



Rates – Water & Wastewater, Solid Waste, Health Insurance Funds

PRESENTED TO THE CITY COUNCIL ON JULY 24, 2023

Discussion Points

- On June 20, 2023 Regular Council meeting, staff presented Water & Wastewater Fund and proposed rate increases
- On July 10, 2023 Regular Council meeting, staff presented Solid Waste and Health Insurance funds and proposed rate increases
- Council requested for staff to bring options for proposed rate increases
 - Water & Wastewater Fund
 - Solid Waste Fund
 - Health Insurance Fund

W&WW Fund Highlights

- Provides water and waste water services to customers
 - Billing and collection of these services
 - Water customers – 15,908
 - Sewer customers – 16,635
- On the June 20, 2023 meeting, staff proposed **no rate increase** for both water and wastewater services in FY 2024
 - **5%** increase for both water and sewer for FY2025– 2028
 - Pass through rate increases from City of Fort Worth – projecting 5% annually

Rate History

	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Projected	FY24 Projected	FY25 Projected	FY26 Projected	FY27 Projected	FY28 Projected
Water rate	1.00%	5.50%	6.00%	0.00%	(3.00%)	0.00%	0.00%	0.00%	5.00%	5.00%	5.00%	5.00%
Sewer rate	2.00%	5.50%	6.00%	6.00%	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	5.00%	5.00%

- Projecting **no rate** increase for FY 2024
- Projecting 5% rate increase in FY 2025-FY 2028
 - Water rate – 5% increase about **\$2.79** monthly average
 - Sewer rate – 5% increase about **\$2.21** monthly average

Water & Sewer 5-year Forecast- Original Scenario

	FY 22-23 Projected	FY 23-24 Projected	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
Beginning Fund Balance	\$ 14,925,027	\$ 15,809,140	\$ 14,854,375	\$ 13,437,614	\$ 11,726,552	\$ 10,237,160
Water Revenues	\$ 13,019,920	\$ 13,234,119	\$ 14,159,457	\$ 15,149,569	\$ 16,208,989	\$ 17,342,568
Sewer Revenues	\$ 11,131,330	\$ 11,353,956	\$ 12,127,534	\$ 12,954,627	\$ 13,838,961	\$ 14,784,524
Other Revenues	\$ 2,530,983	\$ 2,550,336	\$ 2,661,503	\$ 2,699,506	\$ 2,739,398	\$ 2,806,238
Total Revenues	\$ 26,682,233	\$ 27,138,411	\$ 28,948,495	\$ 30,803,702	\$ 32,787,348	\$ 34,933,330
Personnel	\$ 2,813,718	\$ 3,326,000	\$ 3,452,170	\$ 3,583,232	\$ 3,719,379	\$ 3,860,815
Operating	\$ 16,223,643	\$ 16,824,790	\$ 17,372,029	\$ 18,115,365	\$ 18,916,916	\$ 19,757,130
Debt service	\$ 6,760,759	\$ 7,465,192	\$ 9,066,554	\$ 10,338,312	\$ 11,159,086	\$ 11,221,090
Proposed Supplemental	\$ -	\$ 477,194	\$ 474,502	\$ 477,855	\$ 481,358	\$ 485,019
Total Expenditures	\$ 25,798,120	\$ 28,093,176	\$ 30,365,256	\$ 32,514,764	\$ 34,276,740	\$ 35,324,055
Change in Fund Balance	\$ 884,113	\$ (954,765)	\$ (1,416,761)	\$ (1,711,062)	\$ (1,489,391)	\$ (390,725)
Ending Fund Balance	\$ 15,809,140	\$ 14,854,375	\$ 13,437,614	\$ 11,726,552	\$ 10,237,160	\$ 9,846,436
FB % of Expenditure	61.28%	52.88%	44.25%	36.07%	29.87%	27.87%
Proposed Rate Increase		0.00%	5.00%	5.00%	5.00%	5.00%

