



**SEAGOVILLE, TEXAS
CITY COUNCIL MEETING AGENDA
MONDAY, JULY 24, 2023**

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

WORKSHOP – 6:30 P.M.

Call to Order

Invocation

Pledge of Allegiance

SPECIAL AGENDA

- 1. Receive a presentation concerning Water and Wastewater Rate Design Study.**
- 2. Discuss Water and Sewer Fund Budget for FY2024**

Adjourn

Posted on Friday, July 21, 2023, at 10:00 AM.

Melinda Welsh, TRMC
Interim 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, July 31, 2023, Special City Council Meeting/Workshop**
- **Monday, August 07, 2023, Regular City Council Meeting**
- **Monday, August 14, 2023, Special City Council Meeting**
- **Monday, August 21, 2023, Regular City Council Meeting**
- **Monday, August 28, 2023, Special City Council Meeting**

Workshop Agenda Item: 1

Meeting Date: July 24, 2023

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

Power Point Presentation – Water and Wastewater Rate Design Study



July 24, 2023

SEAGOVILLE, TEXAS WATER & WASTEWATER RATE UPDATE





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 2023	FY 2024	FY 2025	FY 2026	FY 2027
Pump Station Replacements	\$ 800,000	\$ 1,150,000	\$ 0	\$ 0	\$ 975,672
Malloy Bridge Rd Sewer Relocation	220,000	0	0	0	0
Replace Waterline from Seagoville Rd S to Tunnel St (project PL1)	0	0	0	2,849,244	0
Replace Pipe at Cain St EST & Connection to 175 Frontage (PL5)	0	0	664,884	0	0
Replace Pipe from Ard Rd Pump Station NE to Seagoville Rd (PL6)	0	0	644,391	0	0
Replace Pipe from Seagoville N Elementary to Alto Rd (PL2)	0	0	445,154	0	0
New Gravity Main from Lawrence Lake (S3)	0	0	0	0	7,207,775
Replace Pipe from Alto / Farmers to Crestview / E Malloy Bridge (PL3)	0	0	0	3,386,571	0
Replace HWY 175 LS & New Mains to NBIS (S4)	0	0	5,521,725	0	0
Replace Waterline along E Malloy Bridge Rd (PL4)	0	0	0	688,155	0
Total	\$ 1,020,000	\$ 1,150,000	\$ 7,276,154	\$ 6,923,970	\$ 8,183,447

Notes:

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

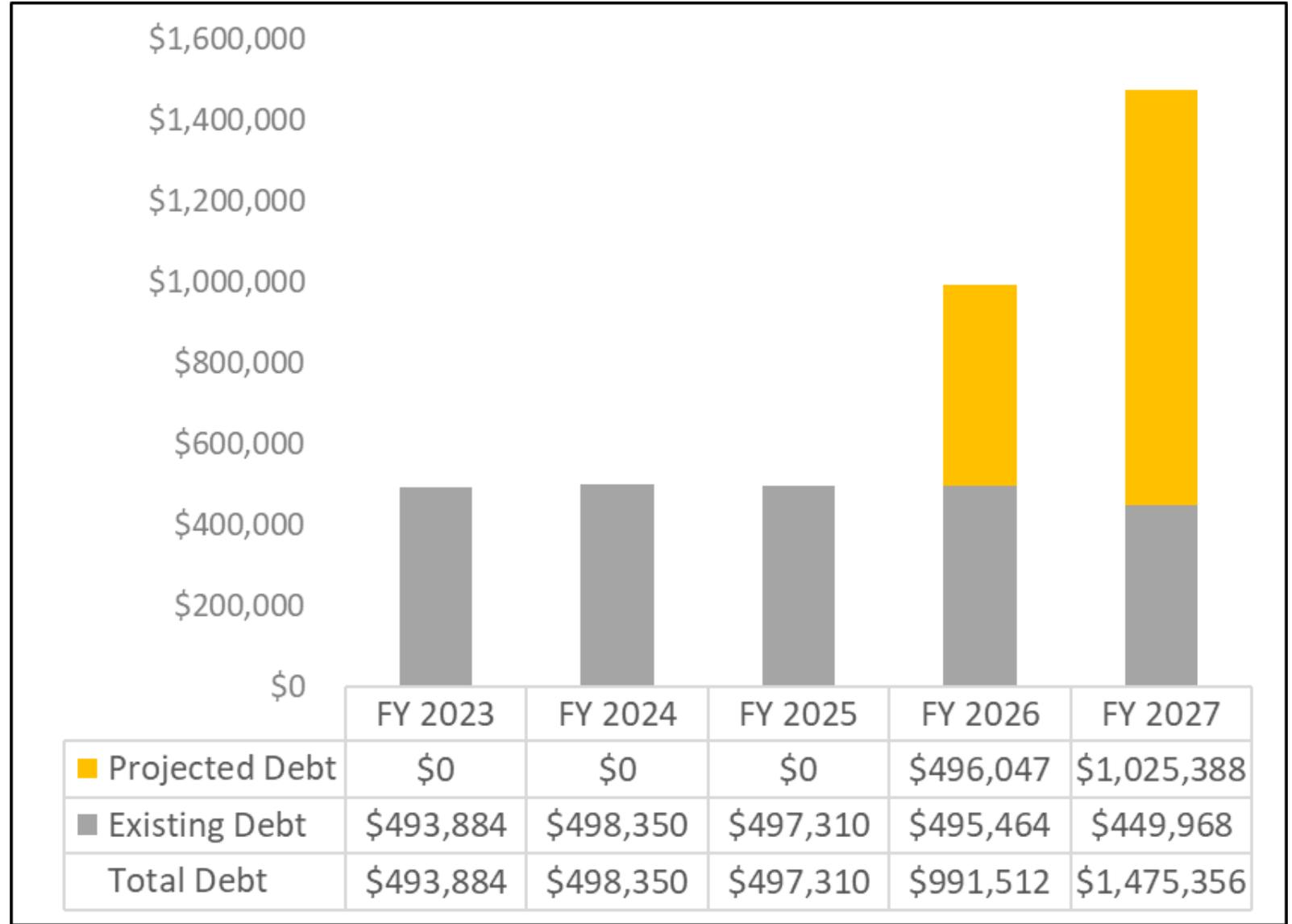
CAPITAL FUNDING

Funding	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Water						
Cash Funded through Rates	\$ 800,000	\$ 1,150,000	\$ 644,391	\$ 0	\$ 975,672	\$ 3,570,063
Projected New Debt	0	0	1,110,038	6,923,970	0	8,034,007
Total	\$ 800,000	\$ 1,150,000	\$ 1,754,429	\$ 6,923,970	\$ 975,672	\$ 11,604,070
Wastewater						
Cash Funded through Rates	\$ 220,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 220,000
Projected New Debt	0	0	5,521,725	0	7,207,775	12,729,500
Total	\$ 220,000	\$ 0	\$ 5,521,725	\$ 0	\$ 7,207,775	\$ 12,949,500
Total CIP						
Cash Funded through Rates	\$ 1,020,000	\$ 1,150,000	\$ 644,391	\$ 0	\$ 975,672	\$ 3,790,063
Projected New Debt	0	0	6,631,763	6,923,970	7,207,775	20,763,507
Total	\$ 1,020,000	\$ 1,150,000	\$ 7,276,154	\$ 6,923,970	\$ 8,183,447	\$ 24,553,570

DEBT SERVICE PAYMENTS

FY 2025 – Issuance with \$6.6 million total principal

FY 2026 – Issuance with \$6.9 million total principal



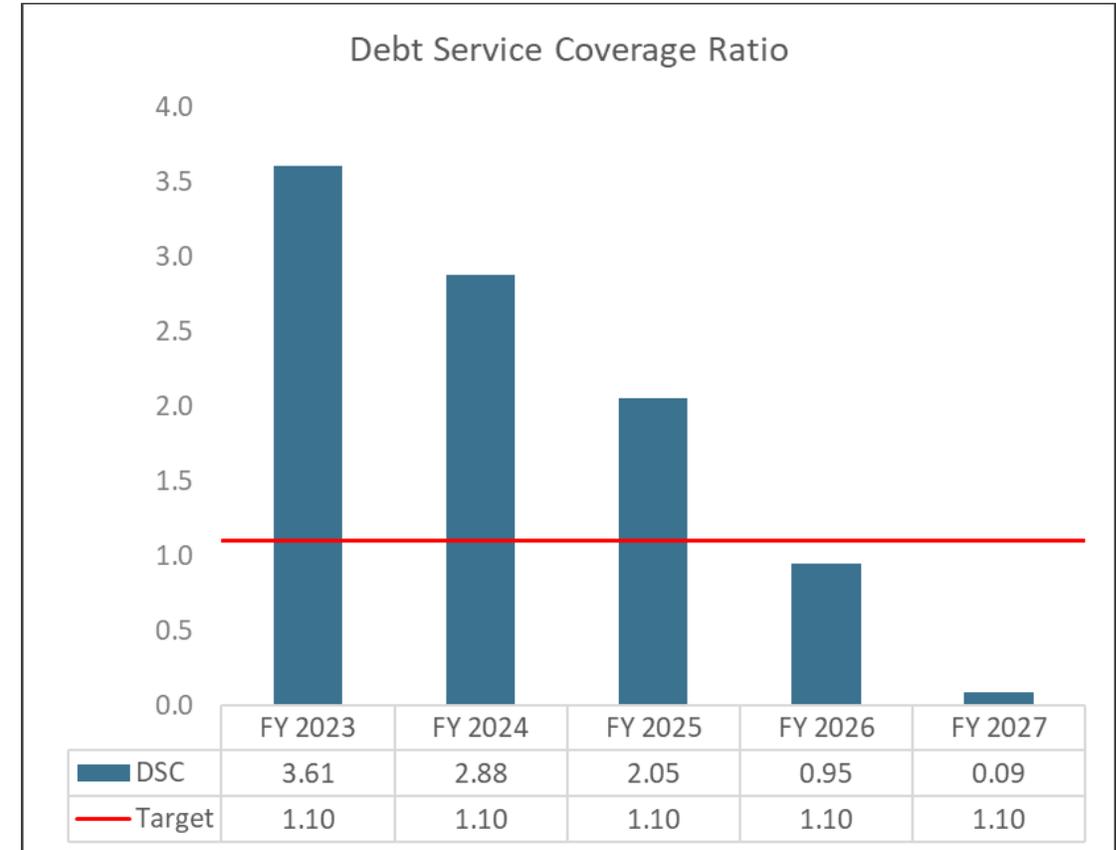
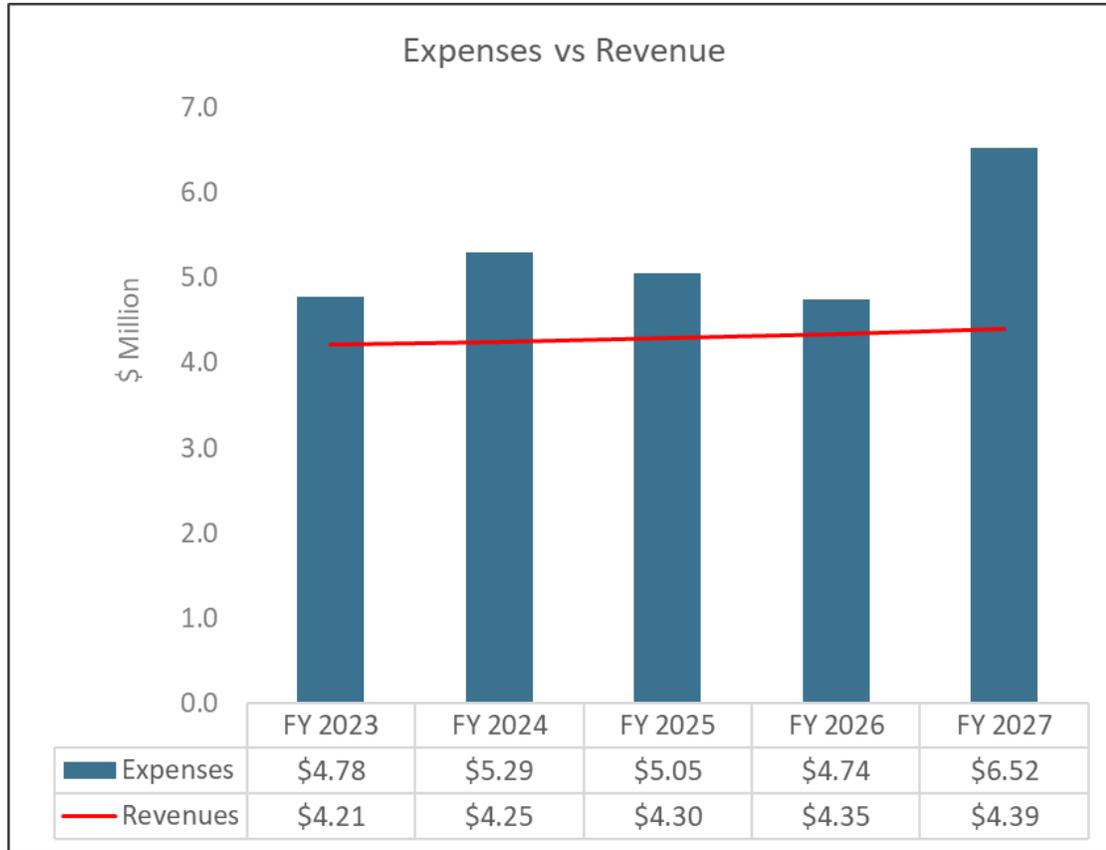
WHOLESALE EXPENSES

