

# CCN and Service Area Policy

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# Overview

- Background
- Project steps to date
- Recommendation & Associated Impacts
- Next steps

## Mission

Strengthening our community by providing resilient essential services

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## Vision

Be a trusted community partner dedicated to excellence in service

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## Core Values

Safety, Team, Integrity, Culture, and Stewardship



# Background

- Certificate of Convenience and Necessity (CCN) vs. Service Area
- Current NBU Policy
  - NBU's Water and Sewer CCNs and service areas do not match
  - CCN boundary changes
    - No established policy
    - NBU typically only expands CCN when requested *at the requestor's cost*
  - Water
    - CCN changes typically require developer agreements to serve outside CCN
  - Sewer
    - NBU historically has served outside it's sewer CCN without developer agreements
    - NBU has limited sewer service over the Edwards Aquifer Recharge Zone (EARZ)
- NBU's current preference is to not create separate developer agreements for service outside of the CCNs.

# Project steps to date

- October 19, 2023, Board Workshop - Presentation on CCN and Service Policy
- February 21, 2024, Engineering Community Outreach and Workshop – CCN Boundaries
- June 18, 2024, Community Advisory Panel – CCN Workshop
  - CAP members provided feedback on the project Team’s intent and goal.
- August 1, 2024, Engaged FNI – NBU CCN Mapping Project
- November 15, 2024, City of Schertz Staff - CCN Overlaps along IH-35
  - Schertz Staff and NBU agreed on revised dividing lines between the CCNs.

