



It's real.

City of Seguin

Water/Wastewater Rate Study

FY 2019 Rate Recommendations



June 26 2018

Background on FY 2018 Update



It's real.

- ◆ 2015 Rate Study identified need for City to implement a series of rate adjustments to ensure revenues covered all the costs of providing water and wastewater service
- ◆ Council implemented first adjustment from 2015 rate study in October 2015
- ◆ 2016 and 2017 adjustments were nominally modified to take into account changing circumstances and debt issues

Changes Since 2017



It's real.

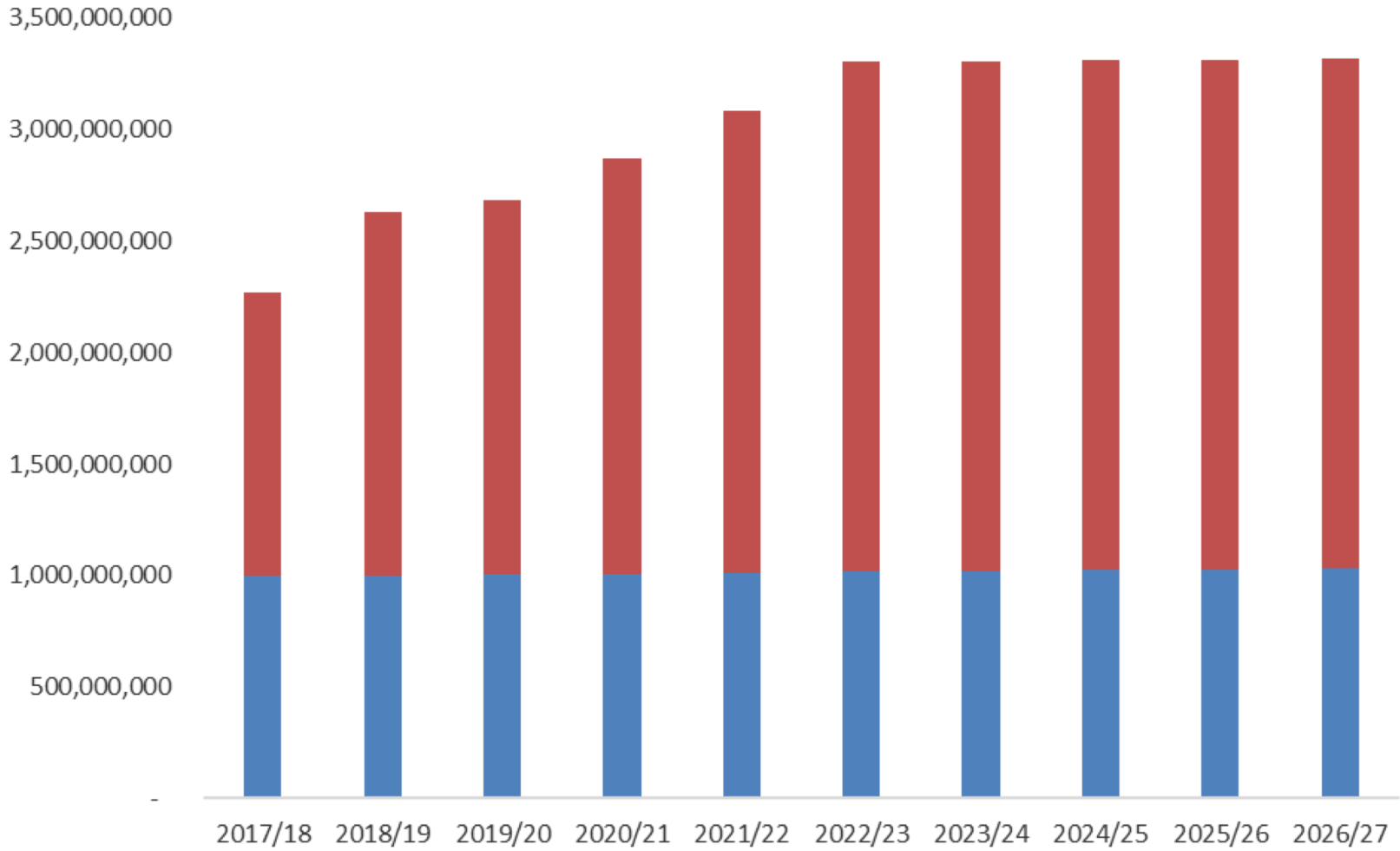
- ◆ SSLGC costs continue to reflect elimination of SAWS Tier 2 purchases by 2021
- ◆ Operating costs lower than forecast
- ◆ New debt issued in 2017 and 2018
- ◆ New wholesale customer expected to purchase significant amount of surface water; additional revenue will benefit all customers



