

City of Schertz

2023 Water & Wastewater Rate Study

City Council Presentation

August 15 2023



- Background on Rates
- Customers and Volumes
- Current and Forecast Cost of Service
- Proposed Rate Plan
- Summary



The background image shows a complex industrial facility, likely a water treatment plant, with various pipes, tanks, and machinery. The entire image is overlaid with a semi-transparent blue filter. The text 'BACKGROUND ON RATES' is centered in white, bold, uppercase letters.

BACKGROUND ON RATES

21st Century Water & Wastewater Rate Facts

- Average utility has been increasing rates **5-6% per year**, a trend that is expected to continue and may accelerate
- American Water Works Association (AWWA) forecasts that water and wastewater rates across the U.S. will **triple** in the next 15 years
- Rate adjustments are primarily due to reasons beyond a utility's direct control – inflation, necessary Capital Improvement Plans, wholesale costs, and other indirect expenses
- 30-40% of utilities charge rates that **do not cover their costs**



Current Water and Wastewater Rate Structure

Water Rates

Residential and Small/Large Commercial

Minimum Charge by Meter Size	5/8" -	\$	25.84
	3/4" -		38.73
	1" -		64.56
	1 1/2" -		129.14
	2" compound		206.62
	2" turbine		258.26
	3" compound		413.23
	3" turbine		619.85
	4" compound		645.68
	4" turbine		1,084.73
	6" compound		1,291.35
	6" turbine		2,376.08
	8" compound		2,087.13
	8" turbine		4,174.25
	10" compound		3,000.24
	10" turbine		6,522.25
	12" turbine		8,609.39
Volume Rate (per 1,000 Gallons)			
	0 - 6,000	\$	3.19
	6,001 - 12,000		3.57
	12,001 - 18,000		4.18
	18,001 - 30,000		5.10
	30,001 - Above		6.48

FH Meter Volume Rate

Minimum Charge All Meter Sizes	\$	122.72
Volume Rate (per 1,000 Gallons)		9.43

Cibolo Wholesale

Minimum Charge All Meter Sizes	\$	-
Volume Rate (per 1,000 Gallons)		3.27

Wastewater Rates

Residential Rates

Monthly Charge	\$	15.01
Volume Rate (per 1,000 Gallons)		
	0 - 12,000	\$ 4.94
	12,000 - Above	11.33

