



Utility Rate Study Wastewater Rate Update

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Agenda



- **Purpose**
- **Background**
 - Current rates & structure
 - Cost of Service
 - WWTP Phase 1 Expansion
- **Proposed Rate Scenarios**
 - Comparison to other Utilities
 - Bill Impacts
- **Recommendation and Way Ahead**



Current Wastewater Rates & Structure

Service Availability Charge

Meter Size	Monthly Charge \$ per bill
All Meters	\$40.86



Wastewater Service Fees

Fee	\$ per bill
TCEQ Fee	\$0.05
Debt Service Fee	\$2.30
Capital Reserve Fund	\$4.12
Total	\$6.47



**Monthly
Wastewater Bill
\$47.33**



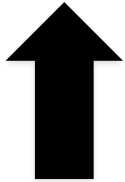


Wastewater Cost of Service

Current revenue levels are insufficient to cover the cost of providing wastewater service, with the residential class having the greatest shortfall

Class	Current Revenue	Cost of Service	Variance
Residential	\$1,177,670	\$1,944,342	\$766,672
Commercial	\$6,332	\$20,100	\$13,769
Total	\$1,184,002	\$1,964,442	\$780,441

Source: Rate Advisory Panel presentation of Oct. 27, 2021

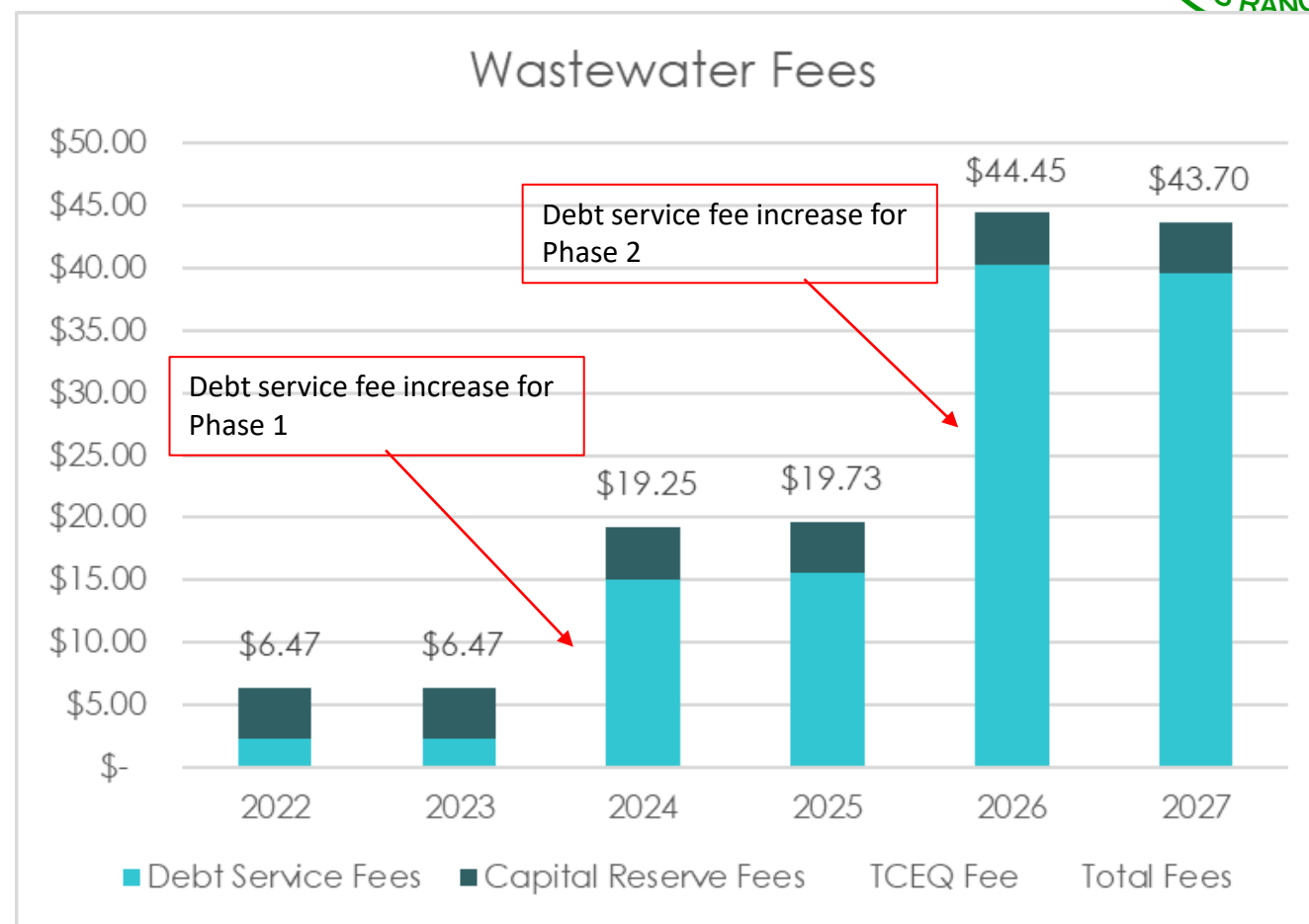


Target for Rate Design



WWTP Expansion Phase 1

- Estimated debt service fee increase: +\$13/mo.
 - \$5 million total
 - 20 yr term