Forecast Water Consumption



It's real.



Forecast Water/Wastewater CIP



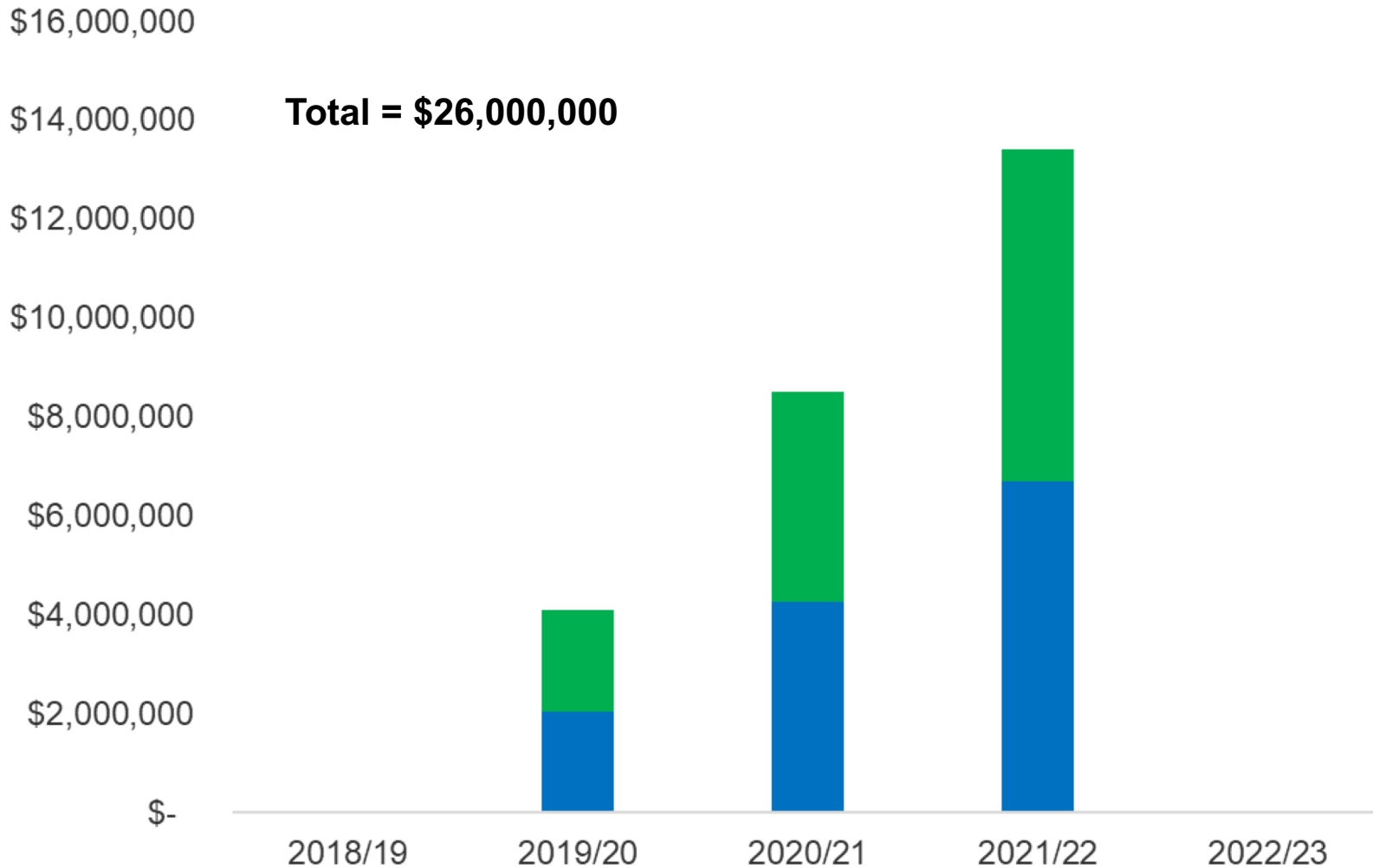
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W/WW	Project Description	Total	2018/19	2019/20	2020/21	2021/22
WP	Painting Tanks at Seguin Water Plant	\$ 1,750,000	\$ -	\$ 1,750,000	\$ -	\$ -
WP	Painting, pumping and pumps in round house	2,000,000	-	-	2,000,000	-
WP	73 ft Upflow Clarifier SCADA and Offices (Construction)	4,437,000	-	-	637,000	3,800,000
WD	8 inch WL along Hackberry (San Marcos to Bauer)	58,500	58,500	-	-	-
WD	12 inch WL along Mountain St./Walnut Street	283,575	-	283,575	-	-
WD	8 inch WL along Donegan (Milam to San Marcos)	86,625	86,625	-	-	-
WD	8 inch WL along Mountain to Gonzales Loop	46,687	46,687	-	-	-
WD	20/16/8 inch Discharge Water Line from 123 Bypass Pump Station to I-10	2,054,799	-	-	357,131	1,697,668
WD	12 inch WL along Mountain St./Walnut Street	1,350,564	-	-	1,350,564	-
WD	Repairs to existing water infrastructure	150,000	-	-	150,000	-
WD	24 Inch WL to Hwy 123	545,940	-	-	-	545,940
WD	10/12 inch Pressure Plane Boundary Water Line	154,053	-	-	-	154,053
