



**SEAGOVILLE, TEXAS
CITY COUNCIL MEETING AGENDA
MONDAY, JULY 25, 2022**

**City Council Chambers, City Hall
702 N. Hwy 175
Seagoville, Texas 75159**

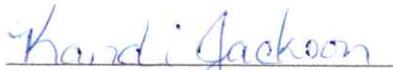
WORKSHOP – 6:30 P.M.

**Call to Order
Invocation
Pledge of Allegiance**

- 1. Receive a presentation concerning water and wastewater rate design study**
- 2. Discuss General Fund and Water & Sewer Fund budgets for FY 2023**

Adjourn

Posted Friday, July 22, 2022


Kandi Jackson, City Secretary



As authorized by Section 551.071(2) of the Texas Government Code, this meeting may be convened into closed executive session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed herein.

The City of Seagoville does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. If you have a request for services that will make this program accessible to you, please contact the City of Seagoville at least 72 hours in advance at (972) 287-6819. (TDD access 1-800-RELAY-TX)

DATES TO REMEMBER

- Monday, August 1, 2022, Regular City Council Meeting**
- Monday, August 15, 2022, Regular City Council Meeting**
- Monday, August 29, 2022, Budget City Council Meeting**

Workshop Agenda Item: 1

Meeting Date: July 25, 2022

ITEM DESCRIPTION:

Receive a presentation concerning water and wastewater rate design study.

BACKGROUND OF ISSUE:

NewGen Strategies & Solutions will present the water and wastewater rate study.

FINANCIAL IMPACT:

N/A

RECOMMENDATION:

Staff recommends approval.

EXHIBITS:

PowerPoint Presentation – Water and Wastewater Rate Design Study



JULY 25, 2022

SEAGOVILLE, TEXAS WATER & WASTEWATER RATE STUDY





IMPORTANCE OF LOCAL OFFICIALS IN UTILITY MANAGEMENT

Utilities operate like a business, though the product being sold is a vital resource shared by all members of the community

Just like any business, Council is the “Board of Directors” who must be able to address complex industry challenges including rising costs, aging infrastructure, and customer affordability

The Board must ensure the viability of the business by ensuring revenues match or exceed expenses and financial metrics are met

CAPITAL IMPROVEMENT PROJECTS

Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Northern Basin Interceptor	\$ 4,000,000	\$ 0	\$ 0	\$ 0	\$ 0
HWY 175 Waterline Construction	315,000	0	0	0	0
Pump Station Replacements	0	800,000	0	0	800,000
Malloy Bridge Rd Sewer Relocation	0	200,000	0	0	0
Replace Waterline from Seagoville Rd S to Tunnel St (project PL1)	0	0	2,418,000	0	0
Replace Pipe at Cain St EST & Connection to 175 Frontage (PL5)	0	0	584,000	0	0
Replace Pipe from Ard Rd Pump Station NE to Seagoville Rd (PL6)	0	0	566,000	0	0
Replace Pipe from Seagoville N Elementary to Alto Rd (PL2)	0	0	391,000	0	0
New Gravity Main from Lawrence Lake (S3)	0	0	0	5,910,000	0
Replace Pipe from Alto / Farmers to Crestview / E Malloy Bridge (PL3)	0	0	0	2,874,000	0
Replace HWY 175 LS & New Mains to NBIS (S4)	0	0	0	0	4,850,000
Replace Waterline along E Malloy Bridge Rd (PL4)	0	0	0	0	584,000
Total	\$ 4,315,000	\$ 1,000,000	\$ 3,959,000	\$ 8,784,000	\$ 6,234,000

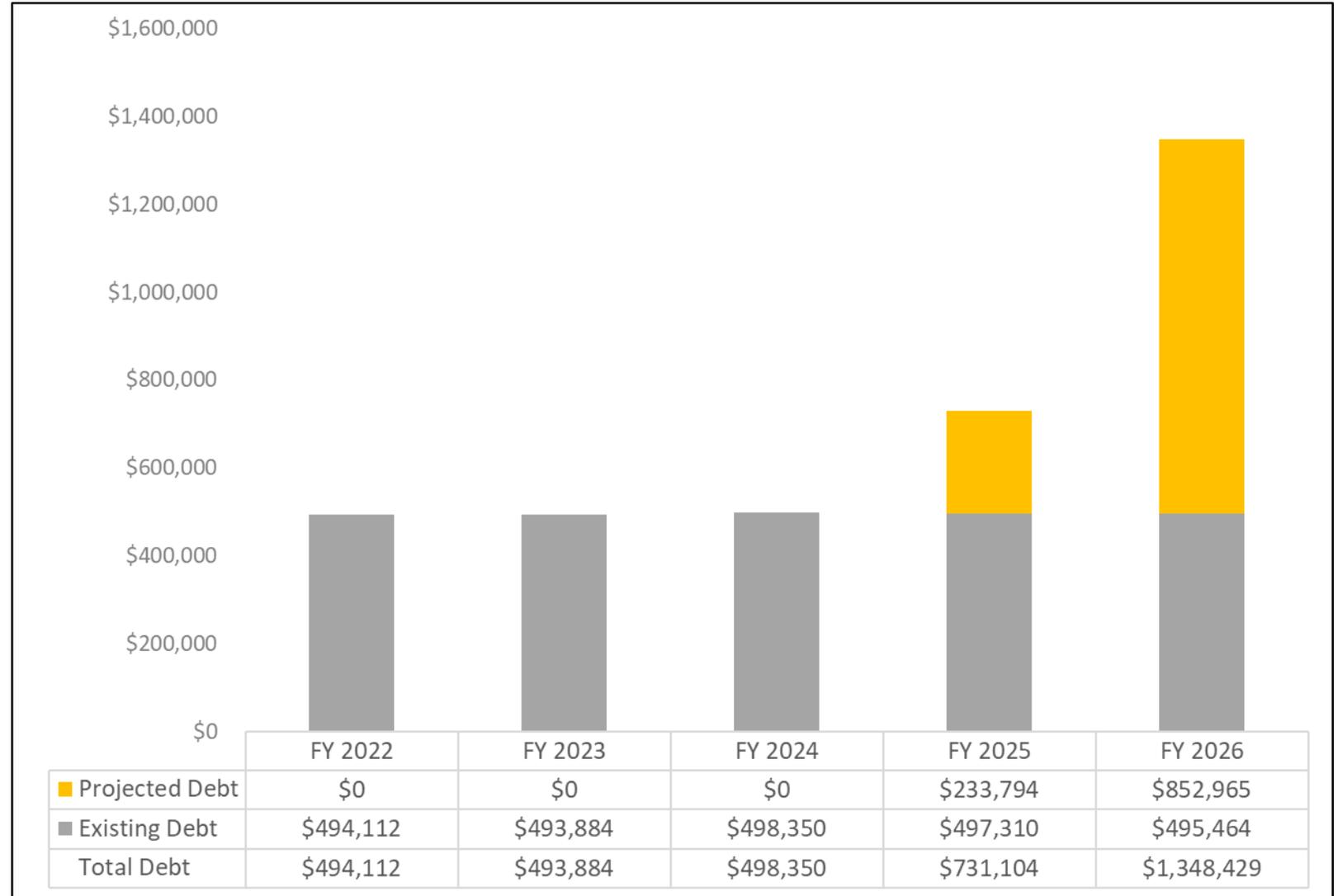
Notes:

- Projects funded through cash, new debt, and/or existing funds
- Project costs shown above are adjusted for inflation

