



City of Seguin

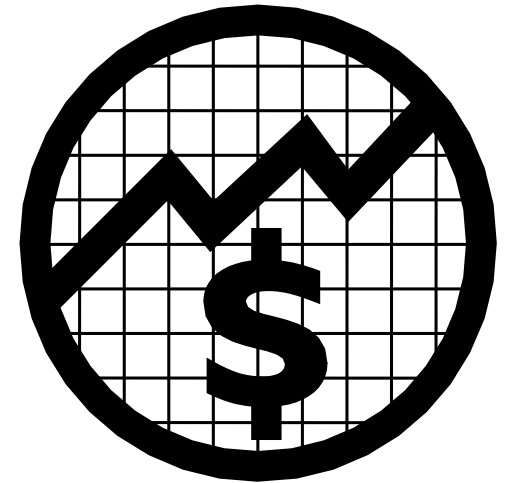
Water/Wastewater Rate Study

City Council Meeting

Facts about Water and Wastewater Rates in the 21st Century



- ◆ Average utility has been increasing rates 5-6% per year
- ◆ AWWA expects water and ww rates across the USA to triple in the next 15 years
- ◆ Many reasons for rate increases are beyond a City's ability to influence
- ◆ Cities that jointly share facilities can have lower unit costs
- ◆ Conclusion: higher rates are an unfortunate but inevitable fact of life in USA



City of Seguin Current Water Rates – Inside City



Monthly Water Charge

Volume Rate/1,000 Gallons

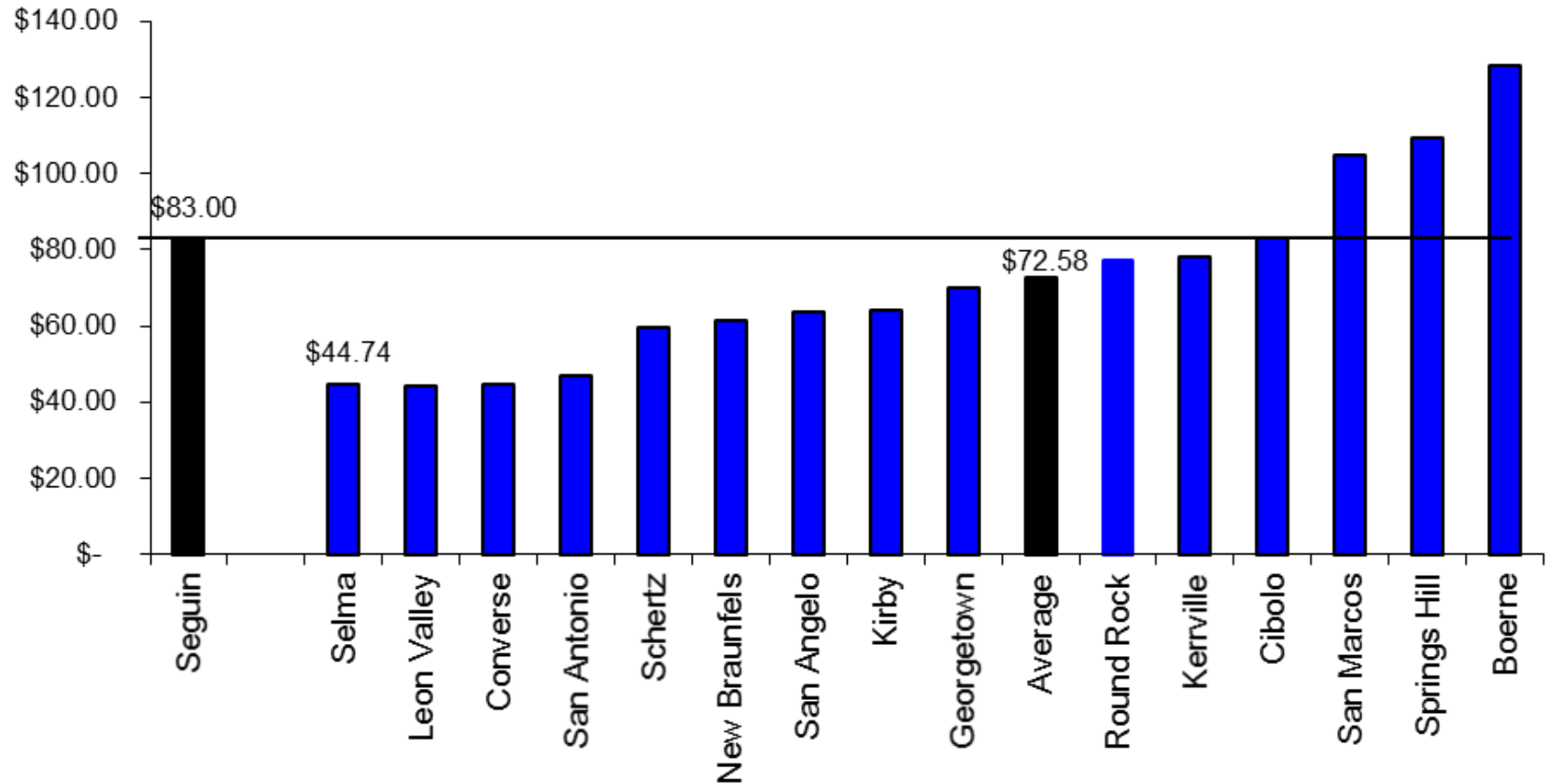
Inside City		Outside City				Inside City	Outside City
				Residential			
Residential	\$ 19.00	Residential	\$ 25.00	-	10,000	\$ 3.50	\$ 4.50
Commercial Industrial	41.00	Commercial	41.00	10,001	35,000	3.50	4.50
City Com & Res	41.00			35,001	Above	4.10	5.10
Surface: Tyson	39.00			Commercial			
Rio Nogales	-			-	12,000,000	3.75	4.05
				12,000,001	Above	3.20	4.05
				Rio Nogales			
				-	Above	2.81	n/a

