



## **CITY OF ROLLINGWOOD UTILITY COMMISSION AGENDA**

**Tuesday, September 01, 2020**

In accordance with an order of the Office of the Governor issued March 16, 2020, the Utility Commission of the City of Rollingwood will conduct a video conference and telephonic meeting in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). The meeting will be held on Tuesday, September 1, 2020 at 5:00 PM. The public may watch this meeting live and have the opportunity to comment via audio devices at the following link:  
<https://meetings.ipvideotalk.com/133775458>

The public may also participate in this meeting by dialing one of the following numbers: 1(617) 315-8088 or toll free at 1(888) 330-2489. When prompted enter Meeting ID: 133775458 . The public may indicate that they would like to speak by pressing star ( \* ) and then 2 on their telephone keypad.

The public will be permitted to offer public comments via their audio devices when logged in to the meeting or telephonically by calling in as provided by the agenda and as permitted by the presiding officer during the meeting. Written questions or comments may be submitted up two hours before the meeting. A video recording of the meeting will be made and will be posted to the City’s website and available to the public in accordance with the Texas Public Information Act upon written request.

### **CALL UTILITY COMMISSION MEETING TO ORDER**

1. Roll Call

### **PUBLIC COMMENTS**

Citizens wishing to address the Utility Commission for items not on the agenda will be received at this time. Please limit comments to 3 minutes. In accordance with the Open Meetings Act, the Utility Commission is restricted from discussing or taking action on items not listed on the agenda.

Citizens who wish to address the Utility Commission with regard to matters on the agenda will be received at the time the item is considered.

**CONSENT AGENDA**

All Consent Agenda items listed are considered to be routine by the Utility Commission and may be enacted by one (1) motion. There will be no separate discussion of Consent Agenda items unless a Board Member has requested that the item be discussed, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Regular Agenda.

- 2. Discussion and possible action on the minutes from the August 4, 2020 Utility Commission meeting.

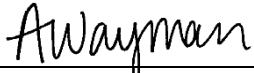
**REGULAR AGENDA**

- 3. Presentation and discussion on an update to the Wastewater Rate Study by Nelisa Heddin and possible action to make recommendations to City Council.
- 4. Discussion and possible action on a utility bill appeal for 302 Pleasant Drive.

**ADJOURNMENT OF MEETING**

**CERTIFICATION OF POSTING**

I hereby certify that the above Notice of Meeting was posted on the bulletin board at the Rollingwood Municipal Building, in Rollingwood, Texas and to the City website at [www.rollingwoodtx.gov](http://www.rollingwoodtx.gov) on August 28, 2020 at 2:00 p.m.

  
 \_\_\_\_\_  
 Ashley Wayman, City Secretary

NOTICE -

The City of Rollingwood is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please contact the City Secretary, at (512) 327-1838 for information. Hearing-impaired or speech-disabled persons equipped with telecommunication devices for the deaf may call (512) 272-9116 or may utilize the stateside Relay Texas Program at 1-800-735-2988.

The Utility Commission will announce that it will go into executive session, if necessary, to deliberate any matter listed on this agenda for which an exception to open meetings requirements permits such closed deliberation, including but not limited to consultation with the city's attorney(s) pursuant to Texas Local Government Code section 551.071, as announced at the time of the closed session.

Consultation with legal counsel pursuant to section 551.071 of the Texas Local Government Code;  
discussion of personnel matters pursuant to section 551.074 of the Texas Local Government Code;  
real estate acquisition pursuant to section 551.072 of the Texas Local Government Code;  
prospective gifts pursuant to section 551.073 of the Texas Local Government Code;  
security personnel and device pursuant to section 551.076 of the Texas Local Government Code;  
and/or economic development pursuant to section 551.087 of the Texas Local Government Code.  
Action, if any, will be taken in open session.



## CITY OF ROLLINGWOOD UTILITY COMMISSION MINUTES

Tuesday, August 04, 2020

On August 4, 2020 at 12:00 p.m., the Utility Commission of the City of Rollingwood, Texas held a regular meeting, open to the public, via video conference and telephone in accordance with an order of the Office of the Governor issued March 16, 2020. The public was able to watch this meeting live and had the opportunity to comment via audio devices at the following link:

<https://meetings.ipvideotalk.com/103840664>

The public was also able to participate in this meeting by dialing one of the following numbers: 1(617) 315-8088 or toll free at 1(888) 330-2489 and entering the Meeting ID: 103840664

The public was permitted to offer public comments via their audio devices when logged in to the meeting or telephonically by calling in as provided by the agenda and as permitted by the presiding officer during the meeting. The following items were discussed at this meeting:

### **CALL UTILITY COMMISSION MEETING TO ORDER**

#### 1. Roll Call

Chair William Teten called the meeting to order at 12:04 p.m.

**Present Members:** Chair William Teten, Clark Wilson, Jonathan Miller, Christopher Meakin, and Ronald Hasso.

**Also Present:** City Administrator Amber Lewis, Council Member Sara Hutson, Public Works Director David Brasich, City Engineer Jay Campbell, and City Secretary Ashley Wayman.

### **PUBLIC COMMENTS**

The following individuals spoke during public comment:

- Council Member Sara Hutson discussed the appeal on the agenda and asked if it would still be discussed during the agenda item or on a related agenda item.
- Mark Cohen stated that he had tried to send in a Utility Bill Appeal but that his email had been returned. City Secretary Ashley Wayman stated that because the city did not have the appeal in time to post the agenda, the commission could not discuss his appeal at this meeting, but he would be placed on the September meeting agenda. He also asked what he needed to do about his bill and City Administrator Amber Lewis stated that he did not have to pay the contested portion of his bill.

