



## COUNCIL AGENDA ITEM MEMORANDUM

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**DEPT./DIVISION SUBMISSION & REVIEW:**

Traci Barnard, Director of Finance

**ITEM DESCRIPTION:** Consider adopting a resolution setting the current utility system fees to be effective October 1, 2024.

**BACKGROUND:** Staff develops and maintains a six-year Water/Wastewater system cost of service study (FY 2025 – FY 2030). As part of the analysis and development of the six-year revenue requirement, staff reviewed and analyzed the following:

- Historical and projected trends with regards to operations and maintenance costs, debt service, capital improvements, water usage, wastewater flows,
- Fixed versus variable cost of the system,
- Consumption and rainfall data in order to ‘normalize’ the revenue requirement for ‘wet’ and ‘dry’ years, and
- Inflation adjustments for labor, benefits, chemicals, electricity, and all other operating costs.

One of the key elements of the study was to develop the revenue requirement for a multi-year capital improvement program to construct, replace or rehab numerous components in the City of Temple distribution and collection systems, address additional staffing needs for the operations and maintenance of the system, and other operations and maintenance cost of the system.

The cost-of-service study is reviewed and updated by city staff annually. The updated cost of service study covers a six-year period (FY 2025 – FY 2030). Cost drivers impacting the FY 2025 - FY 2030 revenue requirement includes the following:

- Debt service payments to support additional capital funding of \$295,000,000 to implement water and wastewater improvement projects including an expansion of the Temple-Belton Wastewater Treatment Plant, the Doshier Farms Wastewater Treatment Plant, neighborhood revitalization improvements, mobility related utility improvements, and a systematic approach to reducing sanitary sewer overflows. Capital projects include the following:

PURPOSE		WATER PROJECTS	FY 2025	FY 2026	F
WATER TREATMENT & STORAGE					
1	Rehabilitation	Conventional Plant Pipe Gallery Rehabilitation	\$ 540,000	\$ -	\$
2	Rehabilitation	Conventional Plant Onsite Chlorine Generation	1,500,000	-	
3	Rehabilitation	Water Treatment Plant, Clarifier #4 Rehabilitation	-	950,000	
4	Rehabilitation	Elevated Storage Tank Rehabilitations	-	-	
785 WATER PRESSURE PLANE					
5	Growth & Capacity	New Elevated Storage Tank, Little River Road	-	-	
876 WATER PRESSURE PLANE					
6	Rehabilitation	Ave G Ground Storage and Pump Station Rehabilitation	-	75,000	
7	Growth & Capacity	North East Loop 363 Water Line Projects	-	-	
8	Rehabilitation	Temple Heights District Utility Improvements	-	-	
835 WATER PRESSURE PLANE					
9	Growth & Capacity	SH 317 Ground Storage and Pump Station	6,100,000	-	
10	Rehabilitation	West Temple Distribution Line Upgrades (Phases II - IV)	-	-	
720 WATER PRESSURE PLANE					
11	Growth & Capacity	Northwest 36" Transmission Main	14,600,000	-	
OTHER WATER SYSTEM IMPROVEMENTS					
12	Rehabilitation	Distribution System Improvements	2,000,000	1,000,000	
13	Mobility	Mobility Related Utility Improvements	8,930,000	1,500,000	
TOTAL WATER PROJECTS FUNDED BY UR BONDS			\$ 33,670,000	\$ 3,525,000	\$

PURPOSE		WASTEWATER PROJECTS	FY 2025	FY 2026	F
LEON RIVER BASIN WASTEWATER PROJECTS					
14	Growth & Capacity	Leon River Trunk Sewer, Phase II	\$ -	\$ 11,125,000	\$
15	Growth & Capacity	Upper Leon River Trunk Sewer	-	1,140,000	
PEPPER CREEK BASIN WASTEWATER PROJECTS					
16	Growth & Capacity	West Airport Trunk Sewer Improvements	6,600,000	-	
KNOB CREEK BASIN WASTEWATER PROJECTS					
17	Growth & Capacity	Knob Creek Regional Lift Station	2,400,000	-	
18	Growth & Capacity	Knob Creek Interceptor Improvements (multi-phase)	-	16,350,000	
LITTLE RIVER BASIN WASTEWATER PROJECTS					
19	Growth & Capacity	Little River, Center Trunk Sewer	-	-	
20	Growth & Capacity	Little River, East Trunk Sewer	-	2,250,000	
SANITARY SEWER EVALUATION SURVEYS AND PROJECTS					
21	Rehabilitation	Community Grant Funding Match	1,250,000	-	
22	Rehabilitation	SSES Workplan Project Placeholder	800,000	4,151,000	
23	Rehabilitation	SSES Manhole Rehabilitation by Basin	1,000,000	500,000	
WASTEWATER TREATMENT PLANT PROJECTS					
24	Growth & Capacity	Temple-Belton Wastewater Treatment Plant Expansion, Phase II	46,500,000	-	
25	Growth & Capacity	Doshier Wastewater Treatment Plant Expansion	-	-	2
26	Growth & Capacity	Project Contingency	2,780,000	959,000	
TOTAL WASTEWATER PROJECTS FUNDED BY UR BONDS			\$ 61,330,000	\$ 36,475,000	\$ 3
TOTAL UTILITY PROJECTS FUNDED BY UR BONDS			\$ 95,000,000	\$ 40,000,000	\$ 4

- Personnel and operational cost associated with the following additional staffing:
- Four additional water maintenance crews (FY 25, FY 27, FY 28, FY 29) to provide the staffing resources necessary to maintain our water distribution system and to provide an enhanced response time for non-emergency water leaks.
  - Three additional wastewater maintenance crews (FY 26, FY 28, FY 29) to provide the staffing resources necessary to maintain our wastewater collection system and to provide a systematic approach to eliminating sanitary sewer overflows.