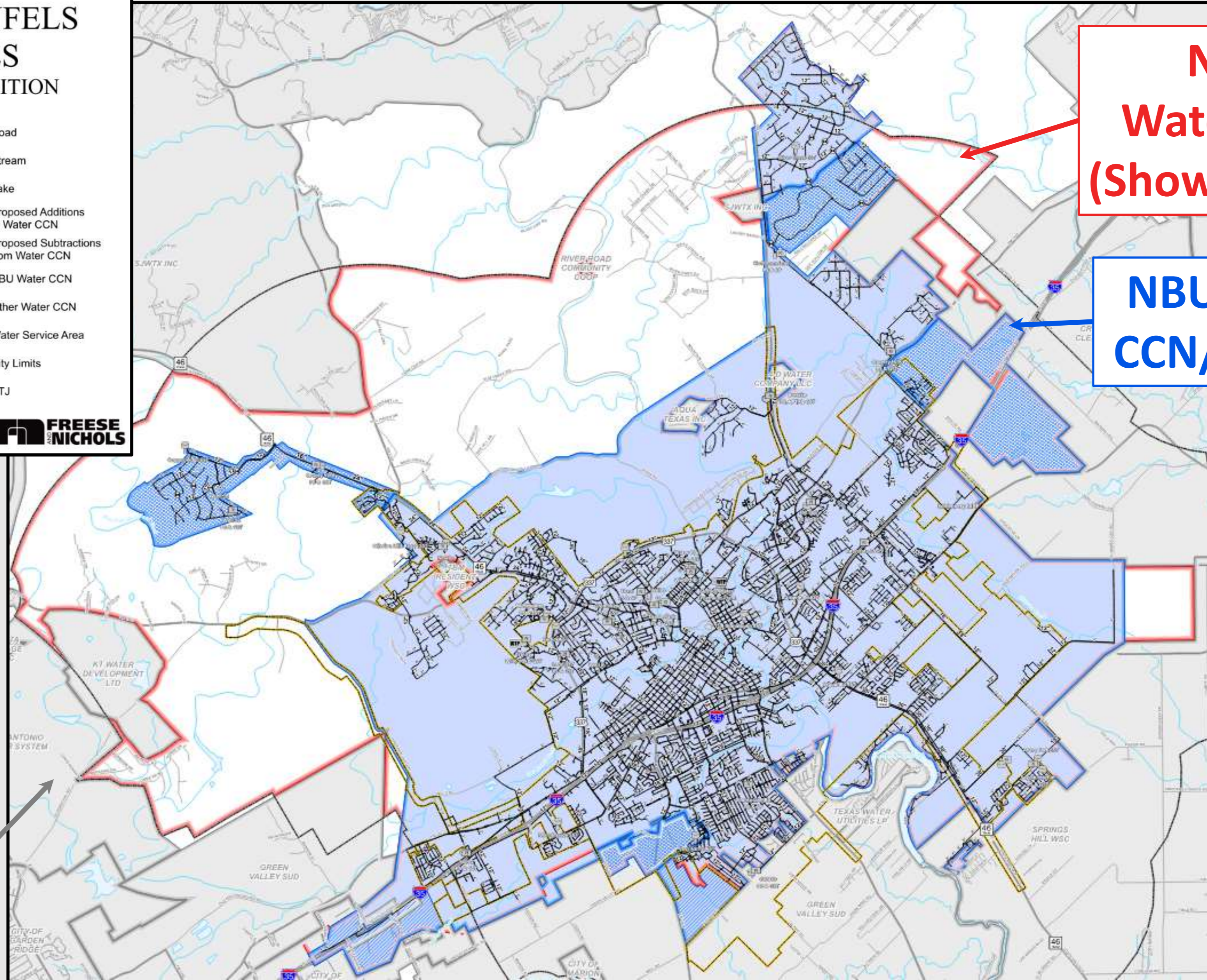
# NBU Staff Recommendations

- Serve water and sewer only within the CCNs
- Modify Water Service Area as part of our next master planning and impact fee effort to reduce the northwest limits
- Modify Sewer CCN to better match the Sewer Service Area
- Require new developments to modify NBU's CCNs as a condition of service



**DRAFT FIGURE 1**  
**NEW BRAUNFELS**  
**UTILITIES**  
**WATER CCN ADDITION**  
**LEGEND**

- ⊗ Valve
- ⊙ Well
- WTP Water Treatment Plant (WTP)
- PS Pump Station (PS)
- SP Standpipe (SP)
- GST Ground Storage Tank (GST)
- EST Elevated Storage Tank (EST)
- HPT Hydropneumatic Tank (HPT)
- 10" and Smaller Water Line
- 12" and Larger Water Line
- Road
- Stream
- Lake
- Proposed Additions to Water CCN
- Proposed Subtractions from Water CCN
- NBU Water CCN
- Other Water CCN
- Water Service Area
- City Limits
- ETJ



**NBU Existing  
 Water Service Area  
 (Shown for Reference)**

**NBU New Water  
 CCN/Service Area**

**Other CCNs**

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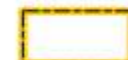













