



June 30, 2020

WATER AND WASTEWATER RATE STUDY SEABROOK, TEXAS

NewGen
Strategies & Solutions

AGENDA

- Historical Background
- Current Issues
- Revenue Requirement
- Rate Design
- Regional Bill Comparisons
- Next Steps



HISTORICAL BACKGROUND

- 5.17% Effective Annual Increase
- 6,100 Gallon Water and Wastewater Customer (Average)

CURRENT ISSUES

- Pasadena Contract
 - Contract in negotiation
 - Rate restructure and increase pending
- Capital Improvement Projects
 - \$5 million for City Portion of Grant Funded Wastewater Treatment Plant

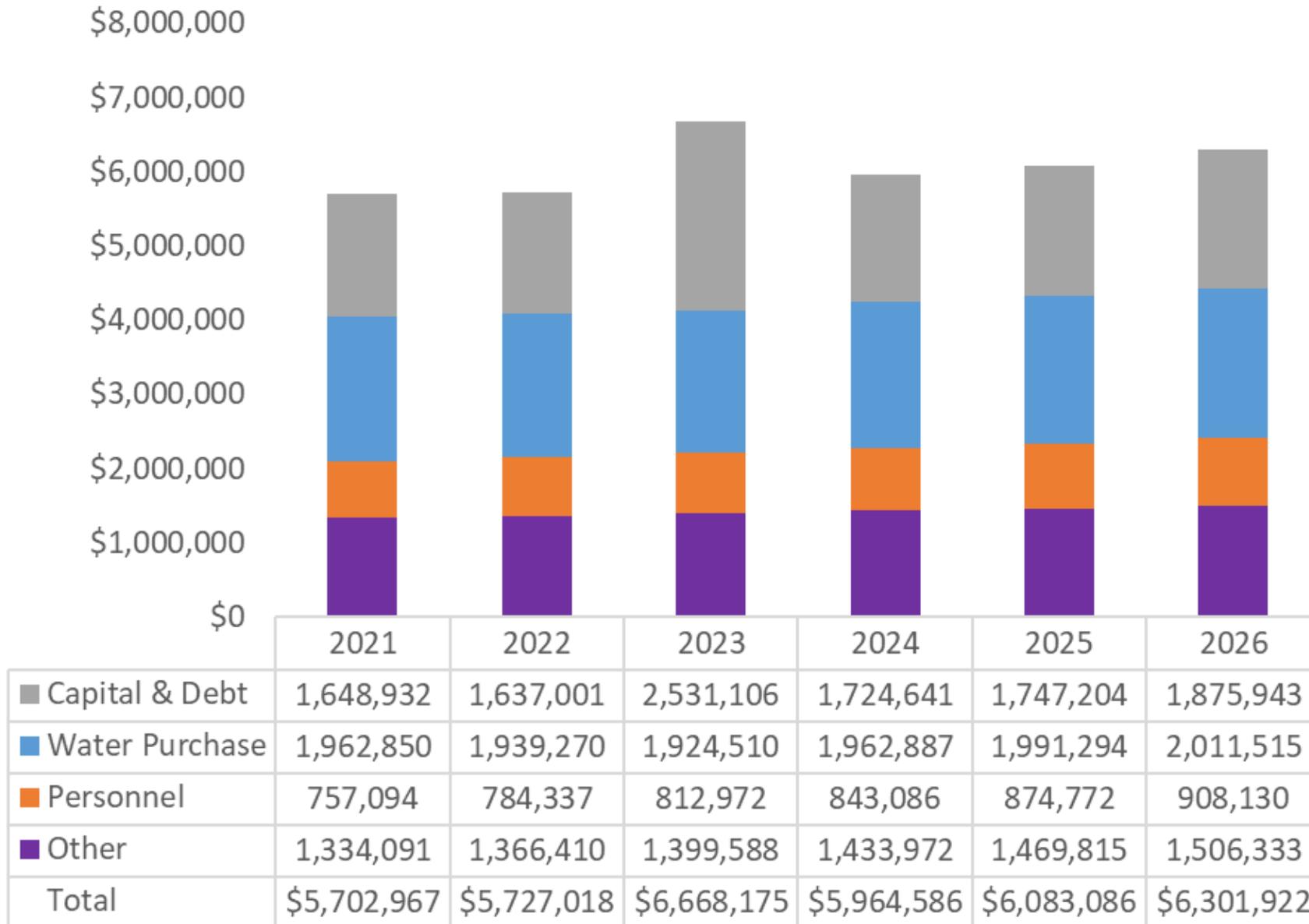
PASADENA AND OTHER CONTRACTS

- Current Water Contract – \$0.89/1,000 gallons
- New Water Contract in Negotiations
 - Assumptions for Model
 - 6 tier rate structure with lowest tier at \$3.00/1,000 gallons
 - From approximate annual cost of \$580,000 in FY 2020 to \$1,962,850 in FY 2021
- El Jardin wastewater increase from \$1.13 to \$1.39/1,000 gallons
- El Lago water increase: lowest Pasadena rate plus \$0.05/1,000

