

# City of Schertz

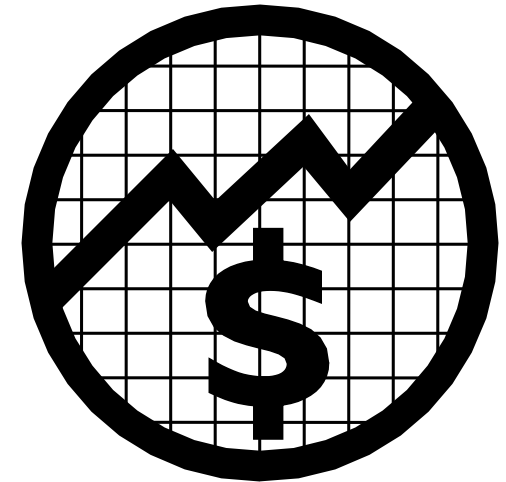
## 2018 Water and Wastewater

### Rate Plan Update

#### City Council Presentation

# Facts about Water and Wastewater Rates in the 21<sup>st</sup> Century

- Average utility has been increasing rates 5-6% per year
- AWWA has stated that it 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 Schertz

## Water/Wastewater Utility and Rate Plan

- City's utility fund continues to be in sound financial condition
- City has used a long term rate plan and model to set rates and identify long-term cost trends
- City conducts an annual review to evaluate the impact of changes in several critical components of financial plan:
  - Account Growth
  - Operating/SSLGC Costs
  - Debt Issued to Fund CIP



# City of Schertz

## Current Water Monthly Charges

### Inside City

1l -- 5/8 Inch	\$	24.61
2l -- 3/4 Inch		36.89
3l -- 1 Inch		61.49
4l -- 1 1/2 Inch		147.13
5l -- 2 Inch Compnd		235.39
6l -- 2 Inch Turbine		294.23
7l -- 3 Inch Compnd		470.77
8l -- 3 Inch Turbine		706.16
9l -- 4 Inch Compnd		735.58
10l -- 4 Inch Turbine		1,235.79
11l -- 6 Inch Compnd		1,471.18
12l -- 6 Inch Turbine		2,706.95
FH -- Fire Hydrants		125.97