 - 4% interest
- Actual will be based on bonds issued, interest rate, financing costs, # sewer customers, possible golf course contribution
- May increase if additional CIP is debt funded



Wastewater Rate Scenarios

(without WWTP Phase 1 Expansion)



	Existing	Scenario 1	Scenario 2	Scenario 3
Service Availability	\$40.86	\$62.99	\$28.94	\$28.94
Fees	\$6.47	\$6.47	\$6.47	\$0.05
Volumetric (per kgal)			\$6.00	\$7.09

- Fees Include TCEQ Fee, Debt Service Fee, and Capital Reserve Fund Fee
- Volume based on Average Winter Consumption of December, January and February
- Rate increase considers O&M reduction of \$350,000 for Sludge Handling
- Average customer generates 5-6 kgal of wastewater each month

Wastewater Rate Scenarios

(with WWTP Phase 1 Expansion)



	Existing	Scenario 1	Scenario 2	Scenario 3
Service Availability	\$40.86	\$62.99	\$28.94	\$28.94
Fees	\$6.47	\$19.73	\$19.73	\$0.05
Volumetric (per kgal)			\$6.00	\$9.40

- Fees Include TCEQ Fee, Debt Service Fee, and Capital Reserve Fund Fee
- Volume based on Average Winter Consumption of December, January and February
- Rate increase considers O&M reduction of \$350,000 for Sludge Handling
- Average customer generates 5-6 kgal of wastewater each month

How Does Winter Averaging Work?

