



**It's real.**

## **City of Seguin**

# **2024 Water/Wastewater Rate Analysis**

## **City Council Presentation**



**August 6 2024**

# Factors Impacting 2024 Rate Plan



It's real.

- ◆ Several factors are impacting City's ability to continue implementing 2022 rate plan:
  - ❖ Account growth, while robust, is less than forecast in prior rate analyses
  - ❖ CIP has increased from prior years
  - ❖ Existing and future debt is higher than prior year's forecast
  - ❖ Impact fee revenue, used to offset portion of debt service, has yet to meet expected levels



# Factors Impacting 2024 Rate Plan



It's real.

- ◆ HOWEVER, there have also been positive developments since last year:
  - ❖ SSLGC – now forecasts no increases for each of the next 3 years
  - ❖ Draft FY 2025 operating budget in line with prior forecasts
- ◆ Recommendation: **continue implementing 2022 rate plan**, but be prepared to adjust at a future date if necessary

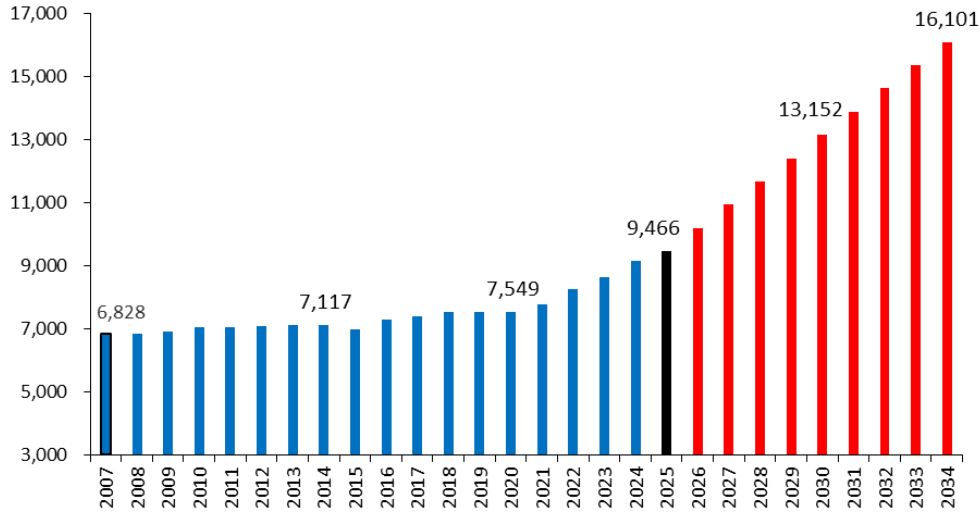


# Historical and Forecast Water and Wastewater Accounts

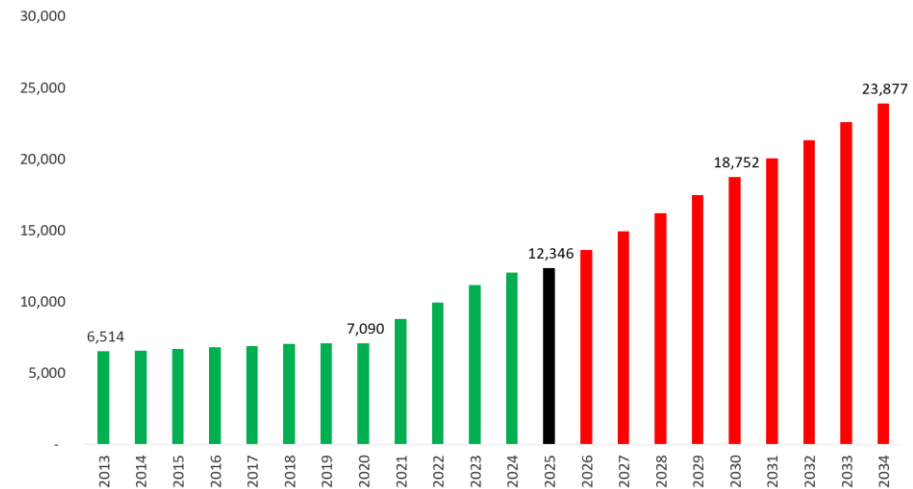


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## Water Accounts



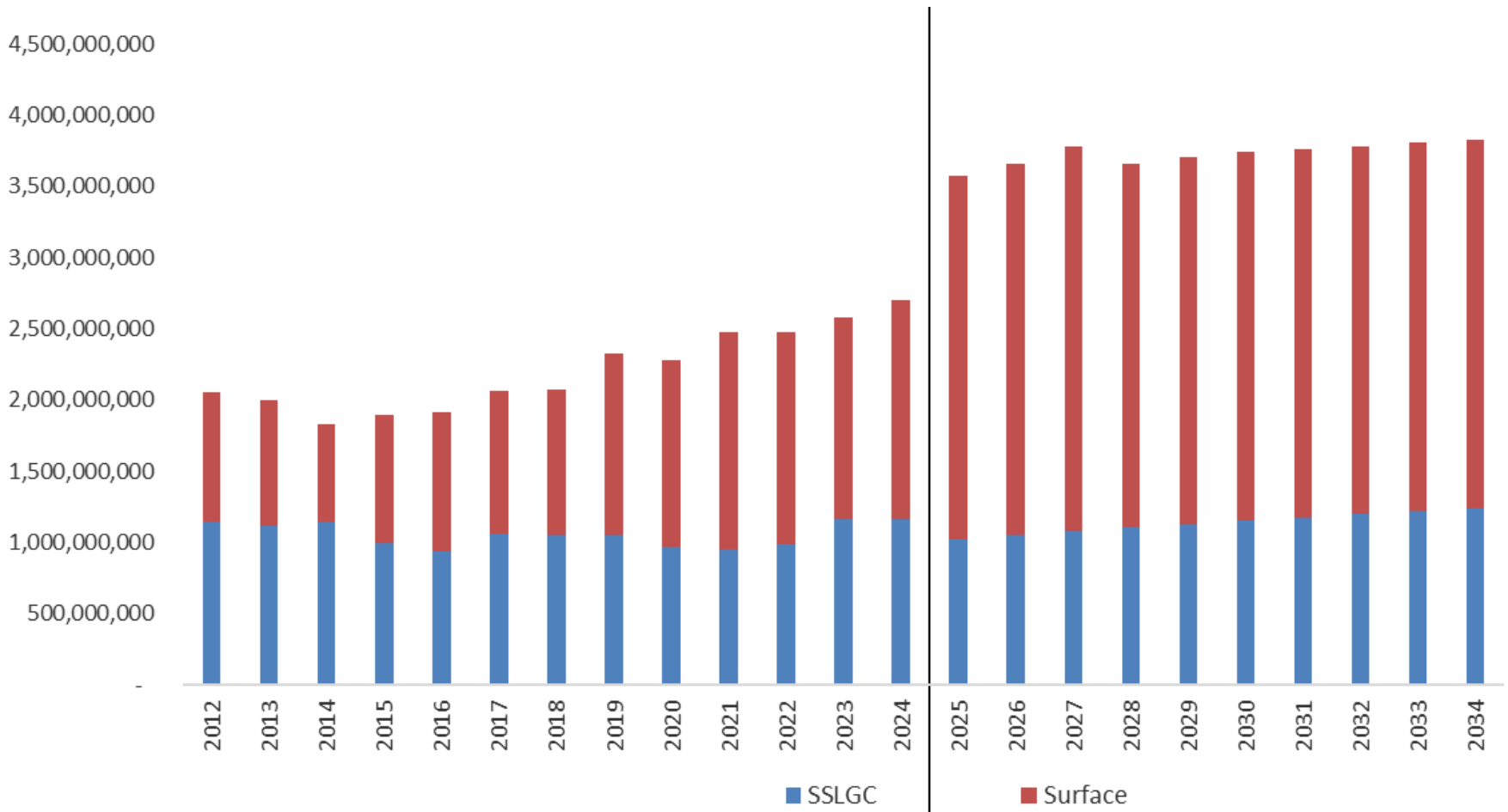
## Wastewater Accounts



# Historical and Forecast Water Consumption



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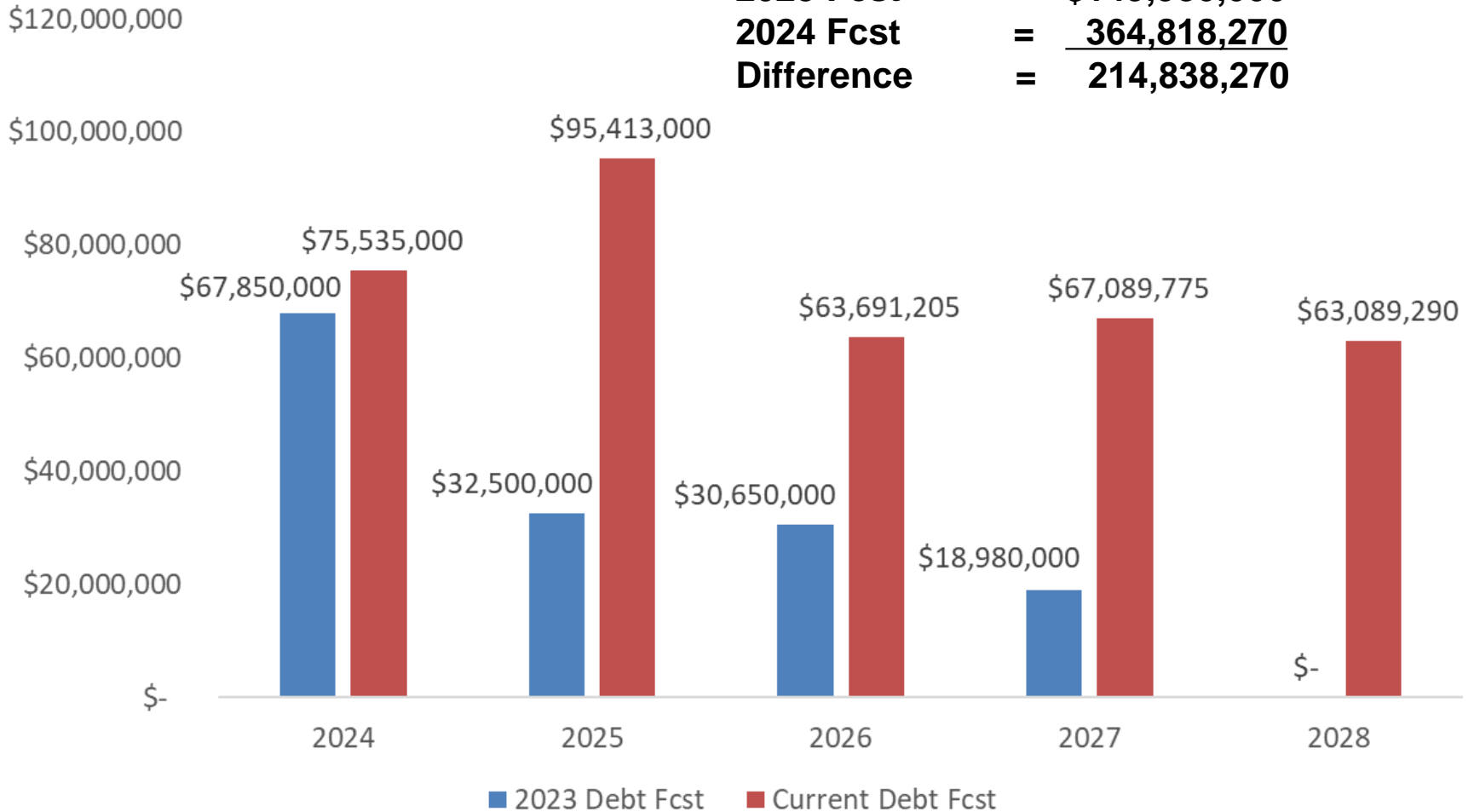


