



CITY COUNCIL AGENDA

December 14, 2023

Item/Subject: Second Reading Of An Ordinance Amending Cedar Park Code of Ordinances Appendix A, Fee Schedule, Article 8.00, Utility Related Fees, To Adjust The Amount Of The Rates Charged for Water And Sewer Service.

Commentary

This is the second reading for an amendment to the City's Code of Ordinances to adjust the rates charged for water and sewer service. The primary drivers for the rate adjustment are: 1) increasing operation and maintenance ("O&M") costs, 2) capital project cost escalations, 3) persistent high inflation, and 4) minimal connection growth. Over the past two years, O&M costs have increased by 15%, whereas connections have only increased by 0.24%. The rate increase implemented in 2021 did not anticipate these escalations in costs, and the connection growth isn't enough to absorb these increases.

The current average combined residential water and wastewater utility bill in Cedar Park is \$84.42 per month with \$46.58 of that being for water and \$37.84 for wastewater. This compares very favorably with the City's 15 benchmark cities, with the average bill in Cedar Park being the third lowest of the benchmark cities.

The City uses a utility rate model to periodically review and adjust our water and sewer rates as needed to provide adequate revenues for debt service, operations, and capital projects. The rate model uses industry standard financial criteria and financial analysis to determine the appropriate utility rates to support the utility. The model confirms that a rate adjustment is needed at this time. Raftelis Financial Consultants, Inc. has reviewed and verified the methodology and calculations in the rate model and has confirmed the rate model is calculating revenue needs correctly.

Staff is recommending a rate structure, including a fourth conservation tier, which results in an average water and wastewater utility bill increasing by \$7.86 per month. This

adjustment will result in no change to Cedar Park’s standing in the benchmark comparisons. The fourth water conservation tier would apply for consumption over twenty-thousand gallons a month. The goal of this fourth water conservation tier is to encourage additional water conservation for the small portion of residential connections that utilize a much larger percentage of the water than the rest of the customer base.

The adjusted rates are listed in the attached ordinance, with an effective date of February 1, 2024.

Initiating Dept: Public Works

Fiscal Impact
Fund:

Budget
Amount:

Finance Director Review

Legal Certification

Approved as to form and content:

Yes

No **City Attorney**

Associated Information:

ORDINANCE NO. CO03.23.12.14.E1

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CEDAR PARK, TEXAS, AMENDING CEDAR PARK CODE OF ORDINANCES APPENDIX A, FEE SCHEDULE ARTICLE 8.00, UTILITY RELATED FEES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, pursuant to Section 10.07 of the Cedar Park Home Rule Charter, “[s]ubject to the laws of the State of Texas, the Council shall have the power after reasonable notice and hearing to regulate by ordinance the rates, charges and fares of public utilities operating in the City”; and

WHEREAS, Chapter 552 of the Texas Local Government Code authorizes the City to regulate and prescribe rates for services provided via its utility system; and

WHEREAS, pursuant to Articles 18.01 and 18.02 of the Cedar Park Code of Ordinances, respectively, the City’s water and wastewater utility rates and charges are established, fixed, and prescribed as stated in Appendix A of the Code of Ordinances; and

WHEREAS, the City maintains a utility rate model to periodically review and adjust its water and wastewater (sewer) rates as needed to provide adequate revenues for capital debt service and operations of the system; and

WHEREAS, the City’s utility rate model further supports the financial standing of the City’s utility and is also used by bond rating analysts to review utility debt issuance and assign bond ratings to utility-related debt; and

WHEREAS, since 2008, the City’s residential water rate provides an inclining block structure that encourages water conservation by having higher rates for higher usage; and

WHEREAS, City staff recommends an adjusted rate structure as provided in the attached Exhibit A, including the provision for a fourth water conservation tier for residential consumption above 20,000 gallons per month.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CEDAR PARK, TEXAS:

SECTION 1. The Cedar Park Code of Ordinances Appendix A, Fee Schedule, Article 8.00, Utility Related Fees is hereby amended as set forth in the attached Exhibit A.

SECTION 2. That the provisions of this ordinance are severable and the invalidity of any word, phrase or part of this ordinance shall not affect the validity or effectiveness of the remainder of the ordinance.

SECTION 3. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

SECTION 4. That it is hereby officially found and determined that the meetings at which this ordinance was introduced and passed were open to the public and that public notice of the time, place, and purpose of said meetings were given all as required by law.

