$7.10	\$8.72	\$10.35
Year 5	\$12.98	\$3.93	\$5.59	\$7.24	\$8.90	\$10.56

Flat 2% increase on base rate and usage charge rates annually

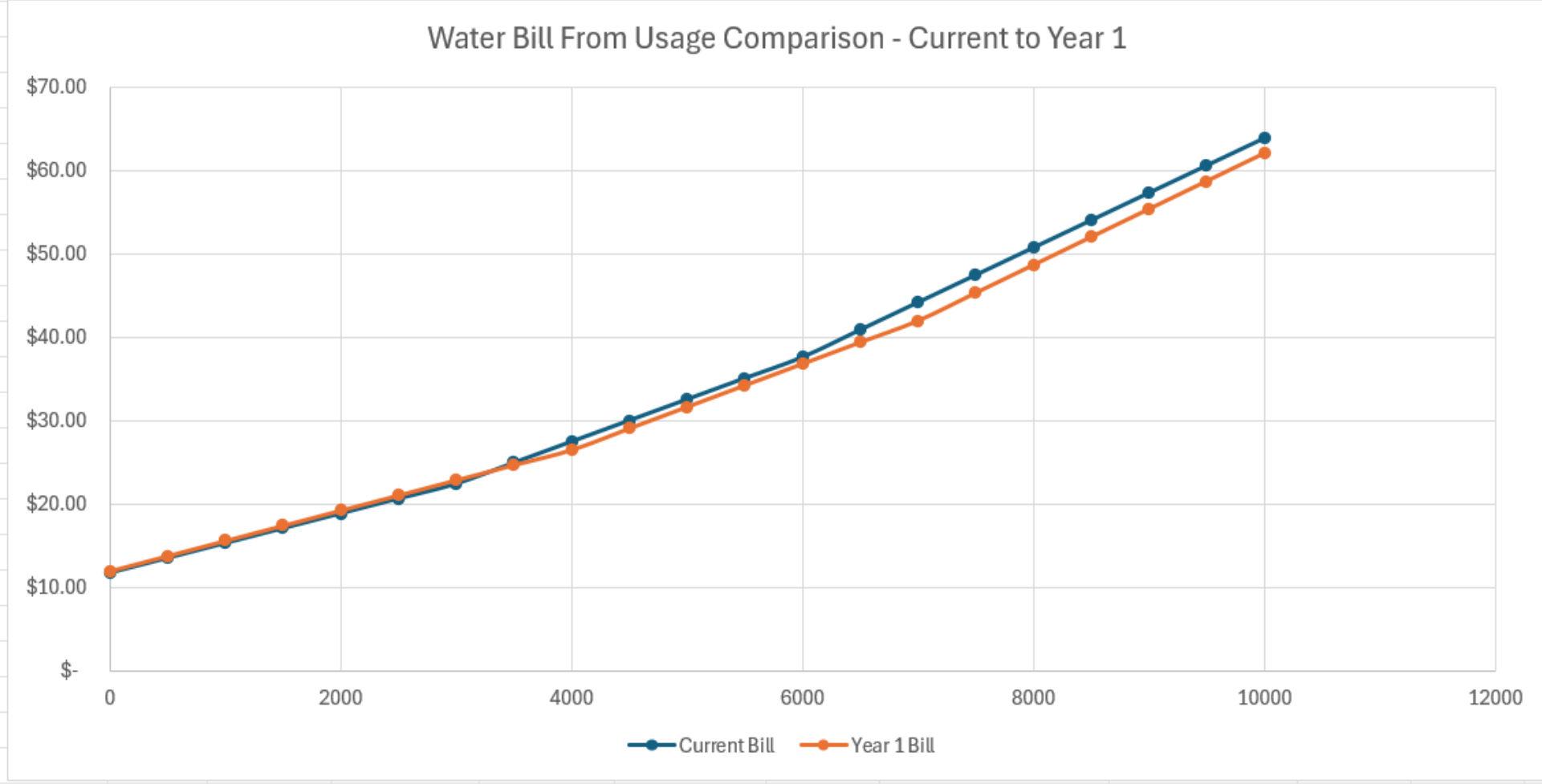
SAMPLE WATER BILL & WATER REVENUE PROJECTIONS

5,000 gallons	\$
Existing	\$32.56
Year 1	\$31.68
Year 2	\$32.31
Year 3	\$32.96
Year 4	\$33.62
Year 5	\$34.29
<i>Only accounts for water</i>	

	Projected Revenue	% Change
Existing	\$1,992,545.52	-
Year 1	\$1,935,363.83	-2.9%
Year 2	\$1,974,071.11	-0.9%
Year 3	\$2,013,552.53	1.1%
Year 4	\$2,053,823.58	3.1%
Year 5	\$2,094,900.05	5.1%

