2025 Water & Wastewater Rate Study and Long-Term Financial Forecast

City Council Presentation & Discussion

August 12, 2025

Agenda

- Background on Rates
- Customers and Volumes
- Current and Forecast Cost of Service
- Proposed Rate Plan
- Summary

PRELIMINARY & SUBJECT TO CHANGE

BACKGROUND ON RATES

Current Water & Wastewater Rates

Water Rates			
Residential Rates			
Minimum Charge by Meter Size			$ 16.00
(Includes 2,000 Gallons in Base)	1"		16.00
	1 1/2"		16.00
	2"		16.00
Volume Rate (per 1,000 Gallons)			
	1	10,000	$ 5.40
	10,001	50,000	6.14
	50,001	100,000	7.00
	100,001	Above	8.05
Commercial			
Minimum Charge			$ 21.57
Volume Rate (per 1,000 Gallons)			
	1	10,000	$ 5.83
	10,001	50,000	6.20
	50,001	100,000	7.00
	100,001	Above	8.05
Bulk			
Minimum Charge by Meter Size			$ -
Volume Rate (per 1,000 Gallons)			$ 8.00

Wastewater Rates			
Residential Wastewater Rates			
Minimum Charge		$	21.20
	1"		21.20
	1 1/2"		21.20
	2"		21.20
Volume Rate (per 1,000 Gallons)			
	Winter Average Usage	$	3.49
Commercial			
Minimum Charge		$	26.50
Volume Rate (per 1,000 Gallons)		$	3.71

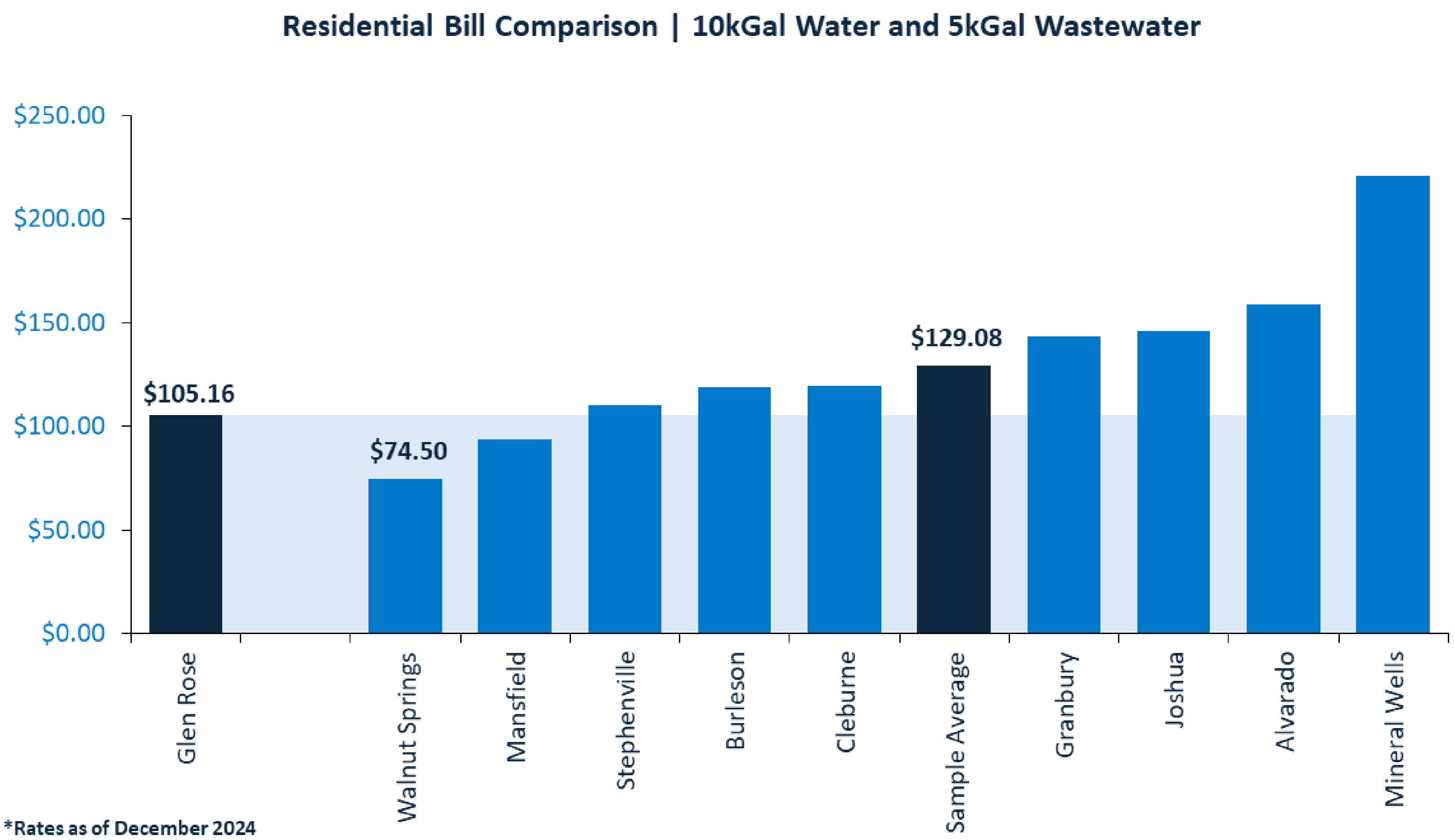
The City's current rate structure is a fairly typical rate structure for Texas communities.