SECTION 5. This ordinance shall be and remain in full force and effect from February 1, 2024, and after.

READ AND CONSIDERED ON FIRST READING by the City Council of Cedar Park at a regular meeting on the 30th day of November, 2023, at which a quorum was present and for which due notice was given pursuant to Section 551.001, et. Seq. of the Government Code.

READ, CONSIDERED, PASSED, AND APPROVED ON SECOND AND FINAL READING by the City Council of Cedar Park at a regular meeting on the 14th day of December, 2023, at which a quorum was present and for which due notice was given pursuant to Section 551.001, et. Seq. of the Government Code.

CITY OF CEDAR PARK, TEXAS

James Penniman-Morin, Mayor

ATTEST:

LeAnn M. Quinn, TRMC
City Secretary

APPROVED AS TO FORM
AND CONTENT:

Lauren Marfin, Asst. City Attorney

ORDINANCE NO. CO03.23.12.14.E1

Appendix A

FEE SCHEDULE

**ARTICLE 8.000
UTILITY RELATED FEES**

§ 8.100. Monthly rates and charges for water sales and services.

The monthly rates and charges for water sales and services rendered by the city to customers either outside or within the corporate limits of the city (excluding wholesale customers) are established, fixed and prescribed as follows:

(1) Residential.

- (A) Minimum charges for first 2,000 gallons: ~~\$17.77~~ \$19.90.
- (B) Volume charge on water use over 2,000 gallons:
 - (i) 2,001–10,000: ~~\$4.01~~ \$4.49 per 1,000 gallons.
 - (ii) 10,001–15,000: ~~\$4.82~~ \$5.40 per 1,000 gallons.
 - (iii) ~~>15,000: \$5.78 per 1,000 gallons.~~ 15,001-20,000: \$6.47 per 1,000 gallons.
 - (iv) >20,000: \$9.71 per 1,000 gallons.

(2) Nonresidential.

- (A) Minimum charges per meter size for first 2,000 gallons:
 - (i) 3/4" meter: ~~\$20.73.~~ \$23.22.
 - (ii) 1" meter: ~~\$33.79~~ . \$37.84.
 - (iii) 1-1/2" meter: ~~\$76.68.~~ \$85.88.
 - (iv) 2" meter: ~~\$132.63.~~ \$148.55.
 - (v) 3" meter: ~~\$300.47.~~ \$336.53.
 - (vi) 4" meter: ~~\$524.25.~~ \$587.16.
 - (vii) 6" meter: ~~\$1,195.58.~~ \$1,339.05.
 - (viii) 8" meter: ~~\$2,128.02.~~ \$2,383.38.

(ix) 10" meter: ~~\$3,321.52~~. \$3,720.10.

(B) Volume charge on water use, over 2,000 gallons: ~~\$3.58~~ \$4.01 per 1,000 gallons.

(3) Municipal. The water rate assessed for water service provided to city buildings, institutions, and facilities owned and operated by the city shall be a volume charge equal to the raw water rate per 1,000 gallons as established by the Lower Colorado River Authority and charged to the city as amended from time to time.

(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.200. Monthly rates and charges for water sales and services during drought response stage 3.

The monthly rates and charges for water sales and services during drought response stage 3, as described in article 18.08 drought contingency and water emergency plan, rendered by the city to customers either outside or within the corporate limits of the city (excluding wholesale customers) are established, fixed and prescribed as follows:

(1) Residential.

(A) Minimum charges for first 2,000 gallons: ~~\$19.37~~. \$21.69.

(B) Volume charge on water use over 2,000 gallons:

(i) 2,001–10,000: ~~\$4.38~~ \$4.89 per 1,000 gallons.

(ii) 10,001–15,000: ~~\$5.25~~ \$5.89 per 1,000 gallons.

(iii) ~~>15,000: \$6.30 per 1,000 gallons.~~ 15,001-20,000: \$7.05 per 1,000 gallons.

(iv) >20,000: \$10.58 per 1,000 gallons.

(2) Nonresidential.

(A) Minimum charges per meter size for first 2,000 gallons:

(i) 3/4" meter: ~~\$22.60~~. \$25.31.

(ii) 1" meter: ~~\$36.83~~. \$41.25.

(iii) 1-1/2" meter: ~~\$83.58~~. \$93.61.

(iv) 2" meter: ~~\$144.57~~. \$161.92.

(v) 3" meter: ~~\$327.51~~. \$366.82.

