



Enterprise Fund

State of the System

Melinda Moritz, David Dimaline
Director & Assistant Director Public Works
Town Hall Meeting
January 25, 2025

Purpose

- To explain Enterprise Fund system & components
- To explain Enterprise Fund revenues and expenses
- To explain Enterprise Fund Maintenance, Replacement, & Capital Improvement Plan

Prudent Management Practices

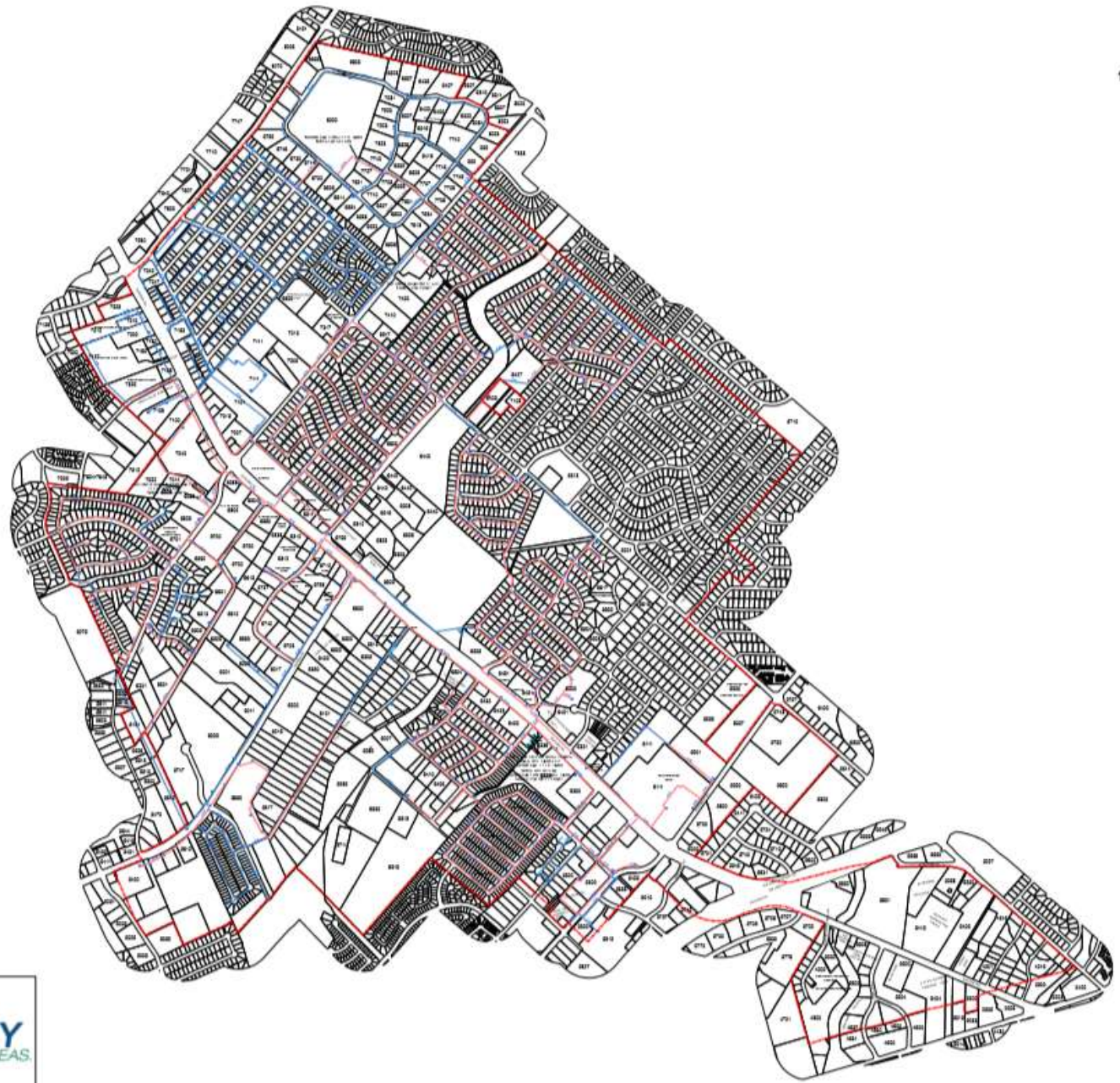
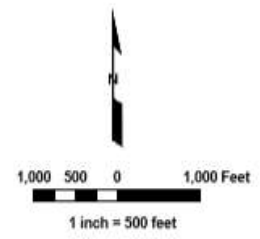
- City should maintain a prioritized list of main repairs & replacements & update every 5 years
- City should continue to build & keep adequate reserves for emergencies & for future replacement of capital items
- City should continue to review water & sewer rates each year to keep up with inflation & to fund future repair/replacement costs
- City should continue to save/apply for grant funding for future improvements to system & customer service
- City should continue to purchase water rights for future development & Critical Period Drought Management reductions

