



It's real.

City of Seguin

2022 Water/Wastewater Rate Analysis

City Council Presentation



August 2 2022

Factors Impacting 2022 Rate Plan



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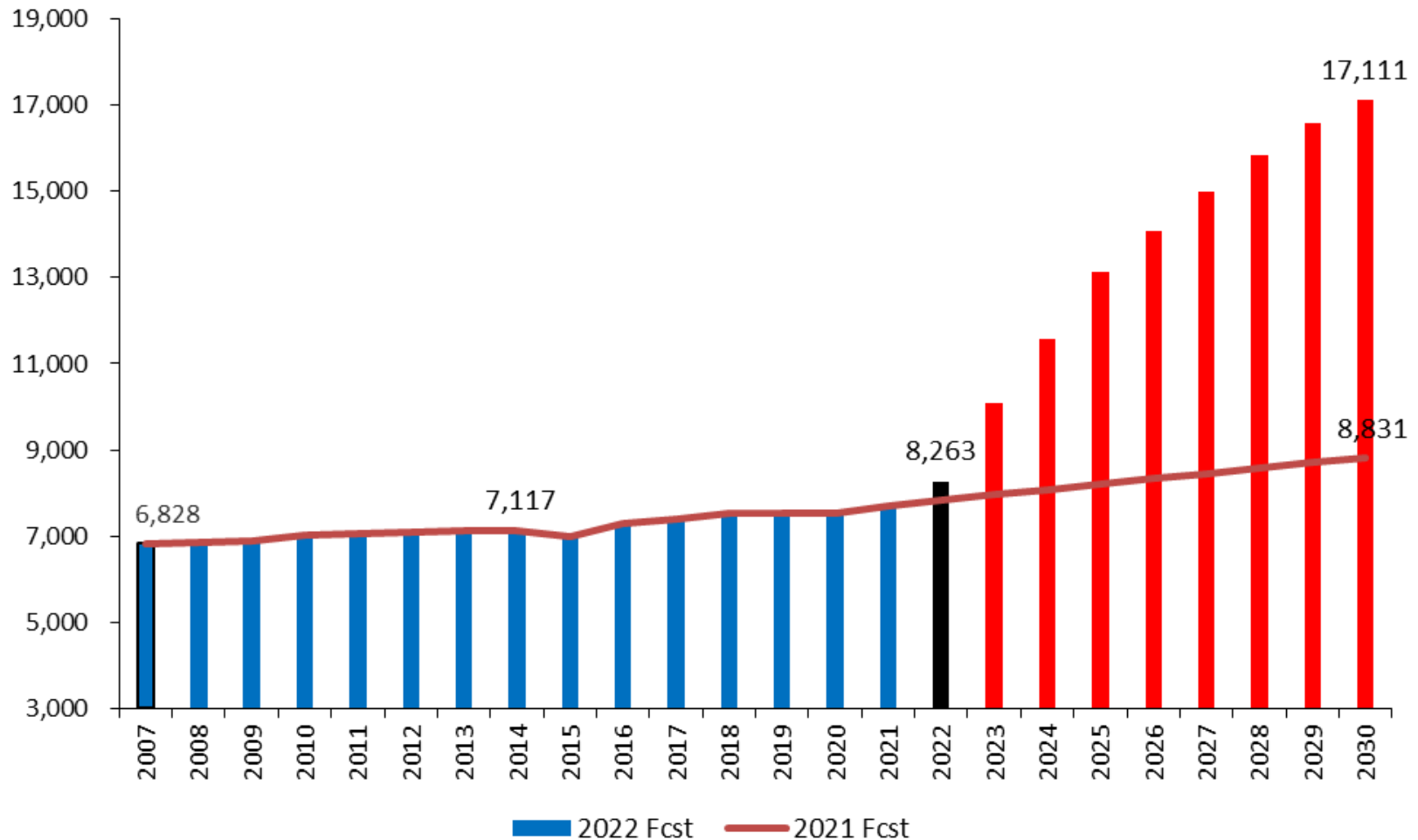
- ◆ SSLGC – After two years of no rate adjustments, an increase was adopted for FY 2023
- ◆ Inflation rate of 9.1% likely to impact future expense increases
- ◆ Biggest impact: potential acquisition of new service territory:
 - ❖ Will result in substantially higher water and wastewater account growth estimates
 - ❖ Will also result in \$200 million in new long-term debt to fund CIP



