

Public Information re: Water Rates

October 1, 2025

City Manager Brad Hunt

Summarized Data from City Council & Other
Presentations, August to September 2025

(pictured: City of Gatesville raw water intake building on
Lake Belton, Sept. 2025)

Why this is Being Proposed Now

- A Water Production Master Plan and Long-Term Capital Improvement Plan (CIP) was completed by City of Gatesville contracted engineers, Freese & Nichols, in 2024.
- A Water Rate Study was completed by City of Gatesville contractor “NewGen Solutions” in late 2025, after approximately 9 months of gathering data.
- The plan for water rate increases is based on the 5-year CIP, and has been discussed in two meetings with regional Water Supply Corporations, three City Council Meetings (including a topic-specific workshop on Sept. 18), with the Gatesville Messenger (front page story on Sept. 20), and with others in the community.
- Significant failures/interruptions in water delivery, or significant overflows, interruptions, or emissions in wastewater processing can result in:
 - Injuries to, and general safety concerns for, our employees.
 - Loss of vital services to communities, both within the city and throughout all the regional water supply corporations.
 - TCEQ violations.
 - Added short- or long-term costs.

Why This is Urgent

In short, we are on borrowed time.

- The Raw Water Intake & Water Treatment Plant were constructed in the mid-1980's
- Upkeep of these plants was sufficient through the next 38 years, but minimal large-scale modernization, electrical system improvement, or long-term planning took place in that time.
- **Our contract engineering firm, Freese & Nichols, Inc., confirmed in 2024 that many urgent needs exist regarding the condition and criticality of components that ensure our water supply.**
- All water production, water distribution, and wastewater processing Maintenance & Operations costs and Capital Improvement Projects relate to ensuring we maintain our CURRENT capacities – there is minimal consideration herein for expansion.

Freese & Nichols: Condition and Criticality Scoring Methodology

Condition Score	Description
0 - 20	New, perfect condition
21 - 40	Good condition, no improvements recommended to maintain function
41 - 60	Fair condition, improvements recommended to improve performance or efficiency
61 - 80	Poor condition, improvements recommended to maintain reliability
81 - 100	Imminent failure, rehabilitation or

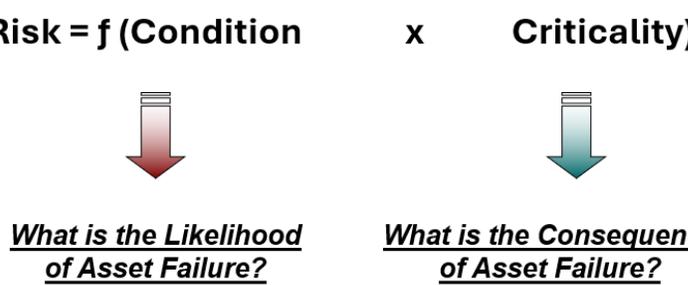
Criticality Score	Description
0 - 29	Low Impact
30 - 49	Medium Impact
50 - 69	High Impact
70 - 100	Very High Impact

Criticality Scoring Criteria		
Parameter	Description	Weight
Capacity Affected	Based on percent of total facility capacity lost if component is offline or damaged	30%
Process Impact	Based on process effectiveness lost if component is offline or damaged	20%
Outage Duration	Based on foreseen outage duration considering response time, part availability and length of repair	15%
Health, Safety and Environmental	Based on likelihood of harm if component is offline or damaged	35%

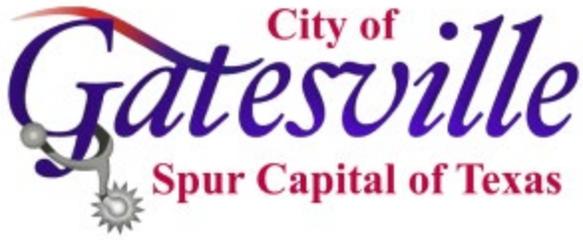
Freese & Nichols: Risk Based Assessment Matrix with # of Projects/Tasks in Each Category

Developing Risk Scores

- Develop Component Categories
- Assign Weighting Factors
- Develop Scoring Criteria
- Conduct Assessments with Plant Staff
- Tabulate Overall Condition and Criticality Scores



		Condition					
		Very Good	Good	Fair	Poor	Very Poor	
Criticality	Low Impact	5	8	12	10	5	Total: 46
	Medium Impact	6	13	15	14	7	Total: 59
	High Impact	2	7	2	3	3	
	Very High Impact	2	4	9	11	5	Total: 38



