

CITY OF SEGUIN

2025 Water and Wastewater Rate Study City Council Presentation

July 2025



It's real.



The background of the slide is a photograph of industrial machinery, likely a water treatment or manufacturing plant. It features large pipes, valves, and mechanical components. The entire image is overlaid with a semi-transparent blue filter. The text "FACTORS IMPACTING 2025 RATE PLAN" is centered in white, bold, sans-serif font.

FACTORS IMPACTING 2025 RATE PLAN

SEGUIN WATER AND WASTEWATER RATE BACKGROUND



- Current water and wastewater rates went in effect in October 2024
- Seguin's rates are reviewed annually to account for any variations in primary cost drivers (operating expenses, debt service, wholesales costs)
- Inflation, increase in wholesale costs, recruitment of additional personnel, and system growth continue to drive up utility operating and capital costs annually
- Other cities are facing same challenges and are also adjusting rates



CURRENT WATER AND WASTEWATER RATE STRUCTURE

WATER RATE STRUCTURE			
Capacity Charge per Meter	RES	NON-RES*	SURFACE
All Meters	\$27.95	\$60.31	\$60.31

WATER RATE STRUCTURE	
Volume Rate per 1k Gal	RESIDENTIAL
1 – 10,000	\$4.86
10,001 – 35,000	5.55
35,001 – Above	6.26
Volume Rate per 1k Gal	NON-RES
1 – 12,000,000	5.51
12,000,001 – Above	4.70
Volume Rate per 1k Gal	SURFACE WATER
All gallons	4.15
if ground water is used	4.70

*NON-RES includes Commercial, Industrial, Governmental& Multifamily

WW RATE STRUCTURE				
Sewer Base Charge (RES includes 2,000 gal)	RES INSIDE	RES OUT	NON- RES	IND METER
All Meters	\$39.92	\$49.90	\$65.84	\$65.84

WW RATE STRUCTURE	
Volume Rate per 1k Gal	RESIDENTIAL INSIDE
2,001 – 8,000**	\$5.99
Volume Rate per 1k Gal	RESIDENTIAL OUTSIDE
2,001 – 8,000**	7.47
Volume Rate per 1k Gal	NON-RESIDENTIAL
1 – 8,000,000	6.13
8,000,001 - Above	4.85
Volume Rate per 1k Gal	INDUSTRIAL METERED
1 – 8,000,000	5.99
8,000,001 - Above	4.53

** RES sewer is capped at 8,000 gal

The background of the slide is a photograph of industrial machinery, likely a pump or compressor system, with large pipes and a motor. The entire image is covered with a semi-transparent blue overlay. The text 'CUSTOMERS & VOLUMES' is centered in white, bold, uppercase letters.

CUSTOMERS & VOLUMES

WATER AND WASTEWATER ACCOUNTS | TEST YEAR 2026



RATE MODEL CUSTOMER CLASSES			
WATER Customer Accounts		WASTEWATER Customer Accounts	
Residential	8,627	Residential	8,057
Multi-Family	89	Flat Rate	4
Commercial/ Industrial	1,137	Commercial Industrial	996
City	73	City	33
SurfaceWater	7	Springs Hill RES	3,612
Surface NBU	1	Springs Hill COM	33
SpringsHill	1	Crystal Clear Outside (RES)	1,131
PremiumWaters	1	Metered SEWER	4
		Premium Water - Sewer	1
		Premium Water Metered Sev	1
Total	9,936	Total	13,872