OBSERVATIONS:

- Meter equivalency based minimum charges are an opportunity
- Range of volume tiers is atypically broad

PRELIMINARY & SUBJECT TO CHANGE

Monthly Residential Charge Comparison



*Rates as of December 2024

Bill comparisons are important, but inherently limited metrics by which to compare utility operations.

Total bill typically has more to do with current capital project needs and wholesale water cost than it does with efficiency of the utility system.

30% to 40% of utilities charge rates that do not cover their total cost of service.

PRELIMINARY & SUBJECT TO CHANGE

CUSTOMERS & VOLUMES

Water and Wastewater Accounts | Test Year 2025

THE CITY OF GLEN ROSE TEXAS

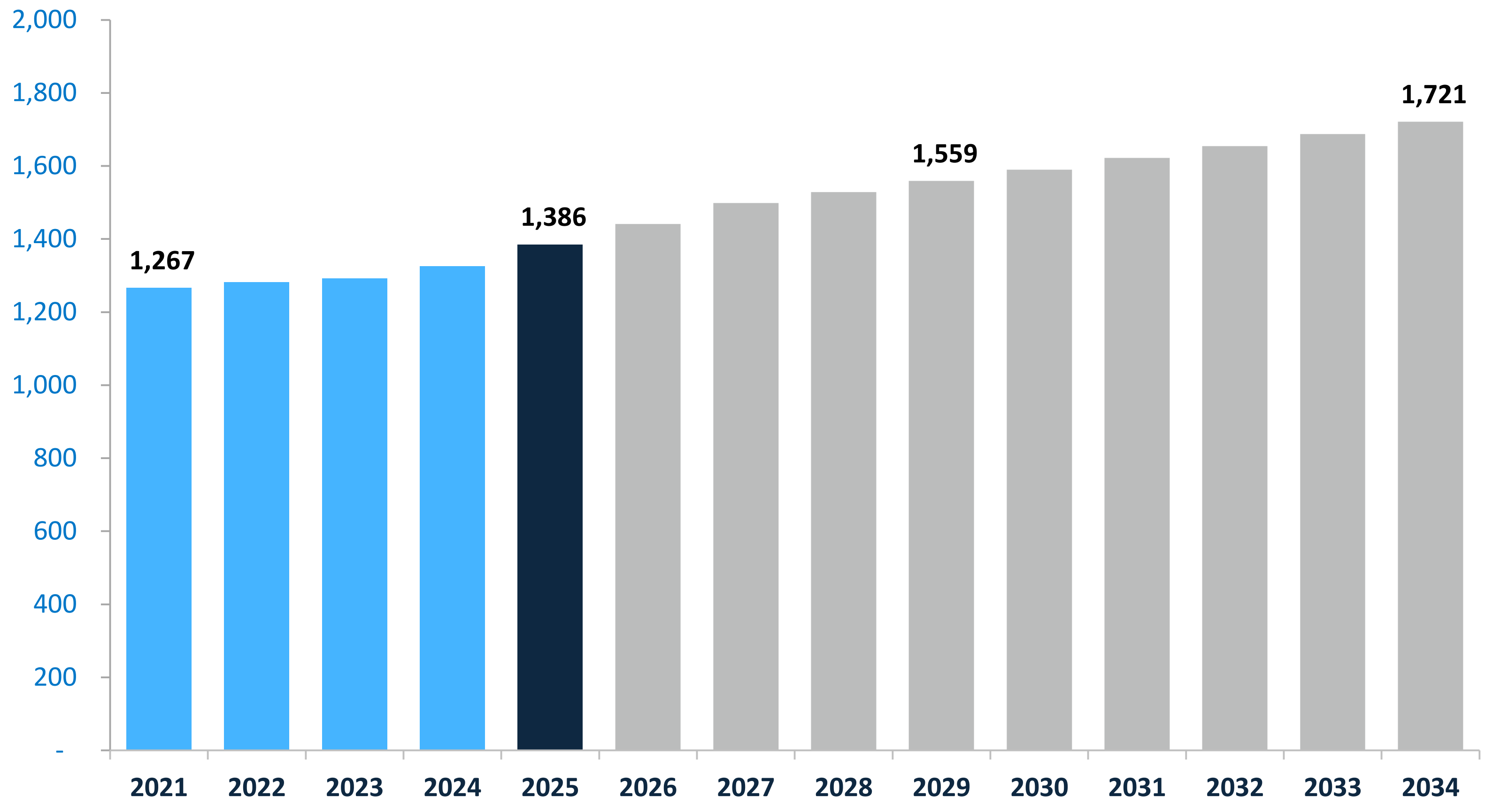
WATER Customer Accounts	
Residential	1,092
Commercial	303
Bulk Water	3
Total Accounts	**1,398**

WASTEWATER Customer Accounts	
Residential	991
Commercial	254
Fixed $32.50	1
Fixed $18.50	1
Total Accounts	**1,248**

Water and Wastewater account growth over our ten-year forecast period assumed to be 43 new accounts per year.