City of Gatesville

Water Intake & Production Plants: Current State

City Manager Brad Hunt

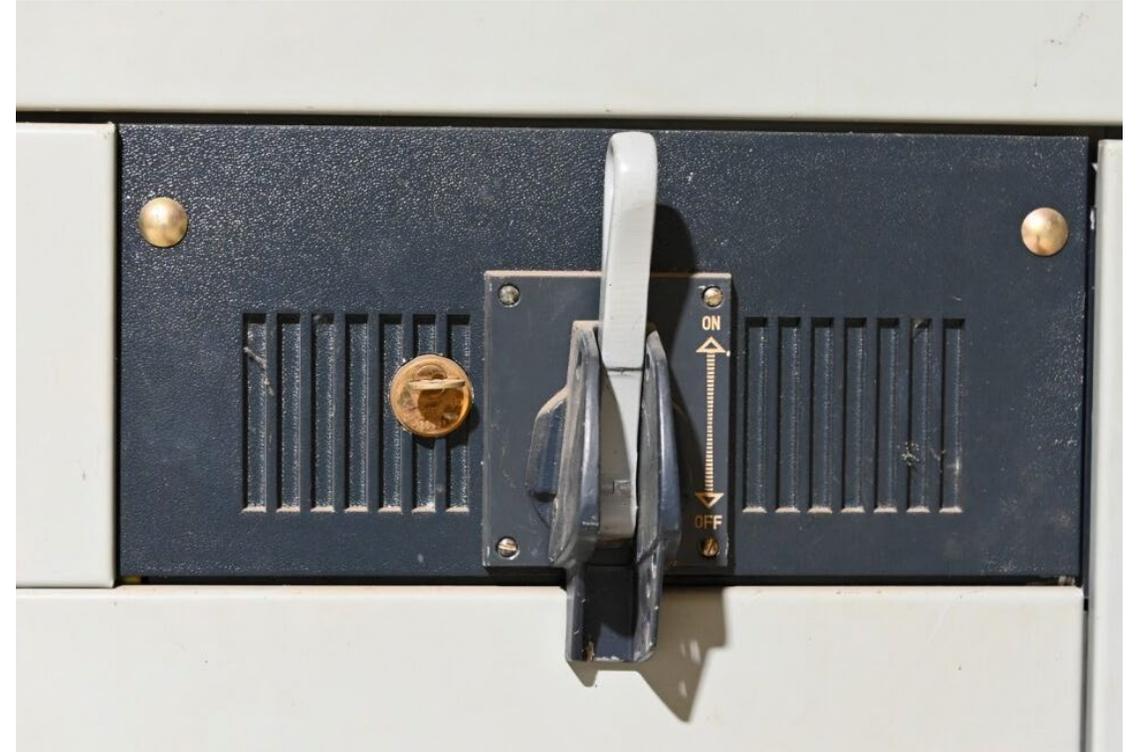
Public Works Director Chad Newman

Plant Superintendent Zeb Veazy

Librarian Shea Harp (photos)

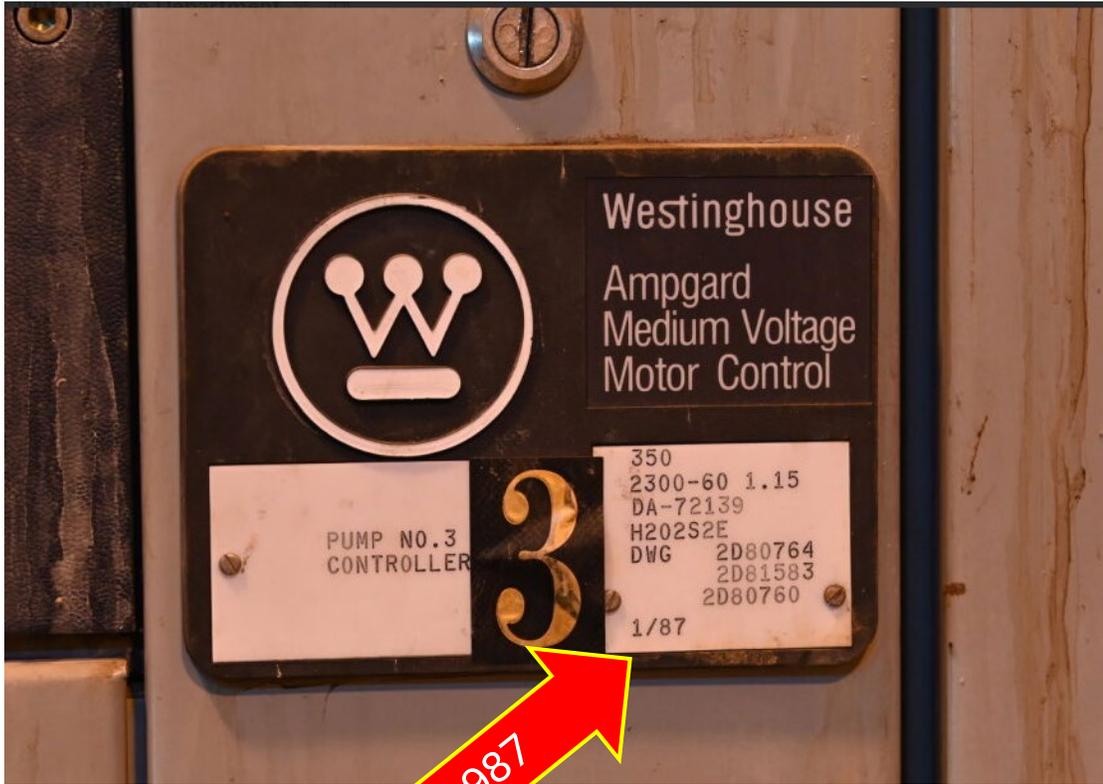


Electrical Panel, Raw Water Intake Plant
Components circa 1987
Photo: September 2025



Pump Control Switch, Water Intake Plant
Component: circa 1987
Photo: September 2025

