



Water rates rise in Central Texas

Majority of rate based on fixed costs, Austin Water says

By [Anna Daugherty](#) September 9, 2015

A graphic featuring a dark teal silhouette of the state of Texas on the left side. The background is a lighter teal with a wavy, water-like pattern. Overlaid on the right side of the map is the text 'TEXAS CITIES' WATER RATES' in large, bold, white, sans-serif capital letters with a dark teal drop shadow.

TEXAS CITIES' WATER RATES

As Lake Travis' water levels fluctuate, data show water rates in Central Texas have steadily risen in the past few years.

Several recent changes in the Lake Travis and Westlake area, including new infrastructure and drought surcharges, have contributed to the rate increases, said David Anders, Austin Water Utility assistant director of finance and business services.

According to the Texas Municipal League, the average 2015 residential fee for 5,000 gallons of water in Austin is nearly \$38 per month. In 2011, the bill was more than \$17, data state.

Austin Water Utility spokesperson Jason Hill said he often hears people focus on one aspect of the rates—such as water consumption or the new Water Treatment Plant 4—but the rates are

influenced by many factors.

“Our rates aren’t linear—it’s not a simple process,” Hill said. “It’s a truly multifaceted equation and formula.” Anders said factors that influence rates include facility improvements, drought, personnel costs, health insurance fees and transfers to the department’s general fund.

“We estimate our fixed costs to be 80 percent or more of our total costs,” he said. “So [when] you have less demand [because of water conservation], [you have] less revenue, but your fixed costs remain the same. We’re having to adjust our rates accordingly.”

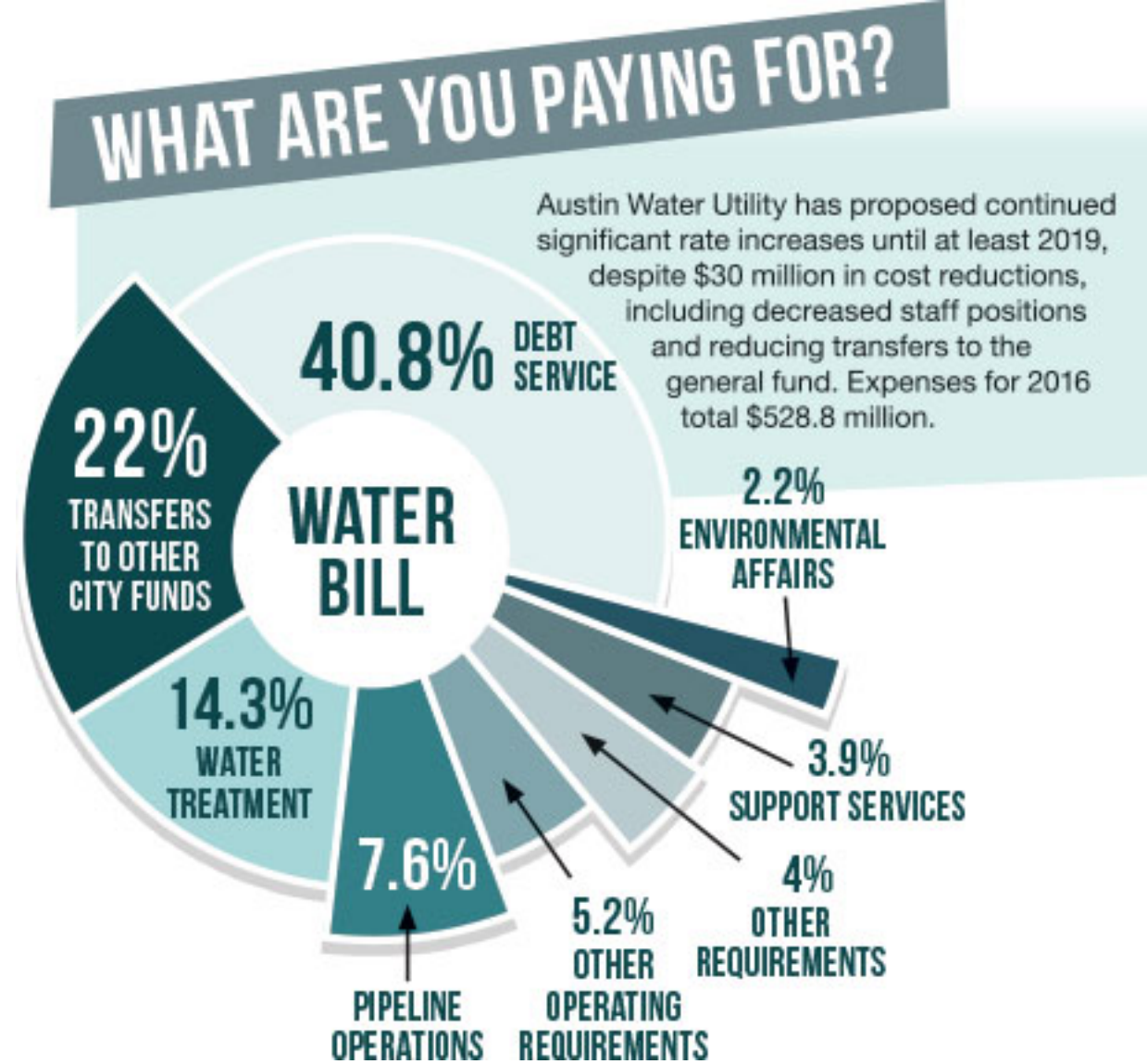
Austin Water’s biggest cost is debt services, Anders said. He said the payments on bonds for previously constructed infrastructure cannot be reduced and make up about 40 percent of Austin Water’s total costs. Water must also be treated for purity and be accessible to customers at all times, regardless of conservation efforts, Anders said. Therefore, water line repair and maintenance is a fixed cost as well, he said.