BILLED WATER BY CUSTOMER CLASS | TEST YEAR 2026

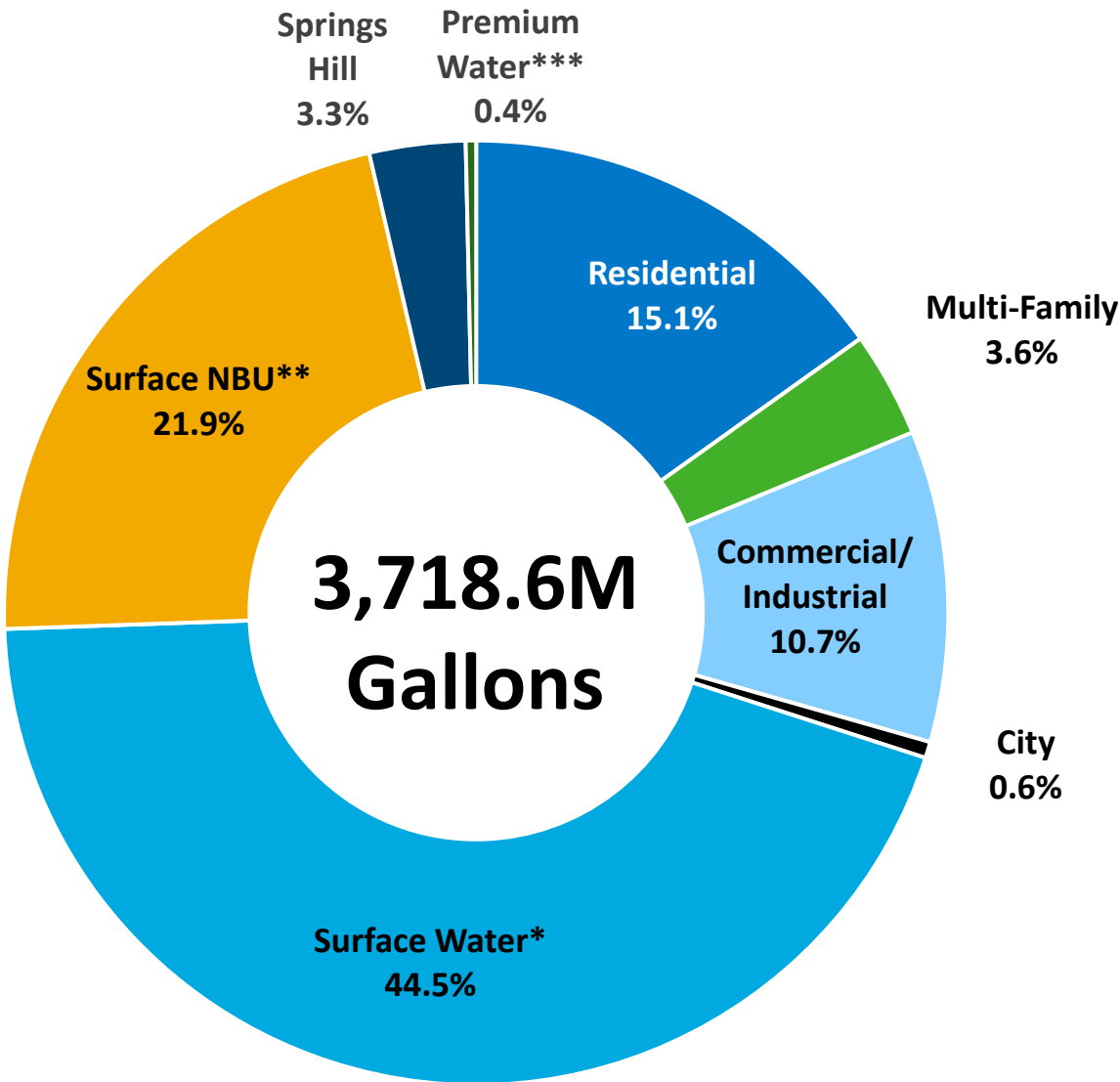


***Surface Water includes:**

- Tyson (2 meters)
- Rio Nogales Power Plant (2 meters)
- Niagara Bottling Plant (3 meters)