PRELIMINARY & SUBJECT TO CHANGE

Actual and Forecast | Total Water Accounts



Water and Wastewater account growth over our ten-year forecast period assumed to average 37 new accounts per year.

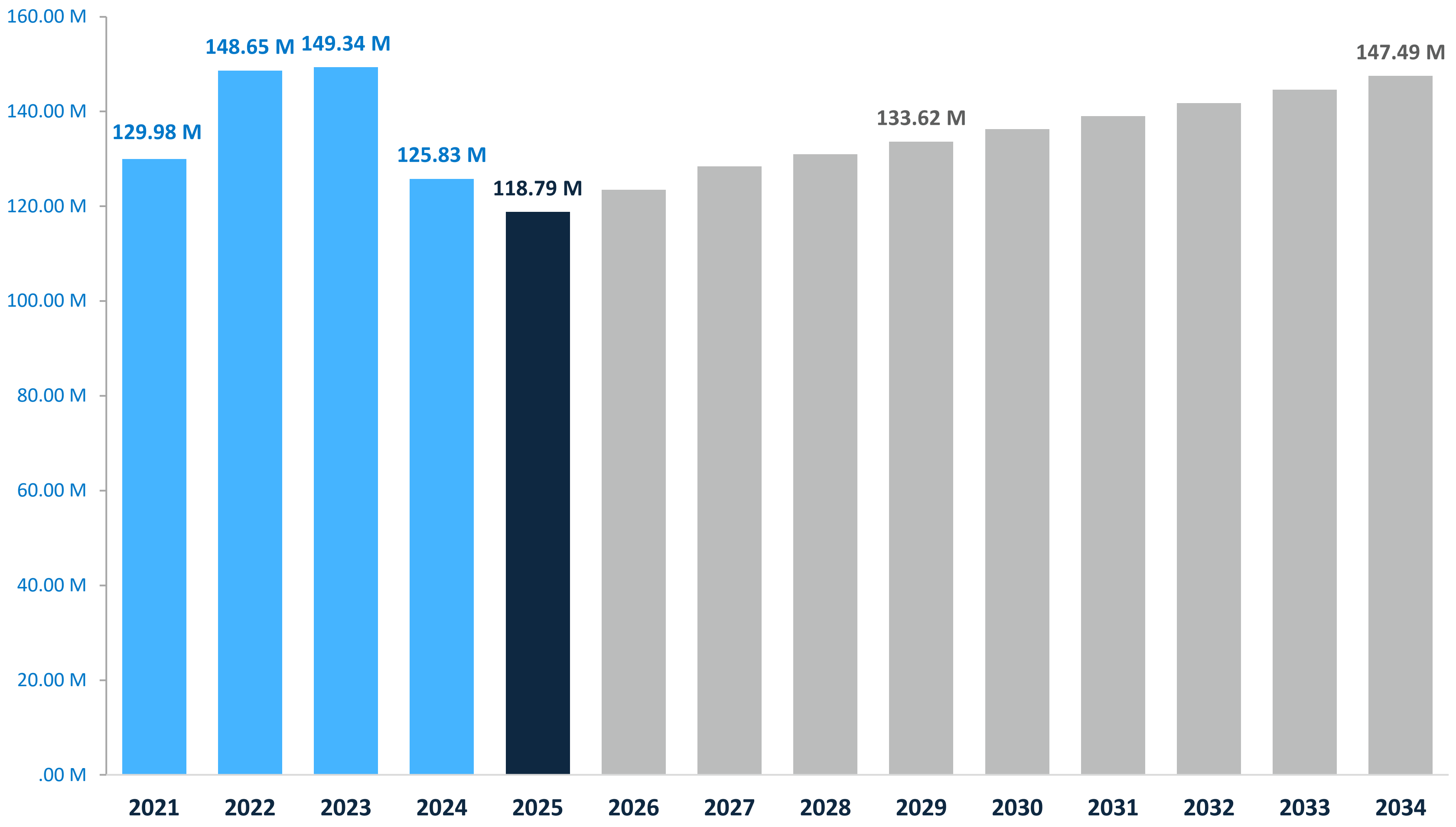
Account Growth:

Water: Annual Average of 2.4%

Wastewater: Annual Average of 2.7%

PRELIMINARY & SUBJECT TO CHANGE

Actual and Forecast | Billed Water Consumption



The rate model assumes that usage patterns will remain constant.

