



City of Seagoville Budget Workshop Meeting Agenda City Council

City Hall
702 N. Hwy 175
Seagoville, Texas 75159

Monday, July 29, 2024

6:30 PM

Council Chambers

**LACKEY STEPPER SEBASTIAN
MAYOR**

**RICK HOWARD
PLACE 1**

**ALLEN GRIMES
PLACE 4**

**PATRICK STALLINGS
CITY MANAGER**

**JOSE HERNANDEZ
PLACE 2**

**JON EPPS
PLACE 5 – MAYOR PRO TEM**

**HAROLD MAGILL
PLACE 3**

Notice is hereby given that the City Council of the City of Seagoville, Texas will meet in a Special Called Meeting at 6:30 p.m. for a Budget Workshop to be held at City Hall, 702 N. Hwy 175 Seagoville, Texas 75159.

As authorized by Section 551.071 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 reserves the right to reconvene, recess or realign any session or order of business at any time prior to adjournment. The purpose of the meeting is to consider the following items:

BUDGET WORKSHOP – 6:30 PM

- 1. Call to Order**
- 2. Invocation**
- 3. Pledge of Allegiance**
- 4. Citizen's Comments**

This portion of the meeting is to allow each speaker up to six (6) minutes to address the council on items not posted on the current agenda. City Council may not discuss these items but may respond with factual data or policy information or place the item on a future agenda. Anyone wishing to speak should submit a Speaker Request Form to the City Secretary.

- 5. Discuss Water and Sewer Fund Budget for FY2025.**
- 6. Discuss General Fund Budget for FY2025.**
- 7. Adjourn**

CERTIFICATE

I certify that the above Notice of Meeting was posted on the bulletin board at the City Hall of the City of Seagoville, Texas on this 25th day of July 2024, by 5 p.m.

Sara Egan, City Secretary

The City of Seagoville does not discriminate based on 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 or email citysecretary@seagoville.us . (TDD access 1-800-RELAY-TX)

UPCOMING DATES:

- Monday, August 5, 2024, Regular City Council Meeting
- Monday, August 19, 2024, Regular City Council Meeting



TO: Mayor and City Council
FROM: Chris Ryan, Director of Public Works
DATE: July 29, 2024
ITEM: 5
DESCRIPTION: Discuss Water and Sewer Fund Budget for FY2025.

INTRODUCTION

The purpose of this item is to receive an update related to utility management on water rate options and provide staff direction related to the budget.

BACKGROUND

NewGen examined the utility's capital requirements for both planned development and replacement needs in suggesting 3 options for rates sufficient to provide continuous and adequate service to the City's utility customer.

FINANCIAL IMPACT

FY2025 Water and Sewer Fund Budget

RECOMMENDATION

NA

ATTACHMENTS

1. Updated Presentation with Options 1-3



July 15, 2024

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 2024	FY 2025	FY 2026	FY 2027	FY 2028
Pump Station Replacements	\$ 1,754,283	\$ 206,553	\$ 0	\$ 0	\$ 0
Malloy Bridge Rd Sewer Relocation	0	227,208	0	0	0
Replace Waterline from Seagoville Rd S to Tunnel St (project PL1)	0	0	0	0	3,025,900
Replace Pipe at Cain St EST & Connection to 175 Frontage (PL5)	0	0	685,186	0	0
Replace Pipe from Ard Rd Pump Station NE to Seagoville Rd (PL6)	0	642,999	0	0	0
Replace Pipe from Seagoville N Elementary to Alto Rd (PL2)	0	919,161	0	0	0
New Gravity Main from Lawrence Lake (S3)	0	0	0	0	0
Replace Pipe from Alto / Farmers to Crestview / E Malloy Bridge (PL3)	0	0	0	0	3,596,542
Replace HWY 175 LS & New Mains to NBIS (S4)	0	0	0	5,893,293	0
Replace Waterline along E Malloy Bridge Rd (PL4)	0	0	685,186	0	0
Total	\$ 1,754,283	\$ 1,995,921	\$ 1,370,372	\$ 5,893,293	\$ 6,622,442

Notes:

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

CAPITAL FUNDING

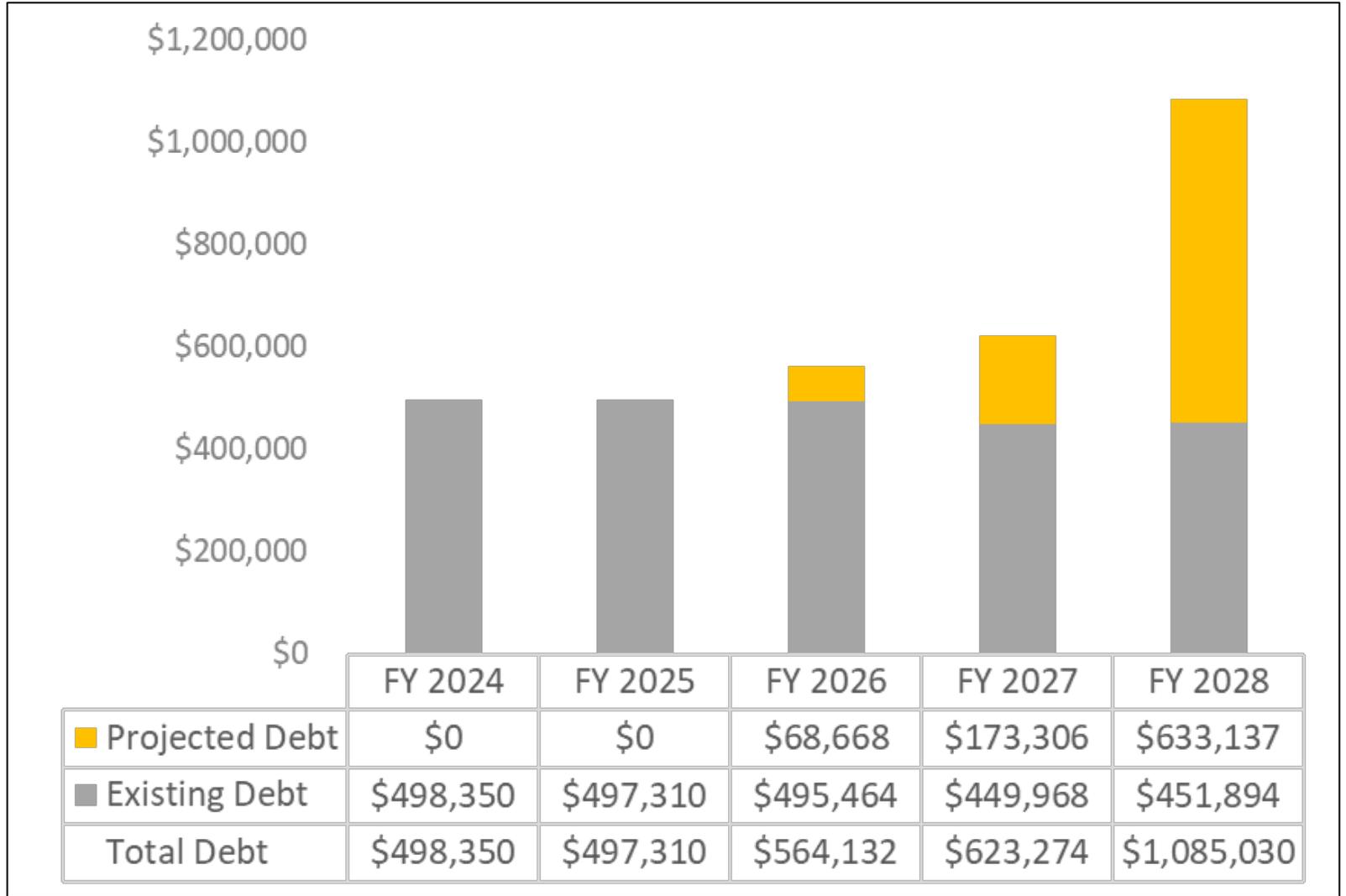
Funding	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Water						
Cash Funded through Rates	\$ 1,754,283	\$ 849,552	\$ 0	\$ 0	\$ 0	\$ 2,603,835
Projected New Debt	0	919,161	1,370,372	0	6,622,442	8,911,974
Total	\$ 1,754,283	\$ 1,768,713	\$ 1,370,372	\$ 0	\$ 6,622,422	\$ 11,515,809
Wastewater						
Cash Funded through Rates	\$ 0	\$ 227,208	\$ 0	\$ 0	\$ 0	\$ 227,208
Projected New Debt	0	0	0	5,893,293	0	5,893,293
Total	\$ 0	\$ 227,208	\$ 0	\$ 5,893,293	\$ 0	\$ 6,120,501
Total CIP						
Cash Funded through Rates	\$ 1,754,283	\$ 1,076,761	\$ 0	\$ 0	\$ 0	\$ 2,831,044
Projected New Debt	0	919,161	1,370,372	5,893,293	6,622,442	14,805,267
Total	\$ 1,754,283	\$ 1,995,921	\$ 1,370,372	\$ 5,893,293	\$ 6,622,422	\$ 17,636,310

DEBT SERVICE PAYMENTS

FY 2025 – Issuance with \$0.9 million total principal

FY 2026 – Issuance with \$1.4 million total principal

FY 2027 – Issuance with \$5.9 million total principal



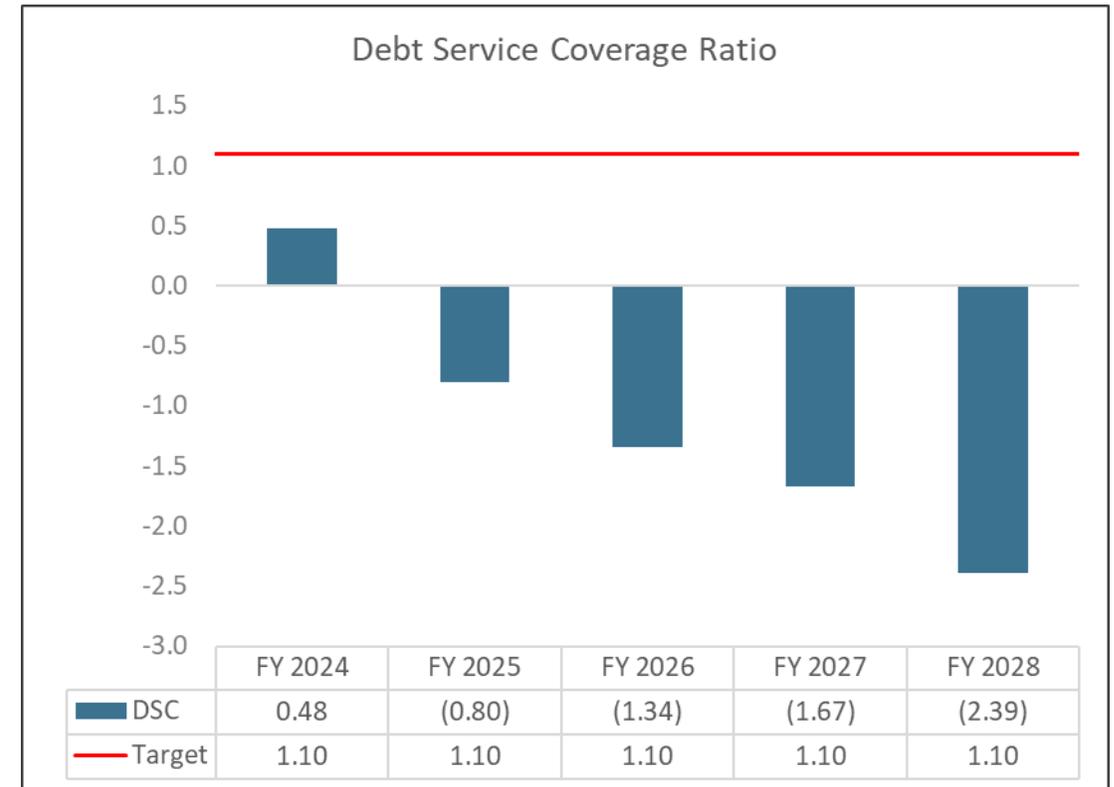
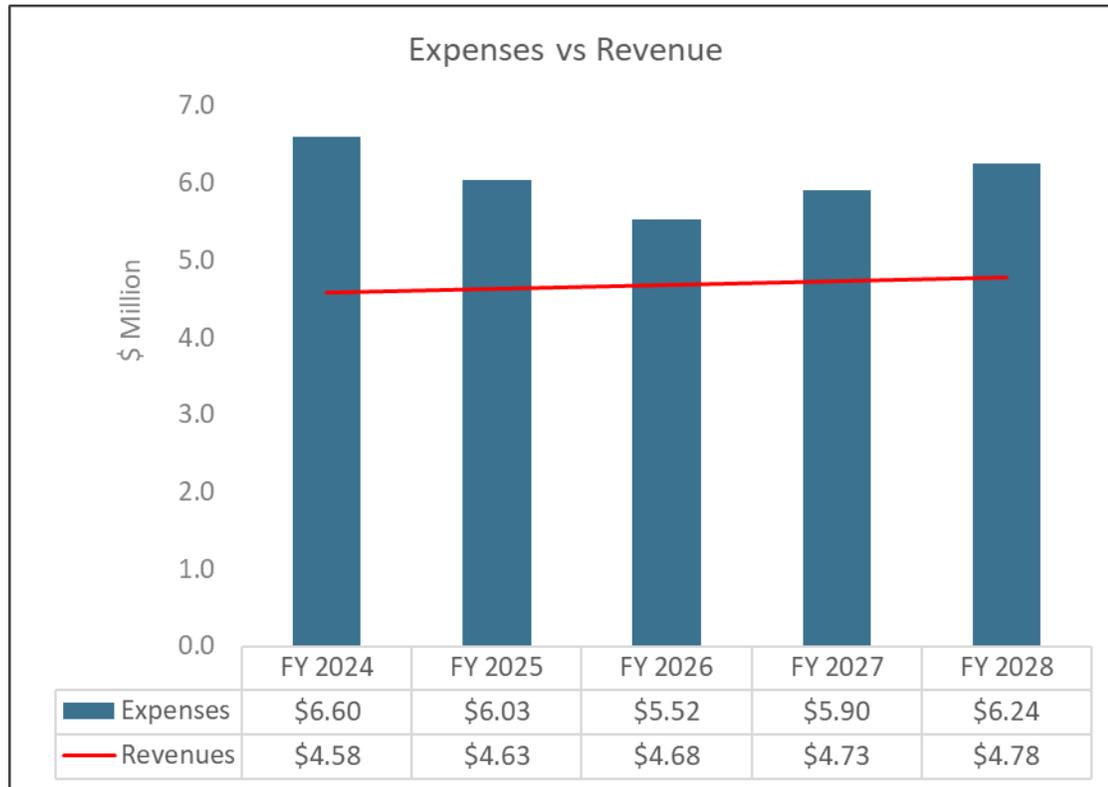
WHOLESALE EXPENSES

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water - DWU					
Projected Charges	\$ 1,872,281	\$ 2,111,988	\$ 2,276,051	\$ 2,455,389	\$ 2,649,459
% Increase		12.8%	7.8%	7.9%	7.9%
% of Water Expenses	31.2%	35.0%	41.2%	41.6%	42.4%
Wastewater					
Projected Charges - DWU	\$ 212,673	\$ 226,108	\$ 248,015	\$ 272,070	\$ 298,485
Projected Charges - NTMWD	2,404,778	2,708,785	3,075,430	3,547,207	4,069,476
Total Projected Charges	\$ 2,617,451	\$ 2,934,892	\$ 3,323,445	\$ 3,819,277	\$ 4,367,961
% Increase		12.1%	13.2%	14.9%	14.4%
% of Wastewater Expenses	58.7%	59.2%	64.0%	66.6%	63.7%