CAPITAL FUNDING

Funding	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Water						
Cash Funded through Rates	\$ 315,000	\$ 800,000	\$ 566,000	\$ 0	\$ 800,000	\$ 2,481,000
Projected New Debt	0	0	3,393,000	2,874,000	584,000	6,851,000
Existing Funds	0	0	0	0	0	0
Total	\$ 315,000	\$ 800,000	\$ 3,959,000	\$ 2,874,000	\$ 1,384,000	\$ 9,332,000
Wastewater						
Cash Funded through Rates	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 200,000
Projected New Debt	0	0	0	5,910,000	4,850,000	10,760,000
Existing Funds	4,000,000	0	0	0	0	4,000,000
Total	\$ 4,000,000	\$ 200,000	\$ 0	\$ 5,910,000	\$ 4,850,000	\$ 14,960,000
Total CIP						
Cash Funded through Rates	\$ 315,000	\$ 1,000,000	\$ 566,000	\$ 0	\$ 800,000	\$ 2,681,000
Projected New Debt	0	0	\$ 3,393,000	8,784,000	5,434,000	17,611,000
Existing Funds	4,000,000	0	0	0	0	4,000,000
Total	\$ 4,315,000	\$ 1,000,000	\$ 3,959,000	\$ 8,784,000	\$ 6,234,000	\$ 24,292,000

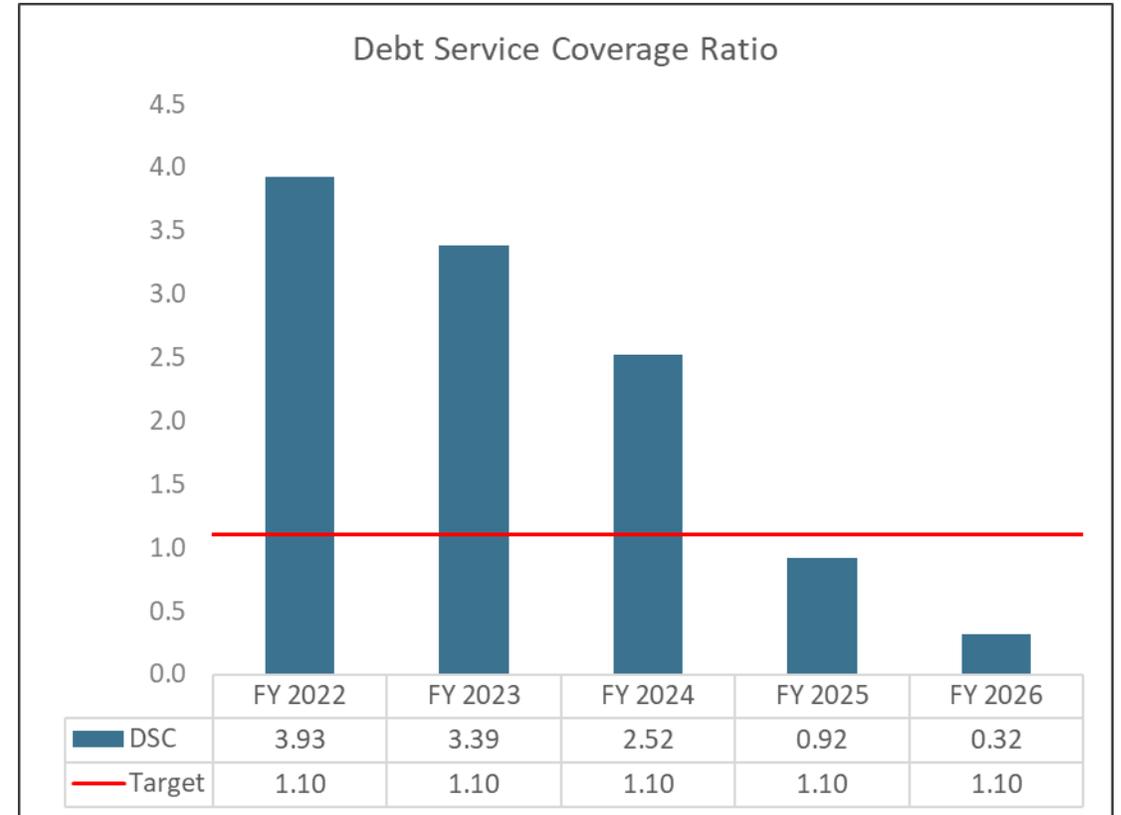
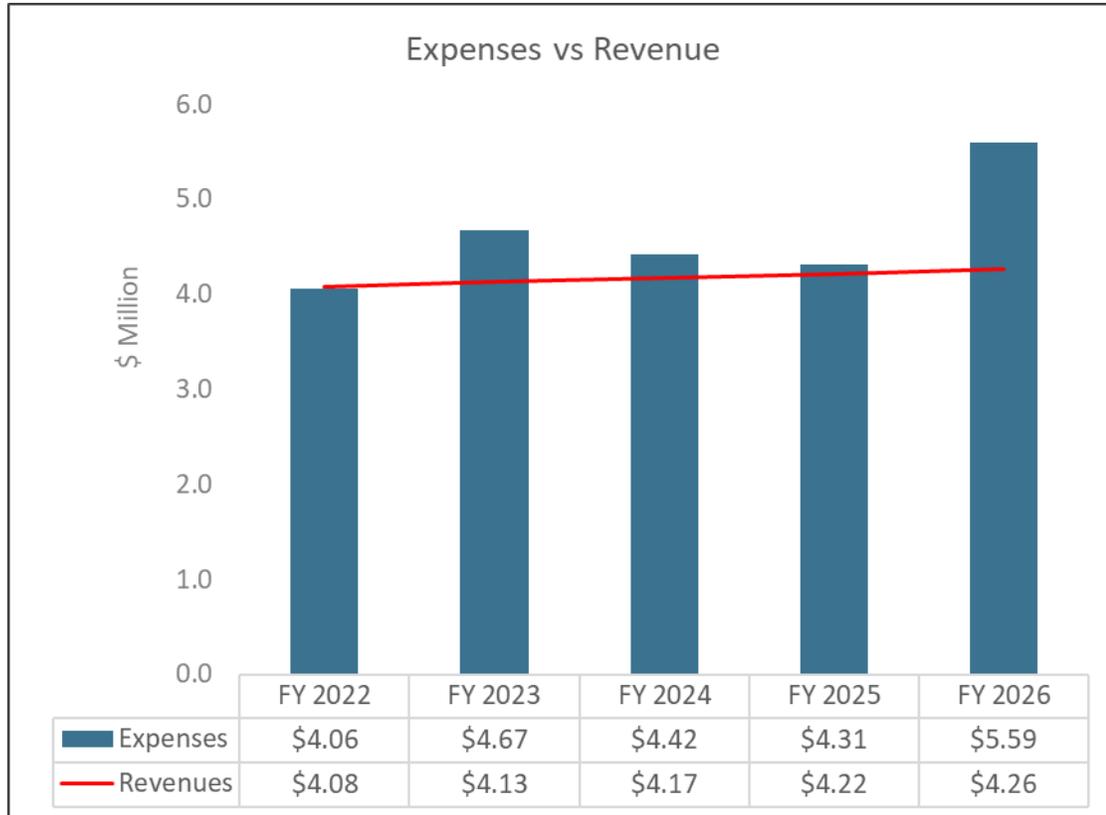
DEBT SERVICE PAYMENTS



