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City of Seguin

2020 Water/Wastewater Rate Analysis

City Council Presentation



July 21 2020

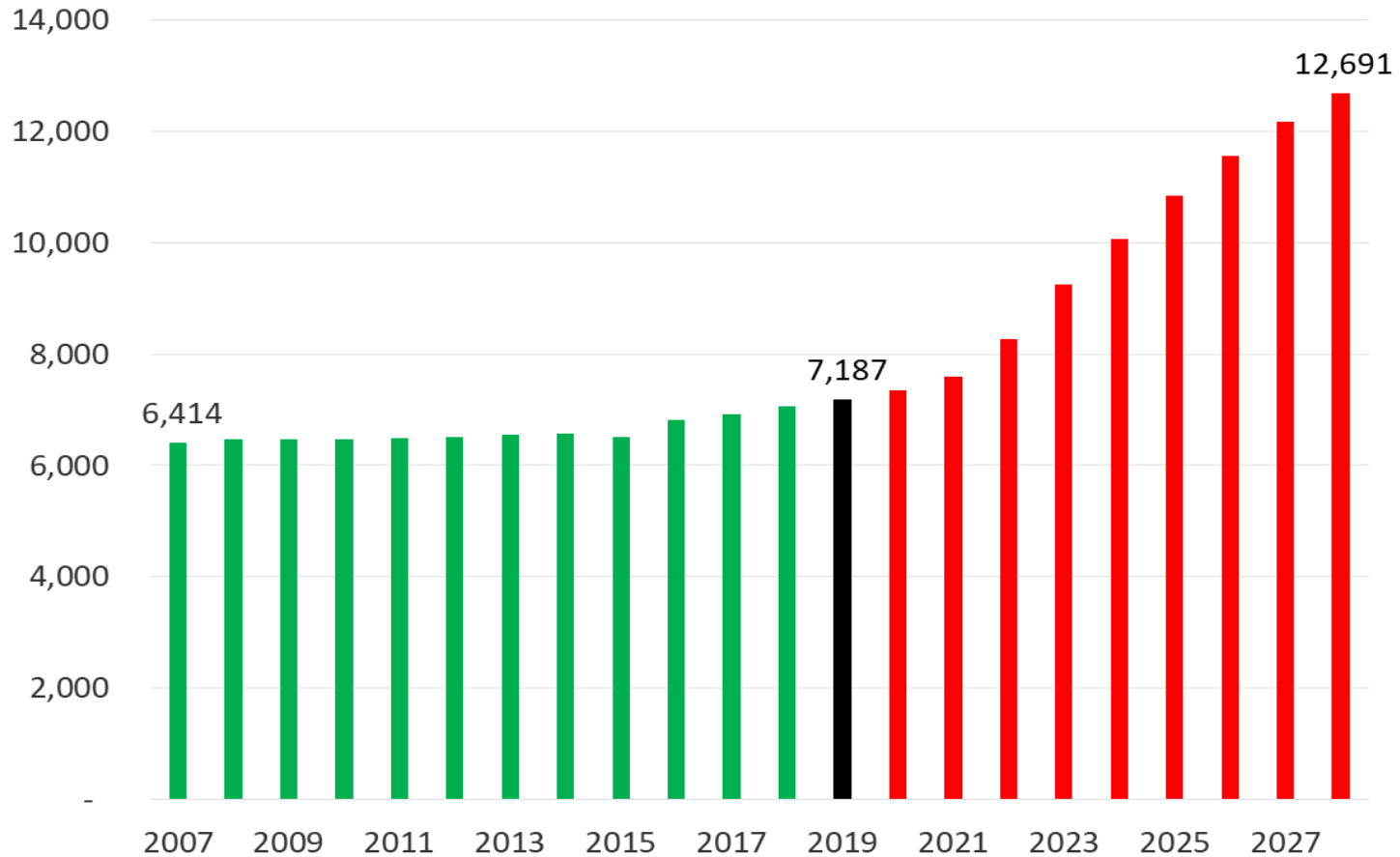
Factors Impacting 2020 Rate Plan



- ◆ SSLGC – Anticipated lower cost increases for next 5 years
- ◆ New wholesale customer will be increasing purchases 2020-2025
- ◆ Biggest impact: Expansion/consolidation of Walnut Branch and Geronimo Creek WWTPs
 - ❖ \$184 million in new debt
 - ❖ Significant new account growth – new rate and impact fee revenues