## **CONSENT AGENDA**

2. Discussion and possible action on the minutes from the June 9, 2020 Utility Commission meeting.

**Christopher Meakin motioned to approve the consent agenda. Jonathan Miller seconded the motion.**

**Chair William Teten called for a roll call vote.**

- **Chair William Teten – Yes**
- **Clark Wilson – Abstain**
- **Jonathan Miller – Yes**
- **Christopher Meakin – Yes**
- **Ronald Hasso – Yes**

**The motion passed 4-0 with one abstention.**

## **REGULAR AGENDA**

3. Discussion on an update on the Wastewater Rate Study by Nelisa Heddin.

Nelisa Heddin discussed the updates to the wastewater rate analysis that she has prepared as well as the policy directives that the Utility Commission would be making recommendations on to the City Council.

Christopher Meakin thanked Nelisa for the work she has done on this study and agreed with the idea that some people are not paying for their fair share of the sewer system as well as that there would be some shock involved with a large change in rates.

Council Member Sara Hutson stated that the winter average is based on 5 months, November through March, and that the three lowest months are used. She also stated that the vehicles included in the study are used for more than just wastewater, and discussed low users in the city and zero values for homes under construction.

Nelisa Heddin discussed the ways that homes under construction could be handled.

Council Member Sara Hutson asked a question about the City of Austin base rate.

Ronald Hasso stated his agreement with Christopher Meakin on the base fees and that he was in favor of scenario three. He also stated that he would be in favor of throwing out zero values.

Chair William Teten also agreed with Ronald and Christopher and thanked Nelisa for surveying surrounding cities and providing that information to the Commission.

Clark Wilson also stated his general agreement and discussed the concern about funding the debt through taxes or through the rates.

Nelisa Heddin discussed the consensus that she has heard at the meeting today and what she would present at the next meeting.

The commission further discussed details of the rates and the next steps.

Christopher Meakin left the meeting during this item.

Council Member Sara Hutson cautioned against eliminating zero usage readings.

Nelisa Heddin discussed how she would address this concern and that she would work with the city's billing company to get more information.

Chair William Teten asked if the city were to adopt electronic water meters whether the meters would yield more specific readings for wastewater as well.

The Commission discussed the next steps and the report will be at the next meeting.

4. Discussion and possible action on the interpretation of the City Administrator in applying the direction of the Utility Commission in issuing the water bill adjustment at 3220 Park Hills Drive.

City Administrator Amber Lewis discussed that Mr. Marcie was challenging the amount charged to him by the city for the wholesale policy rate, though he pulled his request the day before. She stated that she was unable to locate any policy documents for how the wastewater adjustment rate was calculated.

The commission discussed the different items charged by the City of Austin.

Council Member Sara Hutson discussed the amount that is currently charged in appeals.

City Administrator Amber Lewis discussed the information that was currently being used was passed on to her from the former Public Works Director. She stated that she is fine with any method of calculating the adjustment rate, but that it needed to be clearly stated somewhere.

Chair William Teten asked when in the year the rate could be calculated and when it would be posted as the number used for the purposes of appeals.

City Administrator Amber Lewis stated that the audited numbers are generally ready by January and that new numbers could be in as soon as March.

Steve Marcie discussed his previous appeal and why he had appealed this decision.

City Administrator Amber Lewis explained that there are more costs involved in adjustments than just staff time.

5. Presentation and discussion of the 2013 Capital Improvement Plan for the water system and streets.

City Engineer Jay Campbell discussed the 2013 Streets and Water System CIP.

Council Member Sara Hutson asked if there was a map that includes the additional fire hydrants that were put in and Jay Campbell explained that the map shown was from 2011.

Jay Campbell discussed particular fire hydrants that are currently out of services. Public Works Director David Brasich provided additional information on the repairs to certain hydrants.

Jay Campbell gave additional updates on the fire hydrant testing project.

6. Discussion to identify a process of locating the City's existing Public Utility Easements and in areas where none exist making recommendations of where they should be located.

City Administrator Amber Lewis discussed that when going through the IIP they found that it is not clear where the city does and does not have easements and that the point of this item is to get a process identified so that they could move forward with projects in the IIP.

Chair William Teten asked if the city had a database of city easements and City Administrator Amber Lewis stated that there was not.

Chair William Teten stated that the first step would be to find the public and property records that would identify easements back to the city's incorporation and then to work with LNV to get those overlaid on a city map.

City Administrator Amber Lewis suggested that the commission could make a recommendation for consideration by the City Council to go out for RFP for a title company or a company of that nature to do the research at the county on behalf of the city.

Chair William Teten further discussed that easement costs that are identified during this process may be material to the city.

**Clark Wilson motioned to make a recommendation to City Council to study the development of an RFP to establish this information base for the city. William Teten seconded the motion.**

**William Teten clarified that the key is that the City Council will produce an RFP to find a title company or another third party title researcher to gather all existing easements that have been issued in favor of the city, either at the founding of the city or afterwards by individual landowners. Clark Wilson accepted the clarification.**

**Chair William Teten called for a roll call vote.**

- **Chair William Teten – Yes**
- **Clark Wilson – Yes**
- **Jonathan Miller – Yes**
- **Ronald Hasso – Yes**

**The motion passed 4-0.**

7. Discussion and possible action to identify a Commissioner to research whether the City of Austin – Austin Energy has adhered to best management practices for their infrastructure in the City of Rollingwood.

City Administrator Amber Lewis discussed that Austin Energy has often come into the city and done work without notifying the city, and that Rollingwood is not aware of what practices they are following. She asked if someone on the commission would be willing

to take the lead on tracking down what the City of Austin has done in the past, and will be doing in the future within the city limits.

