



City of Killeen

Legislation Text

File #: PH-24-022, **Version:** 1

HOLD a public hearing and consider an ordinance amending the Code of Ordinances Chapter 30, Water, Sewers, and Sewage Disposal, to amend residential volumetric and commercial water rates.

DATE: June 4, 2024

TO: Kent Cagle, City Manager

FROM: Jeffery Reynolds, Executive Director of Public Works

SUBJECT: Water and Sewer Ordinance Rate Amendments

BACKGROUND AND FINDINGS:

On July 7, 2020, City Council received the results of the 2020 Water and Sewer Rate Study. The study found that the City's water revenues were insufficient to fully fund the projected expenses over the next five years. City Council deferred a rate adjustment at the time due to the pandemic.

On September 13, 2021, Council approved a water rate increase which included adjusting the base meter charge and volumetric rate. These approved changes included a three-tier volumetric charge for residential customers to encourage water conservation, a 6.6% increase in water rates for residential and commercial customers, and an amendment for customers outside the city limits from 100% above inside city rates to 50% above inside city rates.

In the recent Water & Sewer five-year rate analysis it was also recommended to implement a phased approach to adjusting the base rate paid on different meter sizes by commercial customers to be in line with the American Water Works Association (AWWA) recommendation. The first phase adjustment was included in the FY 2023 Budget, the second phase adjustment was included in the FY 2024 Budget, and phase three is included in the proposed FY 2025 Budget; estimated to generate an additional \$158,000 in annual revenue.

Additionally, in the proposed FY 2025 Budget, there is a recommendation to increase residential volumetric rates on the top two tiers to encourage water conservation. This increase will affect approximately 3,630 residential customers which is 6.9% of our total residential customer base. The estimated additional revenue from the increase in the top two tiers is \$154,000.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

The proposed ordinance conforms to applicable City policy.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

The financial impact is an additional \$154,000 in revenue from the increase to the top two tier rates for residential water. There is also an estimated additional \$158,000 in revenue from the 3rd of a 5-year phase-in of increases to the base rate for commercial meters. The additional revenue is included in the FY 2025 Proposed Budget.

Is this a one-time or recurring revenue/expenditure?

N/A

Is this revenue/expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

N/A

RECOMMENDATION:

City Council approve the ordinance amending Chapter 30, Water, Sewers, and Sewage Disposal, of the Code of Ordinances, to amend residential volumetric and commercial water rates.

DEPARTMENTAL CLEARANCES:

Public Works
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance
Presentation