The System

- Water/Sewer Utility – 1810.474-acre feet (AF) of water rights, 2 Edwards Aquifer water wells & related motors/pumps/VFD's, 3 elevated water storage tanks, 1 above ground water storage tank, 2 emergency generators, 1 SCADA system, approx. 39 miles of water mains/43 miles of sewer mains, 261 water valves, approx. 2600 -2700 corporations & water meters, 304 fire hydrants, 903 manholes, meter reading equipment, vehicles, & other equipment
- Personnel – 4-man Crew, Utility Billing Manager, & portions of salaries from other departments
 - City Manager & Assist. City Manager, Public Works Director & Assist. PW Director, Finance Director & Assist. Finance Director, court clerks, etc.
- Stormwater Utility – city drainage system, Huebner Creek, Zarzamora Creek, vehicles and equipment, use personnel from Public Works, Water, and other departments

CITY OF LEON VALLEY

WATER DISTRIBUTION SYSTEM

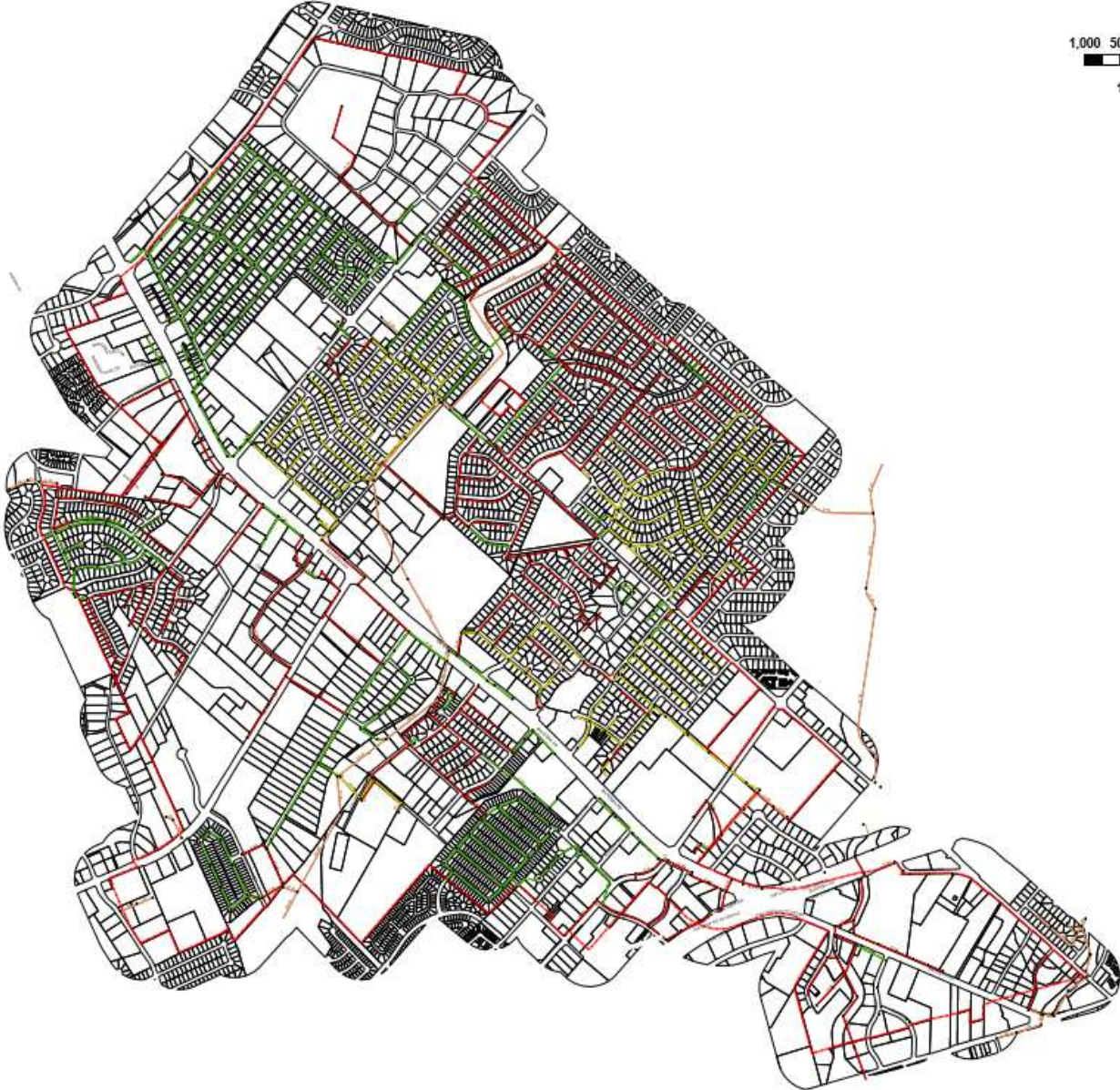
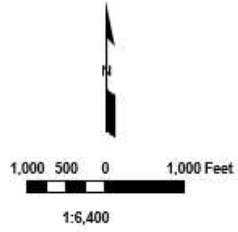


Legend

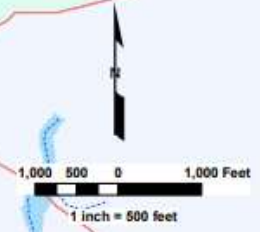
- CITY LIMITS
- Water Main
 - Asbestos Concrete
 - PVC
 - FIRE HYDRANT
- LEADER LINE
- HYDRANT LINE
- WATER LINE REDUCER
- WATER TANK OR WELL SITE
- PARCEL