**** Surface NBU -**
represents reservation
of water rights for
2,500AF/year

*****Premium Water uses**
ground water

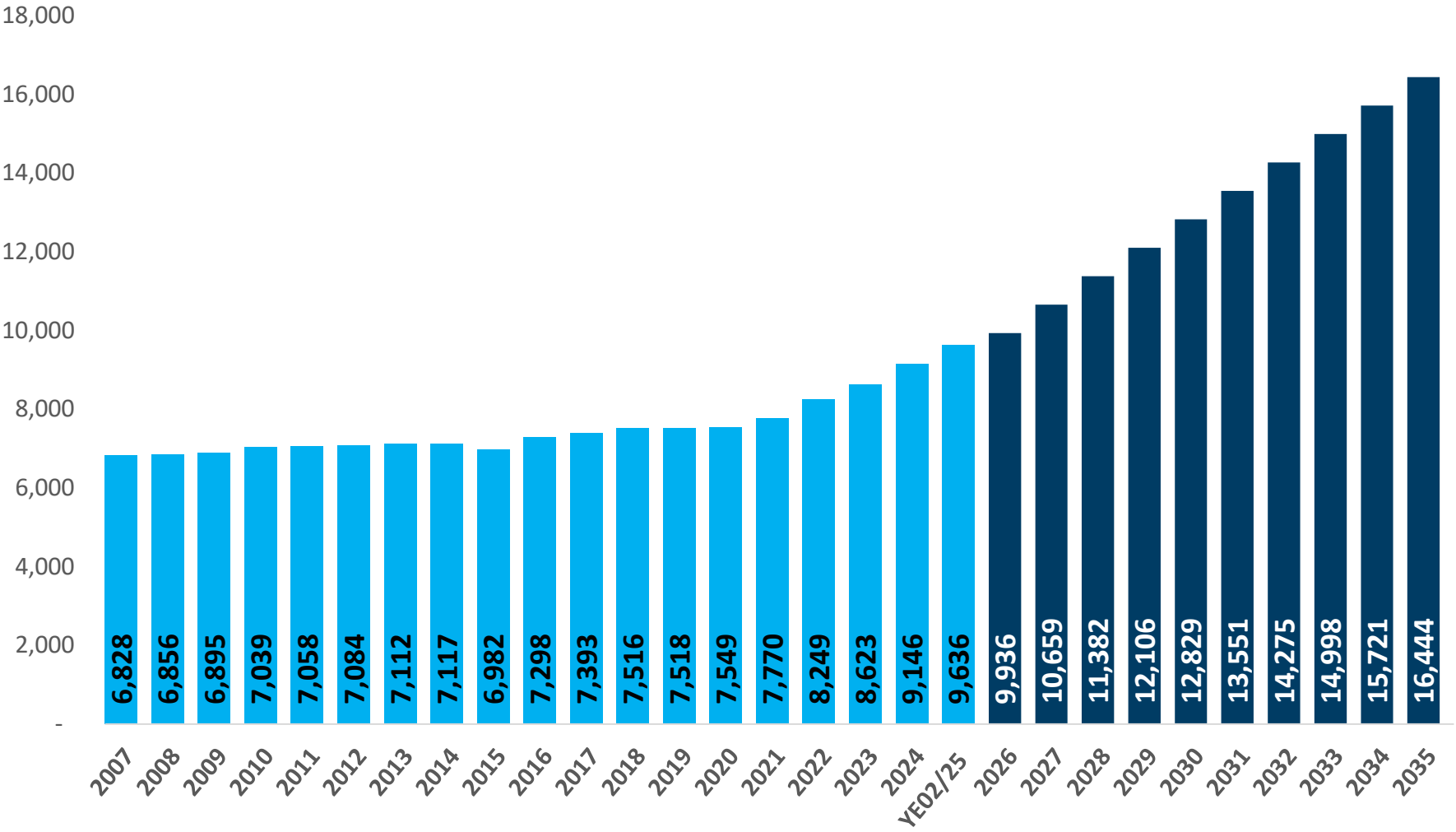


KEY ASSUMPTIONS ABOUT FUTURE WATER CONSUMPTION

- Surface NBU water rights reservation will remain at 2,500AF/year until an interconnect is built
- Springs Hill forecast consumption is 375AF in FY2026, 500AF in FY2027, and zero AF in FY2028 and beyond
- Premium Water forecast consumption is set to gradually increase from 13.0 MG in TY2026 to 150.0MG by FY2031 and remain flat after that
- Premium Sewer flows are assumed to equal to **50%** of water consumption



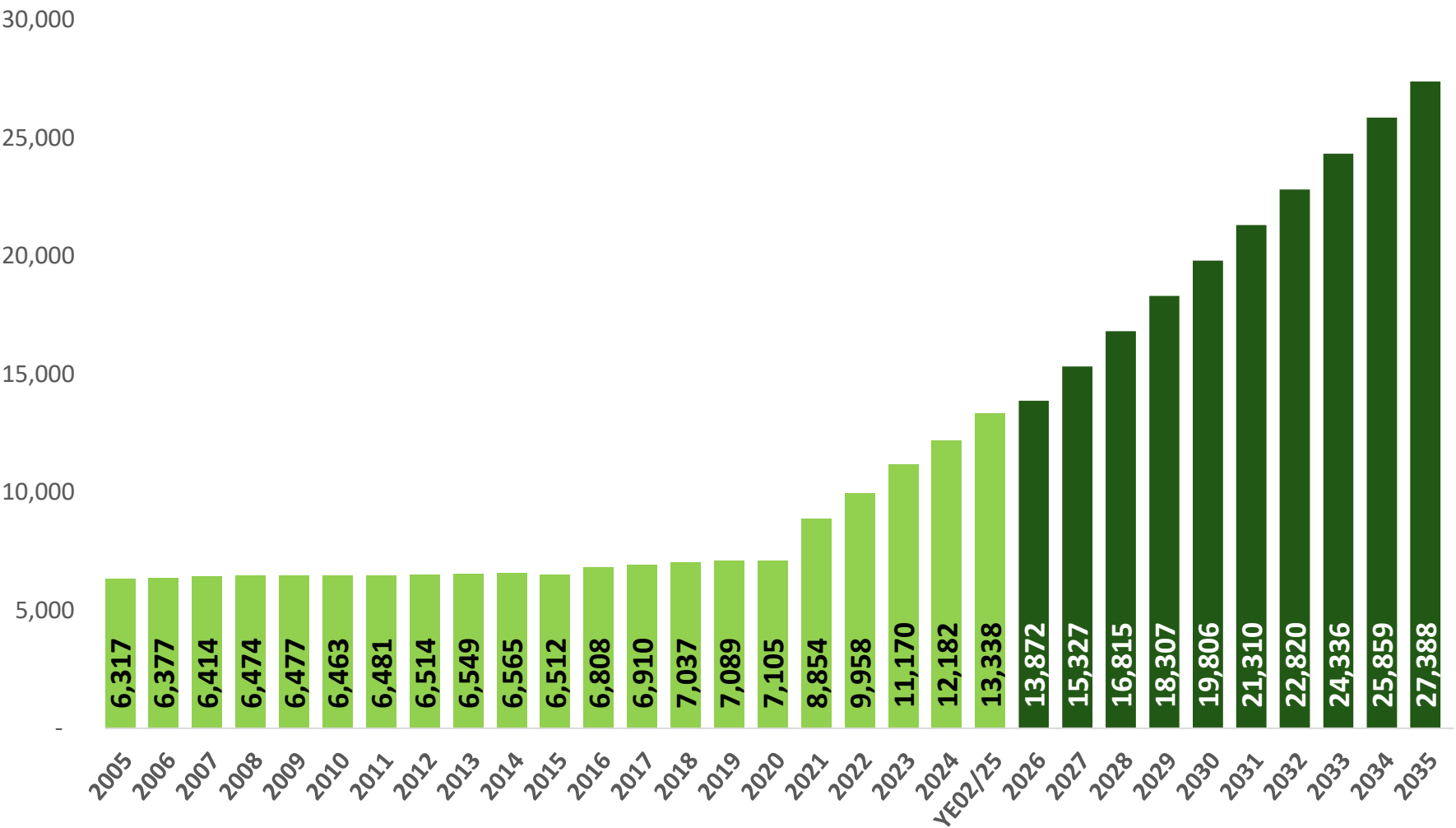
HISTORICAL AND FORECAST WATER ACCOUNTS



Project team estimates an average of 723 new water accounts per year (represents 75% of IF forecast)