**+ Core Values**

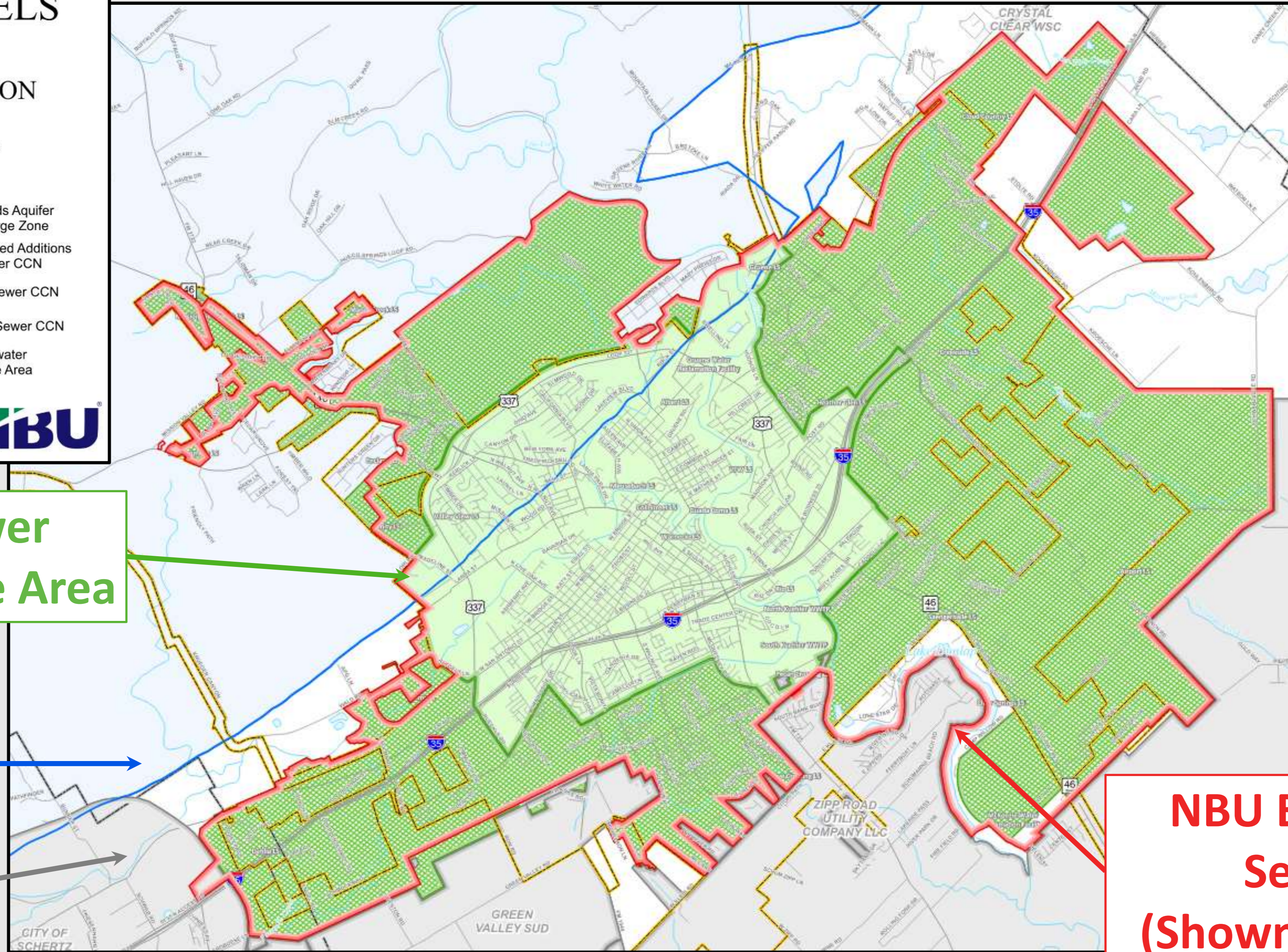
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**DRAFT FIGURE 2**  
**NEW BRAUNFELS**  
**UTILITIES**  
**SEWER CCN ADDITION**  
**LEGEND**

-  Road
-  City Limits
-  ETJ
-  Lift Station
-  WWTP
-  8" and Smaller Wastewater Line
-  10" and Larger Wastewater Line
-  Force Main
-  Stream
-  Lake
-  Edwards Aquifer Recharge Zone
-  Proposed Additions to Sewer CCN
-  NBU Sewer CCN
-  Other Sewer CCN
-  Wastewater Service Area



**NBU Sewer  
CCN/Service Area**

**EARZ**

**Other CCNs**

**NBU Existing Sewer  
Service Area  
(Shown for Reference)**

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# Water System – Growth & Demand Impacts

Phase	EXISTING		FUTURE		TOTAL	
	Connections Removed	Max Day Demand Removed (MGD)	Connections Removed	Max Day Demand Removed (MGD)	Connections Removed	Max Day Demand Removed (MGD)
2025-2030	15	0.01	673	0.44	688	0.45
2031-2045	0	0.00	2,863	1.86	2,863	1.86
2046-Buildout	0	0.00	49,413	32.02	49,413	32.02
<b>TOTAL</b>	15	0.01	52,949	34.31	<b>52,964</b>	<b>34.32</b>