CITY OF LEON VALLEY

WASTE WATER DISTRIBUTION SYSTEM



CITY OF LEON VALLEY WATERSHED and STORMWATER INFRASTRUCTURE MAP



Legend

- LEON VALLEY CITY LIMITS
- STORM DRAIN
- DRAINAGE AREA
- STREAM CENTERLINE
- PARCEL

FEMA, FLOODPLAIN

FLD_ZONE, FLOODWAY

- 0.2 PCT ANNUAL CHANCE FLOOD HAZARD, 300 Yr Flood
- AE, 100 Yr Floodplain - Detail Study Level
- AE, FLOODWAY FLOODWAY
- LEON CREEK WATERSHED
- UPPER SAN ANTONIO RIVER WATERSHED

HUEBNER CREEK

ZARZAMORA CREEK

Rates, Revenues, Expenses

- No utility systems are the same – each have varying revenue requirements to meet expenses & system needs
- Rate & fee structures monitored yearly to assure adequate funds collected to maintain system & provide for future improvements
- Dedicated amount of revenue should remain in reserve to allow for 3-6 months of operating expenses, in case of a disaster
- Impact fees reviewed every 5 years to assure requirements for new development are being met
 - Just reviewed in November & increased

The Rates

- Monthly meter charge

Meter Size	Fee
Residential 5/8"	\$11.76
Commercial 5/8"	\$12.30
Residential 3/4"	\$13.39
Commercial 3/4"	\$15.08
1"	\$19.06
1-1/2"	\$30.72
2"	\$45.28
3"	\$129.41
4"	\$164.71
8"	\$616.73

- Monthly volumetric rate (per thousand gallons)

Commercial

- 0–500,000 \$3.70
- Above \$3.95

Residential

- 0–3,000 \$3.56
- 3,001–6,000 \$5.06
- 6,001–10,000 \$6.56
- 10,001–17,000 \$8.06
- Above 17,001 \$9.56

Irrigation

- 0–3,000 \$3.56
- 3,001–6,000 \$5.06
- 6,001–10,000 \$6.56
- 10,001–17,000 \$8.06
- Above 17,001 \$9.56

The Rates

- Edwards Aquifer Authority fee: \$0.62/1,000 gal
 - Mandated by law to collect – pass through
- Water supply fee: \$0.50/1,000 gal
 - Own 1,810.47-acre feet - goal is to own 2,054-acre feet or more, for future development and Stage 4 water restriction reductions (40%)
- TCEQ: \$0.20/mo. per connection
- Monthly sewer service rates, residential and nonresidential
 - Minimum bill residential: \$15.08 first 1,000 gal
 - Minimum bill commercial: n/a
 - Volumetric rate: \$6.24/1,000 gal
 - Winter sewer averaging – calculated each year, based on water usage from November 15th to February 15th for residential usage, then that average is used the rest of the year, barring any rate increases

The Rates

Examples of monthly bills:

	3,000 Gal	5,000 Gal	10,000 Gal
Water	\$22.44	\$32.56	\$63.86
Sewer*	\$27.56	\$40.04	\$71.24
EAA	\$1.86	\$3.10	\$6.20
Water supply	\$1.50	\$2.50	\$5.00
Stormwater	\$3.68	\$3.68	\$3.68
TCEQ	\$0.20	\$0.20	\$0.20
Total	\$57.24	\$82.08	\$150.48

* Assuming winter average of water usage example

Revenues & Expenditures FY 23

	Business-Type Activities
	<u>Water and Sewer</u>
OPERATING REVENUES	
Metered Water Sales	\$ 1,672,495
Wastewater Sales Charges	2,563,039
Storm Water Fees	561,977
Connection and Platting	342,316
Customer Penalties	55,130
Customer Disconnect Fees	13,932
Tap Fees	7,145
Impact Fees	15,451
TOTAL OPERATING REVENUES	<u>5,231,485</u>
OPERATING EXPENSES	
Water System	808,765
Wastewater System	1,793,876
Stormwater System	89,097
Depreciation	402,937
TOTAL OPERATING EXPENSES	<u>3,094,675</u>
OPERATING INCOME (LOSS)	<u>2,136,810</u>

Revenues & Expenditures FY 23

NONOPERATING REVENUES (EXPENSES)

Investment Earnings	145,607
Interest Expense	(53,982)
Miscellaneous	70,816
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>162,441</u>

INCOME BEFORE CONTRIBUTIONS AND TRANSFERS

2,299,251

TRANSFERS AND CONTRIBUTIONS

Transfers In	2,177,798
Transfers Out	(1,987,932)
TOTAL TRANSFERS AND CONTRIBUTIONS	<u>189,866</u>

CHANGE IN NET POSITION

2,489,117

NET POSITION AT BEGINNING OF YEAR

10,104,719

NET POSITION AT END OF YEAR

\$ 12,593,836



Fund Reserve Notes

- FY 22-23 (as of 9/30/23)
- Water & Sewer System \$2,062,571*
- Yearly operating expenses \$3,094,675
- Monthly operating costs \$ 257,890
- Planning for emergencies:
 - x 3 months operating costs \$ 773,670
 - x 6 months operating costs \$1,547,340
- Should keep for emergencies \$1,000,000 (or more)
- Already restricted \$ 350,000

