



SOUTH SERVICE AREA EVALUATION

DS-23-031

March 21, 2023

Background

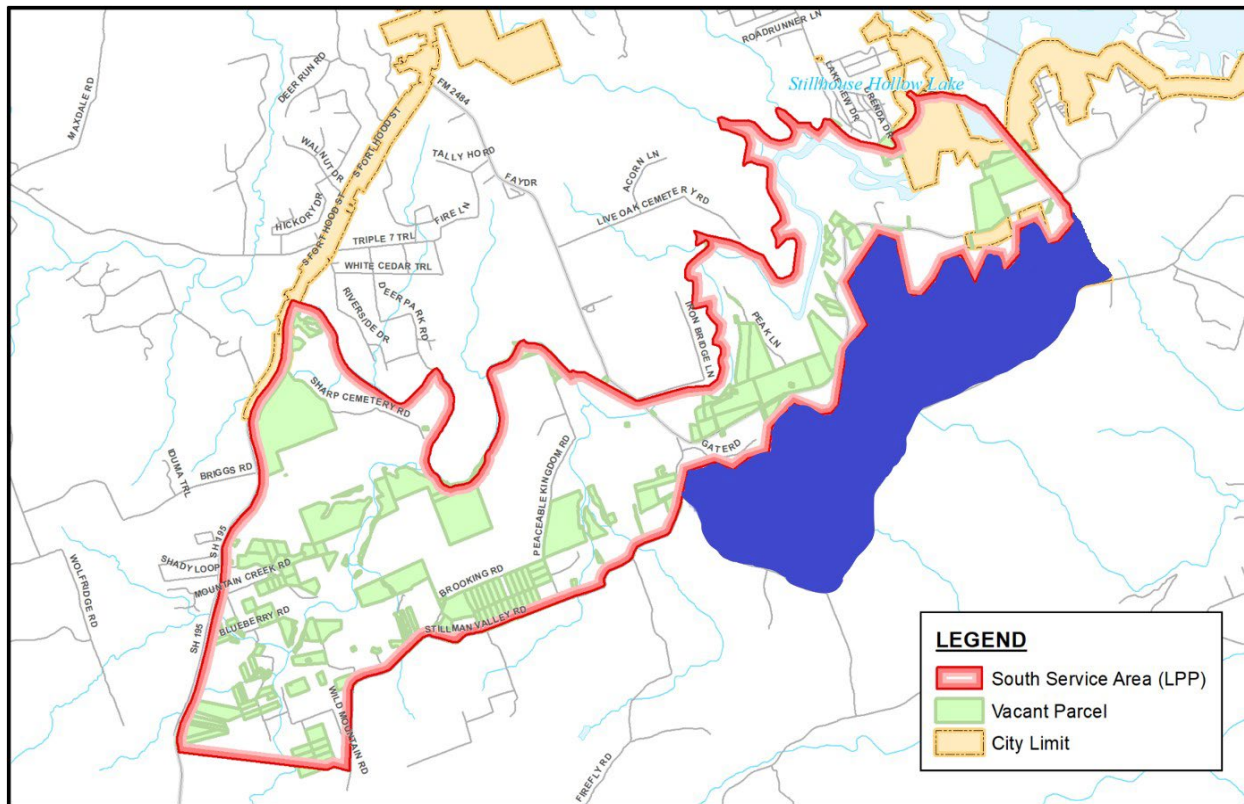
- ❑ In August 2021, the City executed an agreement with Freese and Nichols, Inc. (FNI) to evaluate water infrastructure needs to extend the City's service area south into the current Georgetown Certificate of Convenience and Necessity (CCN).
- ❑ A CCN grants a CCN holder the exclusive right to provide retail water or sewer utility service to an identified geographic area. Chapter 13 of the Texas Water Code requires a CCN holder to provide continuous and adequate service to the area within its CCN boundary.

Background Cont.

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- On February 21, 2023, FNI briefed City Council on the results of the South Service Area Evaluation on the following four areas.
 - ▣ Project Background
 - ▣ Population Projections
 - ▣ Proposed Improvements
 - ▣ Water Supply Considerations
- Revisions have been made to the Population Projections and Proposed Improvements, as well as, adding revenue projection information.