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water - DWU					
Projected Charges	\$ 1,783,165	\$ 1,930,486	\$ 2,080,863	\$ 2,243,168	\$ 2,418,067
% Increase		8.3%	7.8%	7.8%	7.8%
% of Water Expenses	37.3%	36.5%	41.2%	47.3%	37.1%
Wastewater					
Projected Charges - DWU	\$ 203,582	\$ 214,997	\$ 235,833	\$ 258,713	\$ 283,838
Projected Charges - NTMWD	2,016,283	2,422,406	2,672,195	2,857,055	3,311,622
Total Projected Charges	\$ 2,219,865	\$ 2,637,403	\$ 2,908,028	\$ 3,115,767	\$ 3,595,460
% Increase		18.8%	10.3%	7.1%	15.4%
% of Wastewater Expenses	48.0%	55.8%	57.0%	53.7%	56.3%

ANTICIPATED FINANCIAL PERFORMANCE UNDER CURRENT RATES

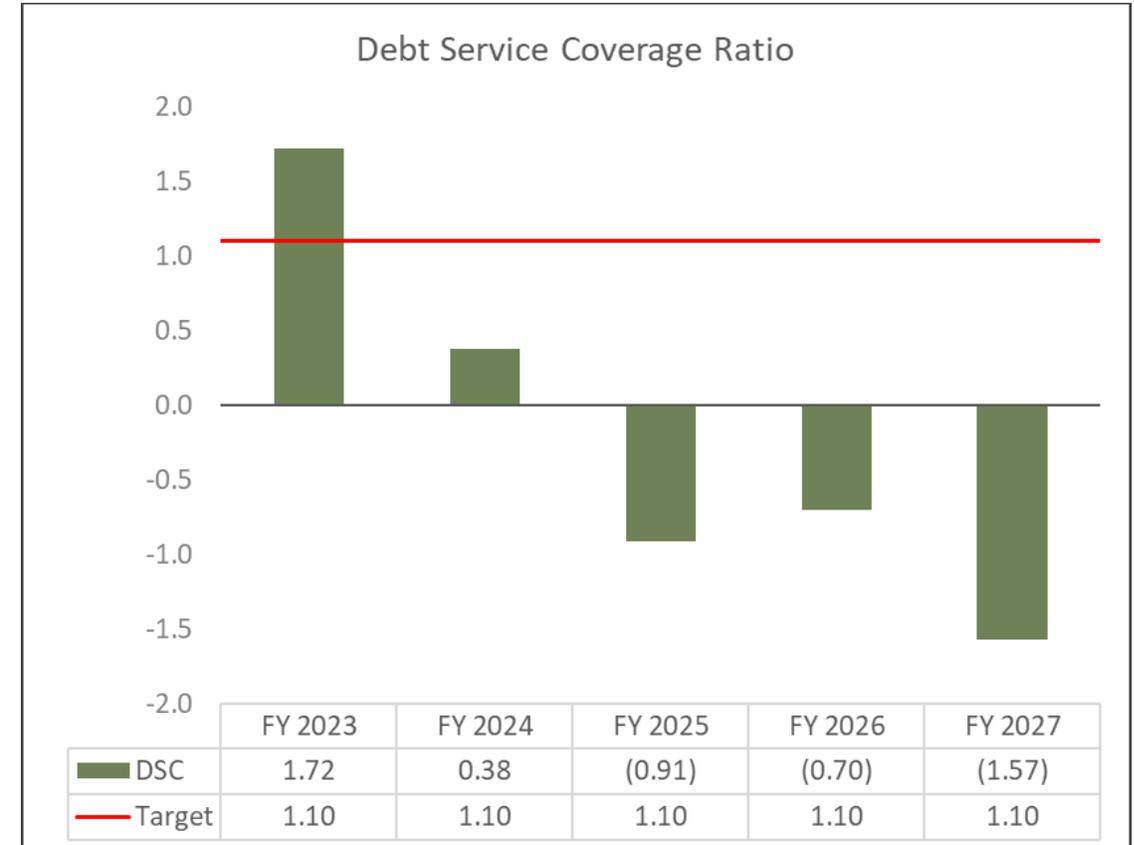
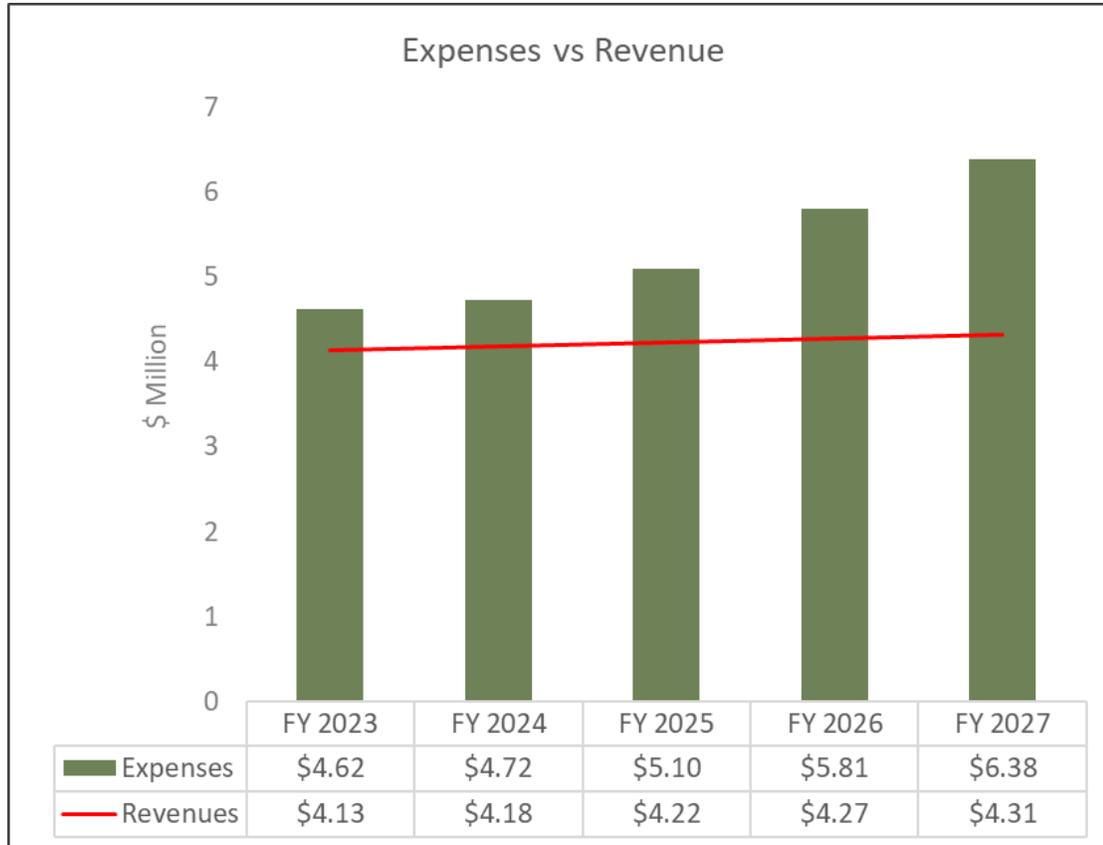
FINANCIAL PERFORMANCE UNDER CURRENT RATES

WATER

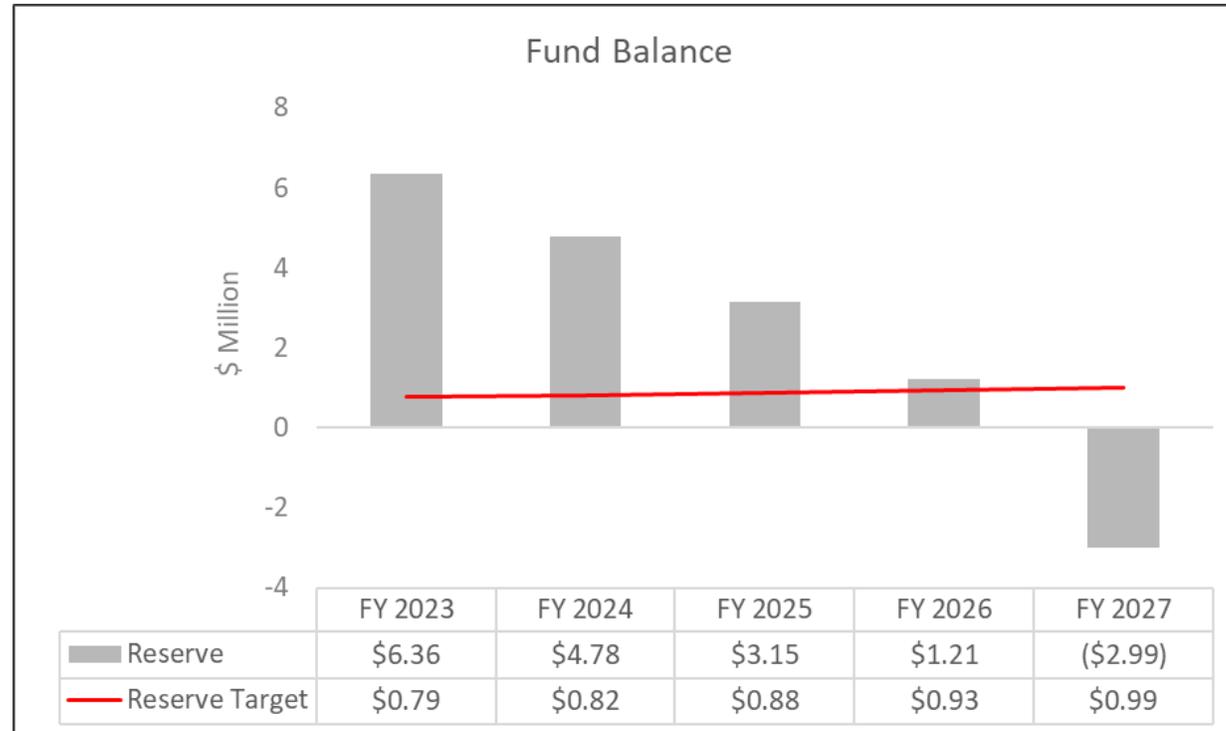
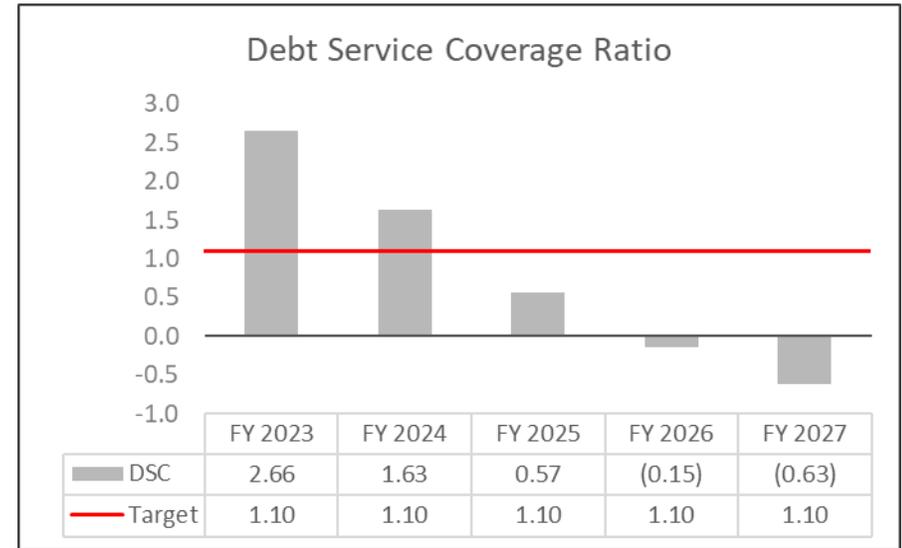
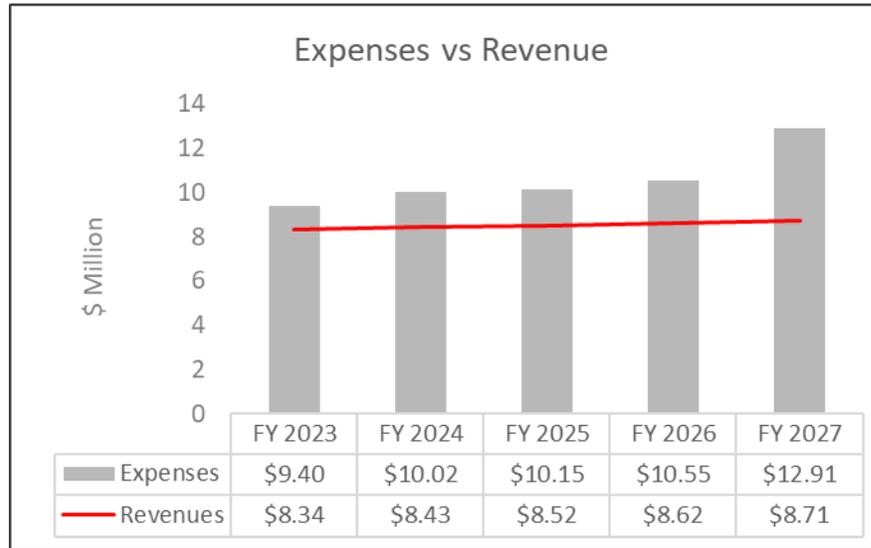


