



Meeting Date: March 30, 2023 **Agenda Type:** Action Items

From: John Warren **Reviewed by:** Ashley Van Booven
Finance Manager Director of Finance

Submitted by: Dawn Schriewer **Approved by:** Ian Taylor
Chief Financial Officer Chief Executive Officer

RECOMMENDED ACTION: Discuss and Consider Adopting Resolution #2023-168 by the Board of Trustees of New Braunfels Utilities Approving Proposed Amendments to Chapter 130, Article V, Section 130-257 of the Code of Ordinances of the City of New Braunfels (i) Adjusting Sewer Rates and Charges for Fiscal Year 2024; (ii) Providing for Adjustments of Sewer Rates and Charges for Fiscal Year 2025; (iii) Resolving Other Matters Incident and Related Thereto; and (iv) Authorizing Presentation of Same to the City Council of New Braunfels for Its Consideration and Passage

BACKGROUND

On February 24, 2022, the NBU Board of Trustees approved a Professional Services Agreement with Freese and Nichols, Inc. (“FNI”) to conduct a comprehensive rate study, including a cost of service analysis, and to oversee the Rate Advisory Committee (“RAC”). On April 28, 2022, the Board approved Resolution #2022-157 establishing the RAC, approving the RAC Bylaws, and appointing eighteen (18) RAC members. The RAC was established to assist NBU in making the rate recommendations and providing community feedback to the utility.

The revenue requirements for the Sewer Line of Business that are identified in the Fiscal Year 2024 Budget and Five Year Financial Operating Plan are driven primarily from the need to build and maintain infrastructure to meet regulatory requirements.

NBU’s twenty-year wastewater infrastructure strategies are identified in NBU’s Water/Wastewater Master Plan. The proposed rates will provide the revenue needed to make these investments. The proposed sewer rate design includes an adjustment of base rates for an average system revenue increase of 7.3% for fiscal year 2024 and 7.3% for fiscal year 2025.

NBU is scheduled to present the first reading of the sewer rate ordinance revisions to City Council on April 3, 2023, and the second reading on April 10, 2023.

FINANCIAL IMPACT

The new rates will meet the sewer revenue requirement of \$39,543,805 for fiscal year 2024 and \$44,403,322 for fiscal year 2025.

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

1. Proposed Sewer Rate Tables
2. Sewer Rate Resolution #2023-168
3. Sewer Rate Muni-Code Redlined
4. Sewer Rate Muni-Code Clean