* Total subject to change. Remaining \$1,418,398 is Stormwater fund reserve (as of 9/30/23), which is only used for Stormwater projects/emergencies

The Expenses - Summary

	<u>ACTUAL</u>	<u>BUDGET</u>
	<u>2022-2023</u>	<u>2024-2025</u>
Personnel expenses	373,750	443,731
Supplies Expenses	103,077	290,702
Contractual Expenses	2,214,911	2,917,625
Total Actual Expenses	\$ 2,691,738	\$ 3,652,058
Depreciation	402,937	
Total Expenses	\$ 3,094,675	

Salary Allocations				
Department	Enterprise Fund			Total
	Water	Sewer	Storm Water	
Court (4 Employees)				
Sr. Court Clerk	20%	20%	-	34,589.81
Court Administrator	20%	20%	-	37,864.84
Finance (3 Employees)				
Receptionist	20%	20%	10%	31,886.47
Assistant Finance Director	20%	20%	10%	62,340.88
Finance Director	20%	20%	10%	78,787.81
City Manager (4 Employees)				
City Manager	10%	10%	5%	75,030.70
City Secretary	15%	15%	10%	54,912.03
HR Manager	20%	20%	10%	66,390.18
Exec. Asst. to CM	20%	20%	10%	50,995.30
Info. Technology (1 Employee)				
IT Manager	10%	10%	10%	37,248.84
Public Works (21 Employees)				
PW Director	25%	25%	15%	127,185.15
Assistant PW Director	25%	25%	15%	106,841.31
Foreman - Construction	20%	20%	10%	56,069.18
Crew Leader - Construction	20%	20%	10%	41,129.42
Laborer - Construction	20%	20%	10%	34,676.32
Laborer - Construction	20%	20%	10%	33,316.11
Foreman - Building	-	-	10%	11,578.82
Crew Leader - Building	-	-	10%	8,649.75
Laborer - Building	-	-	10%	5,993.11
Laborer - Building	-	-	10%	6,506.51
Crew Leader - Parks	-	-	10%	8,388.13
Laborer - Parks	5%	-	-	3,351.53
Laborer- Maint	20%	-	-	5,964.96
Maintenance Crewman	20%	20%	10%	29,935.48
Maintenance Crewman	20%	20%	10%	30,491.10
Crew Leader - ROW	-	-	10%	8,171.19
Laborer - ROW Parks	-	-	10%	6,686.20
Laborer - ROW	-	-	10%	6,051.47
Laborer - ROW	-	-	10%	5,967.45
Shop Mechanic	20%	20%	10%	49,953.16

Salary Allocations				
Department	Enterprise Fund			Total
	Water	Sewer	Storm Water	
Planning & Zoning (2 Employees)				
Planning Director	10%	10%	5%	33,294.51
Water System (5 Employees)				
Water Utility Billing	80%	20%	-	88,827.93
Foreman - Utilities	80%	20%	-	119,021.55
Crew Leader - W/S	80%	20%	-	87,307.32
Laborer - W/S	80%	20%	-	61,982.29
Laborer - W/S	80%	20%	-	65,933.52
OVERTIME	100%	-	-	38,734.22
OVERTIME	-	100%	-	38,734.22
OVERTIME	-	-	100%	25,822.82
OVERTIME	100%	-	-	10,329.14
OVERTIME	-	100%	-	10,329.14

1,697,269.84

(1,253,538) Transfers Out

443,732 Total Personnel Expenses Budget FY25



Expenses - Supplies

WATER SUPPLIES	FY 2025
<u>Office Supplies</u>	
Normal Office supplies	1,000
Administrative reporting	1,000
	\$ 2,000
<u>Operating Supplies</u>	
Fuel 30% allocation	10,800
Personnel - boots, ear protection, glasses, gloves	2,250
Fleet - vehicle registration/inspection, lights	2,500
New meters	10,000
Hand tools, nuts, bolts, clamps, corps, materials, etc.	25,000
	\$ 50,550
<u>Repairs and Maintenance - Internal</u>	
Fleet - Oil, brake fluid, wiper fluid, filters, lubricants	5,000
Replacement water meters, curb stops, lateral lines	40,000
Repairs and maintenance for vehicles & equipment	5,000
Replacement fire hydrants, Storz connectors	90,000
	\$ 140,000
<u>Miscellaneous Supplies</u>	
Other unplanned supplies	15,000
	\$ 15,000
<u>Conservation</u>	
Rebates for low flow toilets, HE washers	1,000
Rebates for rain barrels and xeriscaping	1,000
	\$2,000
TOTAL WATER SUPPLIES	\$ 209,550

Expenses - Supplies

SEWER SUPPLIES	FY 2025
<u>Office Supplies</u>	-
	\$ -
<u>Operating Supplies</u>	
Fuel - 10% allocation	3,152
Personnel - PPE	5,000
	\$ 8,152
<u>Repairs and Maintenance - Internal</u>	
Sewer main parts	10,000
Sewer camera repairs	1,500
Fleet - repair for vehicles & equipment	6,000
	\$ 17,500
<u>Miscellaneous Supplies</u>	
Manhole lids, PVC pipe	25,000
Hand tools, clamps, fasteners, nuts, bolts	2,500
	\$ 27,500
TOTAL SEWER SUPPLIES	\$ 53,152