FINANCIAL PERFORMANCE UNDER CURRENT RATES

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

Option 1	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water					
Minimum Monthly Fee		4.20%	4.20%	4.20%	4.20%
Volumetric Rates (\$ / kgal)		5.93%	5.62%	5.62%	5.95%
Wastewater					
Minimum Monthly Fee		8.99%	8.99%	8.99%	8.99%
Volumetric Rates (\$ / kgal)		8.99%	8.99%	8.99%	8.99%

Option 2	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water					
Minimum Monthly Fee		4.70%	4.70%	4.70%	4.70%
Volumetric Rates (\$ / kgal)		6.43%	6.12%	6.12%	6.45%
Wastewater					
Minimum Monthly Fee		9.49%	9.49%	9.49%	9.49%
Volumetric Rates (\$ / kgal)		9.49%	9.49%	9.49%	9.49%

- 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

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

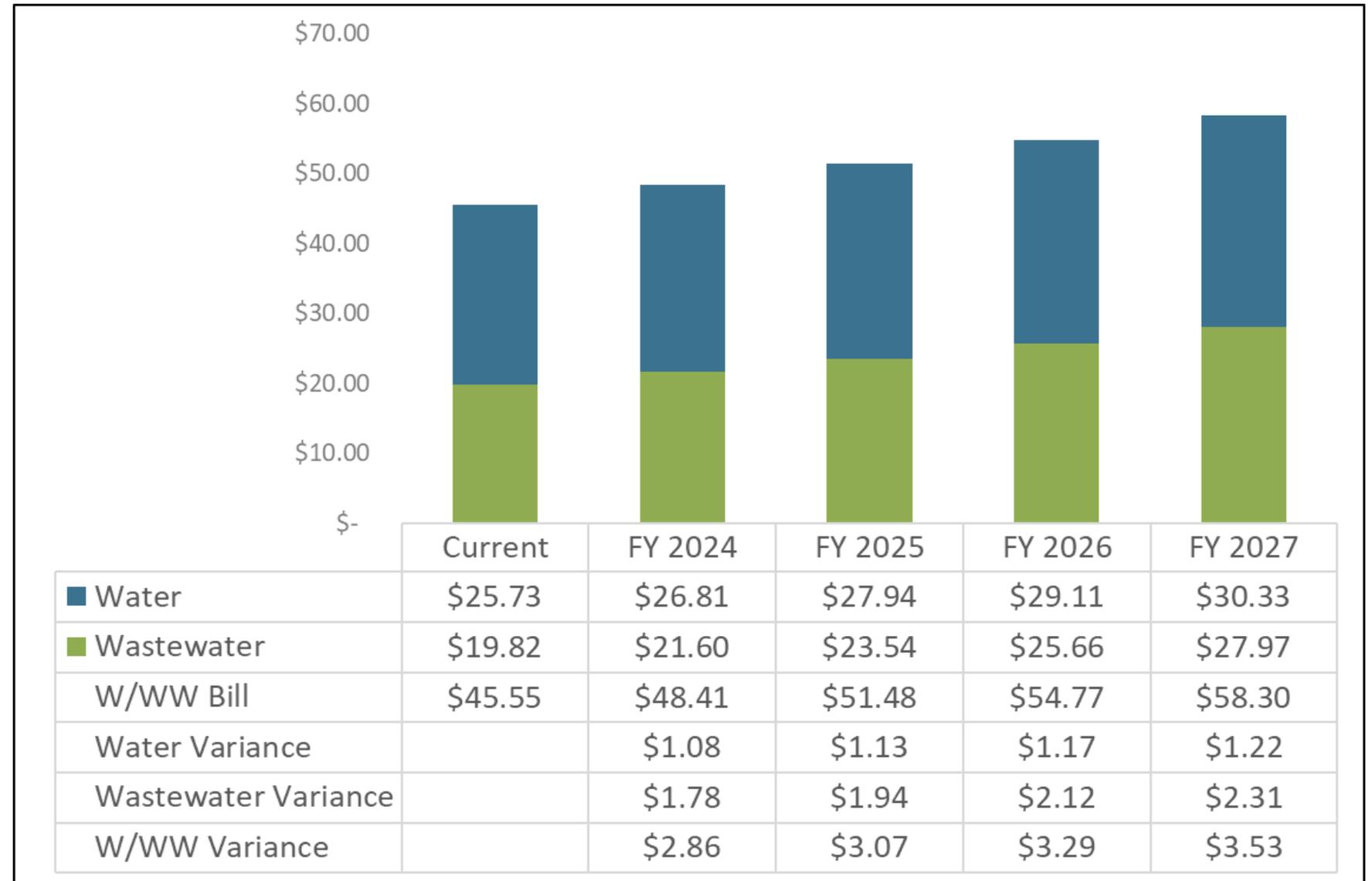
Option 1	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance	\$ 7,416,142	\$ 6,362,038	\$ 5,326,829	\$ 4,846,223	\$ 4,723,696
Change in Fund Balance	(1,054,104)	(1,035,209)	(480,606)	(122,527)	(1,648,845)
Ending Fund Balance	\$ 6,362,038	\$ 5,326,829	\$ 4,846,223	\$ 4,723,696	\$ 3,074,851

Option 2	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance	\$ 7,416,142	\$ 6,362,038	\$ 5,369,648	\$ 4,975,682	\$ 4,989,000
Change in Fund Balance	(1,054,104)	(992,390)	(393,966)	13,318	(1,456,597)
Ending Fund Balance	\$ 6,362,038	\$ 5,369,648	\$ 4,975,682	\$ 4,989,000	\$ 3,532,403

AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 1

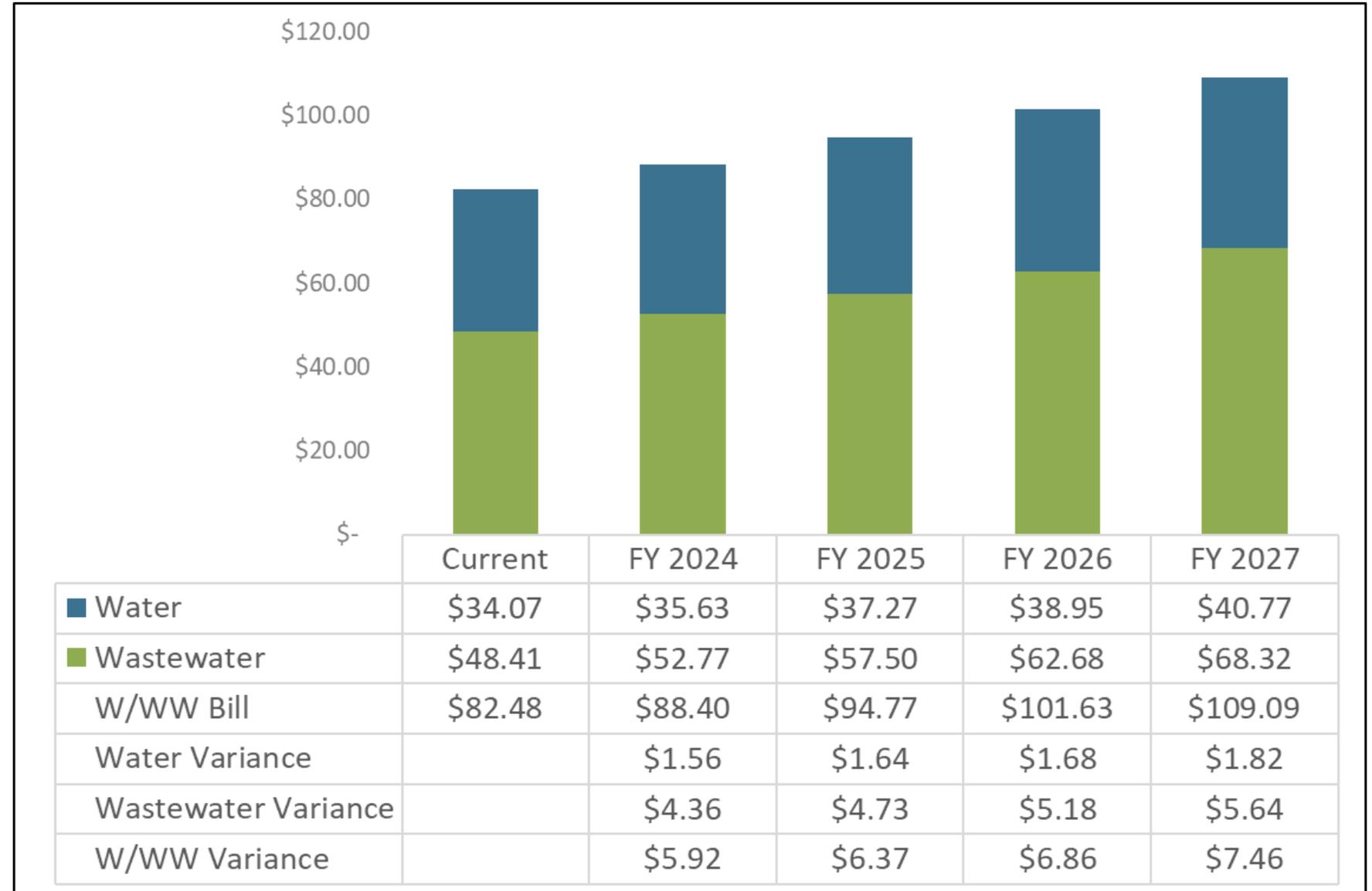
2,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 1

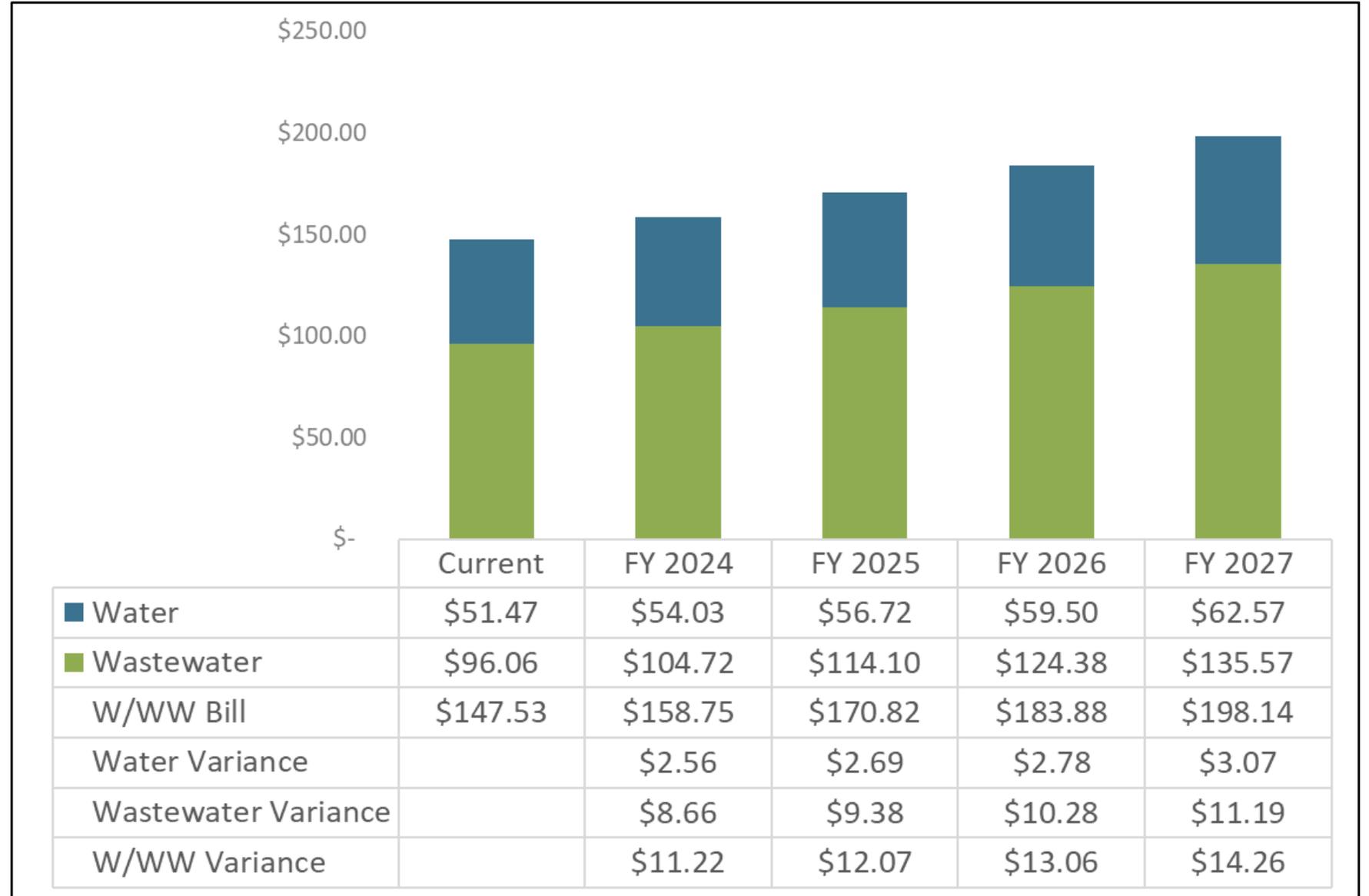
5,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 1