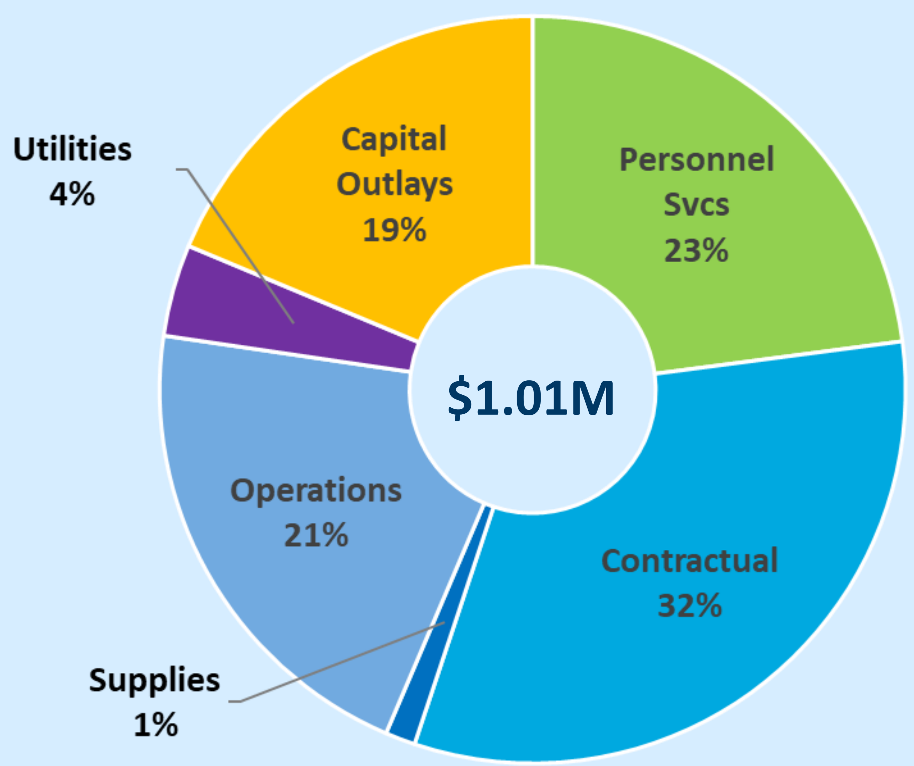
Growth in billed volumes tracks 2.4% water account growth.