Expenses - Supplies

STORMWATER SUPPLIES		FY 2025
<u>Office Supplies</u>		-
		\$ -
<u>Operating Supplies</u>		
Fuel 10% allocation		6,000
Personnel - trash pickers, gloves		1,000
Supplies for lawnmowers/trimmers		5,000
		\$ 12,000
<u>Repairs and Maintenance - Internal</u>		
Fleet - oil, fluids, lubricant, brooms		10,000
		\$ 10,000
<u>Miscellaneous Supplies</u>		
ROW Maintenance		6,000
		\$ 6,000
TOTAL STORMWATER SUPPLIES		\$ 28,000

Expenses - Contractual

WATER CONTRACTUAL		FY 2025
Professional Services		
Cafeteria Plan		288
Engineering Service		15,000
External Audit		9,213
		\$ 24,501
Contractual Services		
Uniforms		4,000
Fleet - vehicle inspection, seals, equipment repairs		10,000
H2O Samples		5,000
Meter Reading Maintenance		8,000
EAA Program and Management Fees		150,000
TCEQ Sampling		6,100
SAWS Interconnect		8,000
Water System Fee		6,150
Annual Meter Replacement Program		2,000
Tank Inspections		10,000
Quadient/Neofund/ShareNet		30,000
SCADA System		1,500
Chlorine		6,500
Leak detection program		-
Tank cleaning		-
Pump Maintenance (was emergency contractual)		25,000
Incode		10,000
		\$ 282,250
Utilities -Telephone		17,000
Utilities - Water & Electric		100,000
Printing		3,000
Advertising		10,000
Repairs and Maintenance - External		145,000
Equipment Rental		8,000
Travel - Training		7,000
Membership, Dues & Licenses		1,500
Liability Insurance		34,885
TOTAL CONTRACTUAL WATER		\$ 633,136

Expenses - Contractual

SEWER CONTRACTUAL	FY 2025
<u>Professional Services</u>	
Cafeteria Plan	72
Engineering Service	50,000
External Audit	9,213
	\$ 59,285
<u>Contractual Services</u>	
SAWS Sewer Service	1,710,747
Sewer video program	250,000
Quadient/Neofunds/Sharenet	19,529
	\$ 1,980,276
Advertising	2,500
Repairs and Maintenance - External	60,000
Equipment Rental	-
Sewer Surcharge	14,000
Liability Insurance	11,628
TOTAL CONTRACTUAL SEWER	\$ 2,127,689

Expenses - Contractual

STORMWATER	FY 2025
<u>Professional Services</u>	
Cafeteria Plan	-
Engineering Service	30,000
	\$ 30,000
<u>Contractual Services</u>	
Uniforms	1,100
Debris Removal from Street Sweeping	15,000
Street Sweeper Maintenance	-
Repairs to drainage system	40,000
Sharenet software (was mapping)	2,400
	\$ 58,500
Printing	3,000
Travel - Training	5,000
Repairs and Maintenance - External	50,000
Membership, Dues, Licenses	300
Liability Insurance	10,000
TOTAL CONTRACTUAL STORMWATER	\$ 156,800

The Expenses - Capital

<i>Item</i>	<i>FY 24-25</i>
WA - Replace water Mains City-Wide	575,000
WA - Purchase Water Rights	140,000
SW - Replace Sewer Mains City-Wide	500,000
TOTAL CAPITAL FY25	1,215,000



Future Expenses



- Numerous items are in need of repairs:
 - Old asbestos-concrete (AC) water mains need to be replaced and corporations (connection from main to customer), especially on older AC pipe, which are coming apart from the water mains
 - Some existing water valves are malfunctioning, causing larger outage areas when mains are being repaired/replaced
 - In some areas, fire hydrants are 40+ years old, and some don't have cut off valves to perform repairs - all new hydrants have the Storz quick connections which assists the Fire Dept.