ANTICIPATED FINANCIAL PERFORMANCE UNDER CURRENT RATES

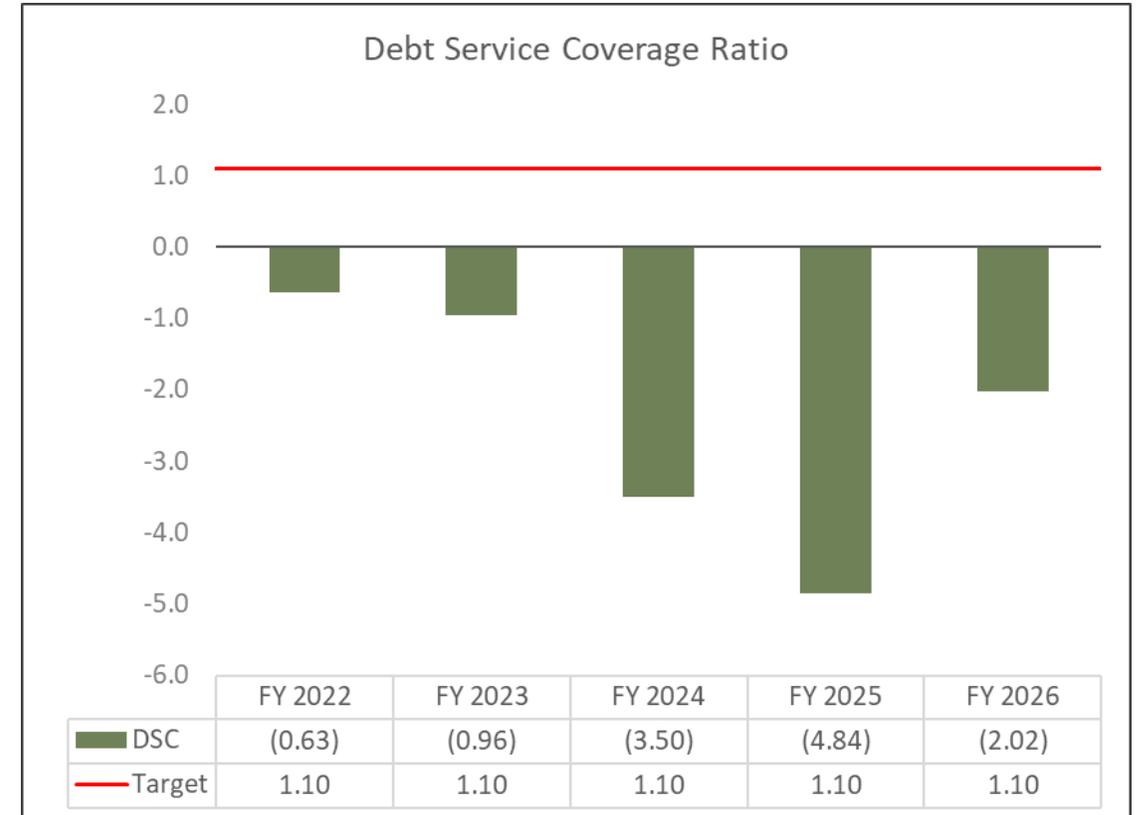
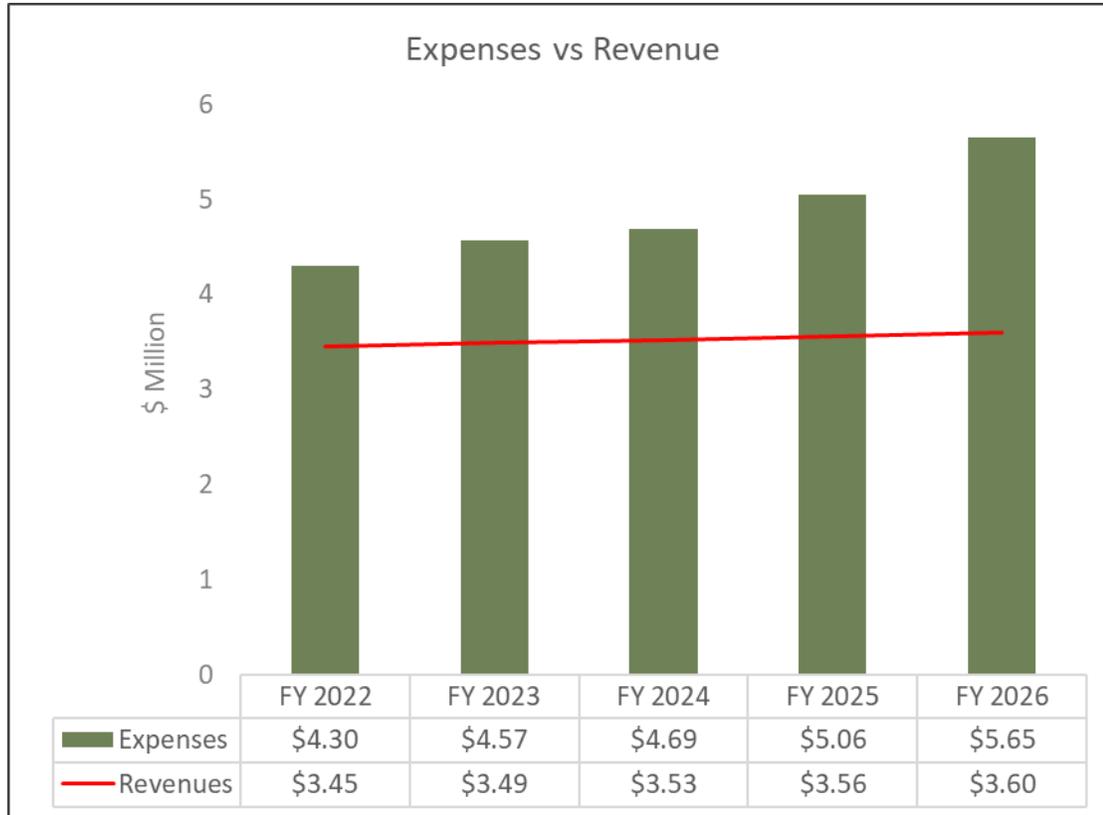
FINANCIAL PERFORMANCE UNDER CURRENT RATES