FINANCIAL RESOURCES NEEDED FOR 2021

- \$ 10,540,194 – Total Expenses
 - Includes \$ 2,504,067 in Sanitation Expenses
- \$ 7,317,147 – Net Revenue Requirement
 - Removes \$ 2,504,067 in Sanitation Revenues
 - Also Removes \$ 718,980 in Other Non-Rate Revenues
- \$ 4,145,202 – Water Allocation (57%)
- \$ 3,171,945 – Wastewater Allocation (43%)

WATER EXPENSES



\$6,000,000

\$5,000,000

\$4,000,000

\$3,000,000

\$2,000,000

\$1,000,000

\$0

	2021	2022	2023	2024	2025	2026
Capital & Debt	2,033,159	2,021,964	2,086,482	2,114,703	2,134,497	2,212,559
Personnel	581,691	601,583	622,450	644,354	667,357	691,528
Other	2,222,377	2,275,300	2,329,592	2,386,247	2,446,286	2,507,402
Total	\$4,837,228	\$4,898,847	\$5,038,524	\$5,145,304	\$5,248,141	\$5,411,490

WASTEWATER EXPENSES

CAPITAL IMPROVEMENT PROJECTS

	Funding Method	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025+
East Meyer Pipe Bursting	Existing Debt	\$ 871,951				
Pine Gully Wastewater Treatment Plant	Grant	15,676,775	15,676,775			
Smart Water Meter Conversion	Existing Debt	3,000,000				
Old SH 146 Interconnect	Impact Fees		124,588	622,938		
Repsdorff Water Tank Rehabilitation	Cash			780,313		
Lift Station No. 5 Force Main Improvement	Developer					601,380
Pine Gully Area Water Line Improvements	Other Agency					1,179,750
Red Acres Subdivision Water Line	Debt					1,255,878
Red Bluff Sanitary Sewer Extension	Developer					640,800
SCADA System Upgrades	Debt					550,000
Shipyards Sewer Service Phase 1 & 2	Developer					2,143,263
Shipyards Water Service Phase 1 & 2	Developer					1,536,900
Taylor Lake Water Line Crossing	Other Agency					2,093,800

RATE STABILIZATION

- Estimated FYE 2020 Balance of \$540,000
- Intend to use completely in FY 2021 to reduce rate increases