If drought conditions improve and water consumption increases, Hill said rates might stabilize in the future.

“Generally, we would never plan to reduce water rates,” he said. “But it might be likely in the future that there would be years without a rate increase. Rather than reducing rates, we would just keep the rates the same for as long as we could.”

River Place settlement

Austin Water rates have been a bit of a shock for River Place residents, said Scott Crosby, president of the River Place Homeowners Association.



Do you think your water rates are justified?

- Yes, they are reasonable in light of recent drought conditions
- Yes, they are not as high as some cities or MUDs
- No, my water rates do not align with the utility's cost of producing and treating water. I would be okay with the costs if my utility could justify its water rates.
-

In 2009, River Place began a gradual process to be annexed by Austin. Austin Water took over River Place’s municipal utility district in October, resulting in much higher water rates than River Place residents had previously paid with their MUD, Crosby said.

“I would say for the average River Place customer ... our overall bills for water with the city of Austin are a little over two times as much,” he said. “During the summer months, that water bill can be up to three or four times as much as it was under the former MUD.”

Crosby said the River Place HOA made a rate case protest against the city of Austin for lack of proper notification concerning rate changes. The HOA accepted a settlement in August that provided a refund to residents of the difference in what River Place fees would have been with the MUD and what Austin Water charged in October—an estimated \$125 per household. He said the city also agreed to pay \$800,000 toward the former MUD’s debt.

Anders said the city plans to eventually shut down the former MUD’s water plant currently operating in River Place and provide the area’s water through Austin’s own systems which also service Four Points and the city of Austin.

Wastewater rate calculation

Austin Water spokesperson Jill Mayfield said wastewater is another important factor in a resident’s utility bill. Because wastewater amounts cannot be measured by meter, she said the amount of water used in a three month period between November and March is calculated and averaged as the wastewater generation.