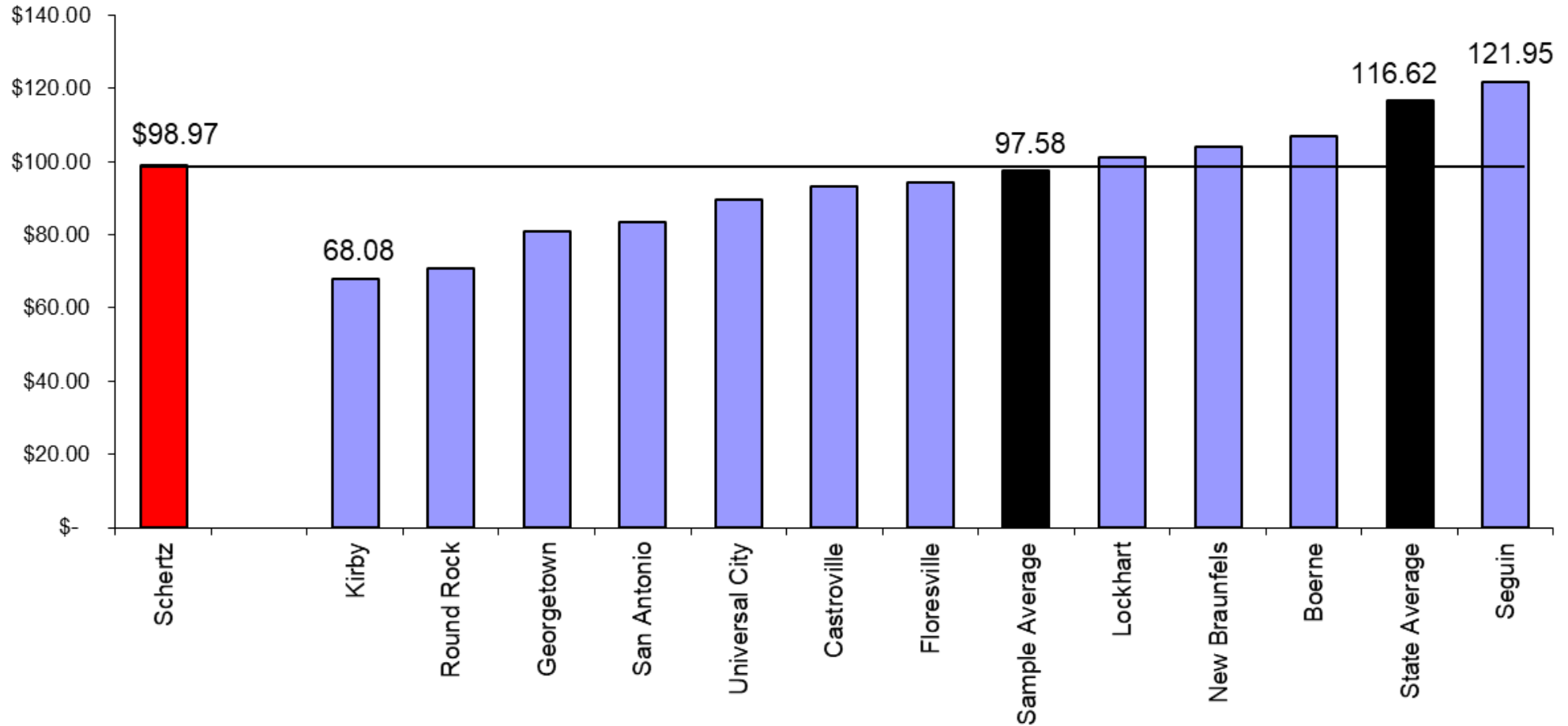
Business and Multi-family Rates

Monthly Charge	\$	18.88
Volume Rate (per 1,000 Gallons)		
	0 - 12,000	5.06
	12,000 - Above	11.33

