



City of Tomball

2023 Water Wastewater and Gas Rate Study and Financial Forecast

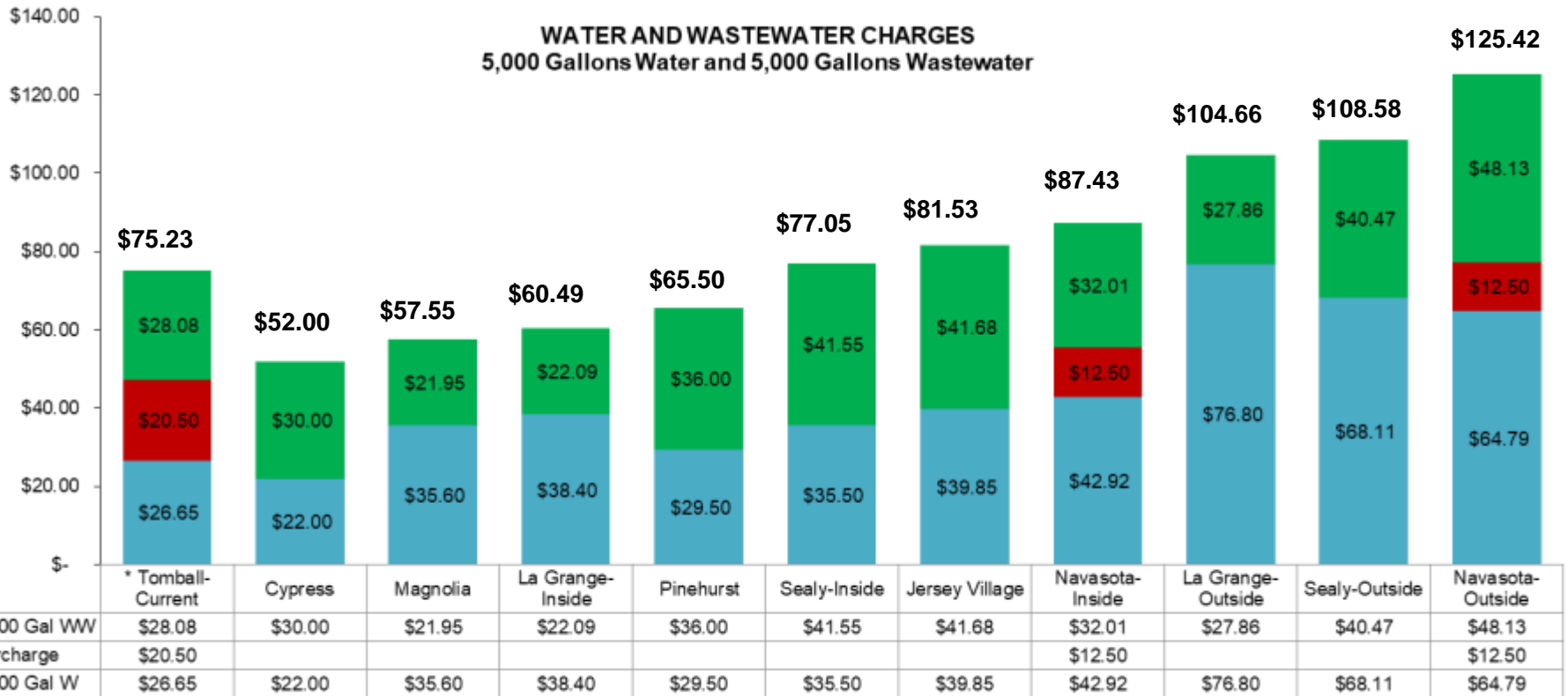
Council Presentation



February 2024