NOTE: outside City  
approximately 10-30%  
premium

# City of Schertz

## Current Water Volume Charges

### 1 1/2 Inch Gallon Blocks

### Inside City

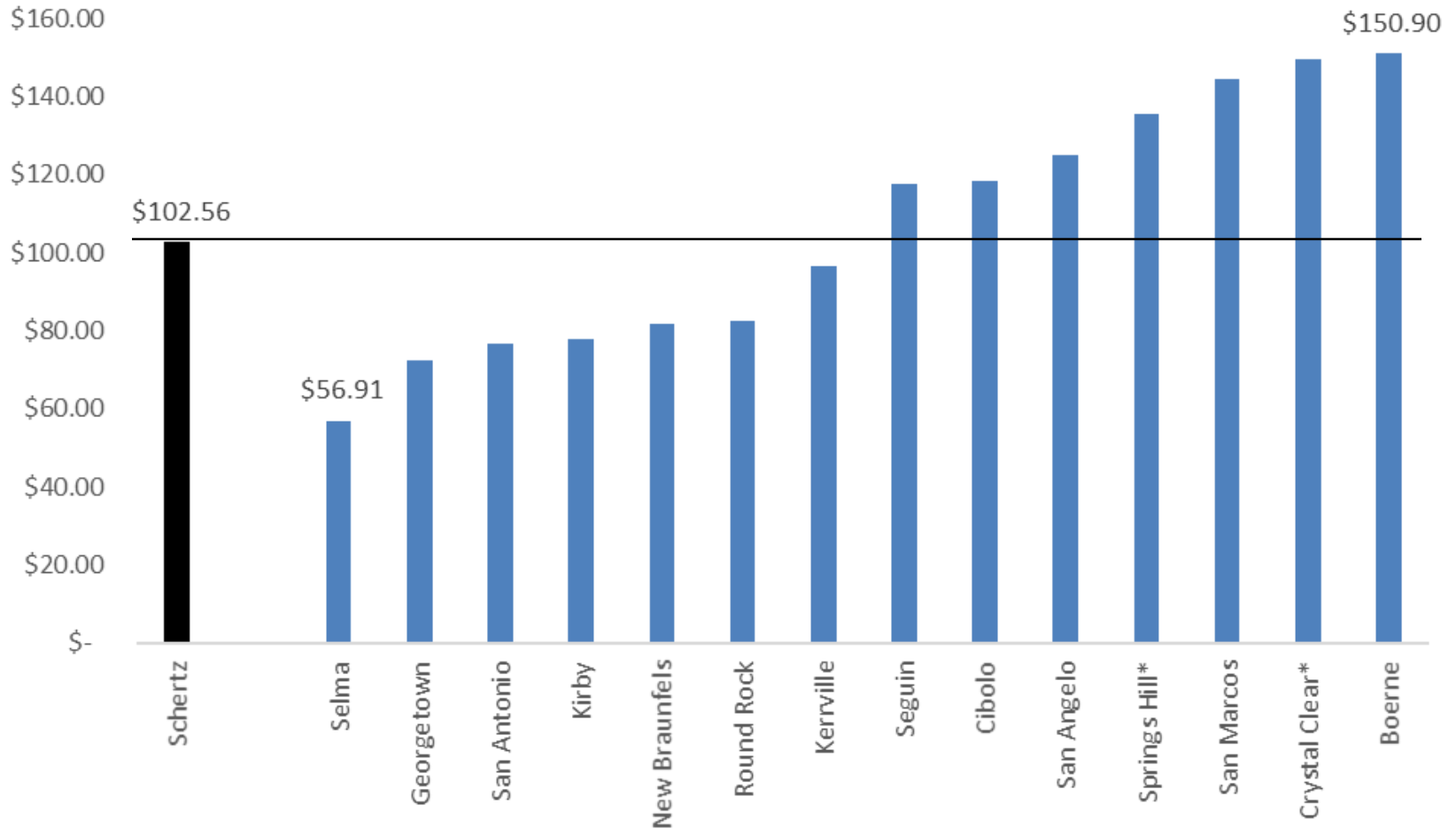
Block 1	-	6,000	\$	3.04
Block 2	6,001	9,000		3.09
Block 3	9,001	12,000		3.34
Block 4	12,001	15,000		3.61
Block 5	15,001	18,000		3.82
Block 6	18,001	30,000		4.81
Block 7	30,001	45,000		5.46
Block 8	45,001	60,000		5.81
Block 9	60,001	75,000		6.03
Block 10	75,001	Above		6.15

NOTE: Outside City rates approximate 100% premium

# City of Schertz Current Wastewater Rates

	<b>Residential</b>	<b>Commercial/ Institutions</b>	
Base Charge	\$ 12.54	\$ 15.76	
Charge/1,000 Gal:			
Line Maintenance Fee	0.49	0.59	
User Charge -- CCMA	3.83	3.83	
Total 1-12,000	4.32	4.42	
 Total 12,001-Above	 9.37	 9.46	