WATER

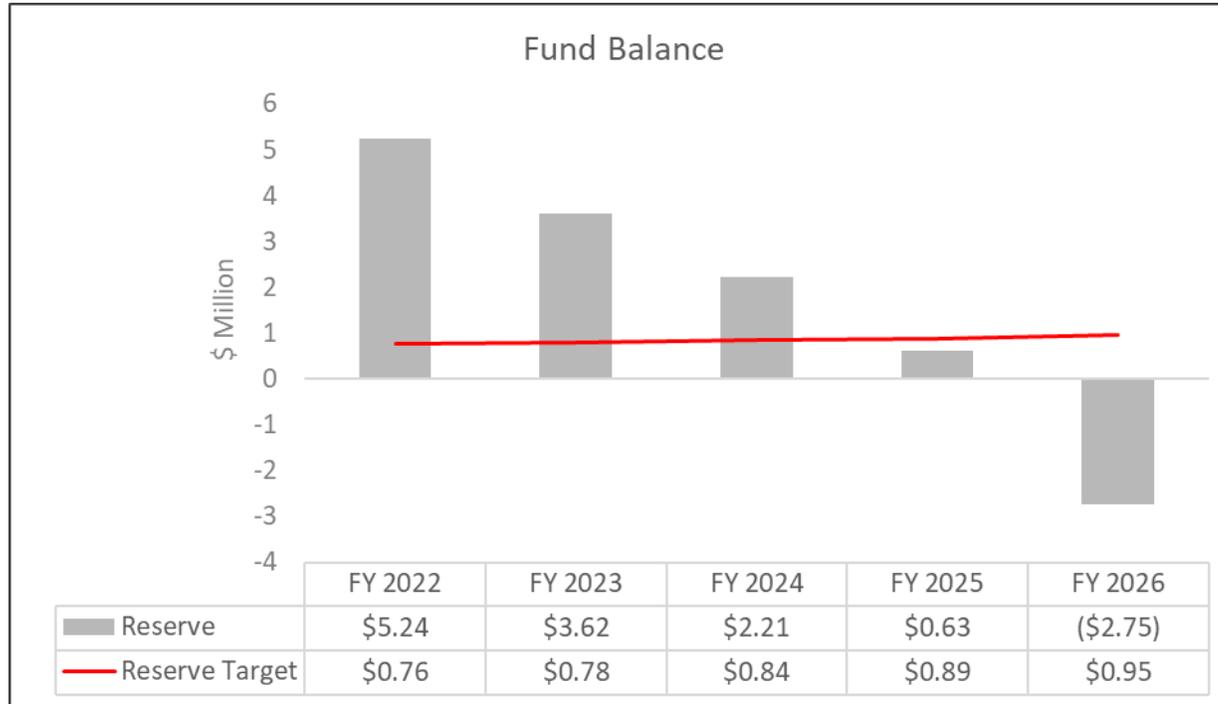
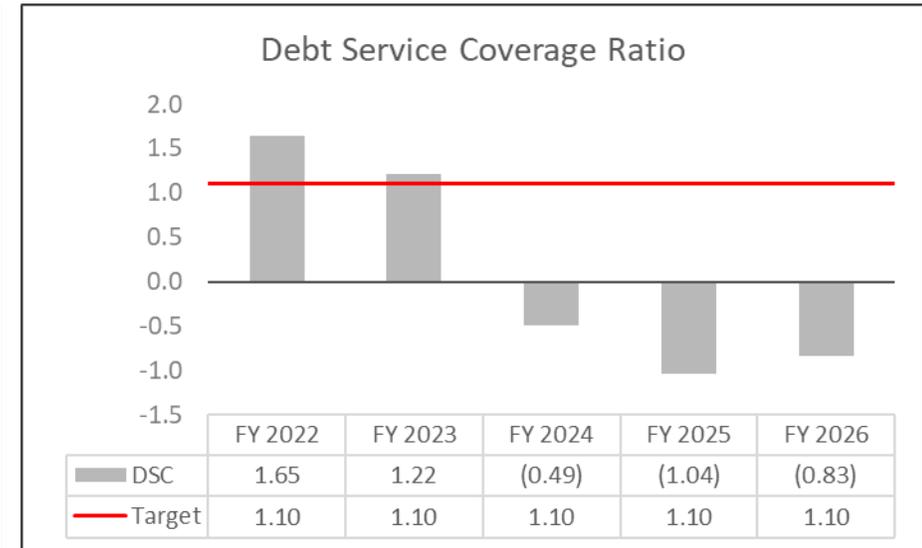
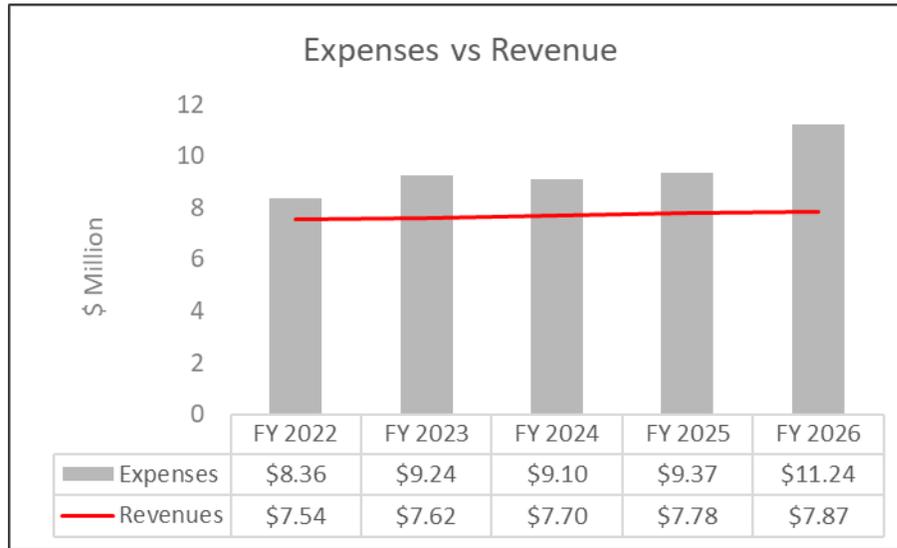


FINANCIAL PERFORMANCE UNDER CURRENT RATES

WASTEWATER



FINANCIAL PERFORMANCE UNDER CURRENT RATES - COMBINED



ANTICIPATED FINANCIAL PERFORMANCE UNDER PROPOSED RATES

GOALS FOR PROPOSED RATES



- Days Cash on Hand Goal of 60 Days
- Debt Service Coverage Target of 1.10x
- Water Increases Enough to Cover Wholesale Increases
- Wastewater Reach Debt Service Coverage Target without Subsidy from Water

PROPOSED RATE INCREASES

Annual Increases	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Water					
Minimum Monthly Fee		1.40%	1.40%	1.40%	1.40%
Volumetric Rates (\$ / kgal)		3.55%	5.58%	5.96%	5.93%
Wastewater					
Minimum Monthly Fee		12.54%	12.54%	12.54%	12.54%
Volumetric Rates (\$ / kgal)		12.54%	12.54%	12.54%	12.54%

- These percentage increases would apply to all customer classes
- The first 2,000 gallons of water consumption / wastewater flows would continue to be included in the minimum monthly fee where this is currently the case

AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

2,000 gallons of Water and Wastewater



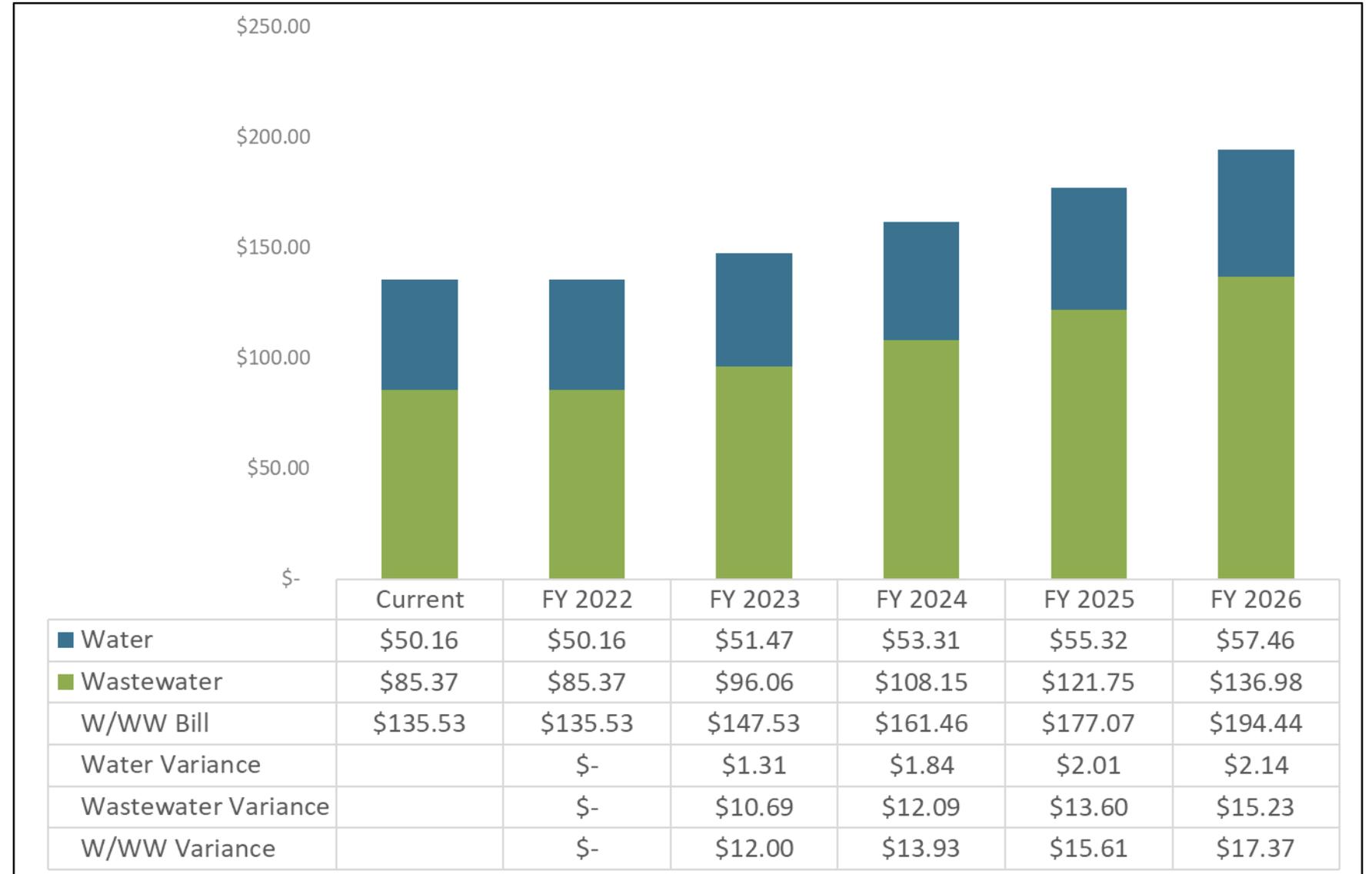
AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

5,000 gallons of
Water and
Wastewater



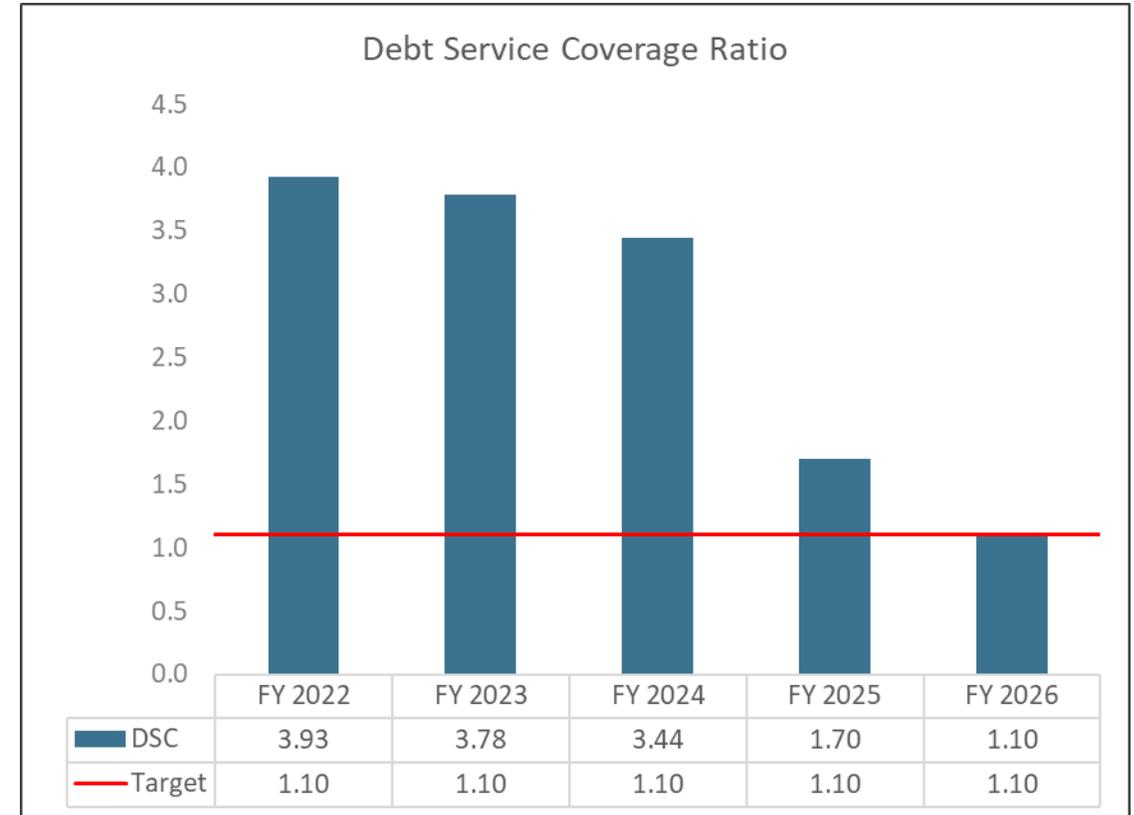
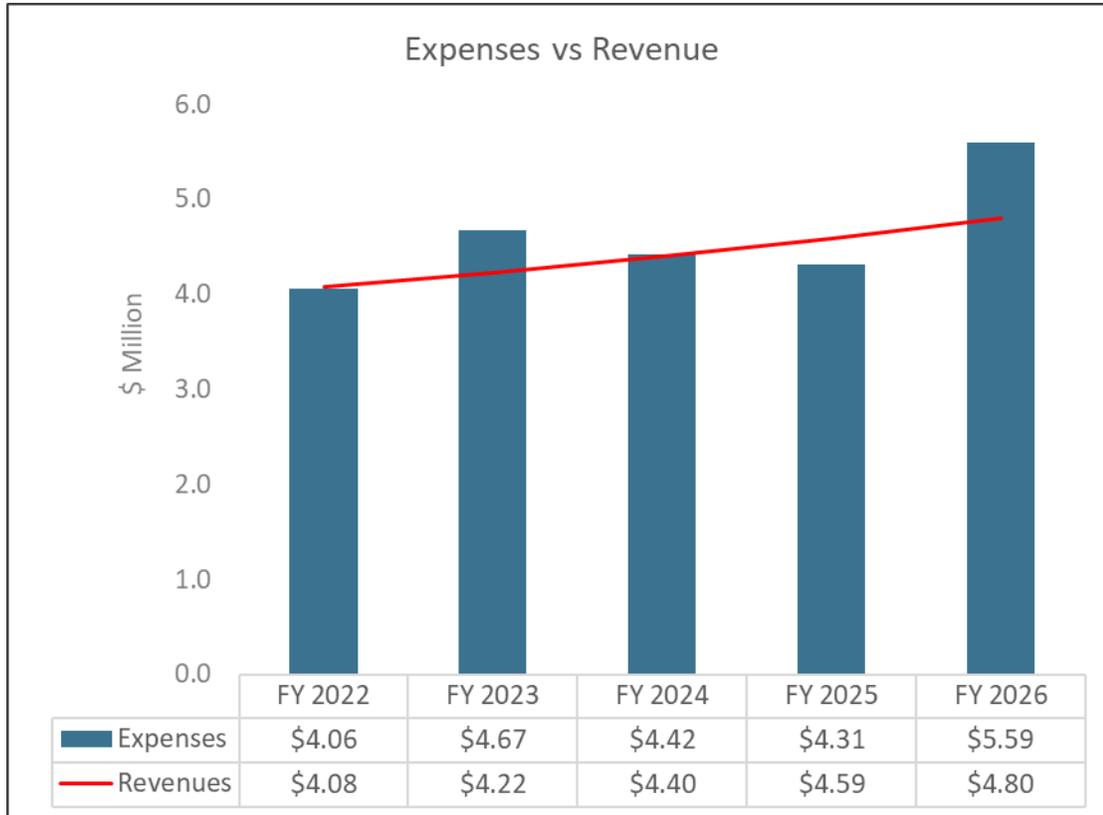
AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

