

A photograph of a blue water tower with the City of Kyle logo on it, set against a blue sky with clouds. The tower is partially obscured by green trees in the foreground.

FY 2025-26

WATER/ WASTEWATER RATES

Frequently Asked Questions

The City of Kyle is updating its water and wastewater rates to make sure they are fair for all customers and provide the funding needed to keep our water system safe, reliable, and ready for the future.

In 2024, the City began a multi-year review of rates as part of updating the Water Master Plan. A third-party cost-of-service study found that rates needed to better reflect the actual cost of providing service to each customer group - residential, multi-family, commercial, irrigation, and flat-rate residential.

Last year, rates for inside-city customers were adjusted to match the real cost of service. Outside-city customers did not see changes at that time. This year it's being proposed that both inside and outside-city customers will see adjustments so everyone pays their fair share based on how much water they use and the impact they have on the system. Outside-city customers will see a larger percentage increase (77%) because serving these areas requires longer pipelines, more pump stations, and additional infrastructure.

Some residents have asked why the rate increase can't be phased in over time. The answer is simple: the projects these rates fund are already underway and are critical to providing safe, clean water. Delaying funding for Capital Improvement Projects would slow or halt system expansions and upgrades, risking service reliability, water quality, and higher emergency costs in the future. Recent projects have already increased Kyle's water supply by 37%, and ongoing upgrades include pump station improvements, wastewater treatment expansion, advanced water meters, and an Aquifer Storage and Recovery project.

These investments are not just about today they're about building a strong utility system that will meet Kyle's needs for decades. To support that goal, Kyle uses a tiered rate structure, which means the more water a customer uses, the more they pay per thousand gallons. This system ensures that the cost of maintaining and improving our infrastructure is shared fairly, rewards conservation, and helps protect the long-term sustainability of our water supply.

For more details and project updates, visit the [City's Open Gov Portal](#).

What will the average bill with the new proposed water and wastewater rates for inside city customers for FY 2025–26 look like for the average customer?

Inside-City Residential

Monthly Bill	Existing	Proposed	Increase	% Increase
Water	\$76.73	\$92.07	\$15.35	+20%
Wastewater	\$45.36	\$48.08	\$2.72	+6%
Total	\$122.08	\$140.15	\$18.07	+15%

What will the average bill with the new proposed water and wastewater rates for outside city customers for FY 2025–26 look like for the average customer?

Outside-City Residential

Monthly Bill	Existing	Proposed	Increase	% Increase
Water	\$92.77	\$164.04	\$71.27	+77%
Wastewater	\$74.90	\$97.47	\$22.57	+30%
Total	\$167.67	\$261.51	\$93.84	+56%

Why are water and wastewater rates increasing?

The City of Kyle is adopting a new rate structure to create a more equitable and sustainable utility system. The revised rates:

- Align charges more closely with actual cost to provide water and wastewater services.
- Ensure all customer classes—residential, commercial, multi-family, and irrigation—pay their fair share.
- Fund critical infrastructure upgrades for long-term water reliability and drought resilience.

The City of Kyle’s primary goal in adjusting water and wastewater rates is to ensure all customers pay their fair share of the cost of providing safe, reliable, and sustainable utility services. These adjustments reflect the current and projected costs of delivering service, based on a comprehensive third-party cost-of-service study.

Rate increases are necessary to fund the Capital Improvement Program (CIP) that will expand our water and wastewater systems to meet the current and future needs of all customers. These projects are essential to meet growing demand, maintain system reliability, and ensure water security for decades to come.

How were the new rates determined?

In 2024, the City partnered with Raftelis Financial Consultants, Inc. to conduct a cost-of-service study and stakeholder review. The new rate structure is based on:

- Critical system improvement costs
- Customer usage data
- Customer class equity
- Financial sustainability

Why can’t the increases be phased in?

Because the projects that drive these rates are already underway and ongoing, the City must collect the necessary funding now to ensure these projects can continue without delay. Phasing in rates would slow progress on critical upgrades, risking service reliability and higher emergency costs in the future.

How will these rate increases benefit Kyle residents?

The CIP is a multi-year effort designed to ensure safe, reliable water delivery, support long-term drought preparedness, prevent system failures, reduce maintenance costs over time, and support growth responsibly. Revenue from the updated rates will fund these necessary capital improvements.

Key projects include:

Recently Completed Projects:

- Alliance Water Supply Activation (May 2025): First delivery of water from the Alliance Water project began in May 2025, expanding the city's water supply capacity by 26.7%—an additional 1.73 million gallons per day (MGD).
- Green Valley SUD Agreement (March 2025): Approved in March 2025, this agreement added 0.652 MGD to the city's current water supply, with capacity increasing to 1.42 MGD over time.