Water and Wastewater Utility Analysis and Recommendations

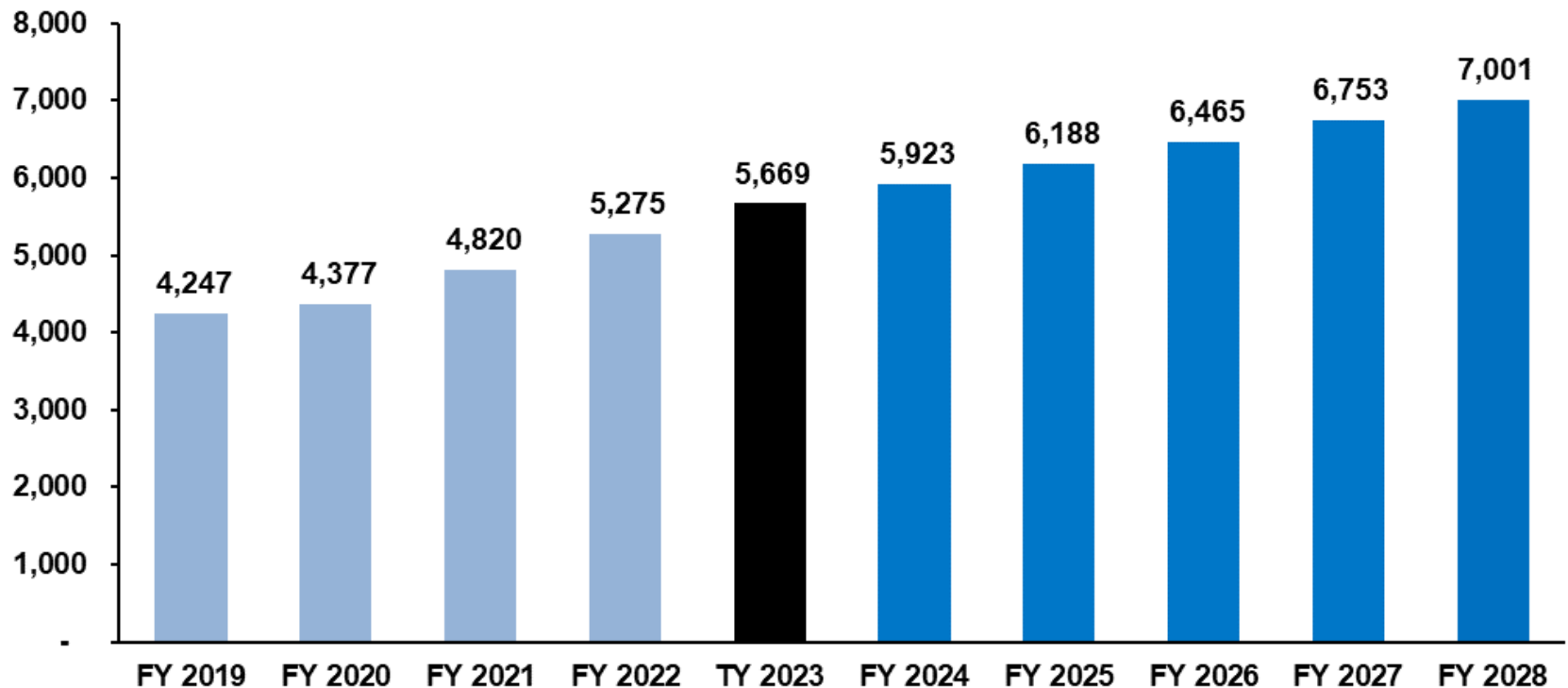
Total Monthly Residential Charge 5,000 Gallons Water & 5,000 Gallons WW