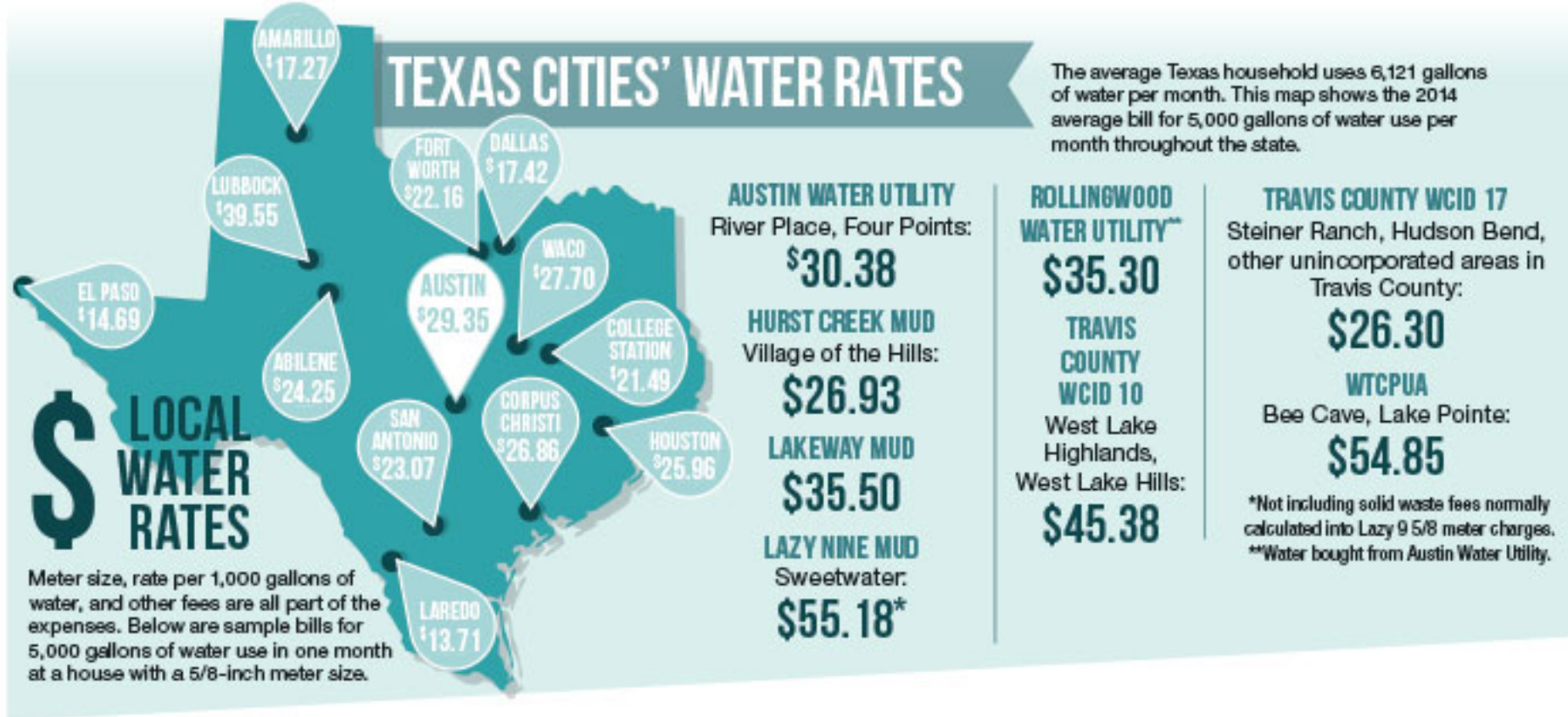
“During that time, people aren’t watering the yard as much,” Mayfield said. “That’s a good measure of what’s actually going down the drain.” Mayfield said wastewater rates are set in April. She said she encouraged residents to make sure they turn off their irrigation systems and do not have any leaks during the winter in order to help set a lower rate for the rest of the year.

No, my water rates are unreasonable no matter what costs are involved

Other:

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Water Treatment Plant 4 operating

When the Green Water Treatment Plant was shut down in 2008, only two water treatment plants—Davis and Ullrich—remained for the city of Austin. Both plants were located near the Tom Miller Dam on Lake Austin. Austin Water Utility spokesperson Jill Mayfield said the city wanted another plant on a different water source for safety and reliability. She said the city also needed another plant to be able to produce water while older plants undergo repairs.

“Lake Travis is very clean,” Mayfield said. “When floods happen, it’s easy to clean it up. In Lake Austin, it’s much harder to clean [muddy water].”

The \$508 million Water Treatment Plant 4 officially opened in December, Mayfield said. The plant will help treat water as Austin’s population continues to increase, she said. Mayfield said the plant was the fourth built in Austin. After the Green Water Treatment Plant closed, only three are open now, causing some confusion about the name.

“Hopefully one day we’ll name it so we don’t always have to explain it,” Mayfield said.

West Travis County Public Utility Agency

Although cities and municipal utility districts can also property taxes for utility improvements and other purposes, a public utility agency, such as the West Travis County Public Utility Agency, does not have taxing authority, WTCPUA spokeswoman Kodi Sawin said. The agency can generate revenue only from water and wastewater services, she said.

“[The WTCPUA] only has authority to use rates and impact fees to pay for its cost of service for each customer class,” Sawin said. The WTCPUA was formed in 2012 by ordinances among Bee Cave, Hays County and West Travis County Municipal Utility District 5.

It took over operations of the Lower Colorado River Authority's area water and wastewater systems, providing water and wastewater services in western Travis County and northern Hays County, including Bee Cave and Lake Pointe. The main costs for the WTCPUA include operation and maintenance as well as annual debt service to repay the bonds used to acquire the PUA assets from the LCRA, Sawin said.



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