CURRENT RATES

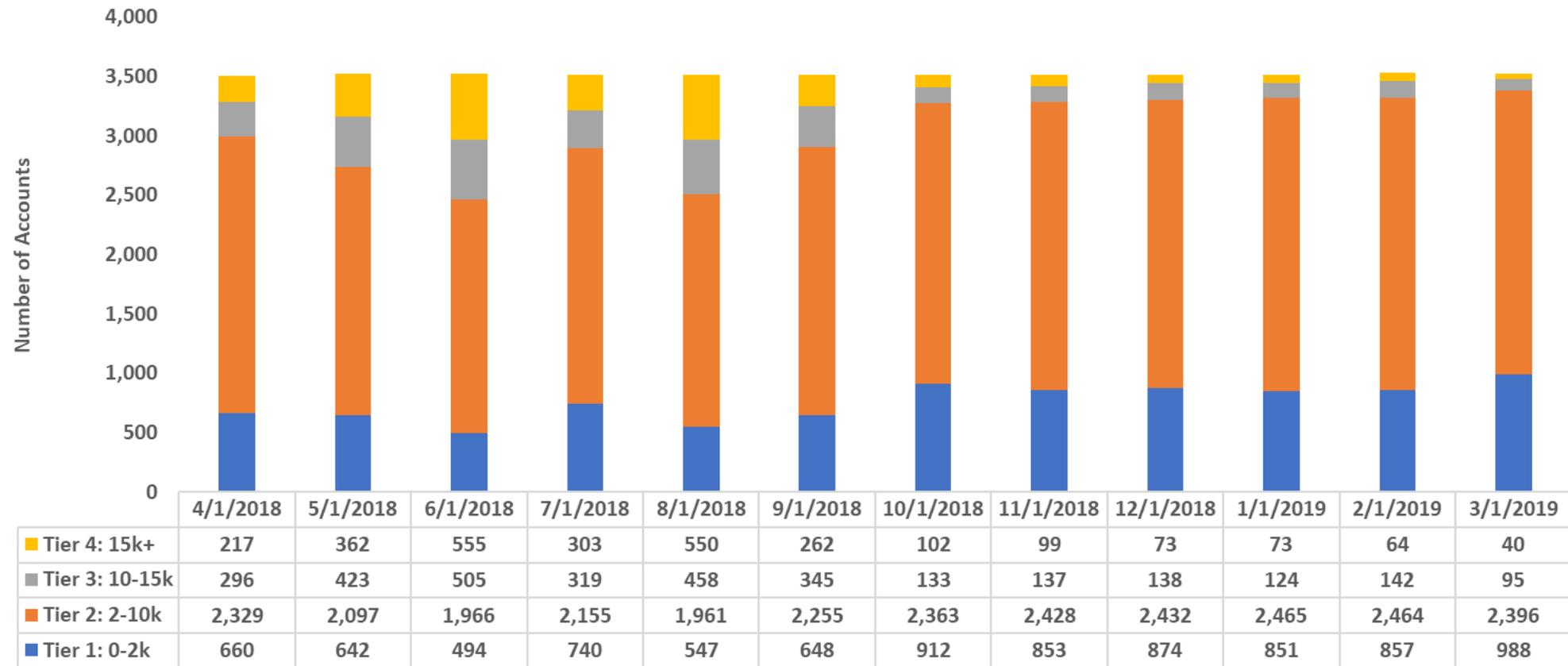
Water	Current
Base Minimum (5/8")	\$ 14.71
Volumetric (per 1,000 gallons)	
Tier 1: 0-2,000	\$ 0.00
Tier 2: 2,001-10,000	4.37
Tier 3: 10,001-15,000	5.20
Tier 4: 15,001+	6.21

Note: The minimum charge increases with meter size. Multi-Family is charged based on number of units at the lowest meter size.

Wastewater	Current
Minimum Charge	\$ 21.65
Volumetric (per 1,000 gallons)	
0-2,000	\$ 0.00
2,001+	4.37

Note: Residential, Multi-Family, and Light Commercial customers maximum wastewater volumes is 16,000 gallons.

RESIDENTIAL WATER USAGE BY TIER BREAKDOWN



Note: Each account is only counted in the highest tier it reached

PROPOSED RATES

Water	Current	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Base Minimum (5/8")	\$ 14.71	\$ 18.00	\$ 19.00	\$ 20.00	\$ 20.00	\$ 20.00
Volumetric (per 1,000 gallons)						
0-2,000	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2,001-10,000	4.37	5.11	5.98	7.00	7.00	7.00
10,001-15,000	5.20	6.08	7.12	8.33	8.33	8.33
15,001+	6.21	7.27	8.50	9.95	9.95	9.95
Wastewater	Current	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Minimum Charge	\$ 21.65	\$ 23.00	\$ 24.00	\$ 25.00	\$ 25.00	\$ 25.00
Volumetric (per 1,000 gallons)						
0-2,000	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2,001+	4.08	4.77	5.59	6.53	6.53	6.53

Note: Residential, Multi-Family, and Light Commercial customers maximum wastewater volumes is 16,000 gallons.

MONTHLY RESIDENTIAL CUSTOMER BILL IMPACT

Note: Small differences below may be due to rounding

	Current	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
2,000 Gallons						
Water	\$ 14.71	\$ 18.00	\$ 19.00	\$ 20.00	\$ 20.00	\$ 20.00
Wastewater	21.65	23.00	24.00	25.00	25.00	25.00
Total	\$ 36.36	\$ 41.00	\$ 43.00	\$ 45.00	\$ 45.00	\$ 45.00
<i>Monthly Increase per Year</i>		\$ 4.64	\$ 2.00	\$ 2.00	\$ 0.00	\$ 0.00