- (vi) 4" meter: ~~\$571.43.~~ \$640.00.
 - (vii) 6" meter: ~~\$1,303.18.~~ \$1,459.57.
 - (viii) 8" meter: ~~\$2,319.54.~~ \$2,597.88.
 - (ix) 10" meter: ~~\$3,620.46.~~ \$4,054.91.
- (B) Volume charge on water use, over 2,000 gallons: ~~\$3.90~~ \$4.37 per 1,000 gallons.
- (3) Municipal. The water rate assessed for water service provided to city buildings, institutions, and facilities owned and operated by the city shall be a volume charge equal to the raw water rate per 1,000 gallons as established by the Lower Colorado River Authority (LCRA) and charged to the city as amended from time to time, and such rate shall be increased by nine (9) percent during drought response stage 3.
(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.300. Additional water department fees and charges.

In addition to the monthly rates above scheduled, the city may assess the following fees and charges in connection with utility service to its customers:

- (1) Deposit fees.
 - (A) Residential: \$100.00.
 - (B) Residential from previous utility: Waived deposit fee with letter of credit.
 - (C) All other customers: Two times the minimum monthly charge for the meter size for which application is made.
 - (D) Temporary fire hydrant: \$1,600.00.
 - (E) Meter test fee: \$40.00.
 - (F) Meter tampering fee: \$50.00 (individuals who restore services without city supervision or approval).
 - (G) Reconnect fee: \$50.00.
 - (H) Returned check or returned direct draft fee: \$25.00.
 - (I) Monthly delinquent payment charge: 10% of the delinquent amount.
- (2) Reread fee. The city will reread any customer's water meter at the customer's request. If the reread meter was correctly read and there was no error on the part of the city, the customer shall be charged \$10.00. If the

reread meter was read incorrectly, there shall be no charge to the customer.

- (3) Transfer fee. The city will transfer water service from one location to another for a fee of \$25.00. A fee of \$50.00 will be charged to move a fire hydrant meter from one location to another for the same customer. Any outstanding bill on the current amount must be paid prior to transfer even if it is not yet past due. The final bill for the original account will be transferred to and be payable on the due date of the new account.
- (4) Temporary service fee. Temporary water service is available for five (5) days for a fee of \$35.00. The fee must be paid prior to service. Water consumption is not to exceed 2,000 gallons.
- (5) Illegal diversion fee. A fee will be imposed for the detection and confirmation of any utility diversion based upon the estimated cost of utility service not recorded on the meter, using the city's best estimated data, with a minimum charge being \$500.00. In addition, the customer shall pay the reconnect fee, the actual cost including labor for repairing damage to or replacement of the city's equipment. These charges are in addition to any that are imposed in criminal proceedings.
- (6) Tap fees.
 - (A) Where service lines must be installed and a water meter set by the city the water tap fee shall be:
 - (i) 3/4" meter: \$425.00.
 - (ii) 1" meter: \$675.00.
 - (iii) 1-1/2" meter: \$1,100.00.
 - (iv) 2" meter: \$1,300.00.
 - (v) 3" meter: \$300.00 + actual cost.
 - (vi) 4" meter: \$300.00 + actual cost.
 - (vii) 6" meter: \$300.00 + actual cost.
 - (viii) 8" meter: \$300.00 + actual cost.
 - (ix) 10" meter: \$300.00 + actual cost.
 - (B) If service lines have been installed and the city is only required to inspect the connection and install a meter, the tap shall be:
 - (i) 3/4" meter: \$100.00.
 - (ii) 1" meter: \$175.00.

- (iii) 1-1/2" meter: \$400.00.
- (iv) 2" meter: \$500.00.
- (v) 3" meter: \$300.00 + actual cost.
- (vi) 4" meter: \$300.00 + actual cost.
- (vii) 6" meter: \$300.00 + actual cost.
- (viii) 8" meter: \$300.00 + actual cost.
- (ix) 10" meter: \$300.00 + actual cost.

- (7) Unauthorized operation. Any unauthorized operation of city utilities shall result in a fine of \$1,000.00 for the first offense and \$1,500.00 for each subsequent offense. These charges are in addition to any that are imposed in criminal proceedings.
- (8) Lost or stolen meter. There will be a charge of \$500.00 to replace any meter that is lost, stolen or moved from its original location. This fee is intended for builders, contractors, and subcontractors who intentionally move meters from one location to another to avoid the cost of setting up service at each location where they are working as called for in section 18.01.005. Water service will not be restored until this fee has been paid.
(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.400. Water deposits.