Water & Sewer 5-year Forecast- Scenario A

	FY 22-23 Projected	FY 23-24 Projected	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
Beginning Fund Balance	\$ 14,925,027	\$ 15,809,140	\$ 15,278,845	\$ 14,071,591	\$ 12,065,990	\$ 9,716,792
Water Revenues	\$ 13,019,920	\$ 13,234,119	\$ 14,027,266	\$ 14,727,879	\$ 15,463,523	\$ 16,235,949
Sewer Revenues	\$ 11,131,330	\$ 11,778,426	\$ 12,469,233	\$ 13,081,777	\$ 13,724,621	\$ 14,399,270
Other Revenues	\$ 2,530,983	\$ 2,550,336	\$ 2,661,503	\$ 2,699,506	\$ 2,739,398	\$ 2,806,238
Total Revenues	\$ 26,682,233	\$ 27,562,881	\$ 29,158,002	\$ 30,509,162	\$ 31,927,543	\$ 33,441,457
Personnel	\$ 2,813,718	\$ 3,326,000	\$ 3,452,170	\$ 3,583,232	\$ 3,719,379	\$ 3,860,815
Operating	\$ 16,223,643	\$ 16,824,790	\$ 17,372,029	\$ 18,115,365	\$ 18,916,916	\$ 19,757,130
Debt service	\$ 6,760,759	\$ 7,465,192	\$ 9,066,554	\$ 10,338,312	\$ 11,159,086	\$ 11,221,090
Proposed Supplemental	\$ -	\$ 477,194	\$ 474,502	\$ 477,855	\$ 481,358	\$ 485,019
Total Expenditures	\$ 25,798,120	\$ 28,093,176	\$ 30,365,256	\$ 32,514,764	\$ 34,276,740	\$ 35,324,055
Change in Fund Balance	\$ 884,113	\$ (530,295)	\$ (1,207,254)	\$ (2,005,602)	\$ (2,349,197)	\$ (1,882,598)
Ending Fund Balance	\$ 15,809,140	\$ 15,278,845	\$ 14,071,591	\$ 12,065,990	\$ 9,716,792	\$ 7,834,195
FB % of Expenditure	61.28%	54.39%	46.34%	37.11%	28.35%	22.18%
Proposed Rate Increase		4.00%	3.00%	3.00%	3.00%	3.00%

Water & Sewer 5-year Forecast- Scenario B

	FY 22-23 Projected	FY 23-24 Projected	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
Beginning Fund Balance	\$ 14,925,027	\$ 15,809,140	\$ 14,854,375	\$ 14,639,769	\$ 13,137,882	\$ 10,762,863
Water Revenues	\$ 13,019,920	\$ 13,234,119	\$ 14,820,413	\$ 15,264,575	\$ 15,722,062	\$ 16,193,274
Sewer Revenues	\$ 11,131,330	\$ 11,353,956	\$ 12,668,734	\$ 13,048,796	\$ 13,440,260	\$ 13,843,468
Other Revenues	\$ 2,530,983	\$ 2,550,336	\$ 2,661,503	\$ 2,699,506	\$ 2,739,398	\$ 2,806,238
Total Revenues	\$ 26,682,233	\$ 27,138,411	\$ 30,150,650	\$ 31,012,877	\$ 31,901,721	\$ 32,842,979
Personnel	\$ 2,813,718	\$ 3,326,000	\$ 3,452,170	\$ 3,583,232	\$ 3,719,379	\$ 3,860,815
Operating	\$ 16,223,643	\$ 16,824,790	\$ 17,372,029	\$ 18,115,365	\$ 18,916,916	\$ 19,757,130
Debt service	\$ 6,760,759	\$ 7,465,192	\$ 9,066,554	\$ 10,338,312	\$ 11,159,086	\$ 11,221,090
Proposed Supplemental	\$ -	\$ 477,194	\$ 474,502	\$ 477,855	\$ 481,358	\$ 485,019
Total Expenditures	\$ 25,798,120	\$ 28,093,176	\$ 30,365,256	\$ 32,514,764	\$ 34,276,740	\$ 35,324,055
Change in Fund Balance	\$ 884,113	\$ (954,765)	\$ (214,606)	\$ (1,501,887)	\$ (2,375,019)	\$ (2,481,075)
Ending Fund Balance	\$ 15,809,140	\$ 14,854,375	\$ 14,639,769	\$ 13,137,882	\$ 10,762,863	\$ 8,281,788
FB % of Expenditure	61.28%	52.88%	48.21%	40.41%	31.40%	23.45%
Proposed Rate Increase		10.00%	1.00%	1.00%	1.00%	1.00%