Historical and Forecast Total Water Accounts Through FY 2028



Average Annual Growth Rate FY2023 thru FY2028 = 3.6%



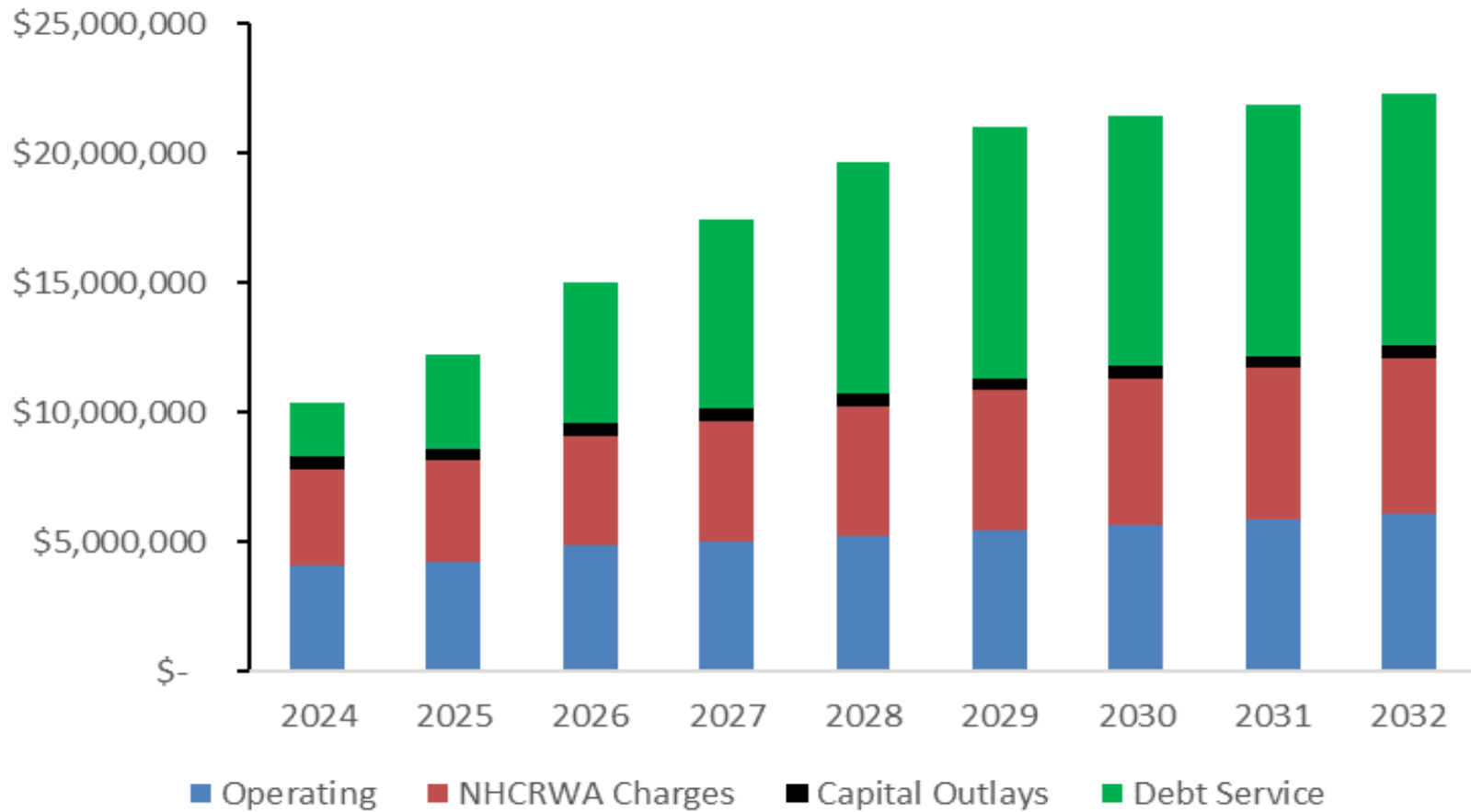
Key Assumptions Driving Financial Forecast and Rate Plan



- Most personnel and operating expenses forecast to increase 3 - 4% per year
- Certain expenses projected to increase at higher rates due to growth -- meters, vehicle expense, chemicals, etc.
- **Biggest impacts on rate plan:**
 - NHCRWA costs
 - **\$138M** in Debt required to fund CIP



Water and WW Cost of Service Forecast 2024 - 2028



Proposed Water/Wastewater Long Term Rate Plan – Scenario I and II



- 4-year rate plan with rate adjustments in October 2024 – October 2027
- Recommend standardizing minimum charges – at a future date implement meter equivalencies
- NHCRWA rate remains a pass-through
- Rate Plan Scenarios:
 - **Scenario I** -- Fully funds \$138M of new debt
 - **Scenario II** -- 50% of new debt service funded from tax revenue



Scenario I

Proposed Water and Wastewater Rate Plan



		Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
WATER RATES - RESIDENTIAL						
Base Charge	Current					
-	10,000	\$ 11.55	\$ -	\$ -	\$ -	-
10,001	15,000	13.29	-	-	-	-
15,001	Above	15.29	-	-	-	-
	Uniform	-	12.85	13.65	14.50	15.40
Volume Rate Per 1,000 Gal						
-	10,000	3.02	3.20	3.39	3.60	3.81
10,001	15,000	3.77	4.00	4.24	4.49	4.76
15,001	Above	4.72	5.00	5.30	5.62	5.96
NHCRWA Surcharge Per 1,000 Gal		3.60	3.80	4.00	4.20	4.40
WATER RATES - COMMERCIAL						
Base Charge	Current					
-	5,000	19.56	-	-	-	-
5,001	50,000	31.48	-	-	-	-
51,001	Above	55.11	-	-	-	-
	Uniform	-	29.10	30.85	32.75	34.75
Volume Rate Per 1,000 Gal						
-	5,000	3.66	3.88	4.11	4.36	4.62
5,001	50,000	4.58	4.85	5.15	5.45	5.78
51,001	Above	5.72	6.06	6.43	6.81	7.22
NHCRWA Surcharge Per 1,000 Gal		3.60	3.80	4.00	4.20	4.40
WASTEWATER RATES - RESIDENTIAL						
Monthly Base Charge		\$ 10.23	\$ 13.15	\$ 16.85	\$ 21.60	\$ 25.95
Volume Rate Per 1,000 Gal -- Winter Avg		3.57	4.57	5.85	7.49	8.98
WASTEWATER RATES - COMMERCIAL						
Base Charge		24.91	31.95	40.90	52.40	62.90
Volume Rate Per 1,000 Gal						
-	5,000	4.53	5.80	7.42	9.50	11.40
5,001	51,000	5.65	7.23	9.26	11.85	14.22
51,001	Above	7.07	9.05	11.58	14.83	17.79