EFFECT OF USAGE TIERS ADJUSTMENT IN CONJUNCTION WITH % INCREASE PROPOSED

Gallons Used	Current Bill	Year 1 Bill	% +/-
0	\$ 11.76	\$ 12.00	2.0%
500	\$ 13.54	\$ 13.81	2.0%
1000	\$ 15.32	\$ 15.63	2.0%
1500	\$ 17.10	\$ 17.44	2.0%
2000	\$ 18.88	\$ 19.26	2.0%
2500	\$ 20.66	\$ 21.07	2.0%
3001	\$ 22.45	\$ 22.89	2.0%
3500	\$ 24.97	\$ 24.70	-1.1%
4001	\$ 27.51	\$ 26.53	-3.6%
4500	\$ 30.03	\$ 29.10	-3.1%
5000	\$ 32.56	\$ 31.68	-2.7%
5500	\$ 35.09	\$ 34.26	-2.4%
6001	\$ 37.63	\$ 36.85	-2.1%
6500	\$ 40.90	\$ 39.42	-3.6%
7001	\$ 44.19	\$ 42.01	-4.9%
7500	\$ 47.46	\$ 45.35	-4.4%
8000	\$ 50.74	\$ 48.69	-4.0%
8500	\$ 54.02	\$ 52.04	-3.7%
9000	\$ 57.30	\$ 55.39	-3.3%
9500	\$ 60.58	\$ 58.73	-3.1%
10000	\$ 63.86	\$ 62.08	-2.8%



OTHER OPTIONS TO CONSIDER

- Continue utilizing existing Usage Tiers
 - *Evaluate x% annual increase*
- Keep rates as current and add a “Capital Improvements Fee”
 - *As additional flat fee or based on usage*
- Utilize SAWS Usage Tiers and adjust Usage Charges to better match existing billing.
 - *Evaluate annual x% increase after*



EXISTING USAGE TIERS REMAIN WITH 2% INCREASE PROPOSED WATER RATES FOR STANDARD RESIDENTIAL METER



Water	Base Rate	\$/1,000 gallons				
		0-3,000	3,001-6,000	6,001-10,000	10,001-17,000	17,001+
Existing	\$11.76	\$3.56	\$5.06	\$6.56	\$8.06	\$9.56

Water	Base Rate	\$/1,000 gallons				
		0-3,000	3,001-6,000	6,001-10,000	10,001-17,000	17,001+
Year 1	\$12.00	\$3.63	\$5.16	\$6.69	\$8.22	\$9.75
Year 2	\$12.24	\$3.70	\$5.26	\$6.83	\$8.39	\$9.95
Year 3	\$12.48	\$3.78	\$5.37	\$6.96	\$8.55	\$10.15
Year 4	\$12.73	\$3.85	\$5.48	\$7.10	\$8.72	\$10.35
Year 5	\$12.98	\$3.93	\$5.59	\$7.24	\$8.90	\$10.56

EXISTING USAGE TIERS REMAIN WITH 2% INCREASE PROPOSED SEWER RATES FOR STANDARD RESIDENTIAL METER



Sewer	Base Rate	\$/1,000 gallons	
		Per 1,000 gallons over 1,000 gallons	
Existing	\$15.08	\$6.24	

Sewer	Base Rate	\$/1,000 gallons	
Year 1	\$15.38	\$6.36	
Year 2	\$15.69	\$6.49	
Year 3	\$16.00	\$6.62	
Year 4	\$16.32	\$6.75	
Year 5	\$16.65	\$6.88	

EXISTING USAGE TIERS REMAIN WITH 2% INCREASE

SAMPLE BILL PROJECTIONS

5,000 GAL/MONTH	Existing	Year 1	Year 2	Year 3	Year 4	Year 5
Water – Base Fee	\$11.76	\$12.00	\$12.24	\$12.48	\$12.73	\$12.98
Water – Usage Charge	\$20.80	\$21.22	\$21.64	\$22.07	\$22.51	\$22.96
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	\$31.80	\$32.44	\$33.08	\$33.75	\$34.42
TCEQ Fee	\$0.38	\$0.42	\$0.43	\$0.44	\$0.44	\$0.45
TOTAL	\$76.08	\$84.31	\$85.93	\$87.58	\$89.26	\$90.97
<i>% Change from Existing</i>	-	11%	13%	15%	17%	20%
<i>\$ Change from Existing</i>		\$8.23	\$9.85	\$11.50	\$13.18	\$14.89

EXISTING USAGE TIERS REMAIN WITH 2% INCREASE COMP TO SAWS (OUTSIDE CITY LIMITS)