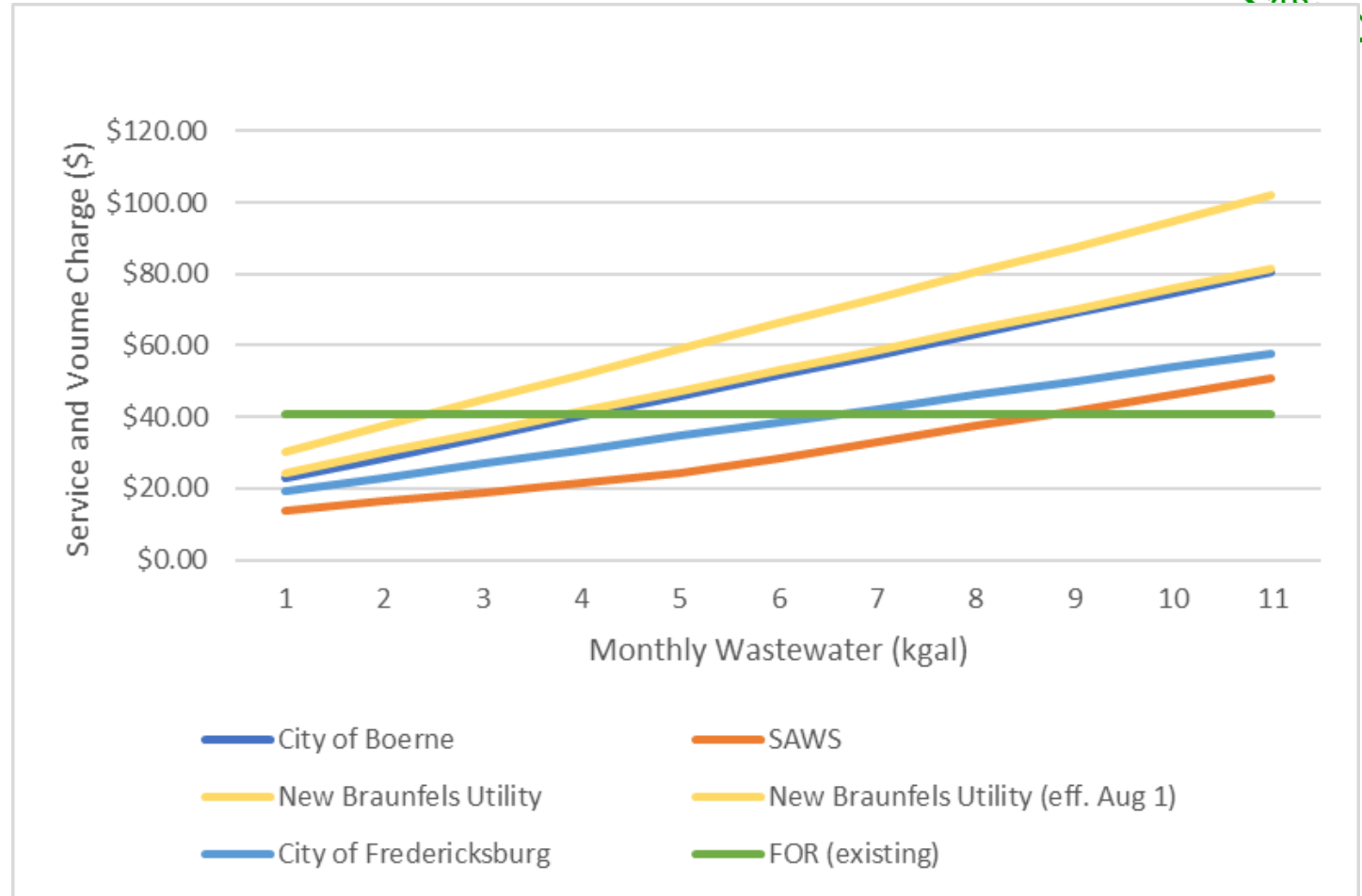


- Since most do not irrigate or fill pools during the winter, best estimate of wastewater generated is water usage during this period
- Average water consumption for Dec/Jan/Feb calculated
- Volumetric fee established for April 1st to March 31st
- New customers without a winter average are assigned average customer usage (6000 gal/month)
- Existing customers who transfer to a new address are assigned the winter average of the previous address

Comparison with Other Utilities



- Boerne
 - Service charge: \$22.80
 - Volume charge: \$5.77/kgal
- SAWS (3/4" meter)
 - Service charge: \$13.89
 - Volume charge: \$2.54/kgal (0-4 kgal)
\$4.44/kgal (>4kgal)
- New Braunfels Utility
 - Service charge: \$27.52
 - Volume charge: \$6.47/kgal
- New Braunfels Utility (eff. Aug 1)
 - Service charge: \$30.41
 - Volume charge: \$7.15/kgal
- Fredericksburg (1" meter)
 - Service charge: \$19.25
 - Volume charge: \$3.84/kgal