WD	Repairs to existing water infrastructure	150,000	-	-	-	150,000
WWC	Walnut Branch 2 -- 42" WW Line from Library to Walnut Branch WWTP	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	-	-
WWC	30 inch WW line from Walnut Branch to Library	224,437	-	224,437	-	-
WWC	Repairs to existing wastewater infrastructure	144,000	144,000	-	-	-
WWC	Repairs to existing wastewater infrastructure	300,000	-	-	150,000	150,000
WWTP	Walnut Branch WWTP Construction	6,541,000	-	-	-	6,541,000
WWTP	WB Low Head Cloth Filter Traveling Bridge per TRC eval dated 12-3-2014	700,377	-	-	700,377	-
WWTP	Geronimo Creek Wastewater Plant Construction	2,090,000	-	-	2,090,000	-
	Total Water	13,067,743	191,812	2,033,575	4,494,695	6,347,661
	Total Wastewater	12,850,332	144,000	2,009,915	4,005,417	6,691,000
	Total Projects	25,918,075	335,812	4,043,490	8,500,112	13,038,661
	Forecast Future Bond Issues	26,000,000		4,100,000	8,500,000	13,400,000

Forecast Water/Wastewater Debt Issues



It's real.



Water and Wastewater Cost of Service

FY 2017/18 – FY 2022/23



It's real.