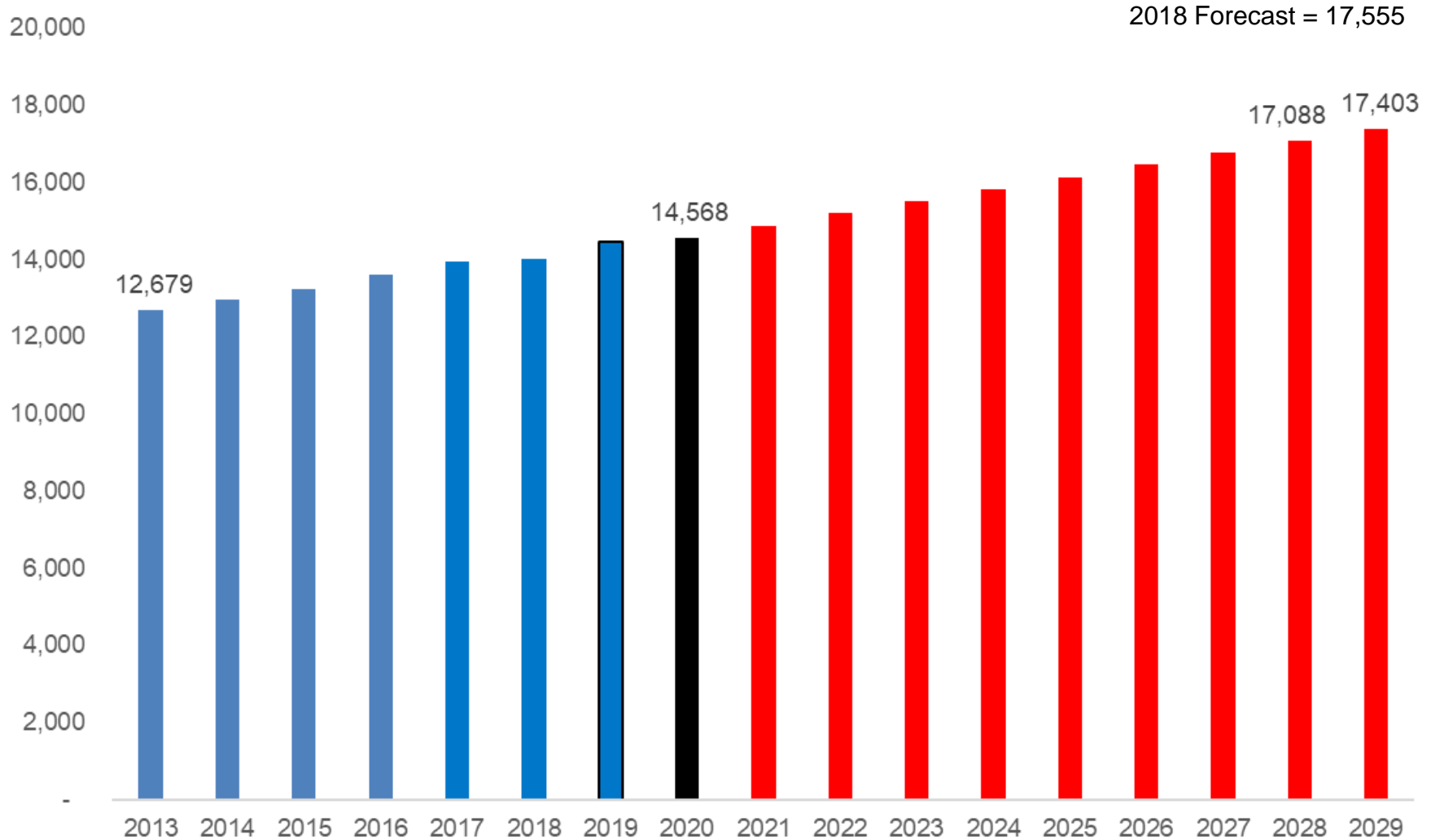
# Water/WW Rate Comparison 10,000 Gallons Water and 8,000 Gallons WW