PRELIMINARY & SUBJECT TO CHANGE

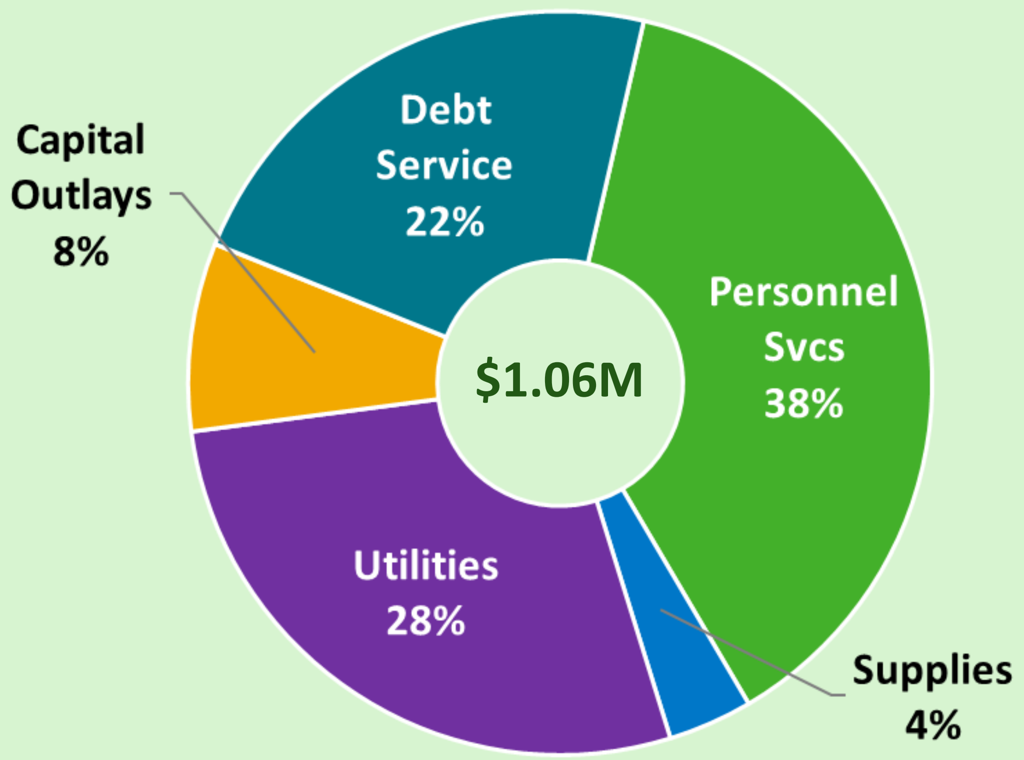
WATER & WASTEWATER
CURRENT AND FORECAST COST OF SERVICE

Test Year 2025 | Cost of Service

WATER COST OF SERVICE



WASTEWATER COST OF SERVICE



PRELIMINARY & SUBJECT TO CHANGE

10 Year Cost of Service Forecast

THE CITY OF GLEN ROSE TEXAS

- Most expenses expected to increase 3% per year
  - Due to inflation volatility, this assumption may require revisiting
- Certain expenses (insurance, electricity, etc.) forecast to increase at higher rates
- Largest single expense for water is purchased water – 15% increase in FY26
- Largest single expense for WW is debt service on series 2023 bonds
- CIP assumed as was provided in FY25 budget and funded by long-term debt financing

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PRELIMINARY & SUBJECT TO CHANGE

Capital Improvement Plan (CIP) – 2025 Only

WATER PROJECTS	
	Est. Cost
GST Well 5 and Well 3	$ 1,500,000
Water System Tie-In - Wells 2, 4	302,000
Well Analysis Study	95,000
Water Rate Study	30,000
TOTAL WATER PROJECTS	**$ 1,927,000**

WASTEWATER PROJECTS	
	Est. Cost
Longhorn Drive 15" Sewer Main	$ 500,000
Future Project	-
TOTAL WASTEWATER PROJECTS	**$ 500,000**

If any additional capital projects are required, the City should revisit this rate plan. Capital projects drive short-term rate plans more than just about any other cost element.

PRELIMINARY & SUBJECT TO CHANGE

Assumed Future Debt Issues for Capital Projects

Bond Issues	Total	Water	Wastewater
2025	$ 2,427,000	$ 1,927,000	$ 500,000
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-

Bond Assumptions for Financial Modeling:

- **25 Year Term**
- **4% Interest**
- **2% Issuance Cost**

Willdan Financial Services is not advising or recommending any action be taken by the recipient of this information with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues) unless formally engaged to provide such information.

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Current and Forecast Debt Service

	Water		Wastewater		Total
Year	Current	Forecast	Current	Forecast	
2025	$ -	$ -	$ 238,112	$ -	**$ 238,112**
2026	-	125,818	234,928	**32,646**	**393,392**
2027	-	125,818	236,529	**32,646**	**394,993**
2028	-	125,818	237,466	**32,646**	**395,930**
2029	-	125,818	237,811	**32,646**	**396,275**
2030	-	125,818	237,843	**32,646**	**396,307**
2031	-	125,818	237,219	**32,646**	**395,683**
2032	-	125,818	236,101	**32,646**	**394,565**
2033	-	125,818	234,549	**32,646**	**393,013**
2034	-	125,818	238,109	**32,646**	**396,573**

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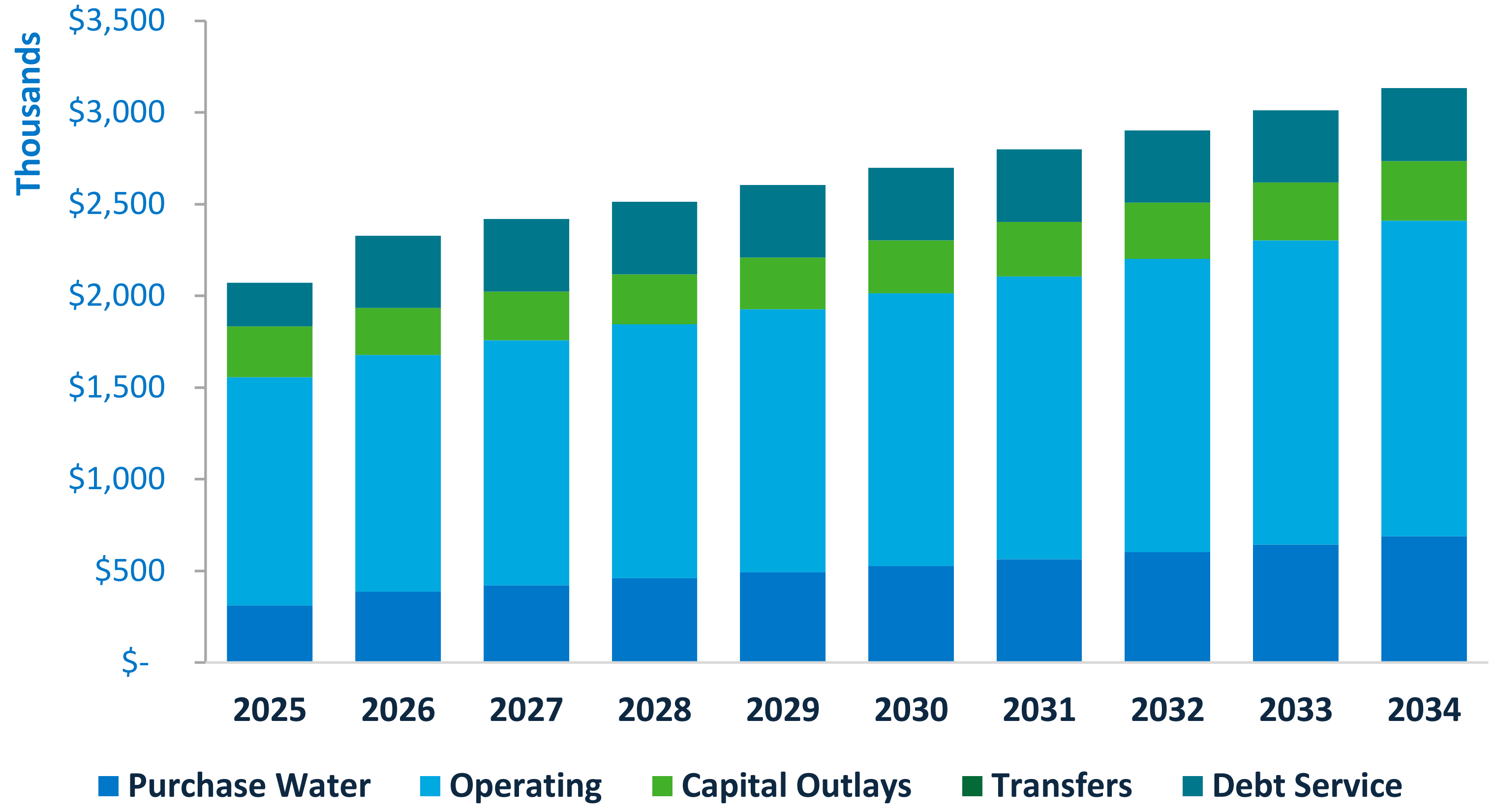
Cost of Service Forecast