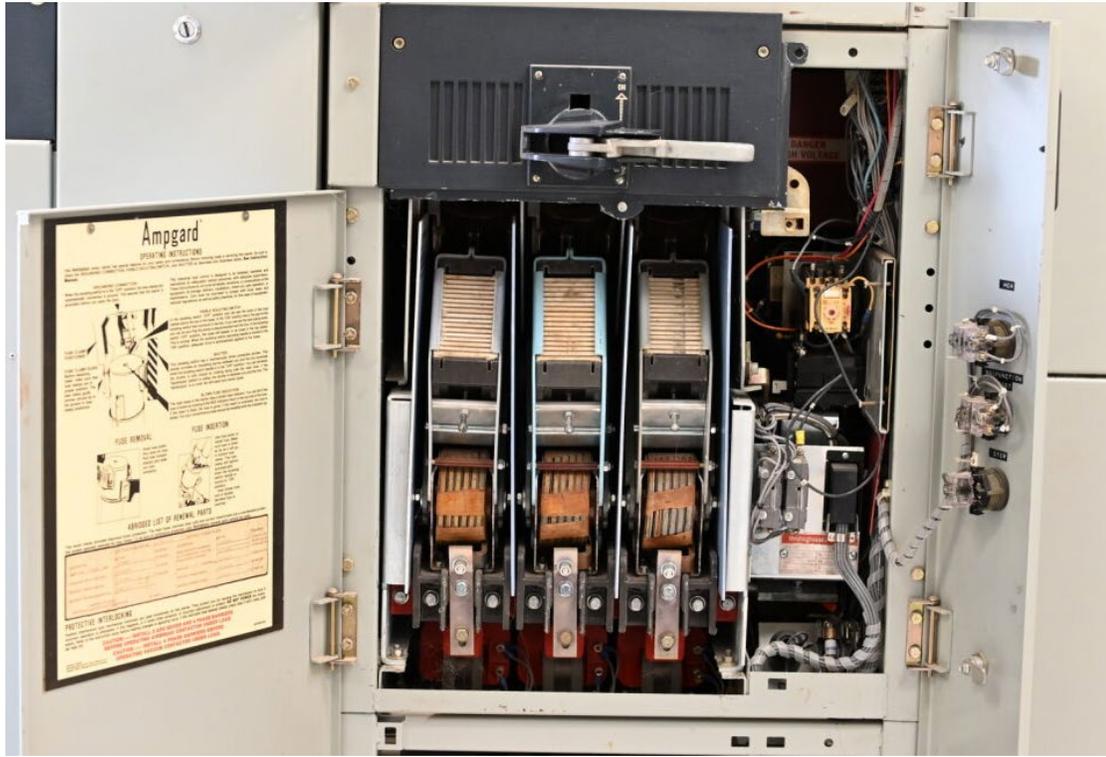
Notes: some components were installed in 1987 but were actually manufactured in the 1950s.



Electrical Panels, Raw Water Intake Plant
Components circa 1987

Photo: September 2025

Notes: there are only 1 or 2 electricians in this region of Texas who can or will work on these antiquated systems. ⁸

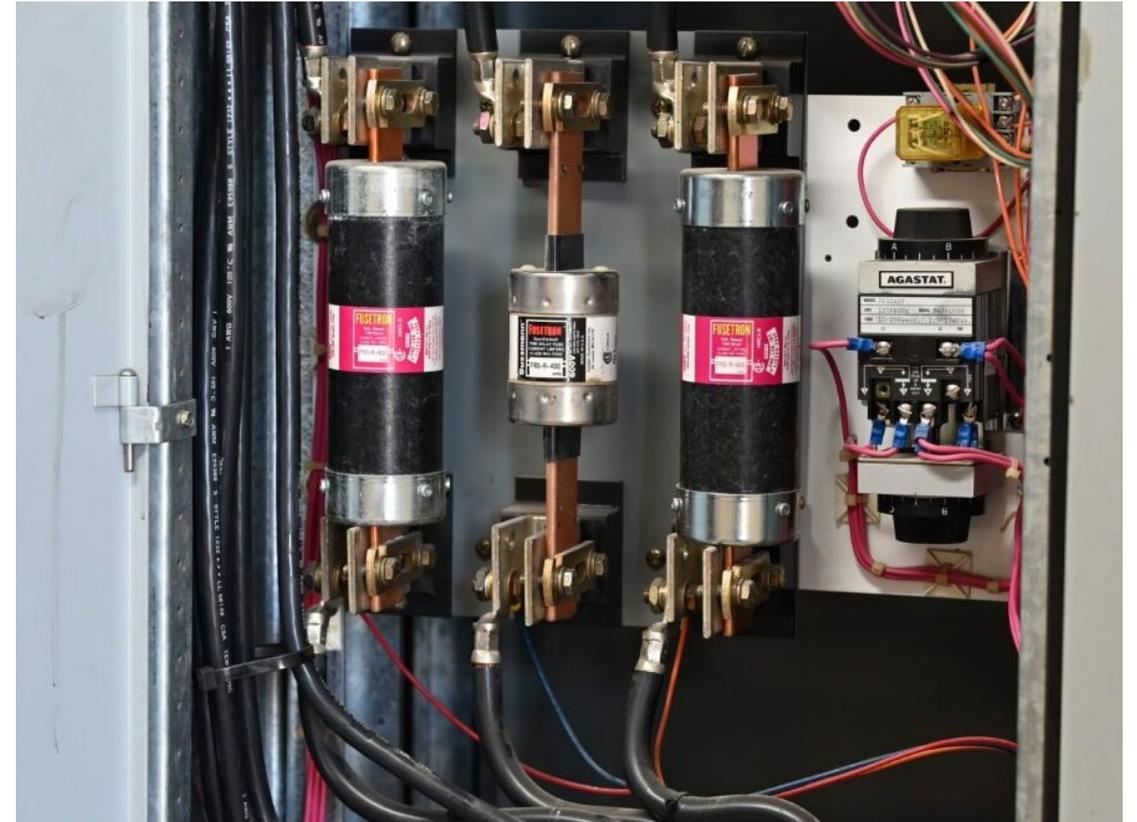
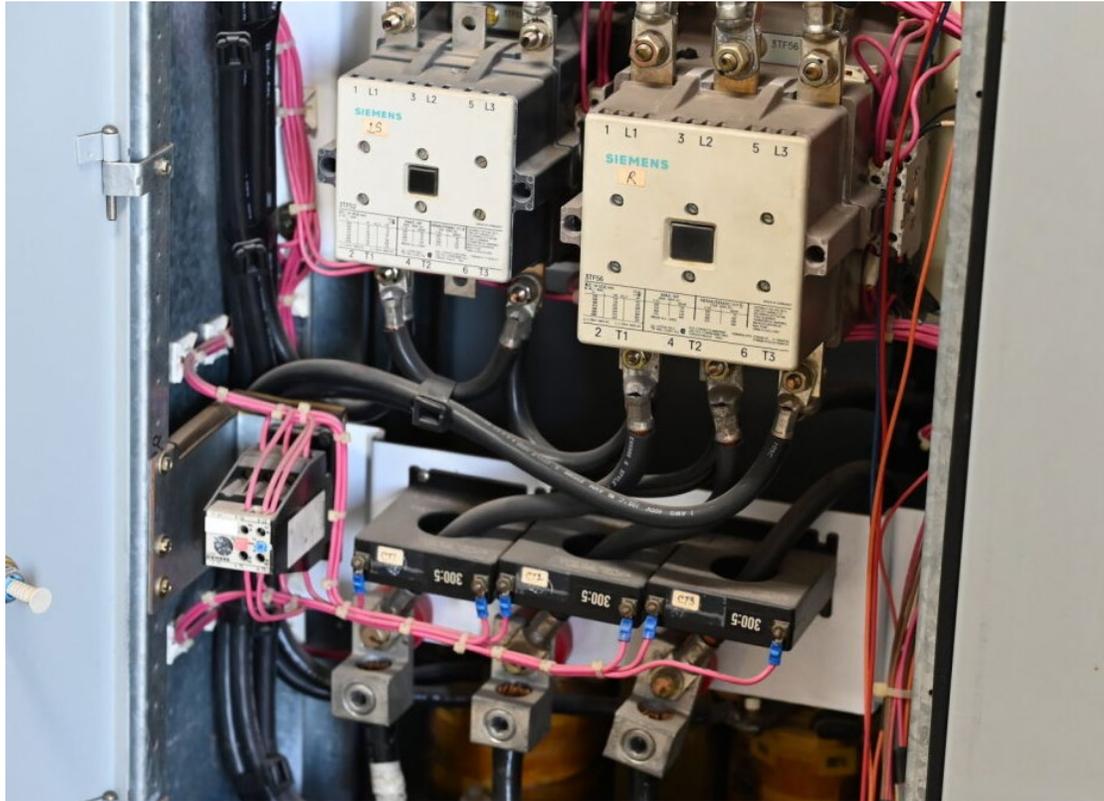