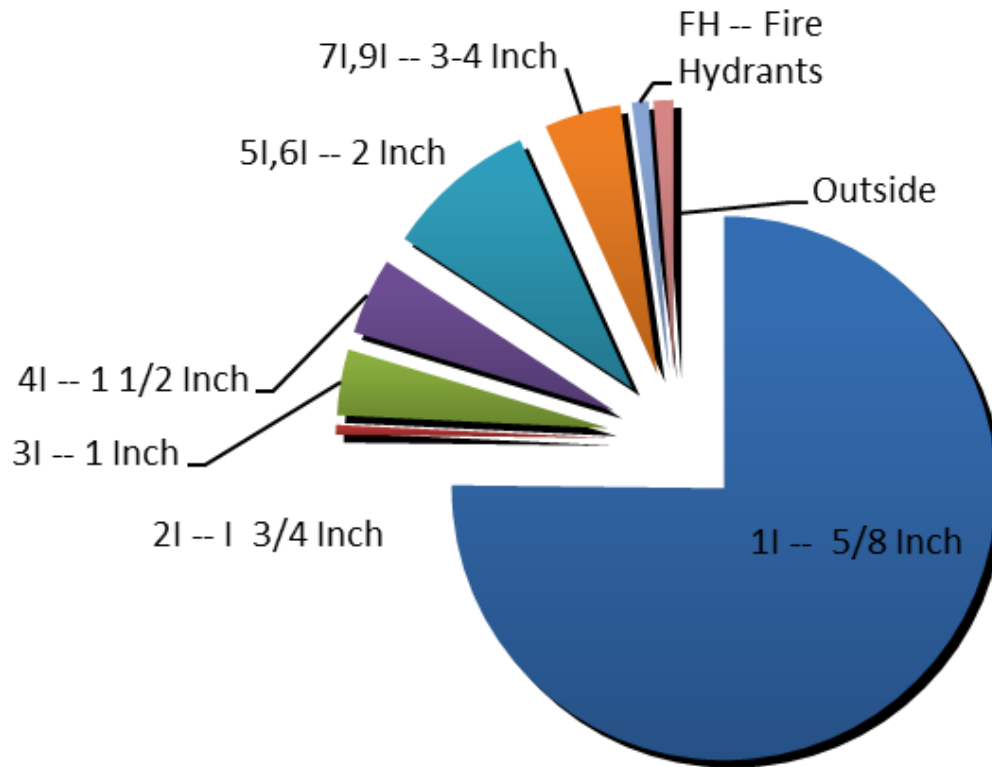
# Current Water and Wastewater Accounts

WATER		WASTEWATER	
1I -- 5/8 Inch	13,723	Residential	12,424
2I -- 3/4 Inch	84	Business/MF	459
3I -- 1 Inch	245	Institutions	<u>249</u>
4I -- 1 1/2 Inch	142	<b>Total</b>	<b>13,132</b>
5I -- 2 Inch Compnd	99		
6I -- 2 Inch Turbine	5		
7I -- 3 Inch Compnd	16		
9I -- 4 Inch Compnd	9		
FH -- Fire Hydrants	31		
1O -- 5/8 Inch	205		
2O -- 3/4 Inch	2		
3O -- 1 Inch	<u>7</u>		
<b>Total System</b>	<b>14,568</b>		

