



## AGENDA ITEM SUMMARY

**Agenda Date**

June 23, 2026

**Requested Action**

APPROVE ORDINANCE NO. 2026-03; AN ORDINANCE ESTABLISHING THE RATE CLASSIFICATIONS AND RATES TO BE CHARGED FOR GAS SERVICE PROVIDED BY THE CITY OF BOERNE UTILITIES, AND REPEALING ORDINANCE 2023-07, DATED FEBRUARY 28, 2023, AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH.  
*(Establishing Gas rates)*

**Contact Person**

Sarah Buckelew, Finance Director

**Background Information**

During fiscal year 2026, a comprehensive rate study was conducted on the gas utility.

The objectives of the study were:

- To ensure rate revenues are adequate to meet rising operating costs, including wholesale gas purchases.
- Fund capital improvements proposed over the next several years (FY 2026-2031).
- Ensure utility financial policies are met, including adequate debt service coverage ratios and fund balances.
- Propose a tiered rate structure to accommodate for larger gas meters.

Study outcomes to be discussed include:

- General operational expenses are projected to grow over time, as are capital costs, driven by the regulatory requirements and the need to provide safe and reliable services.
- Proactive planning and phased rate adjustments over time will help keep annual increases more predictable and manageable.
- Implementation of tiered rate structure to allocate costs based on usage and system demand.

A public presentation and discussion of the rate study and proposed rates occurred at the regularly scheduled City Council meeting on May 12, 2026.

If passed, this ordinance sets rates effective with consumption beginning August 1, 2026.

<b>Strategic Alignment</b>	<p>C1 – Quality Customer Experiences</p> <p>F1 - Committing to Strategic, responsible, and conservative financial management</p> <p>F2 – Investing in and maintaining high-quality infrastructure systems and public assets</p> <p>B1 – Utilizing data to drive smart decision making</p>
<b>Financial Considerations</b>	The water rates proposed are included in the attached ordinance
<b>Citizen Input/Board Review</b>	N/A
<b>Legal Review</b>	N/A
<b>Alternative Options</b>	N/A
<b>Supporting Documents</b>	Ordinance No. 2026-03