Average annual account growth: 5.76%

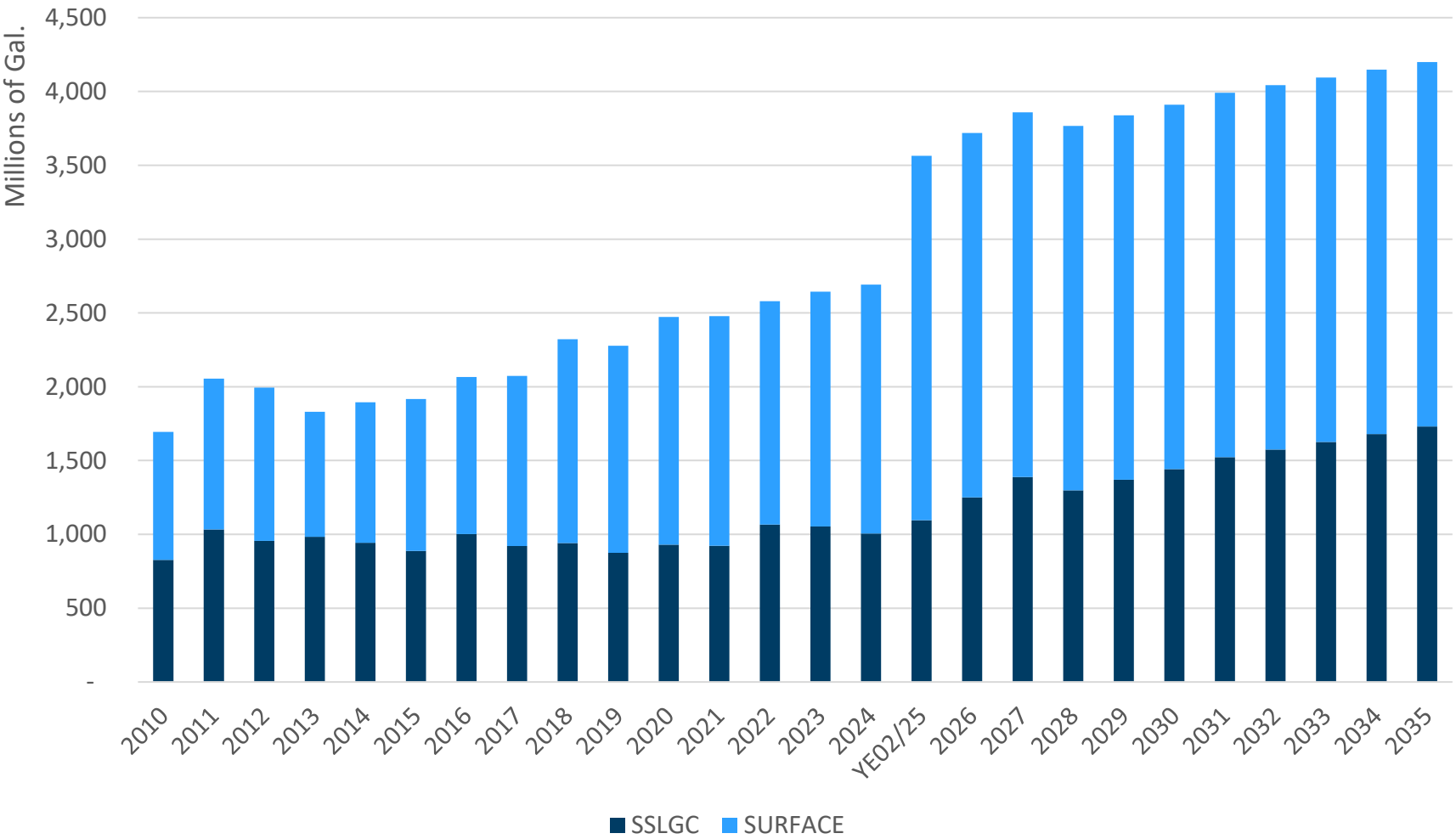
HISTORICAL AND FORECAST WASTEWATER ACCOUNTS



Project team estimates that on average 1,502 new sewer accounts will be added to the system each year (75% of IF forecast)

Average annual account growth: 7.85%

HISTORICAL AND FORECAST WATER CONSUMPTION



Forecast water consumption will increase at the rate of 1.4% per year.

Actual water use may vary considerably with weather patterns.

The model is based on the overall trend.

2025 increase due to NBU and Premium Water purchases

The background of the slide is a blue-tinted photograph of industrial water and wastewater treatment equipment. It features large pipes, valves, and mechanical components, likely part of a pump station or treatment plant. The equipment is complex, with various pipes of different diameters and some large circular openings. The overall scene is industrial and technical.

WATER & WASTEWATER CURRENT AND FORECAST COST OF SERVICE

PROJECTED CIP AND FUTURE BOND ISSUES (FY2025-2030)