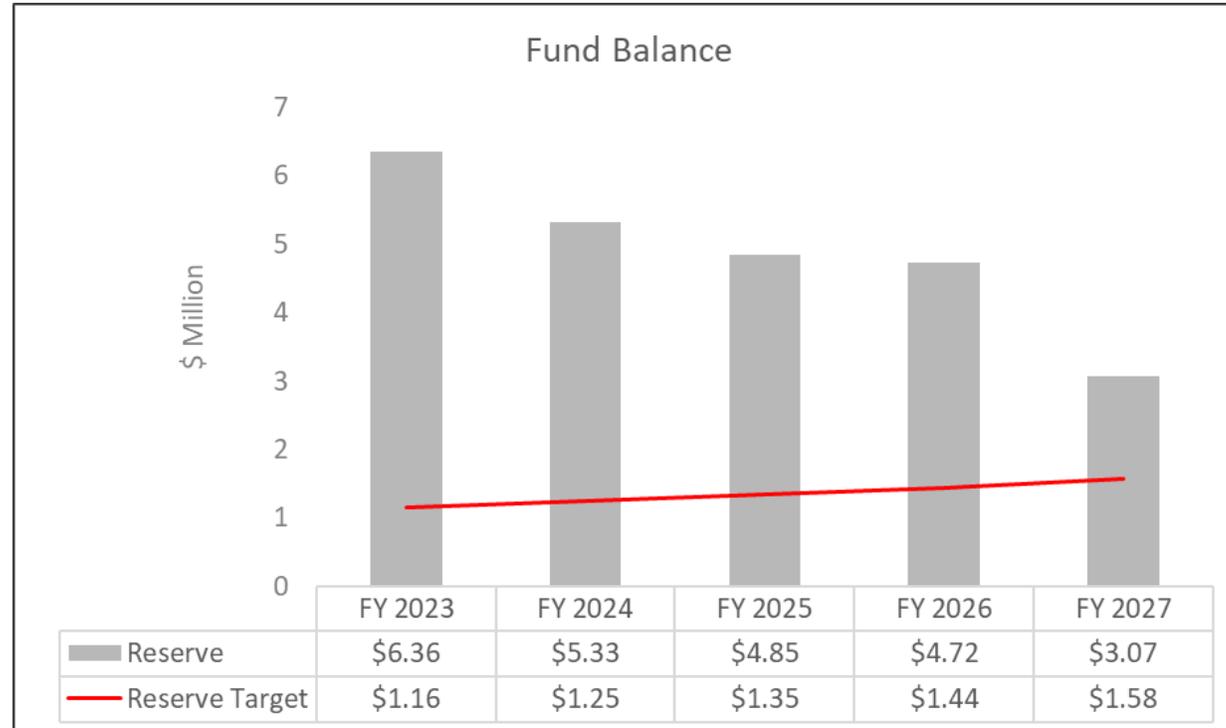
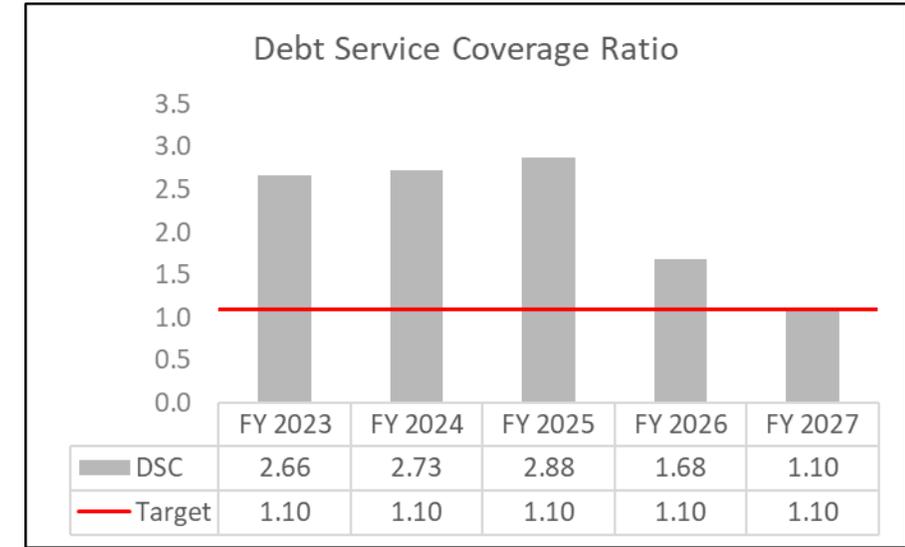
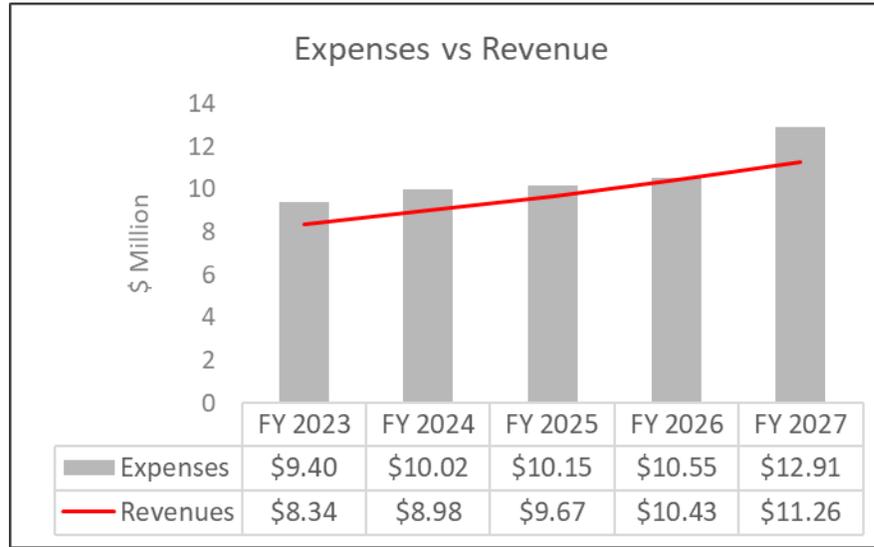
10,000 gallons of
Water and
Wastewater



FINANCIAL PERFORMANCE UNDER PROPOSED RATES

Combined

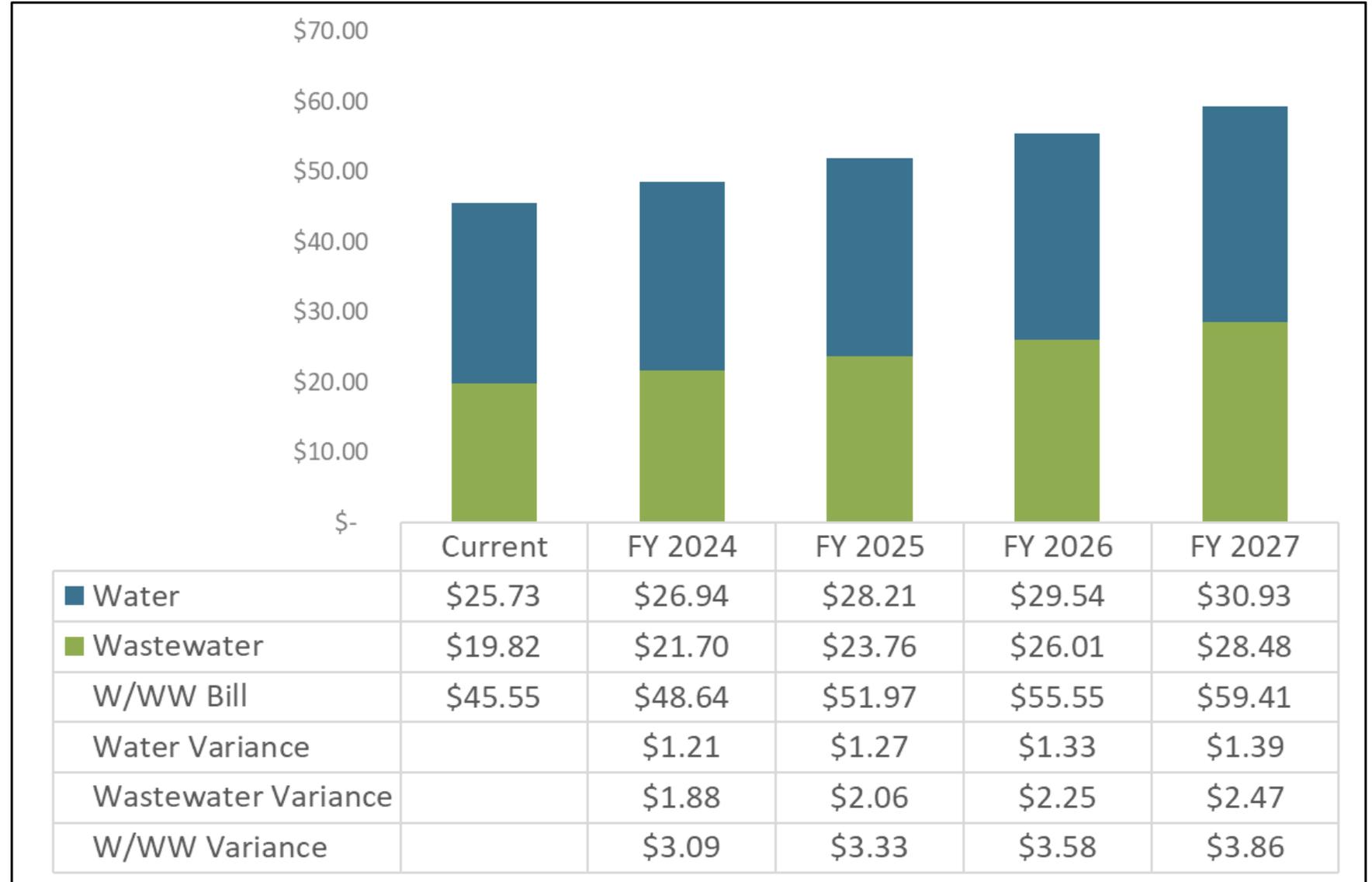
Option 1



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 2

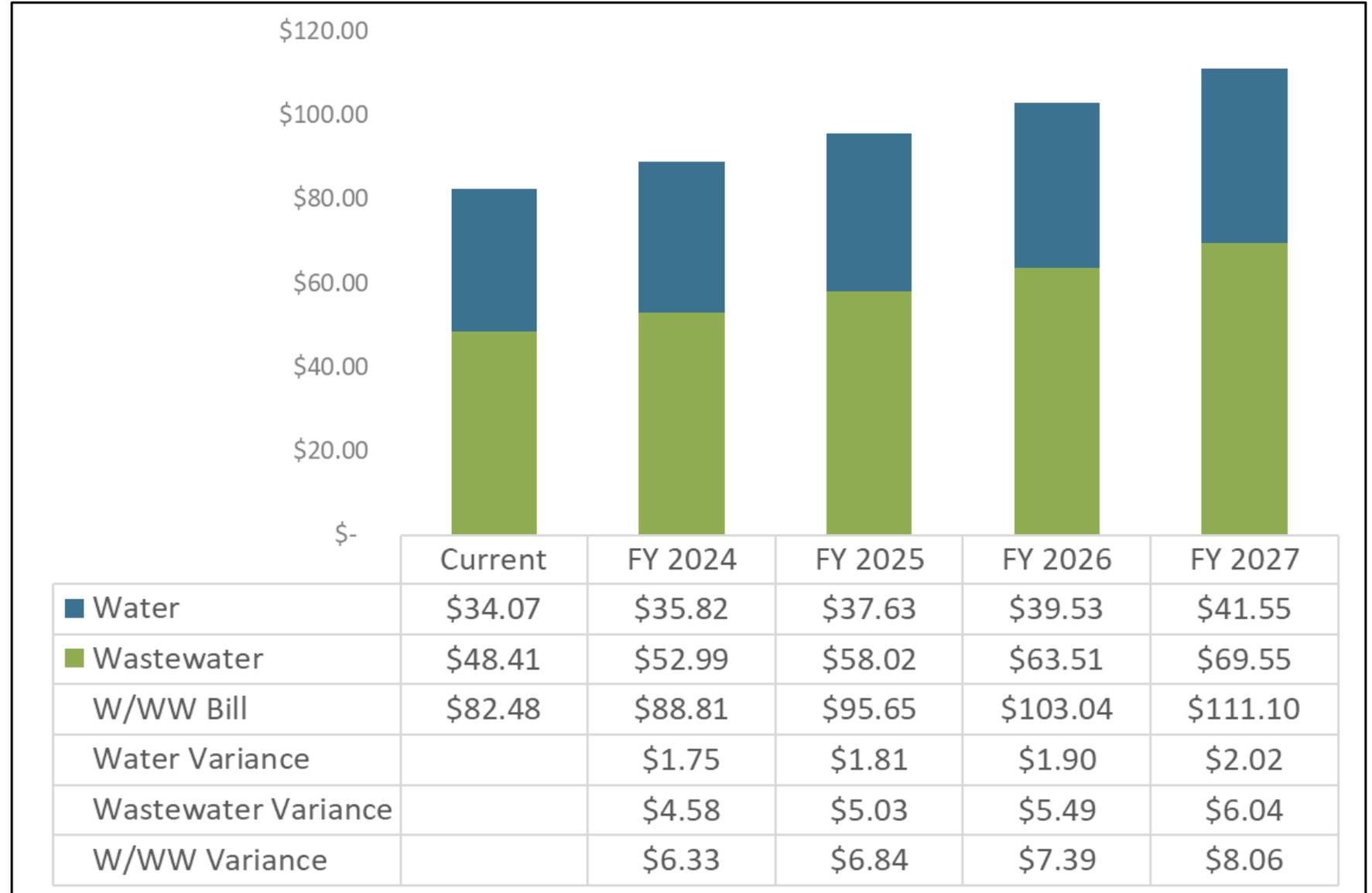
2,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 2