City of Seguin Current Wastewater Rates



			Base	Usage Charge
Residential			\$ 20.00	
	0	2,000		-
	2,001	Above		3.00
Commerical/Ind			33.00	
	0	8,000,000		3.10
	8,000,001	Above		2.40
Fixed Sewer Comm			48.00	
Contracted Rate Metered CPS			33.00	
	0	8,000,000		3.10
	8,000,001	Above		2.40
Tyson Metered Sewer			31.00	
	0	8,000,000		3.00
	8,000,001	Above		2.30
Continental Metered Sewer			33.00	
	0	8,000,000		3.10
	8,000,001	Above		2.40
City Meters			33.00	
	0	8,000,000		3.10
	8,000,001	Above		
Springs Hill Residential S2			34.00	
Springs Hill Com. S3 & S4			106.00	

Water/WW Residential Rate Comparison 10,000 Gallons Water and 5,000 Gallons WW



Source: Municipal Websites

Average Active Accounts FY 2014



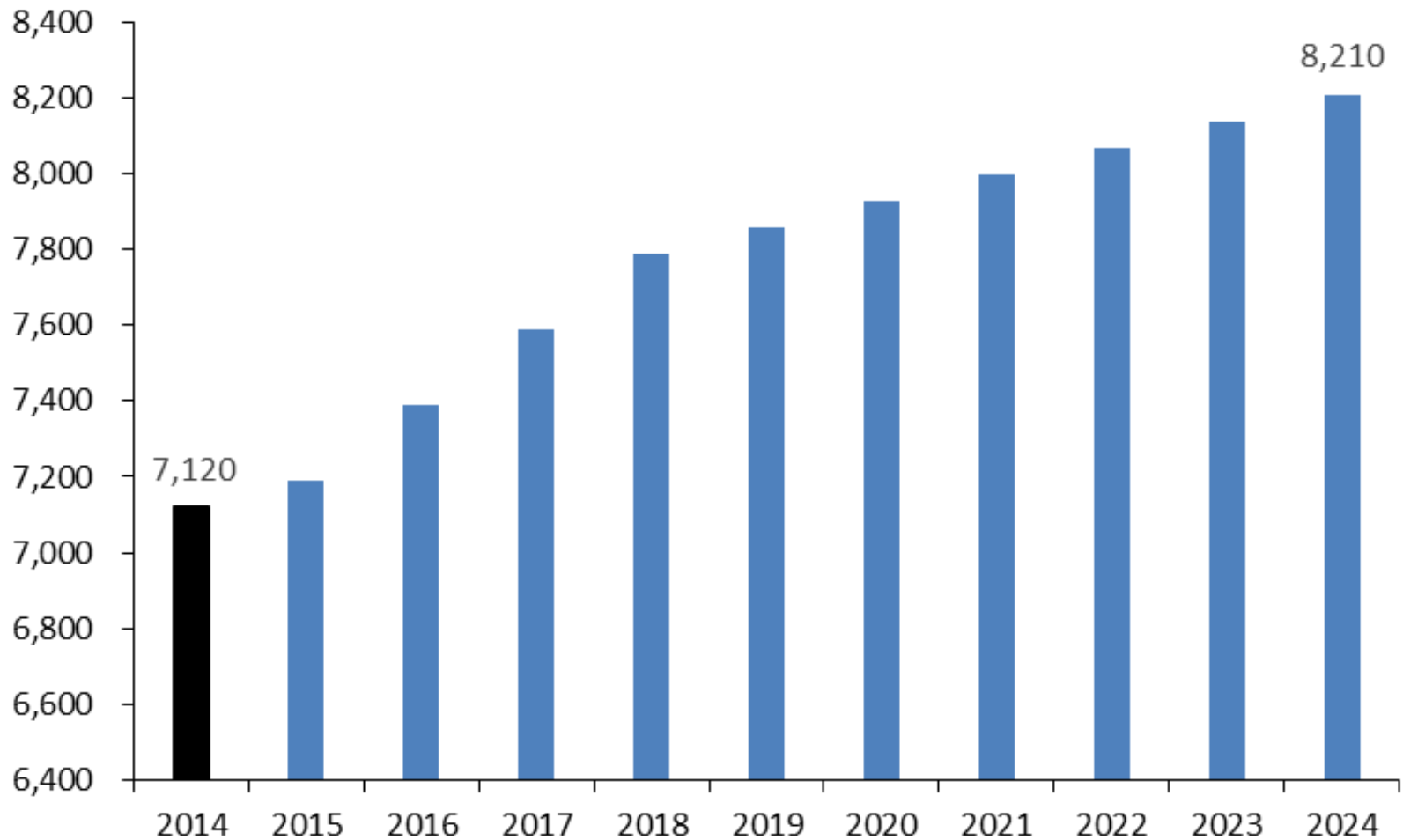
WATER

Inside Residential	5,923
Outside Residential	4
Inside Commercial Industrial	1,131
Outside Commercial	2
Inside City Com & Res	57
Surface: Tyson	2
Surface Rio Nogales	1
Total System	7,120