Currently assuming an annual average increase in total cost of service at 4.7%.

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Cost of Service Forecast

THE CITY OF GLEN ROSE TEXAS

	Operating Expenses	Purchased Water Payments	Capital Outlays	Transfers & Contingencies	Debt Service	Total Cost of Service
WATER Cost of Service						
2025	$ 511,975	$ 312,000	$ 189,600	$ -	$ -	**$ 1,013,575**
2026	529,639	386,841	195,288	-	125,818	**1,237,586**
2027	547,986	421,608	201,147	-	125,818	**1,296,558**
2028	567,046	459,502	207,181	-	125,818	**1,359,546**
2029	586,851	491,640	213,396	-	125,818	**1,417,706**
2030	607,438	526,027	219,798	-	125,818	**1,479,081**
2031	628,841	562,819	226,392	-	125,818	**1,543,871**
2032	651,100	602,186	233,184	-	125,818	**1,612,288**
2033	674,255	644,307	240,180	-	125,818	**1,684,560**
2034	698,350	689,374	247,385	-	125,818	**1,760,927**
WASTEWATER Cost of Service						
2025	$ 733,338	$ -	$ 86,580	$ -	$ 238,112	**$ 1,058,030**
2026	760,303	-	61,800	-	267,574	**1,089,677**
2027	788,399	-	63,654	-	269,175	**1,121,228**
2028	817,682	-	65,564	-	270,112	**1,153,358**
2029	848,211	-	67,531	-	270,457	**1,186,198**
2030	880,048	-	69,556	-	270,489	**1,220,094**
2031	913,260	-	71,643	-	269,865	**1,254,768**
2032	947,917	-	73,792	-	268,747	**1,290,457**
2033	984,094	-	76,006	-	267,195	**1,327,296**
2034	1,021,869	-	78,286	-	270,755	**1,370,911**

PRELIMINARY & SUBJECT TO CHANGE

Forecast Revenue Requirement

	Operating & Capital Expenses	Wholesale Costs	Debt Service	Transfers & Contingencies	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
	TOTAL Revenue Requirement						
2025	1,521,493	312,000	238,112	-	2,071,605	149,891	**1,921,714**
2026	1,547,031	386,841	393,392	-	2,327,264	149,891	**2,177,373**
2027	1,601,186	421,608	394,993	-	2,417,787	149,891	**2,267,896**
2028	1,657,472	459,502	395,930	-	2,512,904	149,891	**2,363,013**
2029	1,715,989	491,640	396,275	-	2,603,904	149,891	**2,454,013**
2030	1,776,841	526,027	396,307	-	2,699,175	149,891	**2,549,284**
2031	1,840,137	562,819	395,683	-	2,798,639	149,891	**2,648,748**
2032	1,905,994	602,186	394,565	-	2,902,745	149,891	**2,752,854**
2033	1,974,535	644,307	393,013	-	3,011,855	149,891	**2,861,964**
2034	2,045,890	689,374	396,573	-	3,131,838	149,891	**2,981,947**