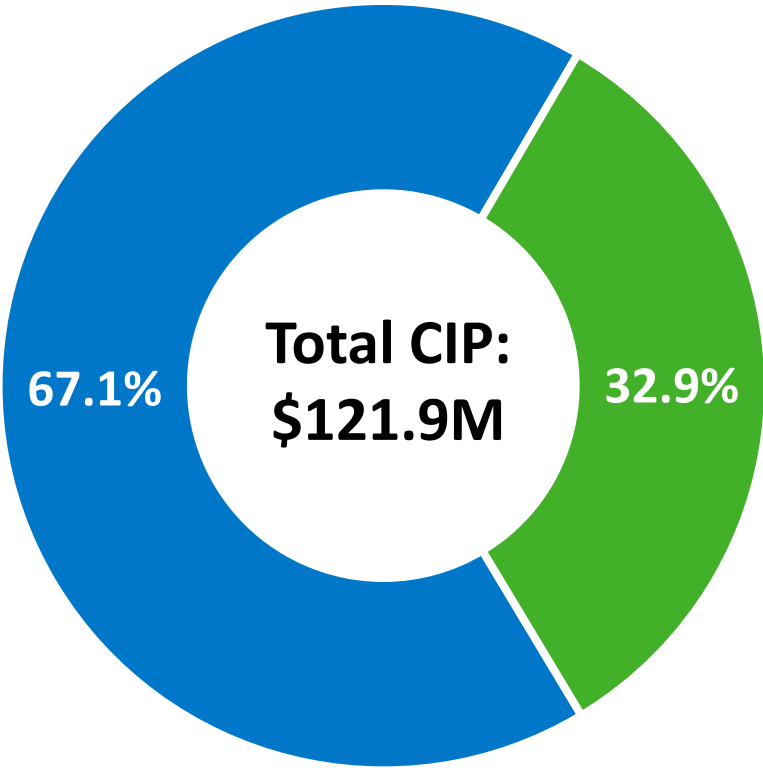


Water CIP = \$81,722,500

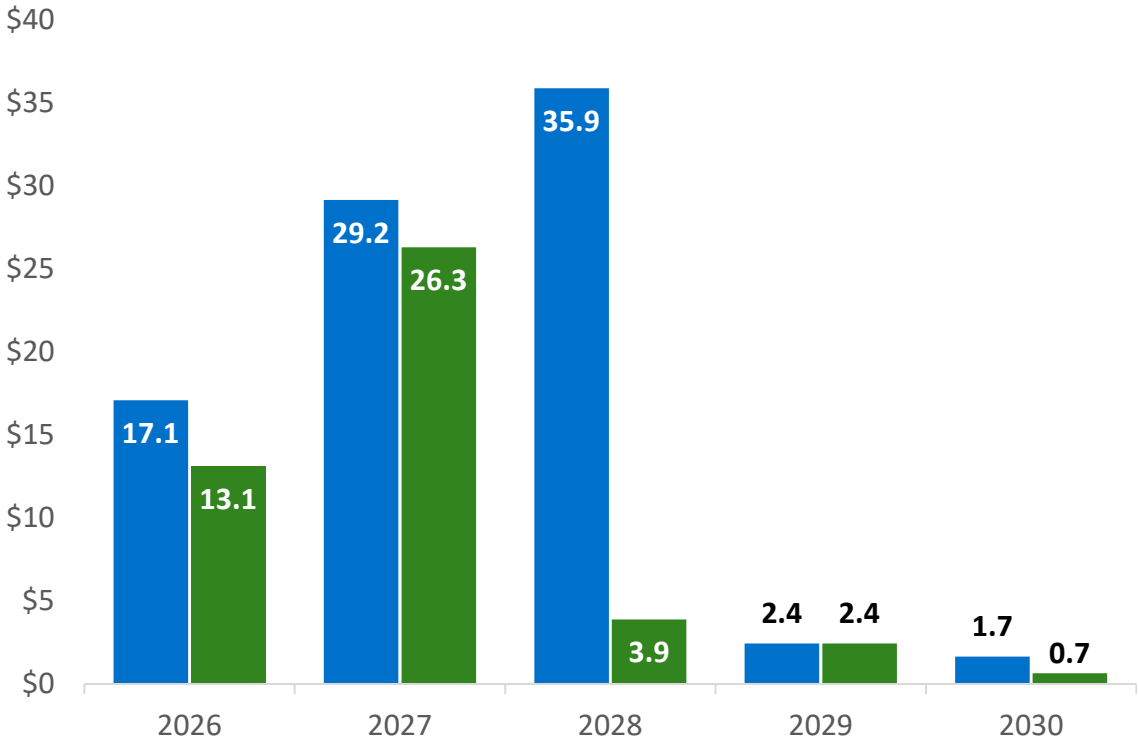
Wastewater CIP = \$40,150,000

Water Bonds = \$86,223,000

WW Bonds = \$46,379,000