Scenario I

Impact on Monthly Charges



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
Residential Monthly Water/WW Charge					
5,000 Gallons W; 5,000 WW	\$ 54.73	\$ 64.85	\$ 76.71	\$ 91.52	\$ 105.33
NHCRWA Surcharge	18.00	19.01	20.02	21.02	22.02
Total	72.73	83.86	96.73	112.53	127.36
Dollar Inc		\$ 11.13	\$ 12.87	\$ 15.81	\$ 14.82
Percent Inc		15.3%	15.3%	16.3%	13.2%
10,000 Gallons W; 5,000 WW	\$ 69.83	\$ 80.86	\$ 93.68	\$ 109.50	\$ 124.40
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
Total	105.83	118.88	133.71	151.54	168.45
Dollar Inc		\$ 13.05	\$ 14.83	\$ 17.83	\$ 16.91
Percent Inc		12.3%	12.5%	13.3%	11.2%
Commercial Monthly Water/WW Charge					
20,000 Gallons W/ 20,000 WW	\$ 250.79	\$ 290.74	\$ 345.47	\$ 414.00	\$ 477.77
NHCRWA Surcharge	72.00	76.03	80.06	84.06	88.10
Total	322.79	366.77	425.53	498.07	565.87
Dollar Inc		\$ 43.98	\$ 58.76	\$ 72.54	\$ 67.80
Percent Inc		13.6%	16.0%	17.0%	13.6%

Scenario II

Proposed Water and Wastewater Rate Plan



		Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
WATER RATES - RESIDENTIAL						
Base Charge	Current					
-	10,000	\$ 11.55	\$ -	\$ -	\$ -	\$ -
10,001	15,000	13.29	-	-	-	-
15,001	Above	15.29	-	-	-	-
	Uniform	-	12.50	12.90	13.30	13.70
Volume Rate Per 1,000 Gal						
-	10,000	3.02	3.11	3.20	3.30	3.40
10,001	15,000	3.77	3.88	4.00	4.12	4.24
15,001	Above	4.72	4.86	5.01	5.16	5.31
NHCRWA Surcharge Per 1,000 Gal		3.60	3.80	4.00	4.20	4.40
WATER RATES - COMMERCIAL						
Base Charge	Current					
-	5,000	19.56	-	-	-	-
5,001	50,000	31.48	-	-	-	-
51,001	Above	55.11	-	-	-	-
	Uniform	-	28.30	29.15	30.05	31.00
Volume Rate Per 1,000 Gal						
-	5,000	3.66	3.77	3.88	4.00	4.12
5,001	50,000	4.58	4.72	4.86	5.00	5.15
51,001	Above	5.72	5.89	6.07	6.25	6.44
NHCRWA Surcharge Per 1,000 Gal		3.60	3.80	4.00	4.20	4.40
WASTEWATER RATES - RESIDENTIAL						
Monthly Base Charge		\$ 10.23	\$ 12.30	\$ 14.80	\$ 17.80	\$ 19.60
Volume Rate Per 1,000 Gal – Winter Avg		3.57	4.28	5.14	6.17	6.79
WASTEWATER RATES - COMMERCIAL						
Base Charge		24.91	29.95	35.95	43.15	47.50
Volume Rate Per 1,000 Gal						
-	5,000	4.53	5.44	6.52	7.83	8.61
5,001	51,000	5.65	6.78	8.14	9.76	10.74
51,001	Above	7.07	8.48	10.18	12.22	13.44