PRELIMINARY & SUBJECT TO CHANGE

WATER & WASTEWATER PROPOSED RATE PLAN

Key Assumptions

THE CITY OF GLEN ROSE TEXAS

The financial forecast and rate plan rest on several key assumptions:

- Future CIP comprised of 6 projects $2.4M
- Growth continues at about 3% - 4% year over year
- Beginning Utility Fund Balance of $3.9M is unallocated
- $2.4M CIP will be funded with bond financing
- Water Purchase cost increases are generally about 5% per year
- Continued practice of no transfers from utility fund to general fund

PRELIMINARY & SUBJECT TO CHANGE

Rate Plan Scenario

- **3 Year Rate Plan**
  - First adjustment implemented October 2025, adjusted October each year thereafter. Staff will review each year for actual performance.
- **Water Summary**
  - Recommended change to include new first tier (1 – 3,000 Gal) in rate structure
  - Currently water revenue provides positive net revenues
- **Wastewater Summary**
  - No recommended changes to rate structure
  - Rate plan phases into positive net revenues position over 5-6 years

https://texashighways.com/travel-news/the-history-of-glen-rose-can-be-told-through-its-prehistoric-petrified-wood/

PRELIMINARY & SUBJECT TO CHANGE

Proposed Water Rate Plan

		Current	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27	Forecast Oct-28	Effective Oct-29
WATER							
Water Rates -- Residential							
Monthly Minimum Charge		$ 16.00	**$ 18.24**	$ 20.43	$ 22.27	$ 23.16	$ 24.08
Volume Rate Per 1,000 Gal							
1	3,000	5.40	**5.18**	5.80	6.32	6.57	6.84
3,001	10,000	5.40	**6.16**	6.89	7.52	7.82	8.13
10,001	50,000	6.14	**7.00**	7.84	8.55	8.89	9.24
50,001	100,000	7.00	**7.98**	8.94	9.74	10.13	10.54
100,001	Above	8.05	**9.18**	10.28	11.20	11.65	12.12
Water Rates -- Commercial							
Monthly Minimum Charge		21.57	**24.59**	27.54	30.02	31.22	32.47
Volume Rate Per 1,000 Gal							
1	3,000	5.83	**6.65**	7.44	8.11	8.44	8.78
3,001	10,000	5.83	**6.65**	7.44	8.11	8.44	8.78
10,001	50,000	6.20	**7.07**	7.92	8.63	8.97	9.33
50,001	100,000	7.00	**7.98**	8.94	9.74	10.13	10.54
100,001	Above	8.05	**9.18**	10.28	11.20	11.65	12.12
WASTEWATER							
Wastewater Rates - Residential Inside							
Monthly Minimum Charge (includes 1,000 gallons		$ 21.20	**$ 24.17**	$ 27.07	$ 29.50	$ 32.16	$ 35.05
Volume Rate/1,000 Gal		3.49	**3.98**	4.46	4.86	5.29	5.77
Wastewater Rates - Commercial Inside							
Monthly Minimum Charge		26.50	**30.21**	33.84	36.88	40.20	43.82
Volume Rate/1,000 Gal		3.71	**4.54**	4.99	5.29	5.77	6.29