Historical and Forecast Wastewater Accounts

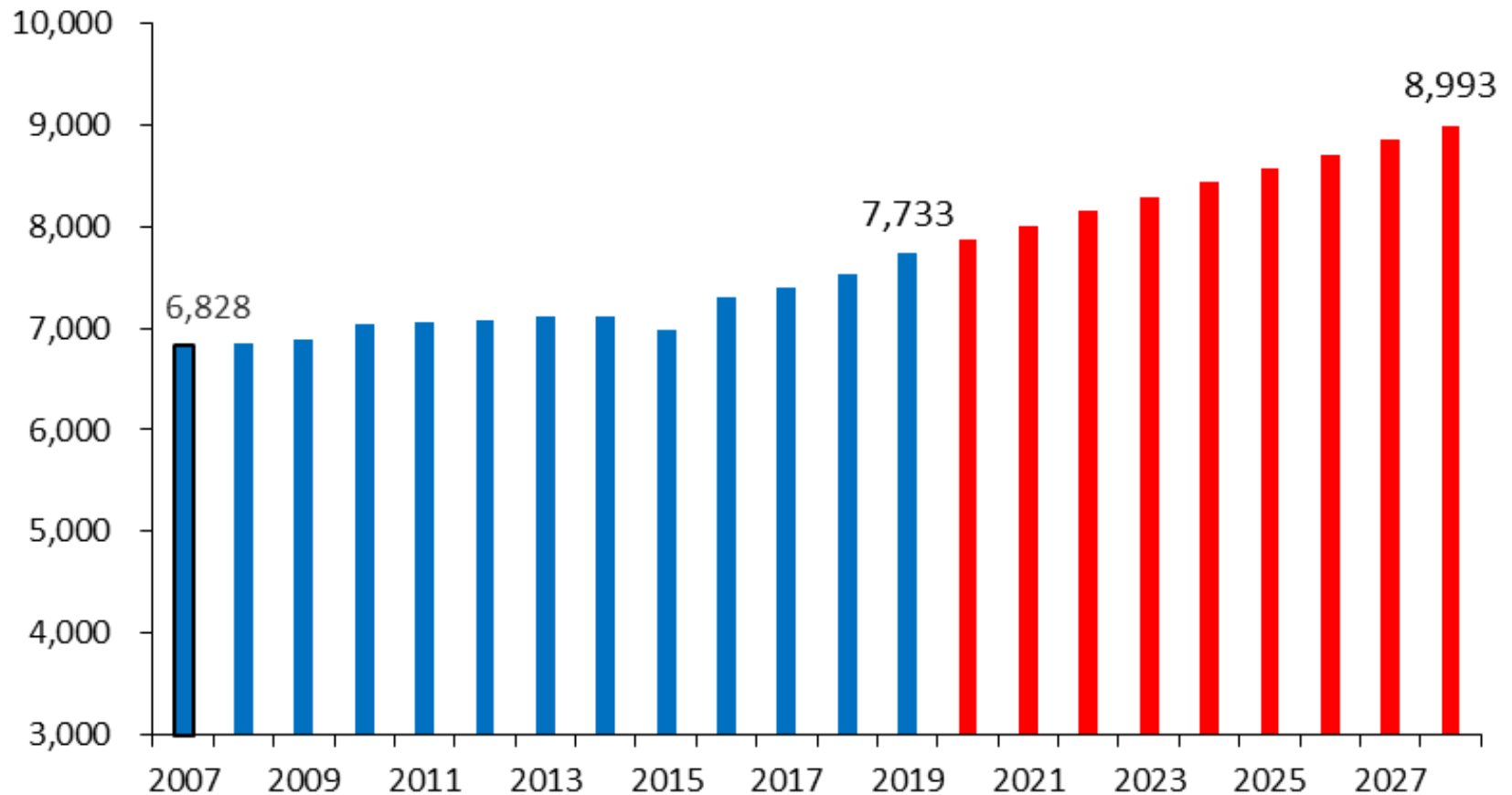


NOTE: 758/123 customers are outside city limits, which will require a new rate class