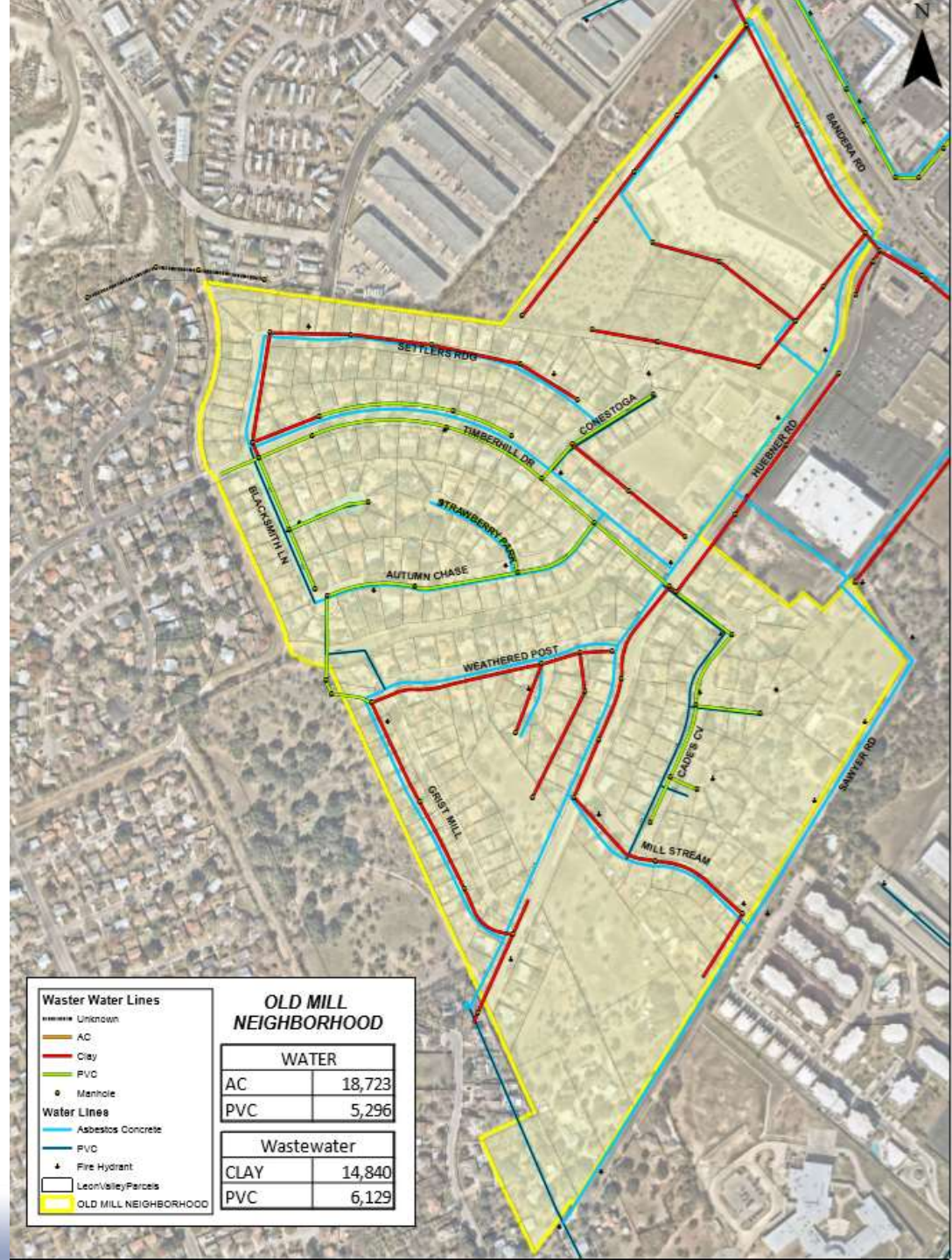
Project Summary

- Monthly service reports detailing main and service line breaks from the past five years were tallied:
 - Mains that had numerous repair calls were identified
 - Identified neighborhoods in which fire hydrants were over 40 years old
 - Identified area in which the water mains were not looped (dead end mains)
 - Identified water valves that are malfunctioning or not working
 - Identified areas where there are no sewer mains and customers could be connected to the sewer system
 - Identified condition, rehabilitation, and replacement status for each water storage tank

Project Summary

- Developed cost estimates for replacement, based on length, type, & condition
- Developed cost estimates for new projects, such as sewer main connection & dead-end water main looping
- Developed cost estimates for replacement of water tanks
- We are also coordinating improvements with the Street Maintenance Program, so as to not cut newly maintained streets

Updating
neighborhood
maps -
Identifies types &
length of mains,
other equipment



Fiscal Impact

- Water Main replace (20.31 mi.) 107,267 LF
 - Est. cost (\$400-\$600 per L.F.) \$47,382,914
 - Includes main, valves, fire hydrants, service lines, street repair, etc.
- Sewer Main replace (20.48 mi.) 108,158 LF
 - Est. cost (\$600-\$700 per L.F.) \$67,572,848
 - Includes main, laterals, manholes, cleanouts, etc.
 - LF = linear feet
- Total \$114,955,762

Fiscal Impact

- Additional water rights 243-AF
 - Estimated cost \$2,673,000 (\$11,000 per AF)
 - Cost covered by Water Supply Fee on water bill
- Marshall Elevated Tank (100,000 gal) Est. Replacement year 2042
 - (built 1937) Estimated cost \$1.25 million
 - Rehabilitation year 2022 \$311,600
- Grass Hill GST (750,000 gal) Est. Replacement year 2040
 - (1978) Estimated cost \$2,000,000
 - Rehabilitation year 2020
- Taylor Elevated Tank (150,000 gal) Est. Replacement year 2043
 - (built 1980) Estimated cost \$2,000,000
 - Rehabilitation year 2023
- Grass Hill Elevated Tank (150,000 gal) Est. Replacement year 2041
 - (built 1978) Estimated cost \$2,000,000
 - Rehabilitation Year 2021

Fiscal Impact - Summary

Item	Estimate
Water/Sewer Main Replacement, valves	\$114,955,762
Water Rights (243 AF – funded through water supply fee & Impact Fees)	\$2,673,000
Marshall Water Tank (Replace After next Rehab - 15-20 Years)	\$1,250,000
Total	\$118,878,762