ANTICIPATED FINANCIAL PERFORMANCE UNDER CURRENT RATES

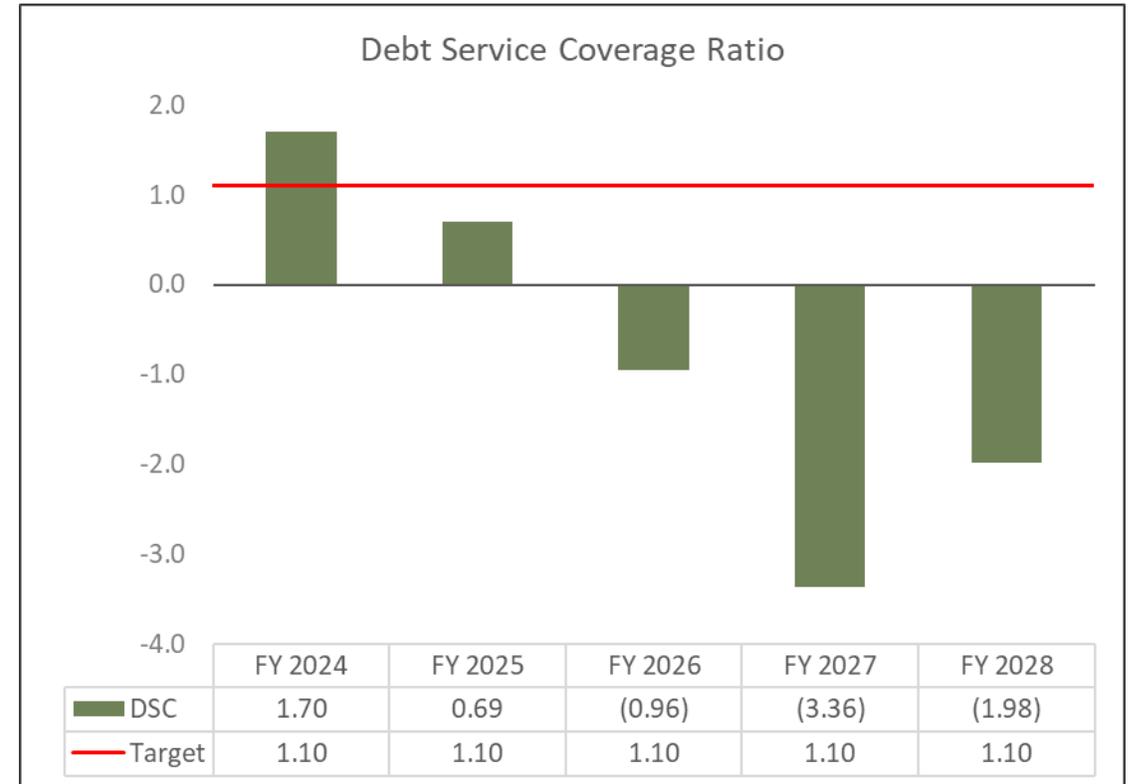
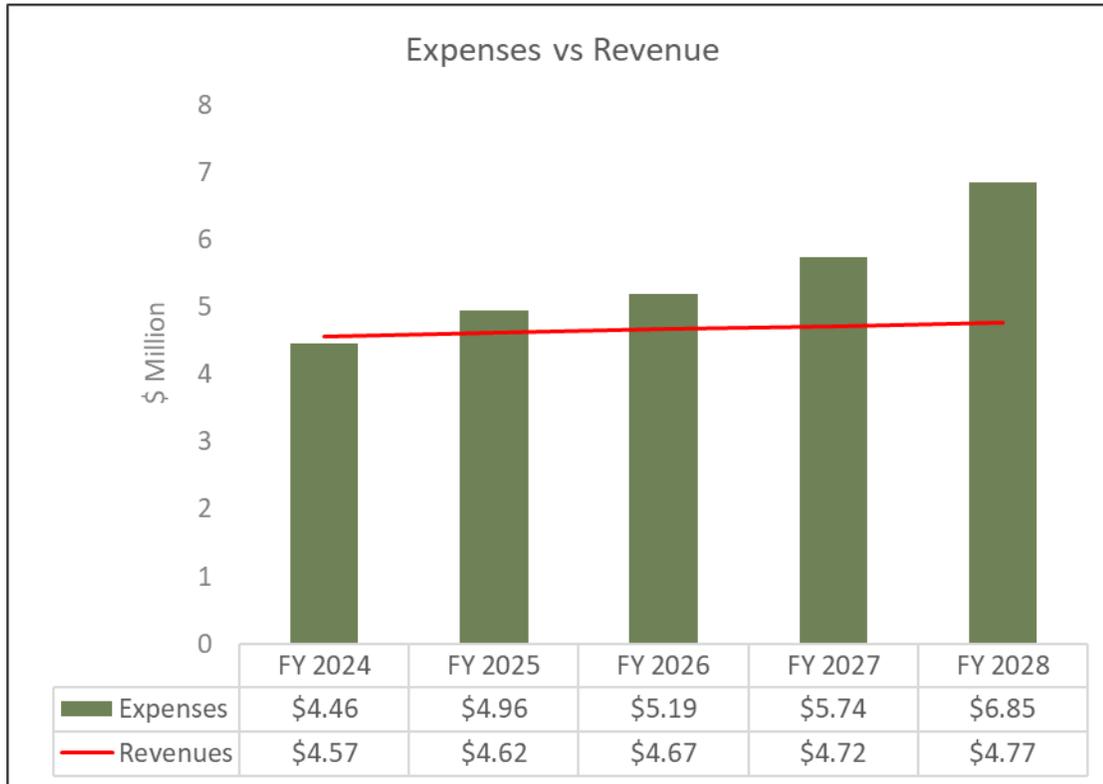
FINANCIAL PERFORMANCE UNDER CURRENT RATES

WATER

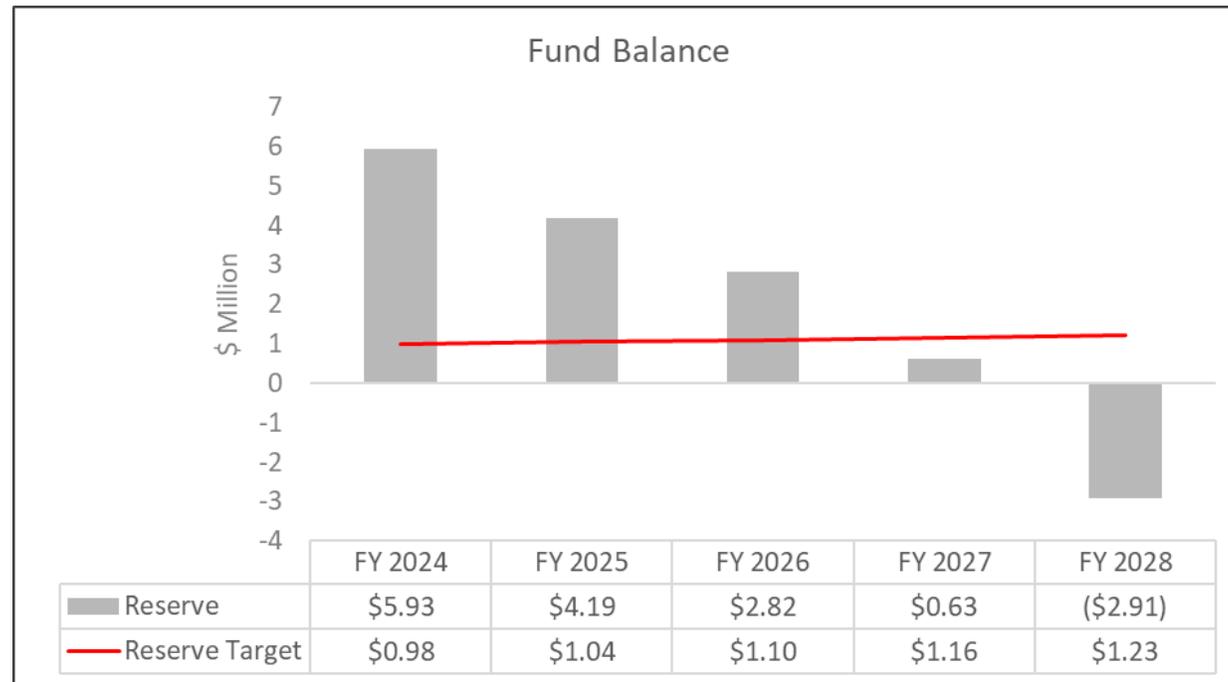
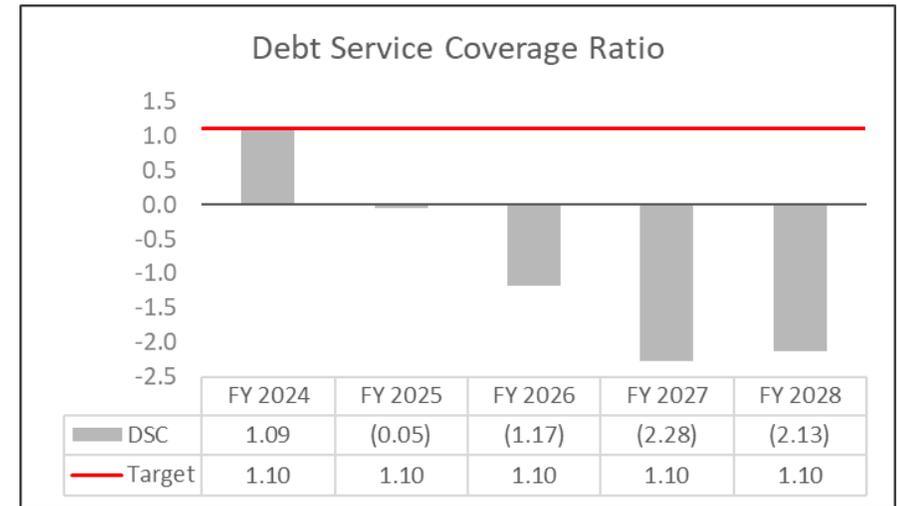
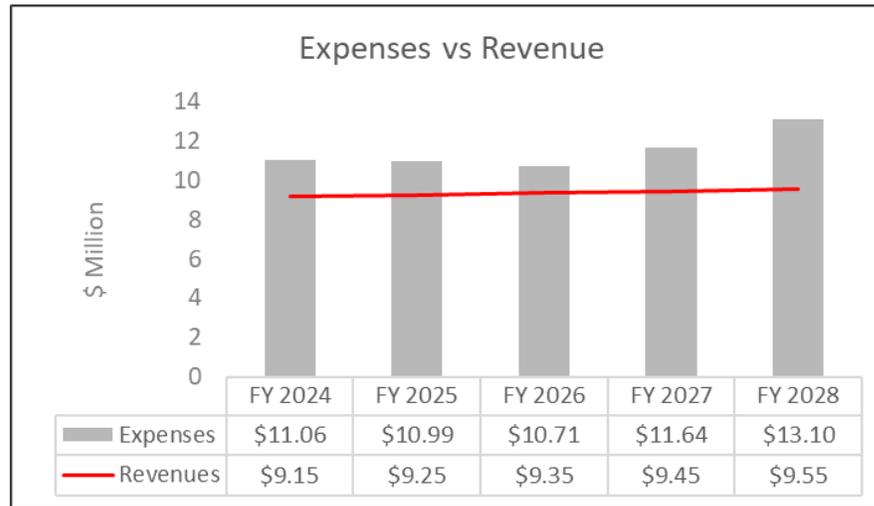


FINANCIAL PERFORMANCE UNDER CURRENT RATES

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 Reach Debt Service Coverage Target
- Wastewater Reach Debt Service Coverage Target

PROPOSED RATE INCREASES

Option 1	FY 2025	FY 2026	FY 2027	FY 2028
Water				
Minimum Monthly Fee	4.70%	12.29%	6.40%	5.18%
Volumetric Rates (\$ / kgal)	6.43%	12.29%	6.40%	5.18%
Wastewater				
Minimum Monthly Fee	9.49%	10.17%	10.17%	10.17%
Volumetric Rates (\$ / kgal)	9.49%	10.17%	10.17%	10.17%

Option 3	FY 2025	FY 2026	FY 2027	FY 2028
Water				
Minimum Monthly Fee	11.35%	11.00%	11.00%	11.00%
Volumetric Rates (\$ / kgal)	11.35%	11.00%	11.00%	11.00%
Wastewater				
Minimum Monthly Fee	10.00%	10.00%	10.00%	10.00%
Volumetric Rates (\$ / kgal)	10.00%	10.00%	10.00%	10.00%

Option 2	FY 2025	FY 2026	FY 2027	FY 2028
Water				
Minimum Monthly Fee	11.35%	6.42%	6.42%	5.08%
Volumetric Rates (\$ / kgal)	11.35%	6.42%	6.42%	5.08%
Wastewater				
Minimum Monthly Fee	10.00%	10.00%	10.00%	10.00%
Volumetric Rates (\$ / kgal)	10.00%	10.00%	10.00%	10.00%

Notes:

- 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 DRAWDOWN

- Rate Plan requires drawdown of Fund Balance over time
- With the drawdowns, 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	\$ 7,827,626	\$ 5,925,337	\$ 4,832,819	\$ 5,656,931	\$ 5,551,595
Change in Fund Balance	(1,902,289)	(1,092,518)	324,112	394,664	(39,066)
Ending Fund Balance	\$ 5,925,337	\$ 4,832,819	\$ 5,656,931	\$ 5,551,595	\$ 5,512,530

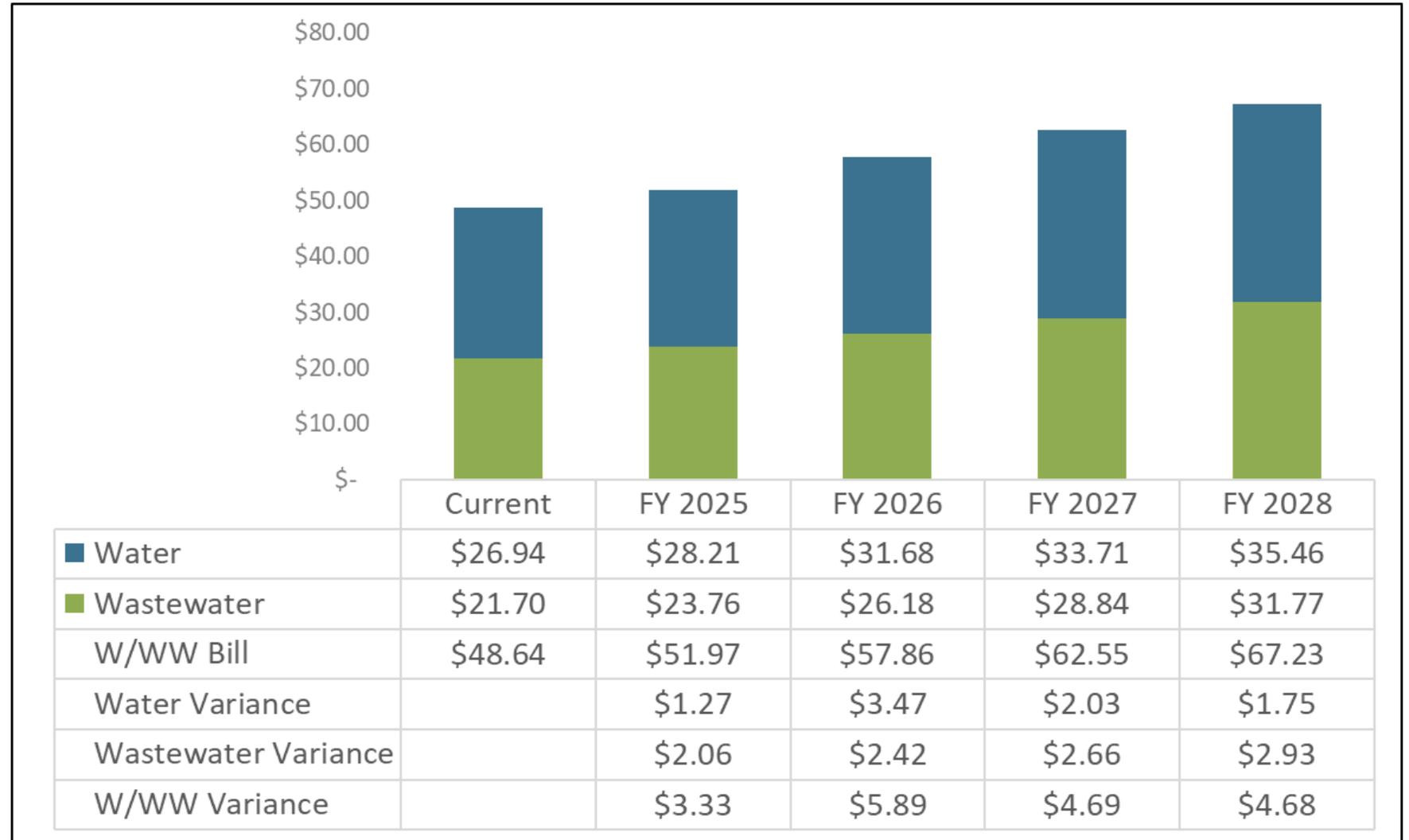
Option 2	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance	\$ 7,827,626	\$ 5,925,337	\$ 5,100,095	\$ 5,441,449	\$ 5,847,737
Change in Fund Balance	(1,902,289)	(825,243)	341,354	406,288	(40,945)
Ending Fund Balance	\$ 5,925,337	\$ 5,100,095	\$ 5,441,449	\$ 5,847,737	\$ 5,806,791