Historical and Forecast Water Accounts



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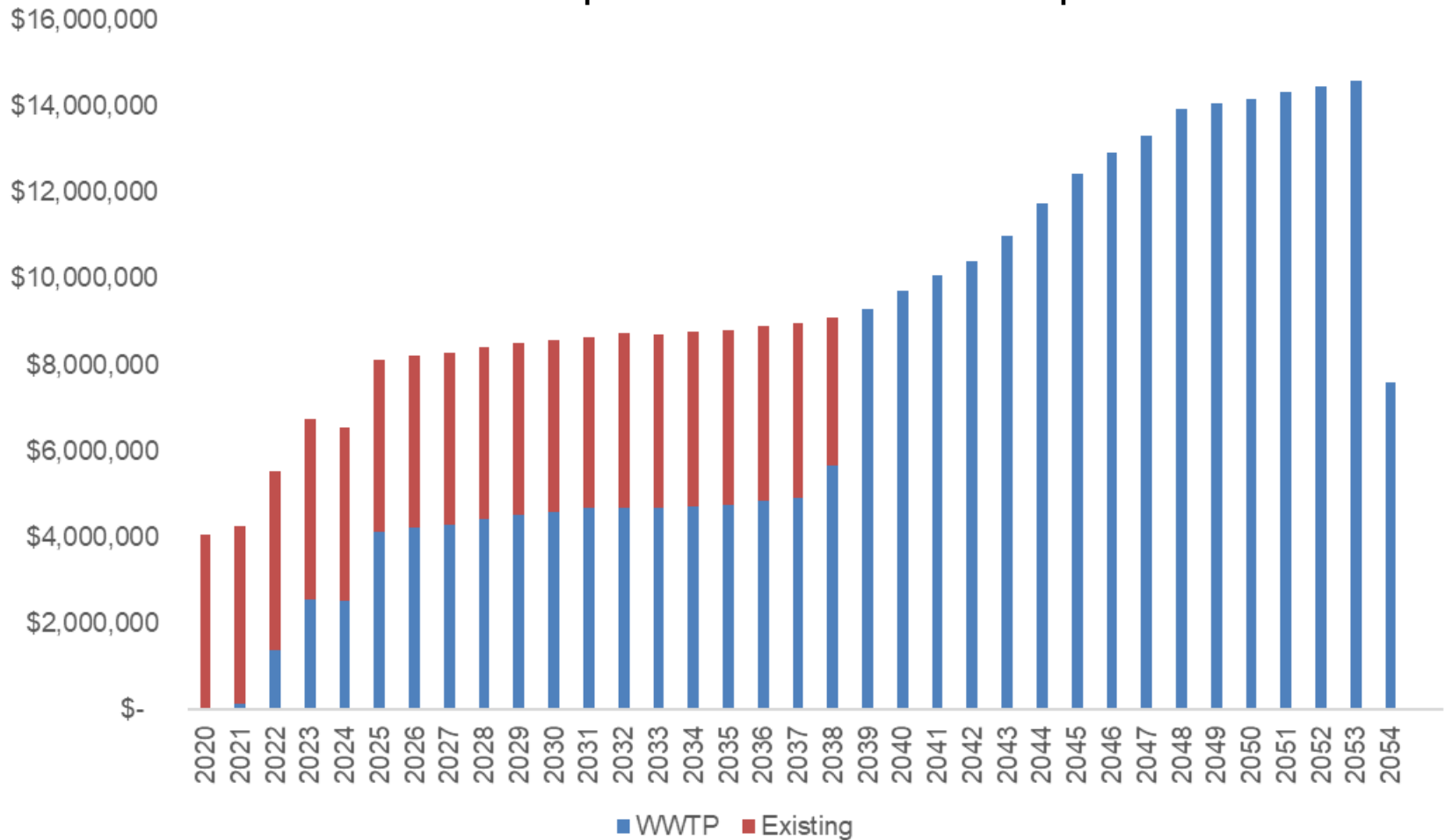


Annual Debt Service



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NOTE: 75% of wwtp debt service to be funded from impact fees



Forecast Water/Wastewater Cost of Service



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	2020	2021	2022	2023	2024	2025
WATER Utility						
<u>Cost of Service</u>						
Operating/Capital Outlays	\$ 11,092,520	\$ 11,457,248	\$ 12,066,042	\$ 12,537,342	\$ 13,008,121	\$ 13,502,883
Debt Service -- Current	1,114,576	1,175,611	1,173,966	1,179,215	1,026,035	957,060
Debt Service -- Future	<u>-</u>	<u>-</u>	<u>343,717</u>	<u>343,717</u>	<u>1,150,305</u>	<u>1,150,305</u>
Total	12,207,097	12,632,859	13,583,724	14,060,274	15,184,461	15,610,248

WASTEWATER Utility						
<u>Cost of Service</u>						
Operating/Capital Outlays	6,865,531	7,200,545	7,558,155	7,934,319	8,870,469	9,325,026
Debt Service -- Current	2,458,517	2,674,799	2,558,156	2,570,931	3,214,432	2,926,447
Debt Service -- Future	<u>-</u>	<u>29,938</u>	<u>714,632</u>	<u>978,275</u>	<u>1,191,775</u>	<u>1,319,825</u>
Total	9,324,047	9,905,281	10,830,943	11,483,525	13,276,676	13,571,297