	2018/19	2019/20	2020/21	2021/22	2022/23
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WATER Utility Cost of Service

Operating/Capital Outlays	\$ 10,741,395	\$ 11,179,629	\$ 11,696,644	\$ 12,158,208	\$ 12,639,189
Debt Service -- Current	1,150,242	1,160,385	1,189,335	1,188,021	1,192,598
Debt Service -- Future	-	-	145,450	446,993	922,367
Total	11,891,637	12,340,014	13,031,430	13,793,221	14,754,154

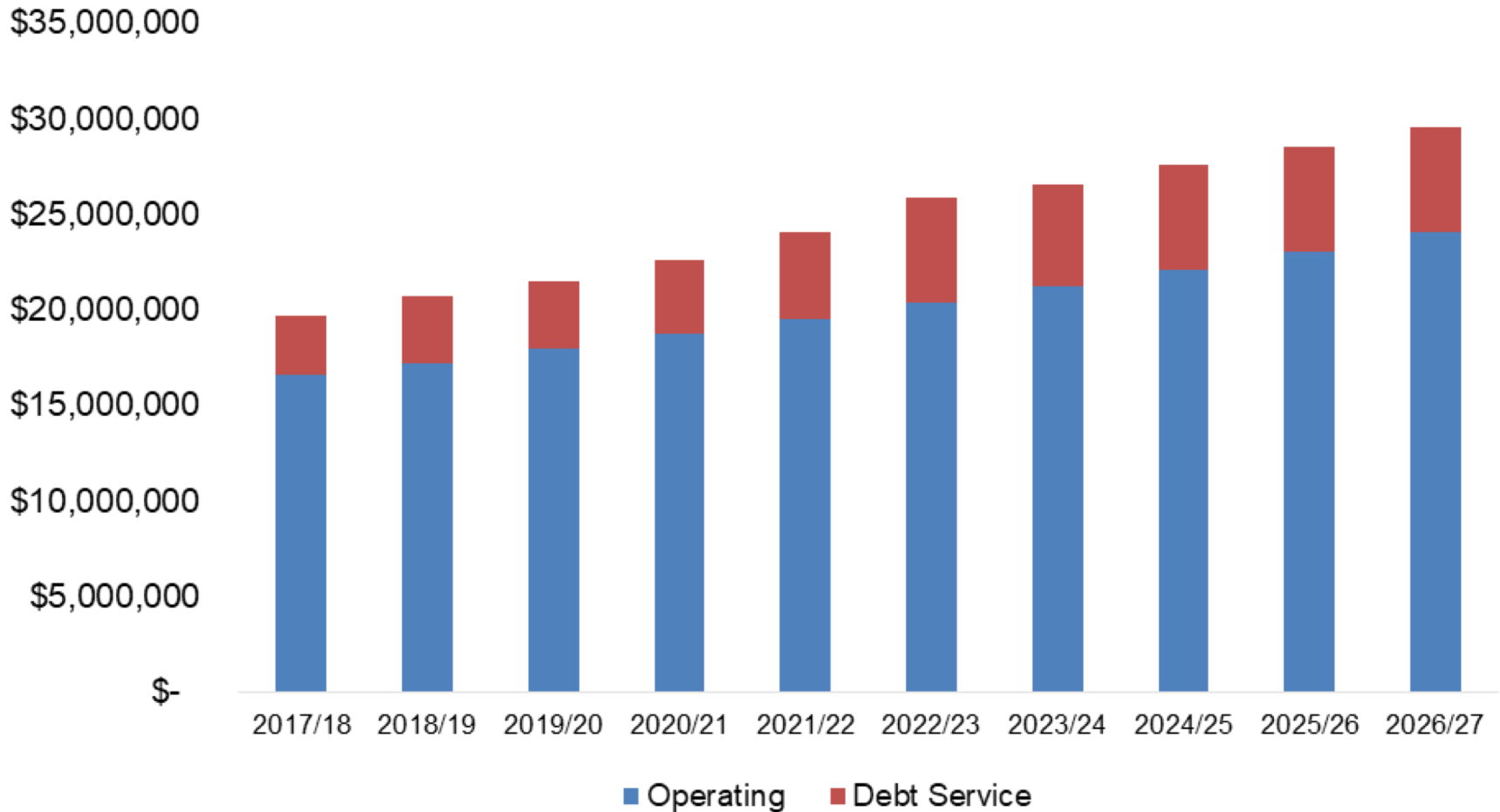
WASTEWATER Utility Cost of Service

Operating/Capital Outlays	6,462,141	6,761,043	7,054,304	7,364,904	7,741,246
Debt Service -- Current	2,380,292	2,400,407	2,417,700	2,430,401	2,443,447
Debt Service -- Future	-	-	143,030	439,556	907,021
Total	8,842,433	9,161,451	9,615,034	10,234,861	11,091,714

Water and Wastewater Cost of Service FY 2017/18 – FY 2026/27



It's real.