Chair William Teten stated that this seemed like it could be included in the master services agreement that the city has with the City of Austin and that they may be able to have the City of Austin do an internal audit.

City Administrator Amber Lewis agreed and stated that she would gather all the City of Austin documents and get them to whoever on the commission would like to run point on this project.

Jonathan Miller stated that he would take the lead on this task and that he has to leave at the conclusion of this item.

- 8. Update and discussion on the electronic water meter testing program.

City Administrator Amber Lewis gave an update on the status of the electronic water meter testing project.

- 9. Update and discussion on the fire hydrant testing and painting project.

Public Works Director David Brasich gave an update on the status of the fire hydrant testing and painting project. City Engineer Jay Campbell gave some additional information on this project.

The commission discussed scheduling for the September meeting and Chair William Teten stated that the next meeting would be on September 1, and that Ashley Wayman would send out a poll to determine the time.

**ADJOURNMENT OF MEETING**

The meeting was adjourned at 2:01 p.m.

**Minutes Adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.**

\_\_\_\_\_  
**William Teten, Chair**

**ATTEST:**

\_\_\_\_\_  
**Ashley Wayman, City Secretary**

# City of Rollingwood, TX

## Cost of Service and Rate Design Study Wastewater Utility

Nelisa Heddin Consulting, LLC  
(512) 589-1028  
[nheddin@nelisaheddinconsulting.com](mailto:nheddin@nelisaheddinconsulting.com)



# Overview

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- Financial Overview
- Policy Considerations:
  - Reserve Funds
  - Annual Debt Service
  - Winter Averaging
- Consideration of Rate Alternatives



# Historical Financial Overview

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- FYE 2019 Actual Revenues = \$606,735
- FYE 2020 Budgeted O&M Expenses = \$618,824
- FYE2021 Budgeted O&M Expenses = \$623,251
- Recommended Additional O&M Expenses:
  - City of Austin Wastewater Disposal Fees = \$28,512
  - Vehicle Replacement Reserve Contribution = \$5,619



# Policy Consideration: Reserve Funds

## Recommend Annual Reserve Fund Contributions for Vehicle Replacement Reserves

Vehicle Replacment Reserve Fund	Total Inventory	Useful Life	Annual Contribution	% Wastewater	Annual Contribution
Truck 1	\$30,000	7	\$4,285.71	33%	\$1,428.57
Truck 2	\$30,000	7	4,285.71	33%	1,428.57
Truck 3	\$30,000	7	4,285.71	33%	1,428.57
Tractor	\$30,000	10	3,000.00	33%	1,000.00
Trailer	\$10,000	10	<u>1,000.00</u>	33%	<u>333.33</u>
			\$16,857.14		\$5,619.05



# Policy Consideration: Annual Debt Service

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- Approximately \$725,000 Annual Debt Service Associated with the Wastewater Utility
- Currently Funded Through the General Fund
- Industry Best Management Practice = Fund Through Utility Rates



# Policy Consideration: Annual Debt Service

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- If Debt Were Funded Through Utility Rates:
  - Equitable allocate of cost based on burden placed on utility system
  - Relieves General Fund of \$725,000 annual expense, the City could either:
    - Reallocate funds to other City departments, or
    - Reduce property taxes by approximately \$.066



# Policy Consideration: Annual Debt Service

	Average Monthly Use	Annual Wastewater Fees Paid (Current)	Add Wastewater Debt (Assumes 100% in volumetric cost)	Tax Assessed Property Value	Annual Property Taxes	Estimated Savings (WW Debt Portion of Property Tax)	Net Variation
<b>Residential Customer 1</b>	2,000	\$187.44	\$356.45	\$997,193	\$2,075	\$(658.15)	\$(301.70)
<b>Residential Customer 2</b>	9,000	\$843.48	\$1,604.02	\$1,372,200	\$2,865	\$(905.65)	\$698.37
<b>Residential Customer 3</b>	2,000	\$187.44	\$356.45	\$927,684	\$1,931	\$(612.27)	\$(255.82)
<b>Residential Customer 4</b>	1,000	\$93.72	\$178.22	\$1,412,021	\$2,948	\$(931.93)	\$(753.71)
<b>Residential Customer 5</b>	8,000	\$749.76	\$1,425.79	\$1,415,200	\$2,955	\$(934.03)	\$491.76
<b>Average Residential</b>	4,444	\$416.48	\$792.00	\$1,200,000	\$2,464	\$(792.00)	\$-
<b>Commercial Customer 1</b>	28,750	\$9,246.45	\$5,123.95	\$12,236,307	\$25,549	\$(8,075.96)	\$(2,952.01)
<b>Commercial Customer 2</b>	51,750	\$5,786.01	\$9,223.11	\$2,959,578	\$6,179	\$(1,953.32)	\$7,269.79
<b>Commercial Customer 3</b>	3,667	\$1,279.64	\$653.49	\$2,200,000	\$4,593	\$(1,452.00)	\$(798.51)
<b>Commercial Customer 4</b>	104,417	\$34,121.93	\$18,609.59	\$1,642,571	\$3,429	\$(1,084.10)	\$17,525.50
<b>Commercial Customer 5</b>	123,167	\$20,903.18	\$21,951.30	\$7,255,596	\$15,149	\$(4,788.69)	\$17,162.61
<b>Commercial Customer 6</b>	4,000	\$1,310.88	\$712.90	\$1,954,600	\$4,081	\$(1,290.04)	\$(577.14)