YMCA Rates

Monthly Charge	\$	-
Volume Rate (per 1,000 Gallons)	\$	3.33

Monthly Residential Charges | 10,000 Gal Water and 5,000 Gal WW



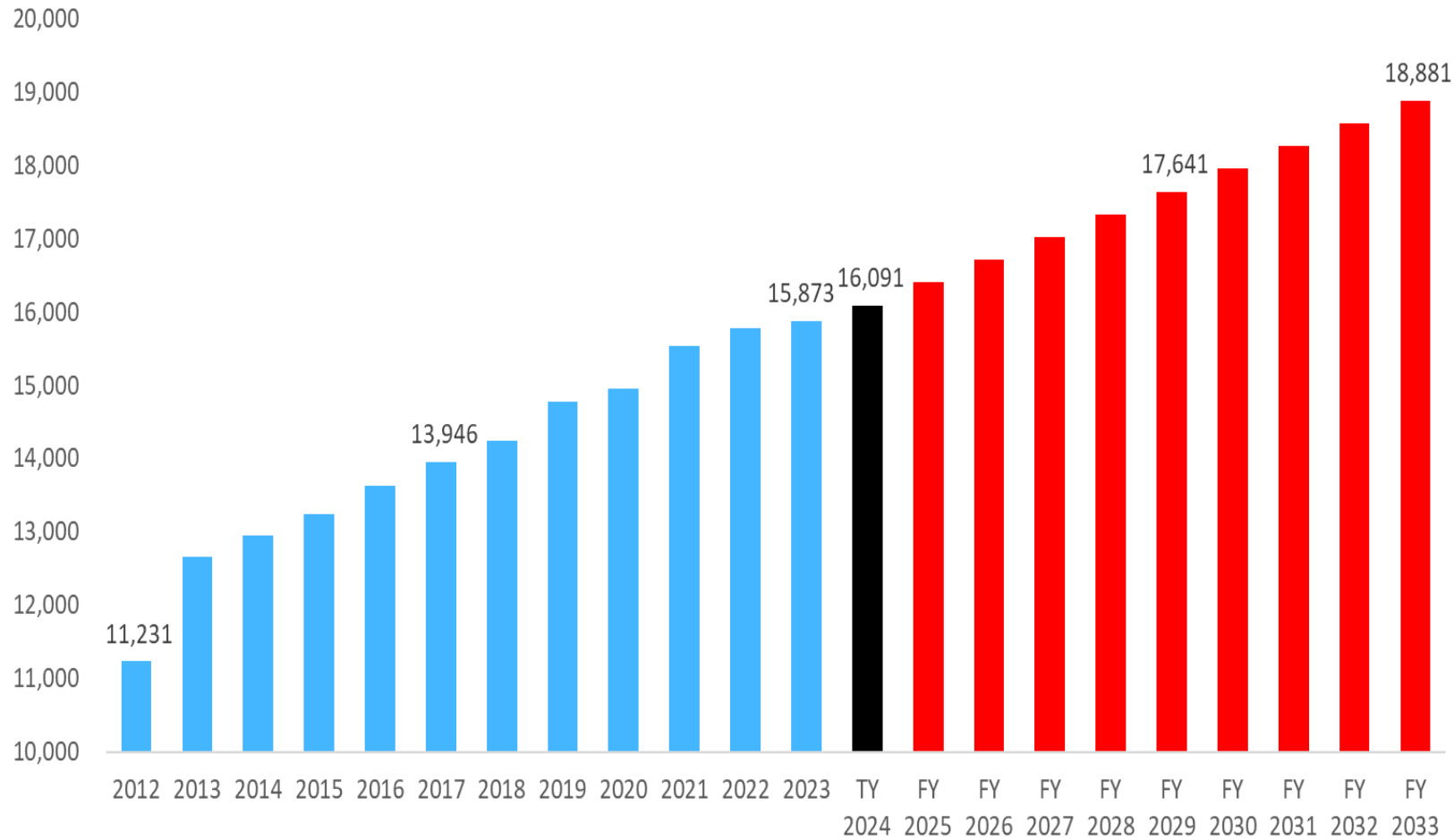
*Rates as of June 2023

NOTE: San Antonio charges a separate water supply fee of \$32 for 10,000 gallons

The background image shows a complex industrial facility, likely a water treatment plant or a chemical processing plant. It features large pipes, tanks, and machinery. The entire image is overlaid with a semi-transparent blue filter. The text 'CUSTOMERS & VOLUMES' is centered in white, bold, uppercase letters.