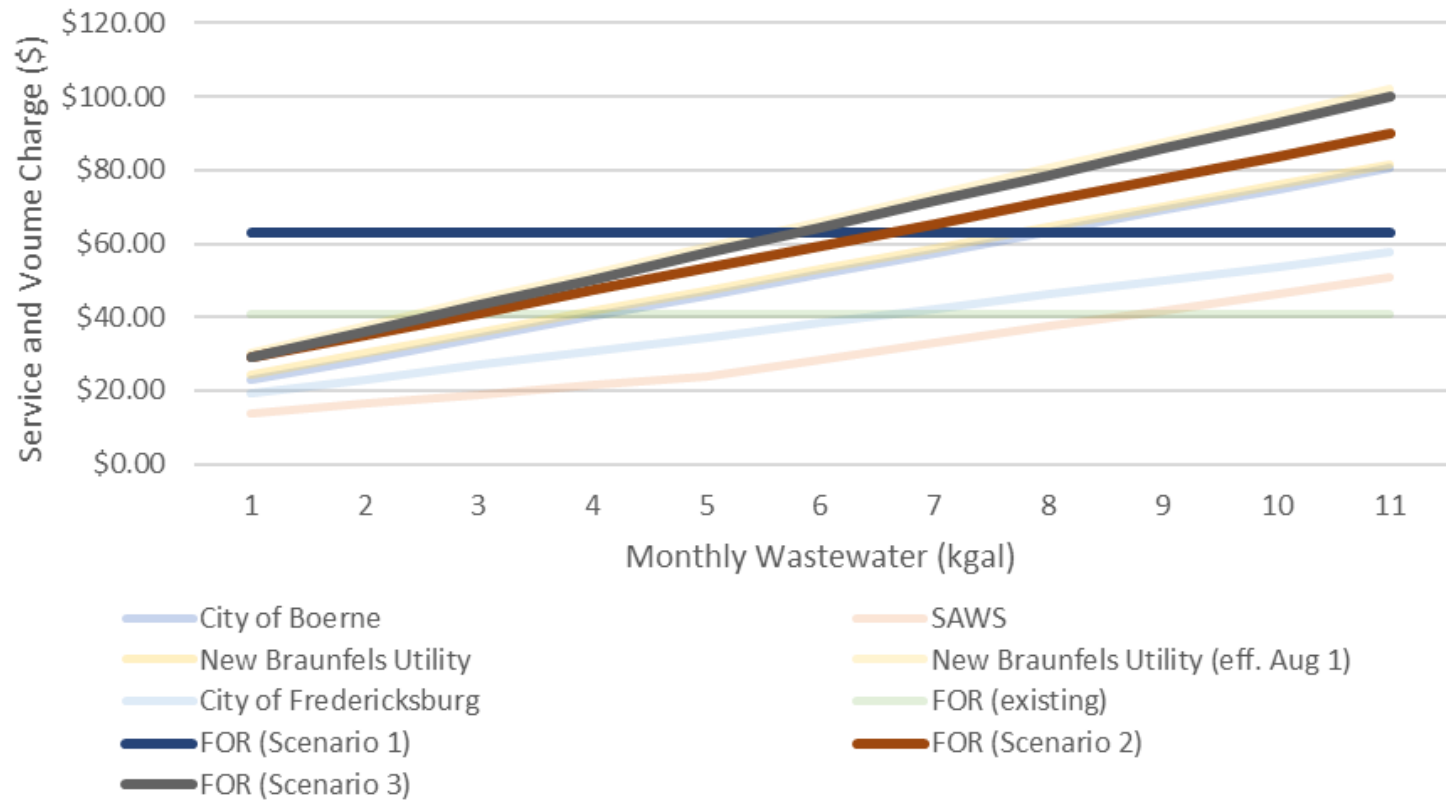


Comparison with Other Utilities



Scenarios overlayed on previous chart:

- Scenario 1
 - Service charge: \$62.99
 - Volume charge: NA
- Scenario 2
 - Service charge: \$28.94
 - Volume charge: \$6.00/kgal
- Scenario 3
 - Service charge: \$28.94
 - Volume charge: \$7.09/kgal



Estimated Bill Impacts

(without WWTP Phase 1 Expansion)



Water Usage (winter avg.)	Existing	Scenario 1	Scenario 2	Scenario 3
Low User (4000 gal/mo.)	\$47.33	\$69.46	\$59.41	\$57.35
Average User (6000 gal/mo.)	\$47.33	\$69.46	\$71.41	71.53
High User (15,000 gal/mo.)	\$47.33	\$69.46	\$125.41	\$135.34

- Includes service availability, current fees, volumetric charges
- 26% of customers use less than 4,000 gallons/month
- 26% of customers use between 4,000-8,000 gallons/month
- 22% of customers use between 8,000-15,000 gallons/month
- 26% of customers use over 15,000 gallons/month

Estimated Bill Impacts

(with WWTP Phase 1 Expansion)



Water Usage (winter ave.)	Existing	Scenario 1	Scenario 2	Scenario 3
Low User (4000 gal/mo.)	\$47.33	\$82.72	\$72.67	\$66.59
Average User (6000 gal/mo.)	\$47.33	\$82.72	\$84.67	\$85.39
High User (15,000 gal/mo.)	\$47.33	\$82.72	\$138.67	\$169.99

- Includes service availability, estimate future fees, volumetric charges
- 26% of customers use less than 4,000 gallons/month
- 26% of customers use between 4,000-8,000 gallons/month
- 22% of customers use between 8,000-15,000 gallons/month
- 26% of customers use over 15,000 gallons/month



Recommendation & Way Ahead

- Staff Recommendation – Scenario 2
 - Provides balance between fixed and variable charges (similar to other utilities)
 - Encourages conservation, low users pay less while high users pay more
 - Ensures debt service payment (fee maintained) if volumetric revenue falls
 - Does not require volumetric rate change whenever new debt is issued
 - Supported by Rate Advisory Panel
- Way Ahead
 - Finalize public outreach plan based on selected scenario
 - Bill inserts and statement notification
 - Website and social media updates, video clip to explain reason for change
 - Online bill calculator
 - Bring back ordinance to amend Fee Schedule
 - New wastewater rate effective Oct 1st