# Policy Consideration: Winter Averaging

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- Current Rates:
  - Residential Customers
    - Base Fees = \$ 0
    - Volumetric Rate = \$ 7.81/thousand gallons
      - Gallons used based on 3 lowest months between November and March
  - Commercial Customers
    - Base Fees = \$ 78.00 per LUE
      - LUE based on square footage of building
    - Volumetric Rate = \$ 7.81/thousand gallons
      - Gallons used is the same as water use for connection



# Policy Consideration: Winter Averaging

Customers within Use Categories	Current Policy
0 Gallons	87
1,000 Gallons	41
2,000 Gallons	48
3,000 Gallons	84
4,000 Gallons	74
5,000 Gallons	46
6,000-10,000 Gallons	108
11,000-15,000 Gallons	32
16,000-20,000 Gallons	13
21,000-35,000 Gallons	6
Above 35,000 Gallons	1



# Policy Consideration: Winter Averaging

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- **City of Austin –**
  - Customers must have 100 gallons per billing period for averaging
  - If customer has less than 100 gallons in 2 or more months, assumed average of 5,000 gallons
- **West Travis County PUA**
  - Months with zero use are excluded from the average
- **Lakeway MUD**
  - Use the lower of the two billing periods
  - If zero usage in one of the two billing periods, they use the other period



# Direction from Previous Meeting

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- Pursue transitional implementation plan to slowly include debt service recovery in wastewater rates
- Include a base-fee for services that is cost-based
- Evaluate alternatives for winter averaging



# Proposed Rates Scenarios

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- All Scenarios include a base fee for residential customers
- All Scenarios recover debt based upon the following schedule:
  - 2021 = 15% total debt service
  - 2022 = 25% total debt service
  - 2023 = 35% total debt service
  - 2024 = 45% total debt service
  - 2025 = 55% total debt service



# Proposed Scenarios

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- 3 Scenarios based on residential winter averaging policies:
  - Scenario 1 – 5 month winter average (status quo)
  - Scenario 2 – 5 month winter average, months with zero use are excluded from the average
  - Scenario 3 – 5 month winter average, minimum average of at least 1,000 gallons



# Proposed Rates

Base Fees	Current	2021	2022	2023	2024	2025
Base Fee - Residential	\$-	\$13.07	\$13.46	\$13.86	\$14.28	\$14.71
Base Fee - Commercial	\$78.00	\$91.07	\$91.46	\$91.86	\$92.28	\$92.71

*\*Base fees recover the cost of utility billing.*



# Proposed Rates

Volumetric Fees	Current	2021	2022	2023	2024	2025
Scenario 1	\$7.81	\$7.81	\$8.24	\$9.79	\$11.30	\$12.86
Scenario 2	\$7.81	\$7.81	\$7.81	\$8.72	\$10.07	\$11.46
Scenario 3	\$7.81	\$7.81	\$8.18	\$9.71	\$11.21	\$12.76

- Scenario 1 – 5 month winter average (*status quo*)
- Scenario 2 – 5 month winter average, months with zero use are excluded from the average
- Scenario 3 – 5 month winter average, minimum average of at least 1,000 gallons



# Average Bill Analysis

Average Bill (8,000 Gallons)	Current	2021	2022	2023	2024	2025
Scenario 1	\$62.48	\$75.55	\$79.40	\$92.18	\$104.70	\$117.59
Scenario 2	\$62.48	\$75.55	\$75.94	\$83.64	\$94.84	\$106.37
Scenario 3	\$62.48	\$75.55	\$78.87	\$91.56	\$103.99	\$116.78



**Technical Report**

**CITY OF  
ROLLINGWOOD**

**WASTEWATER  
COST OF SERVICE AND RATE  
DESIGN STUDY**

**DRAFT REPORT  
AUGUST 28, 2020**



Nelisa Heddin Consulting, LLC (NH Consulting) is pleased to present the City of Rollingwood (City) with the results of a cost of service and rate design study performed for the City’s wastewater utility.

The City retained NH Consulting to perform a cost of service and rate design study for the City’s wastewater utility. The study’s intent is to achieve a water and wastewater rate structure that will assure equitable and adequate revenues for operations, debt service retirement, capital improvements and bond covenant requirements. Therefore ensuring the utility operates on a self-sustaining basis while considering the economic impact on the City’s customers.

The project team has worked closely with City staff and the City’s Utility Commission to develop revenue requirements and determine the cost of providing service to each of the City’s customers. The project team identified that in order to meet future revenue requirements and address inequities among customers, the City needs to implement future rate changes as outlined in this report.

The project team identified two primary policy issues that may lead to inequities among customers.

- 1. The City currently funds wastewater related annual debt service through the general fund versus the utility fund. This practice may create inequities among customers as a property’s value and resultant property taxes are not necessarily reflective of their demands on the wastewater system.
- 2. The City currently utilizes a five-month winter averaging period with no adjustments applied for months with zero consumption. This has resulted in approximately 16% of customers receiving wastewater services for free (looking at 2019 actual consumption data). This issue is further compounded by the fact that the City does not charge a base-fee for wastewater services.

The analysis examined revenue requirements for a five-year study period, FYE2021-FYE2025 and recommended rates sufficient to meet revenue requirements for the five-year study period. The recommended rates include a transitional implementation plan whereby the City begins to fund 15% of the wastewater utility annual debt service in FYE2021 through wastewater user fees, and increases the amount funded by the wastewater user fees by 10% each year thereafter.

The recommended rates are outlined in Tables 1 and 2. These rates include three different scenarios/alternatives for estimating residential wastewater consumption?