Future Projects

- Locker Lane Sewer Main 1,270 LF
 - Estimated cost \$762,000
 - Connects 10 homes
- Monte Robles Sewer Main 10,422 LF
 - Estimated cost \$6,253,200
 - Connects 45 homes & some vacant properties
- Dead end Water Looping 5,000 LF
 - Estimated cost \$2,500,000
- Total Cost Future Projects \$9,515,200

Prioritized List

City of Leon Valley
Water and Sewer System CIP

Water System Priority List	
Priority	Total Cost
1	\$ 1,098,358
2	\$ 638,819
3	\$ 374,423
4	\$ 386,143
5	\$ 140,433
6	\$ 1,269,850
7	\$ 386,035
8	\$ 371,188
Total	\$ 4,665,249

Sewer System Priority List	
Priority	Total Cost
1	\$ 4,835,667
2	\$ 7,864,081
3	\$ 5,703,144
4	\$ 4,231,476
Total	\$ 22,634,368

Fiscal Impact – Priority Only

Item	Estimate
Water Main Replacement (Priorities 1-8)	\$4,711,511
Sewer Main Replacement (Priority 1)	\$3,659,018
Water Rights (243 AF – funded through water supply fee)	\$2,673,000
Total	\$11,043,529

Fiscal Impact

- Enterprise Fund borrowed \$2,000,000 in FY 16 for 2 new wells and related equipment - debt service is approx. \$105,000 to \$135,000 annually
- Water & sewer rates were increased to cover the cost of the debt service for these improvements
- Purchased water rate software to measure repair vs rate impact each year to supply adequate income for repairs/improvements
- Consider increasing rates again to keep up with inflation & cost of living

Improvements



Projects Scheduled – Next 2 Years

- 2024/25 Projects:
 - CDBG - Replace portion of sewer main along Wurzbach (completed)
 - CDBG - replace sewer mains East of Wurzbach
 - Replaced sewer along Stirrup Lane
 - Purchase 105-acre feet of water rights
- 2025/26 Projects
 - CDBG – replace sewer main in alley behind Cammie Way St.
 - Water Main and Sewer Main Replacement Program (Priority List)
 - Purchase 15-AF feet of water rights

Plan for Future Years

- Continue Water and Sewer Main Replacement Plan
- Continue to apply for CDBG funds for water and sewer main replacement
- Continue to build reserves for emergencies, repairs, & future replacement of water tanks
- Determine cost/benefit of changing to AMI metering system (currently \$1,000,000 +/-)
- Add Crewmember to existing Water Crew
- Determine funding sources for needed repairs/replacements
- Continue to purchase water rights

Next Steps

- Analyze current fee and rate structure
- Propose funding options
- City Council to decide most prudent option
- Move forward with approved option

