



It's real.

City of Seguin

2019 Water/Wastewater Rate Analysis

City Council Presentation



July 16 2019

Background on FY 2019 Update



It's real.

- ◆ In each of the last 3 years City has been able to benefit its ratepayers by scaling back the rate increases originally projected

- ◆ Reasons for rates being scaled back:
 - ◆ Greater than expected growth

 - ◆ Lesser SSLGC increases

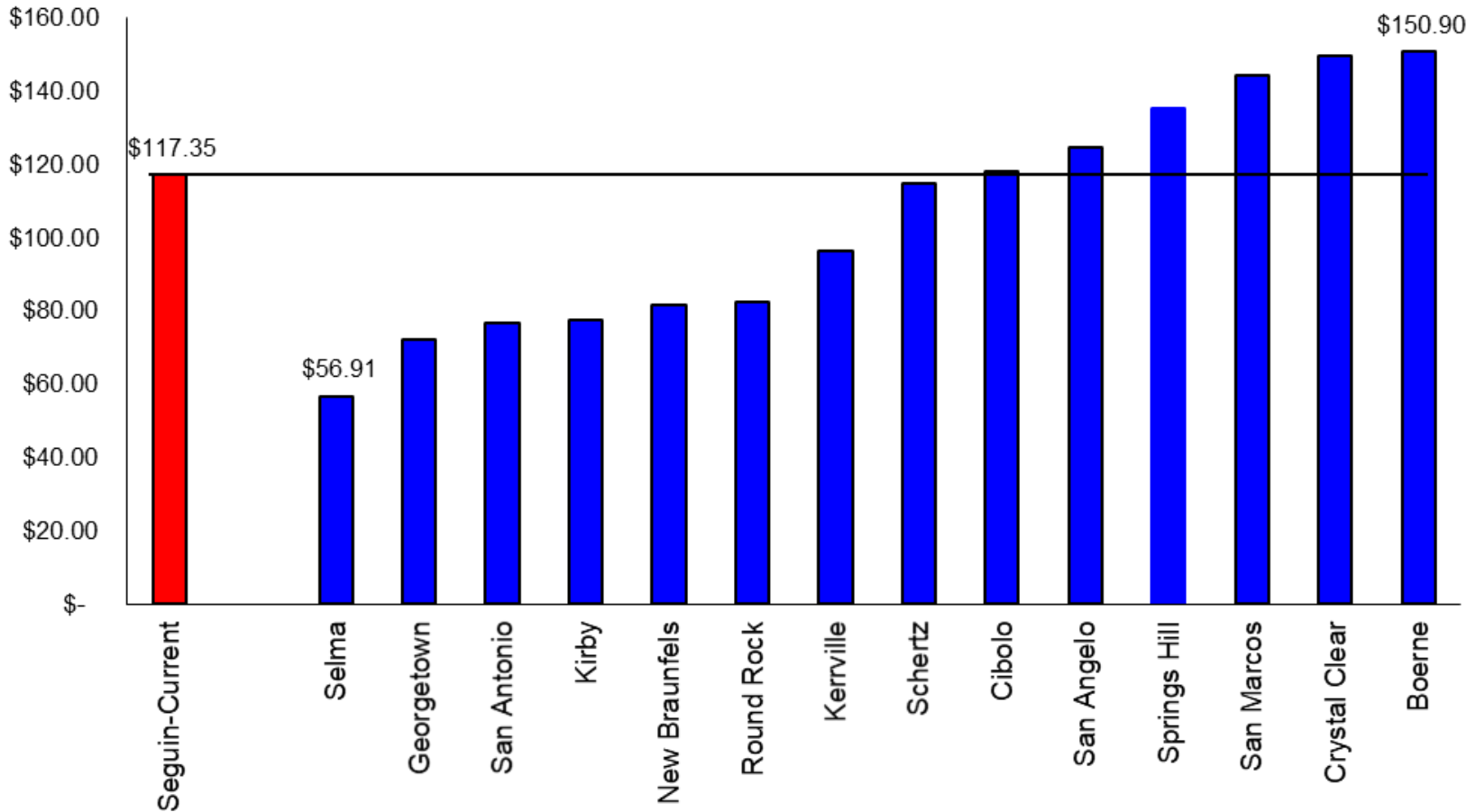
 - ◆ Addition of new wholesale customer over which to spread costs