Combined, the Alliance Water and Green Valley SUD agreements have increased the city's total water supply by 2.37 MGD, a 37% increase in overall capacity.

Ongoing Projects:

- SCADA System Replacement – Updating our Supervisory Control and Data Acquisition system to improve system monitoring and control, making our water system safer and more reliable.
- Citywide Pump Station Improvements – Upgrading and expanding stations to maintain reliable service and the ability to move water across the city efficiently.
- Wastewater Treatment Plant (WWTP) Expansion – Increasing capacity to 9 MGD serve a growing population.
- FM 1626 Expansion / Third Alliance Water Take Point: Design is underway for a new expansion at FM 1626. This site will serve as the city's third water take point from the Alliance Water system, enhancing distribution reliability and redundancy.
- AMI Water Meter Change-out (Digital Metering Upgrade): A citywide upgrade is in progress to replace thousands of analog water meters with advanced metering infrastructure (AMI). These new digital meters will allow for more accurate and efficient readings, with project completion expected by late 2025.
- Aquifer Storage and Recovery - In June of 2025, Kyle City Council , approved a contract with STV Infrastructure, Inc. for an Aquifer Storage and Recovery (ASR) project, a key water supply strategy outlined in the City's Water Master Plan

For information on the projects funded by water and wastewater rates, go to the [City's Open Gov Portal](#).

Why are outside-City rates higher?

The cost of providing water and wastewater service is higher outside City limits. Serving these areas requires:

- More pump stations to maintain pressure over long distances
- Extended water and wastewater lines to reach properties
- Lift stations and storage tanks to move and store water effectively

In FY 2024–25, the City increased inside-City rates to better reflect the actual cost of service. Now, we are bringing outside-City rates in line with that true cost, meaning these customers are catching up to the base rates already paid by inside-City customers.

Are water rates based on water usage?

Yes. The City charges a base monthly minimum determined by your meter size, but the majority of your bill is based on how much water you use. Kyle's water rates are tiered based on volume—calculated per 1,000 gallons used each month—and this structure applies across all customer classes, including single-family, multi-family, commercial, and irrigation accounts. This means:

- The more water you use, the higher the rate per thousand gallons.
- The tiered system encourages water conservation.
- Heavy water users pay proportionally more for the greater demand they place on the system.

What's being done to help with affordability and growth?

The rate increases have been introduced gradually to reduce the impact on residents. The City has also updated impact fees so that new development — not current residents — helps cover the cost of growth-related utility expansions.

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Quick FAQs



Average Monthly Bills

- Inside-City Residential:
 - Water: \$76.73 → \$92.07 (+20%)
 - Wastewater: \$45.36 → \$48.08 (+6%)
 - **Total: \$122.08 → \$140.15 (+15%)**
- Outside-City Residential:
 - Water: \$92.77 → \$164.04 (+77%)
 - Wastewater: \$74.90 → \$97.47 (+30%)
 - **Total: \$167.67 → \$261.51 (+56%)**

Why are rates increasing?

- To align charges with the real cost of service for all customer classes.
- To fund critical infrastructure upgrades that ensure reliability, drought resilience, and growth support.
- Based on a third-party cost-of-service study.

How were rates determined?

- Conducted by Raftelis Financial Consultants, Inc.
- Considered system improvement costs, customer usage, fairness across classes, and long-term financial sustainability.

Why not phase in the increases?

- Projects funded by these rates are already underway and critical.
- Phasing would delay upgrades, risk reliability, and increase future emergency costs.

Benefits to Residents

- Safe, reliable water delivery and long-term drought preparedness.
- System expansions to meet demand and prevent failures.
- Reduced maintenance costs over time.

Key Projects:

- Alliance Water & Green Valley SUD agreements → +37% water supply capacity.
- Wastewater Treatment Plant expansion to 9 MGD.
- Citywide pump station upgrades.
- Digital metering upgrade (AMI).
- Aquifer Storage and Recovery project.
- SCADA system replacement.

How are bills calculated?

- Base charge depends on meter size.
- Most of bill is based on tiered usage per 1,000 gallons.
- Higher use = higher rate, encouraging conservation.

Why are outside-City rates higher?

- Longer pipelines, pump stations, lift stations, and tanks increase service costs.
- Outside-City rates are being brought in line with actual costs already paid by inside-City customers.

What about affordability and growth?

- Increases introduced gradually to soften impact.
- Updated impact fees ensure new development, not current residents, funds growth-related expansions.