Historical and Forecast Water Accounts



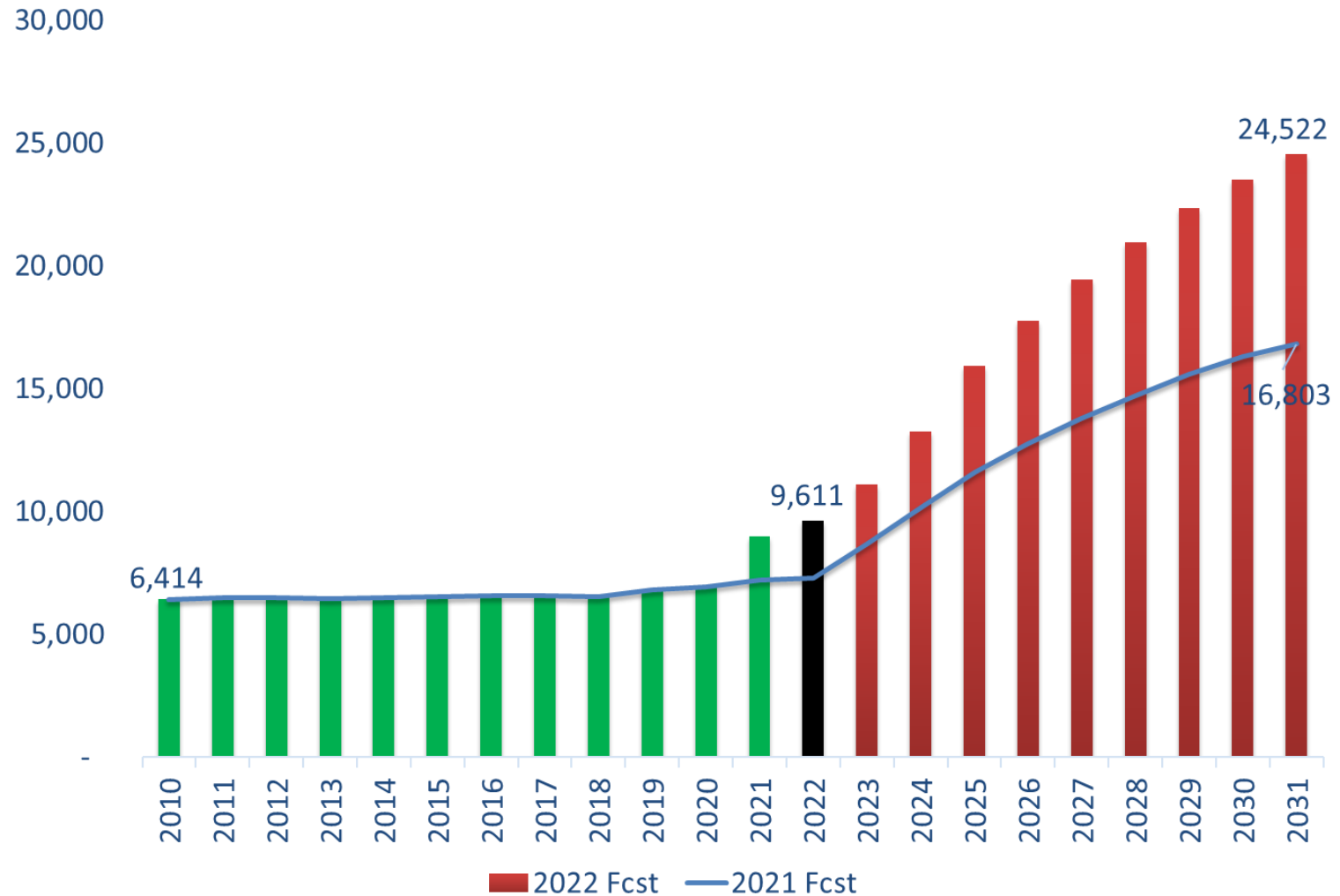
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