Electrical Panels, Raw Water Intake Plant

Components circa 1987

Photo: September 2025

Notes: many components have remained in place and without need for service for the past 38 years.



Electrical Panels, Raw Water Intake Plant

Components circa 1987

Photo: September 2025

Notes: components of this age are extremely difficult to source, which causes long delays when they do fail

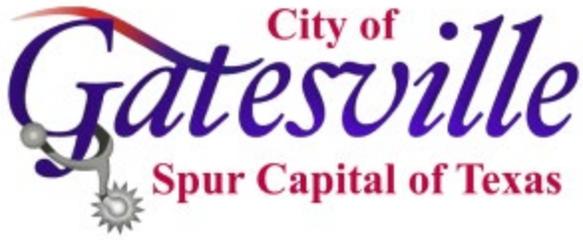


On-Shore Building, Water Intake Plant
Building circa 1987
Photo: September 2025



Air Compressor (inoperable), Water Intake Plant
Component: circa 1994
Photo: September 2025

Notes: some components, such as this air compressor, have failed and staff has found other workarounds. 11



City of Gatesville

5-Year Water & Wastewater CIP

Based Upon:

- PW Director Chad Newman's OPCs
- FNI Water System Improvements Plan
- Staff Assessment of Priorities

Water 5-Year CIPs

(\$ Millions)	2026	2027	2028	2029	2030	Total
North Side Trunk Line Phase 2	\$ -	\$ -	\$ 0.85	\$ -	\$ -	\$ 0.85
North Side Trunk Line Phase 3	-	-	-	1.14	-	1.14
North Side Trunk Line Phase 4	-	-	-	-	0.81	0.81
D6 Project Booster PS7 Mechanical Recond	-	-	-	-	0.83	0.83
D10 Project Booster PS7 Electrical Recondi	1.07	-	-	-	-	1.07
D2 Project BPS Tank Reconditioning	0.29	-	-	-	-	0.29
D5 Project 23rd Street Facilities Reconditic	-	-	0.30	-	-	0.30
D11 Project Booster PS5	-	-	-	-	1.03	1.03
D12 Project System Wide Portable Genera	-	-	-	-	1.54	1.54
Raw Water Intake Electrical Improvements	12.00	-	-	-	-	12.00
South Mountain Tank Maintenance	-	0.23	-	-	-	0.23
Filter Media Replacement	1.02	-	-	-	-	1.02
Booster Pump Station 2 Improvements	-	1.59	-	-	-	1.59
Water Plant Electrical Equipment Replacer	10.71	-	-	-	-	10.71
Clarifier Blast and Recoat	0.17	-	-	-	-	0.17
WTP SCADA	-	-	0.77	-	-	0.77
Efluent Flow Meter Installation	-	-	0.01	-	-	0.01
Raw Water Intake Mechanical Improvemei	-	-	0.34	-	-	0.34
Raw Water Intake Pumpcans Improvemen	-	-	0.49	-	-	0.49
Booster Pump Station 1 Electrical Improve	0.75	-	8.82	-	-	9.57
Booster Pump Station 1 Mechanical Improv	-	-	-	0.26	-	0.26
Water Plant Lagoons	-	-	-	6.47	-	6.47
Booster Pump Station 3 Reconditioning	-	-	-	4.27	-	4.27
Security System	-	-	-	-	0.05	0.05
Booster Pump Station 1 Conditioning	-	-	-	-	0.10	0.10
Tanks - Cleaning and Recoating	-	-	-	-	0.56	0.56
HVAC - Insulation - Demolition	-	-	-	-	0.33	0.33
Transmission Lines Condition Assesment	-	-	-	-	0.27	0.27
WTP HVAC Replacement	-	-	-	-	0.02	0.02
Total - Water CIP	\$ 26.01	\$ 1.82	\$ 11.57	\$ 12.14	\$ 5.53	\$ 57.08