Rate Proposal



It's real.

- ◆ Greater forecast water revenues due to increased surface water sales enables City to scale back water rate adjustment
- ◆ Wastewater rate adjustment remains same as prior year's forecast



Proposed Rate Plan FY 2018



It's real.

		Effective October 2018		
		Current	Jun 17	Jun 18
WATER Rates				
Base Charge				
	Residential	\$ 22.30	\$ 23.42	\$ 22.75
	Non-Residential	48.13	50.53	49.09
			5.0% ▲	2.0%
Volume Rate				
Residential				
	- 10,000	3.88	4.08	3.96
	10,001 35,000	4.43	4.65	4.52
	35,001 Above	4.99	5.24	5.09
			5.0% ▲	2.0%
Commercial/Multi Family				
	- 12,000,000	4.40	4.62	4.49
	12,000,001 Above	3.76	3.94	3.83
			5.0% ▲	2.0%
Surface -- Tyson/Rio Nogales/Niagra				
	- Above	3.30	3.47	3.37
			5.0% ▲	2.0%
Surface -- New Wholesale				
	- Above	3.19	na	3.19

Proposed Rate Plan FY 2018



It's real.

	Current	Effective October 2018	
		Jun 17	Jun 18
WASTEWATER Rates			
Base Charge			
Residential	\$ 27.32	\$ 28.96	\$ 28.96
Non-Residential	45.07	47.77	47.77
		6.0%	6.0%
Volume Rate per 1,000 Gallons			
Residential			
2,001	Above	4.10	4.34
		6.0%	6.0%
Commercial			
-	8,000,000	4.23	4.47
8,000,001	Above	3.28	3.49
		6.0%	6.0%
Metered Rate			
-	8,000,000	4.10	4.34
8,000,001	Above	3.14	3.31
		6.0%	6.0%

Revised Rate Plan Impact on Monthly Charges



It's real.

Water	WW	Current	Effective October 2018	
			Jun 17	Jun 18
Residential 5,000	5,000	\$ 81.32	\$ 85.81 4.49 5.5%	\$ 84.53 3.21 3.9%
Residential 10,000	5,000	100.73	106.21 5.49 5.4%	104.33 3.60 3.6%
Commercial 30,000	30,000	351.98	371.09 19.11 5.4%	365.59 13.62 3.9%

Revised 5 Year Forecast



It's real.

		Current	Effective Oct-18	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22
WATER Rates							
Base Charge							
Residential		\$ 22.30	\$ 22.75	\$ 23.20	\$ 23.66	\$ 24.14	\$ 24.62
Non-Residential		48.13	49.09	50.07	51.08	52.10	53.14
			2.0%	2.0%	2.0%	2.0%	2.0%
Volume Rate							
Residential							
-	10,000	3.88	3.96	4.04	4.12	4.20	4.29
10,001	35,000	4.43	4.52	4.61	4.70	4.79	4.89
35,001	Above	4.99	5.09	5.19	5.29	5.40	5.51
			2.0%	2.0%	2.0%	2.0%	2.0%
Commercial/Multi Family							
-	12,000,000	4.40	4.49	4.58	4.67	4.76	4.86
12,000,001	Above	3.76	3.83	3.91	3.99	4.07	4.15
			2.0%	2.0%	2.0%	2.0%	2.0%
Surface -- Tyson/Rio Nogales/Niagra							
-	Above	3.30	3.37	3.44	3.50	3.57	3.65
			2.0%	2.0%	2.0%	2.0%	2.0%
Surface -- New Wholesale							
-	Above	3.19	3.19	3.19	3.19	3.19	3.25
				0.0%	0.0%	0.0%	2.0%

Revised 5 Year Forecast



It's real.