 - ◆ Lower interest rates on new debt

Residential Monthly Charges 10,000 Gallons Water, 8,000 Gallons WW



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NOTE: San Antonio includes water supply fee and Edwards Aquifer fee

Factors Impacting 2019 Analysis



It's real.

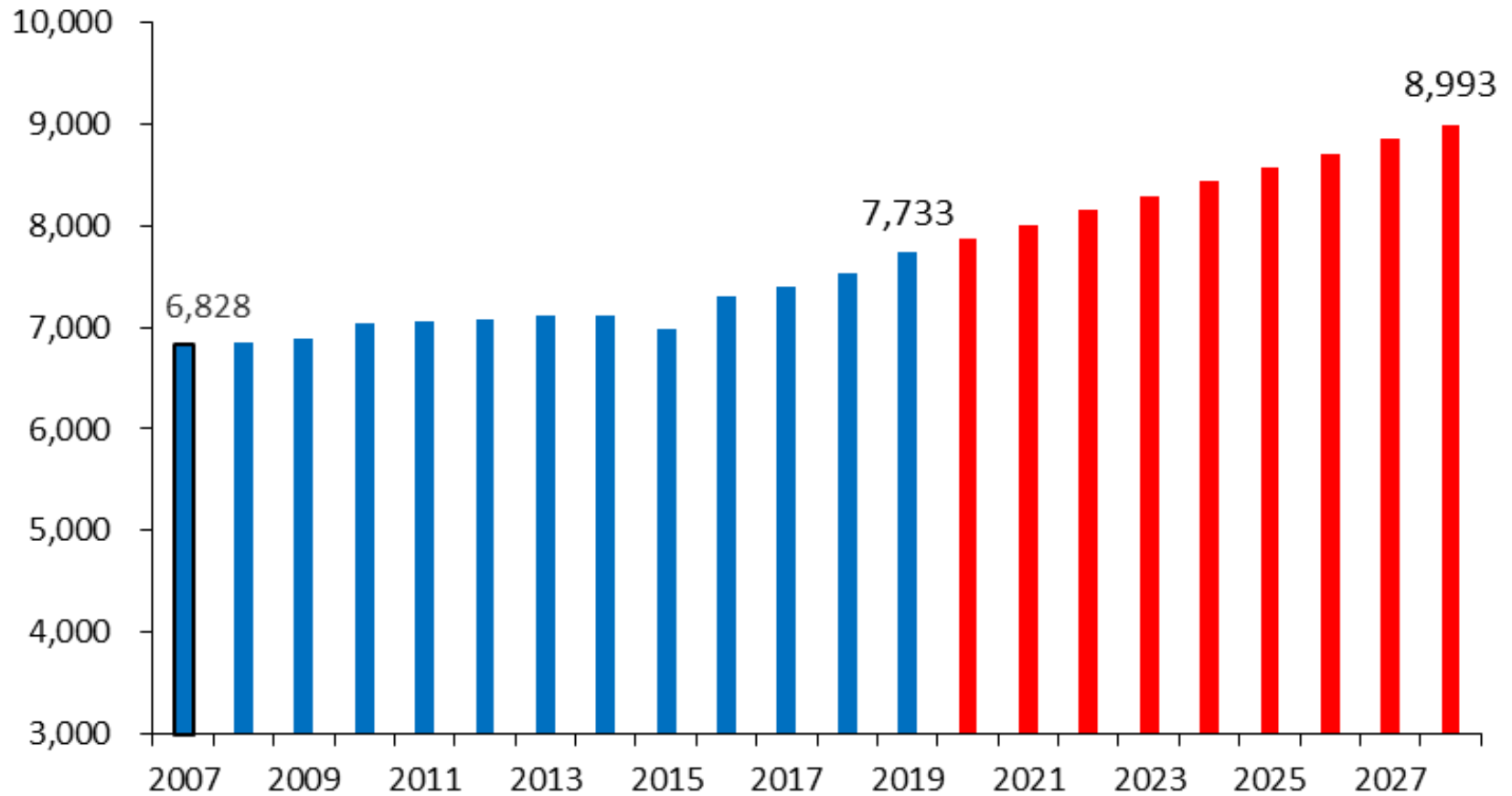
- ◆ SSLGC Cost Increases
- ◆ New wholesale customer will be increasing purchases 2020-2025
- ◆ Significant forecast new growth, particularly in wastewater
- ◆ Biggest impact: Capital Improvement Plan and \$37 million Geronimo Creek Expansion



