



PROPOSED FISCAL YEAR 2024 UTILITY RATE INCREASE

The purpose of this notice is to inform you of proposed changes to the City's water and wastewater rates that may be adopted for Fiscal Year 2024. This year, there will be a proposed 10.5% increase in the water rates and no increase in the wastewater rates. For the typical water and wastewater customer, this will mean a monthly bill increase of around \$6.14, or an increase of 5%. The new rates will commence with water meter readings in October and will be reflected in your November bill. Due to higher than expected revenues, these rate increases are less than originally anticipated.

WHY A RATE INCREASE?

Over the last several years, the revenue received by the City for water and wastewater service have been higher than anticipated, mostly due to increased water consumption due to the hot and dry summer. This allowed the City to re-build sufficient cash reserves within the utility fund, similar to a savings account. In the past, that fund balance has been used to help pay cash for capital projects such as pipeline extensions and water storage within the system. By paying cash for these projects out of this fund balance, the City was able to complete these projects with minimal rate increases needed to fund them.

However, over the past several years, the water and wastewater utility has seen cost increases for items used to provide services such as electricity. At the same time, the City is continuing to acquire additional water supplies and expand the water delivery system to meet growth within the City. The cost to acquire new water supplies associated with the Alliance Regional Water Project will continue to increase as more phases of the project are completed. In some cases, the City has delayed some projects until a latter time to avoid higher rate increases, but some projects must move forward now. The cost to construct those projects is now higher than it has been in the past as the price of steel, concrete and other construction materials have increased significantly over the past several years. This City is using outside funding sources (funding not from rate revenue) to offset some of these costs, but this funding is only limited to certain projects.

In response to these rising costs and with limited utility fund reserves, the City finds that these rate increases are needed to create a sustainable utility that can continue providing service to our residents in the future. We understand that no one likes to see a higher utility bill and the City has worked diligently in the past to keep rates as low as possible. City staff and City leadership remain committed to this goal; however, that must be balanced against maintaining a healthy water and wastewater system. Should you have any questions concerning the water and wastewater rates, please call 512-295-8845 or email utilitybilling@budatx.gov. To track you water usage and set alerts for continuous flow, go to the WaterSmart Portal at <https://budatx.watersmart.com> and sign up.