10,000 gallons of
Water and
Wastewater



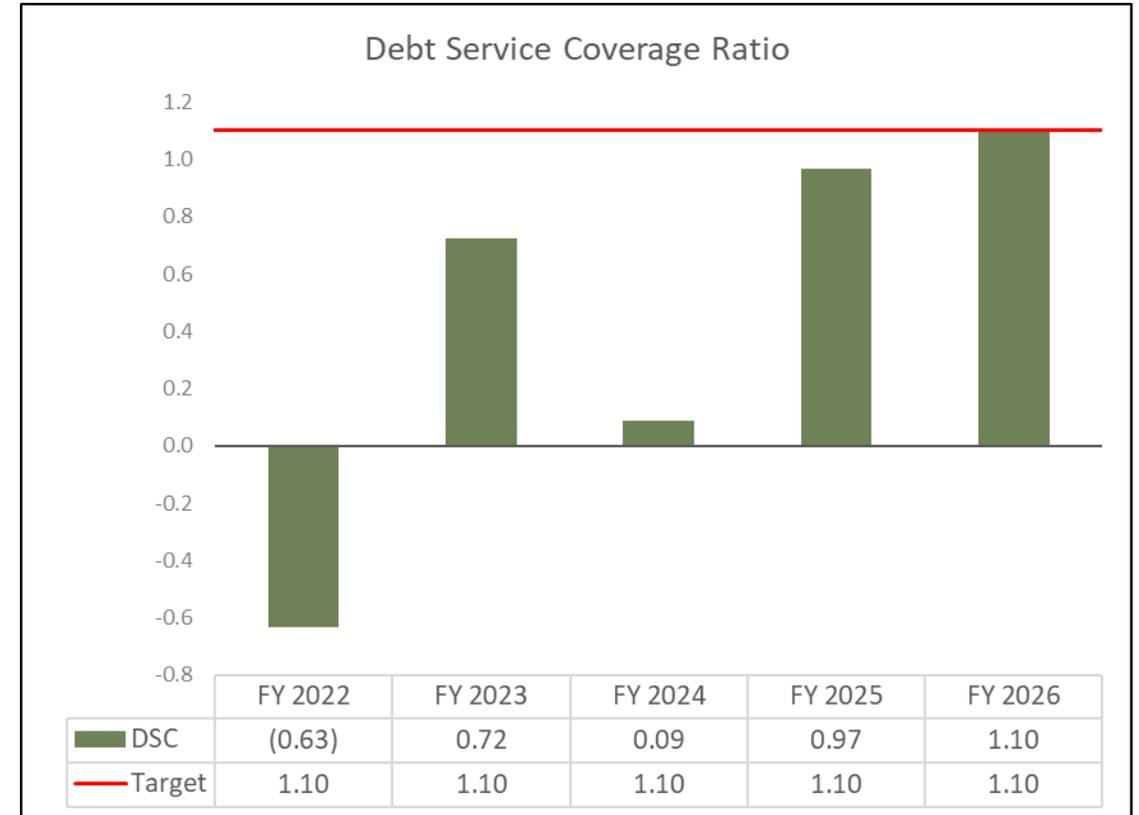
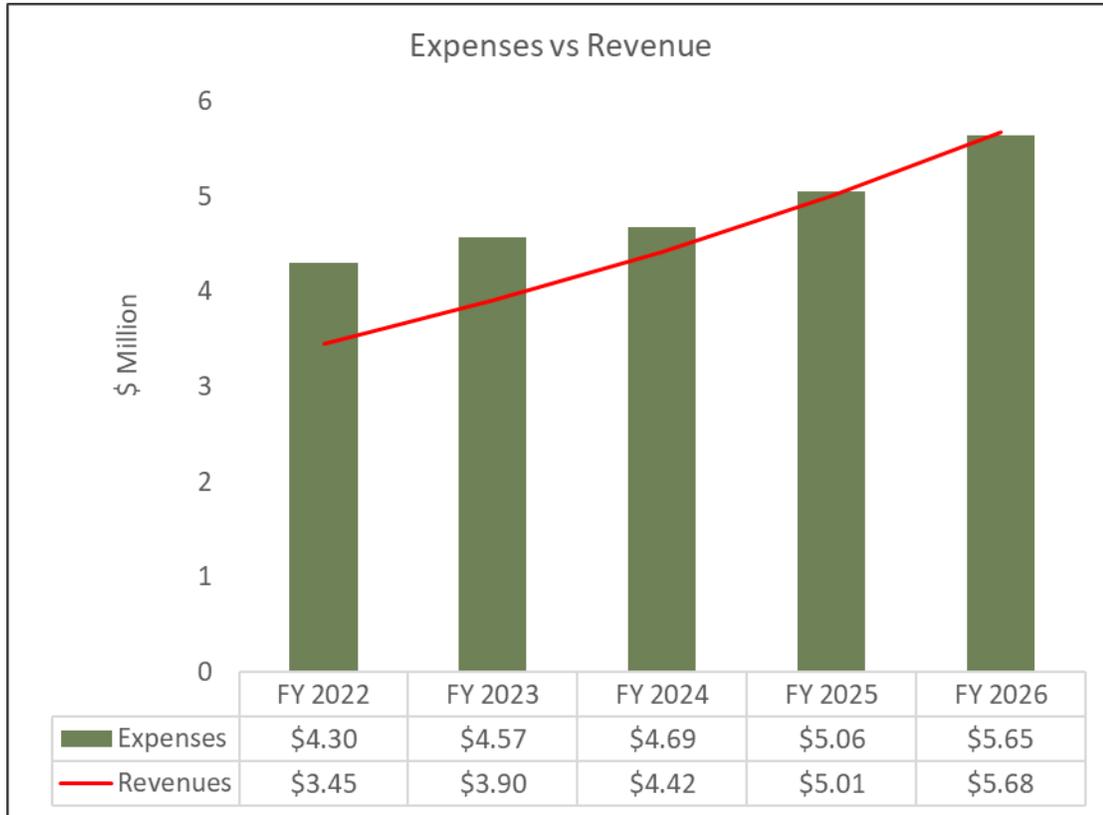
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WATER