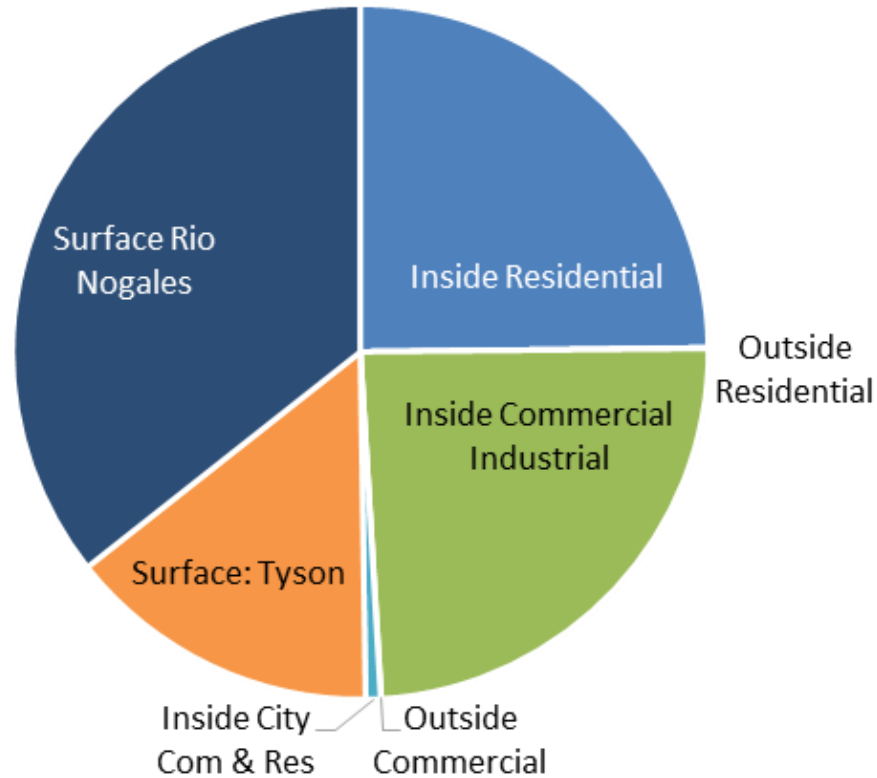
WASTEWATER

A: Inside Residential	5,430
B: Commercial Industrial	954
C. Project Water Com. & Res	-
D: Fixed Sewer	9
E: Contracted Rate Metered CPS	1
F: Tyson Metered Sewer	1
G: Continental Metered Sewer	1
H: City Meters	19
I: Springs Hill Residential S2	132
J: Springs Hill Com. S3 & S4	18
