

To: Mayor and Town Council

From: Chris Landrum, Finance Director

**Through: Mario Canizares, Town Manager
Robert B. Scott, Deputy Town Manager**

Re: Water & Wastewater Rate Adjustment

Town Council Meeting – September 16, 2025

Strategic Visioning Priority: 4. Provide Excellent Municipal Services

Agenda Item:

Consider and act upon an Ordinance amending Water and Wastewater Rates.

Description of Agenda Item:

The Water and Wastewater Utility Fund has a financial goal of breaking even over time while complying with all Town Financial Policies, meeting or exceeding all debt related covenants, and maintaining the water and sewer infrastructure in good operating condition with adequate capacity to support growth and future economic development. In keeping with this goal, large surpluses generated from hotter or drier than expected weather may be either reinvested into maintaining the system or used to postpone future rate increases.

In recent years rapid growth in the region has required significant investment on the part of the Town's regional providers, and the need to expand the capacity of the Doe Branch wastewater treatment plant to support growth on the west side has resulted in the need for a FY 2026 rate adjustment. In addition, multi-year projections from the Town's regional providers and planned future debt issuance makes it increasingly likely the Town will need to raise rates again in the following year.

The proposed rate adjustments in the attached ordinance represent a 6.26% increase in water rates and a 15.08% rate increase for wastewater rates or a blended rate increase of 8.8% based on wastewater revenues representing a much smaller portion of total revenues. While these proposed rates are significant; they result in average bills that compare well with surrounding cities and are below both the mean and median fees of our comparison cities at various consumption levels.

Budget Impact

The additional revenue generated from the fee increases will be effective as of October 15, 2025, and have been incorporated into the FY 2026 Proposed Budgeted Water and Wastewater revenue of \$47.3 million. These rate adjustments will ensure continued compliance with all financial policies and debt covenants and to ensure adequate operating cash flows.

Legal Obligations and Review:

Terrence Welch of Brown & Hofmeister, L.L.P., has approved the attached documents as to form and legality.

Attached Documents:

1. Ordinance
2. Fee Schedule - Redline

Town Staff Recommendation:

Town Staff recommend that the Town Council approve an Ordinance amending Water and Wastewater Rates effective October 15, 2025.

Proposed Motion:

I move to approve an Ordinance amending Water and Wastewater Rates effective October 15, 2025.