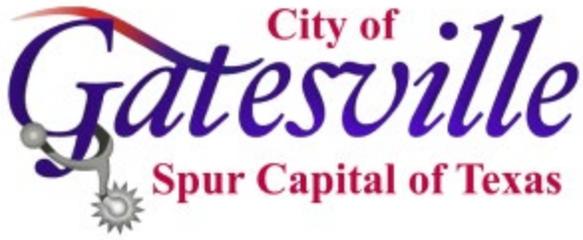
Electrical component replacements proposed in 2026, at 3 key locations, all in the “red” category on recent assessment

Sewer 5-Year CIPs

(\$ Millions)	2026	2027	2028	2029	2030	Total
Existing Manhole Rehab	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.50
Brown Park Sewer main Relocate	0.54	-	-	-	-	0.54
SH 36 Gravity Main Replacement	0.55	-	-	-	-	0.55
Lakewood Reroute	-	-	-	-	-	-
Leon Plant West Trunk Line Phase 1	-	-	-	-	-	-
Intermediate Force Main Extension	1.92	-	-	-	-	1.92
Leon Plant West Trunk Line Phase 2	-	-	-	-	-	-
SH 36 Gravity Sewer Extension	-	-	1.02	-	-	1.02
Leon Plant West Trunk Line Phase 3	-	-	-	-	-	-
Leon Plant West Trunk Line Phase 4	-	-	-	-	-	-
Leon Plant West Trunk Line Phase 5	-	-	-	-	-	-
West Trunk Line Engineering Only	-	-	-	1.69	-	1.69
Stillhouse WWTP Phase 2	-	10.00	-	-	-	10.00
Vac Truck Storage	0.08	-	-	-	-	0.08
Leon Plant Sludge Thinner	0.87	-	-	-	-	0.87
Lakewood Lift Station	0.03	-	-	-	-	0.03
Leon Plant Bar Screen	-	0.70	-	-	-	0.70
Leon Plant Scada	-	0.80	-	-	-	0.80
Leon WWTP Upgrade	-	-	-	-	-	-
Lift Station Flow Meters	-	-	0.60	-	-	0.60
Stillhouse Office	-	-	0.12	-	-	0.12
Leon Plant Air Diffuser	-	-	-	-	1.87	1.87
Lift Station Odor Control	-	-	-	-	0.40	0.40
Lift Station Odor Control	-	-	-	-	0.40	0.40
Lift Station Odor Control	-	-	-	-	0.40	0.40
Total - Sewer CIP	\$ 4.09	\$ 11.60	\$ 1.84	\$ 1.79	\$ 3.17	\$ 22.48
TOTAL WATER & SEWER CIP	\$30.11	\$13.42	\$13.40	\$13.93	\$8.70	\$79.55

The 2026 Sewer projects are upgrades at existing problem areas.

 The main 2027 project is Phase 2 of Stillhouse Wastewater Treatment Plant expansion, as required by TCEQ to be complete by 2029.



Proposed Water/Sewer Rates for City of Gatesville Customers Only

Based Upon:

- PW Director Chad Newman's OPCs
- FNI Water System Improvements Plan
- Staff Assessment of Priorities
- NewGen's Water Rate Study, Revised Sept. 2025

RETAIL KEY ISSUES

Financial Performance

- Without increases in customer rates, financial performance is projected to be insufficient beginning in FY 2026
 - Negative ending Fund Balance
 - No Reserve (25% Reserve Requirement)
 - Short of Debt Service Coverage Requirement of 1.25x
- Key driver is needed capital investment for necessary projects.
 - ~~\$81.5~~^{\$79.55} million in Capital Improvements anticipated to be needed over the next five years (reduced by ~~\$20M~~^{\$21M} from prior presentation)
- Not only are increases needed to support capital funding, but the City must also meet its financial metrics to support its overall costs and bond rating