Total System	6,565

Historical and Forecast Water Accounts



Total Usage (Gallons) FY 2014



Total = 1,896,205,380

Revisions to Forecast Since July 2015 Briefing

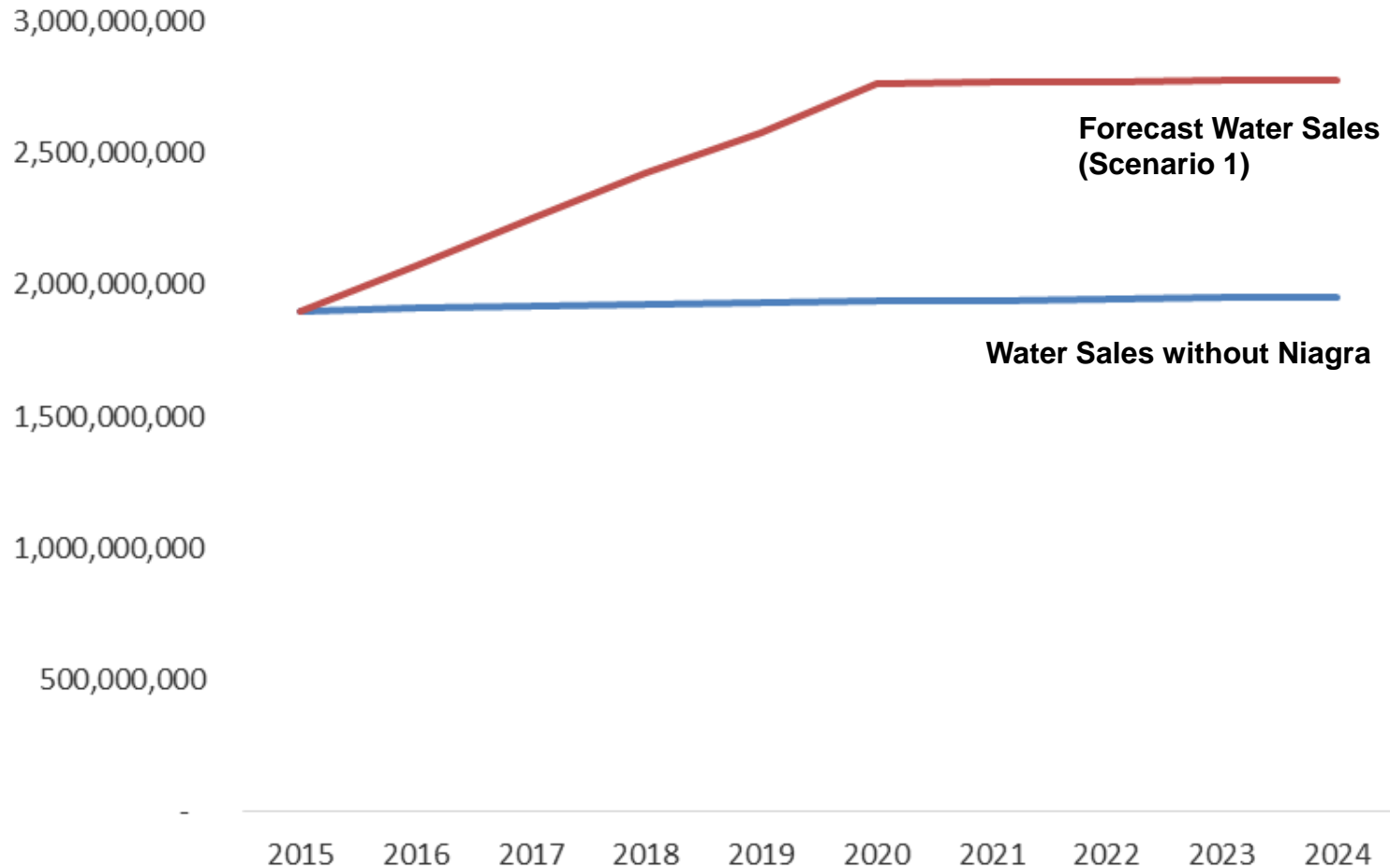


- ◆ “Project Water” confirmed; Niagra bottling plant expected to result in as much as 2.25 mgd of additional water sales

