



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 #2023-167 by the Board of Trustees of New Braunfels Utilities Approving Proposed Amendments to Chapter 130, Article IV, Section 130-167 of the Code of Ordinances of the City of New Braunfels (i) Removing the Off Peak and Peak Season Monthly Charge Distinctions; (ii) Adjusting Volume Charges; (iii) Modifying Service Rate Classifications; (iv) Adjusting Water Rates and Charges for Fiscal Year 2024; (v) Providing for Adjustments of Water Rates and Charges for Fiscal Year 2025; (vi) Resolving Other Matters Incident and Related Thereto; and (vii) 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 Water 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 acquire water supply and build infrastructure to keep up with growth and meet regulatory requirements.

NBU’s twenty-year water infrastructure and water supply strategies are identified in NBU’s Water/Wastewater Master Plan and Water Resources Plan respectively. The proposed rates will provide the revenue needed to make these investments while placing the majority of costs for water on high volume water users. Throughout the process of designing rates, NBU was careful to protect those customers who only use water for domestic purposes including drinking, bathing and preparing food.

The proposed water rate design includes an adjustment of water rates for an average system revenue increase of 9.1% for fiscal year 2024 and 13.4% for fiscal year 2025.

NBU is scheduled to present the first reading of the water 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 water revenue requirement of \$44,444,079 for fiscal year 2024 and \$50,427,388 for fiscal year 2025.

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

1. Proposed Water Rate Tables
2. Water Rate Resolution #2023-167
3. Water Rate Muni-Code Redlined
4. Water Rate Muni-Code Clean