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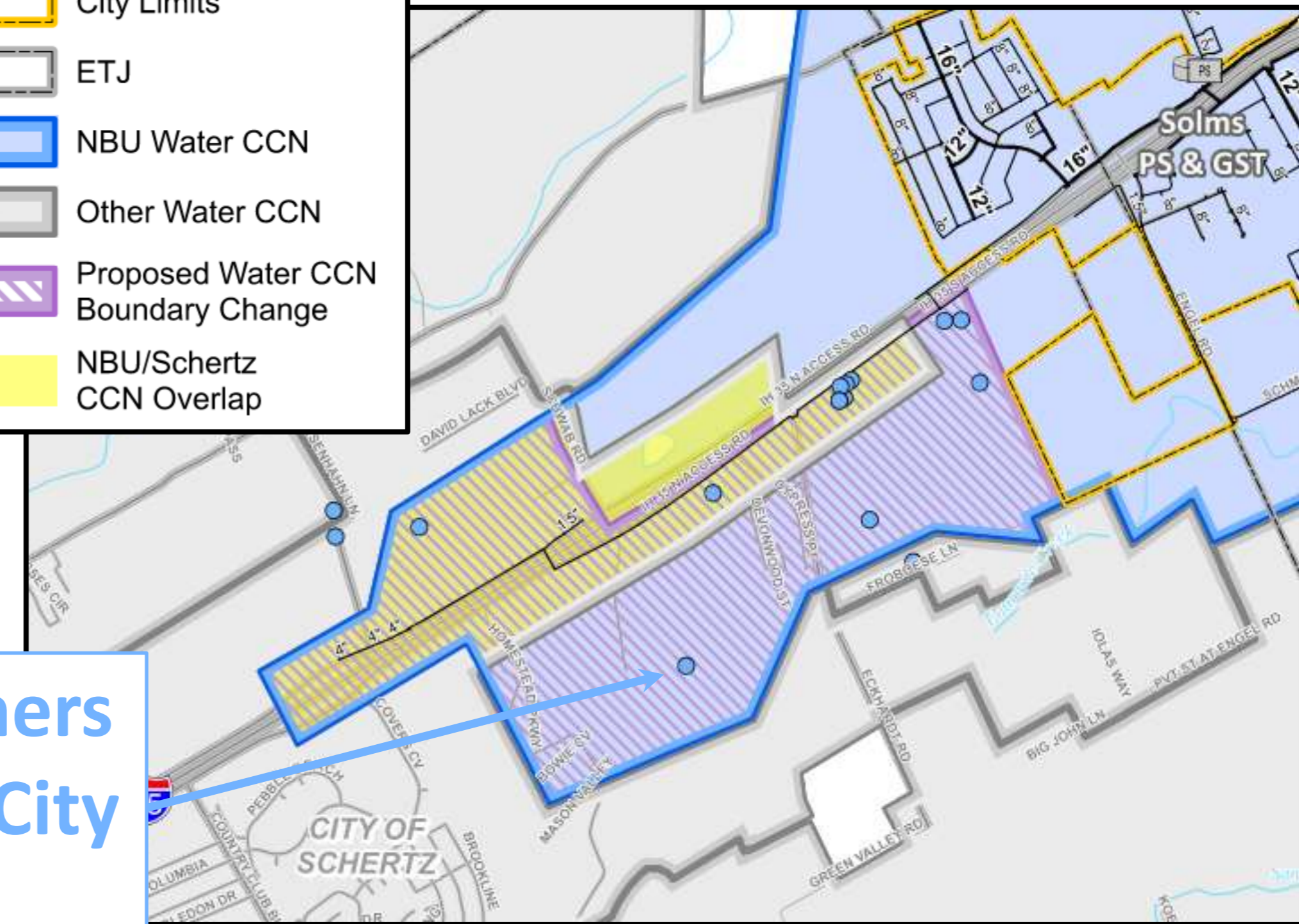
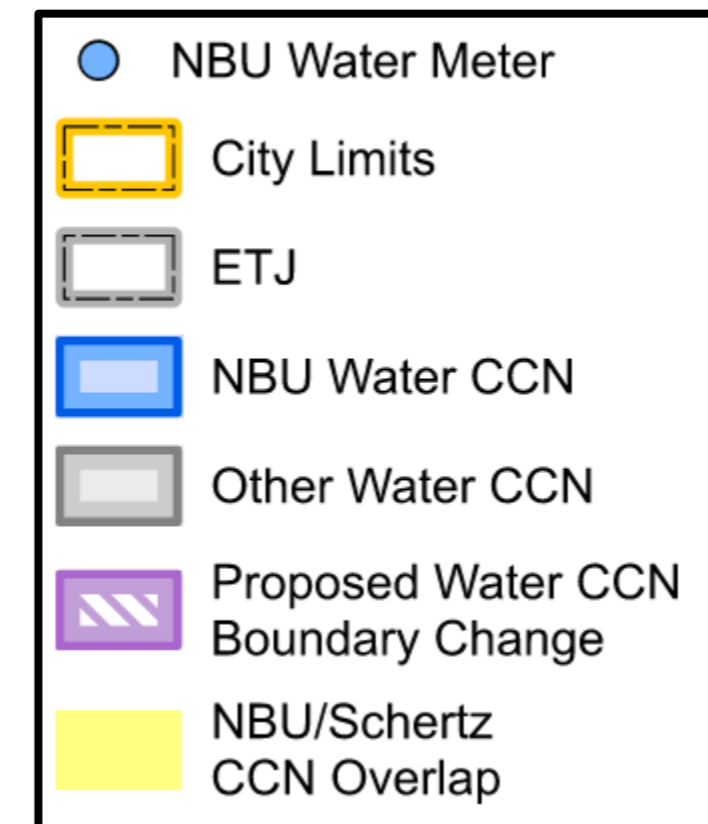
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# Water System – Financial Impacts