- ◆ Debt service totals revised – less debt assumed to be issued in 2016 – 2019; greater debt in 2020
 - ❖ Result – rate adjustments lower and can be implemented over longer period of time

- ◆ Surface water rates adjusted at slightly higher rates to be more reflective of cost of service

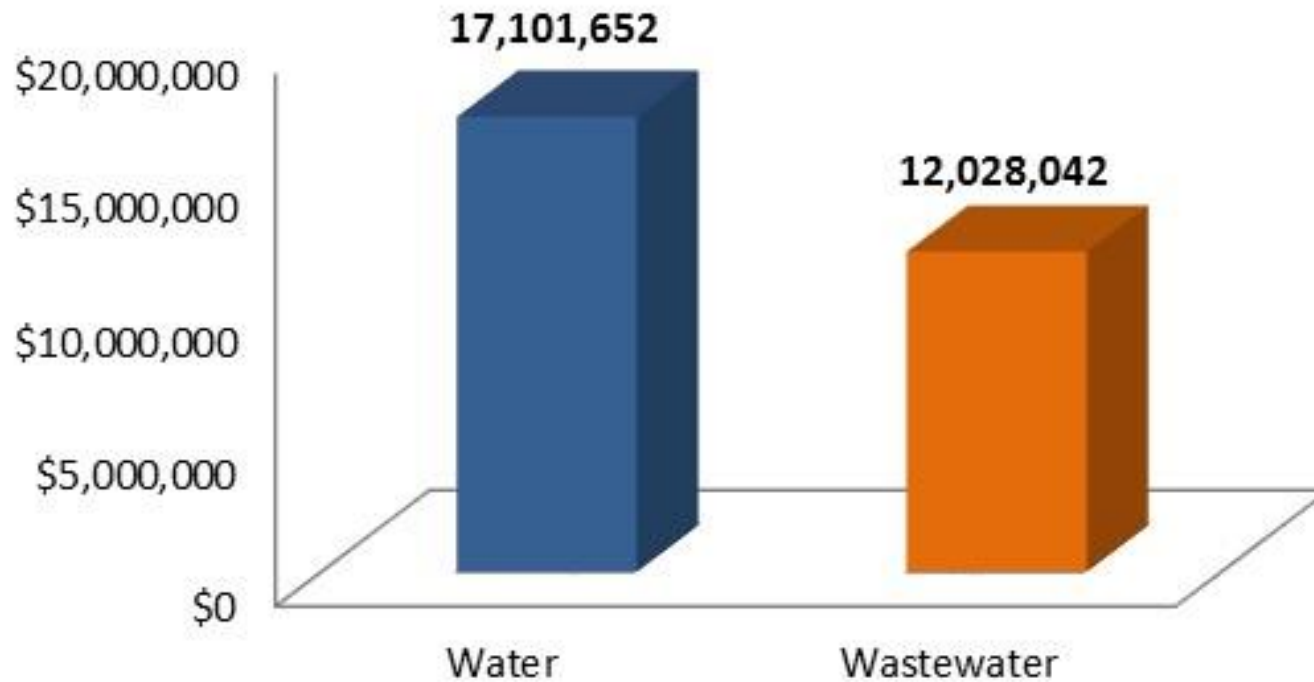
Forecast Water Consumed FY 2015 – FY 2024