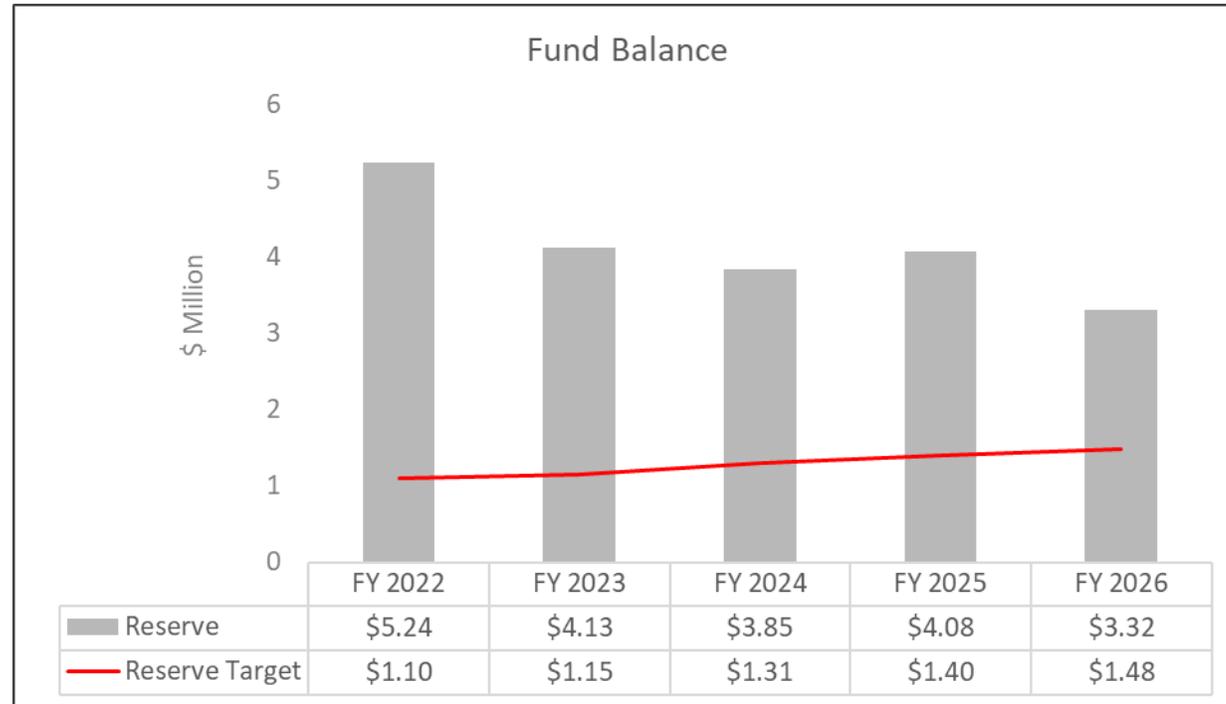
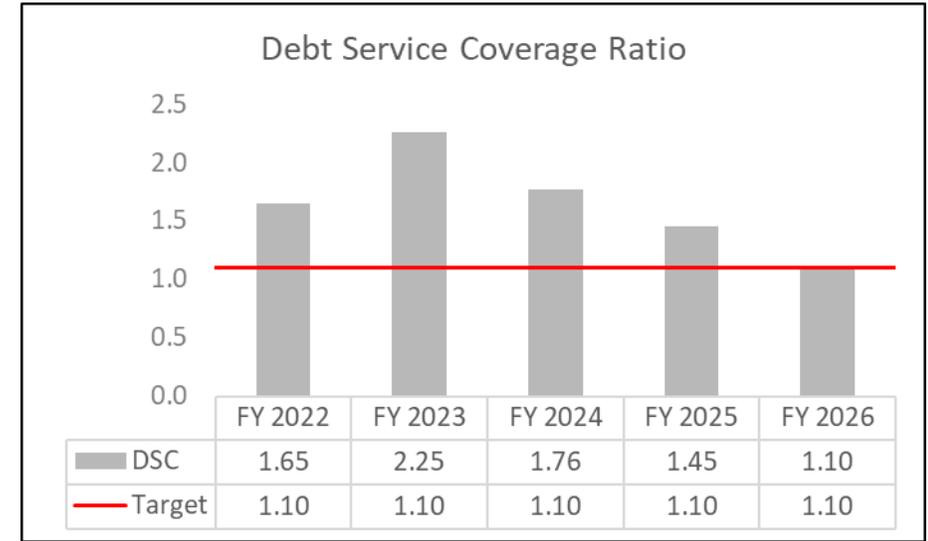
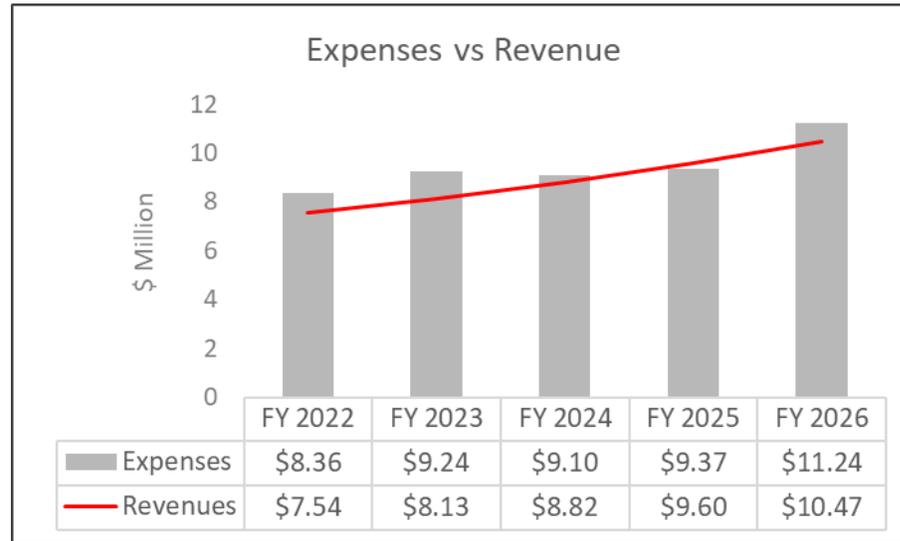
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WASTEWATER



Note: Wastewater does not hit its DSC target on a stand-alone basis until FY 2026, but the combined utility reaches the target in all years.