Option 3	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance	\$ 7,827,626	\$ 5,925,337	\$ 5,100,095	\$ 5,654,932	\$ 6,522,298
Change in Fund Balance	(1,902,289)	(825,243)	554,837	867,366	791,931
Ending Fund Balance	\$ 5,925,337	\$ 5,100,095	\$ 5,654,932	\$ 6,522,298	\$ 7,314,229

AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 1

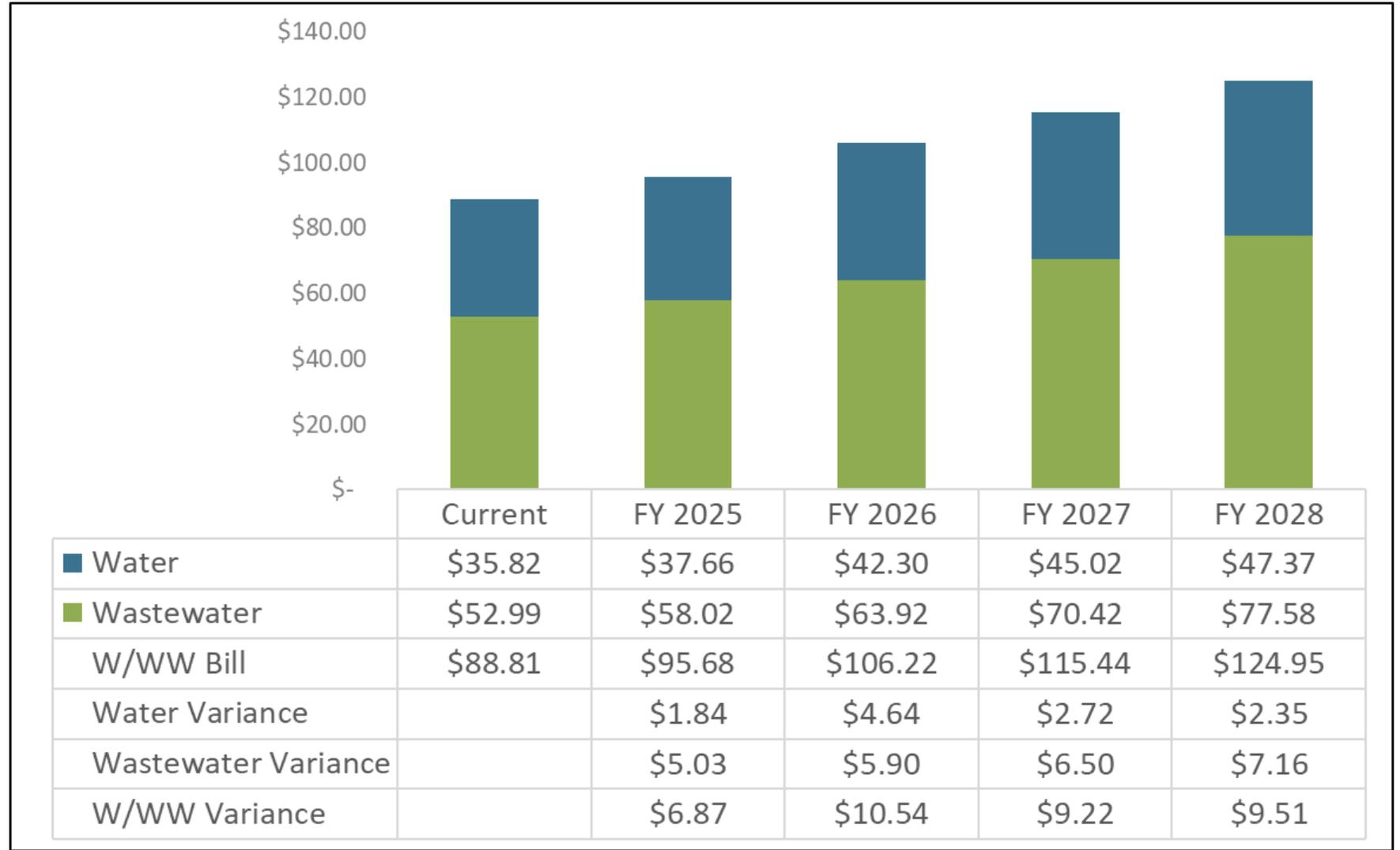
2,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 1

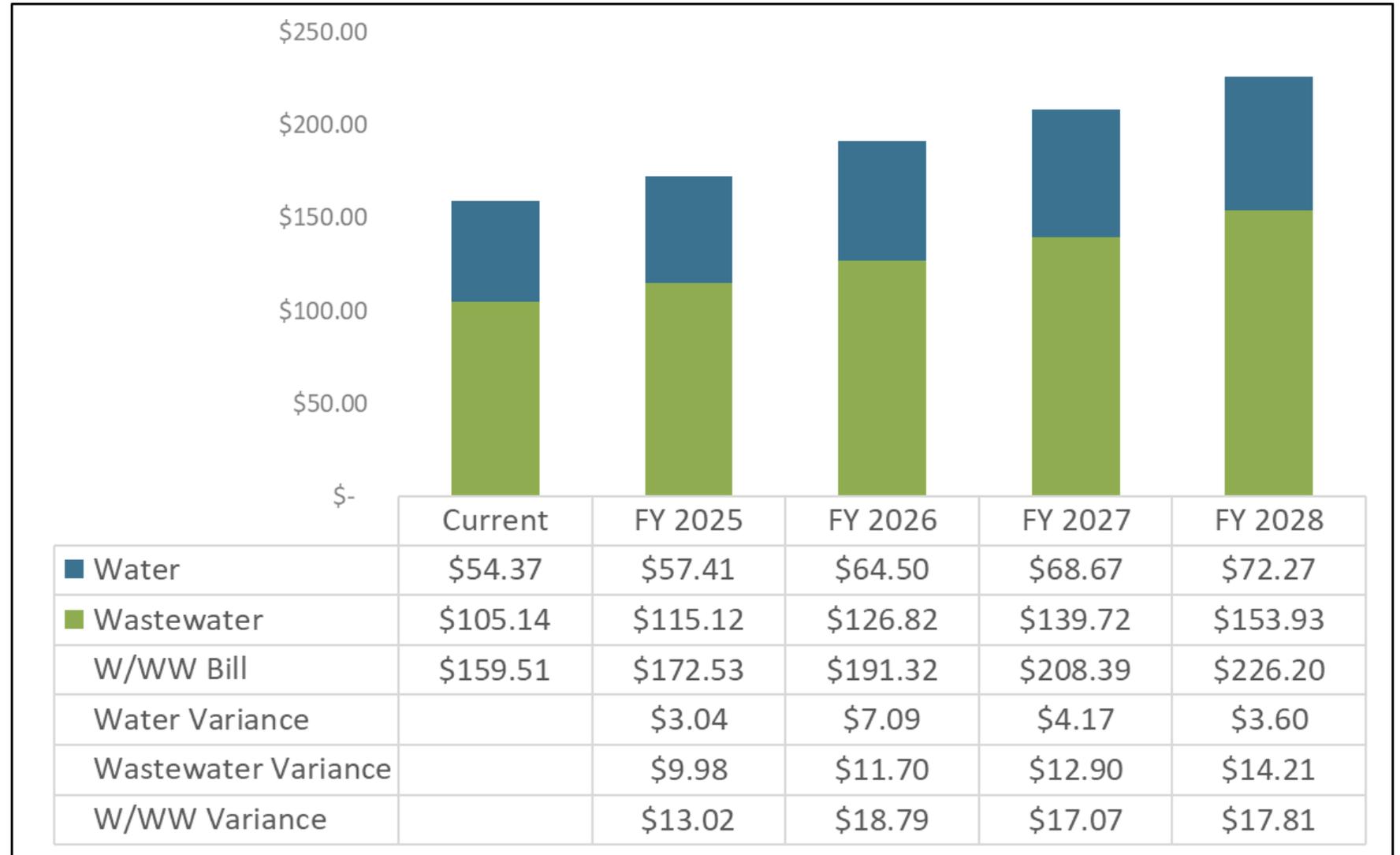
5,000 gallons of Water and Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 1

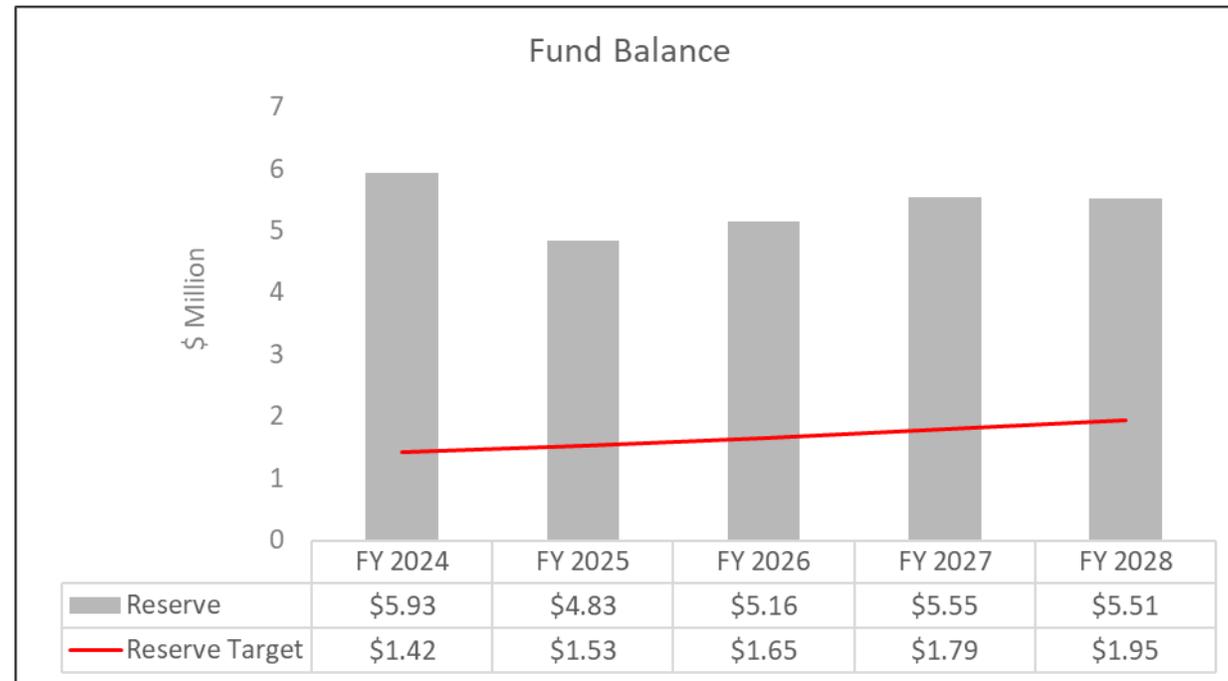
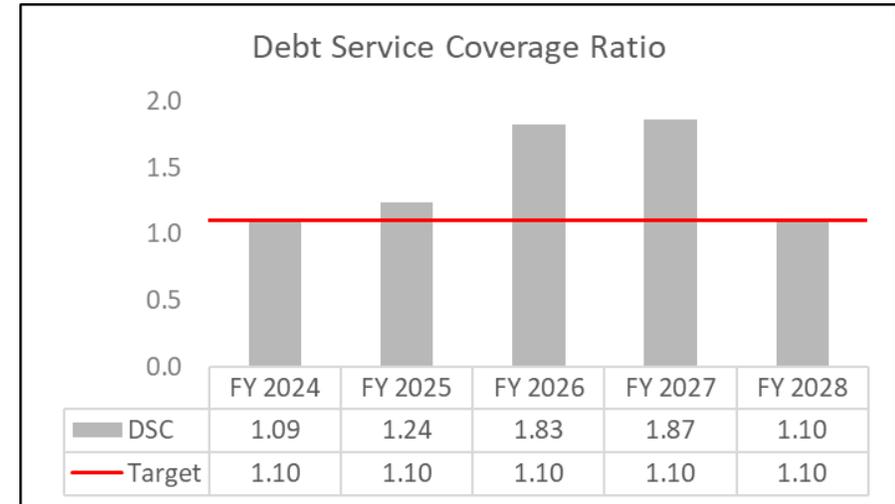
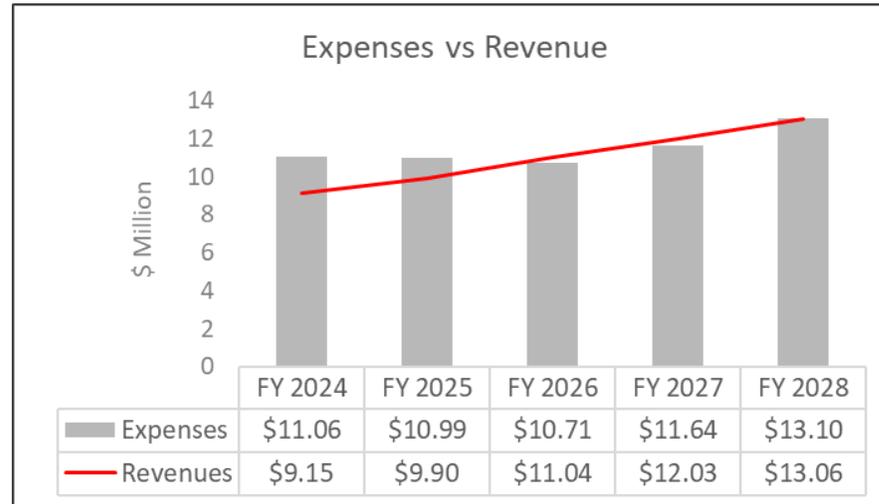
10,000 gallons of
Water and
Wastewater