Executive Summary





Scenario 1 – Five-month winter average (status quo)

Scenario 2 – Five-month winter average, months with zero use excluded from average

Scenario 3 – Five-month winter average, minimum billing of at least 1,000 gallons.

**Table 1: Recommended Base Fees**

Base Fees	Current	2021	2022	2023	2024	2025
Residential	\$-	\$13.07	\$13.46	\$13.86	\$14.28	\$14.71
Commercial <sup>1</sup>	\$78.00	\$91.07	\$91.46	\$91.86	\$92.28	\$92.71

**Table 2: Recommended Volumetric Rates**

Volumetric Fees	Current	2021	2022	2023	2024	2025
Scenario 1	\$7.81	\$7.81	\$8.24	\$9.79	\$11.30	\$12.86
Scenario 2	\$7.81	\$7.81	\$7.81	\$8.72	\$10.07	\$11.46
Scenario 3	\$7.81	\$7.81	\$8.18	\$9.71	\$11.21	\$12.76

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<sup>1</sup> Base fee per LUE

**WASTEWATER SYSTEM**

The City currently has approximately 530 residential and commercial wastewater connections. The City collects wastewater from its customers through the City’s wastewater collection system. The wastewater is then diverted to the City of Austin where the wastewater is treated. Wastewater treatment services are provided to Rollingwood on a wholesale basis for fees set by the City of Austin. The City of Austin currently charges a monthly customer service fee of \$10.30, plus \$5.67 per thousand gallons of wastewater; these fees may be increased as necessary by the City of Austin.

Wastewater Utility





## **WORK PLAN**

In determining rates for the City of Rollingwood’s wastewater utility, NH Consulting utilized a three-step approach to determining the wastewater rates:

- Step 1: Revenue Requirement Determination
- Step 2: Customer Count and Billing Unit Determination
- Step 3: Rate Design

NH Consulting has performed each of these steps in coordination with City staff; below shows the description and results of each step.

### **STEP 1: REVENUE REQUIREMENT DETERMINATION**

#### **BASE YEAR REVENUE REQUIREMENT**

##### SYSTEM EXPENDITURES

A base year estimate of costs helps to determine the City’s future revenue requirements. This cost estimate is reflective of the normal operation of the wastewater utility, and adjusted for known and measurable changes into the future. NH Consulting used the FYE2021 preliminary budget as the Test Year for the revenue requirement phase of the study. A comparison of the budget to the actual expenditures for FYE2017, FYE2018, and FYE2019 and the budgeted FYE2020 expenditures shows that the FYE2021 Budget provides a conservative estimate of the revenues and expenses associated with the operation of the wastewater utility.

##### WASTEWATER TREATMENT CHARGES

As previously described, the City’s wastewater treatment fees paid to the City of Austin are subject to increase as determined necessary by the City of Austin. As such, the proposed revenue requirements assume a 5% annual increase in wastewater treatment charges.

##### VEHICLE REPLACEMENT FUND

NH Consulting recommends adding contributions of approximately \$5,619 to vehicle replacement fund to the revenue requirements, in accordance with the schedule outlined on Table 3 below. These monies should be set-aside annually such that in the event the City needs to replace vehicles in future years, these monies are available for these purposes.

**Table 3: Vehicle Replacement Fund Contributions**

	Total Inventory	Useful Life	Annual Contribution	% Wastewater	Annual Contribution
Truck 1	\$30,000	7	\$4,285.71	33%	\$1,428.57
Truck 2	\$30,000	7	4,285.71	33%	1,428.57
Truck 3	\$30,000	7	4,285.71	33%	1,428.57
Tractor	\$30,000	10	3,000.00	33%	1,000.00
Trailer	\$10,000	10	1,000.00	33%	333.33
			\$16,857.14		\$5,619.05

INFLATION

NH Consulting accounted for inflationary influences on annual expenditures by applying a 3% annual inflation rate for most expenditure categories in developing the five-year revenue requirement.

REVENUE OFFSETS

In order to isolate the revenues required by rates from all customers, it was necessary to capture all revenue offsets and remove the corresponding dollar amount from the gross revenue requirement to determine the net revenue requirement. Revenue offsets are items such as late fees and interest income that offset the City’s expense.

ANNUAL DEBT SERVICE

The City has approximately \$725,000 in annual debt service related to the wastewater utility. Currently, the City funds this debt service through the general fund rather than the utility fund. As such, the City’s residents and commercial businesses pay for the debt service as part of their property taxes. In general, this practice is discouraged within the industry as one’s property value is not necessarily reflective of the burden they place on the wastewater utility. As such, the industry best-management practice is to instead collect utility related debt service through utility rates and fees. As such, NH Consulting recommends the City move towards recovering at least a portion of utility debt service through wastewater user fees. The revenue requirements reflect a transitional implementation plan whereby the City would recover 15% of annual utility debt service through wastewater user fees in FYE2021, and increase the amount recovered through wastewater rates annually, as outlined on Table 4.

**Table 4: Annual Wastewater Debt Funding Transitional Implementation Plan**

	2021	2022	2023	2024	2025
Series 2012A	\$317,520	\$315,735	\$313,235		
Series 2019	408,850	409,650	410,250	715,650	713,650
Total Annual Debt Service	\$726,370	\$725,385	\$723,485	\$715,650	\$713,650
% Funded through Rates	15%	25%	35%	45%	55%
Total Utility Funded Debt Service	\$108,956	\$181,346	\$253,220	\$322,043	\$392,508

FIVE-YEAR REVENUE REQUIREMENT

Table 5 outlines the five-year revenue requirement for the Wastewater Utility. Schedule 1 shows each line item with details.