5,000 GAL/MONTH	Existing	Year 5
Water – Base Fee	\$11.76	\$12.98
Water – Usage Charge	\$20.80	\$22.96
EAA Fee	\$3.10	\$3.50
Sewer – Base Fee	\$15.08	\$16.65
Sewer – Usage Charge	\$24.96	\$34.42
TCEQ Fee	\$0.38	\$0.45
TOTAL	\$76.08	\$90.97
<i>% Change from Existing</i>	-	20%

Charges	
Water Service Charge	11.70
Tier 2 Usage Fixed Charge	2.60
Water Volume Charge	6.90
Stage 3 Drought Surcharge	-
Stage 4 Drought Surcharge	-
Water Supply Fee	9.54
Uplift Assistance Program Fee - Water	0.56
Sewer Service Charge	12.00
Sewer Volume Charge	17.52
Uplift Assistance Program Fee - Sewer	0.56
EAA Fee	1.71
City Stormwater Fee	0.00
TCEQ Fee	0.24
Total Bill	63.33



EXISTING USAGE TIERS REMAIN WITH 2% INCREASE REVENUE PROJECTIONS

	Existing	Year 1	Year 5	\$ Difference Year 5 to Existing
Proj Rev Water	\$1,992,545.52	\$2,032,396.43	\$2,199,931.26	\$207,385.74
<i>% Change from Existing</i>		2.0%	10.4%	
Proj Rev Sewer	\$2,146,878.24	\$2,380,688.63	\$2,576,933.93	\$430,055.69
<i>% Change from Existing</i>		10.9%	20.0%	
Proj Rev Total	\$4,139,423.76	\$4,413,085.06	\$4,776,865.19	\$637,441.43
<i>% Change from Existing</i>		6.6%	15.4%	



CAPITAL IMPROVEMENTS FEE

- Keep rates as current and add a “Capital Improvements Fee” as a flat fee to both water and sewer
- \$15.76 water fee
 - (\$500,000/ 2,643 meters / 12 months)
- \$16.55 sewer fee
 - (\$500,000/ 2,518 meters / 12 months)
- *Lowest bill raised 120% (0 gallons used)*
- *Average bill raised 43% (5,000 gallons)*

5,000 GAL/MONTH	Existing	CIP Fee
Water – Base Fee	\$11.76	\$11.76
Water – Usage Charge	\$20.80	\$20.80
EAA Fee	\$3.10	\$3.50
Sewer – Base Fee	\$15.08	\$15.08
Sewer – Usage Charge	\$24.96	\$24.96
TCEQ Fee	\$0.38	\$0.54
CIP Water Fee	-	\$15.76
CIP Sewer Fee	-	\$16.55
TOTAL	\$76.08	\$108.95
% Change from Existing	-	43%