6,100 Gallons (Average)						
Water	\$ 32.63	\$ 38.96	\$ 43.52	\$ 48.70	\$ 48.70	\$ 48.70
Wastewater	38.38	42.57	46.90	51.79	51.79	51.79
Total	\$ 71.01	\$ 81.54	\$ 90.43	\$ 100.49	\$ 100.49	\$ 100.49
<i>Monthly Increase per Year</i>		\$ 10.53	\$ 8.89	\$ 10.07	\$ 0.00	\$ 0.00

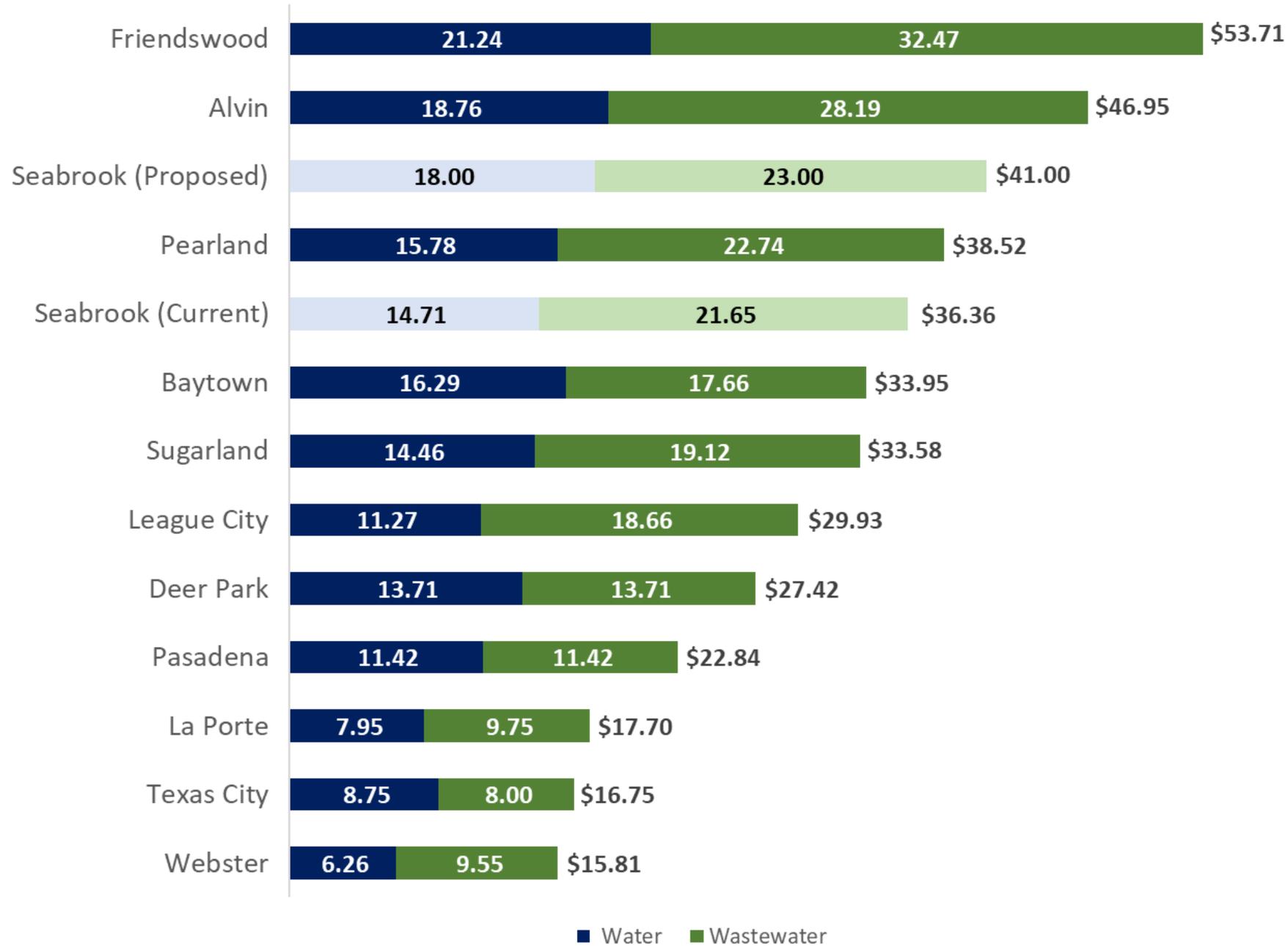
15,000 Gallons						
Water	\$ 75.67	\$ 89.32	\$ 102.44	\$ 117.64	\$ 117.64	\$ 117.64
Wastewater	74.69	85.06	96.61	109.95	109.95	109.95
Total	\$ 150.36	\$ 174.38	\$ 199.05	\$ 227.59	\$ 227.59	\$ 227.59
<i>Monthly Increase per Year</i>		\$ 24.02	\$ 24.67	\$ 28.53	\$ 0.00	\$ 0.00