Proposed Rate Plan -- Water Utility



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WATER Rates

Base Charge

	Current	Effective Oct-20	Effective Oct-21	Effective Oct-22	Effective Oct-23	Effective Oct-24	Effective Oct-25
Residential	\$ 23.21	\$ 23.67	\$ 24.14	\$ 24.63	\$ 25.12	\$ 25.62	\$ 26.13
Non-Residential	50.07	51.07	52.09	53.14	54.20	55.28	56.39
	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Volume Rate

Residential

-	10,000	4.04	4.12	4.20	4.29	4.37	4.46	4.55
10,001	35,000	4.61	4.70	4.80	4.89	4.99	5.09	5.19
35,001	Above	5.19	5.30	5.40	5.51	5.62	5.73	5.85
		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Commercial/Multi Family

-	12,000,000	4.58	4.67	4.76	4.86	4.96	5.06	5.16
12,000,001	Above	3.91	3.98	4.06	4.15	4.23	4.31	4.40
		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Surface -- Tyson/Rio Nogales/Niagra

-	Above	3.44	3.51	3.58	3.65	3.72	3.80	3.87
		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Surface -- NBU

-	Above	3.19	3.19	3.19	3.19	3.25	3.32	3.39
			0.0%	0.0%	0.0%	2.0%	2.0%	2.0%

Proposed Rate Plan -- Wastewater Utility



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			Current	Effective Oct-20	Effective Oct-21	Effective Oct-22	Effective Oct-23	Effective Oct-24	Effective Oct-25
WASTEWATER Rates									
Base Charge									
Residential			\$ 30.99	\$ 33.16	\$ 34.48	\$ 35.86	\$ 37.30	\$ 38.04	\$ 38.80
Residential Outside			38.73	41.45	43.10	44.83	46.62	47.55	48.50
Commerical/Ind			51.11	54.69	56.88	59.15	61.52	62.75	64.01
			7.0%	7.0%	4.0%	4.0%	4.0%	2.0%	2.0%
Volume Rate per 1,000 Gallons									
Residential									
2,001	Above		4.64	4.97	5.17	5.37	5.59	5.70	5.82
			7.0%	7.0%	4.0%	4.0%	4.0%	2.0%	2.0%
Residential Outside									
2,001	Above		5.80	6.21	6.46	6.72	6.99	7.13	7.27
				7.0%	4.0%	4.0%	4.0%	2.0%	2.0%
Commercial									
-	8,000,000		4.77	5.11	5.31	5.52	5.74	5.86	5.98
8,000,001	Above		3.74	4.01	4.17	4.33	4.51	4.60	4.69
			7.0%	7.0%	4.0%	4.0%	4.0%	2.0%	2.0%
Metered Rate									
-	8,000,000		4.64	4.97	5.17	5.37	5.59	5.70	5.82
8,000,001	Above		3.53	3.78	3.93	4.09	4.25	4.34	4.42
			7.0%	7.0%	4.0%	4.0%	4.0%	2.0%	2.0%