Historical and Forecast Water Accounts



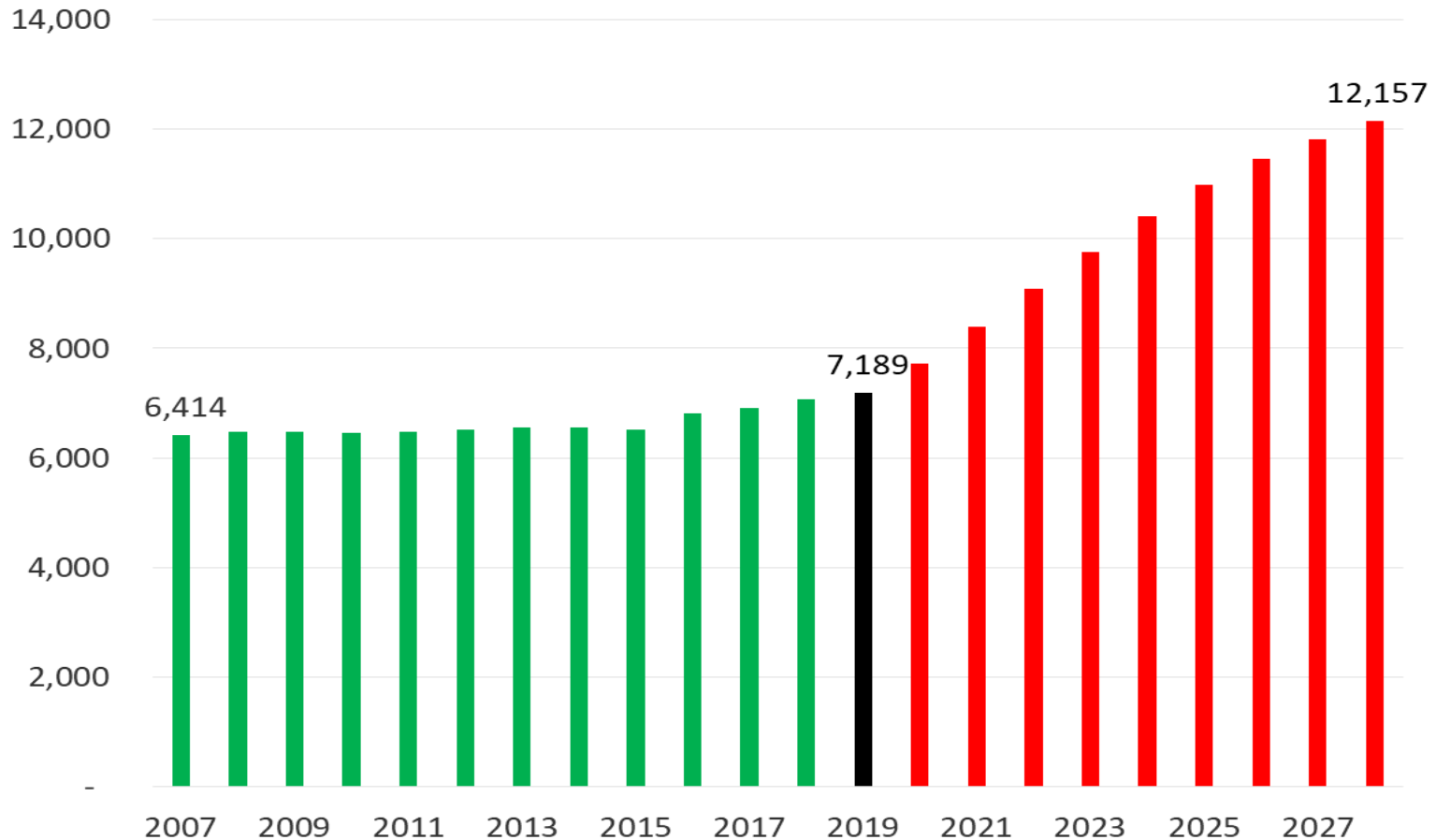
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Historical and Forecast Wastewater Accounts