Solid Waste Fund – Financial Overview

- Proprietary fund – charge customers for refuse, recycling and city administrative cost
- Refuse and recycling operations outsourced to Waste Connections
 - No SW rate increases – FY2019-2023
 - Financial strategy was to draw down fund balance in Solid Waste Fund – (FY2019- FB% was 63%)
 - Prior year CPI increases- Waste Connections' Contract
 - FY2022 - 4% increase
 - FY2023 – 10% increase
 - New contract will determine future rate increases
- Council approved new 5 year contract on May 1, 2023
 - Extend Contract through September 2029
 - FY 2023 – 6% or CPI Increase whichever is greater
 - FY 2024 – 6% or CPI increase whichever is greater
 - FY2025-2029 – CPI Increase

Solid Waste Fund – Financial Overview

- Proposed SW Rate Projections:
 - FY2024 – 20% - True up Contract CPI adjustments
 - Average residential cost - \$3.64 a month
 - FY2025 – 6% increase
 - FY2026-2029 – 3% increase
 - Pass through contract rate and administrative cost increases to customer

Solid Waste Fund – Original Scenario

	FY 22-23 Estimate	FY 23-24 Proposed	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
Beginning Fund Balance	\$ 1,097,228	\$ 608,212	\$ 671,011	\$ 750,549	\$ 834,794	\$ 923,748
Total Revenues	\$ 3,418,411	\$ 4,168,231	\$ 4,498,390	\$ 4,722,934	\$ 4,958,706	\$ 5,202,766
Total Expenditures	\$ 3,907,427	\$ 4,075,433	\$ 4,388,852	\$ 4,608,690	\$ 4,839,752	\$ 5,082,618
Supplemental	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Net Revenue (loss)	\$ (489,016)	\$ 62,799	\$ 79,538	\$ 84,245	\$ 88,954	\$ 90,148
Ending Fund Balance	\$ 608,212	\$ 671,011	\$ 750,549	\$ 834,794	\$ 923,748	\$ 1,013,896
Fund Balance % of Expenditure	15.57%	16.46%	17.10%	18.11%	19.09%	19.95%
Proposed Rate increase		20.00%	6.00%	3.00%	3.00%	3.00%

Solid Waste Fund – Scenario A

	FY 22-23 Estimate	FY 23-24 Proposed	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
Beginning Fund Balance	\$ 1,097,228	\$ 608,212	\$ 398,338	\$ 338,812	\$ 407,594	\$ 597,811
Total Revenues	\$ 3,418,411	\$ 3,895,559	\$ 4,359,326	\$ 4,707,472	\$ 5,059,969	\$ 5,410,142
Total Expenditures	\$ 3,907,427	\$ 4,075,433	\$ 4,388,852	\$ 4,608,690	\$ 4,839,752	\$ 5,082,618
Supplemental	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Net Revenue (loss)	\$ (489,016)	\$ (209,874)	\$ (59,526)	\$ 68,782	\$ 190,217	\$ 297,524
Ending Fund Balance	\$ 608,212	\$ 398,338	\$ 338,812	\$ 407,594	\$ 597,811	\$ 895,335
Fund Balance % of Expenditure	15.57%	9.77%	7.72%	8.84%	12.35%	17.62%
Proposed Rate increase	0%	12.00%	10.00%	6.00%	5.50%	5.00%

Health Insurance Fund

- City is self insured for medical and dental employee benefits
- Health insurance activity operates using it's own Internal Service Fund
- Claims and health costs are funded by City and Employee contributions
- Assumptions for contributions:
 - City contributions – Projected increase of **5%** for FY2024-2028
 - Employee contributions – no increase in FY2024 and projected increase of **5%** for 2025-2028
- Assumptions for expenses (Provided by benefit consultant)
 - Claims paid – **7%** increase for FY2024-2028
 - Stop Loss Premiums – **13%** increase – FY2024-2028