# Forecast Water/Wastewater Annual Bond Issues to Fund CIP

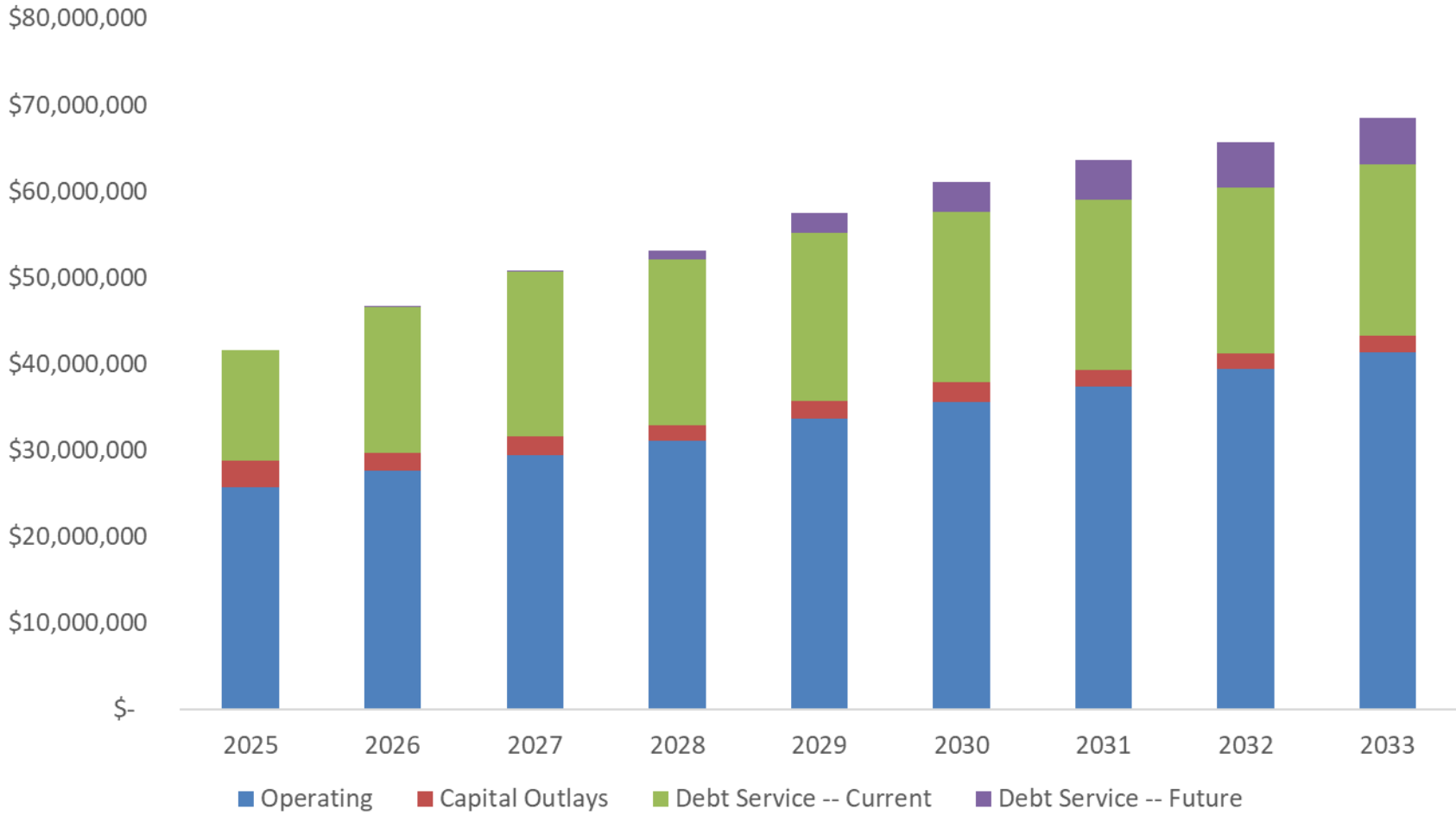


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**2023 Fcst = \$149,980,000**  
**2024 Fcst = 364,818,270**  
**Difference = 214,838,270**



# Forecast Water and Wastewater Cost of Service



# Notes on Rate Proposal



It's real.

- ◆ **Recommend City continue to implement 2022 rate plan – 5.0% rate adjustment effective October 2024**
- ◆ After 2027, as new accounts are connected, rate adjustments forecast to be lower and more debt service can be funded from rates
- ◆ However, there is less margin for error now -- **be prepared to revise rate plan** if any of the following occurs:
  - ❖ Account growth slows significantly
  - ❖ CIP and bond issues continue to increase
  - ❖ Impact fee revenue does not increase to meet forecast



# Proposed Rate Plan -- Water Utility



It's real.

		Current	Proposed Oct-24	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27	Forecast Oct-28
<b>WATER Rates</b>							
<b>Base Charge</b>							
	Residential	\$ 26.62	\$ <b>27.95</b>	\$ 29.35	\$ 30.81	\$ 31.74	\$ 32.69
	Non-Residential	57.44	<b>60.31</b>	63.32	66.49	68.48	70.54
			<b>5.0%</b>	5.0%	5.0%	3.0%	3.0%
<b>Volume Rate</b>							
<b>Residential</b>							
-	10,000	4.63	<b>4.86</b>	5.11	5.36	5.52	5.69
10,001	35,000	5.28	<b>5.55</b>	5.82	6.11	6.30	6.49
35,001	Above	5.96	<b>6.26</b>	6.58	6.90	7.11	7.32
			<b>5.0%</b>	5.0%	5.0%	3.0%	3.0%
<b>Commercial/Multi Family</b>							
-	12,000,000	5.25	<b>5.51</b>	5.79	6.08	6.26	6.45
12,000,001	Above	4.47	<b>4.70</b>	4.93	5.18	5.33	5.49
			<b>5.0%</b>	5.0%	5.0%	3.0%	3.0%
<b>Surface -- Tyson/Rio Nogales/Niagra</b>							
-	Above	3.95	<b>4.15</b>	4.35	4.57	4.71	4.85
			<b>5.0%</b>	5.0%	5.0%	3.0%	3.0%
<b>Surface -- NBU</b>							
-	Above	3.19	<b>3.19</b>	3.19	3.35	3.52	3.69
			<b>0.0%</b>	0.0%	5.0%	5.0%	5.0%

# Proposed Rate Plan -- Wastewater Utility



It's real.