# Historical and Forecast Water Accounts

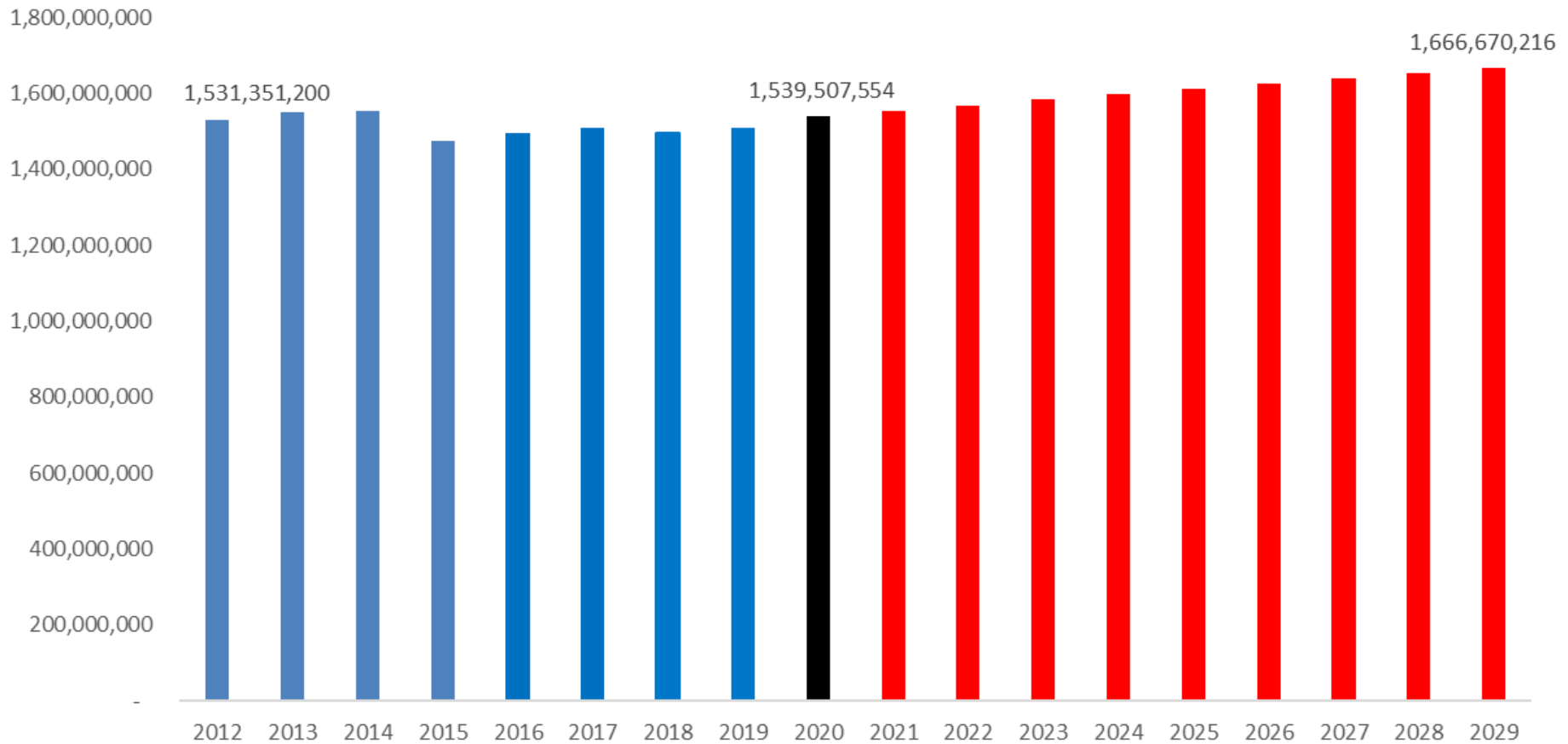


# Total Usage (Gallons) FY 2019 Estimated



Total = 1,539,507,554

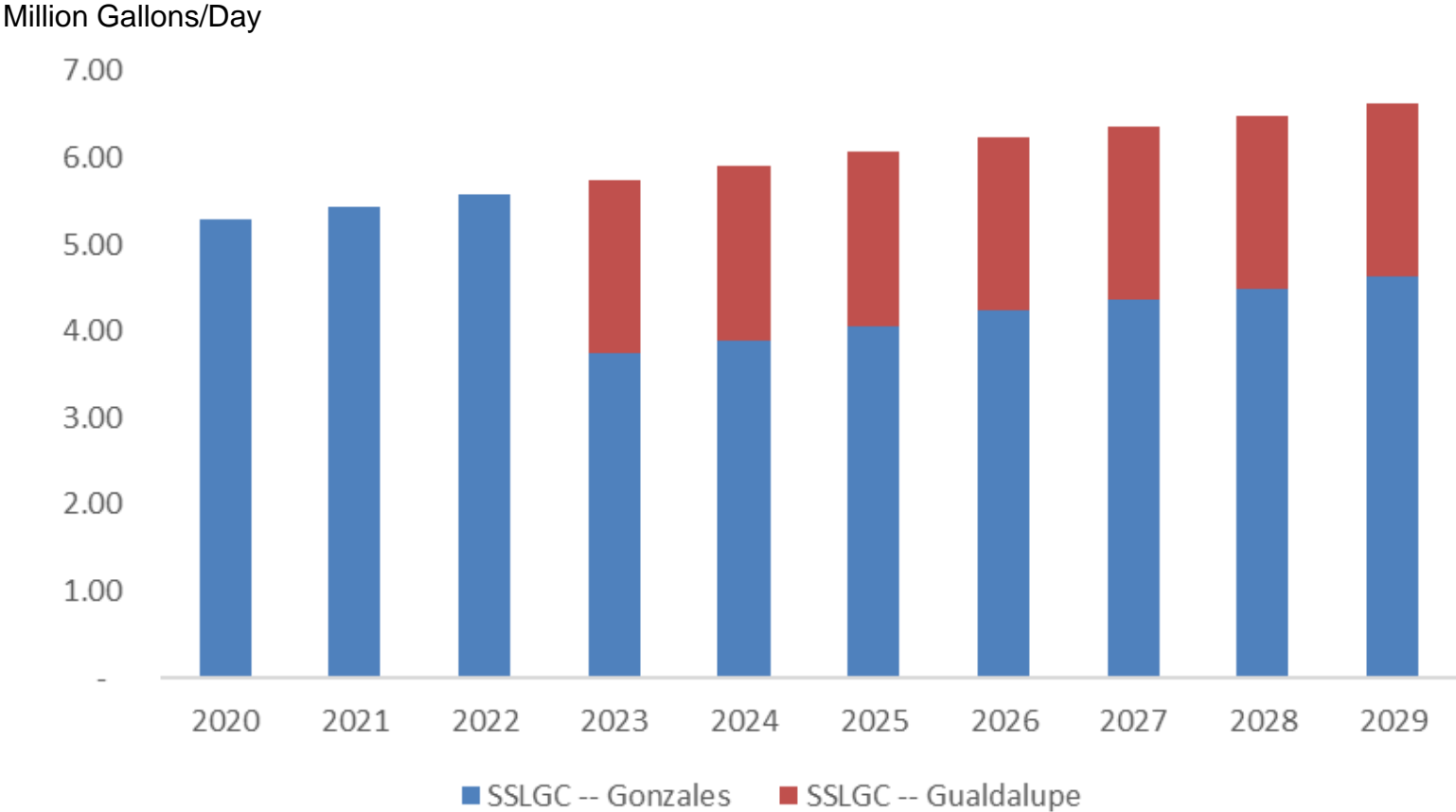
# Historical and Forecast Water Billed Consumption