- (a) Generally. Security deposits in the amount set forth in this section shall be required of all customers upon application for water and sewer service. This deposit may be paid by cash, check, credit card or direct draft. The deposit shall be held by the city, without payment of interest, as long as such service is continued; provided, that if all bills are paid on a timely basis, one year after service begins; upon application by the customer, the city shall refund one-half of such security deposit to the customer. The remainder of the security deposit shall be held and refunded upon termination of service in accordance with subsection (c) of this section. If a customer's account becomes delinquent more than two (2) times during any twelve-month period, the full security deposit may be required as a condition of continued water or sewer service to that customer.
- (b) Former customers. Notwithstanding any provision to the contrary herein, any customer receiving water from the city's water supply corporation at the time of the passage of this section, shall have their membership fee credited as their deposit, as set out under section.

8.300 above. If said customer paid in excess of the amount specified for deposit, then the excess shall be returned by way of credit to said customer's water statement in such increments, and over such period of time, as the city may deem, in order to prevent undue financial disruption of the system. Should the membership fee be less than the amount specified for deposit, no further deposit will be required.

- (c) Refund. Upon termination of water service (and wastewater service if such service is provided by the city), such portion of the deposit as is not required to pay for damages to the water meter, accrued service charges, penalties, library fines, city property taxes, and court- imposed fines for which a final judgment has been issued, shall be refunded to the customer. Normal wear and tear in the ordinary course of use shall not be construed to be damage to the water meter under this section.
(Ordinance CO27-21-07-22-H10 adopted 7/22/21)

§ 8.500. Permit for fire hydrant use.

- (a) The City Manager may issue permits authorizing companies or individuals to take water from city fire hydrants. The annual fee for such permits shall be ten dollars (\$10.00). The minimum monthly charge to permit holders shall be the current rate for a 3" nonresidential meter. The City Manager shall establish rules and regulations for the measurement of consumption and the methods of connection of the fire hydrants.
- (b) Persons taking water from a fire hydrant must have a permit and an approved fire hydrant wrench in their possession and must display such permit or wrench for inspection by city employees upon request. In order to protect the city's water system from pressure loss, before taking water from any fire hydrant, the permittee must notify the city water department and receive approval for such taking at a specific time and location.
- (c) The failure to display the above-mentioned permit or wrench upon request by a city employee and the failure to obtain city approval prior to each instance of taking water at a specific time and location shall be offenses punishable by a fine and/or revocation of the permit.

(Ordinance CO27-21-07-22-H10 adopted 7/22/21 Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.600. Monthly rates and charges for sanitary sewer service.

The monthly rates and charges for sewer sales and services rendered by the city to customers either outside or within the corporate limits of the city below are established, fixed and prescribed as follows:

- (1) Residential.

- (A) 0–2,000 gallons per month: ~~\$21.70~~ \$23.00 minimum.
- (B) Over 2,000 gallons per month: ~~\$4.15~~ \$4.40 per 1,000 gallons.

(2) Nonresidential.

(A) 0–2,000 gallons per month: ~~\$25.32~~ \$26.84 minimum.

(B) Over 2,000 gallons per month: ~~\$3.22~~ \$3.41 per 1,000 gallons.

Note: Monthly charges shall be based on the average metered water usage for the prior year's winter months (December, January and February). Once per year, customers may request, in writing, an additional reaveraging.

(3) Large nonresidential. Yearly average water use over 25,000 gallons per month:

(A) 0–2,000 gallons per month: ~~\$25.32~~ \$26.84 minimum.

(B) Over 2,000 gallons per month: ~~\$3.22~~ \$3.41 per 1,000 gallons.

Flow charge = Actual monthly water use (gal) - 2,000 gallons

Note: For large nonresidential users, flow shall be based on the actual metered water sales for each month or on actual metered flow to the sewer system.

(4) Municipal. The sewer rate assessed for sewer service provided to city buildings, institutions, and activities operated by the city shall be as follows:

(A) Gallons per month: ~~\$0.44~~ \$0.47 per 1,000 gallons.

(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.700. Sewer connection regulations.

The owner of record of the property shall upon connection, pay seven hundred fifty dollars (\$750.00) connection fee; provided, that the community impact fees have been paid for the property in accordance with section 8.800 below and the city is not required to install sewer taps and service laterals. The owner shall pay a fifty dollar (\$50.00) sewer tap inspection fee instead of the seven hundred fifty dollar (\$750.00) connection fee.