WASTEWATER Rates

Base Charge

	Current	Effective Oct-18	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22
Residential	\$ 27.32	\$ 28.96	\$ 30.99	\$ 33.16	\$ 35.14	\$ 37.25
Non-Residential	45.07	47.77	51.12	54.70	57.98	61.46
		6.0%	7.0%	7.0%	6.0%	6.0%

Volume Rate per 1,000 Gallons

Residential

Usage	Current	Effective Oct-18	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22
2,001 Above	4.10	4.34	4.65	4.97	5.27	5.59
		6.0%	7.0%	7.0%	6.0%	6.0%

Commercial

Usage	Current	Effective Oct-18	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22
- 8,000,000	4.23	4.47	4.78	5.12	5.43	5.75
8,000,001 Above	3.28	3.49	3.74	4.00	4.24	4.49
		6.0%	7.0%	7.0%	6.0%	6.0%

Metered Rate

Usage	Current	Effective Oct-18	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22
- 8,000,000	4.10	4.34	4.65	4.97	5.27	5.59
8,000,001 Above	3.14	3.31	3.55	3.79	4.02	4.26
		6.0%	7.0%	7.0%	6.0%	6.0%

Revised 5 Year Forecast Impact on Monthly Charges



It's real.

Water	WW	Current	Effective Oct-18	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22
Residential							
5,000	5,000	\$ 81.32	\$ 84.53	\$ 88.32	\$ 92.33	\$ 96.10	\$ 100.06
			3.21	3.79	4.01	3.77	3.96
			3.9%	4.5%	4.5%	4.1%	4.1%
Residential							
10,000	5,000	100.73	104.33	108.51	112.93	117.11	121.49
			3.60	4.19	4.42	4.18	4.38
			3.6%	4.0%	4.1%	3.7%	3.7%
Commercial							
30,000	30,000	351.98	365.59	382.00	399.37	415.69	432.83
			13.62	16.41	17.37	16.32	17.14
			3.9%	4.5%	4.5%	4.1%	4.1%

Residential Rates – Current Plan vs. No New Customer



It's real.

Water	WW	Current	Effective Oct-18	Effective Oct-19	Effective Oct-20	Effective Oct-21	Effective Oct-22
Residential							
5,000	5,000						
June 2018 Rate Plan		\$ 81.32	\$ 84.53	\$ 88.32	\$ 92.33	\$ 96.10	\$ 100.06
Increase			3.21	3.79	4.01	3.77	3.96
No New Wholesale Customer		81.32	88.70	93.51	98.11	102.50	107.10
Increase			7.38	4.81	4.60	4.39	4.60
Difference in Monthly Charges			4.17	5.19	5.78	6.40	7.04

Residential							
10,000	8,000						
June 2018 Rate Plan		100.73	104.33	108.51	112.93	117.11	121.49
Increase			3.60	4.19	4.42	4.18	4.38
No New Wholesale Customer		100.73	110.44	116.11	121.40	126.48	131.80
Increase			9.71	5.67	5.29	5.08	5.32
Difference in Monthly Charges			6.11	7.60	8.47	9.37	10.31

Impact: if no revenue from New Wholesale Customer,
Residential rates would have to be higher

Presentation Summary



It's real.