It's real.

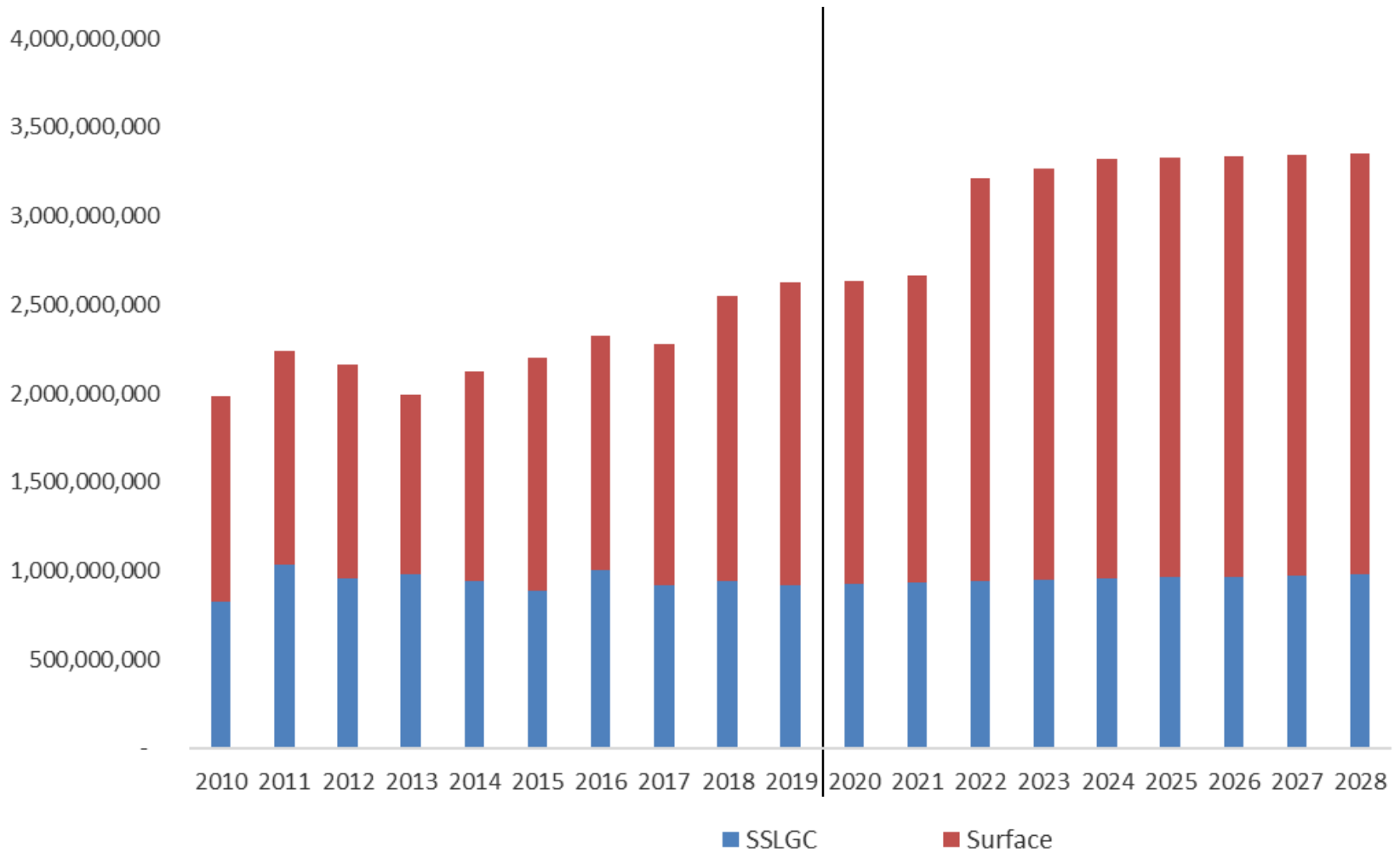


NOTE: 758/123 customers are outside city limits, which will require a new rate class

Historical and Forecast Water Consumption



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Forecast Water/Wastewater CIP



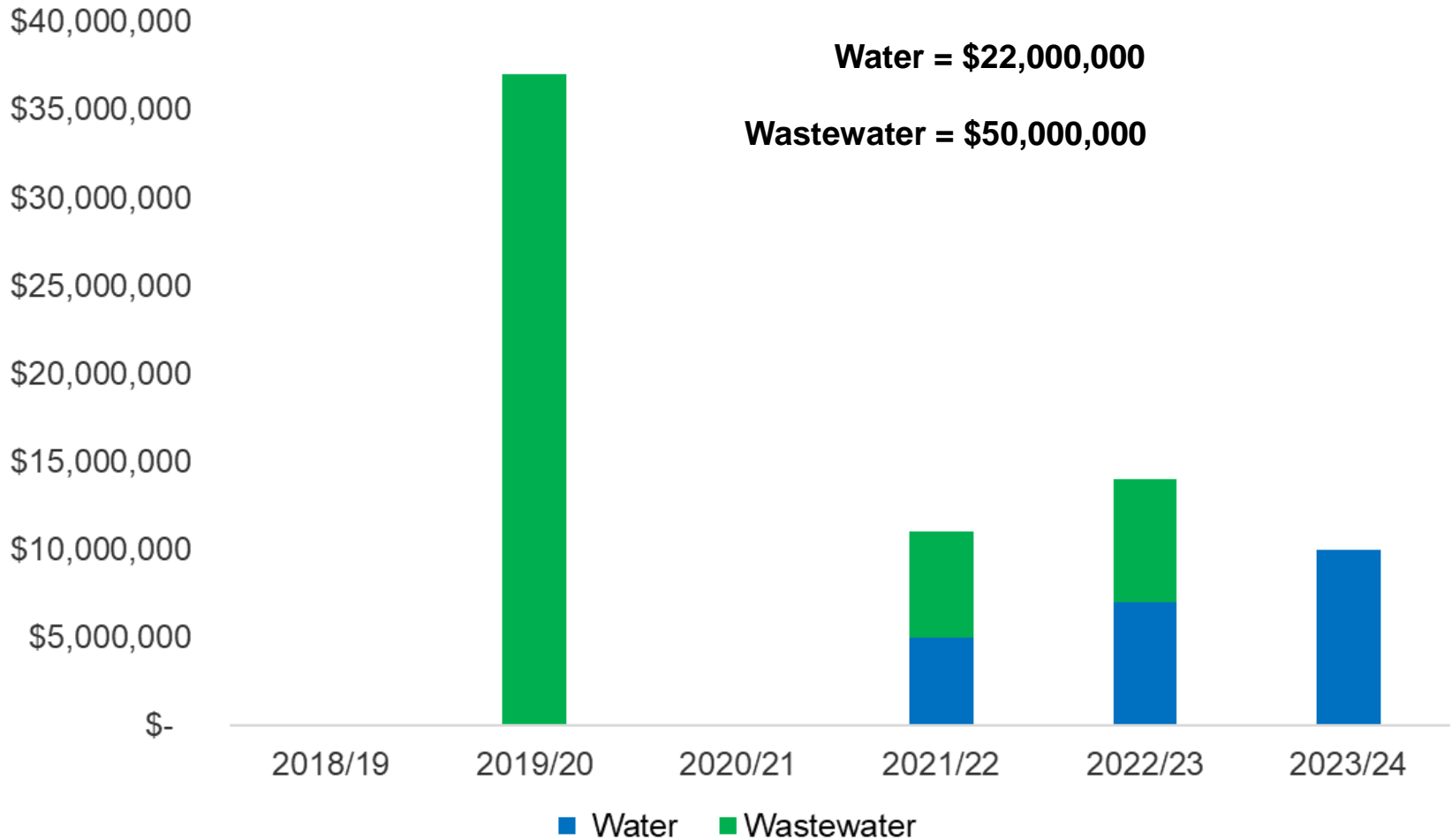
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W/WW	Project Description	Total	2019/20	2020/21	2021/22	2022/23
WP	Filter Rehab (construction)	\$ -	\$ -	\$ -	\$ -	\$ -
WP	Water Plant Building Renovation	525,000	525,000	-	-	-