(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.800. Amount and assessment of water impact fee.

The City shall assess and collect on all new development and new connections to be served by the City's water system a water impact fee of \$3,160.00 for each LUE.

(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.900. Amount and assessment of wastewater impact fee.

The City shall assess and collect on all new development and new connections to be served by the City's wastewater treatment system a wastewater impact fee of \$3,170.00 for each LUE. (Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.1000. Residential monthly rates and charges for residential refuse.

The City shall assess and collect on all residential refuse accounts as follows plus any applicable taxes:

- (1) Monthly disposal fee: The monthly disposal fee shall be the rate as approved by the City Council pursuant to the Residential Services and City Services Agreement between the City and the Contractor for municipal solid waste and recycling services.
- (2) Monthly solid waste cart reimbursement fee: \$1.12.
- (3) Monthly additional cart disposal fee: \$5.50 per additional cart.
- (4) Monthly administrative fee: \$2.00.

(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO09.21.12.09.E1 adopted 12/9/ 2021; Ordinance CO14.22.02.10.E1 adopted 2/10/2022)

§ 8.1100. Utility debt service fee.

The city shall assess and collect a monthly utility debt service fee to be charged in the amounts as specified below on each residential unit or equivalent within the subdivisions listed below for a period not to exceed fifteen (15) years from the effective dates of the annexation of Williamson- Travis County Water Control and Improvement District No. 1G, Williamson-Travis County Water Control and Improvement District 1F and Bella Vista Municipal Utility District for the purpose of servicing that portion of utility infrastructure debt not normally incurred by the city for other residential subdivisions within the city and assumed by the city upon these annexations.

- (1) \$44.00 per residential unit within the subdivisions, including any future resubdivisions, as follows:
 - (A) Twin Creeks Country Club section 1.

- (B) Twin Creeks Country Club section 2A.
 - (C) Twin Creeks Country Club section 2B.
 - (D) Twin Creeks Country Club section 3.
 - (E) Twin Creeks Country Club section 4.
 - (F) Twin Creeks Country Club section 5.
 - (G) Twin Creeks Country Club section 6A.
 - (H) Twin Creeks Country Club section 6B.
 - (I) Twin Creeks Country Club section 6C.
 - (J) Twin Creeks Country Club section 7.
 - (K) Twin Creeks Country Club section 8.
 - (L) Twin Creeks Country Club section 9.
 - (M) Twin Creeks Country Club section 10A.
 - (N) Twin Creeks Country Club section 10B.
 - (O) The Reserve at Twin Creeks section 12
 - (P) Twin Creeks Country Club Maintenance Area.
- (2) \$22.00 per residential unit within the subdivisions, including any future resubdivisions, as follows:
- (A) The Reserve at Twin Creeks section 13.
 - (B) The Reserve at Twin Creeks section 13, amended plat of lots 1–6 block “V.”
 - (C) Amended plat of lots 38 and 39, block “V” of The Reserve at Twin Creeks section 13.
 - (D) The Reserve at Twin Creeks section 14.
 - (E) The Reserve at Twin Creeks section 15.
 - (F) The Reserve at Twin Creeks section 16.
 - (G) The Reserve at Twin Creeks section 16, amended plat of lots 1-2, 7-8 block “W.”
 - (H) The Reserve at Twin Creeks section 17.
- (3) \$22.50 per residential unit within the subdivisions, including any future resubdivisions, as follows:
- (A) Bella Vista section 1.

- (B) Bella Vista section 1, lot 10, block “F” and Bella Vista section 3A, lot 9, block “F” amended plat.
 - (C) Bella Vista section 2.
 - (D) Bella Vista section 3A.
 - (E) Bella Vista section 3B.
 - (F) Bella Vista section 4.
 - (G) Bella Vista section 5.
- (4) \$670.00 for 15.23 residential unit equivalents in Twin Creeks Country Club section 11, resubdivision of lot 10, block S otherwise known as the Twin Creeks golf course, country club and activity center.
(Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)

§ 8.1200. Wastewater discharge permit fee.

The City shall assess and collect a wastewater discharge permit fee of \$250.00 per user. (Ordinance CO27-21-07-22-H10 adopted 7/22/21; Ordinance CO14.22.02.10.E1 adopted 2/10/ 2022)