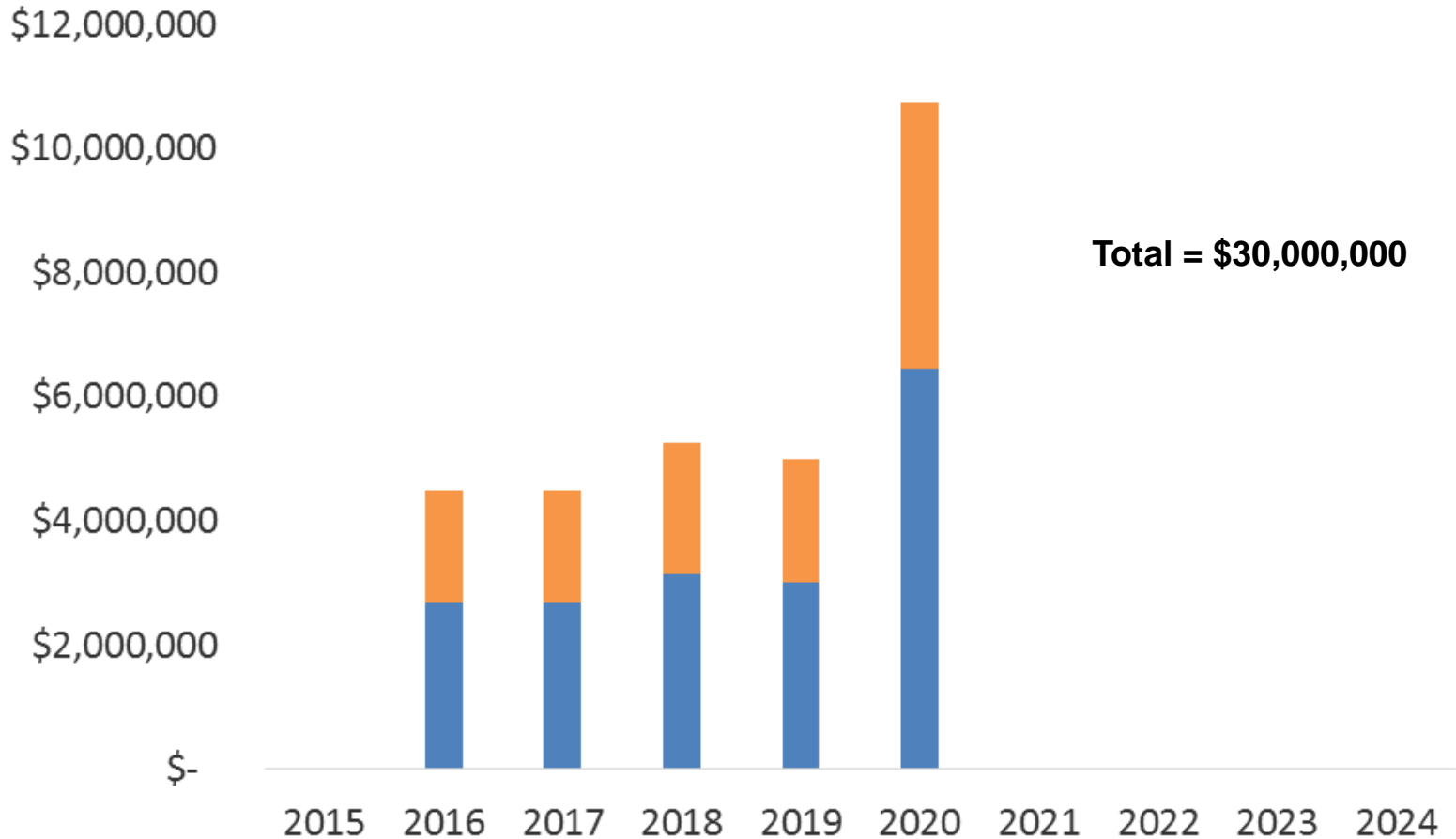
Forecast Capital Improvement Plan 2016 -- 2020



Total = \$29,129,694



Water and Wastewater Forecast Future Debt Issues to Fund CIP



Proposed Rate Plan Forecast Cost of Service



	2015	2016	2017	2018	2019	2020
WATER Utility Cost of Service						
Operating/Capital Outlays	\$ 8,392,274	\$ 8,984,193	\$ 9,388,815	\$ 9,903,087	\$ 10,591,926	\$ 11,096,019
Debt Service -- Current	877,973	880,618	877,600	875,997	879,229	880,606
Debt Service -- Future	<u>-</u>	<u>49,749</u>	<u>153,599</u>	<u>303,707</u>	<u>473,074</u>	<u>742,463</u>
Total	9,270,247	9,914,560	10,420,014	11,082,792	11,944,228	12,719,088
WASTEWATER Utility Cost of Service						
Operating/Capital Outlays	5,356,970	5,613,136	5,885,609	6,174,705	6,466,215	6,778,601
Debt Service -- Current	877,973	880,618	877,600	875,997	879,229	880,606
Debt Service -- Future	<u>-</u>	<u>40,251</u>	<u>124,276</u>	<u>245,729</u>	<u>382,762</u>	<u>600,724</u>
Total	6,234,942	6,534,005	6,887,485	7,296,431	7,728,206	8,259,932