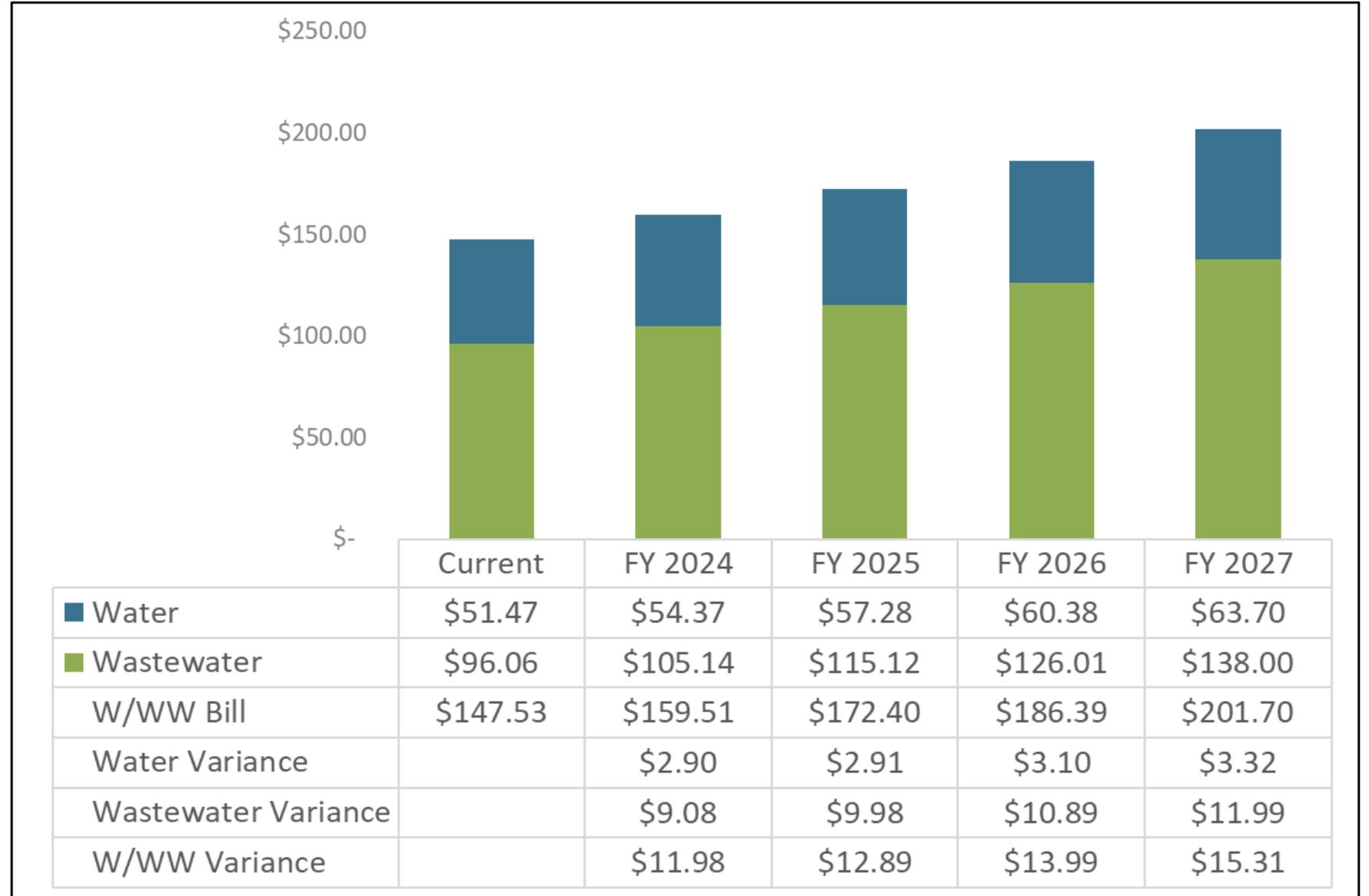
5,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 2

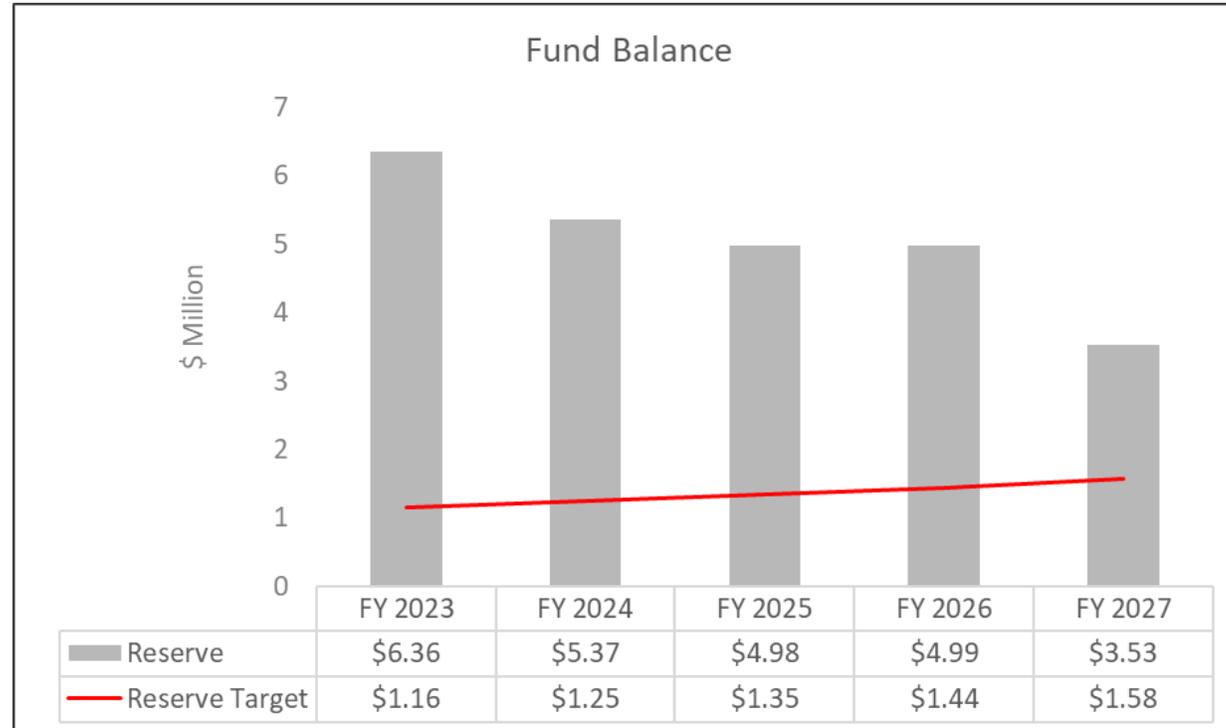
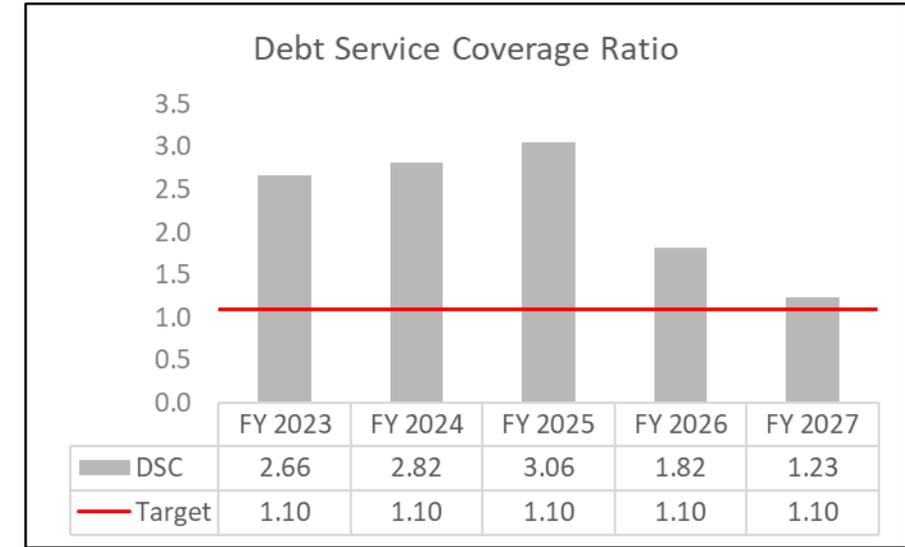
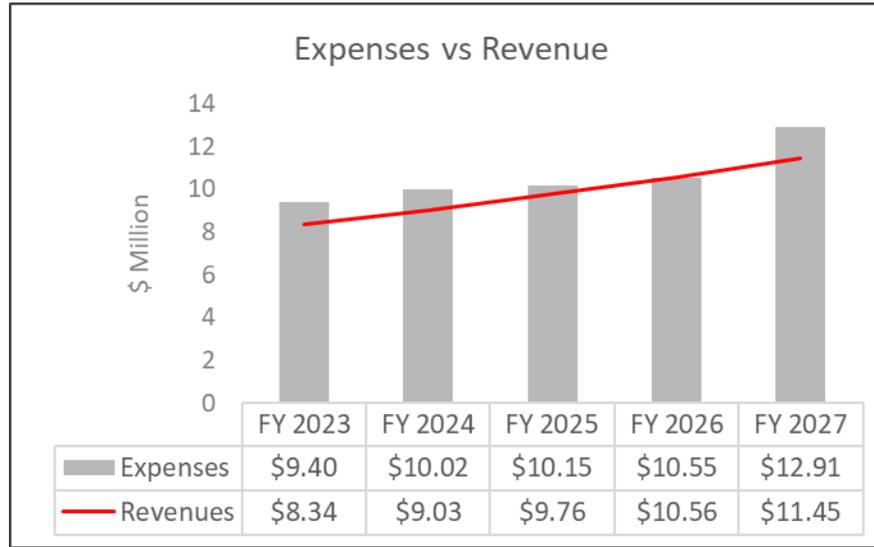
10,000 gallons of Water and Wastewater



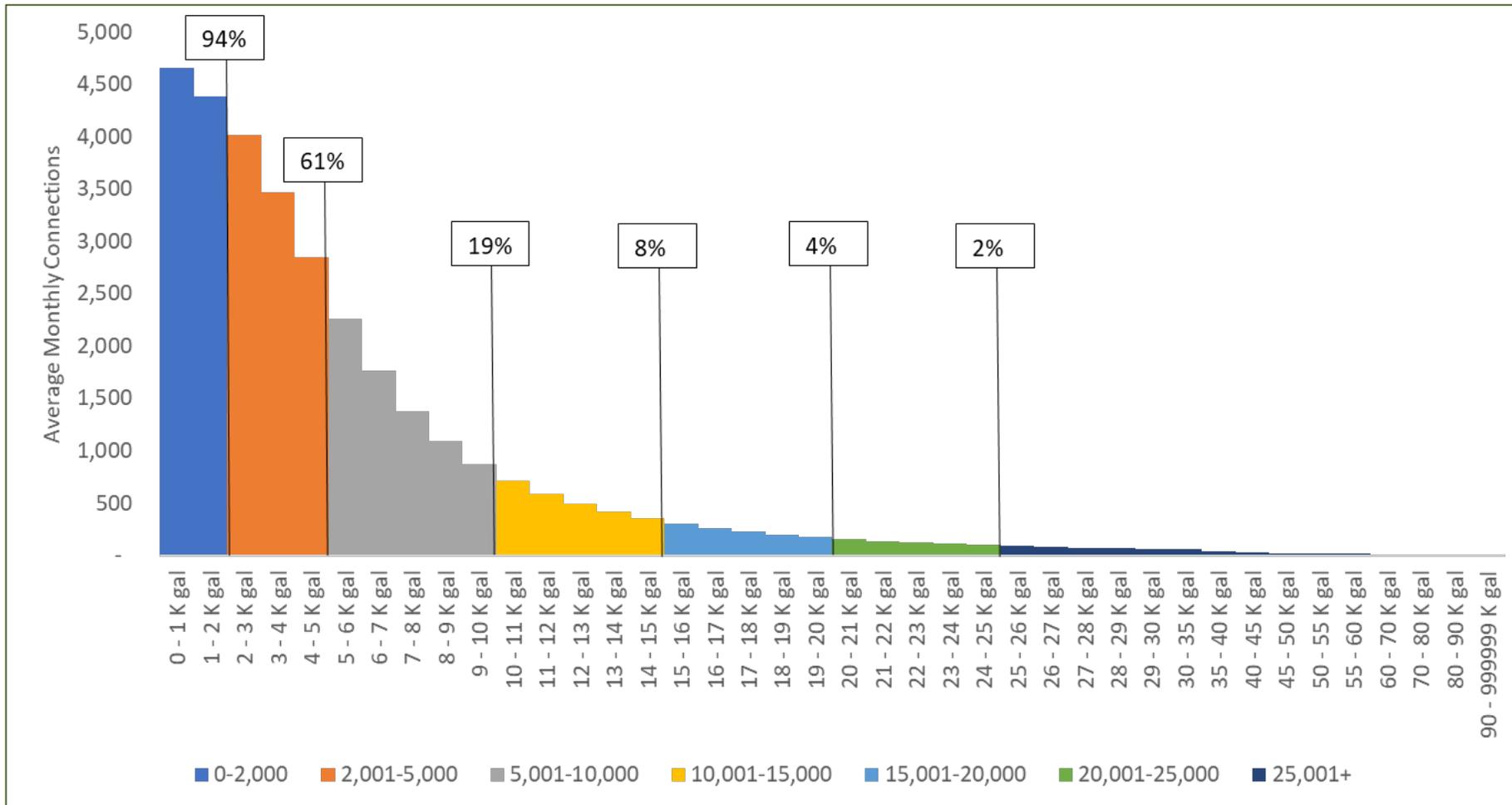
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