# Monthly Water Billed Consumption per Account – FY 2019

	<u>Gallons</u>
1I -- 5/8 Inch	7,028
2I -- 3/4 Inch	8,985
1O -- 5/8 Inch	5,676
2O -- 3/4 Inch	9,796
3I -- 1 Inch	20,521
4I -- 1 1/2 Inch	41,291
5I -- 2 Inch Compnd	109,179
6I -- 2 Inch Turbine	150,860
7I -- 3 Inch Compnd	171,733
9I -- 4 Inch Compnd	343,420
FH -- Fire Hydrants	41,133

# Forecast SSLGC Water Purchases



NOTE: Current forecast assumes City will purchase 2.0 MGD from Guadalupe beginning October 2022

# Financial Forecast Preliminary Assumptions

- Most operating expenses increase 3.0% per year; certain expenses increase at a higher rate
  
- No significant new personnel additions
  
- Biggest impacts on rate plan:
  - SSLGC/CCMA increases
  
  - Debt to fund capital improvement plan



# SSLGC/CCMA

## Forecast Volumetric Rates/1,000 Gal

	Volume Rates per 1,000 Gallons									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b><u>SSLGC</u></b>										
Gonzales	\$ 1.64	\$ 1.67	\$ 1.70	\$ 1.73	\$ 1.78	\$ 1.82	\$ 1.87	\$ 1.93	\$ 2.00	\$ 2.05
Guadalupe	-	-	-	2.36	2.47	2.60	2.73	2.87	3.02	3.18
<b><u>CCMA</u></b>										
Unit Rate	3.93	4.05	4.13	4.21	4.29	4.29	4.38	4.38	4.47	4.56

# Forecast Bond Issues Required to Fund CIP

	Water	Wastewater
2020	\$ 6,500,000	\$ -
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-

Term = 20 Yrs  
Interest = 4.0%  
Fixed P&I

# Water and Wastewater Utility Forecast Cost of Service

	2020	2021	2022	2023	2024
<b>WATER Utility Revenue Requirement</b>					
Operating Expenses	\$ 2,899,162	\$ 3,059,780	\$ 3,227,460	\$ 3,546,040	\$ 3,749,764
SSLGC/CVLGC	7,488,196	7,730,141	7,907,151	8,556,300	8,971,385
Capital Outlays	543,550	525,000	540,750	556,973	573,682
Debt Service	<u>793,708</u>	<u>1,287,228</u>	<u>956,382</u>	<u>950,898</u>	<u>954,923</u>
<b>Total Cost of Service</b>	<b>11,724,616</b>	<b>12,602,148</b>	<b>12,631,743</b>	<b>13,610,211</b>	<b>14,249,753</b>
<b>WASTEWATER Utility Revenue Requirement</b>					
Operating Expenses	\$ 3,015,771	\$ 3,166,568	\$ 3,321,931	\$ 3,596,727	\$ 3,778,817
CCMA	4,589,390	4,825,180	5,028,666	5,237,588	5,452,062
Capital Outlays	181,183	175,000	180,250	185,658	191,227
Debt Service	<u>1,071,189</u>	<u>1,068,280</u>	<u>854,626</u>	<u>855,597</u>	<u>854,867</u>
<b>Total Cost of Service</b>	<b>8,857,533</b>	<b>9,235,028</b>	<b>9,385,474</b>	<b>9,875,569</b>	<b>10,276,972</b>