- Estimated Annual Revenue Lost – Existing Customers
  - Assumes current rate structure
  - Applied current rate structure to existing connections removed from service area assuming FY2023 consumption
  - Calculated estimated annual revenue lost

Existing Customers Transferred	Actual FY23 Revenue	Estimated Annual Revenue
15	\$13,430	\$15,055



Existing NBU customers to be transferred to City of Schertz



# Water System – Financial Impacts

- Estimated Annual Revenue Lost – Future Customers Not Served
  - Assumes current rate structure and impact fees
  - Calculated average consumption per connection for FY2023
    - 9,570 gallons per month x 12 months per year = **114,840 gallons per year per connection**
  - Applied current rate structure to connections removed from service area assuming FY2023 average consumption per connection
  - Calculated estimated annual revenue per connection not served
    - \$70.41 per month x 12 months per year = **\$844.87 per year per connection**
  - Impact fees not collected = **\$19,448 per new water connection**
  - At Buildout:
    - 52,964 connections not served
    - ~17 mgd average daily consumption removed
    - ~\$45M reduction in future annual revenue
    - ~\$1B in impact fees not collected

	Connections	Annual Consumption (MGD)	Annual Revenue	Impact Fees
<b>Existing</b>	49,833 <sup>1</sup>	16 <sup>2</sup>	\$36,086,761 <sup>3</sup>	-
<b>Buildout with Revised Area</b>	114,742	36	\$90,926,593	\$1,262,350,232
<b>Buildout with Previous Area</b>	167,706	53	\$135,674,422	\$2,292,394,104