WP	Painting Tanks at Seguin Water Plant	2,000,000	-	-	2,000,000	-
WP	73 ft Upflow Clarifier SCADA and Offices (Construction)	4,437,000	-	-	637,000	3,800,000
WD	College -- Austin to King	3,090,000	600,000	2,490,000	-	-
WD	N. Milam -- Mountain to Kingsbury (Construction)	930,000	930,000	-	-	-
WD	Surface Water/Ground Water Loop	4,200,000	-	-	-	4,200,000
WD	24 Inch WL to Hwy 123	3,045,940	-	-	545,940	2,500,000
WD	24 inch Discharge WL from SH 123 Bypass Pump Station to I-10	1,697,669	-	-	1,697,669	-
WWC	18" WW Line from South of Continental to GC	3,075,000	-	3,075,000	-	-
WWC	30" WW Line from Walnut Branch to Library (Construction)	1,065,040	-	1,065,040	-	-
WWC	Walnut Branch Phase 3 -- 24"/30" WW Line from Huber to Kingsbury	1,785,478	1,785,478	-	-	-
WWTP	WB Expansion Phase I -- Construction	6,655,000	-	-	6,655,000	-
WWTP	WB Expansion Phase II -- Construction	-	-	-	-	-
WWTP	Geronimo Creek Wastewater Plant Construction	37,000,000	1,100,000	35,900,000	-	-
	Total Water	19,925,609	2,055,000	2,490,000	4,880,609	10,500,000
	Total Wastewater	49,580,518	2,885,478	40,040,040	6,655,000	-
	Total Projects	69,506,127	4,940,478	42,530,040	11,535,609	10,500,000

