

# Cash Flow Report - Managers Account

Block House MUD - GOF



Number	Name	Memo	Amount	Balance
<b>Balance as of 05/23/2024</b>				<b>\$40,000.00</b>
<b>Receipts</b>				
	No Receipts Activity		0.00	
<b>Total Receipts</b>				<b>\$0.00</b>
<b>Disbursements</b>				
8932	First Citizens Visa	Credit Card Statement	(3,513.31)	
<b>Total Disbursements</b>				<b>(\$3,513.31)</b>
<b>Balance as of 05/23/2024</b>				<b>\$36,486.69</b>

## Memorandum

**To:** Mr. Sean Abbott, Legal Counsel for Block House MUD, Armbrust & Brown, PLLC  
**From:** Mr. Dave Yanke, President, NewGen Strategies and Solutions, LLC  
**Date:** May 21, 2024  
**Re:** Block House MUD - Stage 3 Water Conservation Rate Analysis

---

### Background

Block House Municipal Utility District (Block House MUD, or District) retained NewGen Strategies & Solutions, LLC (NewGen) to conduct an update to the water rate study completed by NewGen in October, 2022. The City of Cedar Park (City) sent a letter to the District, dated November 7, 2023, stating the City was entering Stage 3 water conservation efforts, meaning the wholesale water rate would be increased from \$3.56 to \$3.88 per 1,000 gallons (a 9% increase) effective with the December 7, 2023 invoice. This increase was the primary reason for the District retaining NewGen to conduct this update. The District's Water and Wastewater Utility is operated by Crossroads Utility Services, LLC.

### Methodology

In conducting the Stage 3 Water Conservation Rate Analysis, NewGen examined the following documents to assist with the rate analysis:

- The District's most recent budget, which was for fiscal year (FY) 2024
- The letter from the City dated November 7, 2023 with the proposed rate increase (Attachment A)
- The District's customer billing data from October 2019 to September 2023
- The District's water purchase data from Cedar Park for October 2017 to March 2024

### Analysis

In conducting the rate analysis, to determine how much the District's volumetric rates needed to be increased, NewGen began by incorporating the \$0.32 per 1,000 gallon increase in purchased water cost that needs to be recovered due to the Stage 3 conservation measures.

NewGen then compared historical water purchased volumes from the City of Cedar Park versus the District's water usage (i.e. water sold to its approximately 2,200 water customers). Upon analyzing the data, NewGen decided to use the prior study's annual water sales figure of 177,980,000 gallons, as well as the annual water purchase estimate of 210,000,000 gallons.

# Memorandum

Page 2

## Proposed Rates

### Scenario 1

To fully recover the cost of approximately 33 million gallons of water that are not billed (e.g. lost and unaccounted water, irrigation of District parks, etc.) the volumetric rate needs to be increased to \$0.40 per 1,000 gallons , as shown below in Table 1.

**Table 1**  
**Recommended Rate Increases**

---

<b>Volumetric Rates</b>			
<b>Proposed Rate Increase</b>			
<i>In-District</i>			
0-7,000 gals		\$	0.40
7,001-14,000 gals			0.40
14,001-20,000 gals			0.40
20,000 + gals			0.40
<b>Volumetric Rate (per 1,000 gallons)</b>			
<i>In-District</i>			
0-7,000 gals	\$	4.88	\$ 5.28
7,001-14,000 gals		5.12	5.52
14,001-20,000 gals		5.55	5.95
20,000 + gals		6.00	6.40
<b>In-District (Irrigation/Fire Hydrant)</b>			
0-7,000 gals	\$	4.88	\$ 5.28
7,001-14,000 gals		5.12	5.52
14,001-20,000 gals		5.55	5.95
20,000 + gals		6.00	6.40

---

### Scenario 2

Alternatively, NewGen was asked to create a second water rate scenario as shown in Table 2 that has a larger volumetric rate increase allocated to the higher volume District users in an effort to encourage water conservation.

**Table 2  
Recommended Rate Increases**

<b>Volumetric Rates</b>		
<b>Proposed Rate Increase</b>		
<i>In-District</i>		
0-7,000 gals	\$	<b>0.25</b>
7,001-14,000 gals		<b>0.75</b>
14,001-20,000 gals		<b>0.75</b>
20,000 + gals		<b>0.75</b>
<b>Volumetric Rate (per 1,000 gallons)</b>		
<i>In-District</i>		
0-7,000 gals	\$ 4.88	\$ 5.13
7,001-14,000 gals	5.12	5.87
14,001-20,000 gals	5.55	6.30
20,000 + gals	6.00	6.75
<b>In-District (Irrigation/Fire Hydrant)</b>		
0-7,000 gals	\$ 4.88	\$ 5.13
7,001-14,000 gals	5.12	5.87
14,001-20,000 gals	5.55	6.30
20,000 + gals	6.00	6.75

## Findings & Recommendations

- 1) NewGen recommends that Block House MUD implement either of the two scenarios as soon as practical.
- 2) NewGen would recommend that when the City lowers the Stage 3 drought rate increase (when out of the drought stage), Block House MUD evaluate whether it is feasible to decrease the rate increase approved, as noted in recommendation 1.
- 3) NewGen recommends that Block House MUD conduct a new comprehensive water and wastewater cost of service study in the Fall of 2025 to ensure that all operating and capital costs are being fully recovered by the District's current water and wastewater rate structure and tax rate structure, as it will have been three years since the District's last comprehensive rate study.

**ATTACHMENT A**



November 7, 2023

Armbrust & Brown, PLLC  
Block House Creek Municipal Utility District  
Attn: Mr. Sean Abbott  
100 Congress Avenue, Suite 1300  
Austin, Texas 78701

Re: Notice of City of Cedar Park Stage 3 Temporary Water Conservation Rate Adjustment

Dear Mr. Abbott,

As you may be aware, the decrease of the combined storage level of Lakes Buchanan and Travis prompted the City of Cedar Park to enter stage 3 watering restrictions and conservation efforts on August 14, 2023.

Stage 3 water conservation efforts require implementation of a once-per-week watering schedule and a temporary water rate adjustment of 9%.

The temporary water rate adjustment for Block House Creek Municipal Utility District is scheduled to be implemented and reflected on your December 7, 2023 invoice for the service period of October 22, 2023 – November 22, 2023. The current (stage 2) and new, temporary (stage 3) volumetric water rate applicable to the District is below:

<u>Service</u>	<u>Current (Stage 2) Volumetric Rate (per 1,000 Gallons)</u>	<u>New (Stage 3) Volumetric Rate (per 1,000 Gallons)</u>
Water	\$3.56	\$3.88

Please feel free to contact me should you have any questions or concerns. I can be reached at 512-401-5314 or [nanette.mccartan@cedarparktexas.gov](mailto:nanette.mccartan@cedarparktexas.gov).

Sincerely,  
  
Nanette McCartan  
Utility Programs Manager  
City of Cedar Park

- Cc: JP LeCompte – City Attorney
- Chris Copple – Assistant City Manager
- Eric Rauschuber – Director of Public Works and Utilities
- Kenneth Wheeler – Assistant Director of Utilities
- JoAnn Perez – Utility Billing Manager
- Andrew Hunt – Crossroads Utilities
- Cecelia Roberts – Block House Creek MUD