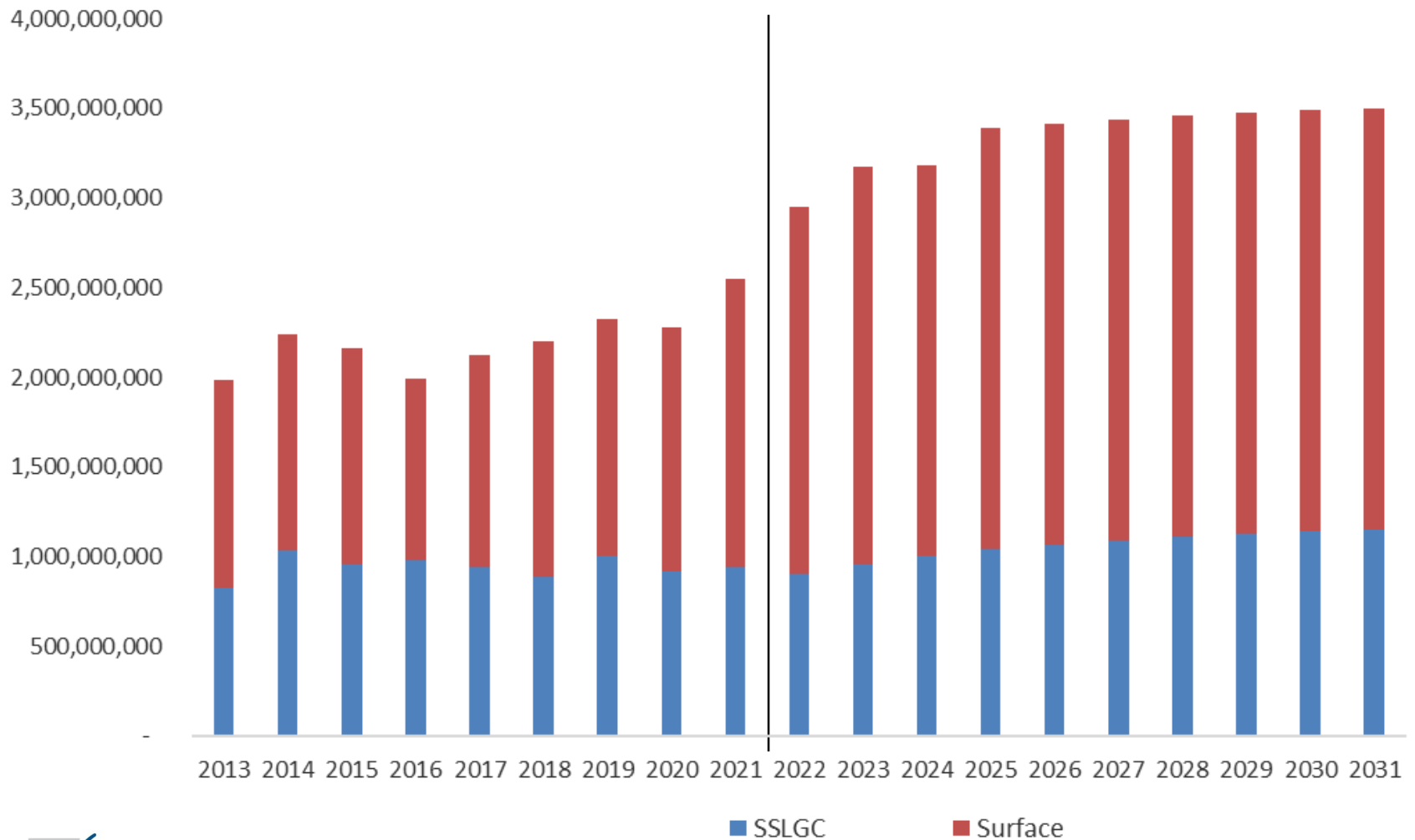
Historical and Forecast Wastewater Accounts