FINANCIAL PERFORMANCE UNDER PROPOSED RATES

Combined

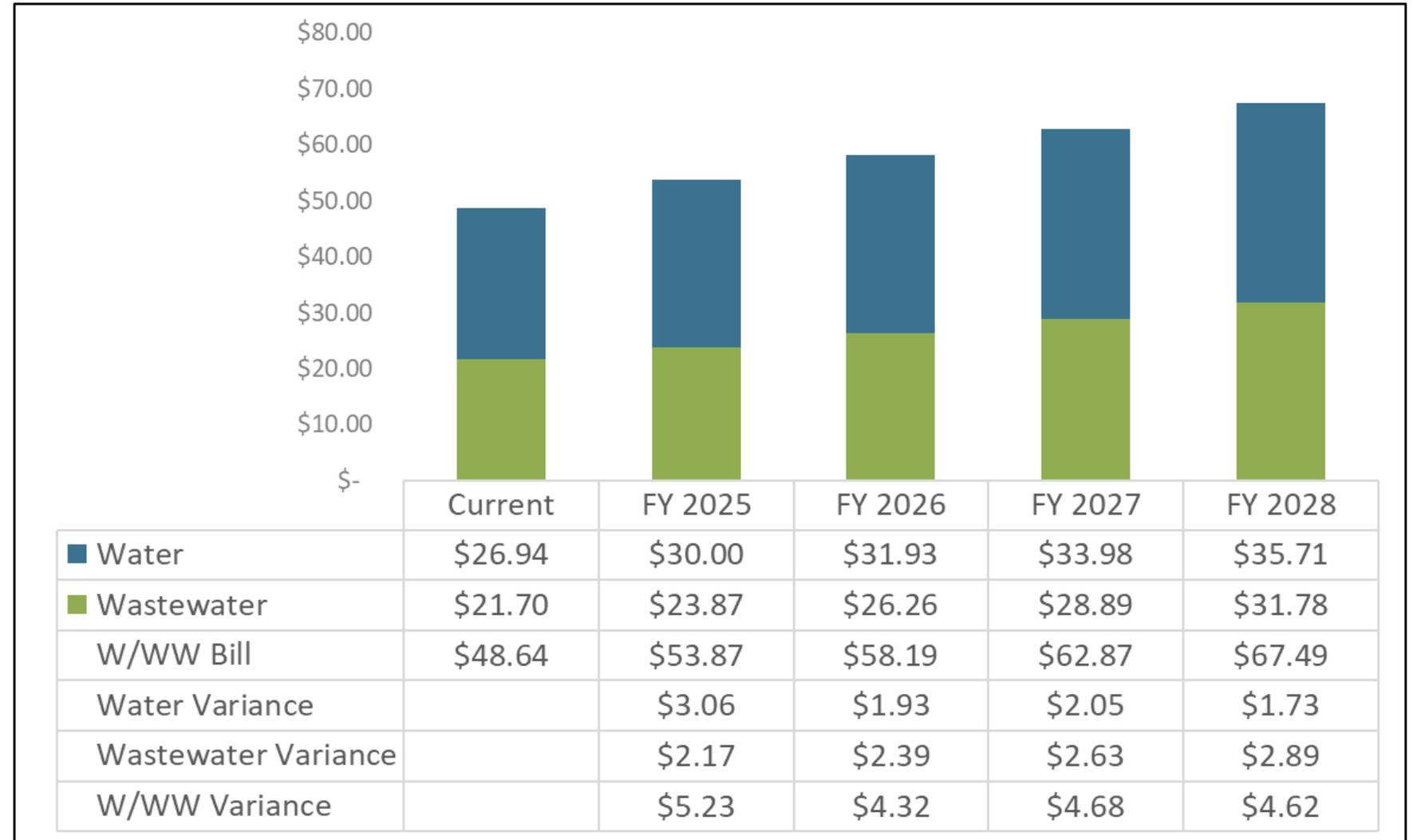
Option 1



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 2

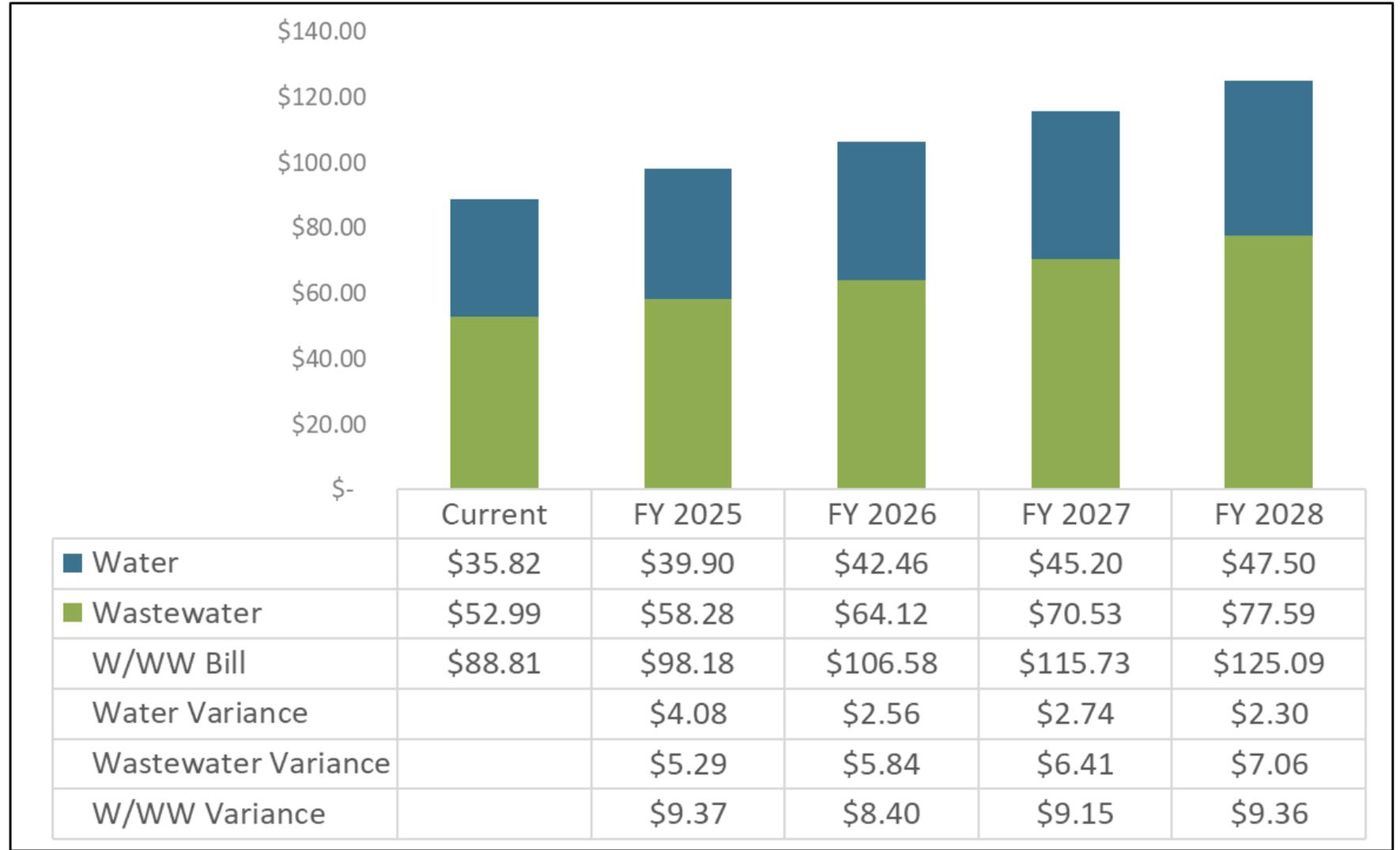
2,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 2

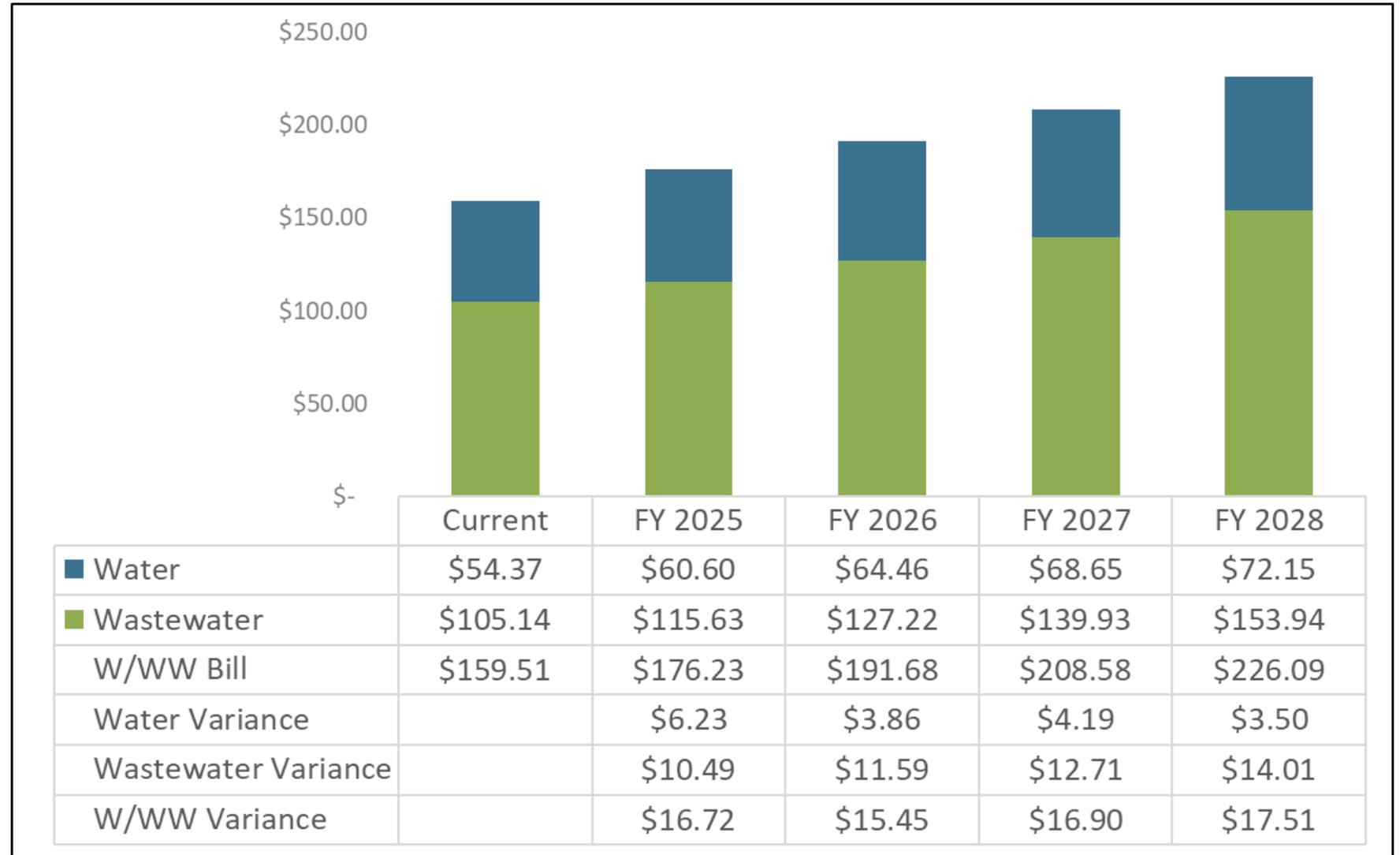
5,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 2

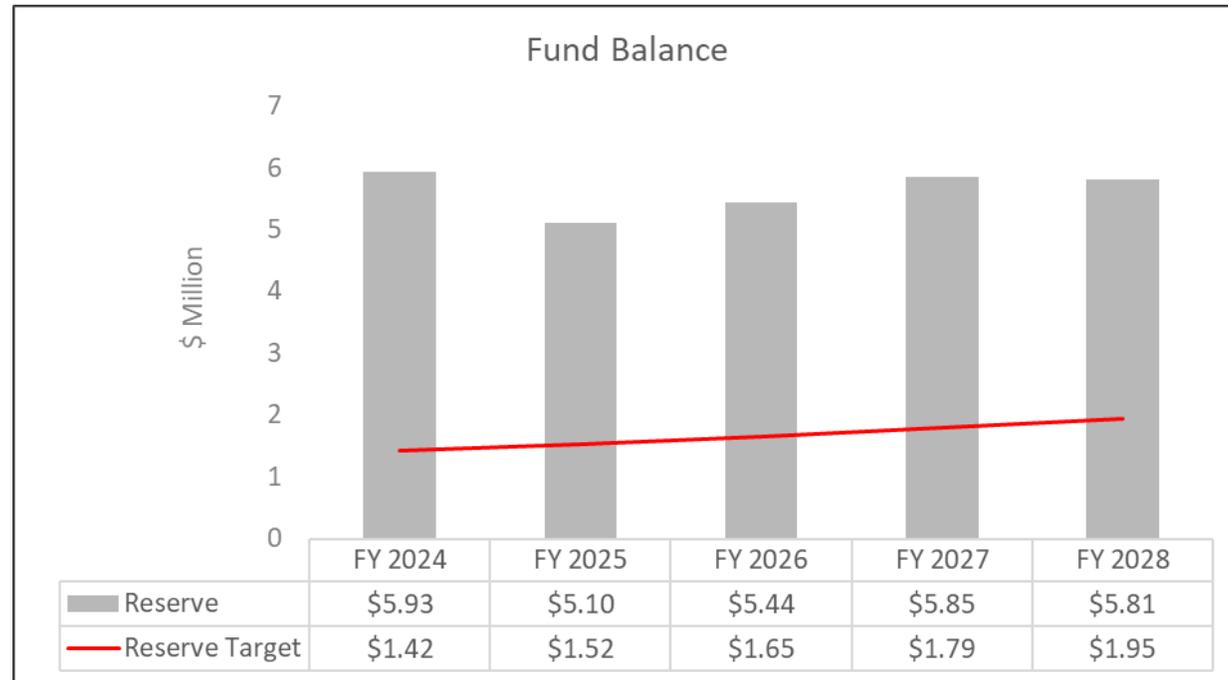
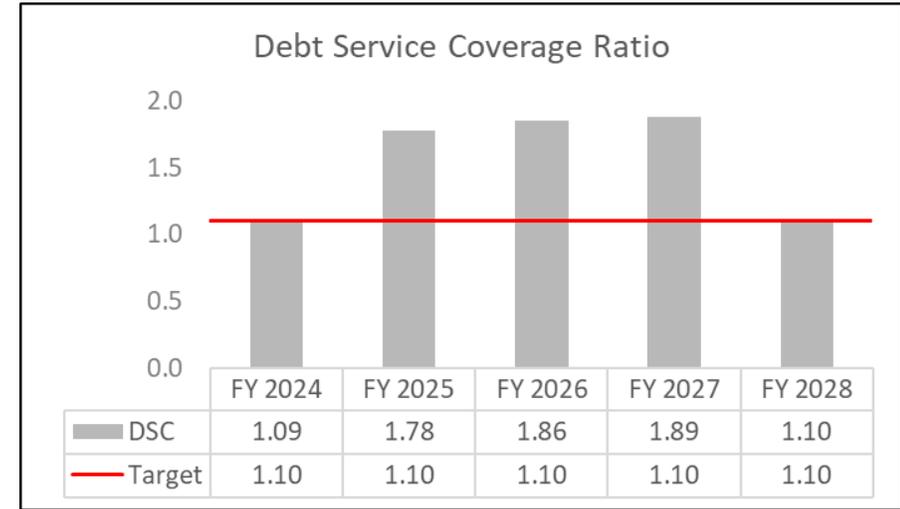
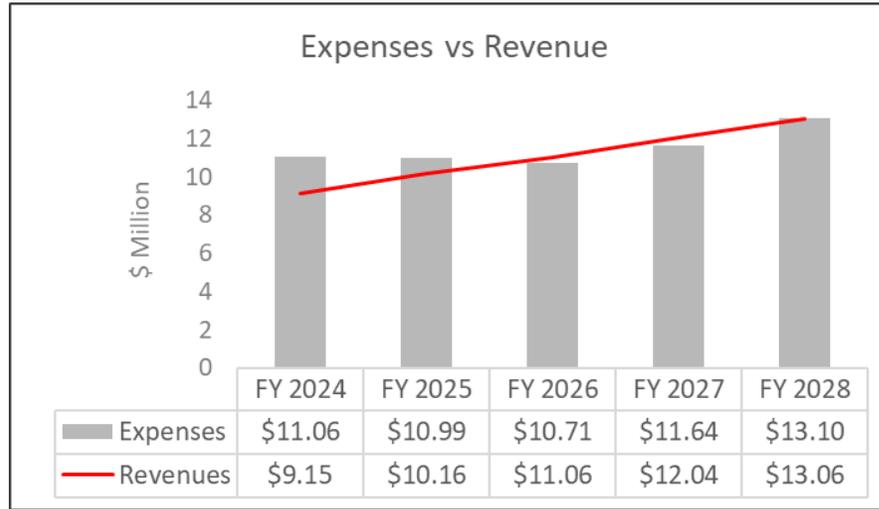
10,000 gallons of Water and Wastewater