FUTURE BUDGET ANALYSIS

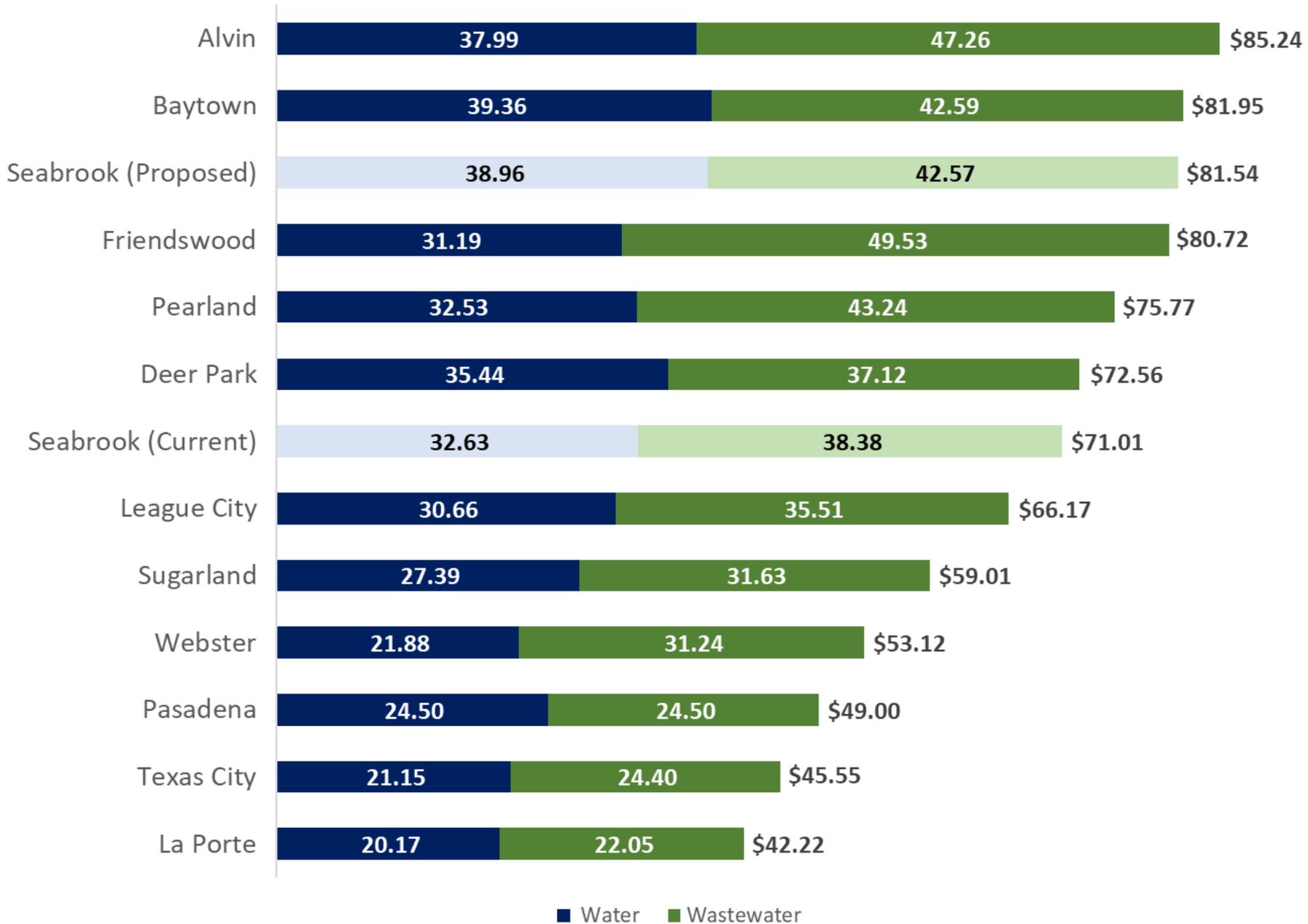
- As part of the study, the Finance Department will be able to evaluate changes annually and update needed rate projections using the rate model
- Annual analysis will include:
 - CIP Changes
 - Personnel and Benefit Increases
 - Expenses for the projected budget
 - Other assumptions currently built in the model

COMMUNITY RATE COMPARISONS

- Comparisons between communities are very common but may not tell the whole story.
- Each system is unique in geography, age of infrastructure, capital maintenance effort, and typical usage patterns.