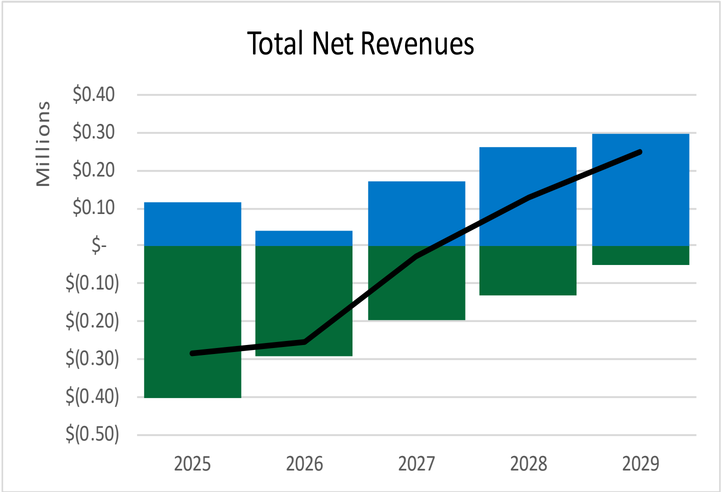
PRELIMINARY & SUBJECT TO CHANGE

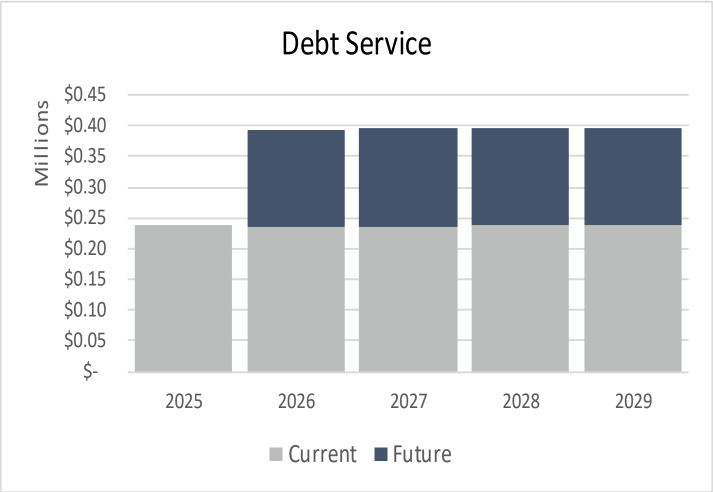
Monthly Charges
Impact on Ratepayers

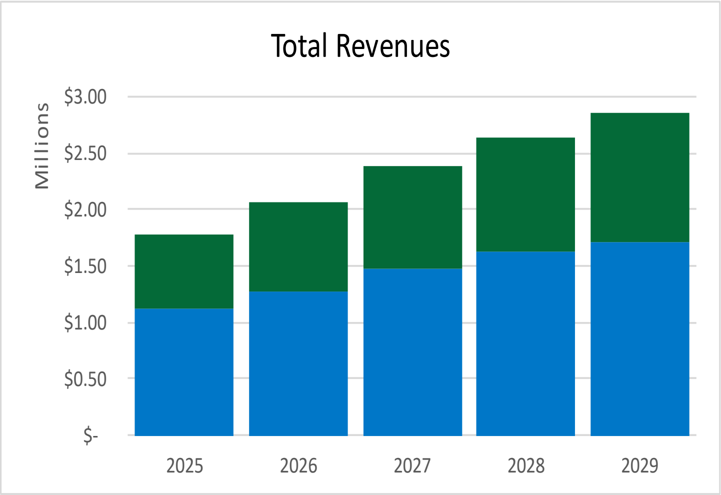
		Current	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27	Forecast Oct-28	Forecast Oct-29
Residential Monthly Charges -- 3/4"							
3,000 Water	3,000 WW	$ 63.87	**$ 69.87**	$ 78.26	$ 85.30	$ 90.92	$ 96.96
	Increase -- $		**6.00**	8.38	7.04	5.62	6.04
	Increase -- %		**9.4%**	12.0%	9.0%	6.6%	6.6%
5,000 Water	5,000 WW	$ 81.65	**$ 90.14**	$ 100.96	$ 110.05	$ 117.14	$ 124.75
	Increase -- $		**8.49**	10.82	9.09	7.09	7.62
	Increase -- %		**10.4%**	12.0%	9.0%	6.4%	6.5%
10,000 Water	5,000 WW	108.65	**120.92**	135.43	147.62	156.22	165.40
	Increase -- $		**12.27**	14.51	12.19	8.59	9.18
	Increase -- %		**11.3%**	12.0%	9.0%	5.8%	5.9%
Commercial Monthly Charges -- 2"							
40,000 Water	40,000 WW	$ 440.77	**$ 514.73**	$ 572.93	$ 618.66	$ 655.84	$ 695.63
	Increase -- $		**82.76**	58.20	45.74	37.18	39.79
	Increase -- %		**19.2%**	11.3%	8.0%	6.0%	6.1%

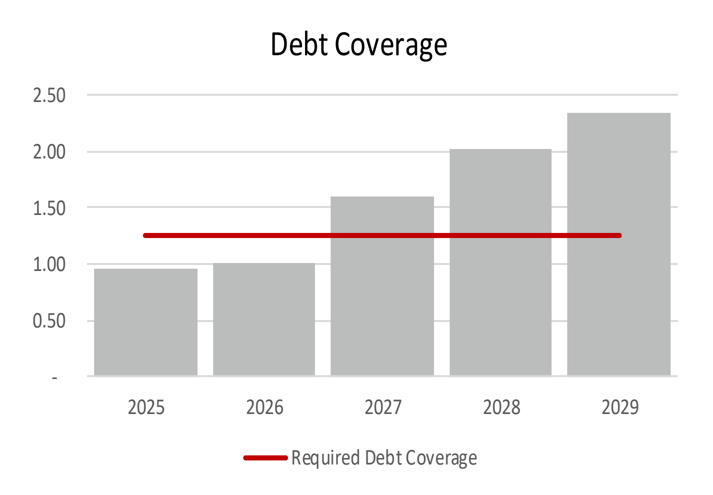
PRELIMINARY & SUBJECT TO CHANGE

Executive Dashboard Financial Indicators









Water Sewer **Combined Projections**

PRELIMINARY & SUBJECT TO CHANGE

SUMMARY

Presentation Summary

THE CITY OF GLEN ROSE TEXAS

- FY25 - FY27 expected operating deficits covered by Utility Fund Reserves, reducing undesignated fund balance while maintaining healthy reserves
- Only currently known CIP is provided in budget. Additional CIP may require additional rate adjustments.
- If there are significant changes to these or other costs the rate plan should be revisited

PRELIMINARY & SUBJECT TO CHANGE

QUESTIONS & DISCUSSION