CUSTOMERS & VOLUMES

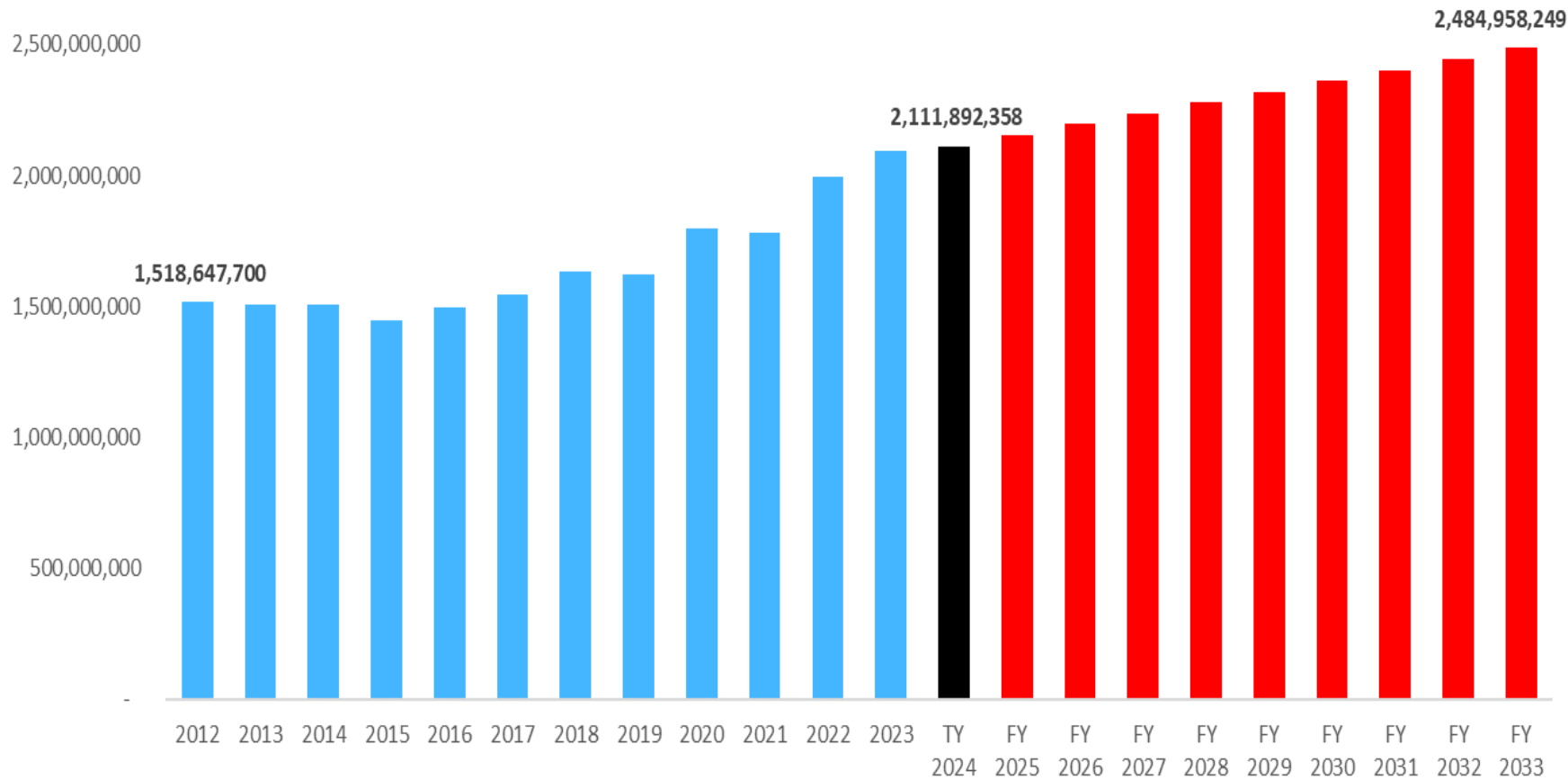
Historical and Forecast Water Accounts



Account growth over period 2024-2033 forecast to be on average 310 new accounts per year (1.8%).

Historical and Forecast Water Consumption (gallons)

Residential/Commercial Avg. Monthly Usage per Account = 9,514 Gallons



Billed consumption average annual growth rate of 1.8%.

Water usage varies considerably with weather patterns, the model is based on the overall trend. Annual results may vary significantly.

A blue-tinted photograph of a water treatment plant. The image shows various pieces of industrial machinery, including large pipes, tanks, and pumps, arranged in a room with windows in the background. The overall scene is industrial and technical.

WATER & WASTEWATER CURRENT AND FORECAST COST OF SERVICE

Key Assumptions for Forecast Financial and Rate Plan

- SSLGC costs are expected to increase by 4.3% each year
- CCMA costs are expected to increase by 5.5% each year
- Most operating expenses increase 3% per year; certain expenses increase at a higher rate
- Salaries are expected to increase by 10% per year in FY2024-2025 and by 5% afterwards
- Water and WW CIP totals **\$77,351,021**
 - City is assumed to fund majority of CIP through combination of impact fees and reserves
 - City anticipates issuing the following debt:
 - **\$7.0M** in water debt—2024
 - **\$7.5M** in WW debt – 2029