**Table 5: Wastewater Utility Five-Year Revenue Requirement.**

2021	2022	2023	2024	2025
\$668,981	\$766,587	\$864,704	\$960,843	\$1,059,743

## STEP 2: BILLING UNIT PROJECTION

Wastewater is typically billed based upon an estimate of consumption/usage. As wastewater flows are generally not metered, as water is, the City must adopt policies to be utilized in estimating wastewater use for each customer.

### **Commercial Customers**

The City currently bills commercial customers for wastewater services based upon their actual metered water consumption. The assumption is that if a commercial customer were using water for irrigation purposes, which would not flow through as wastewater, that customer would typically have a separate irrigation meter. As such, the customer's metered water use is a good proxy for wastewater consumption. This is consistent with industry best-management practices; NH Consulting recommends that the City continue to bill commercial customers based upon this methodology.

### **Residential Customers**

Residential customers generally do not have separate irrigation meters like commercial customers do. As residential customers usually irrigate, their year round water consumption is not a good proxy for wastewater demands. Industry best-management practices typically rely upon winter-averaging to estimate residential wastewater demands. The assumption is made that in-general, residential customers typically do not irrigate in winter months, thus, their winter water consumption is a descent proxy for wastewater demands on the system. The City currently uses a five-month winter average to estimate residential wastewater consumption.

In analyzing historical demands, it has been identified that in 2019, approximately 16% of the City's customers did not have water use in the winter months. As the City does not charge customers a base-fee for wastewater services, this means that these customers literally do not pay anything for wastewater for an entire year.

As it is highly unlikely that 16% of the City's customers do not actually send any wastewater into the system, NH Consulting recommends the City evaluate alternative policies for wastewater billing.

NH Consulting has provided three different scenarios/alternatives for the determination of wastewater consumption for residential customers:

- Scenario 1 – Five-month winter average (status quo)
- Scenario 2 – Five-month winter average, months with zero use excluded from average
- Scenario 3 – Five-month winter average, minimum billing of at least 1,000 gallons.



STEP 3: DETERMINATION OF WASTEWATER RATES

The recommended wastewater rates are presented on Tables 6 and 7 below. NH Consulting recommends the City charge a base fee for services for all customers. The recommended base fees recover the cost of utility billing.

Table 6: Recommended Base Fees

Base Fees	Current	2021	2022	2023	2024	2025
Residential	\$-	\$13.07	\$13.46	\$13.86	\$14.28	\$14.71
Commercial <sup>2</sup>	\$78.00	\$91.07	\$91.46	\$91.86	\$92.28	\$92.71

Table 7: Recommended Volumetric Rates

Volumetric Fees	Current	2021	2022	2023	2024	2025
Scenario 1	\$7.81	\$7.81	\$8.24	\$9.79	\$11.30	\$12.86
Scenario 2	\$7.81	\$7.81	\$7.81	\$8.72	\$10.07	\$11.46
Scenario 3	\$7.81	\$7.81	\$8.18	\$9.71	\$11.21	\$12.76

<sup>2</sup> Base fee per LUE

**City of Rollingwood  
Wastewater Utility  
Cost of Service and Rate Design Study**

**Schedule 1  
Five-Year Projection of Revenue Requirements  
DRAFT**

	2021	2022	2023	2024	2025	% Inflation	Notes
<b>Expenditures</b>							
Salary	\$ 118,743	\$ 122,305	\$ 125,974	\$ 129,753	\$ 133,646	3%	
Training	1,030	1,061	1,093	1,126	1,159	3%	
Health Insurance	20,085	20,688	21,308	21,947	22,606	3%	
Workers Comp Insurance	3,914	4,031	4,152	4,277	4,405	3%	
Social Security/Medicare Tax	9,676	9,966	10,265	10,573	10,890	3%	
Unemployment Comp Insurance	-	-	-	-	-	3%	
TMRS	16,733	17,235	17,752	18,285	18,834	3%	
Uniform & Accessories	258	265	273	281	290	3%	
Office Equipment Repair	-	-	-	-	-	3%	
Grinder Pump Maint/Replacement	1,030	1,061	1,093	1,126	1,159	3%	
Maintenance & Repairs	41,200	42,436	43,709	45,020	46,371	3%	
Vehicle Operations	2,060	2,122	2,185	2,251	2,319	3%	
Vehicle Maintenance & Repairs	-	-	-	-	-	3%	
Vehicle Insurance	258	265	273	281	290	3%	
Administrative Fees	28,840	29,705	30,596	31,514	32,460	3%	
Legal Services	515	530	546	563	580	3%	
Annual Televising/Smoke Testing	19,055	19,627	20,215	20,822	21,447	3%	
Utility Billing/Collection	21,630	22,279	22,947	23,636	24,345	3%	
Utility Billing - Collect Add'l	61,800	63,654	65,564	67,531	69,556	3%	
Project Management	11,845	12,200	12,566	12,943	13,332	3%	
Information Security	20,600	21,218	21,855	22,510	23,185	3%	
Insurance - Prop & Gen Liability	-	-	-	-	-	3%	
Engineering	2,575	2,652	2,732	2,814	2,898	3%	
Rate Consulting Services	2,575	2,652	2,732	2,814	2,898	3%	
Wastewater Fees	271,438	285,009	299,260	314,223	329,934		Based on Variable Cost Analysis
Industrial Waste Surcharges	-	-	-	-	-	3%	
Miscellaneous	515	530	546	563	580	3%	
Bond Cost Issuance	-	-	-	-	-	3%	