Notes on Proposed Rate Plan



- ◆ Addition of third water rate block for residential to encourage conservation and minimize impact of rate proposal on low usage ratepayers
- ◆ Creation of an industrial wastewater class to include Tyson, Rio Nogales and Continental
- ◆ Conversion of Springs Hill wastewater customers from flat rate to volume-based rate

Proposed Water Rate Plan



WATER Rates

Base Charge

	Current	Effective Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19
Residential	\$ 19.00	\$ 20.14	\$ 20.95	\$ 21.57	\$ 22.22	\$ 22.89
Commercial	41.00	43.46	45.20	46.55	47.95	49.39
City Com & Res	41.00	43.46	45.20	46.55	47.95	49.39
Surface Tyson	39.00	43.46	45.20	46.55	47.95	49.39
Surface Rio Nogales	-	-	-	-	-	-

Volume Rate

Residential

-	10,000	3.50	3.50	3.64	3.75	3.86	3.98
10,001	35,000	3.50	4.00	4.16	4.28	4.41	4.55
35,001	Above	4.10	4.50	4.68	4.82	4.97	5.11

Commercial

-	12,000,000	3.75	3.98	4.13	4.26	4.39	4.52
12,000,001	Above	3.20	3.39	3.53	3.63	3.74	3.85

City Com & Res

-	12,000,000	3.75	3.98	4.13	4.26	4.39	4.52
12,000,001	Above	3.20	3.39	3.53	3.63	3.74	3.85

Surface Tyson

-	12,000,000	2.81	2.98	3.10	3.19	3.29	3.38
12,000,001	Above	2.81	2.98	3.10	3.19	3.29	3.38

Surface Rio Nogales

-	Above	2.81	2.98	3.10	3.19	3.29	3.38
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Niagra

-	Above	NA	2.98	3.10	3.19	3.29	3.38
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Proposed Wastewater Rate Plan



	Current	Effective Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19
WASTEWATER Rates						
Base Charge						
Residential	\$ 20.00	\$ 23.00	\$ 25.53	\$ 27.32	\$ 28.41	\$ 29.55
Commerical	33.00	37.95	42.12	45.07	46.88	48.75
Niagra	33.00	37.95	42.12	45.07	46.88	48.75
Fixed Sewer Comm	48.00	37.95	42.12	45.07	46.88	48.75
Contracted Rate Metered CPS	33.00	37.95	42.12	45.07	46.88	48.75
Industrial	31.00	37.95	42.12	45.07	46.88	48.75
Continental Metered Sewer	33.00	37.95	42.12	45.07	46.88	48.75
City Meters	33.00	37.95	42.12	45.07	46.88	48.75
Springs Hill Residential S2	34.00	23.00	25.53	27.32	28.41	29.55
Springs Hill Comm S3 & S4	106.00	37.95	42.12	45.07	46.88	48.75

Proposed Wastewater Rate Plan



		Current	Effective Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19
WASTEWATER Rates							
Volume Rate per 1,000 Gallons							
Residential							
2,001	Above	\$ 3.00	\$ 3.45	\$ 3.83	\$ 4.10	\$ 4.26	\$ 4.43
Commerical							
-	8,000,000	3.10	3.57	3.96	4.23	4.40	4.58
8,000,001	Above	2.40	2.76	3.06	3.28	3.41	3.55
Niagra							
-	8,000,000	3.10	3.57	3.96	4.23	4.40	4.58
8,000,001	Above	2.40	2.76	3.06	3.28	3.41	3.55
Fixed Sewer Comm							
2,001	Above	-	3.57	3.96	4.23	4.40	4.58
Contracted Rate Metered CPS							
-	8,000,000	3.10	3.45	3.83	4.10	4.26	4.43
8,000,001	Above	2.40	2.65	2.94	3.14	3.27	3.40
Industrial							
-	8,000,000	3.00	3.45	3.83	4.10	4.26	4.43
8,000,001	Above	2.30	2.65	2.94	3.14	3.27	3.40
City Meters							
-	8,000,000	3.10	3.57	3.96	4.23	4.40	4.58
8,000,001	Above	2.40	2.76	3.06	3.28	3.41	3.55
Springs Hill Residential S2							
2,001	Above	-	3.45	3.83	4.10	4.26	4.43
Springs Hill Comm S3 & S4							
2,001	Above	-	3.57	3.96	4.23	4.40	4.58