1. As of September 2024   2. FY2023 Consumption   3. FY2023 Total Revenue from Water Consumption

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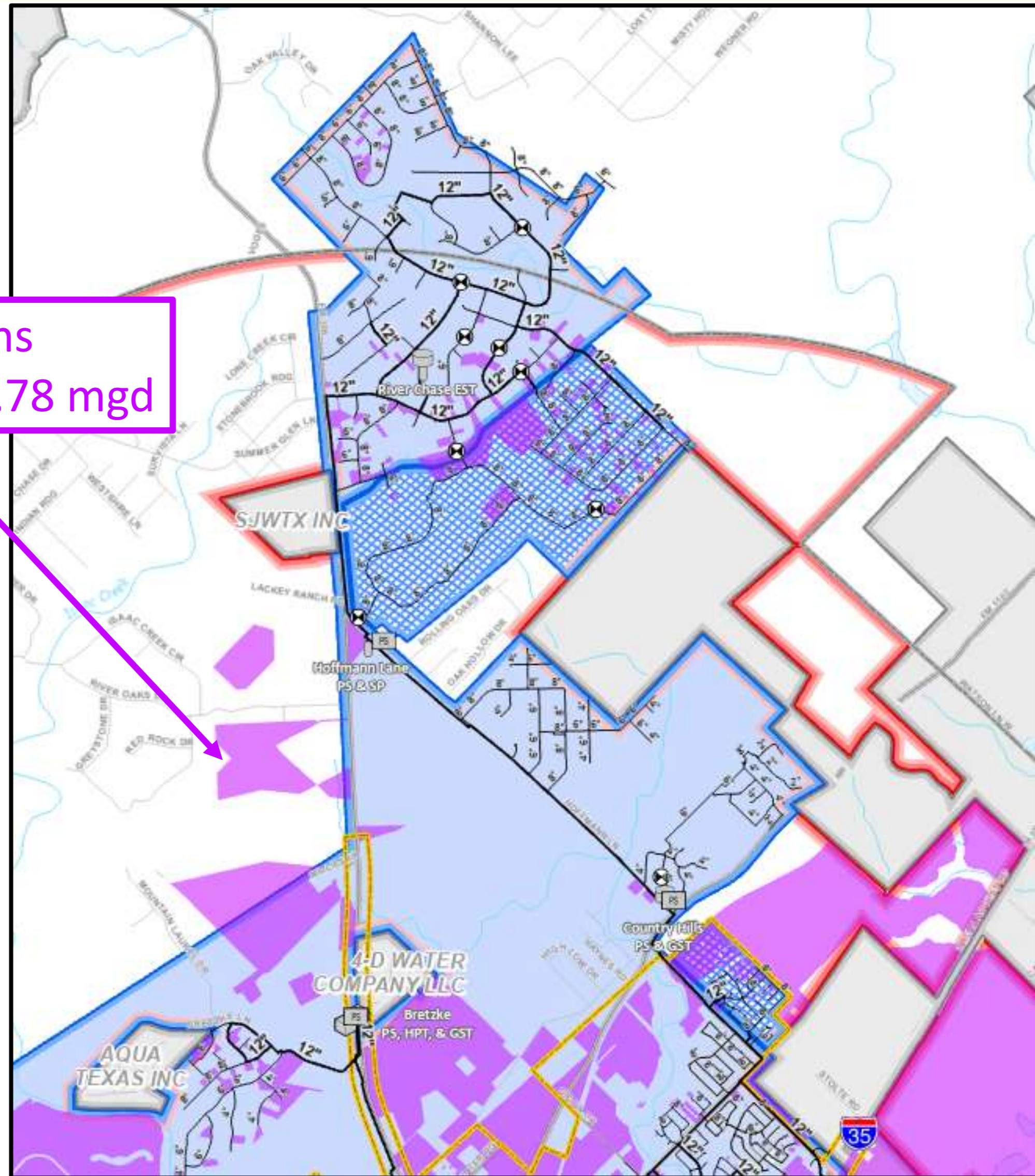
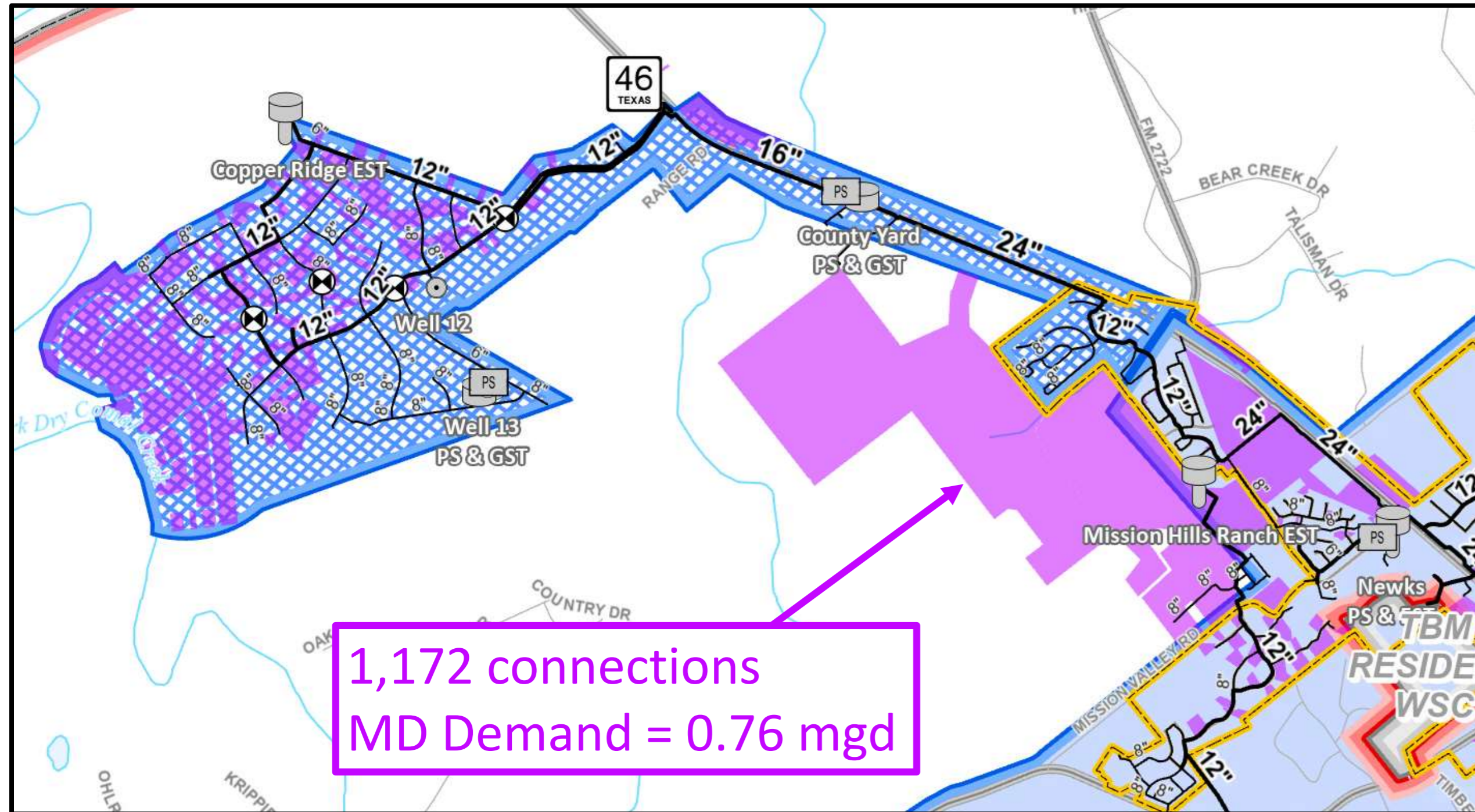
# Water System – CIP Impacts