Health Insurance Fund – Original Scenario

	FY 22-23 Estimate	FY 23-24 Projected	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
Beginning Fund Balance	\$ 3,826,210	\$ 4,053,727	\$ 4,048,592	\$ 3,891,976	\$ 3,569,018	\$ 3,055,303
Health and Dental Premium- City	\$ 4,851,904	\$ 5,094,499	\$ 5,349,224	\$ 5,616,685	\$ 5,897,520	\$ 6,192,396
Health and Dental Premium- Other	\$ 614,620	\$ 614,620	\$ 645,351	\$ 677,619	\$ 711,499	\$ 747,074
Other Revenues	\$ 631,700	\$ 631,700	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000
Total Revenues	\$ 6,098,224	\$ 6,340,819	\$ 6,619,575	\$ 6,919,304	\$ 7,234,019	\$ 7,564,470
Claims	\$ 4,013,333	\$ 4,294,266	\$ 4,594,865	\$ 4,916,505	\$ 5,260,661	\$ 5,628,907
Other Expenditures	\$ 1,857,374	\$ 2,051,688	\$ 2,181,327	\$ 2,325,757	\$ 2,487,072	\$ 2,667,414
Total Expenditures	\$ 5,870,707	\$ 6,345,954	\$ 6,776,192	\$ 7,242,262	\$ 7,747,733	\$ 8,296,321
Net revenue (loss)	\$ 227,517	\$ (5,135)	\$ (156,617)	\$ (322,958)	\$ (513,714)	\$ (731,851)
Ending Fund Balance	\$ 4,053,727	\$ 4,048,592	\$ 3,891,976	\$ 3,569,018	\$ 3,055,303	\$ 2,323,452
FB % to Expenditures	69.05%	63.80%	57.44%	49.28%	39.43%	28.01%
City Contributions		5.00%	5.00%	5.00%	5.00%	5.00%
Employee Contributions		0.00%	5.00%	5.00%	5.00%	5.00%

Health Insurance Fund Scenario A

	FY 22-23 Estimate	FY 23-24 Projected	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
Beginning Fund Balance	\$ 3,826,210	\$ 4,053,727	\$ 4,075,373	\$ 3,946,877	\$ 3,653,445	\$ 3,170,733
Health and Dental Premium- City	\$ 4,851,904	\$ 5,094,499	\$ 5,349,224	\$ 5,616,685	\$ 5,897,520	\$ 6,192,396
Health and Dental Premium- Other	\$ 614,620	\$ 641,401	\$ 673,471	\$ 707,145	\$ 742,502	\$ 779,627
Other Revenues	\$ 631,700	\$ 631,700	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000
Total Revenues	\$ 6,098,224	\$ 6,367,600	\$ 6,647,695	\$ 6,948,830	\$ 7,265,021	\$ 7,597,023
Claims	\$ 4,013,333	\$ 4,294,266	\$ 4,594,865	\$ 4,916,505	\$ 5,260,661	\$ 5,628,907
Other Expenditures	\$ 1,857,374	\$ 2,051,688	\$ 2,181,327	\$ 2,325,757	\$ 2,487,072	\$ 2,667,414
Total Expenditures	\$ 5,870,707	\$ 6,345,954	\$ 6,776,192	\$ 7,242,262	\$ 7,747,733	\$ 8,296,321
Net revenue (loss)	\$ 227,517	\$ 21,646	\$ (128,497)	\$ (293,432)	\$ (482,712)	\$ (699,299)
Ending Fund Balance	\$ 4,053,727	\$ 4,075,373	\$ 3,946,877	\$ 3,653,445	\$ 3,170,733	\$ 2,471,434
FB % to Expenditures	69.05%	64.22%	58.25%	50.45%	40.92%	29.79%
City Contributions		5.00%	5.00%	5.00%	5.00%	5.00%
Employee Contributions		5.00%	5.00%	5.00%	5.00%	5.00%

Council Direction

- To finalize the recommended budget, staff needs direction on the following:
 - Water and Wastewater
 - 5% increase - FY25-FY28
 - 4% increase- FY24; 3% FY25-28
 - 10% increase FY24; 1% FY25-28
 - Solid Waste
 - 20% increase FY24; 6% FY25; 3% FY26-FY28
 - 12% increase FY24; 10% FY25; 6% FY26; 5.5% FY27; 5% FY28
 - Insurance funds
 - 5% increase City FY24-FY28; 0% Employee FY24; 5% Employee FY25-FY28
 - 5% increase City FY24-FY28; 5% Employee FY24-FY28

Questions / Comments