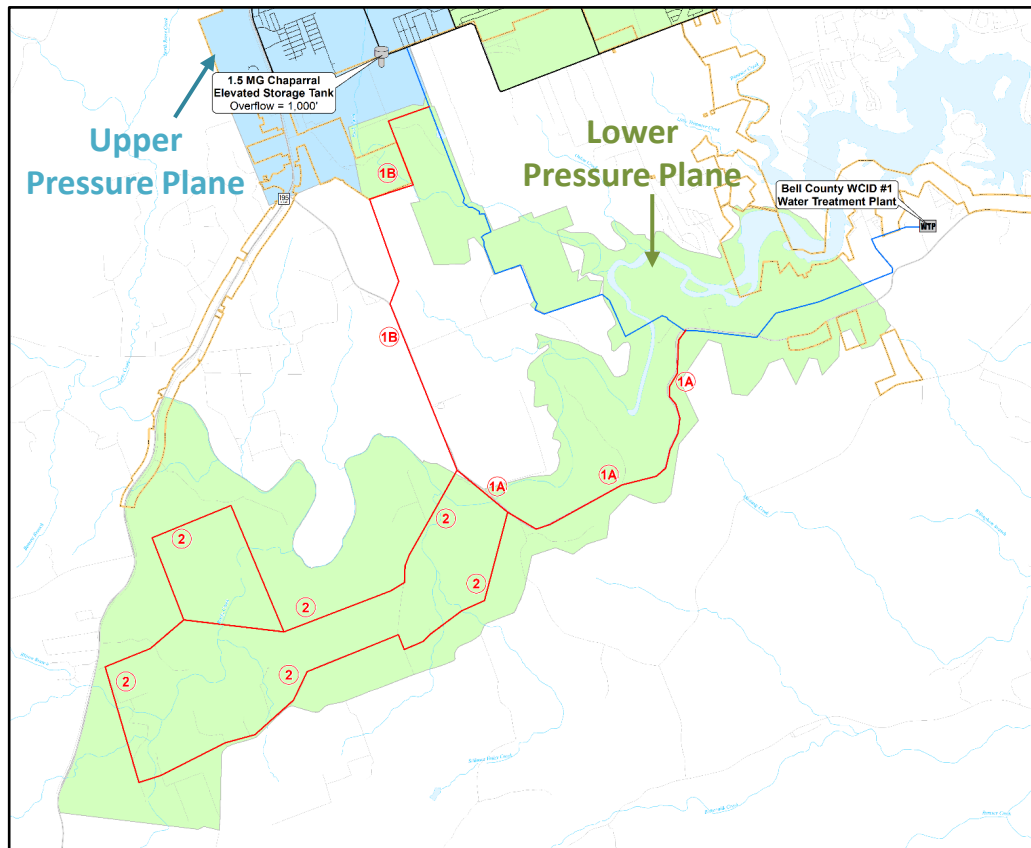
POPULATION PROJECTIONS



- Total area ~ 14,500 acres
- City planning department identified vacant parcels and prepared population projections
- Assumed 0.5-acre lots and 2.73 people/household
- Estimated population
 - 45% of Buildout = 16,791
 - 100% Buildout = 37,314

Removed the New South Pressure Plane, as much of the area can be served by the existing Lower Pressure Plane

PROPOSED IMPROVEMENTS



RECOMMENDED PROJECTS

- 1A** 24-inch Transmission Line (South)
- 1B** 24-inch Transmission Line (North)
- 2** 16/12-inch Water Lines

Removal of the New South Pressure Plane eliminated four (4) proposed improvement projects.

COST ESTIMATES

Project Number	Project Name	Project Cost
1A	24-inch Transmission Line (South)	\$14,975,500
1B	24-inch Transmission Line (North)	\$17,650,400
2	16/12-inch Lower Pressure Plane Water Lines	\$36,572,100
TOTAL		\$69,198,000

The reduction in proposed improvement projects reduced the cost estimates by \$53,955,700.

Revenue Projections

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Revenue data based on 13,668 connections and 7,500 gallons monthly average water usage.

	Unit Price	Revenue at 100% Buildout	
Water Impact Fee Per Connection	\$1,161	\$15,868,548	One Time
Monthly Base Water Rate*	\$20.31	\$3,331,165	Annual
Monthly Volumetric Water Rate*	\$5.07	\$4,573,586	Annual

*Due to area being outside the city limits, water rates are 1.5 times inside city limit rates.

Calculation: Population Projection (37,314) ÷ 2.73/People per Household = 13,668 Connection

Questions

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- Why would City of Killeen (COK) want to acquire this CCN?
 - The acquisition of this CCN would provide the City of Killeen with the control of future development south of the city.
- If acquired, what are the requirements of the state in regard to COK providing water?
 - COK would be obligated to provide water service within that CCN boundary; however, the city would NOT be required to construct the infrastructure.
- What does that mean?
 - Any new development within the CCN would be required to request water service from COK; giving COK first right of refusal for water service requests within the CCN.
 - COK could then condition an approval with the requirement for the developer to construct the infrastructure required to connect to COK's system or give consent for another entity to provide water service.