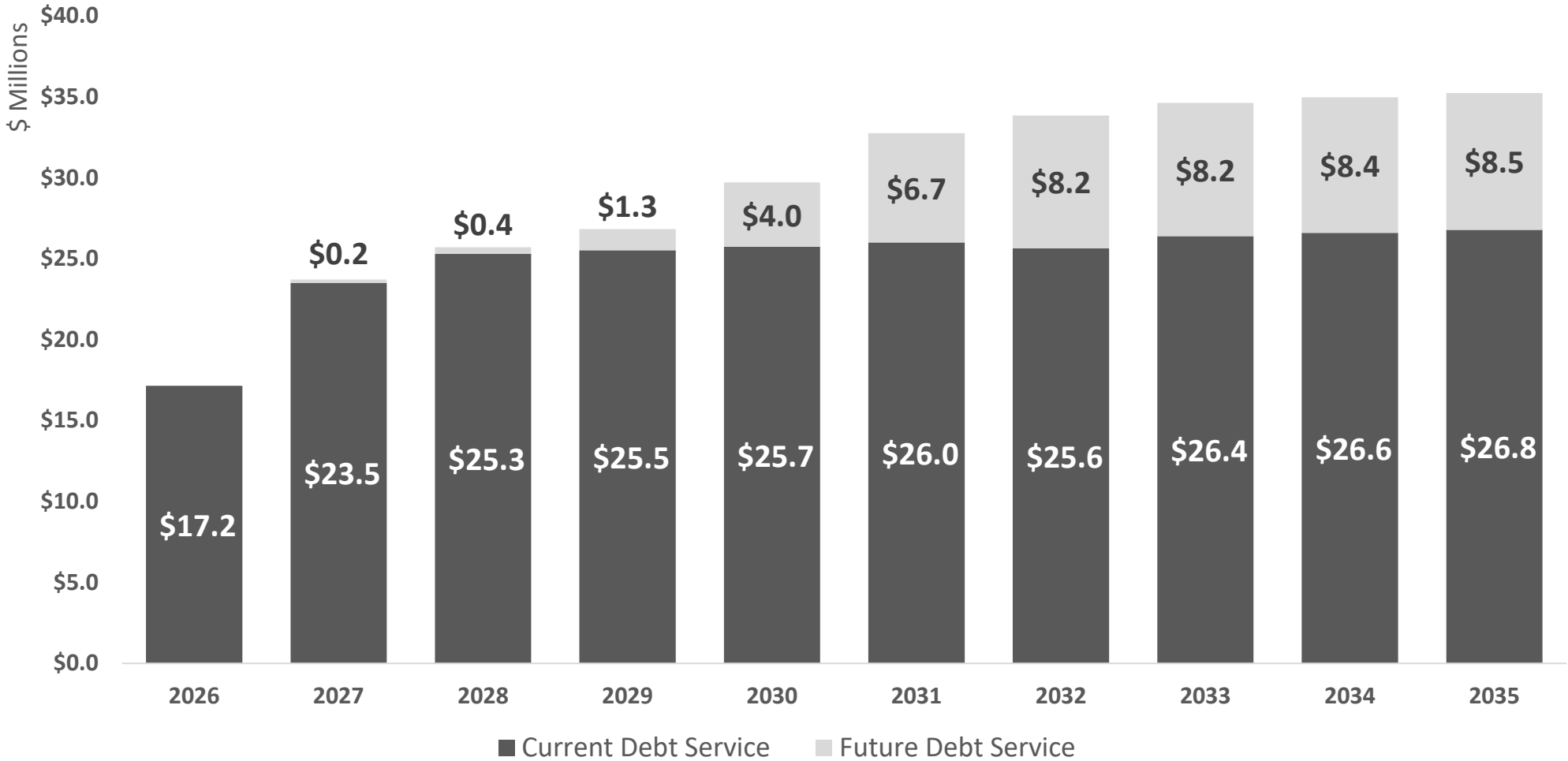
■ Water ■ Wastewater



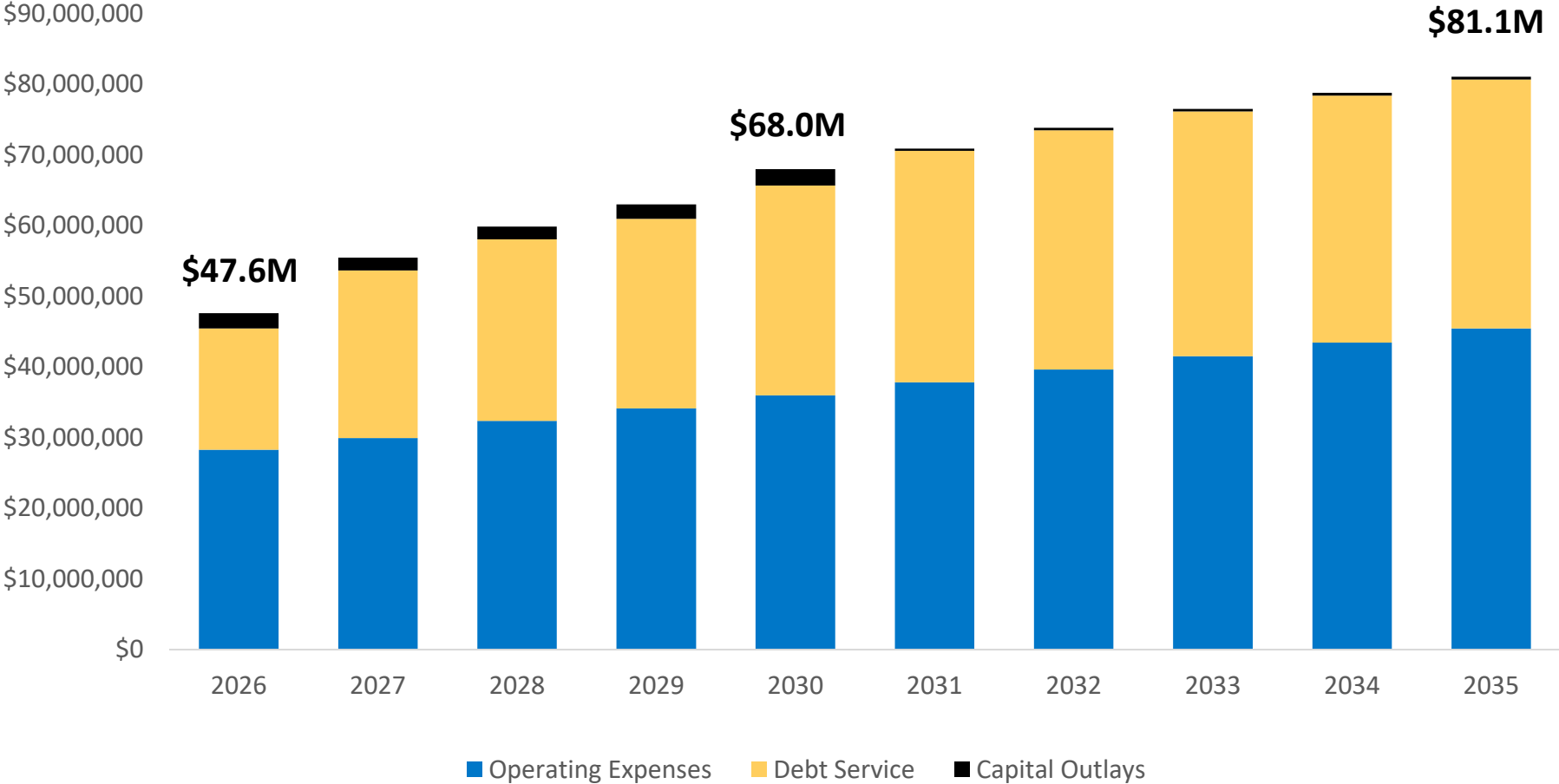
Future Bond Issues

*CIP schedule includes small-ticket projects of <\$500k that will be funded through rates or fund reserves