**City of Rollingwood  
Wastewater Utility  
Cost of Service and Rate Design Study**

**Schedule 1  
Five-Year Projection of Revenue Requirements  
DRAFT**

	2021	2022	2023	2024	2025	% Inflation	Notes
Bond Discount	-	-	-	-	-	3%	
Computer Software & Support	3,193	3,289	3,387	3,489	3,594	3%	
Technology Expense	-	-	-	-	-	3%	
Municipal Bldg. Improvement & Planning	-	-	-	-	-	3%	
Total Annual Debt Service	108,956	181,346	253,220	322,043	392,508		Based on actual annual debt service
Vehicle Replacement Fund	5,619	5,619	5,619	5,619	5,619		
Annual Reserve Fund Contribution	-	-	-	-	-		Per Reserve Fund Analysis
	<u>\$ 774,141</u>	<u>\$ 871,747</u>	<u>\$ 969,864</u>	<u>\$ 1,066,003</u>	<u>\$ 1,164,903</u>		
<b>Revenues</b>							
Interest Income	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	0%	
Wastewater Revenues	-	-	-	-	-	0%	Removed from analysis
Commercial LUE's	-	-	-	-	-	0%	
Capital Recovery/Hook-Up Connections	3,500	3,500	3,500	3,500	3,500	0%	
Fund Balance Transfer In	-	-	-	-	-	0%	Removed from analysis
Industrial Waste Surcharge Fee	-	-	-	-	-	0%	
PUD Wastewater Surcharge	98,160	98,160	98,160	98,160	98,160	0%	
	<u>\$ 105,160</u>	<u>\$ 105,160</u>	<u>\$ 105,160</u>	<u>\$ 105,160</u>	<u>\$ 105,160</u>		
<b>Total Revenue Requirement</b>	<b>\$ 668,981</b>	<b>\$ 766,587</b>	<b>\$ 864,704</b>	<b>\$ 960,843</b>	<b>\$ 1,059,743</b>		



### WATER PAYMENT APPEAL FORM

Name on Account: Mark Cohen

Service Address: 302 Pleasant Drive

Account Number: [REDACTED]

Amount Due: \$382.43

Telephone Number: [REDACTED]

Email Address: [REDACTED]

Reason for Appeal to the Rollingwood Utility Commission: 1) Please identify the months that you are contesting. 2) Please provide the reason for dispute. 3) Please provide 12 months of history. 4) Provide any other information to support appeal.

I received a bill that cannot be accurate. It says I used 35 gallons from April 22 to May 22, the prior 6 months were 9, 3, 3, 12, 4, and 10 respectively. we did not have a leak as is proven by the following months usage of 9 gallons. No leak was ever detected nor fixed. We did not use the sprinkler system at all that month because of all the rain. the following month usage was 9 gallons which proves there was no leak We did not fix any plumbing during the relevant time either I cannot explain the reason for the high reading but it is

*I received bill that cannot be accurate. It charged for 35 gallons for the period April 22, 2020 to May 22, 2020. The previous six months of usage was 9, 3, 3, 12, 4, and 10. There were no leaks or running toilets as is shown by the usage of 9 for the following month. I cannot explain what happened but it is absolutely impossible that we used 35 gallons that month. I request we did not use the sprinkler system that month because of all the rain. I request our bill be reduced to the prior 6 month average.*

Signature: *Mark Cohen*

Date: 7/28/20



By signing this form, you are promising to appear before the next Utility Commission meeting.

# FLUID METER SERVICE, CORP.

4.

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(512) 258-3594 Tel.  
(512) 258-4386 Fax

**Gary Faber - C.E.O.**  
512-426-4035 Mobile  
Email fluidmeter1@aol.com

P.O. Box 340215  
Austin, TX 78734-0215

7304 McNeil Dr., #604  
Austin, TX 78729

TO: City of Rollingwood

DATE: 7-29-20

SIZE: 5/8" x 3/4" MAKE: Badger TYPE: C-700

302 Pleasant Dr.  
METER LOCATION

METER# 44572414  
Read:  
BEFORE: 1368500

P.O.# \_\_\_\_\_ W.O.# \_\_\_\_\_ FMS ORDER # \_\_\_\_\_

QUANTITY	DESCRIPTION	PRICE
1	AWWA Standard Shop test	
note: meter meets AWWA standards <u>Yes</u> — NO		

### CERTIFICATE OF CALIBRATION

This is to certify that the physical standards described below were on this day compared to the standards of the state of Texas which are directly traceable to standards of the National Bureau of Standards [NBS Test-No.'s 39569,40093,179355,225713] A.W.W.A Test.

### DETAILS OF TEST

LINE NO.	<del>CUFF</del> GALS.	RATE OF FLOW G.P.M.	TOTAL <del>CUFF</del> GALS.	% OF ACCURACY	CORRECTED % OF ACCURACY
1	10	1/4	9.85	98.5 %	
2	10	2	10.1	101.0 %	
3	100	15	98.5	98.5 %	

SIGNATURE: \_\_\_\_\_



**Ashley Wayman**

---

**From:** Amber Lewis  
**Sent:** Wednesday, July 29, 2020 11:22 AM  
**To:** Ashley Wayman  
**Subject:** FW: water bill  
**Attachments:** CCI07292020\_0001.pdf; Utility Appeal Form Fillable PDF.pdf

FYI.

Many thanks,

Amber



**Amber A. Lewis**  
City Administrator  
City of Rollingwood  
Office: 512-327-1838 x 105  
Cell: 512.647.0637  
[www.rollingwoodtx.gov](http://www.rollingwoodtx.gov)

---

**From:** Elaine Acosta <eacosta@rollingwoodtx.gov>  
**Sent:** Wednesday, July 29, 2020 11:09 AM  
**To:** 'Mark Cohen' <[REDACTED]>; Amber Lewis <alewis@rollingwoodtx.gov>  
**Cc:** sublime.feedback@gmail.com  
**Subject:** RE: water bill

Mr. Cohen,

The meter tested at your property and measured at 98.5% and above for accuracy purposes. This means the meter was and is accurate and meets American Water Works Association standards.