Forecast Water/Wastewater CIP Debt



It's real.



Forecast Water/Wastewater Cost of Service



It's real.

	2020	2021	2022	2023	2024	2025
WATER Utility Cost of Service						
Operating/Capital Outlays	\$ 11,081,716	\$ 11,527,712	\$ 12,128,652	\$ 12,503,142	\$ 13,017,490	\$ 13,496,928
Debt Service -- Current	1,119,085	1,189,335	1,188,021	1,192,599	1,039,715	970,996
Debt Service -- Future	-	-	-	369,686	1,310,706	1,328,036
Total	12,200,801	12,717,047	13,316,672	14,065,427	15,367,911	15,795,960
WASTEWATER Utility Cost of Service						
Operating/Capital Outlays	6,876,935	7,227,769	7,587,642	7,952,624	8,891,466	9,336,155
Debt Service -- Current	1,941,708	2,417,699	2,430,401	2,443,447	2,467,277	2,688,460
Debt Service -- Future	-	2,001,250	1,979,125	2,322,561	3,149,843	3,183,389
Total	8,818,643	11,646,719	11,997,169	12,718,633	14,508,587	15,208,004

Notes on Rate Proposal



It's real.

- ◆ Revenues from growth are forecast to cover cost of growth:
 - ❖ City plans to contribute \$1,000,000 in impact fees annually to fund growth-related debt service
 - ❖ New customers will add more revenue to water and wastewater fund

- ◆ **City can maintain the same rate plan as presented in 2018**
 - ❖ Additional revenues from 758/123 development new accounts forecast to cover the added expenses and debt from further expanding Geronimo Creek WWTP

Proposed Rate Plan Water Utility



It's real.

		Current	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22	Effective Oct-23
WATER Rates							
Base Charge							
Residential		\$ 22.75	\$ 23.21	\$ 23.67	\$ 24.14	\$ 24.63	\$ 25.12
Non-Residential		49.09	50.07	51.07	52.09	53.14	54.20
			2.0%	2.0%	2.0%	2.0%	2.0%
Volume Rate							
Residential							
-	10,000	3.96	4.04	4.12	4.20	4.29	4.37
10,001	35,000	4.52	4.61	4.70	4.80	4.89	4.99
35,001	Above	5.09	5.19	5.30	5.40	5.51	5.62
			2.0%	2.0%	2.0%	2.0%	2.0%
Commercial/Multi Family							
-	12,000,000	4.49	4.58	4.67	4.76	4.86	4.96
12,000,001	Above	3.83	3.91	3.98	4.06	4.15	4.23
			2.0%	2.0%	2.0%	2.0%	2.0%
Surface -- Tyson/Rio Nogales/Niagra							
-	Above	3.37	3.44	3.51	3.58	3.65	3.72
			2.0%	2.0%	2.0%	2.0%	2.0%
Surface -- NBU							
-	Above	3.19	3.19	3.19	3.19	3.19	3.25
				0.0%	0.0%	0.0%	2.0%

Proposed Rate Plan Wastewater Utility



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	Current	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22	Effective Oct-23
WASTEWATER Rates						
Base Charge						
Residential	\$ 28.96	\$ 30.99	\$ 33.16	\$ 35.15	\$ 37.25	\$ 39.49
Residential Outside		38.73	41.45	43.93	46.57	49.36
		7.0%	7.0%	6.0%	6.0%	6.0%
Volume Rate per 1,000 Gallons						
Residential						
2,001 Above	4.34	4.64	4.97	5.27	5.58	5.92
		7.0%	7.0%	6.0%	6.0%	6.0%
Residential Outside						
2,001 Above		5.80	6.21	6.58	6.98	7.40
			7.0%	6.0%	6.0%	6.0%
Commercial						
- 8,000,000	4.47	4.77	5.11	5.41	5.74	6.08
8,000,001 Above	3.49	3.74	4.01	4.25	4.50	4.77
		7.0%	7.0%	6.0%	6.0%	6.0%
Metered Rate						
- 8,000,000	4.34	4.64	4.97	5.27	5.58	5.92
8,000,001 Above	3.31	3.53	3.78	4.01	4.25	4.50
		7.0%	7.0%	6.0%	6.0%	6.0%

Proposed Rate Plan Impact on Monthly Charges



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Water	WW	Current	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22	Effective Oct-23
Residential							
5,000	5,000	\$ 84.53	\$ 88.32	\$ 92.33	\$ 96.10	\$ 100.06	\$ 104.22
			3.79	4.01	3.77	3.96	4.16
			4.5%	4.5%	4.1%	4.1%	4.2%
Residential							
10,000	8,000	117.35	122.45	127.84	132.91	138.24	143.84
			5.10	5.39	5.08	5.33	5.59
			4.3%	4.4%	4.0%	4.0%	4.0%
Commercial							
30,000	30,000	365.66	381.77	399.12	415.42	432.54	450.53
			16.11	17.35	16.30	17.12	17.99
			4.4%	4.5%	4.1%	4.1%	4.2%

Presentation Proposal Notes on Rate Proposal



It's real.

- ◆ Rate plan is heavily dependent on:
 - ❖ Timing of debt issues
 - ❖ Continued increase in surface water sales to 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**





Questions?