	Current	Proposed Oct-24	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27	Forecast Oct-28
<b>WASTEWATER Rates</b>						
<b>Base Charge</b>						
Residential	\$ 38.02	\$ <b>39.92</b>	\$ 41.92	\$ 44.01	\$ 46.21	\$ 48.52
Residential Outside	47.52	<b>49.90</b>	52.39	55.01	57.76	60.65
Flat Rate	47.52	<b>49.90</b>	52.39	55.01	57.76	60.65
Commerical/Ind	62.71	<b>65.84</b>	69.13	72.59	76.22	80.03
		<b>5.0%</b>	5.0%	5.0%	5.0%	5.0%
<b>Volume Rate per 1,000 Gallons</b>						
<b>Residential</b>						
2,001 Above	5.70	<b>5.99</b>	6.29	6.60	6.93	7.28
		<b>5.0%</b>	5.0%	5.0%	5.0%	5.0%
<b>Residential Outside</b>						
2,001 Above	7.12	<b>7.47</b>	7.85	8.24	8.65	9.09
		<b>5.0%</b>	5.0%	5.0%	5.0%	5.0%
<b>Commercial</b>						
- 8,000,000	5.84	<b>6.13</b>	6.44	6.76	7.10	7.45
8,000,001 Above	4.62	<b>4.85</b>	5.09	5.35	5.62	5.90
		<b>5.0%</b>	5.0%	5.0%	5.0%	5.0%
<b>Metered Rate</b>						
- 8,000,000	5.70	<b>5.99</b>	6.29	6.60	6.93	7.28
8,000,001 Above	4.32	<b>4.53</b>	4.76	5.00	5.25	5.51
		<b>5.0%</b>	5.0%	5.0%	5.0%	5.0%

# Impact on Monthly Charges



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Water	WW	Current	Proposed Oct-24	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27	Forecast Oct-28
<b>Residential</b>							
5,000	5,000	\$ 104.90	\$ 110.14	\$ 115.65	\$ 121.43	\$ 126.35	\$ 131.48
			<b>5.24</b>	<b>5.51</b>	<b>5.78</b>	<b>4.92</b>	<b>5.13</b>
			5.0%	5.0%	5.0%	4.1%	4.1%
<b>Residential</b>							
10,000	8,000	145.15	152.41	<b>160.03</b>	168.03	174.74	181.74
			<b>7.26</b>	<b>7.62</b>	<b>8.00</b>	<b>6.71</b>	<b>7.00</b>
			5.0%	5.0%	5.0%	4.0%	4.0%
<b>Commercial</b>							
30,000	30,000	452.78	475.42	<b>499.19</b>	524.15	545.38	567.53
			<b>22.64</b>	<b>23.77</b>	<b>24.96</b>	<b>21.23</b>	<b>22.14</b>
			5.0%	5.0%	5.0%	4.1%	4.1%

# Forecast Revenues and Expenses



It's real.

	2025	2026	2027	2028	2029
<b>WATER and WASTEWATER Utility</b>					
<b>Revenues</b>					
Water Rate Revenues	\$ 18,716,532	\$ 20,443,071	\$ 22,395,120	\$ 22,681,614	\$ 23,981,814
Wastewater Rate Revenues	13,521,895	15,109,627	16,821,887	18,667,599	20,655,827
<b>Impact Fee Revenues</b>	<b>7,668,217</b>	<b>10,058,652</b>	<b>11,489,524</b>	<b>13,281,527</b>	<b>15,487,468</b>
Non-Rate Revenues	2,327,881	2,329,631	2,331,468	2,333,398	2,335,423
Total	42,234,525	47,940,981	53,038,000	56,964,138	62,460,533
<b>Cost of Service</b>					
Operating	25,769,469	27,614,896	29,448,208	30,938,687	33,557,194
Capital Outlays	2,986,498	2,073,500	2,123,500	1,823,500	2,073,500
Debt Service -- Current	12,786,495	16,822,201	19,015,420	19,259,565	19,484,048
Debt Service -- Future	-	325,000	525,000	3,292,561	6,884,992
Total	41,542,462	46,835,596	51,112,128	55,314,313	61,999,734
<b>Net Revenues</b>	<b>692,063</b>	<b>1,105,384</b>	<b>1,925,872</b>	<b>1,649,824</b>	<b>460,799</b>
Percent of Revenues	1.6%	2.3%	3.6%	2.9%	0.7%



**Questions?**