I have attached a copy of the Utility Commission Appeal Form that needs to be filled out and returned to our office by noon on July 30, 2020. Please submit completed form to Ashley Wayman, so we can add you to the agenda for the next U.C. Meeting, on Tuesday, August 4, 2020 at 12:00p.m.

You have been invited to attend the following meeting:  
Subject: Utility Commission Meeting  
Time: Aug 04, 2020 12:00PM Central Time (US and Canada)  
Organizer: Ashley Wayman([awayman@rollingwoodtx.gov](mailto:awayman@rollingwoodtx.gov))  
Meeting URL: <https://meetings.ipvideotalk.com/103840664>  
Meeting ID: 103840664  
PSTN Access: United States (Boston): +1 (617) 315-8088

Please let me know if you have additional questions

Thank you,



**Elaine Acosta**

Administrative Assistant

City of Rollingwood

Office: 512-327-1838

[www.rollingwoodtx.gov](http://www.rollingwoodtx.gov)

---

**From:** Mark Cohen <[REDACTED]>  
**Sent:** Thursday, July 23, 2020 10:53 AM  
**To:** Amber Lewis <[alewis@rollingwoodtx.gov](mailto:alewis@rollingwoodtx.gov)>  
**Cc:** [REDACTED] Elaine Acosta <[eacosta@rollingwoodtx.gov](mailto:eacosta@rollingwoodtx.gov)>  
**Subject:** RE: water bill

Thank you I will await the results of the meter test and if that is not the problem I will take it up with the Utility Commission

**Mark Cohen**

**805 W. 10th Street, Suite 100**

**Austin, Tx. 78701**

**512-474-4424**

**512-472-5444 (f)**

[REDACTED]  
[www.CohenLegalServices.com](http://www.CohenLegalServices.com)

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**From:** Amber Lewis <[alewis@rollingwoodtx.gov](mailto:alewis@rollingwoodtx.gov)>  
**Sent:** Thursday, July 23, 2020 10:00 AM  
**To:** Mark Cohen [REDACTED]  
**Cc:** [REDACTED]; Elaine Acosta <[eacosta@rollingwoodtx.gov](mailto:eacosta@rollingwoodtx.gov)>  
**Subject:** RE: water bill

Dear Mark,

I hope this email finds you safe and well. I understand your concern, however, staff is unable to adjust your bill at this time. City employees only have the authority to adjust water and sewer bills if there was a leak and the leak had been repaired. Please see attached policy.

We are changing out the meter this week and will send the old meter for accuracy testing. We will notify you of the results. If the meter is inaccurate to the benefit of the City, staff can make appropriate adjustments at that time.

If the meter is accurate and there are no leaks (leaks don't seem to be the problem here), then the next option would be to come before the Utility Commission to ask for relief. Here is the link to the form to appeal to the Utility Commission:  
[https://www.rollingwoodtx.gov/sites/default/files/fileattachments/city\\_utility\\_services/page/2781/utility\\_appeal\\_form.pdf](https://www.rollingwoodtx.gov/sites/default/files/fileattachments/city_utility_services/page/2781/utility_appeal_form.pdf)

Is there construction near you? I ask because sometimes we have had instances of water theft. Make sure your hose bibs are locked so there is no opportunity for water theft.

I hope this is helpful. Please let us know if you have any other questions. Take care.

Many thanks,

Amber



**Amber A. Lewis**  
City Administrator  
City of Rollingwood  
Office: 512-327-1838 x 105  
Cell: 512.647.0637  
[www.rollingwoodtx.gov](http://www.rollingwoodtx.gov)

---

**From:** Mark Cohen <[REDACTED]>  
**Sent:** Wednesday, July 22, 2020 3:10 PM  
**To:** Amber Lewis <[alewis@rollingwoodtx.gov](mailto:alewis@rollingwoodtx.gov)>  
**Cc:** [REDACTED]  
**Subject:** water bill

been having a problem working out this glitch in my water bill and was told to contact you. I was the presiding judge of the municipal court for 17 years until I retired from that position. We had a similar problem a year ago and Jim Bob found it was caused because of a problem with the meter and we adjusted my bill.. It was in August and September of 2019 when the reader said we had used 30 gallons during each period. This year our use since November had been 10, 4, 12, 3,3,and 9 . For some unexplainable reason the reading on 5/22 was 35 gallons. And then 9 gallons the month after that. I am 72 , overweight and have diabetes so I have not left the house since early March. We had no leaks over the period the reader says we used 35 gallons as is verified by the 9 gallon reading the following month. I did not use the sprinkler in April or May because of all the rain we had. Since there were obviously no leaks and my usage is typically no greater than 10 gallons per period there is some mistake in the 35 gallon reading which I cannot explain but there is no way I owe for 35 gallons during that period. This coming period should be around the highest usage I ever have since I have been using the sprinkler a lot due to the lack of rain. Please adjust my bill to my prior 6 month average. Apparently everything is corrected now since my usage is back to 9 gallons and we should not have this problem again. I paid the bill for the last month's 9 gallon usage but I was told not to pay the 35 gallon bill until we worked this out

**Mark Cohen****805 W. 10th Street, Suite 100****Austin, Tx. 78701****512-474-4424****512-472-5444 (f)**  
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