



**ASSISTANT CITY
MANAGER**

Memorandum

To: Mayor and City Council Members
Douglas Faseler, City Manager

From: Rick Cortes, Assistant City Manager

Subject: Proposed Water and Wastewater Rate Adjustment

Date: August 16, 2016

On March 3, 2015, city staff was authorized to enter into an agreement with Willdan Financial Services to develop a water & wastewater (W/WW) rate study for the City of Seguin. These studies help ensure that rates charged for service cover all costs of providing these services. One objective of these type of studies is to develop a long-term rate plan that will enable the City to recover sufficient funds to meet all operating and capital expenses, meet all debt service and coverage requirements, while at the same time minimizing the impact on the ratepayers.

The 2015 study resulted in a scheduled set of rates for both water & wastewater customers through FY 2019-20. Rates were recommended based on projected SSLGC rates, direct and indirect costs, and a Capital Improvement Program that would allow the City to make much needed infrastructure improvements to the City's water distribution, collection, and treatment systems.

Staff has been working with Mr. Jackson to determine if any W/WW rate adjustments would be necessary for the upcoming fiscal year. Unforeseen impacts such as the loss of SSLGC Tier 2 water sales to SAWS were taken into consideration. Additionally, the possible decision to move forward with the Guadalupe Project will impact proposed water rates for next fiscal year. Based on this information, Mr. Jackson is recommending an increase in water rates above the rates projected in the initial rate study. The wastewater rates are scheduled to increase in accordance with the rates submitted to Council during the 2015 Water & Wastewater rates presentation.

Base on the update to the original water & wastewater study, staff is recommending the following increase to both the Water and Wastewater rates:

2016-17 PROPOSED WATER RATES

		Current	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19
WATER Rates						
Base Charge						
Residential		\$ 20.14	\$ 21.55	\$ 22.30	\$ 22.97	\$ 23.66
Outside Residential		26.50	28.36	29.35	30.23	31.13
Commercial Industrial		43.46	46.50	48.13	49.57	51.06
Outside Commercial		43.46	46.50	48.13	49.57	51.06
City Com & Res		43.46	46.50	48.13	49.57	51.06
Surface: Tyson 12263-21554		41.50	43.50	46.10	47.48	48.91
Surface Rio Nogales		-	-	-	-	-
Volume Rate						
Residential						
-	10,000	3.50	3.75	3.88	3.99	4.11
10,001	35,000	4.00	4.28	4.43	4.56	4.70
35,001	Above	4.50	4.82	4.98	5.13	5.29
Commercial Industrial						
-	12,000,000	3.98	4.25	4.40	4.53	4.67
12,000,001	Above	3.39	3.63	3.76	3.87	3.99
Outside Commercial						
-	Above	4.29	4.59	4.75	4.90	5.04
City Com & Res						
-	12,000,000	3.98	4.25	4.40	4.49	4.58
12,000,001	Above	3.39	3.63	3.76	3.83	3.91
Surface: Tyson 12263-21554						
-	12,000,000	2.98	3.19	3.30	3.36	3.43
12,000,001	Above	2.98	3.19	3.30	3.36	3.43
Surface Rio Nogales						
-	Above	2.98	3.19	3.30	3.36	3.43
Niagra						
-	Above	2.98	3.19	3.30	3.36	3.43

2016-17 PROPOSED WASTEWATER RATES

	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

	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 WATER & WASTEWATER MONTHLY IMPACT

Water	WW	Current	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19
Residential						
5,000	5,000					
2015 Rate Plan		\$ 70.99	\$ 76.16	\$ 79.93	\$ 82.72	\$ 85.62
2016 -- Revised Plan		70.99	77.29	81.29	84.13	87.06
Residential						
10,000	8,000					
2015 Rate Plan		\$ 98.84	\$ 105.85	\$ 110.97	\$ 114.82	\$ 118.80
2016 -- Revised Plan		98.84	107.51	112.97	116.88	120.92