FORECAST DEBT SERVICE PAYMENTS



WATER AND WASTEWATER | COST OF SERVICE



A blue-tinted photograph of a water treatment plant. The image shows large industrial pipes, valves, and machinery. In the foreground, there's a large horizontal pipe with a flange. In the background, there are vertical pipes and what looks like a large storage tank or filter. The overall scene is industrial and technical.

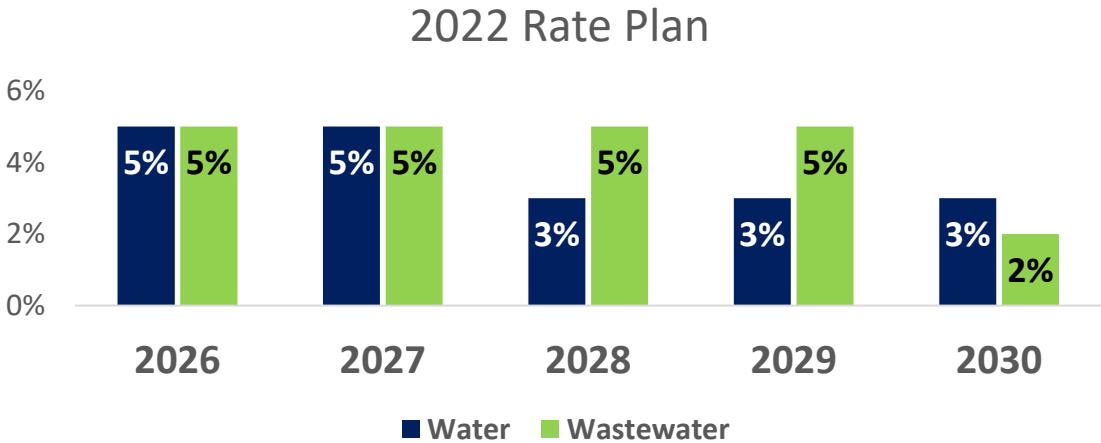
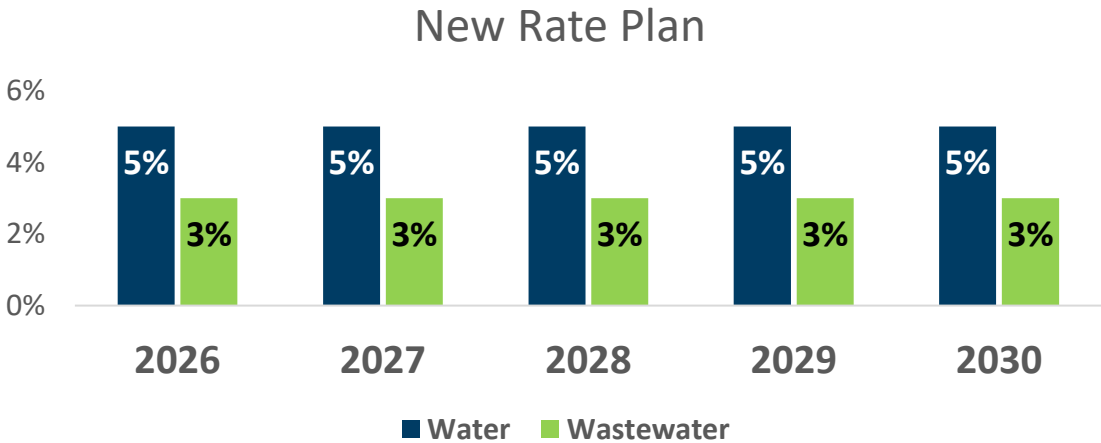
WATER & WASTEWATER PROPOSED RATE PLAN

NOTES ON RATE PROPOSAL



Proposed and forecast rate adjustments for the next 5 years:

- Nominal revision to rate plan required due to:
 - Additional operating expenses (mostly due to recruitment of new employees)
 - Updated debt service forecast
 - Tightening debt coverage
- New plan would require higher water rate adjustments and lower wastewater rate adjustments



PRELIMINARY & SUBJECT TO CHANGE

IMPACT ON MONTHLY Charges



				Effective				
			Current	Oct-25	Oct-26	Oct-27	Oct-28	Oct-29
Residential Monthly Charges Inside -- 3/4"								
5,000 Water	Total	\$	110.14	\$ 114.49	\$ 119.02	\$ 123.74	\$ 128.67	\$ 133.80
5,000 WW	Increase -- \$			4.35	4.53	4.72	4.92	5.13
	Increase -- %			3.9%	4.0%	4.0%	4.0%	4.0%
10,000 Water	Total	\$	152.41	\$ 158.51	\$ 164.88	\$ 171.51	\$ 178.43	\$ 185.64
8,000 WW	Increase -- \$			6.10	6.36	6.63	6.92	7.21
	Increase -- %			4.0%	4.0%	4.0%	4.0%	4.0%
Commercial Monthly Charges Inside -- 2"								
25,000 Water	Total	\$	417.15	\$ 433.63	\$ 450.79	\$ 468.68	\$ 487.33	\$ 506.77
25,000 WW	Increase -- \$			16.48	17.17	17.89	18.65	19.43
	Increase -- %			3.9%	4.0%	4.0%	4.0%	4.0%
50,000 Water	Total	\$	708.15	\$ 736.11	\$ 765.25	\$ 795.61	\$ 827.25	\$ 860.23
50,000 WW	Increase -- \$			27.96	29.14	30.36	31.64	32.98
	Increase -- %			3.9%	4.0%	4.0%	4.0%	4.0%