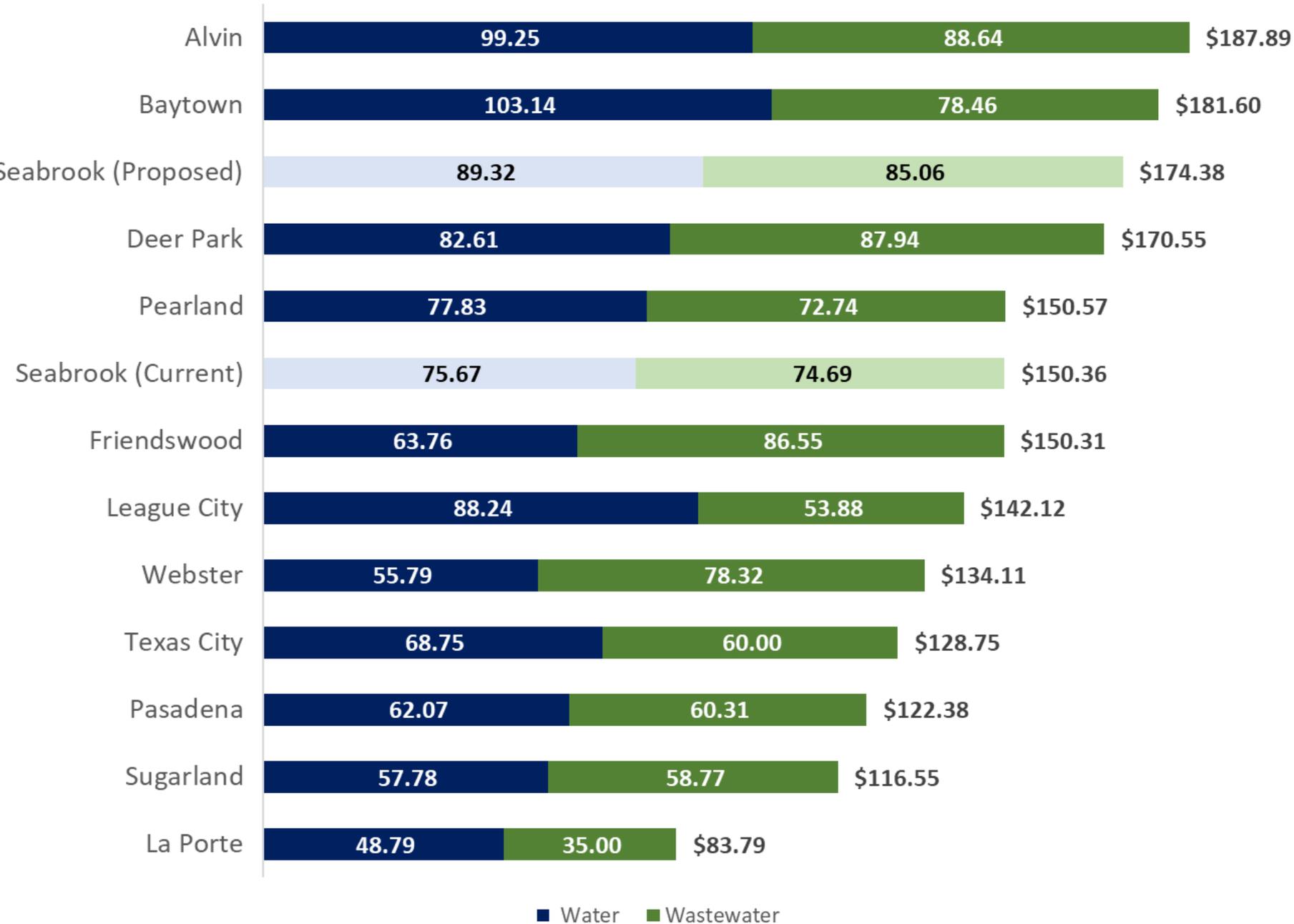
RESIDENTIAL RATE COMPARISON – 2,000



RESIDENTIAL RATE COMPARISON

– 6,100
(Average)

RESIDENTIAL RATE COMPARISON – 15,000





THANK YOU FOR YOUR TIME

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