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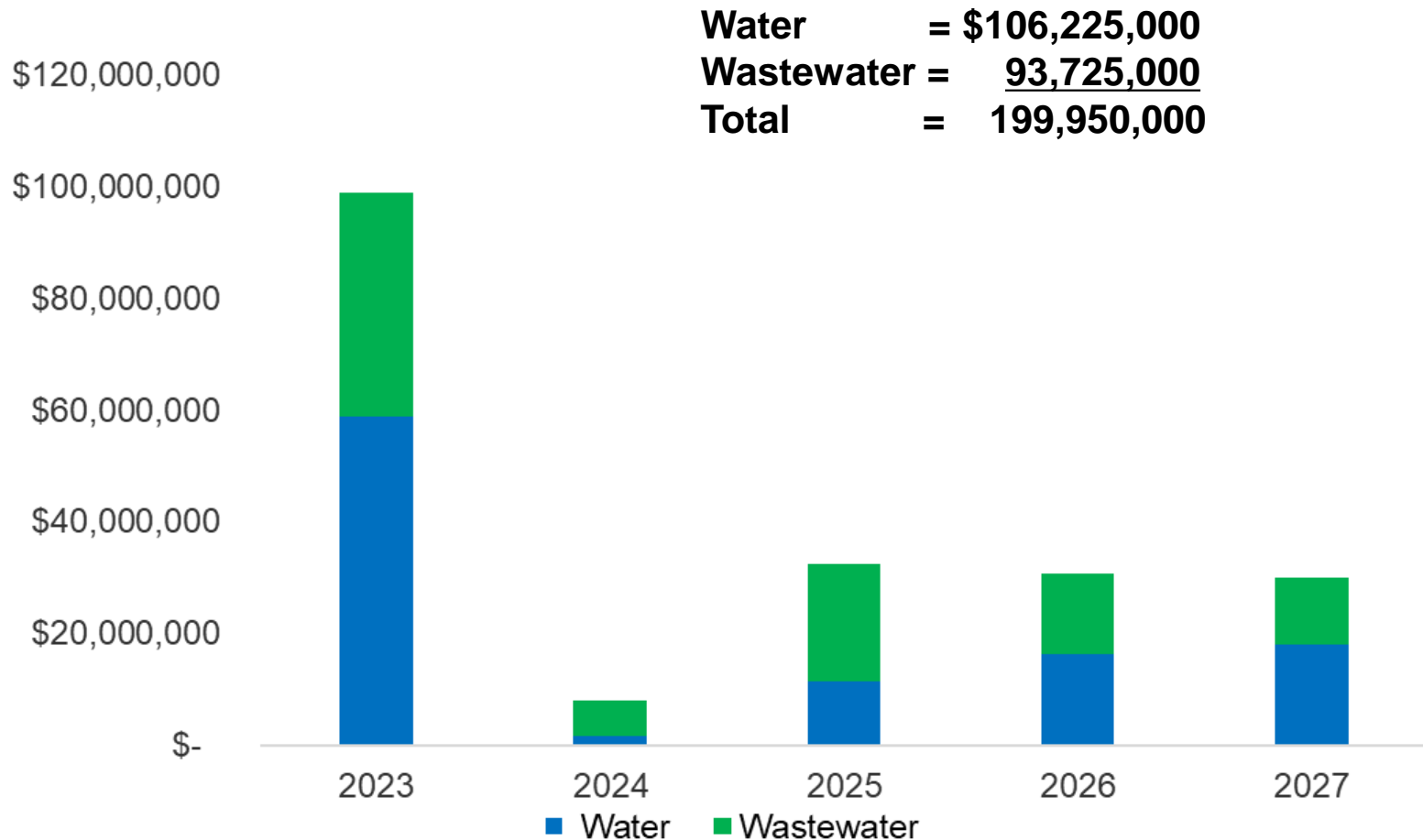
Historical and Forecast Water Consumption