Forecast Water and Wastewater CIP

WATER PROJECT

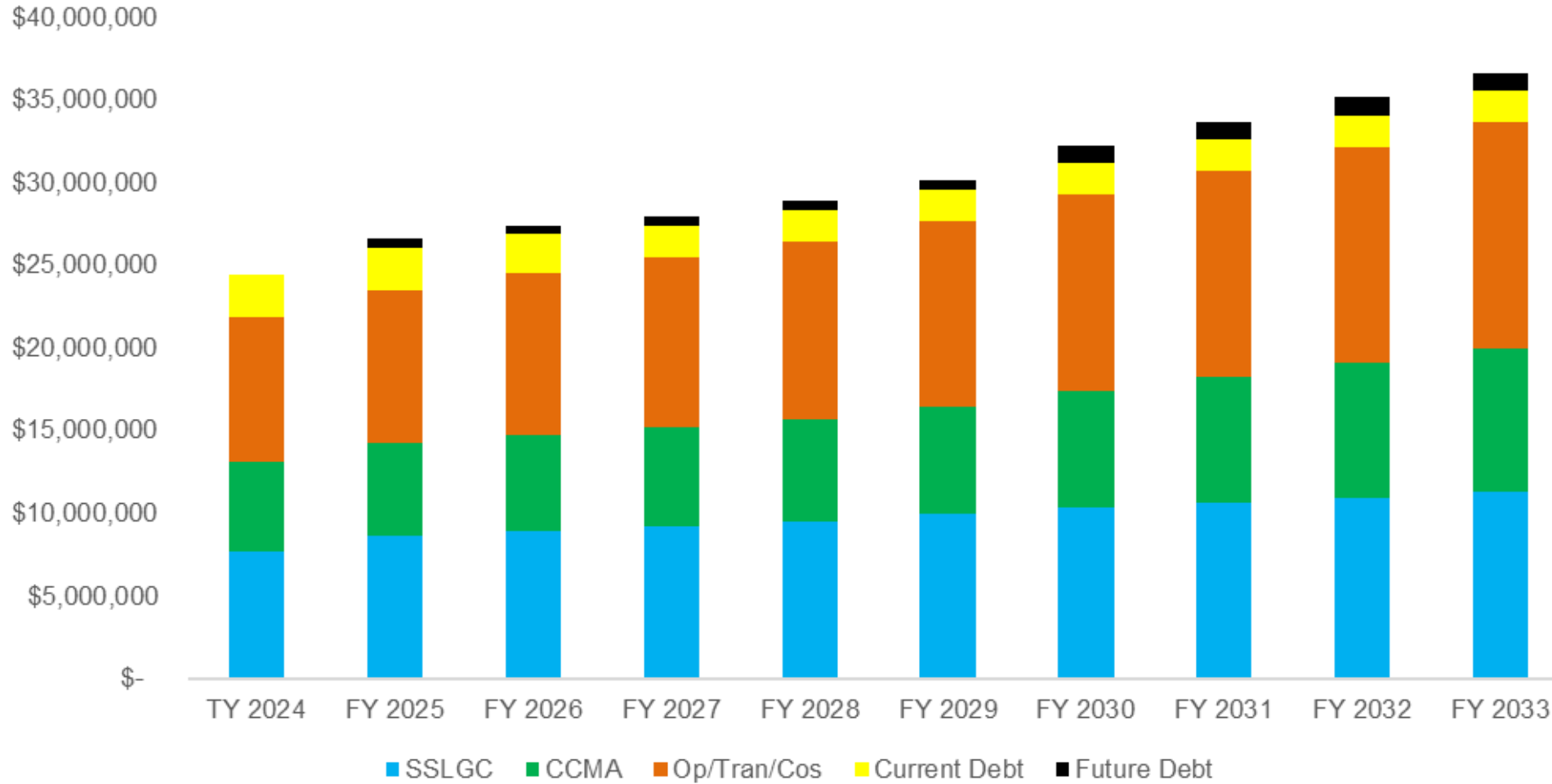
Corbett Ground Storage Tank	\$	631,590
Corbett GST and Generator Switch		466,265
Ware Seguin Lower Seguin/Gtown-Pfeil Loop Lines		464,166
Greenshire Drive		2,700,000
Replace EST Piping: Northcliffe Tank		100,000
I35 NEX Utility Relocations - North Section		1,400,000
Tank Painting-Deer Haven		350,000
Tank Painting-Ware Seguin		350,000
Walmart Line/Cibolo Crossing Upsize		800,000
3009 18" Transmission line		4,545,000
Scenic Hills Subdivision Replacement Pipes		150,000
Water Lines for Buffalo Valley		4,000,000
Expand Capacity : Northcliffe Tank		1,500,000
Total Water CIP	\$	17,457,021