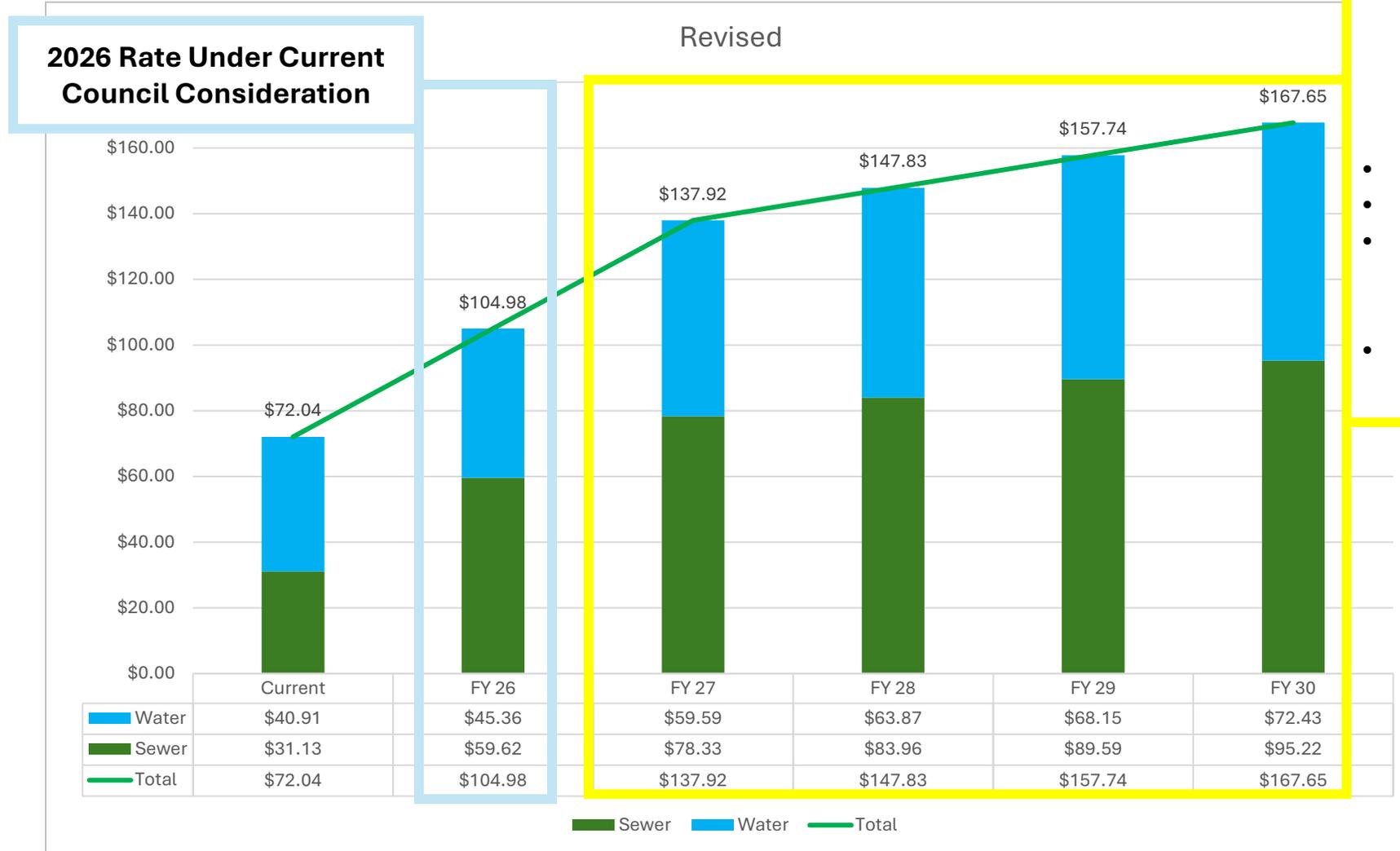
KEY ISSUES RATE STRUCTURE

- Water Rate Structure is not reflective of industry standards:
 - Base (meter) charge not increasing based on American Water Works Association meter equivalency factors
- No proposed changes to Sewer Rate Structure
- Appropriate adjustments being made to wholesale in line with currently applicable contracts and their allocable cost of service
- Rate recommendations are subject to change based on Texas Water Development Board loan
- Recommended rate adjustments in October 2025

MONTHLY CUSTOMER BILL PROJECTION

Residential Inside ¾”

5,000 gallons



FUTURE RATES TO BE DETERMINED by:

- CIP funding via TWDB grants;
- CIP funds via Texas Legislature;
- CIP planning/funding by alternate means & sources;

and,

- **Future Council votes on water rates.**

Note: all rates assume highest levels needed, and do not account for possible reductions via alternate source funding, such as grants. City staff and contractors continue to pursue alternate funding options to offset the customer rates listed here.