Forecast Water/Wastewater Annual Bond Issues to Fund CIP



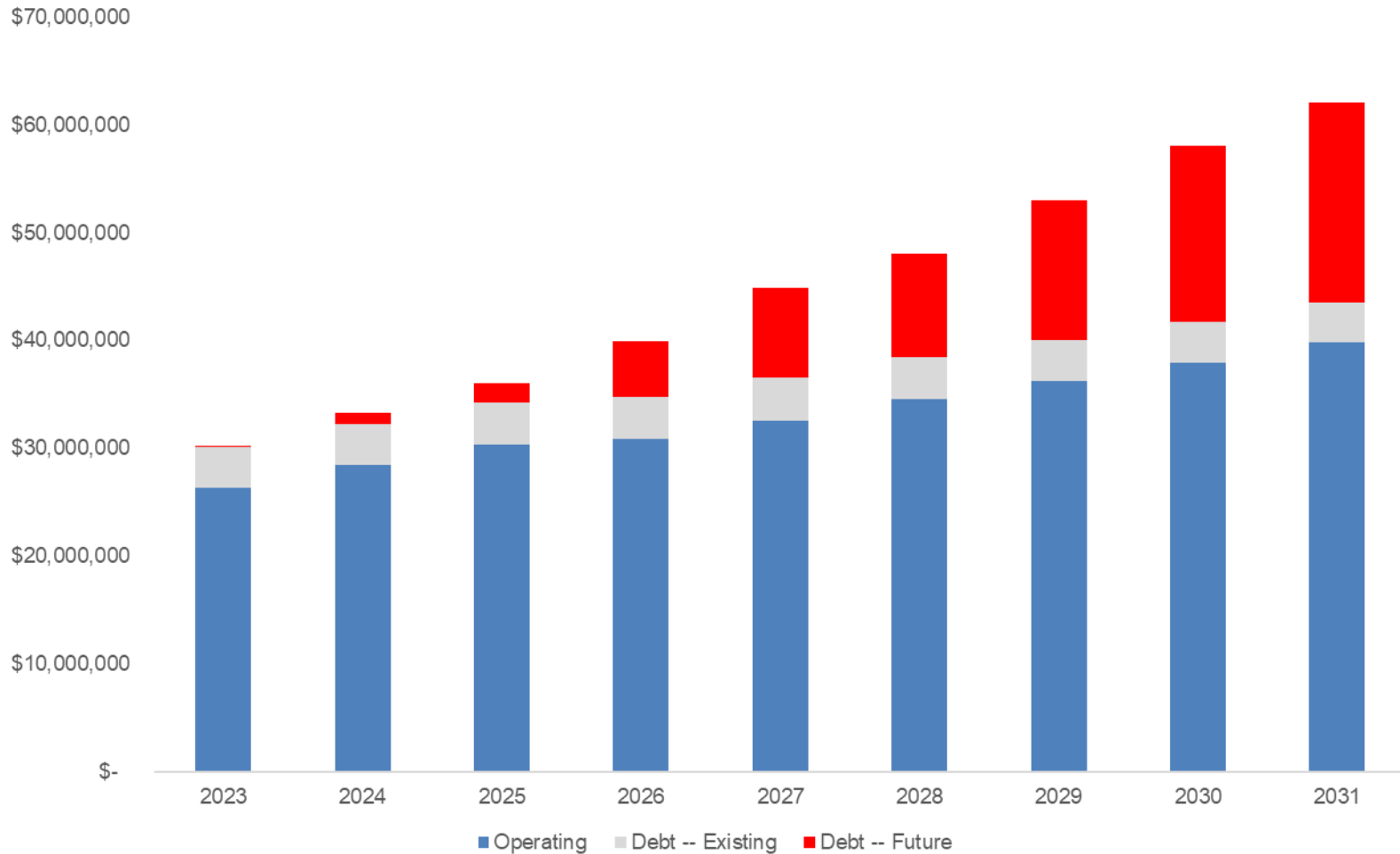
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Forecast Water and Wastewater Cost of Service



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Notes on Revised Rate Proposal



- ◆ To cover increased expenses associated with forecast growth, recommend nominal adjustment in long-term rate plan
- ◆ Expenses and debt service associated with additional growth will increase immediately, but revenues will not increase until accounts are connected
 - ❖ This creates a temporary “imbalance” between revenues and expenses
- ◆ In long-term, after new connections are established and debt begins to be paid off, there will be a net economic benefit to the City from these new accounts

Proposed Rate Plan -- Water Utility



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		Current	Effective Oct-22	Forecast Oct-23	Forecast Oct-24	Forecast Oct-25	Forecast Oct-26
WATER Rates							
Base Charge							
	Residential	\$ 24.14	\$ 25.35	\$ 26.62	\$ 27.95	\$ 29.35	\$ 30.81
	Non-Residential	52.09	54.70	57.43	60.30	63.32	66.48
			5.0%	5.0%	5.0%	5.0%	5.0%
Volume Rate							
Residential							
-	10,000	4.20	4.41	4.63	4.86	5.11	5.36
10,001	35,000	4.79	5.03	5.29	5.55	5.83	6.12
35,001	Above	5.41	5.68	5.96	6.26	6.57	6.90
			5.0%	5.0%	5.0%	5.0%	5.0%
Commercial/Multi Family							
-	12,000,000	4.76	5.00	5.25	5.51	5.79	6.08
12,000,001	Above	4.06	4.26	4.48	4.70	4.93	5.18
			5.0%	5.0%	5.0%	5.0%	5.0%
Surface -- Tyson/Rio Nogales/Niagra							
-	Above	3.58	3.76	3.95	4.14	4.35	4.57
			5.0%	5.0%	5.0%	5.0%	5.0%
Surface -- NBU							
-	Above	3.19	3.19	3.19	3.19	3.19	3.35
			0.0%	0.0%	0.0%	0.0%	5.0%

Proposed Rate Plan -- Wastewater Utility



It's real.