WASTEWATER PROJECTS

CCMA South Plant Expansion	\$	20,000,000
WW Town Creek Phase IV Trunk Main		800,000
WW Cibolo West WW trunk main		1,000,000
WW Cibolo West WW trunk main		12,000,000
WW Town Creek Phase IV Trunk Main		8,000,000
Greenshire Drive		600,000
Replace EST Piping: Northcliffe Tank		100,000
I35 NEX Utility Relocations - North Section		1,400,000
WW Bell North Sewer		1,000,000
Wastewater Lines for Buffalo Valley		3,000,000
Wastewater for Aviation Heights Phases 1-4		3,000,000
Wastewater for Aviation Heights Phases 5-9		3,000,000
Northcliffe Sewer Replacement		6,000,000
Total Wastewater CIP	\$	59,900,000

Total Water and Wastewater CIP	\$	77,357,021
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Forecast Cost of Service | Water and Wastewater



A blue-tinted photograph of a water treatment plant. The image shows various pieces of industrial machinery, including large pipes, valves, and cylindrical tanks. The scene is brightly lit, likely from large windows on the right side of the frame. The overall atmosphere is clean and industrial.

WATER & WASTEWATER PROPOSED RATE PLAN – STATUS QUO

Recommended Rate Plan Water

The rate plan fully funds all aspects of the water and wastewater utility based on the existing market conditions and assumptions.

	Current	Effective Oct-23	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
Water Rates - Residential/Commercial						
Minimum Chg						
5/8" -	\$ 25.84	\$ 26.36	\$ 26.88	\$ 27.42	\$ 27.97	\$ 28.53
3/4" -	38.73	39.50	40.29	41.10	41.92	42.76
1" -	64.56	65.85	67.17	68.51	69.88	71.28
1 1/2" -	129.14	131.72	134.36	137.04	139.79	142.58
2" compound	206.62	210.75	214.97	219.27	223.65	228.13
2" turbine	258.26	263.43	268.69	274.07	279.55	285.14
3" compound	413.23	421.49	429.92	438.52	447.29	456.24
3" turbine	619.85	632.25	644.89	657.79	670.95	684.36
4" compound	645.68	658.59	671.77	685.20	698.90	712.88
4" turbine	1,084.73	1,106.42	1,128.55	1,151.12	1,174.15	1,197.63
6" compound	1,291.35	1,317.18	1,343.52	1,370.39	1,397.80	1,425.75
6" turbine	2,376.08	2,423.60	2,472.07	2,521.52	2,571.95	2,623.38
8" compound	2,087.13	2,128.87	2,171.45	2,214.88	2,259.18	2,304.36
8" turbine	4,174.25	4,257.74	4,342.89	4,429.75	4,518.34	4,608.71
10" compound	3,000.24	3,060.24	3,121.45	3,183.88	3,247.56	3,312.51
10" turbine	6,522.25	6,652.70	6,785.75	6,921.46	7,059.89	7,201.09
12" turbine	8,609.39	8,781.58	8,957.21	9,136.35	9,319.08	9,505.46
Volume Rate Per 1,000 Gal						
- 6,000	3.19	3.25	3.32	3.39	3.45	3.52
6,001 12,000	3.57	3.64	3.71	3.79	3.86	3.94
12,001 18,000	4.18	4.26	4.35	4.44	4.52	4.62
18,001 30,000	5.10	5.20	5.31	5.41	5.52	5.63
30,001 Above	6.48	6.61	6.74	6.88	7.01	7.15
Water Rates - Fire Hydrant						
Minimum Chg (all meter sizes)	122.72	125.17	127.68	130.23	132.84	135.49
Volume Rate Per 1,000 Gal	9.43	9.62	9.81	10.01	10.21	10.41
Water Rates - Cibolo Wholesale						
Volume Rate Per 1,000 Gal	3.27	3.34	3.40	3.47	3.54	3.61