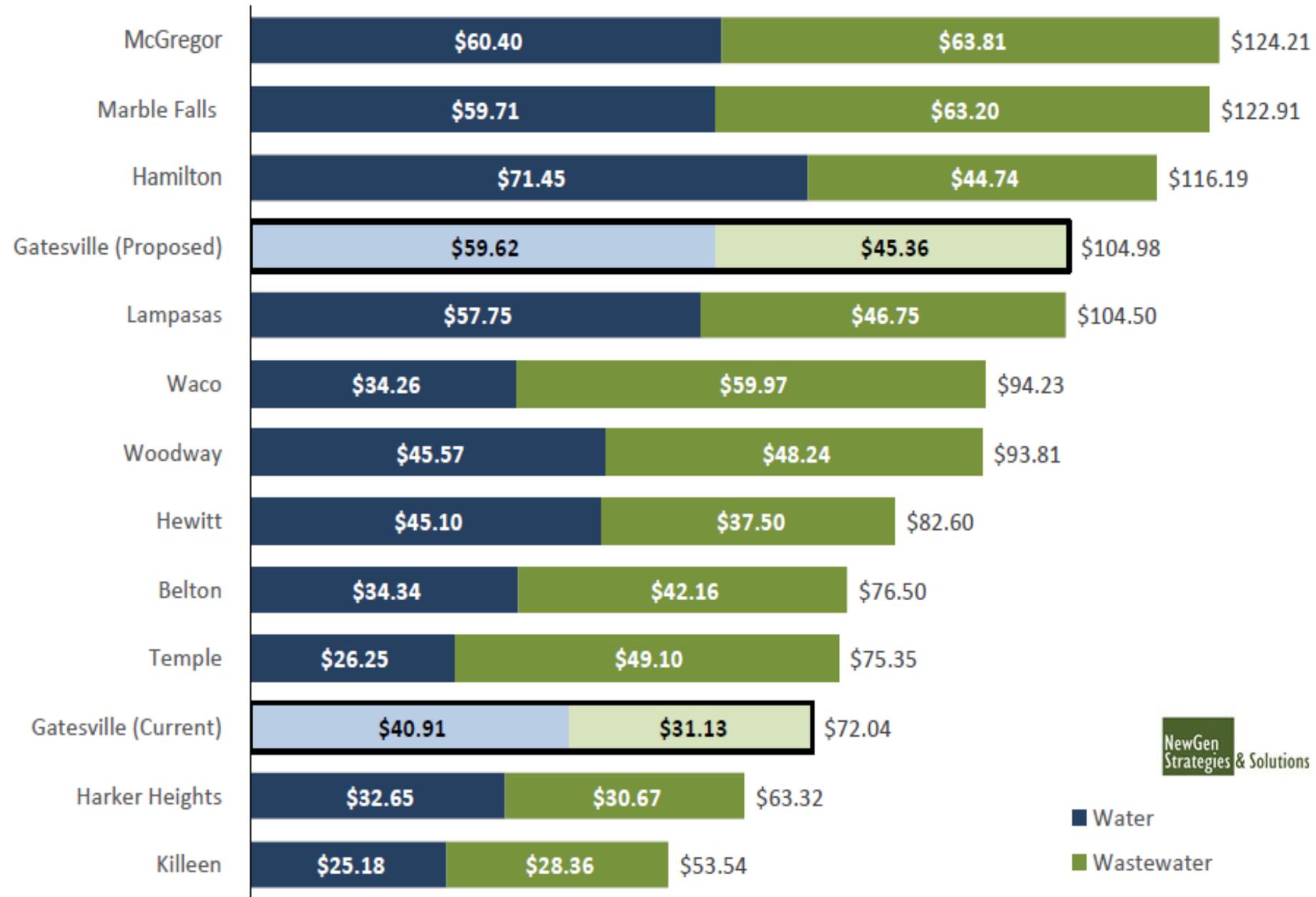
COMBINED REGIONAL BILL COMPARISON*

Residential 3/4"
5,000 Gallons

*see notes next page

Bill Comparisons are based on NewGen's interpretation of publicly available data as of July 2025.

Residential 3/4-inch Monthly Bill for 5,000 gallons



NewGen Strategies & Solutions

Water
Wastewater

Note: Lampasas assumes Urban rates

September 2025 Updates on Regional Rates

The proposed 2026 rates that will equate to the average customer's monthly bill of \$104.98 were compared with other regional suppliers on the previous page. However, since that comparison in July 2025, many regional suppliers are also implementing new rates.

◆ AI Overview

As of September 2025, the city of McGregor is proposing an **8% increase in water and wastewater rates** for the 2026 fiscal year. The new rates for 2026 have not yet been formally adopted, but the 8% increase is included in the proposed budget for fiscal year 2025-2026. [🔗](#)

For all other residential customers

The city of Marble Falls regularly adjusts its utility rates based on annual cost-of-service assessments. While the exact figures for 2026 have not been published, you can expect an incremental increase over the city's 2025 residential rates. [🔗](#)

◆ AI Overview

Official water rates for the City of Hamilton, Texas, were projected to remain steady in 2026 at **\$80.19 per month for the average residential user consuming 6,044 gallons**. This projection was reported to the Texas Water Development Board (TWDB) during a 2025 funding request. [🔗](#)

◆ AI Overview

Water rates for Lampasas in 2026 are not yet finalized, but a rate increase for water and wastewater is being considered. The Lampasas City Council discussed a potential increase of \$1 per 1,000 gallons for both water and wastewater during a budget workshop in August 2025. [🔗](#)

◆ AI Overview

Waco water rates in 2026 **will reflect a general increase across the utility services, with an \$11 monthly jump in total utility bills due to a new city budget**. The city has released a document showing proposed rates for the fiscal year 2025-2026, which includes an increase to the base rate and usage rates for water. [🔗](#)

◆ AI Overview

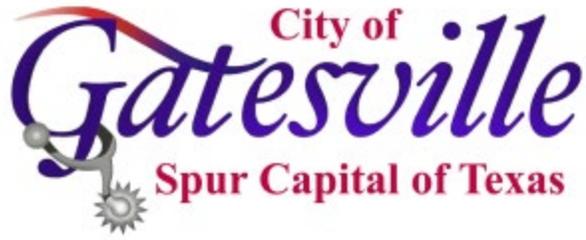
According to the Woodway 2025–2026 proposed budget, water and sewer rates will increase by 5% effective October 1, 2025. The city had previously considered a 5–10% tiered rate increase due to financial issues and high water usage. [🔗](#)

◆ AI Overview

No water rates for Hewitt, Texas, have been finalized for 2026, though a future increase is likely. The Hewitt City Council typically approves any changes to water and sewer rates as part of its annual budget process in the fall. An increase was planned for 2025, and a multi-year plan has included increases since 2021. [🔗](#)

◆ AI Overview

For Belton, Texas, water rates for 2026 are projected to remain at the same level as the 2025 fiscal year, which were approved in August 2024. For most residential customers, water is billed based on a tiered structure that includes a base rate and a volumetric charge per 1,000 gallons. [🔗](#)



Addendum: Proposed FY 2026 Retail* Rates

*City of Gatesville Customers Only

Projected Water Rates

FY	# of Connections	Current	2026
<u>Residential Water Inside</u>			
<i>Minimum Monthly Fee</i>			
3/4"	2,922	\$ 24.21	\$ 35.27
1"	88	30.67	51.73
1.5"	3	46.81	92.88
2"	8	66.17	142.25
<i>Volumetric Rates (per kGal.)</i>			
0-5,000 gal		\$ 3.34	\$ 4.87
5,000-15,000 gal		3.67	5.72
15,000-30,000 gal		4.07	6.75
30,000+ gal		4.45	7.90
<u>Residential Water Outside</u>			
<i>Minimum Monthly Fee</i>			
3/4"	253	\$ 36.32	\$ 52.91
1"	25	46.01	77.61
1.5"	1	70.22	139.33
2"	7	99.26	213.39
<i>Volumetric Rates (per kGal.)</i>			
0-5,000 gal		\$ 5.01	\$ 7.31
5,000-15,000 gal		5.51	8.58
15,000-30,000 gal		6.11	10.12
30,000+ gal		6.68	11.86
<u>Commercial Water Inside</u>			
<i>Minimum Monthly Fee</i>			
3/4"	247	\$ 22.27	\$ 32.44
1"	52	35.34	52.77
1.5"	9	68.00	103.59
2"	47	107.19	164.58
3"	3	198.65	306.88
4"	6	329.30	510.17
<i>Volumetric Rates (per kGal.)</i>			
All volumes		\$ 3.34	\$ 4.87