FINANCIAL PERFORMANCE UNDER PROPOSED RATES - COMBINED



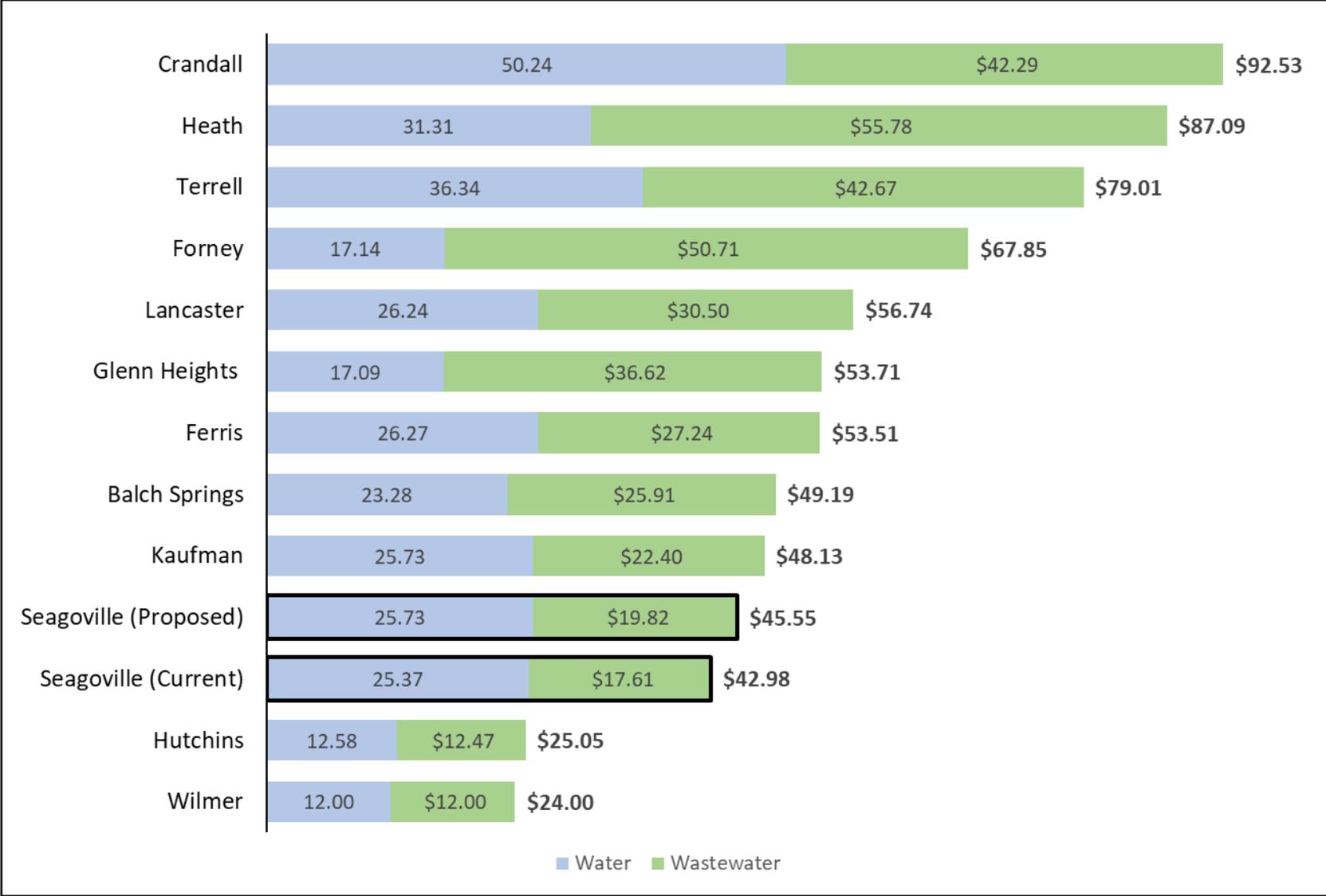
FUND BALANCE DRAW DOWN

- Rate Plan Requires Draw Down of Fund Balance Over Time
- With the Draw Downs, the Fund Balance Stays Above the 60 Days Cash on Hand Requirement

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Beginning Fund Balance	\$ 6,068,922	\$ 5,241,964	\$ 4,131,480	\$ 3,850,253	\$ 4,082,010
Change in Fund Balance	(826,958)	(1,110,484)	(281,226)	231,756	(766,413)
Ending Fund Balance	\$ 5,241,964	\$ 4,131,480	\$ 3,850,253	\$ 4,082,010	\$ 3,315,597

AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Bill for household using 2,000 gallons of water and wastewater



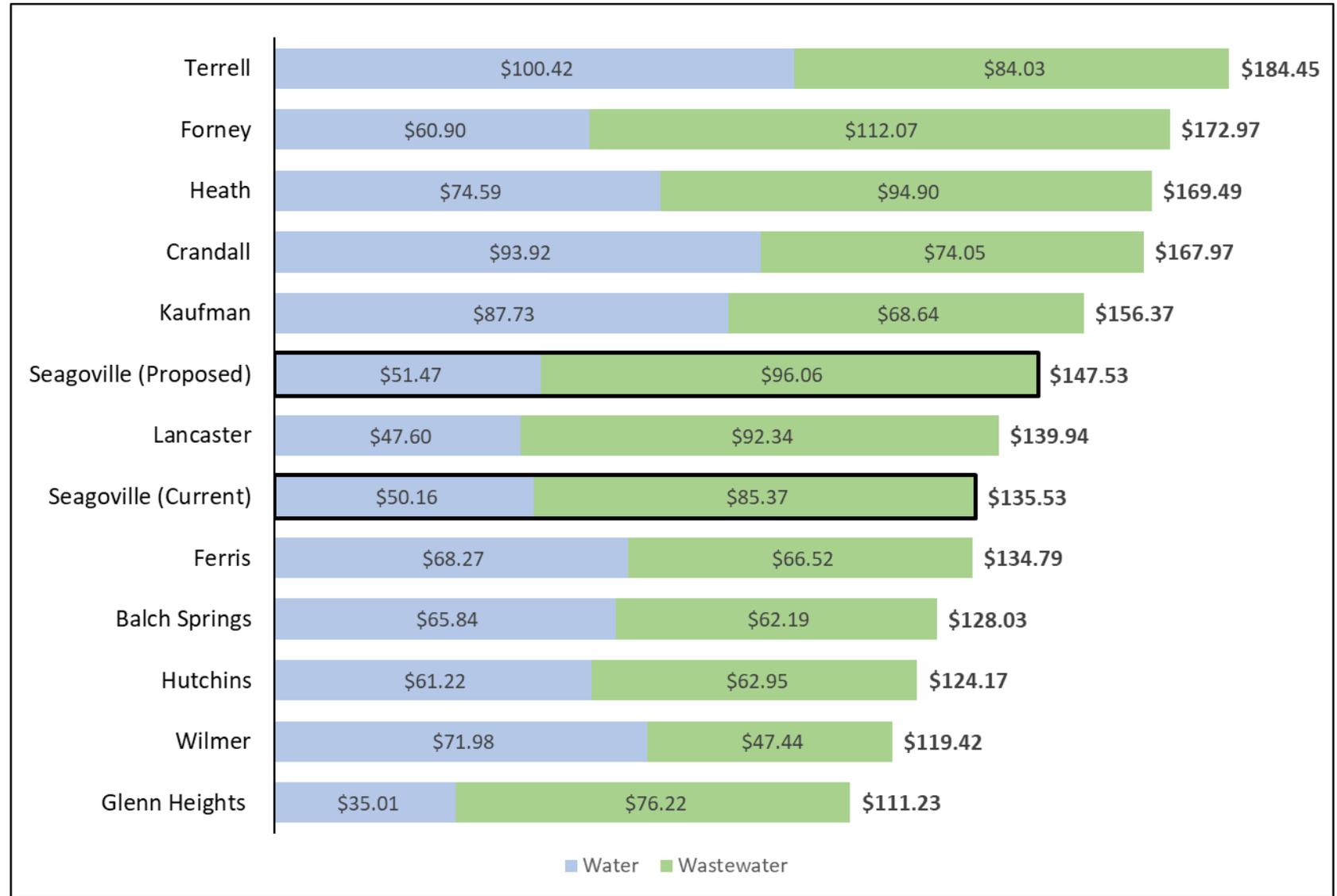
AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Bill for household
using 5,000 gallons of
water and
wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Bill for household
using 10,000 gallons
of water and
wastewater



PATH FORWARD

- Council Feedback
- Next Steps
 - Confirm Rate Adjustments to be Made Effective October 2022





QUESTIONS AND DISCUSSION

NEWGEN STRATEGIES AND SOLUTIONS
275 W. CAMPBELL ROAD, SUITE 440
RICHARDSON, TEXAS 75080

CHRIS EKRU, CFO AND DIRECTOR
(972) 232-2234
CEKRUT@NEWGENSTRATEGIES.NET

Workshop Agenda Item: 2

Meeting Date: July 25, 2022

ITEM DESCRIPTION:

Discuss General Fund and Water & Sewer Fund budgets for FY 2023.

BACKGROUND OF ISSUE:

Director of Finance to present considerations for FY 2023 General Fund and Water & Sewer Fund Budgets.

FINANCIAL IMPACT:

None

RECOMMENDATION:

N/A

EXHIBITS

N/A