- ◆ Rate plan is necessary to ensure that water and wastewater revenues cover all costs of providing service
- ◆ Plan is designed to enable City to continue to invest millions in infrastructure to replace aging system
- ◆ Further rate adjustments will be necessary as City continues to issue debt to fund capital improvements
- ◆ Recommend rate plan continue to be reviewed every year to incorporate any changes in usage estimates or operating/CIP costs

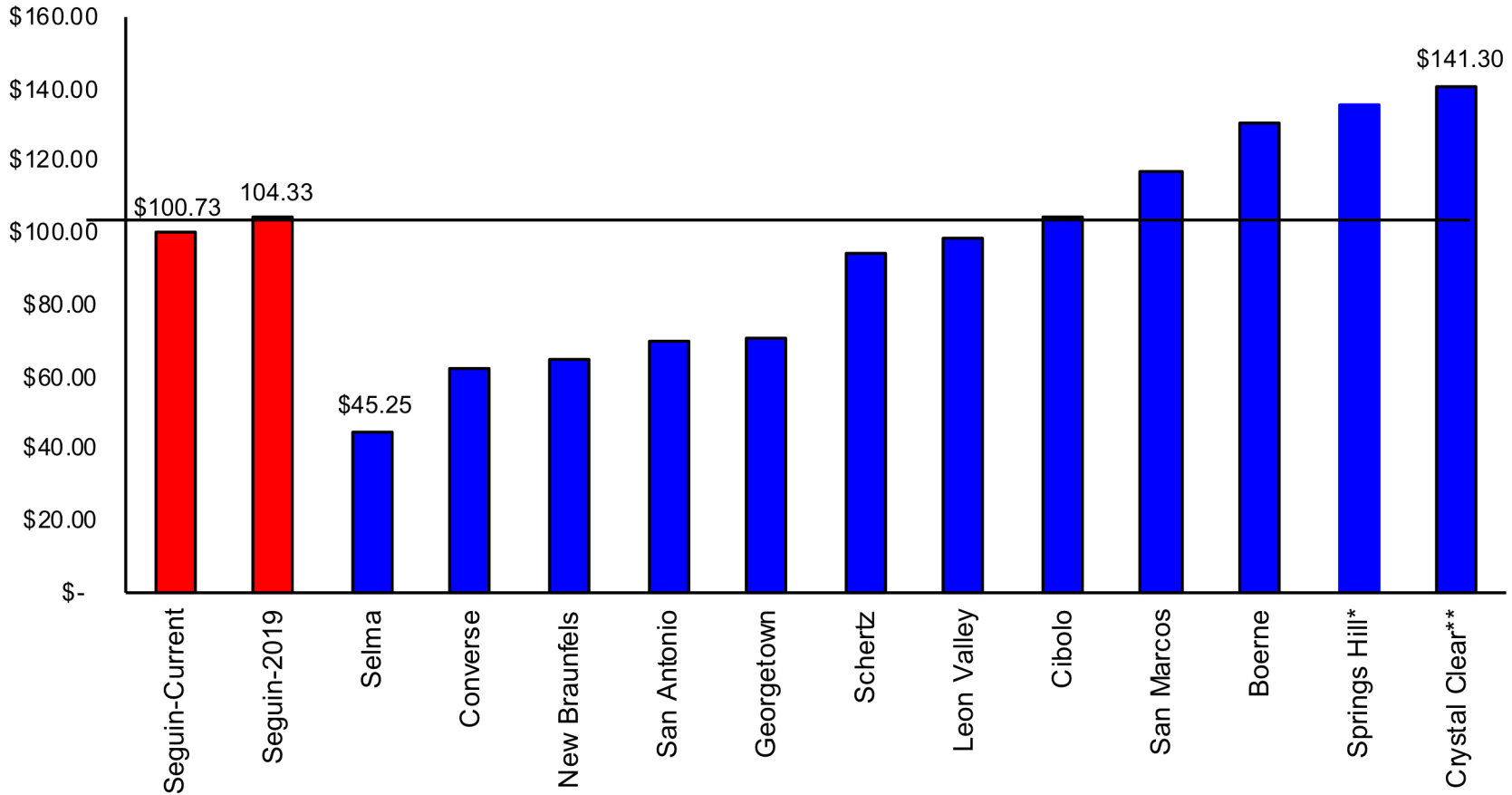


Appendix

Residential Monthly Charges 10,000 Gallons Water, 5,000 Gallons WW



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