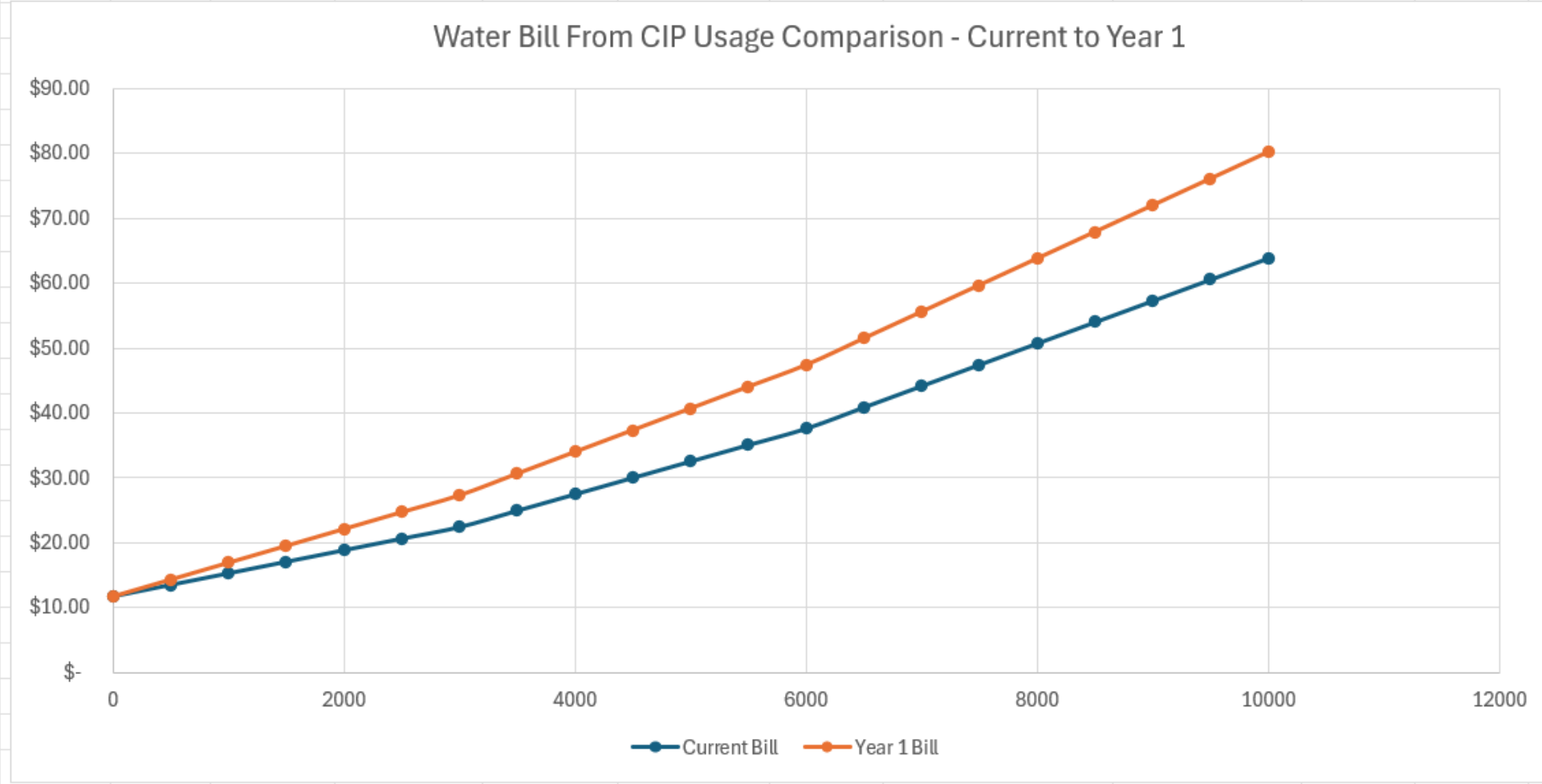
CAPITAL IMPROVEMENTS USAGE FEE

- Keep water rates as current.
- Charge for all sewer usage
 - *Remove base fee coverage for first 1,000 gallons*
- Add a “Capital Improvements Fee” based on usage
- Water CIP Fee - \$1.63 / 1,000 gallons
- Sewer CIP Fee - \$0.88 / 1,000 gallons

5,000 GAL/MONTH	Existing	CIP Fee
Water – Base Fee	\$11.76	\$11.76
Water – Usage Charge	\$20.80	\$28.95
EAA Fee	\$3.10	\$3.50
Sewer – Base Fee	\$15.08	\$15.08
Sewer – Usage Charge	\$24.96	\$36.22
TCEQ Fee	\$0.38	\$0.48
TOTAL	\$76.08	\$95.99
% Change from Existing	-	26%

EFFECT OF USAGE TIERS ADJUSTMENT IN CONJUNCTION WITH % INCREASE PROPOSED

Gallons Used	Current Bill	Year 1 Bill	% +/-
0	\$ 11.76	\$ 11.76	0.0%
500	\$ 13.54	\$ 14.36	6.0%
1000	\$ 15.32	\$ 16.95	10.6%
1500	\$ 17.10	\$ 19.55	14.3%
2000	\$ 18.88	\$ 22.14	17.3%
2500	\$ 20.66	\$ 24.74	19.7%
3001	\$ 22.45	\$ 27.34	21.8%
3500	\$ 24.97	\$ 30.68	22.9%
4001	\$ 27.51	\$ 34.03	23.7%
4500	\$ 30.03	\$ 37.37	24.4%
5000	\$ 32.56	\$ 40.71	25.0%
5500	\$ 35.09	\$ 44.06	25.6%
6001	\$ 37.63	\$ 47.41	26.0%
6500	\$ 40.90	\$ 51.50	25.9%
7001	\$ 44.19	\$ 55.60	25.8%
7500	\$ 47.46	\$ 59.69	25.8%
8000	\$ 50.74	\$ 63.78	25.7%
8500	\$ 54.02	\$ 67.88	25.7%
9000	\$ 57.30	\$ 71.97	25.6%
9500	\$ 60.58	\$ 76.07	25.6%
10000	\$ 63.86	\$ 80.16	25.5%



CIP USAGE FEE REVENUE PROJECTIONS

	Existing	CIP Use Fee	\$ Difference
Proj Rev Water	\$1,992,545.52	\$2,492,545.52	\$500,000.00
		25.1%	
Proj Rev Sewer	\$2,146,878.24	\$2,646,878.24	\$500,000.00
		23.3%	
Proj Rev Total	\$4,139,423.76	\$5,139,425.76	\$1,000,000.00
		24.2%	



**THANK YOU FOR YOUR
TIME TODAY**

Questions?