Impact on Monthly Charges



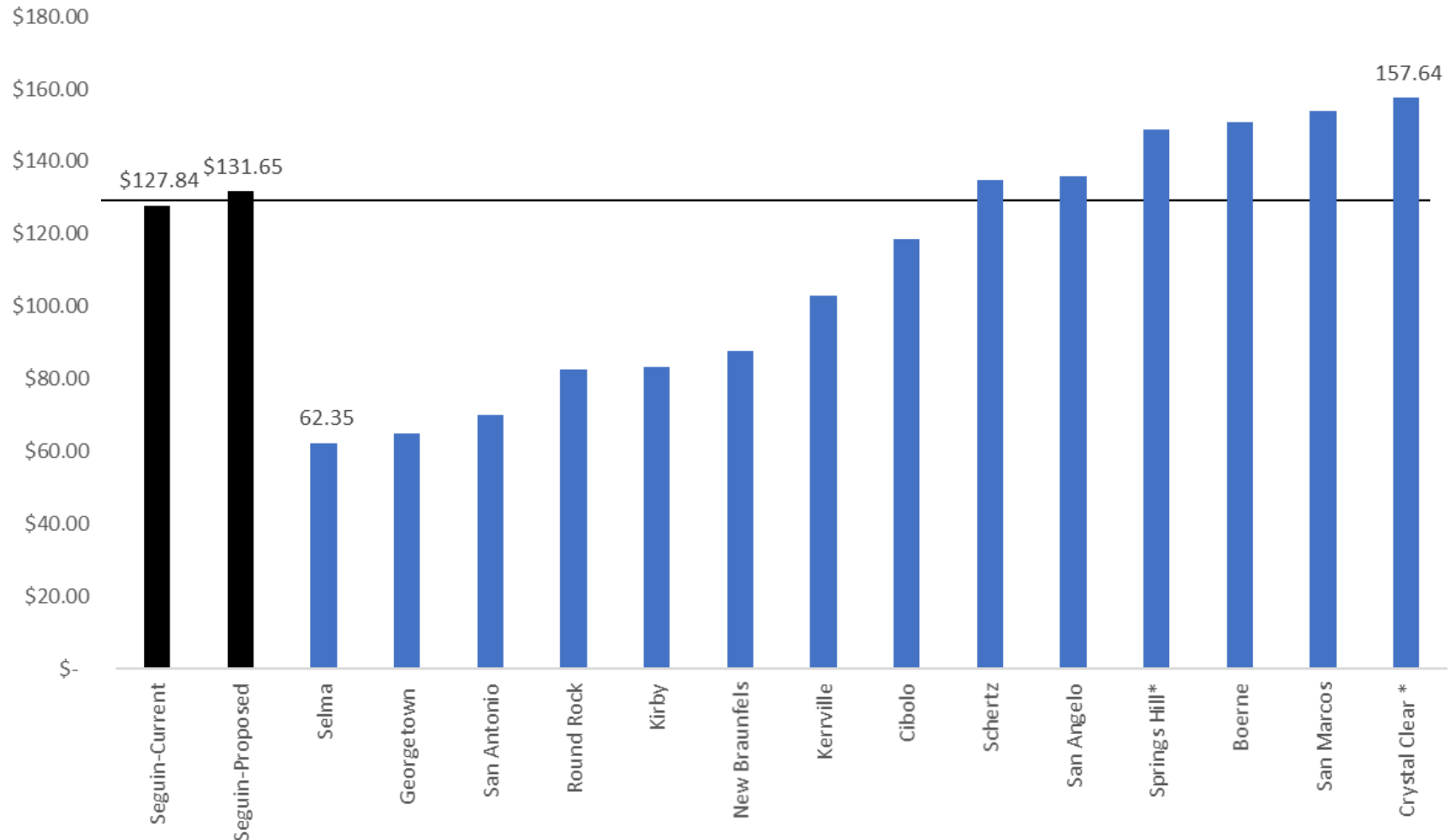
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Water	WW	Current	Effective Oct-20	Effective Oct-21	Effective Oct-22	Effective Oct-23	Effective Oct-24	Effective Oct-25
Residential								
5,000	5,000	\$ 88.32	\$ 92.33	\$ 95.14	\$ 98.04	\$ 101.04	\$ 103.06	\$ 105.12
			4.01	2.81	2.90	3.00	2.02	2.06
			4.5%	3.0%	3.1%	3.1%	2.0%	2.0%
Residential								
10,000	8,000	122.45	127.84	131.65	135.60	139.67	142.46	145.31
			5.39	3.82	3.94	4.07	2.79	2.85
			4.4%	3.0%	3.0%	3.0%	2.0%	2.0%
Commercial								
30,000	30,000	381.77	399.12	411.26	423.81	436.78	445.52	454.43
			17.35	12.14	12.55	12.97	8.74	8.91
			4.5%	3.0%	3.1%	3.1%	2.0%	2.0%

Monthly Charge Comparison 10,000 Gal Water, 8,000 Gal WW



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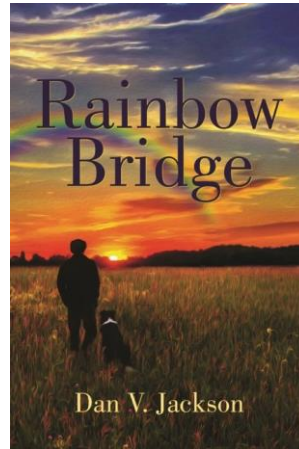
Presentation Summary

Notes on Rate Proposal



- ◆ Rate plan is heavily dependent on:
 - ❖ Timing of debt issues
 - ❖ Continued increases in surface water sales to existing large customers
 - ❖ **Continued strong wastewater account growth**
- ◆ If any of these assumptions change, rate plan will require revision
- ◆ In particular, **if growth slows or stops, future wastewater rate adjustments will be higher**





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Questions?