- Two additional Water Operator positions (FY 27) to support the new Membrane Water Treatment Plan expansion and provide additional maintenance capacity.
  - Two Utility Foreman positions (FY 28), one Metering Crew Leader (FY 25), two Meter Technician positions (FY 28, FY 29), a Meter Technician Apprentice (FY 26), and an Environmental Program Technician position (FY 28) to provide additional resources to the Public Works Department.
- Operational cost increases to supplies, such as chlorine and other chemicals, as well as those associated with the expansion of the Membrane Water Treatment Plant, such as electricity and additional facility maintenance.

The following water and wastewater rates were designed to support the revenue requirement:

<b>Water Rates</b>		
<b>Minimum Bill - Includes first 2,000 gallons</b>		
	<b>Current</b>	<b>New</b>
3/4" - 5/8"	\$ 11.75	\$ <b>12.75</b>
1"	18.75	<b>20.45</b>
1-1/2"	23.75	<b>25.55</b>
2"	75.50	<b>81.75</b>
3"	150.75	<b>163.50</b>
4"	235.50	<b>255.45</b>
6"	753.50	<b>817.35</b>
8"	1,318.25	<b>1,430.30</b>
10"	2,071.75	<b>2,247.60</b>
<b>Volumetric - Per 1,000 gallons</b>		
	<b>Current</b>	<b>New</b>
Industrial - Large Vol	\$ 3.20	<b>n/a</b>
All other classes	4.00	<b>n/a</b>
Volumetric Rate	n/a	\$ <b>4.50</b>

<b>Wastewater Rates</b>		
<b>Minimum Bill - Includes first 2,000 gallons</b>		
	<b>Current</b>	<b>New</b>
Industrial Class	\$ 17.60	<b>n/a</b>
All other classes	17.60	<b>n/a</b>
Base Rate	17.60	<b>22.10</b>
<b>Volumetric - Per 1,000 gallons</b>		
	<b>Current</b>	<b>New</b>
Industrial - Large Vol	\$ 6.75	<b>n/a</b>
All other classes	7.75	<b>n/a</b>
Volumetric Rate	n/a	\$ <b>9.00</b>

City wholesale customers located outside of the City shall be billed for water consumption at their contracted rate. All other customers residing outside the City limits shall be billed 1.25 times the in-City water and wastewater service rates.

No changes are proposed to current water and wastewater connection and service connection rates which are as follows:

Connection Size	Current Rates		Plus Costs
	Full Short	Full Long	
Water			
3/4"	\$ 390.00	\$ 1,150.00	
1"	410.00	1,170.00	
1-1/2"	450.00	1,210.00	(a)
2"	490.00	1,240.00	(a)
3"	960.00	3,240.00	(b)
>3"	320.00*	1080.00*	(b)
Wastewater			
4"	420.00	1,180.00	(c)
6"	500.00	1,260.00	(c)

- (a) plus the cost of meter;  
(b) plus the cost of meter and materials required to complete the connection; or  
(c) plus the cost of materials required to complete the connection.

No changes are proposed to the deposits for City utility accounts, which are currently as follows:

Residential Service		Non-Residential Service	
All Meters	\$ 75.00	5/8" Meter	\$ 115.00
		1" Meter	170.00
		1 1/2" Meter	200.00
		2" Meter	450.00
		3" Meter	550.00
		4" Meter	650.00
		6" Meter	850.00
		8" Meter	1,200.00
		10" Meter	2,500.00
		Fire Hydrant Meter	600.00

No changes to service charges related to various services furnished by the City's Utility Business Office:

Services		
1	Rereading water meter	\$ 25.00
2	Processing returned item	30.00
3	Ten (10) day cleanup service (flat fee, which includes up to 2,000 gallons of water)	40.00
4	New account fee or transfer fee	
	<i>During business hours</i>	25.00
	<i>After business hours</i>	65.00
5	Extra trip fee	25.00
6	Non-payment fee	30.00
7	After hours reconnect	40.00
8	Unauthorized use of water	150.00
9	Broken meter fee	100.00
10	Broken lock charge	50.00
11	Pulled meter fee	100.00
12	Remove service line	500.00
13	Testing water meters for accuracy	
	<i>5/8" meter</i>	30.00
	<i>1" meter</i>	40.00
	<i>1½" meter</i>	45.00
	<i>2" meter</i>	50.00
	<i>3" meter &amp; larger</i>	actual cost

**ALIGNMENT WITH ADOPTED PLANS:**

Plan	Comments
Strategic Plan	This item supports the City of Temple's Strategic Plan goal of "An efficient, transparent, and accountable government," as well as the commitment to "Employ fiscally-responsible practices and policies that ensure City investments are made based on sound review and analysis." This item also supports the Strategic Plan goal of "Infrastructure, facilities, and systems that support exceptional services and community growth," as well as the commitment to "Plan for, design, construct, and maintain high quality water, wastewater, and drainage infrastructure, systems, and services that meet the needs of the community now and in the future."

**STAFF RECOMMENDATION:** Adopt resolution as presented in item description.

**BOARDS & COMMISSIONS RECOMMENDATION:** This item was not reviewed by any of the official boards and commissions.

**FISCAL IMPACT:** The proposed water and wastewater rate structure meets the estimated revenue requirement for FY 2025 of \$67,987,776.

**ATTACHMENTS:**  
Resolution