Combined

Option 2



RESIDENTIAL FREQUENCY DISTRIBUTION

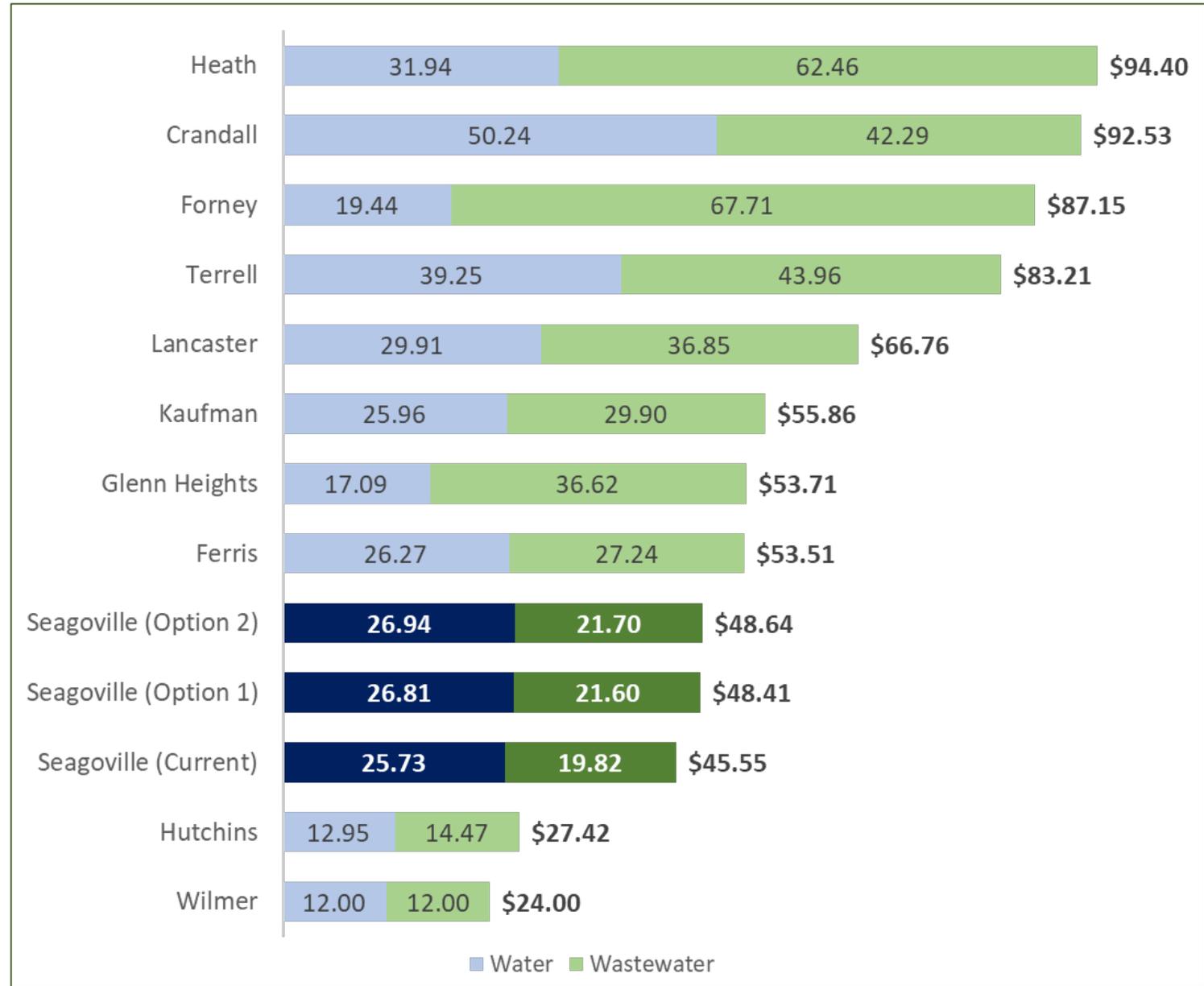


% of Customers	# of Customers
94%	4,382
61%	2,842
19%	872
8%	357
4%	177
2%	96

AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

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

Regional Bill Comparison is based on publicly available data and NewGen's understanding and interpretation of this data.

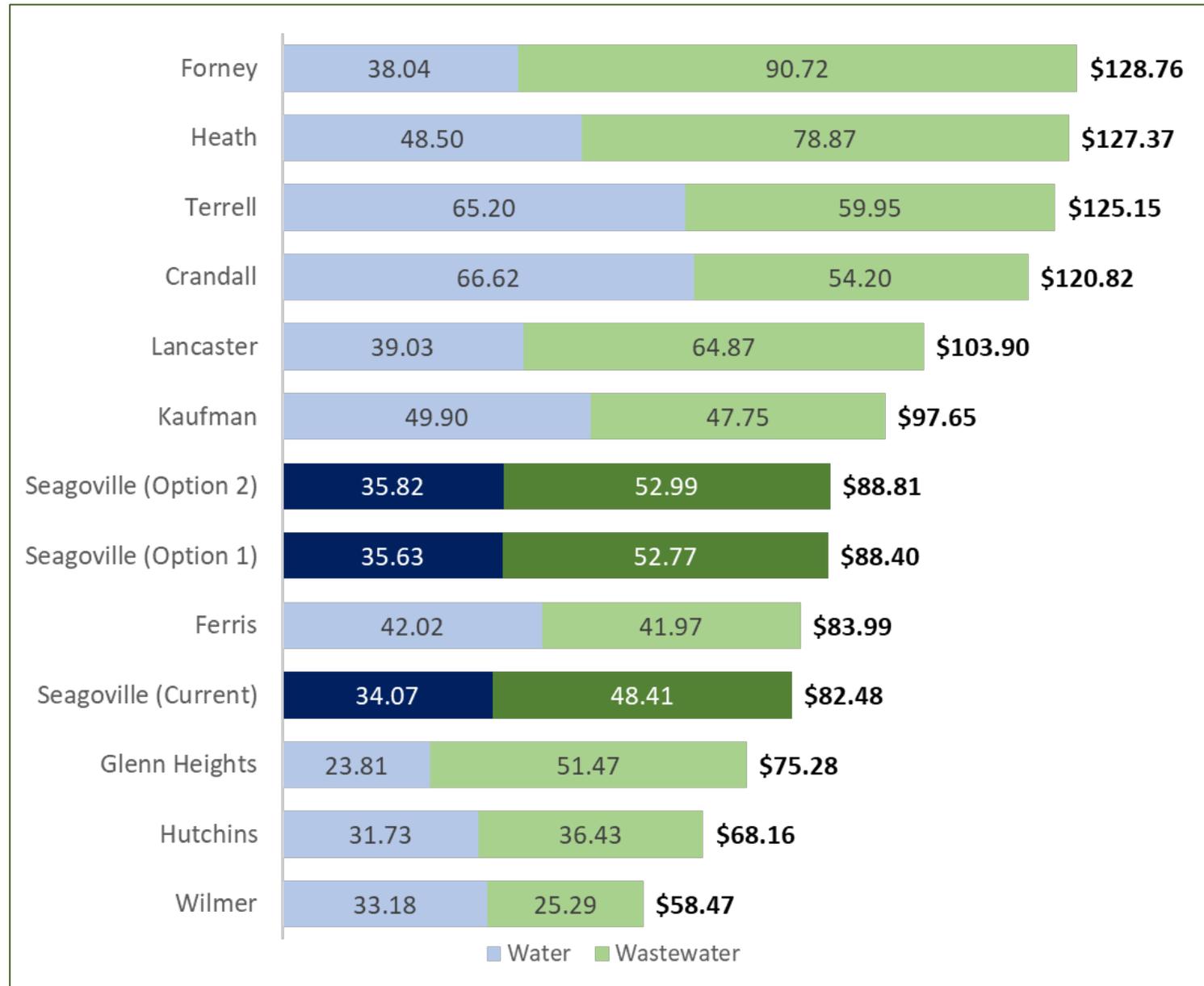


Note: Comparison City rates utilized in the bill calculations were the publicly available rates as of May 2023.

AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

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

*Regional Bill Comparison is based
on publicly available data and
NewGen's understanding and
interpretation of this data.*

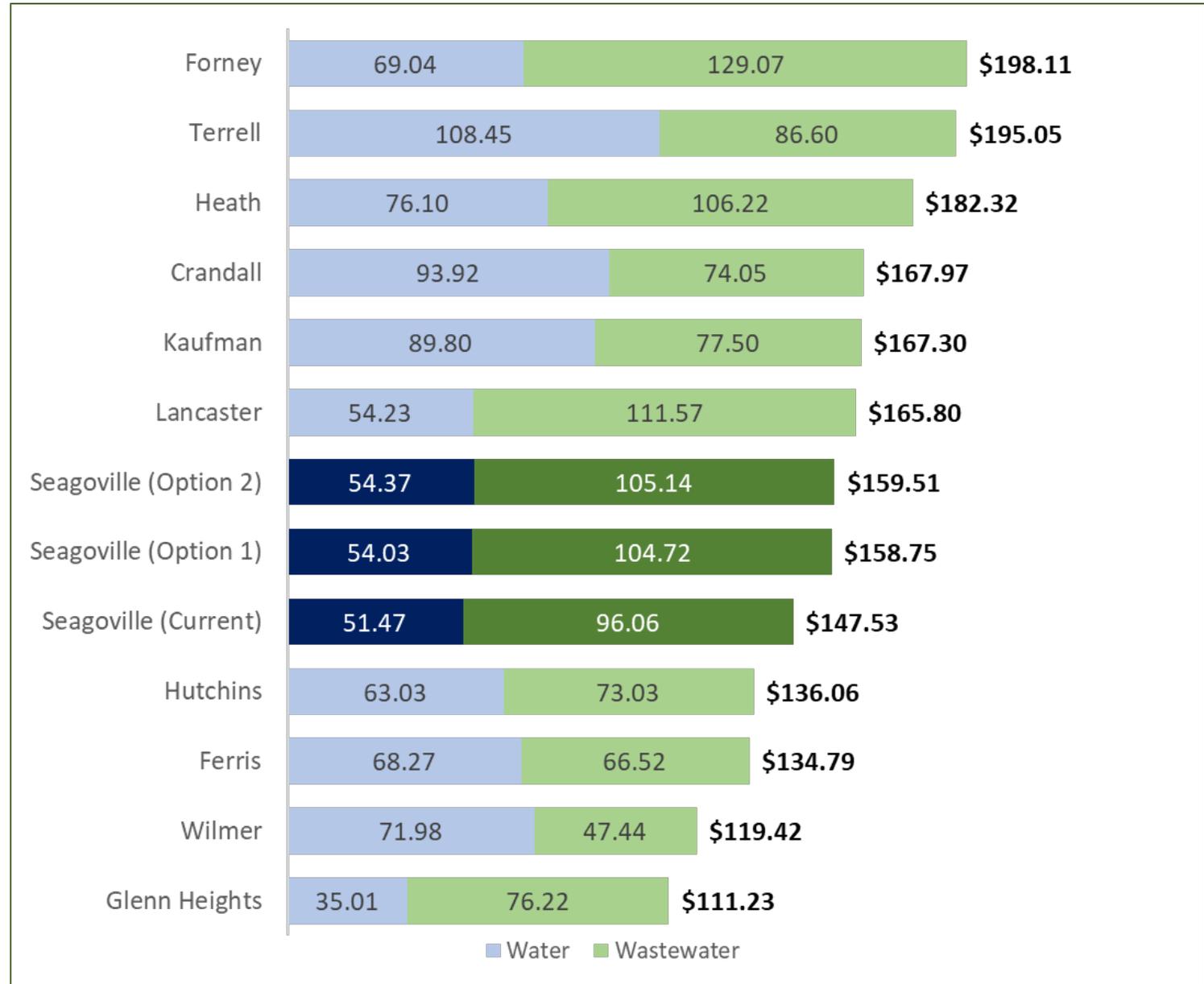


Note: Comparison City rates utilized in the bill calculations were the publicly available rates as of May 2023.

AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

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

*Regional Bill Comparison is based
on publicly available data and
NewGen's understanding and
interpretation of this data.*



Note: Comparison City rates utilized in the bill calculations were the publicly available rates as of May 2023.

PATH FORWARD

- Council Feedback
- Next Steps
 - Confirm Rate Adjustments to be Made Effective October 2023





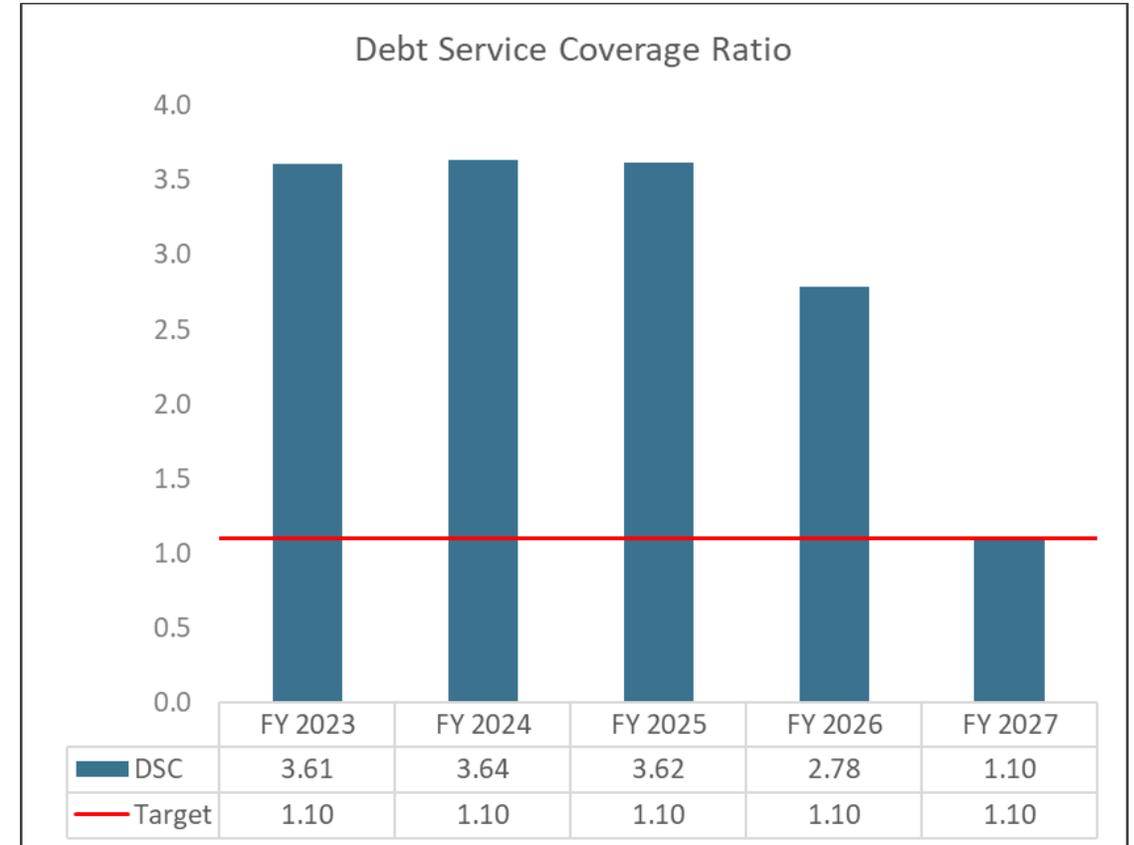
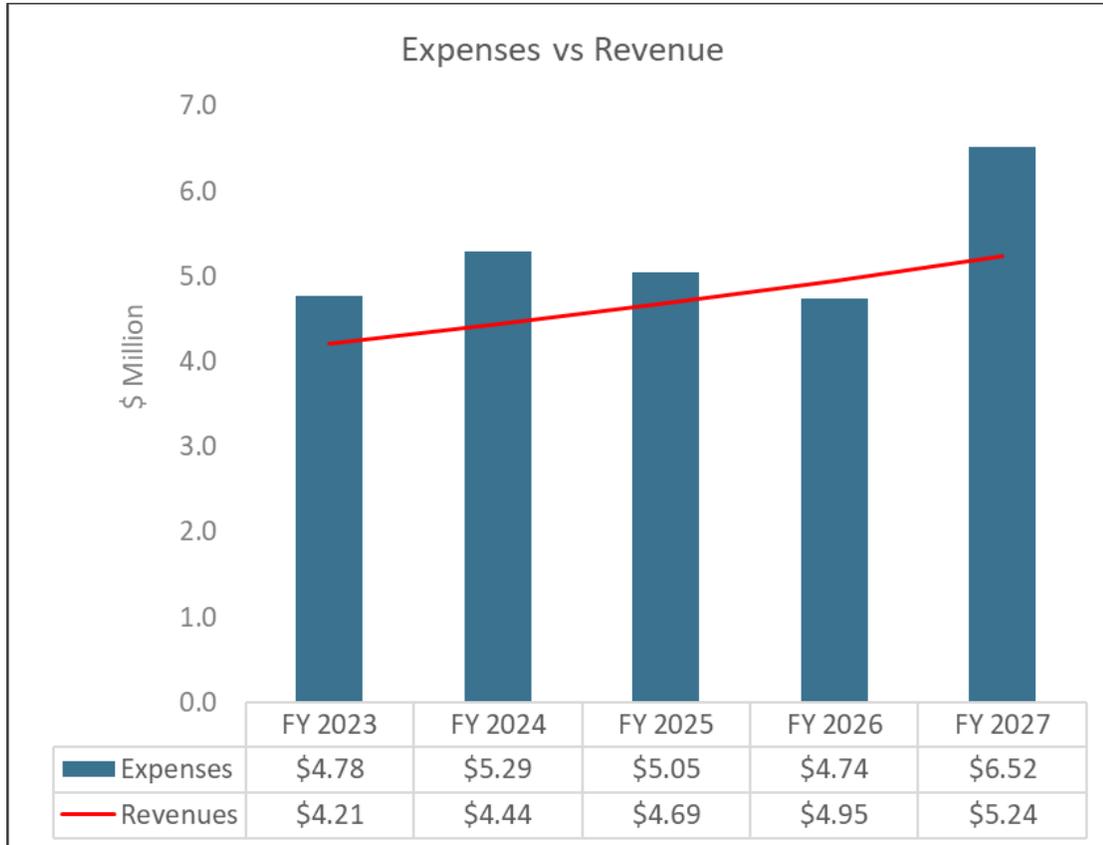
QUESTIONS AND DISCUSSION

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

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

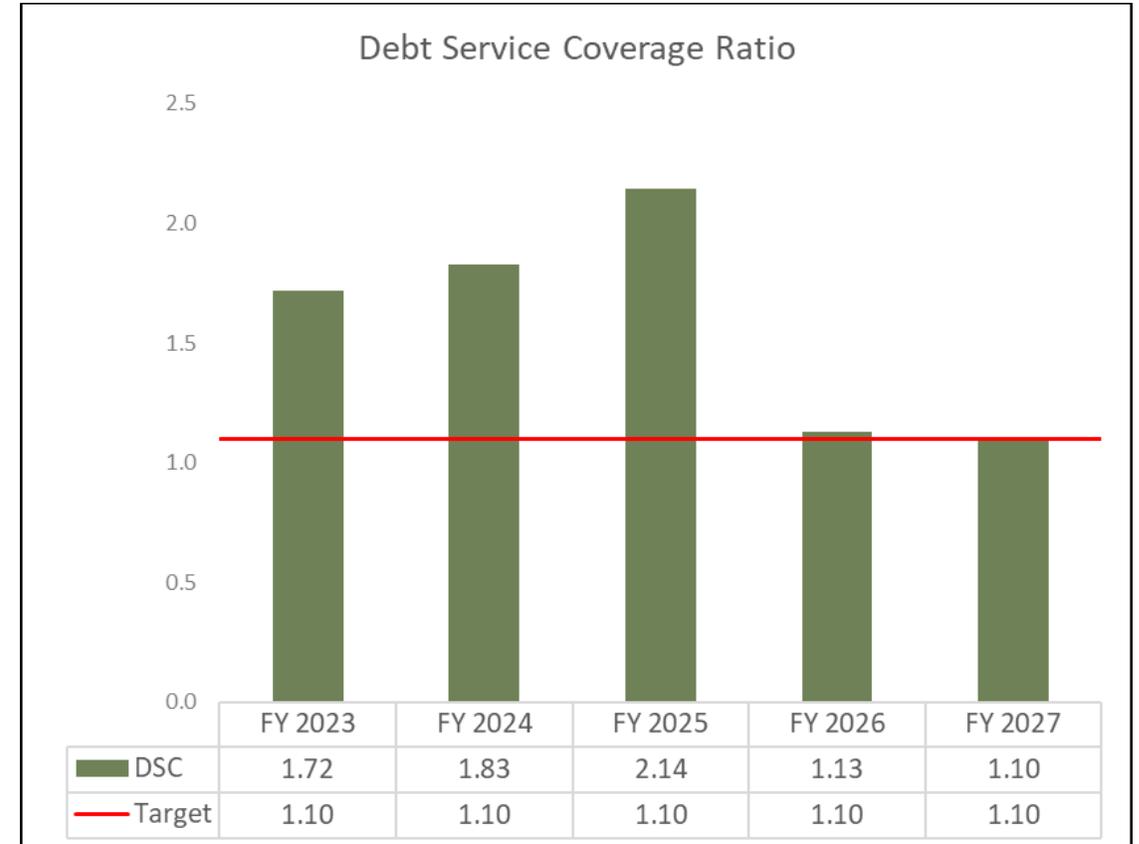
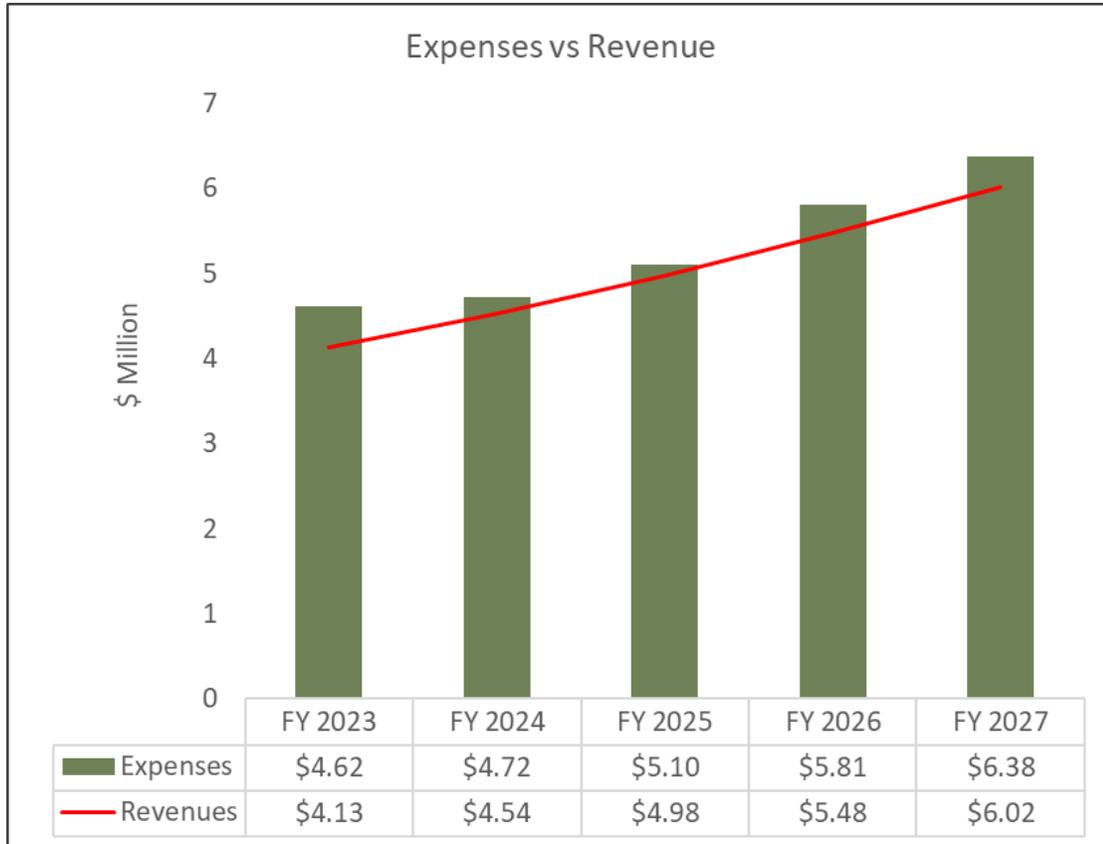
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WATER – OPTION 1