- Minimal reduction in 2025-2045 demands
- Minimal impacts to current 25-year CIP
- Will reduce CIP needs beyond 2045

2025-2045 Growth from 2021 Master Plan

1,209 connections  
MD Demand = 0.78 mgd

1,172 connections  
MD Demand = 0.76 mgd



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# ➔ Next Steps

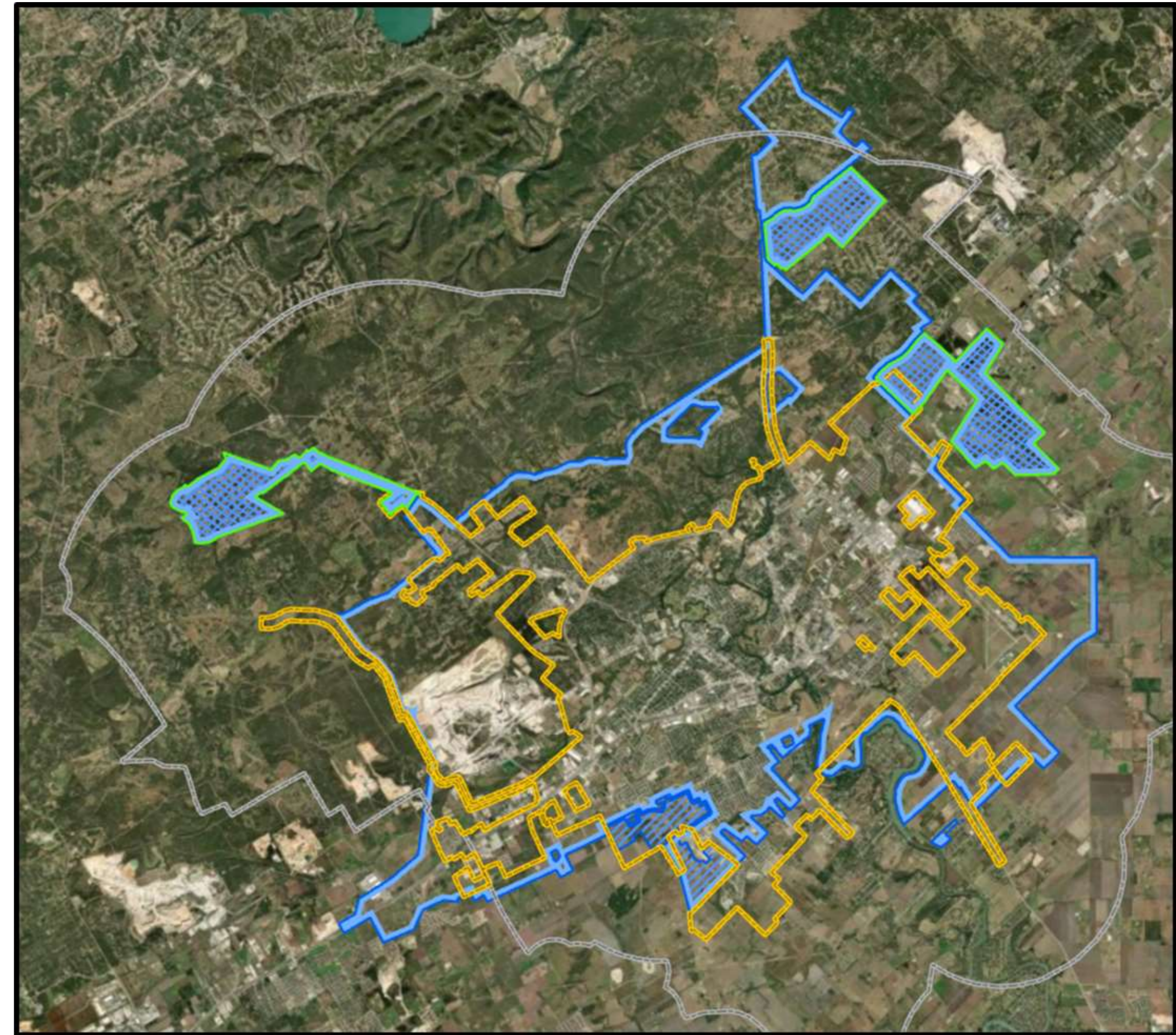
- Update Board – Presentation TODAY
- Coordinate draft policy with NBU Legal
  - Revised policy will include clarification on NBU's service connection application process and include provisions allowing NBU to apply fees to developers seeking inclusion in NBU's CCN
- Continue coordination and finalization of changes with neighboring utilities impacted by NBU's CCN changes
- Present revised policy to NBU Board for approval





# ➔ Next Steps Continued

- CCN Changes Finalized
  - Prepare Mapping for PUC
  - Prepare and Submit Application to PUC
  - Administrative Review by PUC
  - Technical Review by PUC
  - Landowner/Neighboring Entity Notifications
- Update Impact Fee Service Area Maps





# Questions?

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Freese and Nichols, Inc.