PROPOSED RATE SCHEDULE | WATER



It's real.

WATER RATES

BASE CHARGE

	Current	Proposed Oct-25	Forecast Oct-26	Forecast Oct-27	Forecast Oct-28	Forecast Oct-29
Residential	\$ 27.95	\$ 29.35	\$ 30.81	\$ 32.36	\$ 33.97	\$ 35.67
Non-Residential	60.31	63.33	66.49	69.82	73.31	76.97
		5.0%	5.0%	5.0%	5.0%	5.0%

VOLUME RATE

Volume Rate Per 1,000 Gal

Residential

-	10,000	4.86	5.10	5.36	5.63	5.91	6.20
10,001	35,000	5.55	5.83	6.12	6.42	6.75	7.08
35,001	Above	6.26	6.57	6.90	7.25	7.61	7.99
Percent Change	-	-	-	-	-	-	-

Non-Residential (COM, MF, CITY, IND)

-	12,000,000	5.51	5.79	6.07	6.38	6.70	7.03
12,000,001	Above	4.70	4.94	5.18	5.44	5.71	6.00
			5.0%	5.0%	5.0%	5.0%	5.0%

Surface Water (Tyson, Rio Nogales, Niagara)

-	Above	4.15	4.36	4.58	4.80	5.04	5.30
			5.0%	5.0%	5.0%	5.0%	5.0%

Surface NBU

-	Above	3.19	3.19	3.19	3.19	3.19	3.19
			0.0%	0.0%	0.0%	0.0%	0.0%

PROPOSED RATE SCHEDULE | WASTEWATER



			Current	Proposed Oct-25	Forecast Oct-26	Forecast Oct-27	Forecast Oct-28	Forecast Oct-29
WASTEWATER RATES								
BASE CHARGE								
Residential			\$ 39.92	\$ 41.12	\$ 42.35	\$ 43.62	\$ 44.93	\$ 46.28
Residential Outside			49.90	51.40	52.94	54.53	56.16	57.85
Flat Rate			49.90	51.40	52.94	54.53	56.16	57.85
Non-Residential			65.84	67.82	69.85	71.95	74.10	76.33
				3.0%	3.0%	3.0%	3.0%	3.0%
VOLUME RATE								
Volume Rate Per 1,000 Gal								
Residential								
2,001	Above		5.99	6.17	6.35	6.55	6.74	6.94
				3.0%	3.0%	3.0%	3.0%	3.0%
Residential Outside								
2,001	Above		7.47	7.69	7.92	8.16	8.41	8.66
				3.0%	3.0%	3.0%	3.0%	3.0%
Non-Residential								
-	8,000,000		6.13	6.31	6.50	6.70	6.90	7.11
8,000,001	Above		4.85	5.00	5.15	5.30	5.46	5.62
				3.0%	3.0%	3.0%	3.0%	3.0%
Metered SEWER								
-	8,000,000		5.99	6.17	6.35	6.55	6.74	6.94
8,000,001	Above		4.53	4.67	4.81	4.95	5.10	5.25
				3.0%	3.0%	3.0%	3.0%	3.0%

FORECAST REVENUES AND EXPENSES

	2026	2027	2028	2029	2030
Revenues					
Water Rates	\$ 20,604,047	\$ 22,553,045	\$ 23,210,874	\$ 24,971,903	\$ 26,855,522
WW Rates	14,957,951	16,541,088	18,186,096	19,919,454	21,745,280
Impact Fee Revenue	11,924,676	17,016,194	18,312,216	18,469,884	18,623,449
Non-Rates	2,299,709	2,314,959	2,330,702	2,346,953	2,363,731
Total Revenues	49,786,384	58,425,286	62,039,888	65,708,194	69,587,982
Cost of Service					
Operating	28,315,184	29,997,902	32,437,384	34,221,033	36,095,922
Capital Outlays	2,172,000	1,780,925	1,790,118	2,049,586	2,309,339
Debt Service -- Curent	17,155,414	23,518,615	25,310,837	25,518,410	25,734,626
Debt Service -- Future	-	200,000	400,000	1,314,200	3,977,159
Total Cost of Service	47,642,598	55,497,441	59,938,338	63,103,229	68,117,046
Net Revenues	2,143,786	2,927,845	2,101,550	2,604,965	1,470,936
Debt Coverage	1.25	1.20	1.15	1.17	1.13

PRESENTATION SUMMARY

- Though nominally modified, rate plan remains equivalent to prior year adjustments
- Current rate plan and forecast future adjustments remain highly dependent on:
 - Continued strong account growth
 - Favorable economic conditions (interest rates, general economy)
 - Use of impact fees to fund portion of debt
- Changes to any of these assumptions will require revision to future rate adjustments





QUESTIONS & DISCUSSION

Disclosure

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