Recommended Rate Plan WW

		Current	Effective Oct-23	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
Wastewater Rates -- Residential							
Monthly Charge	\$	15.01	\$ 15.46	\$ 15.92	\$ 16.40	\$ 17.06	\$ 17.74
Volume Rate Per 1,000 Gal							
-	12,000	4.94	5.09	5.24	5.40	5.61	5.84
12,001	Above	11.33	11.67	12.02	12.38	12.88	13.39
Wastewater Rates -- Business and MF							
Monthly Charge		18.88	19.45	20.03	20.63	21.46	22.31
Volume Rate Per 1,000 Gal							
-	12,000	5.06	5.21	5.37	5.53	5.75	5.98
12,001	Above	11.33	11.67	12.02	12.38	12.88	13.39
Wastewater Rates -- YMCA							
Monthly Charge		-	-	-	-	-	-
Volume Rate Per 1,000 Gal		3.33	3.43	3.53	3.64	3.78	3.94

Impact on Monthly Bills

		Current	Effective Oct-23	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
Residential Average Monthly Water Bill							
5,000 Gal W	Total	\$ 81.50	\$ 83.53	\$ 85.61	\$ 87.74	\$ 90.36	\$ 93.07
5,000 Gal WW	Increase -- \$		2.03	2.08	2.13	2.62	2.71
	Increase -- %		2.5%	2.5%	2.5%	3.0%	3.0%
10,000 Gal W	Total	\$ 123.67	\$ 126.79	\$ 129.99	\$ 133.27	\$ 137.34	\$ 141.55
10,000 Gal WW	Increase -- \$		3.12	3.20	3.28	4.07	4.21
	Increase -- %		2.5%	2.5%	2.5%	3.1%	3.1%
20,000 Gal W	Total	\$ 266.61	\$ 273.59	\$ 280.76	\$ 288.13	\$ 297.49	\$ 307.19
20,000 Gal WW	Increase -- \$		6.98	7.17	7.36	9.37	9.70
	Increase -- %		2.6%	2.6%	2.6%	3.3%	3.3%

Forecast Additional Revenue

	2024	2025	2026	2027	2028
WATER Revenues -- Total					
Res. and Small Comm. INSIDE	\$ 11,948,069	\$ 12,420,498	\$ 12,907,045	\$ 13,408,086	\$ 13,924,006
Res. and Small Comm. OUTSIDE	173,831	181,470	189,345	197,462	205,828
Large Commercial INSIDE	1,871,419	1,960,718	2,052,840	2,147,864	2,245,867
FH Meter Volume Rate INSIDE	394,216	402,100	410,142	418,345	426,712
Cibolo Wholesale	62,939	64,197	65,481	66,791	68,127
Total Rate Revenue	14,450,473	15,028,983	15,624,854	16,238,548	16,870,540
Water Revenues -- Additional					
Res. and Small Comm. INSIDE		472,429	486,547	501,041	515,920
Res. and Small Comm. OUTSIDE		7,639	7,875	8,117	8,366
Large Commercial INSIDE		89,299	92,123	95,023	98,003
FH Meter Volume Rate INSIDE		7,884	8,042	8,203	8,367
Cibolo Wholesale		1,259	1,284	1,310	1,336
Additional Rate Revenue		578,510	595,871	613,694	631,992
WASTEWATER Revenues -- Total					
Residential	\$ 6,646,054	\$ 6,998,978	\$ 7,367,096	\$ 7,820,151	\$ 8,303,878
Business/MF	3,158,202	3,266,107	3,377,645	3,524,096	3,679,708
YMCA	11,997	12,357	12,727	13,226	13,755
Total Rate Revenue	9,816,253	10,277,442	10,757,468	11,357,473	11,997,341
WASTEWATER Revenues -- Additional					
Residential		352,924	368,118	453,055	483,726
Business/MF		107,905	111,537	146,452	155,612
YMCA		360	371	499	529
Additional Rate Revenue		461,189	480,026	600,006	639,868

How Does Rate Plan Benefit Ratepayers & City?

- Prudent management by City staff has enabled magnitude of rate adjustments to be minimized
- Proposed rate plan enables the utility to fully fund all water and wastewater maintenance, operating and construction costs
- Will provide for the Utility Fund to operate self-sufficient with no need for General Fund subsidies
- Enables the City to continually provide safe drinking water and effectively treat wastewater





QUESTIONS & DISCUSSION