			Current	Effective Oct-22	Forecast Oct-23	Forecast Oct-24	Forecast Oct-25	Forecast Oct-26
WASTEWATER Rates								
Base Charge								
Residential			\$ 34.49	\$ 36.21	\$ 38.02	\$ 39.92	\$ 41.92	\$ 44.01
Residential Outside			43.11	45.26	47.53	49.90	52.40	55.02
Commerical/Ind			56.88	59.72	62.71	65.84	69.14	72.59
				5.0%	5.0%	5.0%	5.0%	5.0%
Volume Rate per 1,000 Gallons								
Residential								
2,001	Above		5.17	5.43	5.70	5.98	6.28	6.60
				5.0%	5.0%	5.0%	5.0%	5.0%
Residential Outside								
2,001	Above			6.78	7.12	7.48	7.85	8.25
					5.0%	5.0%	5.0%	5.0%
Commercial								
-	8,000,000		5.30	5.56	5.84	6.13	6.44	6.76
8,000,001	Above		4.18	4.40	4.62	4.85	5.09	5.35
				5.0%	5.0%	5.0%	5.0%	5.0%
Metered Rate								
-	8,000,000		5.17	5.43	5.70	5.98	6.28	6.60
8,000,001	Above		3.92	4.11	4.31	4.53	4.75	4.99
				5.0%	5.0%	5.0%	5.0%	5.0%

Impact on Monthly Charges



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Water	WW	Current	Effective Oct-22	Forecast Oct-23	Forecast Oct-24	Forecast Oct-25	Forecast Oct-26
Residential							
5,000	5,000	\$ 95.15	\$ 99.91	\$ 104.90	\$ 110.15	\$ 115.65	\$ 121.44
			4.76	5.00	5.25	5.51	5.78
			5.0%	5.0%	5.0%	5.0%	5.0%
Residential							
10,000	8,000	131.67	138.25	145.16	152.42	160.04	168.04
			6.58	6.91	7.26	7.62	8.00
			5.0%	5.0%	5.0%	5.0%	5.0%
Commercial							
30,000	30,000	411.00	431.25	452.82	475.46	499.23	524.19
			20.25	21.56	22.64	23.77	24.96
			4.9%	5.0%	5.0%	5.0%	5.0%

Forecast Revenues and Expenses



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	2023	2024	2025	2026	2027	2028
WATER and WASTEWATER Utility						
Revenues						
Water Rate Revenues	\$ 16,120,994	\$ 17,415,413	\$ 19,491,209	\$ 20,835,065	\$ 22,387,469	\$ 24,029,936
Wastewater Rate Revenues	11,566,469	13,563,660	16,066,344	18,189,863	20,413,554	22,677,137
Non-Rate Revenues	2,521,363	2,522,938	2,524,592	2,526,329	2,528,152	2,599,066
Total	30,208,826	33,502,011	38,082,145	41,551,257	45,329,175	49,306,140
Cost of Service						
Operating/Capital Outlays	26,361,082	28,428,470	30,326,145	30,907,505	32,600,254	34,576,255
Debt Service -- Current	3,815,046	3,800,367	3,939,281	3,901,061	3,914,185	3,848,785
Debt Service -- Future	76,116	1,089,653	1,759,924	5,144,781	8,341,424	9,598,212
Total	30,252,243	33,318,490	36,025,351	39,953,347	44,855,862	48,023,252
Net Revenues	(43,417)	183,521	2,056,794	1,597,910	473,313	1,282,887
Percent of Revenues	-0.1%	0.5%	5.4%	3.8%	1.0%	2.6%

Presentation Summary

Notes on Rate Proposal



- ◆ Project team has prepared several rate plans for City since 2015
- ◆ Rate recommendations have shifted as growth, economic conditions and general circumstances have changed
- ◆ Current rate plan is now equivalent to 2019 forecast

	Range of Rate Adjustments	10,000 W, 8,000 Wastewater Oct 2022 Forecast	
2015 Rate Study	3.0% -- 8.0%		NA
2018 Rate Update	4.0% -- 5.0%		NA
2019 Rate Update	4.0% -- 5.0%	\$	138.24
2020 Update	2.0% -- 7.0%	\$	135.60
2022 Update	5.0%	\$	138.25

Presentation Summary

Notes on Rate Proposal



- ◆ Rate plan is heavily dependent on:
 - ❖ CIP timing and cost estimates
 - ❖ Schedule and interest rates of future debt issues
 - ❖ **Continued strong water and wastewater account growth**
- ◆ If any of these assumptions change, rate plan will require revision
- ◆ In particular, **if growth slows or stops, City must re-calibrate its CIP expenditures to avoid future higher rate adjustments**





Questions?

Appendix A

Detailed Schedules