FINANCIAL PERFORMANCE UNDER PROPOSED RATES

Combined

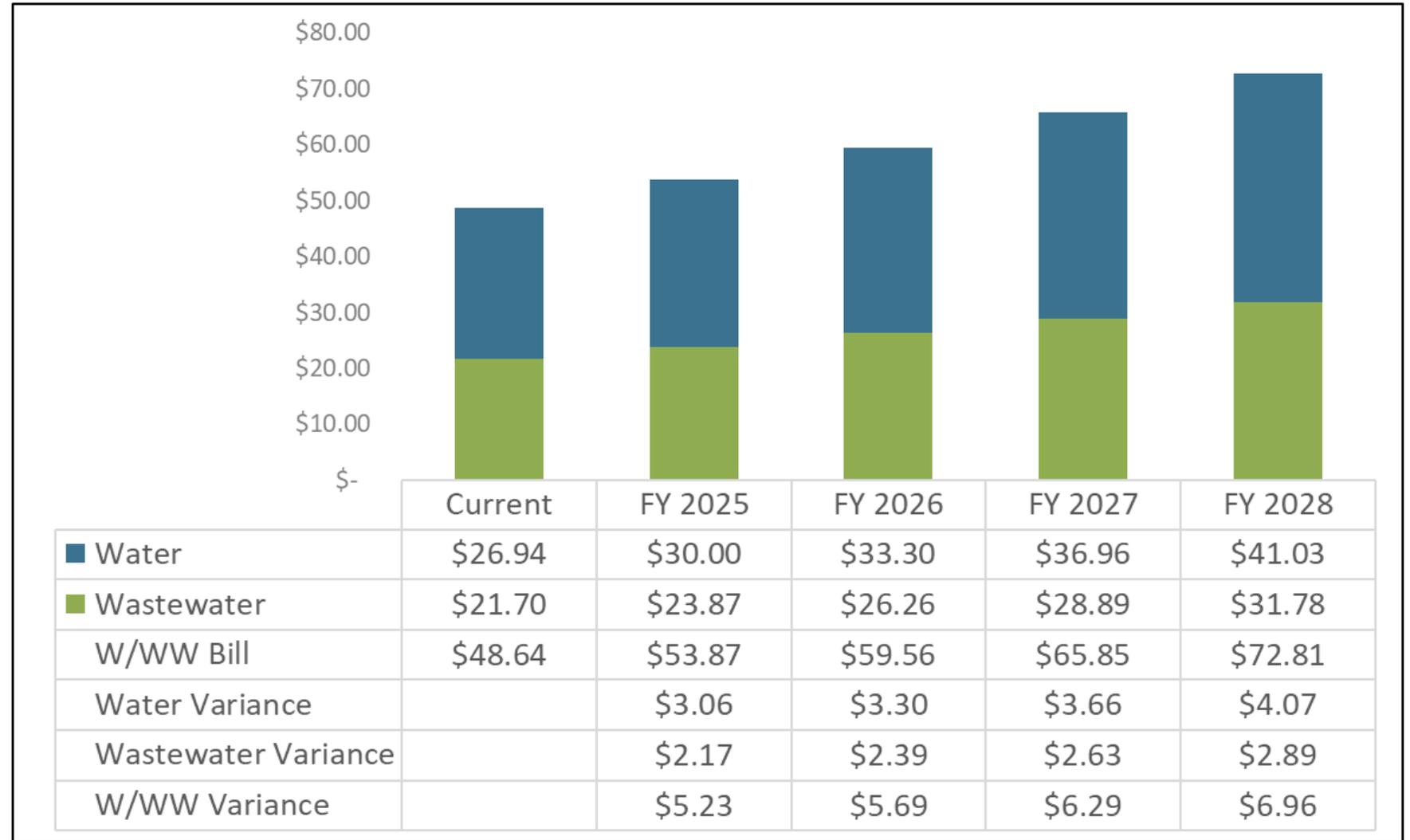
Option 2



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 3

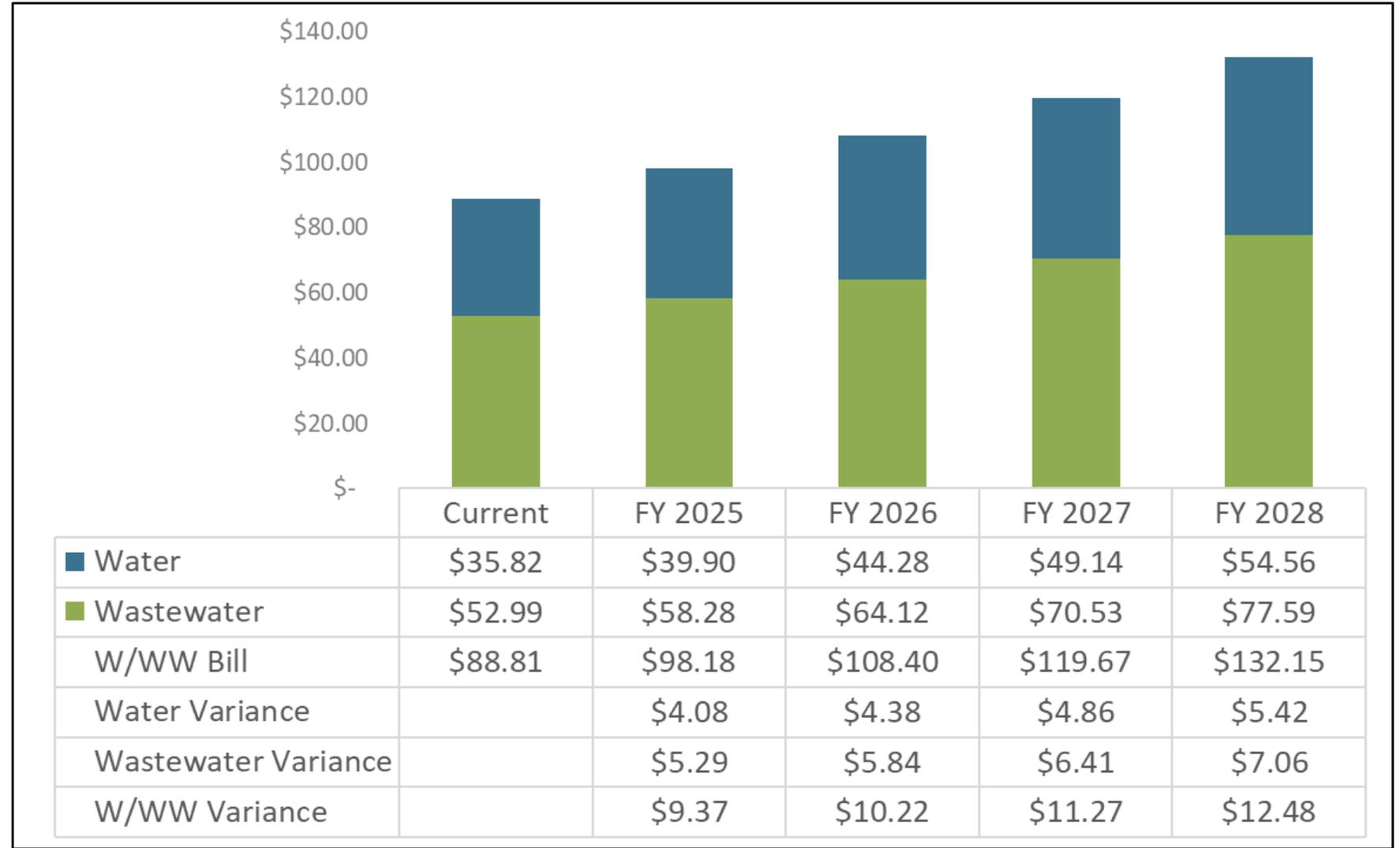
2,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 3

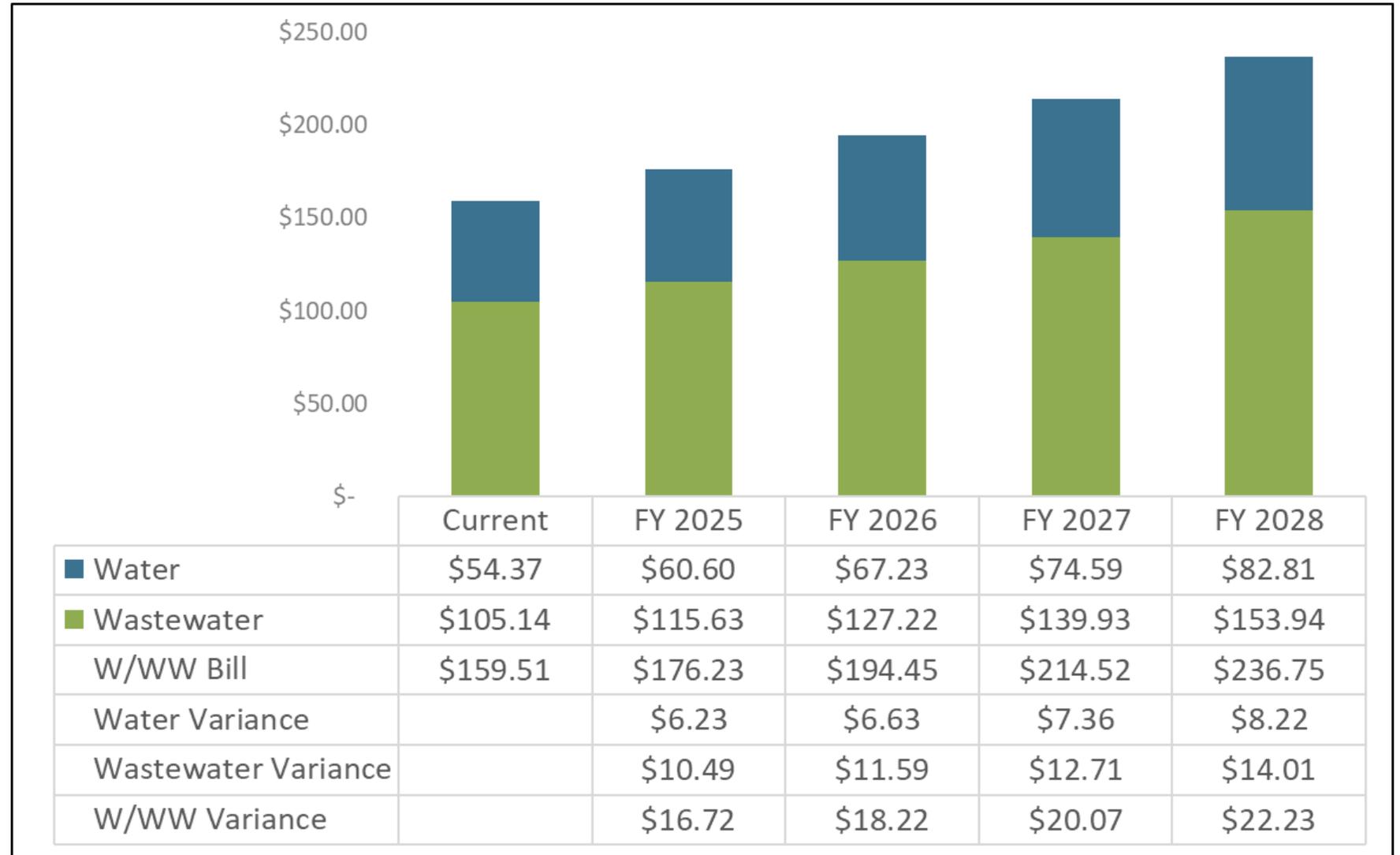
5,000 gallons of
Water and
Wastewater



AVERAGE WATER & WASTEWATER RESIDENTIAL BILL IMPACT

Option 3

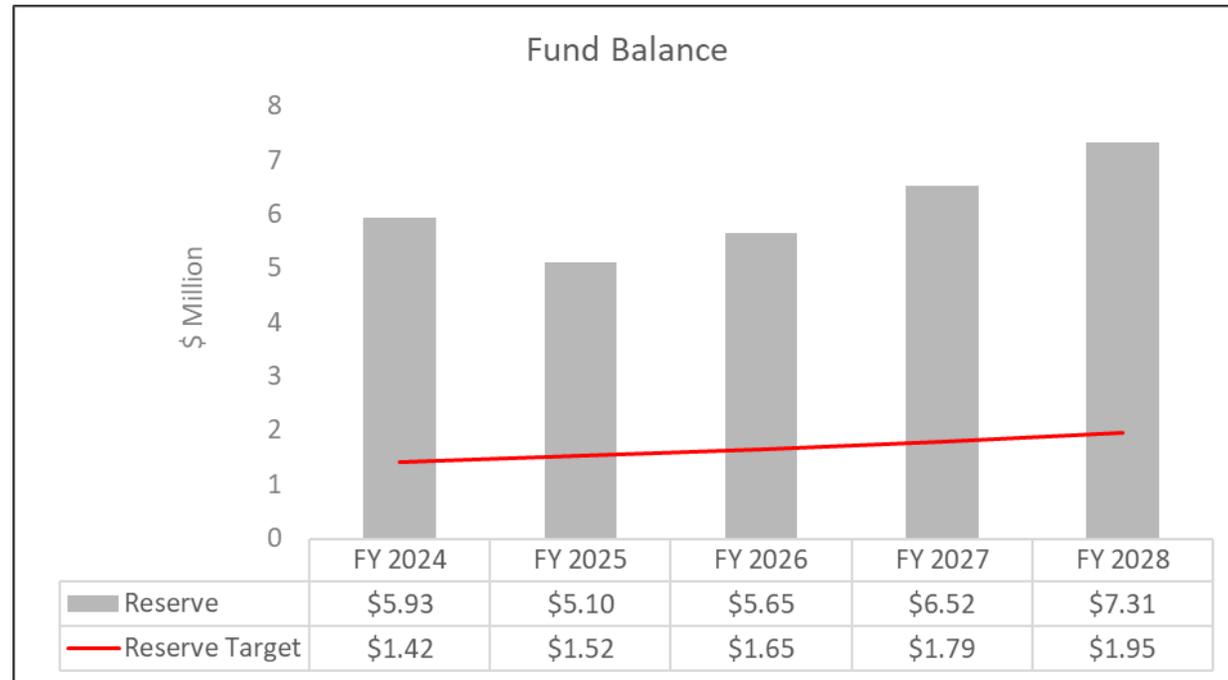
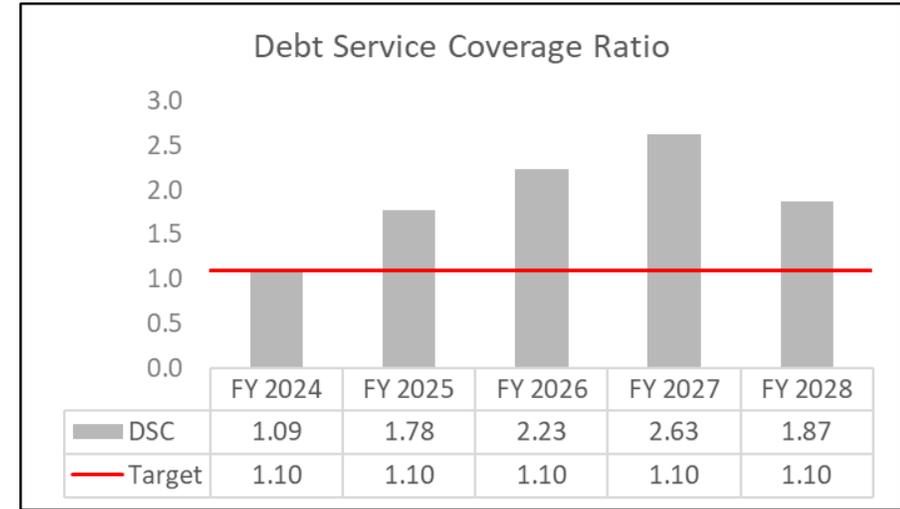
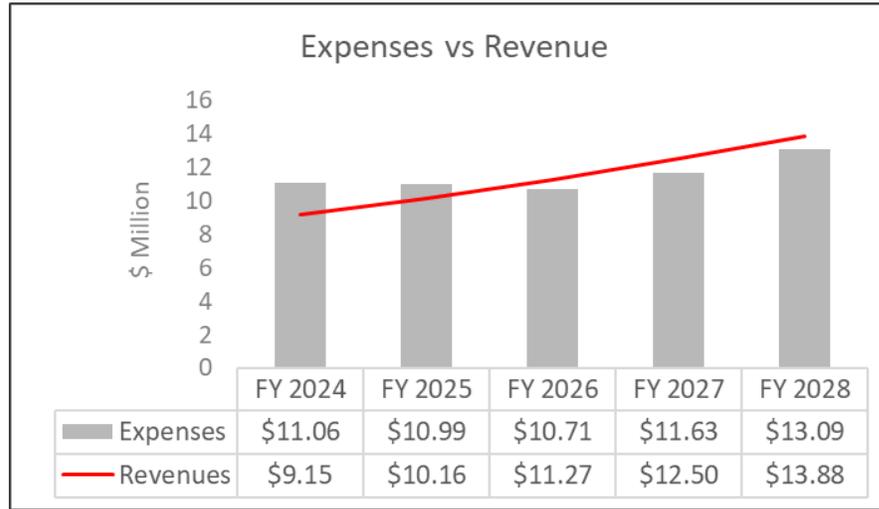
10,000 gallons of Water and Wastewater



