



Wylie City Council

AGENDA REPORT

Department: Purchasing Account Code: 611-5719-56040
Prepared By: Kirby Krol

Subject

Consider, and act upon, Contract No. W2025-94 for the Finance Department in an estimated amount of \$59,500 for a review of the City's water and wastewater rates and an update to the City's indirect cost allocation model through a cooperative purchasing agreement with HGACBuy (Houston-Galveston Area Council of Governments).

Recommendation

Motion to approve the Item as presented.

Discussion

The Finance Department is seeking Council approval for a consulting services agreement with NewGen Strategies and Solutions, LLC ("NewGen") for a review of the City's water and wastewater rates, and an update to the City's indirect cost allocation model. The term will be for a one-year, with four optional one-year renewal options at the City's discretion.

In accordance with the City's adopted Financial Management Policy for user-based fees, an annual review of these fees and charges is conducted to ensure that fees provide adequate coverage of costs and services. For services associated with a user fee or charge, the direct and indirect costs of that services will be offset by a fee where possible. Additionally, the City's Financial Management Policy for utility rates requires an annual review.

In 2020, NewGen performed a full rate study for water and sewer rates. Utilizing the data and guidance gathered through NewGen's study, an annual review has been completed each year by City staff, incorporating updates using the Utility Fund five-year financial plan.

In 2022, NewGen reviewed their data from 2020 during the budget process for FY2023 and determined that the recommended 2023 rates were still accurate. However, a recommendation was made to adjust the FY2024 and FY2025 rates to incorporate increasing inflationary costs at NTMWD.

A full study for future rates to support FY2026-2030 is needed to assist City staff through the budget process in order to meet the needs of the City while maintaining a balanced budget through efficient use of resources, expenditures, and revenues. Therefore, staff recommends approval of a consulting services agreement with NewGen through a cooperative purchasing agreement with HGACBuy to facilitate this study.

(HGAC Contract No. HP08-21, Wylie Contract No. W2025-94)