# Notes on Rate Plan Proposal

- 2018 rate adjustment was less than original forecast due to better than expected performance
  
- Utility's financial performance continues to exceed expectations, so two revisions for 2019 are recommended
  - **Water** – No increase for 2019
  
  - **Wastewater** – nominally higher increase to expedite goal of making wastewater self-sufficient



# Proposed Rate Plan

		Current	Effective Oct-19	Forecast Oct-20	Forecast Oct-21	Forecast Oct-22
<b>WATER Rates</b>						
<b>Base Charge</b>						
	5/8"	\$ 24.61	\$ <b>24.61</b>	\$ 25.34	\$ 26.11	\$ 26.89
	3/4"	36.89	<b>36.89</b>	38.00	39.14	40.32
	1"	61.49	<b>61.49</b>	63.34	65.24	67.19
<b>Volume Charge -- 5/8, 3/4, 1"</b>						
	- 6,000	3.04	<b>3.04</b>	3.13	3.22	3.32
	6,001 9,000	3.09	<b>3.09</b>	3.18	3.28	3.38
	9,001 12,000	3.34	<b>3.34</b>	3.44	3.54	3.65
	12,001 15,000	3.61	<b>3.61</b>	3.71	3.82	3.94
	15,001 18,000	3.82	<b>3.82</b>	3.94	4.05	4.18
	18,001 30,000	4.81	<b>4.81</b>	4.95	5.10	5.26
	30,001 45,000	5.46	<b>5.46</b>	5.62	5.79	5.97
	45,001 60,000	5.81	<b>5.81</b>	5.98	6.16	6.35
	60,001 75,000	6.03	<b>6.03</b>	6.21	6.39	6.58
	75,001 Above	6.15	<b>6.15</b>	6.33	6.52	6.72
<b>WASTEWATER Rates</b>						
<b>Residential</b>						
	Base Charge	\$ 12.54	\$ <b>13.54</b>	\$ 14.63	\$ 15.36	\$ 16.13
	Line Maintenance Fee	0.49	<b>0.53</b>	0.57	0.60	0.63
	User Charge	3.83	<b>3.93</b>	4.05	4.13	4.21
<b>Total Charge per 1,000 Gallons</b>						
	- 12,000	4.32	<b>4.46</b>	4.62	4.73	4.84
	12,001 Above	9.37	<b>10.12</b>	10.93	11.48	12.05

# Proposed Rate Plan Impact on Monthly Charges

Water	WW	Current	Effective Oct-19	Forecast Oct-20	Forecast Oct-21	Forecast Oct-22
<b><u>5/8" Meter</u></b>						
5,000	5,000 Inc	\$ 73.95	\$ 75.65 1.70	\$ 78.74 3.09	\$ 81.25 2.50	\$ 83.83 2.59
<b><u>5/8" Meter</u></b>						
10,000	5,000 Inc	89.60	91.30 1.70	94.86 3.56	97.84 2.99	100.93 3.08
<b><u>1" Meter (Business)</u></b>						
30,000	30,000 Inc	418.05	434.69 16.65	458.18 23.49	475.94 17.75	494.42 18.48
<b><u>2" Meter (Business)</u></b>						
120,000	120,000 Inc	1,731.13	1,815.88 84.75	1,926.77 110.90	2,008.44 81.67	2,093.75 85.31

# Presentation Summary

- Prudent management by City staff has enabled magnitude of rate adjustments to be minimized
- Rate plan will continue to enable water and wastewater utility to be financially independent and self-sufficient, and to invest in future of utility
- Due to uncertain nature of growth, economy, weather and supply costs, recommend that annual reviews continue