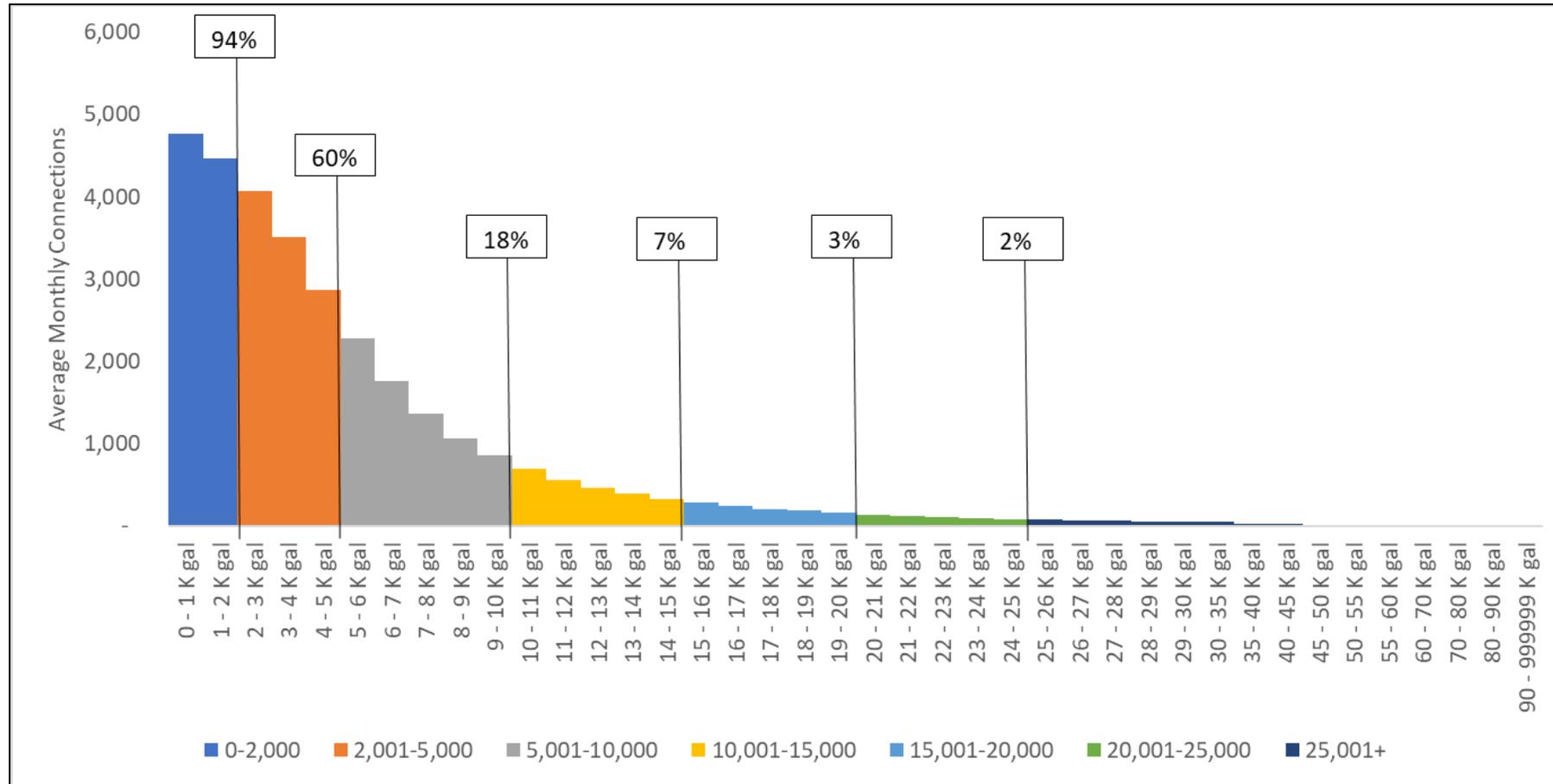
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

Combined

Option 3



RESIDENTIAL FREQUENCY DISTRIBUTION

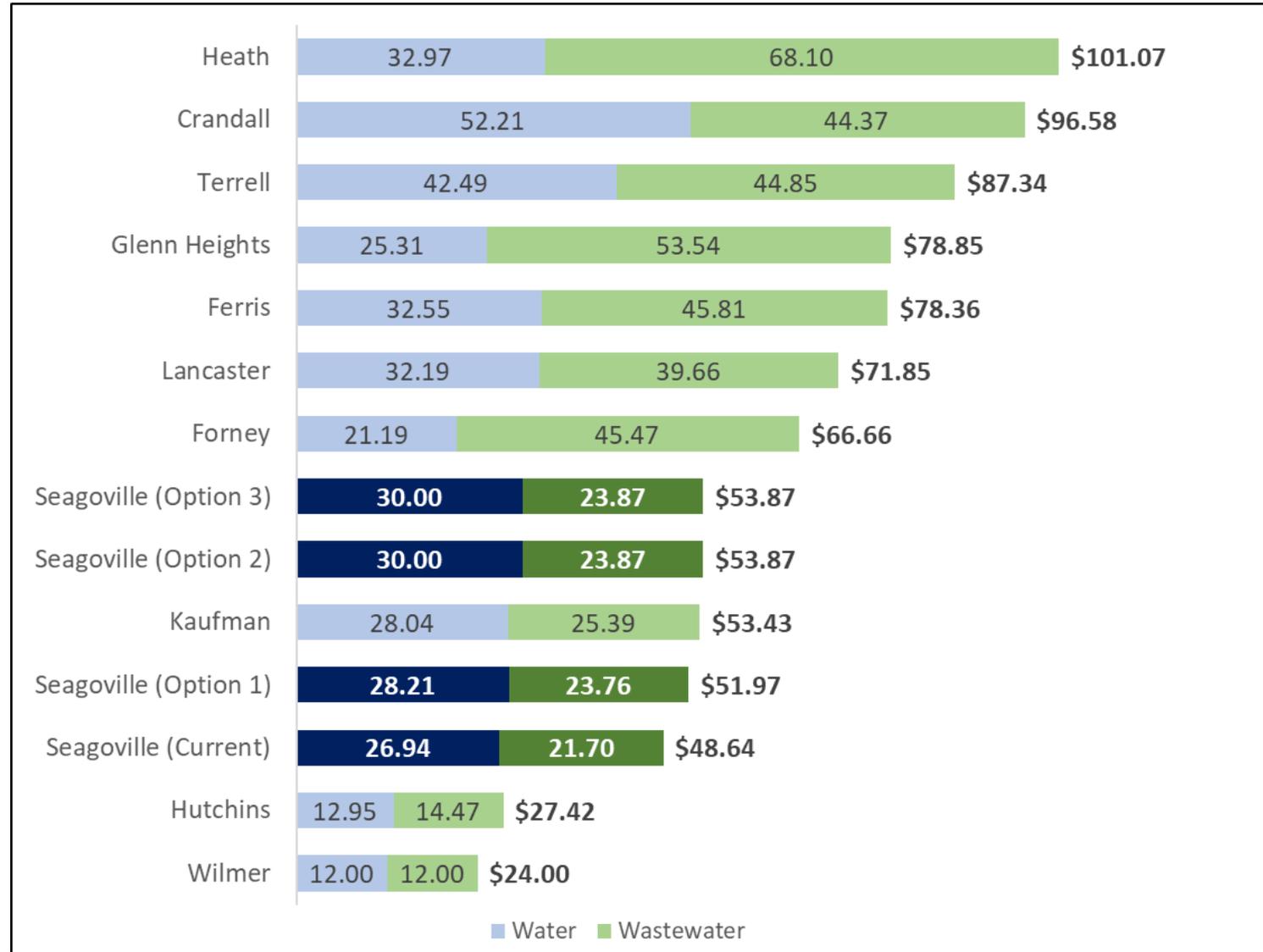


% of Customers	# of Customers
94%	4,460
60%	2,868
18%	854
7%	334
3%	163
2%	86

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



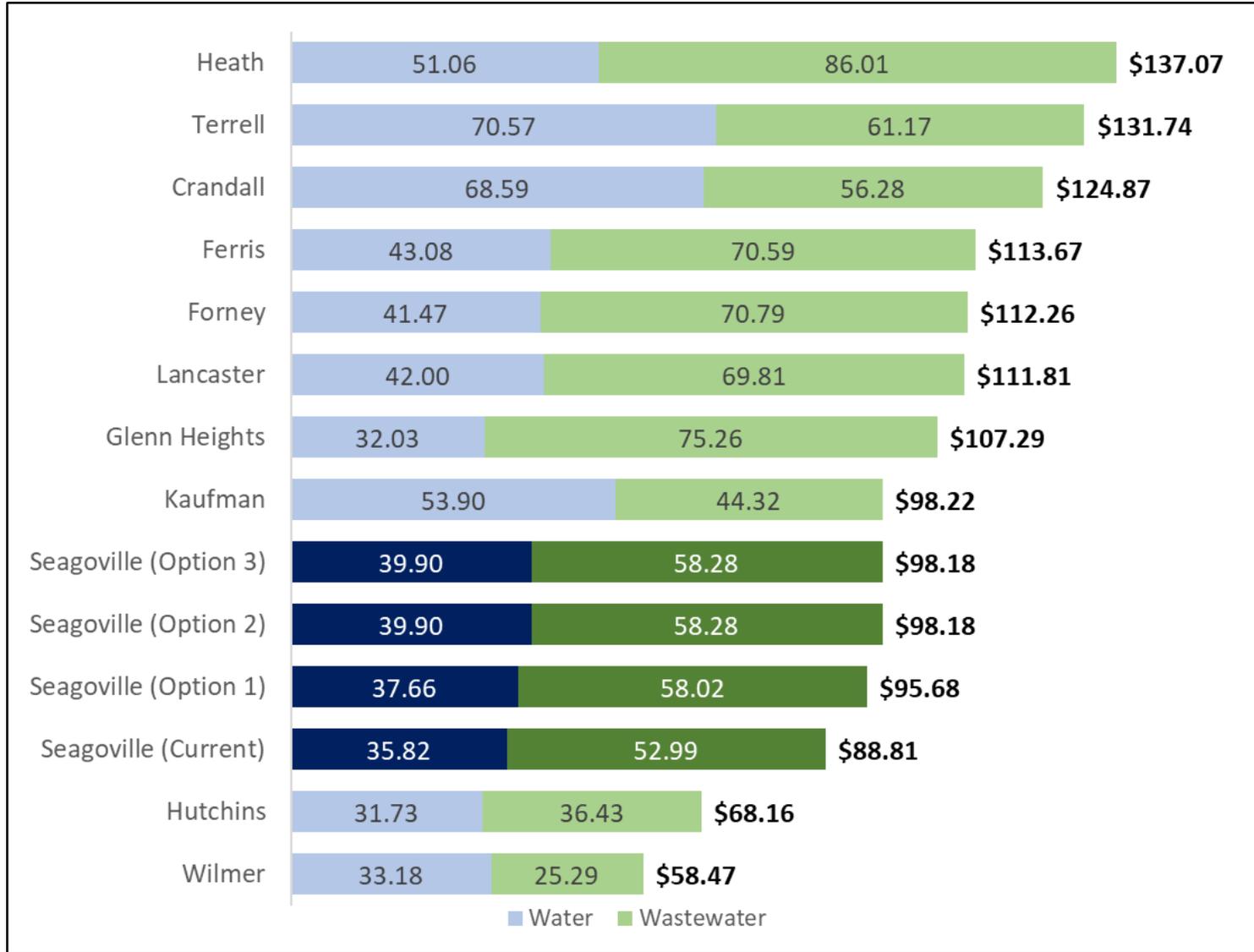
Notes:

- Comparison City rates utilized in the bill calculations were the publicly available rates as of March 2024

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



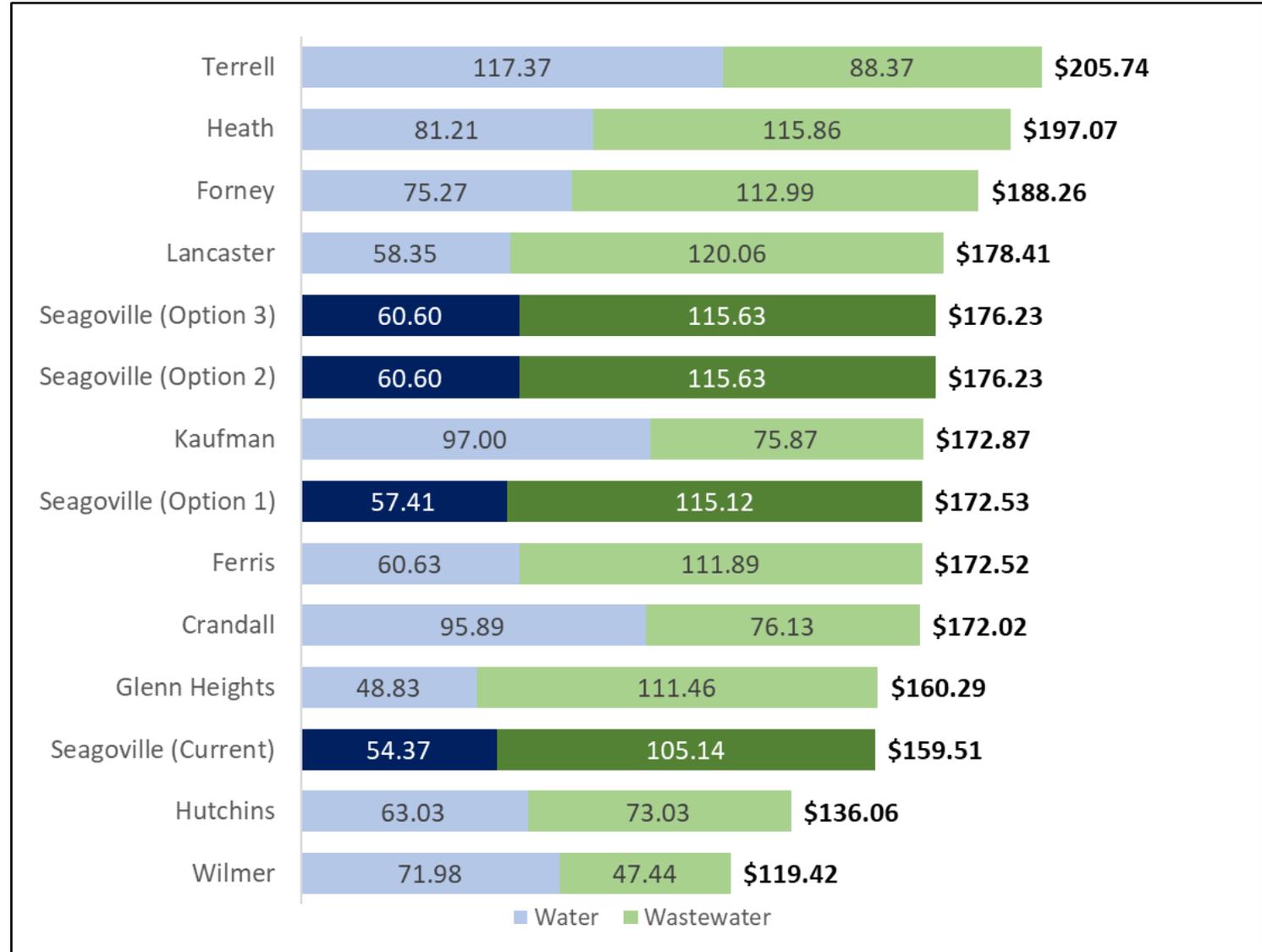
Notes:

- Comparison City rates utilized in the bill calculations were the publicly available rates as of March 2024

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



Notes:

- Comparison City rates utilized in the bill calculations were the publicly available rates as of March 2024

PATH FORWARD

- Council Feedback
- Next Steps
 - Confirm rate adjustments to be made effective October 2024