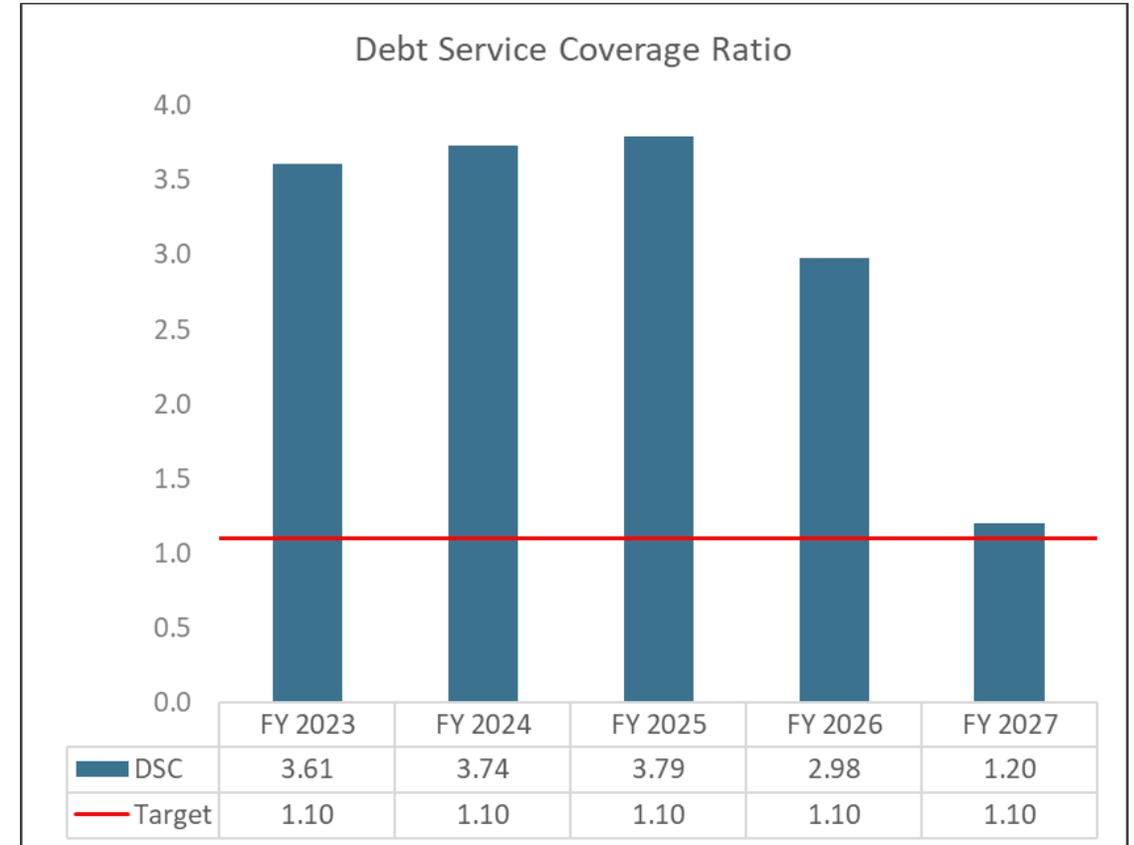
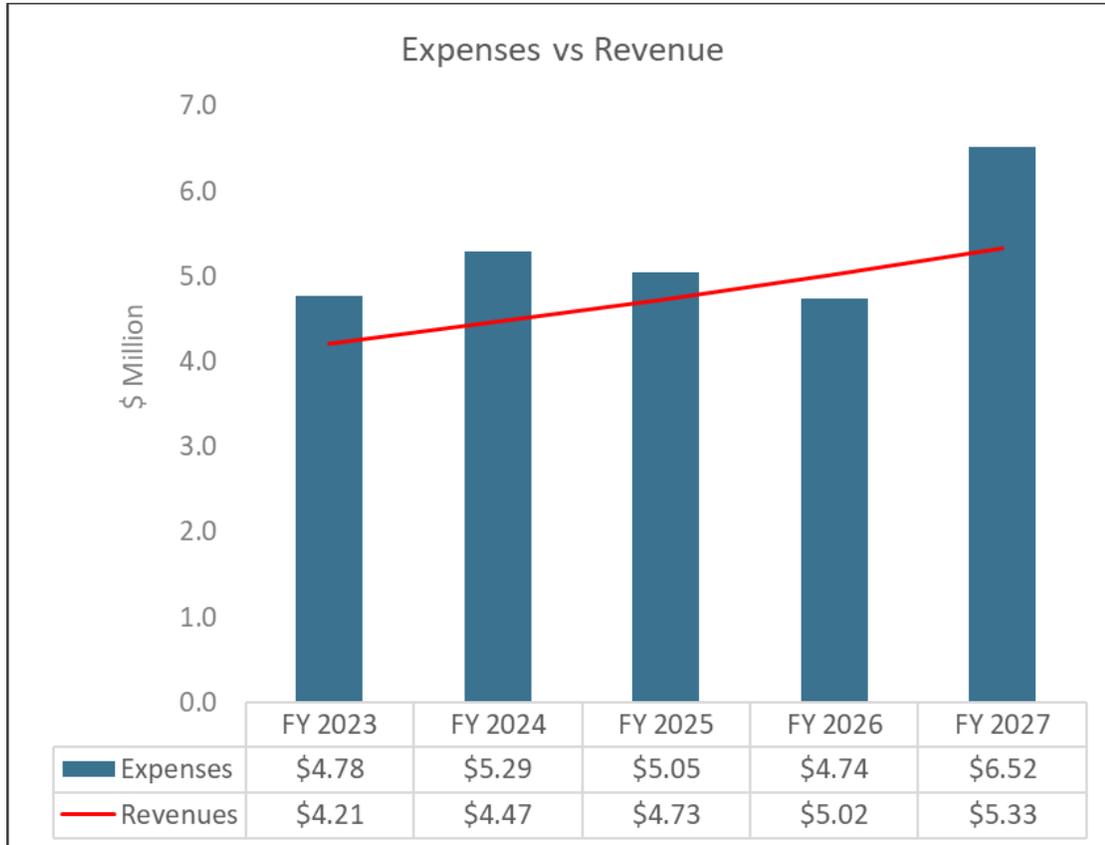
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WASTEWATER – OPTION 1



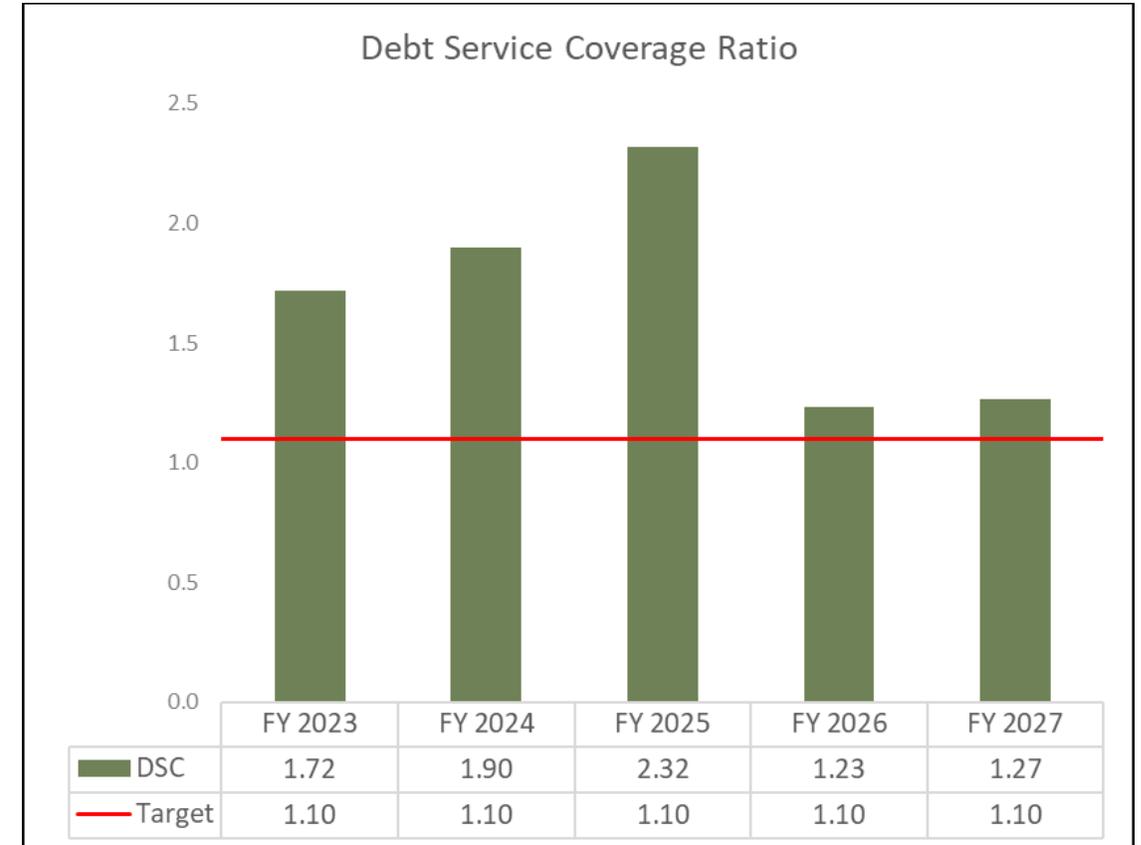
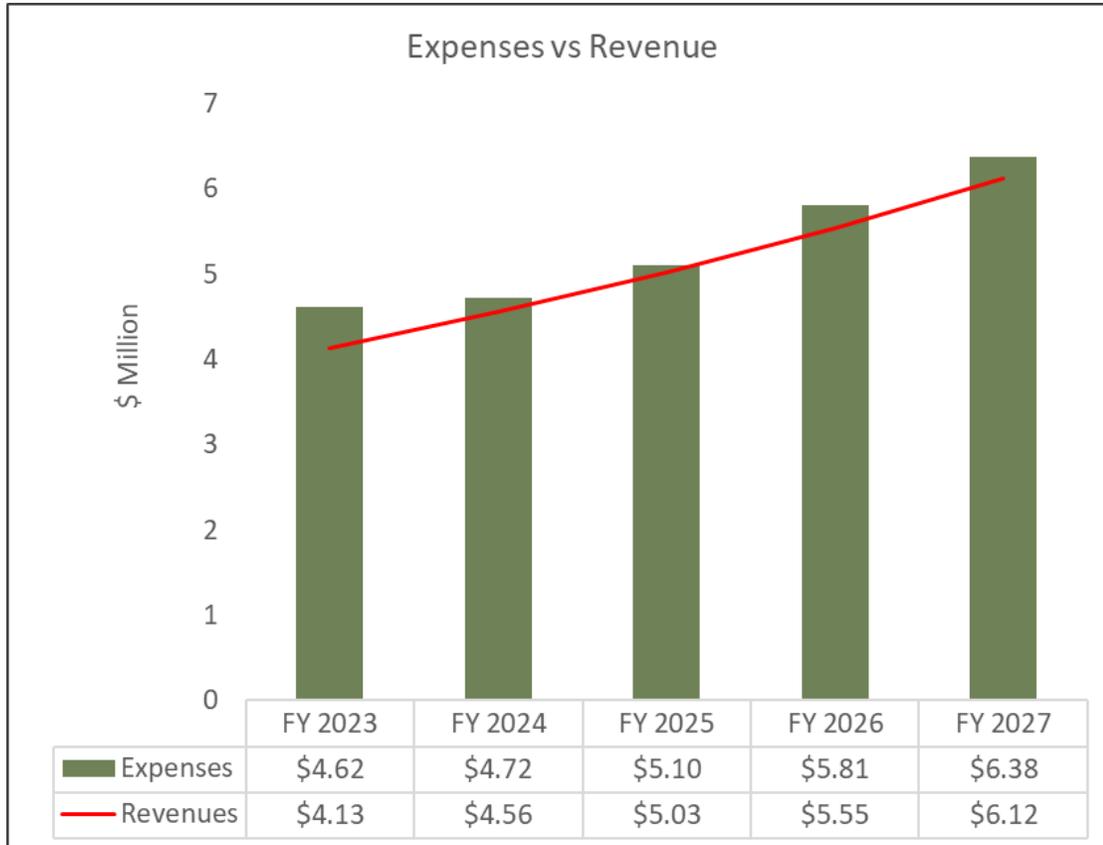
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WATER – OPTION 2



FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WASTEWATER – OPTION 2



Workshop Agenda Item: 2

Meeting Date: July 24, 2023

ITEM DESCRIPTION:

Discuss Water & Sewer Fund budget for FY 2024.

BACKGROUND OF ISSUE:

Director of Finance to present considerations for FY 2024 Water & Sewer Fund Budget.

FINANCIAL IMPACT:

None

RECOMMENDATION:

N/A

EXHIBITS

N/A