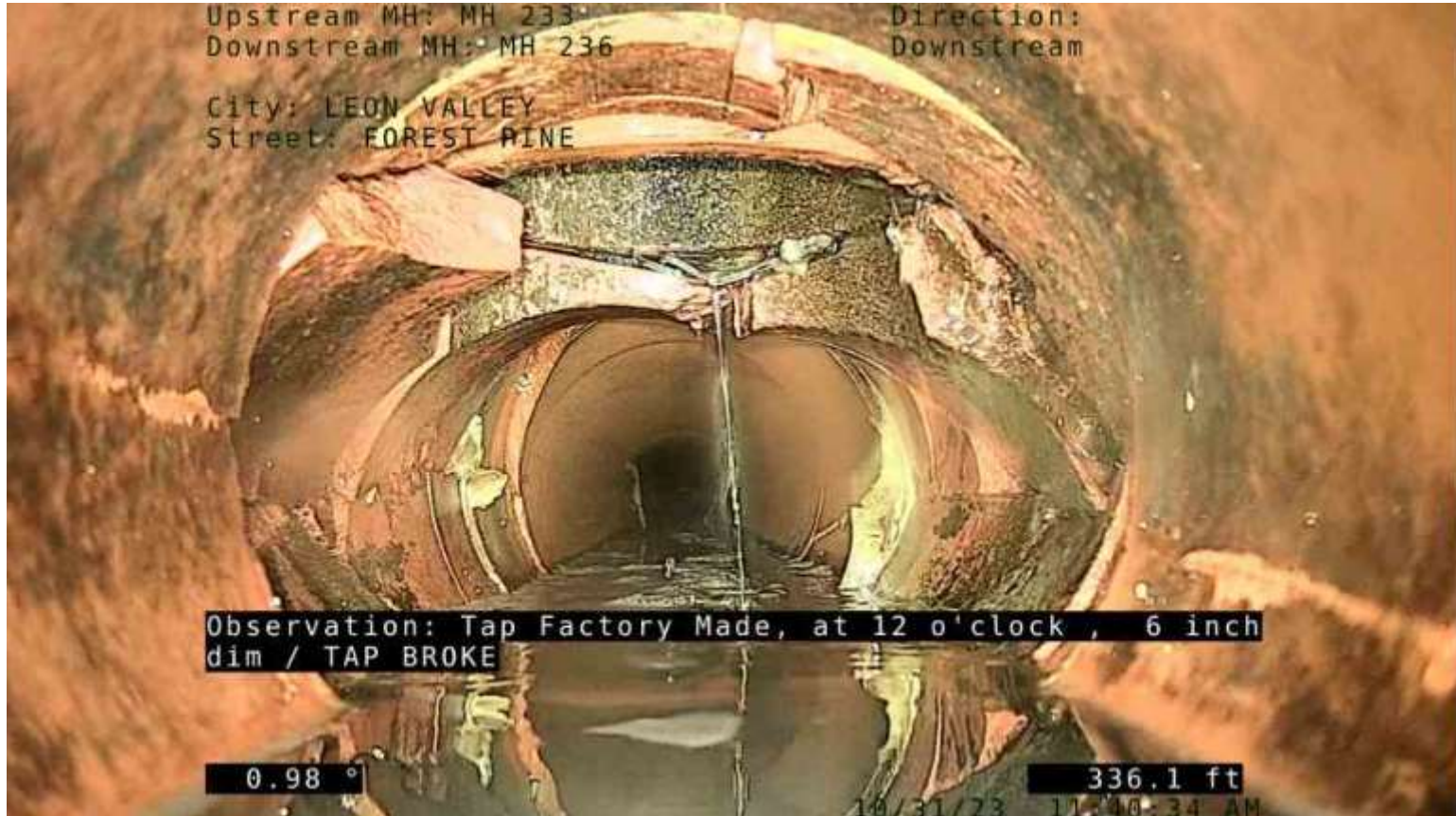
Forest View



Forest View



Forest Pine



Forest Haven



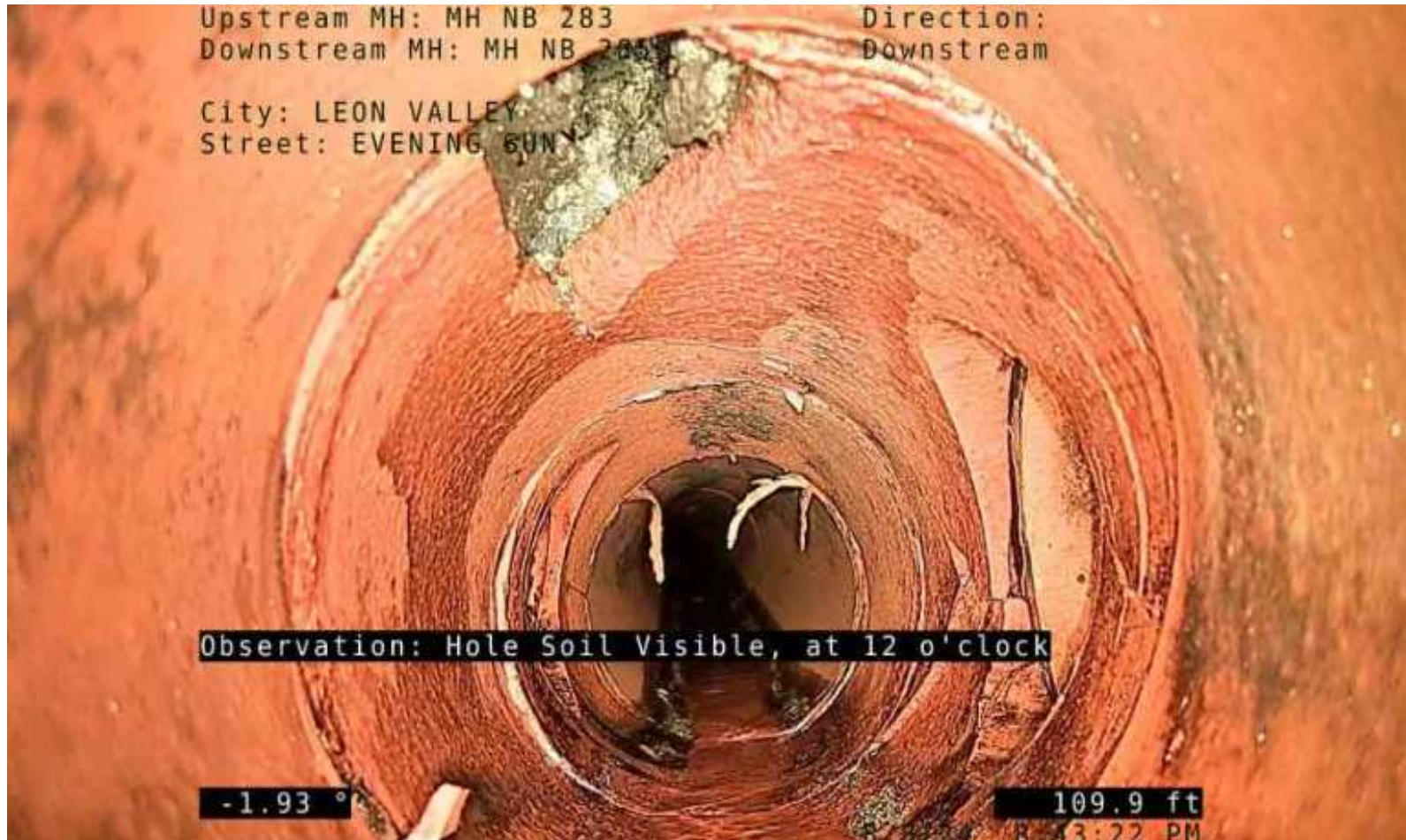
Forest Grove



Sunlight



Evening Sun



Evening Sun