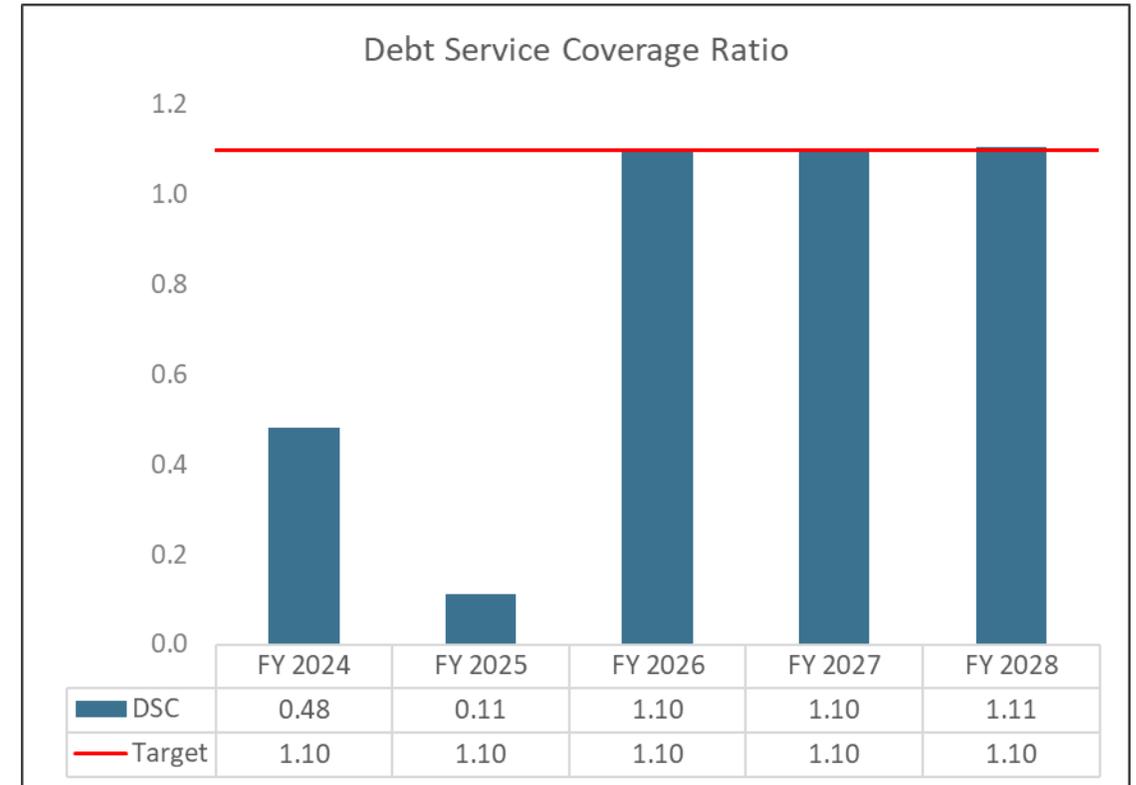
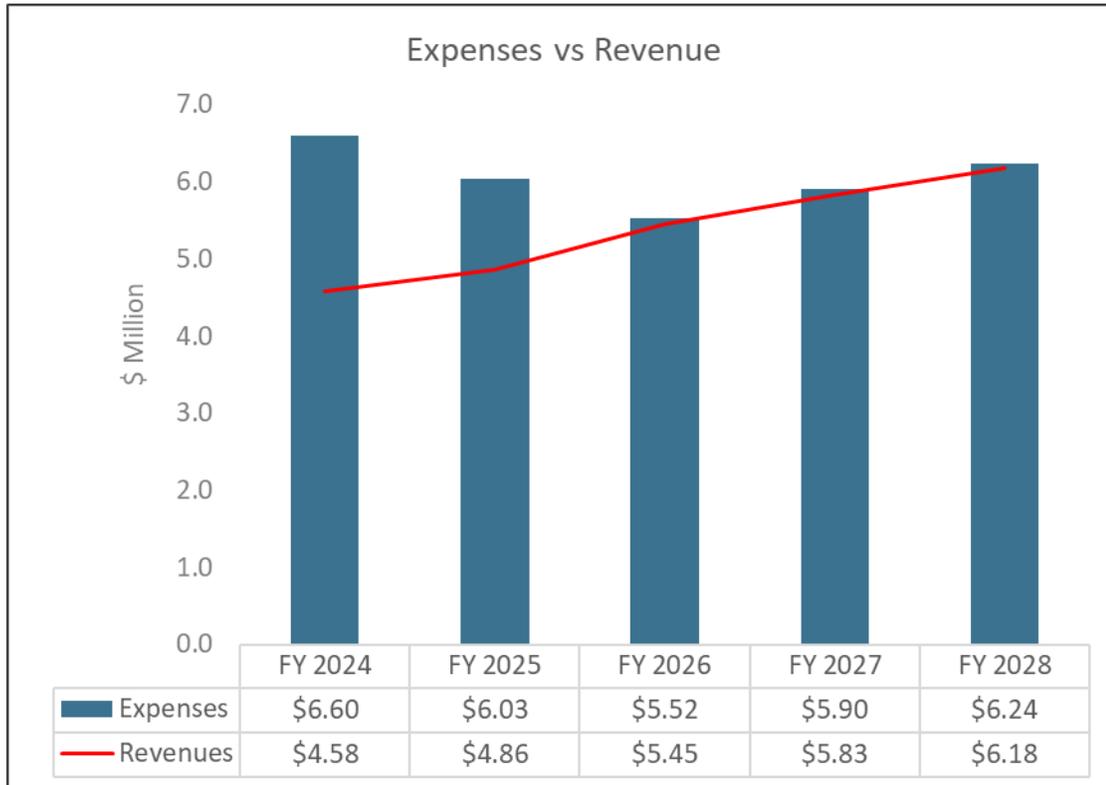
QUESTIONS AND DISCUSSION

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

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

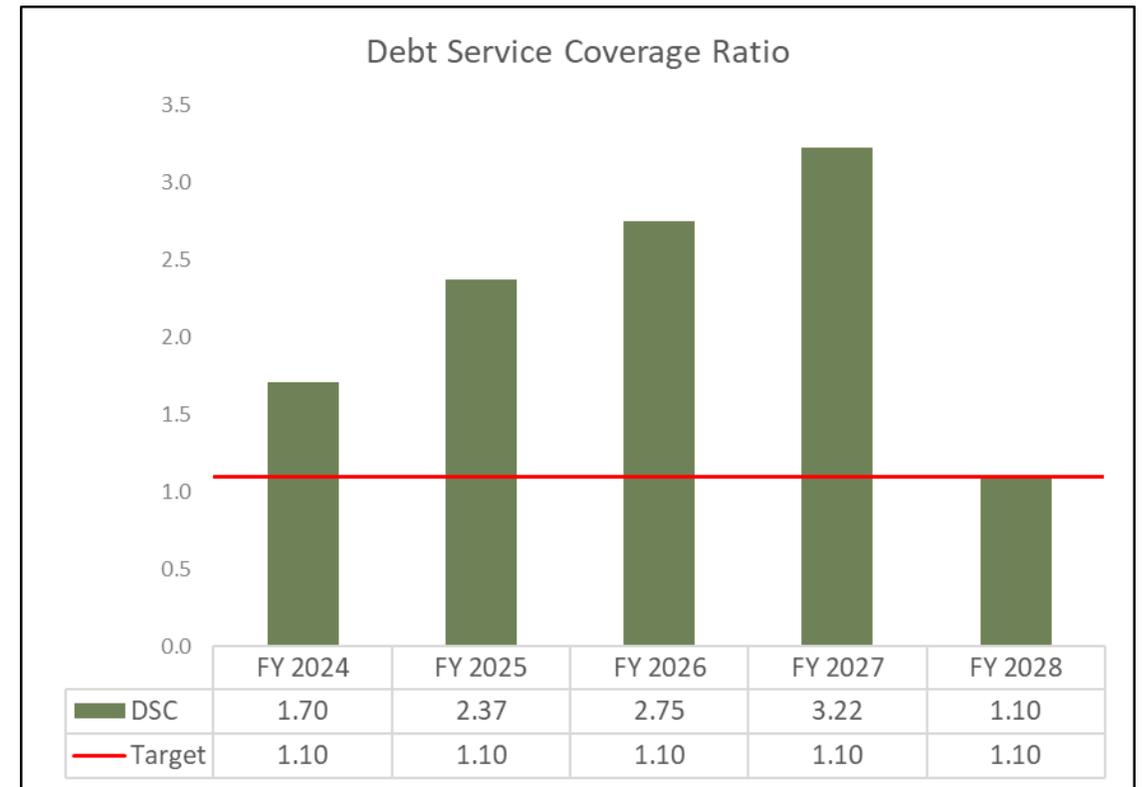
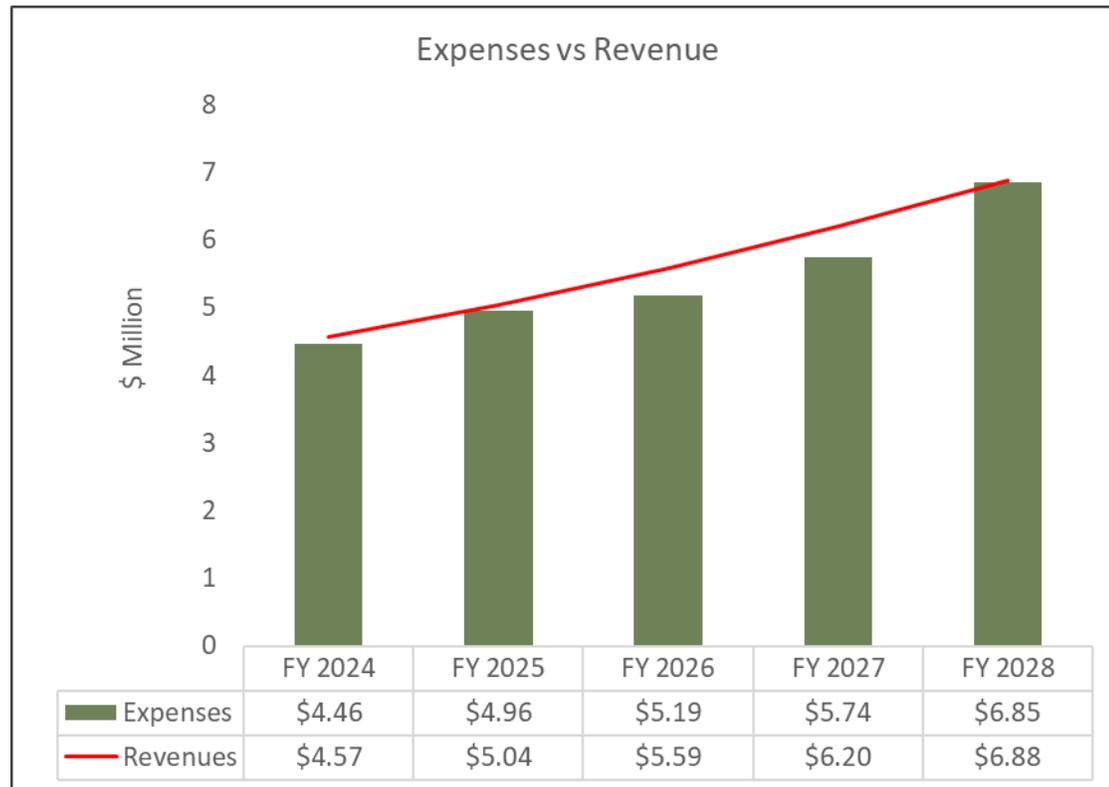
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WATER – OPTION 1



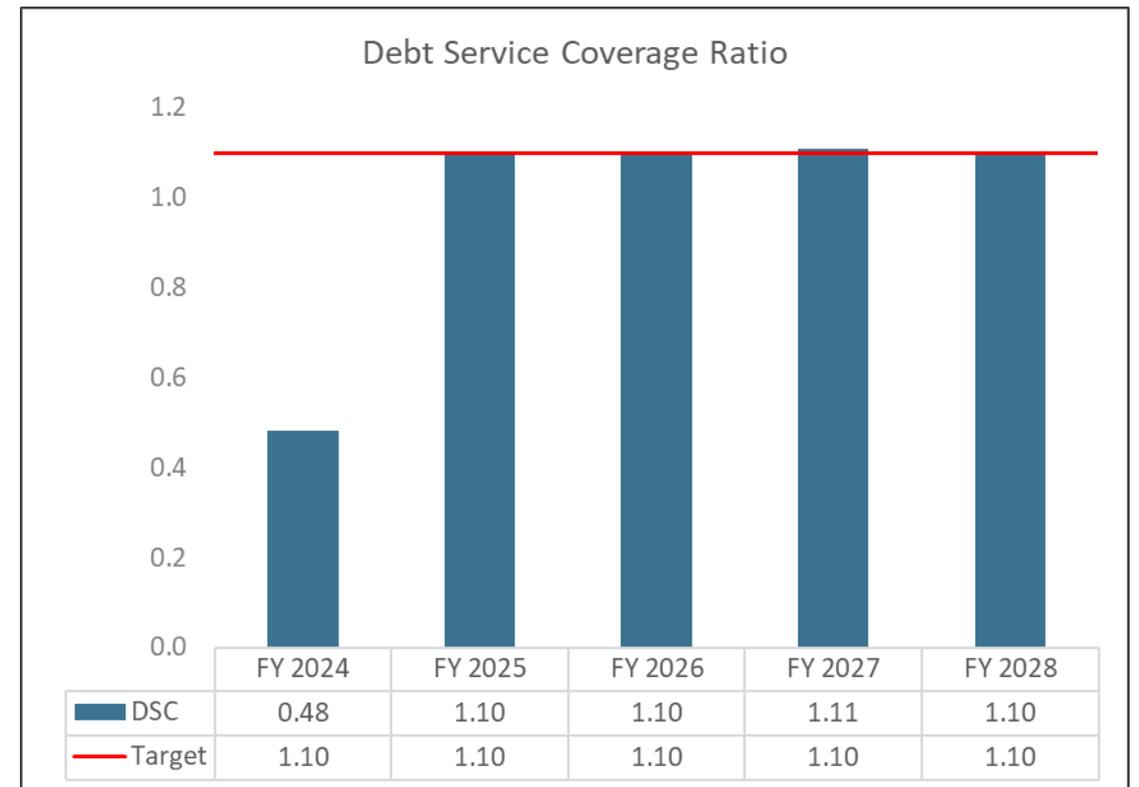
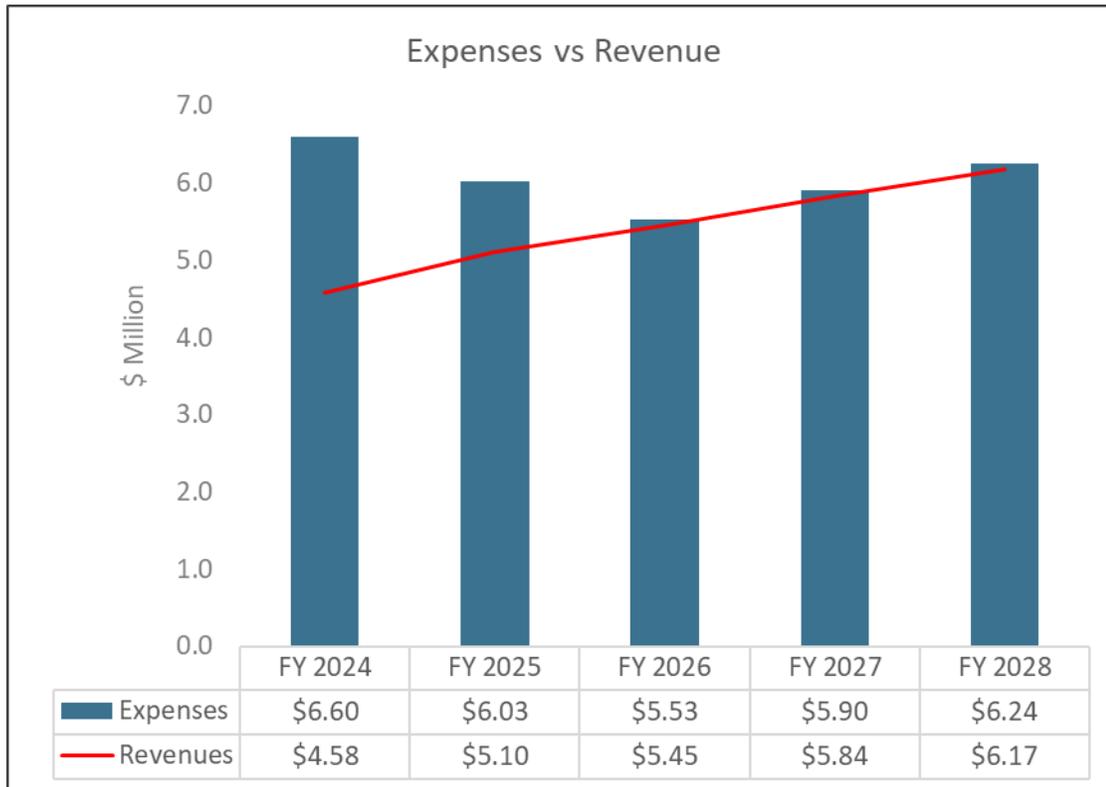
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WASTEWATER – OPTION 1