Proposed Rate Plan

Impact on Monthly Water/WW Charges



Water	WW	Current	Effective Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19
Residential							
5,000	5,000	\$ 65.50	\$ 70.99	\$ 76.16	\$ 79.93	\$ 82.72	\$ 85.62
			5.49	5.17	3.77	2.79	2.89
			8.4%	7.3%	4.9%	3.5%	3.5%
Residential							
10,000	8,000	92.00	98.84	105.85	110.97	114.82	118.80
			6.84	7.01	5.12	3.85	3.98
			7.4%	7.1%	4.8%	3.5%	3.5%
Commercial							
30,000	30,000	279.50	307.61	330.06	346.39	358.51	371.05
			28.11	22.45	16.34	12.11	12.54
			10.1%	7.3%	4.9%	3.5%	3.5%

Springs Hill Residential Impact of Volume Rate



	Current	Oct-15	Oct-16	Oct-17	Oct-18	Oct-19
Flat Rate	\$ 34.00	\$ 39.10	\$ 43.40	\$ 46.44	\$ 48.30	\$ 50.23
Volume-Based Rate						
-	na	23.00	25.53	27.32	28.41	29.55
1,000	na	23.00	25.53	27.32	28.41	29.55
2,000	na	23.00	25.53	27.32	28.41	29.55
3,000	na	26.45	29.36	31.41	32.67	33.98
4,000	na	29.90	33.19	35.51	36.93	38.41
5,000	na	33.35	37.02	39.61	41.19	42.84
6,000	na	36.80	40.85	43.71	45.46	47.27
7,000	na	40.25	44.68	47.80	49.72	51.71
8,000	na	43.70	48.51	51.90	53.98	56.14
9,000	na	47.15	52.34	56.00	58.24	60.57
10,000	na	50.60	56.17	60.10	62.50	65.00

Current Rates vs. July 2015 Impact on Monthly Charges



Water	WW	Current	Oct-15	Oct-16	Oct-17	Oct-18	Oct-19
Residential							
5,000	5,000						
July 2015		\$ 65.50	\$ 72.44	\$ 79.54	\$ 82.33	\$ 85.21	\$ 88.20
Current		65.50	70.99	76.16	79.93	82.72	85.62
Difference			(1.45)	(3.38)	(2.40)	(2.49)	(2.58)
Residential							
10,000	8,000						
July 2015		\$ 92.00	\$ 100.74	\$ 110.34	\$ 114.17	\$ 118.14	\$ 122.25
Current		92.00	98.84	105.85	110.97	114.82	118.80
Difference			(1.90)	(4.49)	(3.20)	(3.32)	(3.45)

Impact of Niagra on Residential Rates



Water	WW	Current	Oct-15	Oct-16	Oct-17	Oct-18	Oct-19
Residential							
5,000	5,000						
No Niagra		\$ 65.50	\$ 74.45	\$ 82.57	\$ 88.28	\$ 93.17	\$ 98.90
Current Plan		65.50	70.99	76.16	79.93	82.72	85.62
Difference			(3.46)	(6.40)	(8.35)	(10.44)	(13.28)
Residential							
10,000	8,000						
No Niagra		\$ 92.00	\$ 104.40	\$ 115.73	\$ 123.67	\$ 130.55	\$ 138.74
Current Plan		92.00	98.84	105.85	110.97	114.82	118.80
Difference			(5.56)	(9.88)	(12.70)	(15.73)	(19.94)

Presentation Summary

How Will Rate Plan Benefit Seguin?



- ◆ Will enable water and wastewater utility to be financially independent and self-sufficient
- ◆ Will ensure that ratepayers pay only what it costs to provide service to them
- ◆ Will enable City to invest \$30 million in capital improvements in next five years
- ◆ Will encourage economic development opportunities