FY	# of Connections	Current	2026
<u>Commercial Water Outside</u>			
<i>Minimum Monthly Fee</i>			
3/4"	10	\$ 33.41	\$ 48.67
1"	2	53.01	79.16
1.5"	0	102.00	155.39
2"	1	160.79	246.87
3"	1	297.98	460.33
4"	0	493.95	765.26
<i>Volumetric Rates (per kGal.)</i>			
All volumes		\$ 5.01	\$ 7.31
<u>Sprinkler Inside</u>			
<i>Minimum Monthly Fee</i>			
3/4"	15	\$ 11.13	\$ 16.21
1"	9	17.66	26.37
1.5"	5	33.99	51.77
2"	13	53.57	82.24
3"	0	99.28	153.35
<i>Volumetric Rates (per kGal.)</i>			
0-5,000 gal		\$ 3.34	\$ 4.87
5,000-15,000 gal		3.67	5.72
15,000-30,000 gal		4.07	6.75
30,000+ gal		4.45	7.90
<u>Sprinkler Outside</u>			
<i>Minimum Monthly Fee</i>			
3/4"	0	\$ 16.70	\$ 24.32
1"	1	26.49	39.55
1.5"	0	50.98	77.65
2"	0	80.37	123.38
3"	0	148.92	230.02
<i>Volumetric Rates (per kGal.)</i>			
0-5,000 gal		\$ 5.01	\$ 7.31
5,000-15,000 gal		5.51	8.58
15,000-30,000 gal		6.11	10.12
30,000+ gal		6.68	11.86

Projected Water Rates

FY	# of Connections	Current
<u>Stock Water Inside</u>		
<i>Minimum Monthly Fee</i>		
3/4"	5	\$ 11.13
1"	0	17.66
1.5"	0	33.99
2"	0	53.57
3"	0	99.28
<i>Volumetric Rates (per kGal.)</i>		
All volumes		\$ 3.34
<u>Stock Water Outside</u>		
<i>Minimum Monthly Fee</i>		
3/4"	4	\$ 16.70
1"	0	26.49
1.5"	0	50.98
2"	1	80.37
3"	0	148.92
<i>Volumetric Rates (per kGal.)</i>		
All volumes		\$ 5.01
<u>New Construction Inside</u>		
<i>Minimum Monthly Fee</i>		
3/4"	5	\$ 24.75
<i>Volumetric Rates (per kGal.)</i>		
All volumes		\$ 3.34
<u>New Construction Outside</u>		
<i>Minimum Monthly Fee</i>		
3/4"	0	\$ 37.13
<i>Volumetric Rates (per kGal.)</i>		
All volumes		\$ 5.01

FY	# of Connections	Current	2026
<u>Worship Center Inside</u>			
<i>Minimum Monthly Fee</i>			
All	32	\$ 20.00	\$ 29.14
<i>Volumetric Rates (per kGal.)</i>			
0-5,000 gal		\$ 3.34	\$ 4.87
5,000-15,000 gal		3.67	5.72
15,000-30,000 gal		4.07	6.75
30,000+ gal		4.45	7.90
<u>Worship Center Outside</u>			
<i>Minimum Monthly Fee</i>			
3/4"	1	\$ 30.00	\$ 43.71
<i>Volumetric Rates (per kGal.)</i>			
0-5,000 gal		\$ 5.01	\$ 7.31
5,000-15,000 gal		5.51	8.59
15,000-30,000 gal		6.11	10.13
30,000+ gal		6.68	11.87
<u>Bulk Construction</u>			
<i>Minimum Monthly Fee</i>			
2"	6	\$ 107.19	\$ 164.58
<i>Volumetric Rates (per kGal.)</i>			
All volumes		\$ 3.34	\$ 4.87
<u>County Water</u>			
<i>Minimum Monthly Fee</i>			
All	1	\$ -	\$ -
<i>Volumetric Rates (per kGal.)</i>			
All volumes		\$ 3.00	\$ 4.87
<u>TDCJ</u>			
<i>Minimum Monthly Fee</i>			
2"	1	\$ 107.19	\$ 164.58
6"	3	655.92	1,018.40
10"	2	1,505.16	2,339.79

Projected Wastewater Rates

FY	# of Connections	Current	2026
<u>Residential Sewer</u>			
<i>Minimum Monthly Fee</i>			
All	3,052	\$ 11.13	\$ 16.21
<i>Volumetric Rates (per kGal.)</i>			
All volumes		\$ 4.00	\$ 5.83
<u>Commercial Sewer</u>			
<i>Minimum Monthly Fee</i>			
All	400	\$ 11.13	\$ 16.21
<i>Volumetric Rates (per kGal.)</i>			
All volumes		\$ 4.00	\$ 5.83
<u>TDCJ Sewer</u>			
<i>Minimum Monthly Fee</i>			
All	3	\$ 389.65	\$ 567.65
<i>Volumetric Rates (per kGal.)</i>			
All volumes		\$ 3.01	\$ 4.39
Placeholder		-	-
Placeholder		-	-