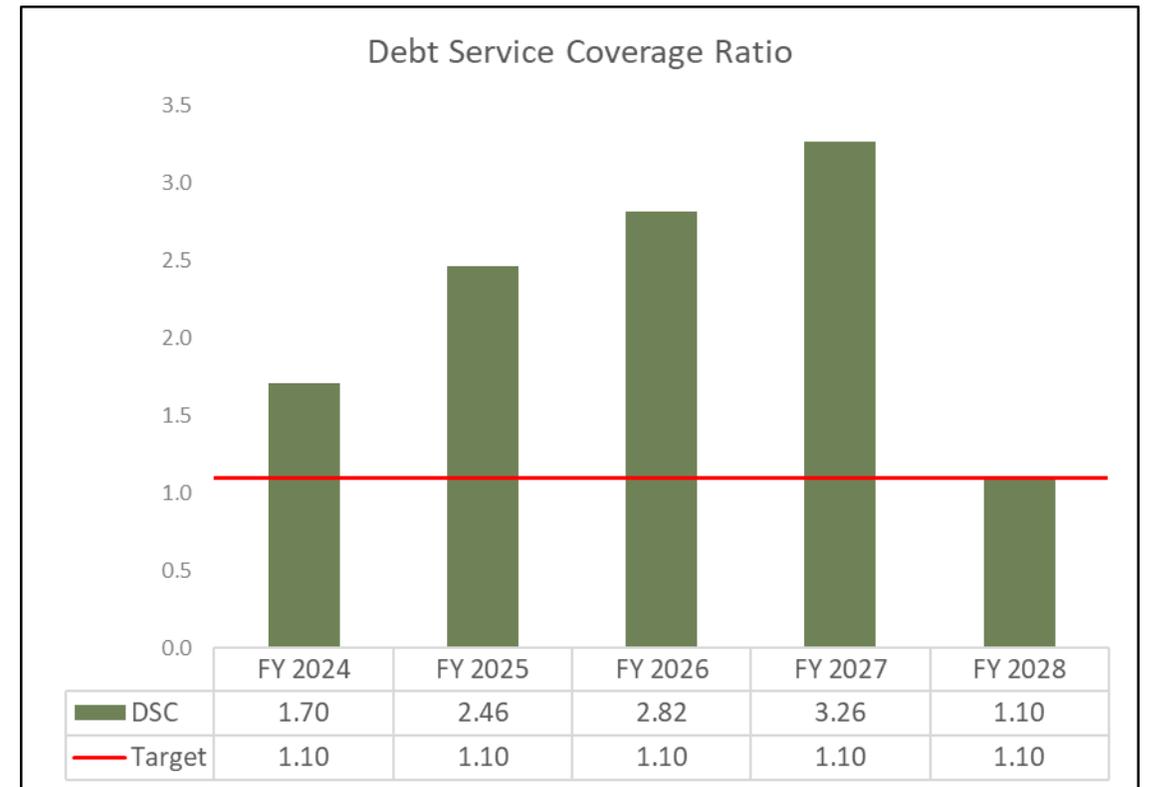
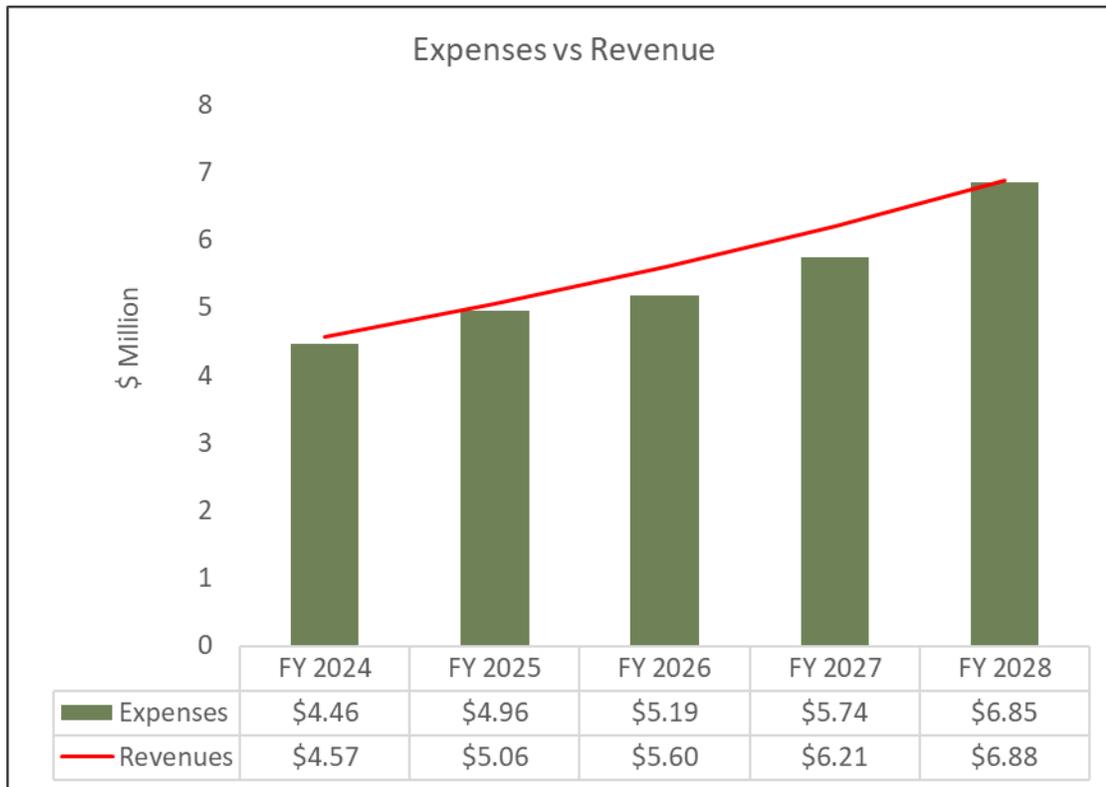
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WATER – OPTION 2



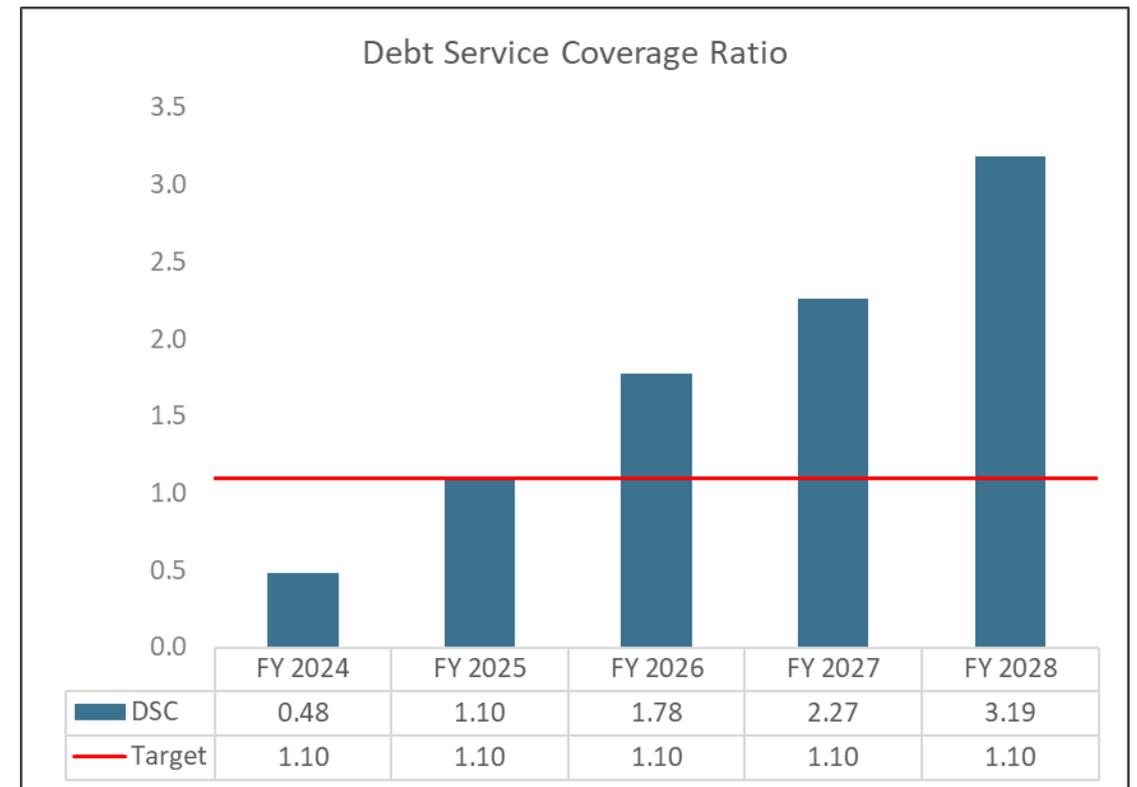
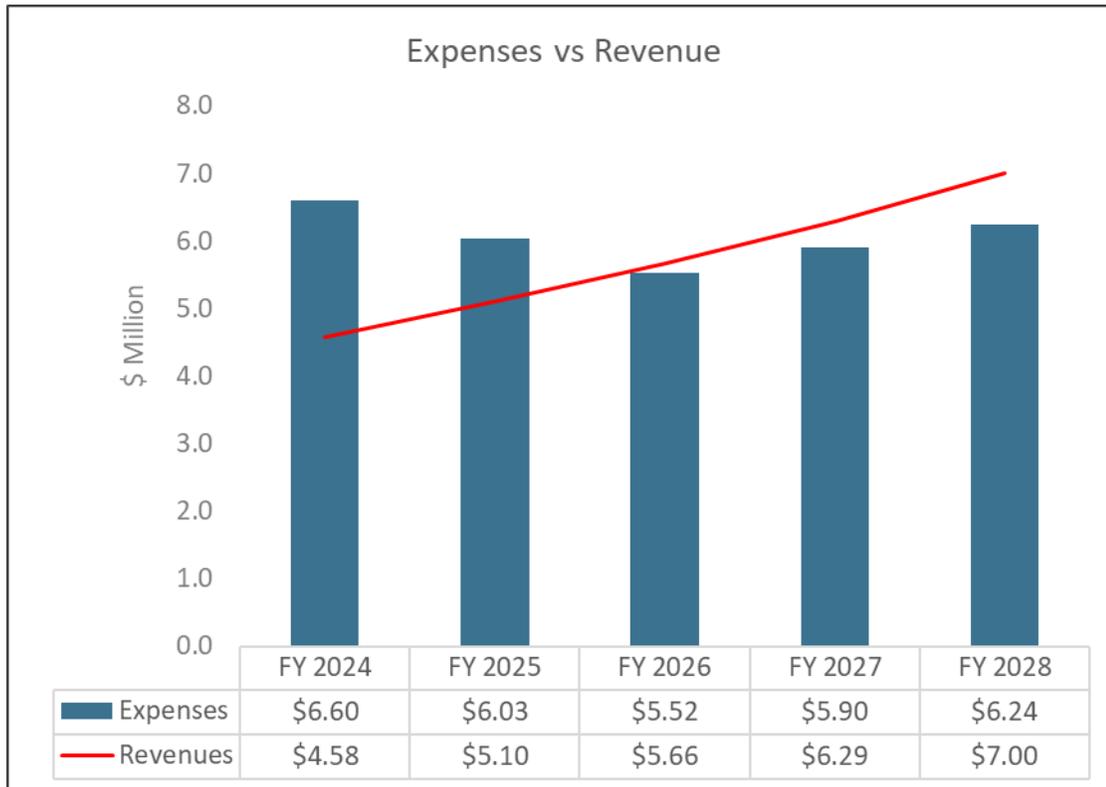
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WASTEWATER – OPTION 2



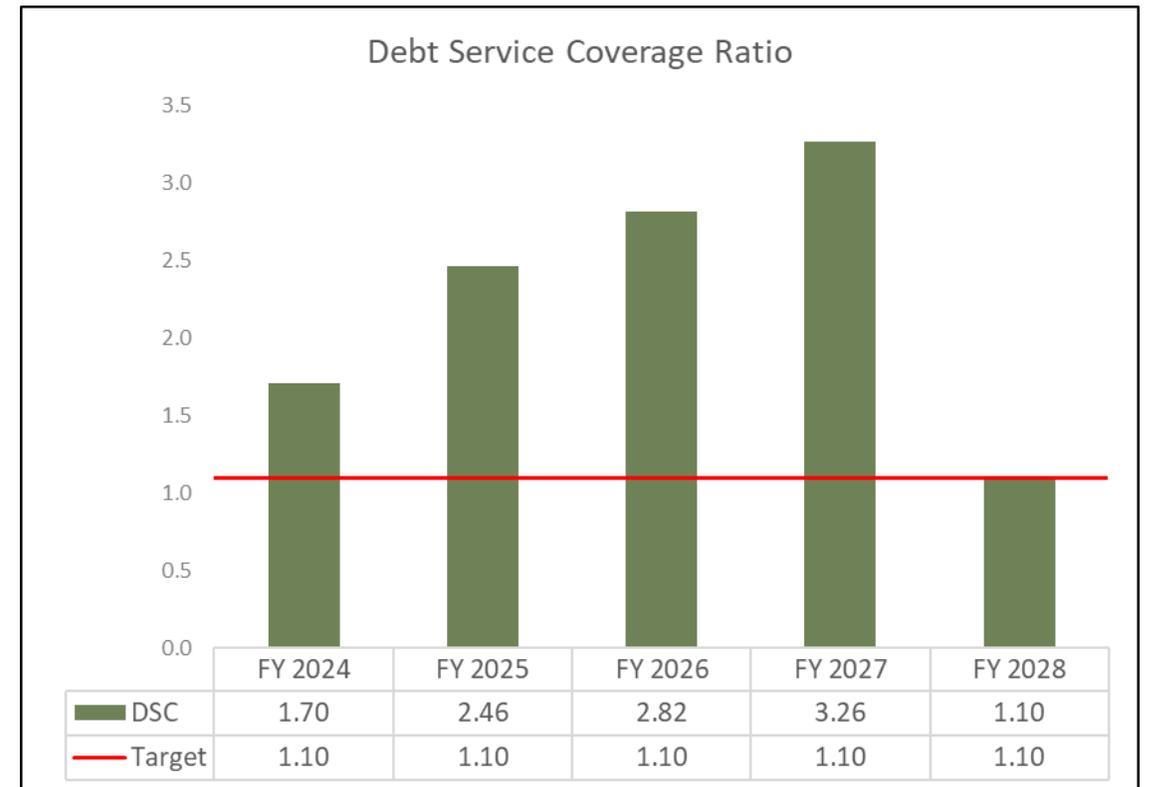
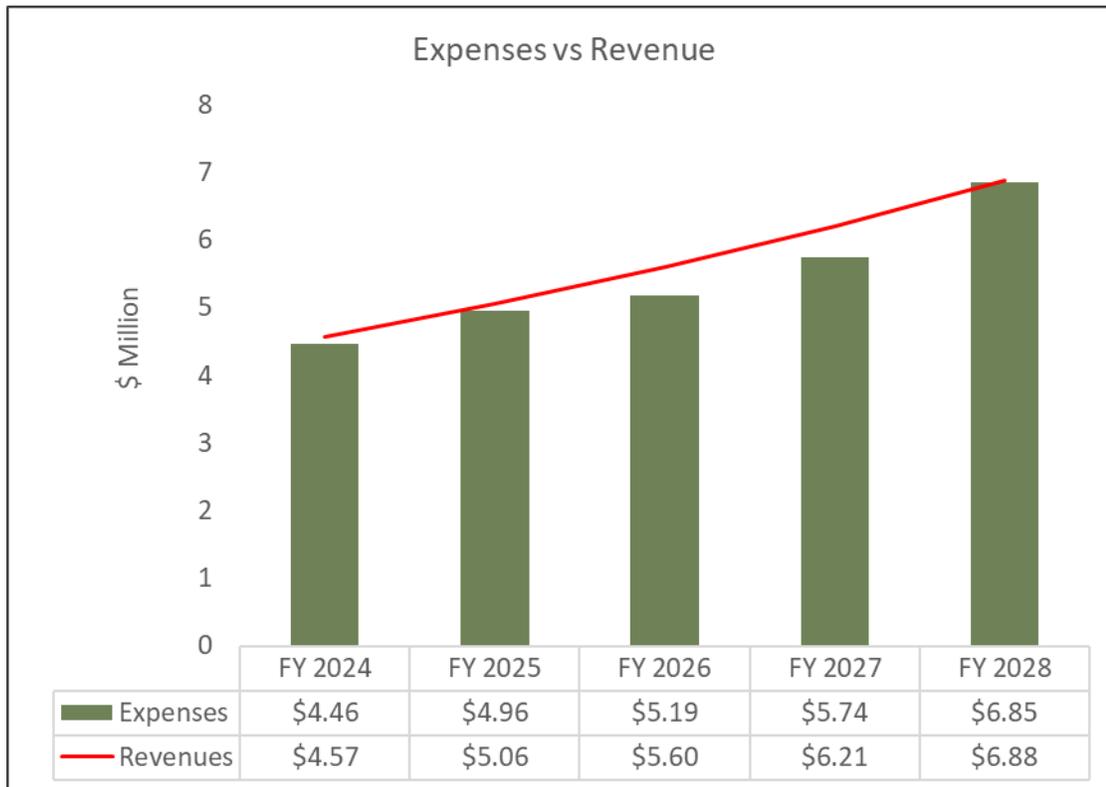
FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WATER – OPTION 3



FINANCIAL PERFORMANCE UNDER PROPOSED RATES

WASTEWATER – OPTION 3





TO: Mayor and City Council
FROM: Gail French, Director of Finance
DATE: July 29, 2024
ITEM: 6
DESCRIPTION: Discuss General Fund Budget for FY2025.

INTRODUCTION

The purpose of this item is to receive budget information and provide staff direction.

BACKGROUND

This discussion is part of the annual budget process.

FINANCIAL IMPACT

FY2025 General Fund Budget

RECOMMENDATION

NA

ATTACHMENTS

NA