

**Posting Language**

Recommend approval to authorize a contract for finance consulting services for Austin Water with NewGen Strategies and Solutions, LLC., for an initial term of one-year with up to four one-year extension options in an amount not to exceed \$340,000. Funding: \$180,000 is available in the Operating Budget of Austin Water. Funding for the remaining contract term is contingent upon available funding in future budgets.

**Lead Department**

Austin Financial Services.

**Client Department(s)**

Austin Water.

**Fiscal Note**

Funding in the amount of \$180,000 is available in the Fiscal Year 2025-2026 Operating Budget of Austin Water. Funding for the remaining contract term is contingent upon available funding in future budgets.

**Procurement Language:**

Professional Services.

**MBE/WBE:**

This contract is exempt from the City Code Chapter 2-9B (Minority-Owned and Women-Owned Business Enterprise Procurement Program); therefore, no subcontracting goals were established.

**Council Committee, Boards and Commission Action:**

October 15, 2025 - To be reviewed by the Water and Wastewater Commission.

**Additional Backup Information:**

The contract will provide financial consulting services for Austin Water (AW) with an emphasis on updating wholesale utility rates within the cost-of-service models. This contract also includes enhancing revenue forecasting models, conducting additional cost recovery analyses, and preparing for a Public Utility Commission (PUC) wholesale rate filing.

The goal of this collaborative effort is to ensure that wholesale rates accurately reflect actual usage and service requirements. The cost-of-service models are crucial for revising these rates to ensure they represent the true costs of the services provided. Currently, several wholesale customers are paying rates established by the PUC in 2016 that do not align with their specific usage patterns or service needs.

AW is seeking ongoing support from NewGen Solutions & Strategies, LLC., to implement these specialized models, which will help create a more equitable rate structure that better meets the needs of these customers while improving the overall efficiency of the pricing framework as we prepare for the PUC rate filing.

The Contractor has proven expertise in electric, water, wastewater, natural gas, and solid waste utility projects, specializing in financial feasibility, depreciation, valuations, and cost-of-service analyses. The firm employs one of fewer than 20 professionals nationwide with an Accredited Senior Appraiser designation in Public Utilities from the American Society of Appraisers.



The contract will replace a contract that expired on May 27, 2025. The requested authorization amount was determined on departmental estimates based on historical spend and anticipated future usage. The recommended contractor is the previous provider for these services.

Failure to secure this contract would leave AW without the familiarity and expertise required to update the cost-of-service models. This could delay timelines, prevent the setting of equitable wholesale customer rates, and negatively impact both revenue recovery and the overall financial health of the utility.

**Contract Details:**

<b>Contract Term</b>	<b>Length of Term</b>	<b>Contract Authorization</b>
Initial Term	1 year	\$180,000
Optional Extension 1	1 year	\$40,000
Optional Extension 2	1 year	\$40,000
Optional Extension 3	1 year	\$40,000
Optional Extension 4	1 year	\$40,000
<b>Total</b>	<b>5 years</b>	<b>\$340,000</b>

**Note:** Contract Authorization amounts are based on the City's estimated annual usage.