Scenario II

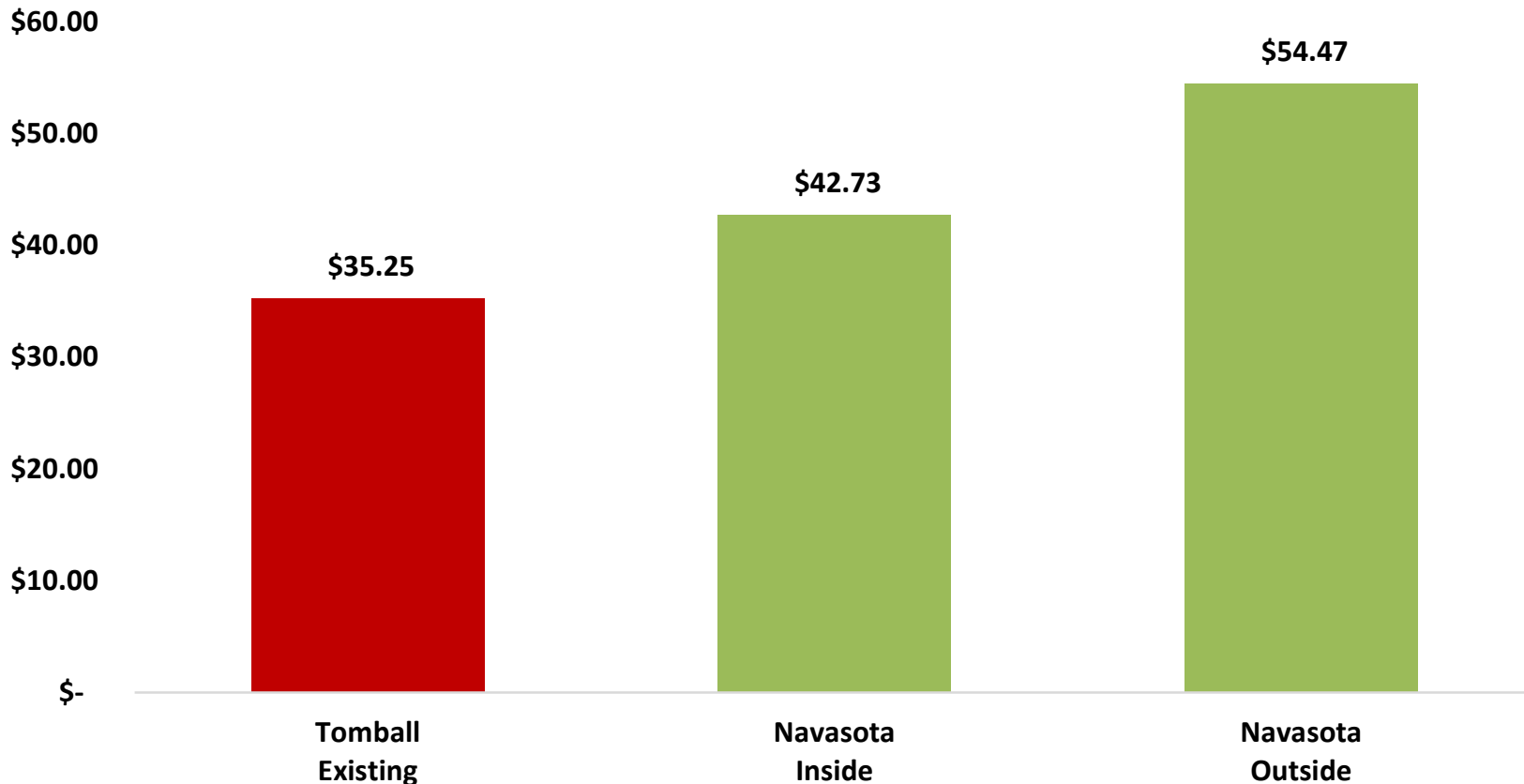
Impact on Monthly Charges



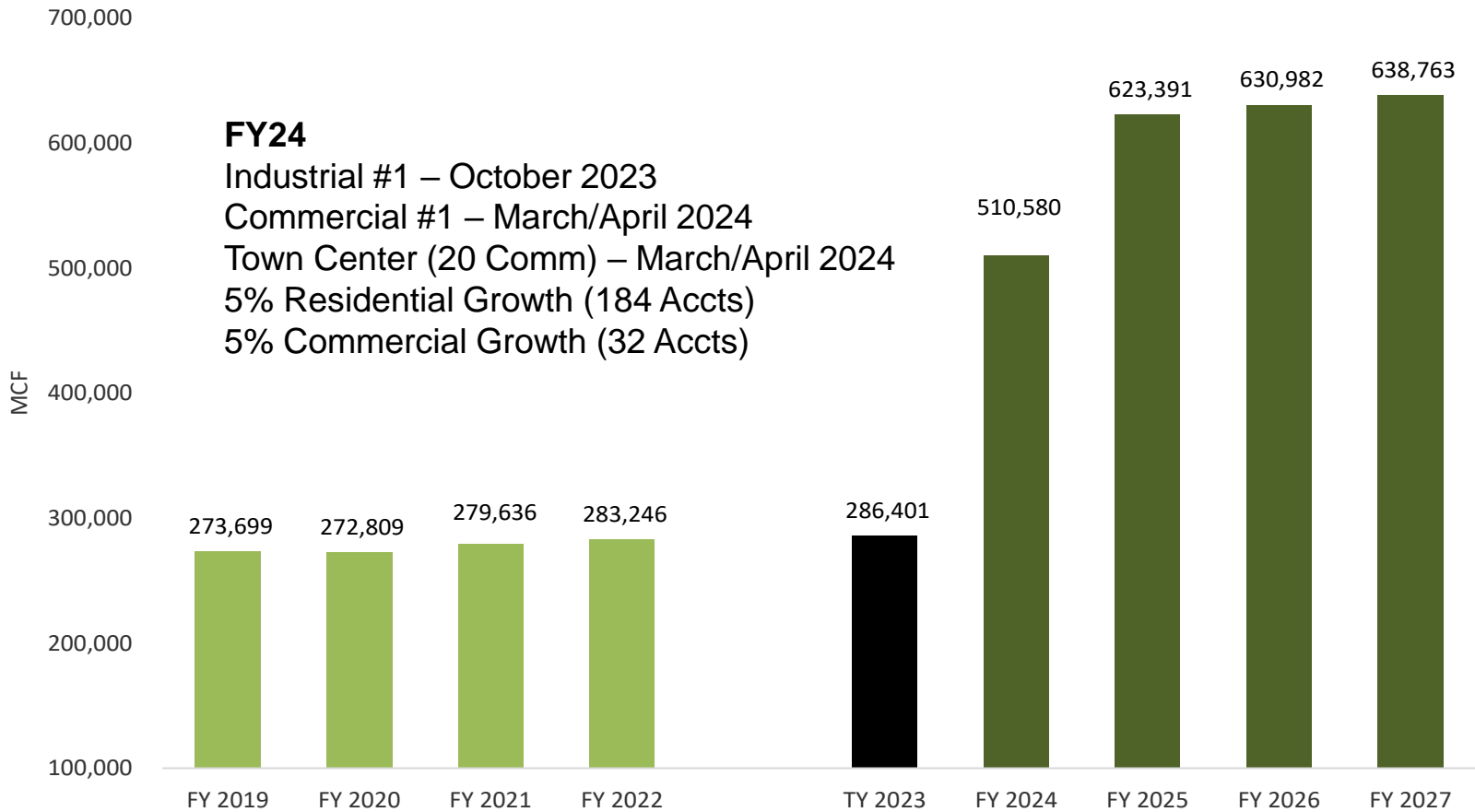
	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
Residential Monthly Water/WW Charge					
5,000 Gallons W; 5,000 WW	\$ 54.73	\$ 61.77	\$ 69.42	\$ 78.44	\$ 84.22
NHCRWA Surcharge	18.00	19.01	20.02	21.02	22.02
Total	72.73	80.78	89.44	99.46	106.25
Dollar Inc		\$ 8.05	\$ 8.66	\$ 10.02	\$ 6.79
Percent Inc		11.1%	10.7%	11.2%	6.8%
10,000 Gallons W; 5,000 WW	\$ 69.83	\$ 77.33	\$ 85.44	\$ 94.95	\$ 101.22
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
Total	105.83	115.34	125.47	136.98	145.27
Dollar Inc		\$ 9.51	\$ 10.13	\$ 11.50	\$ 8.29
Percent Inc		9.0%	8.8%	9.2%	6.1%
Commercial Monthly Water/WW Charge					
20,000 Gallons W/ 20,000 WW	\$ 250.79	\$ 276.74	\$ 312.05	\$ 353.85	\$ 380.57
NHCRWA Surcharge	72.00	76.03	80.06	84.06	88.10
Total	322.79	352.77	392.12	437.92	468.67
Dollar Inc		\$ 29.98	\$ 39.34	\$ 45.80	\$ 30.75
Percent Inc		9.3%	11.2%	11.7%	7.0%

Gas Utility Analysis and Recommendations

Comparison of Average Residential Cost Per Month for 3 MCF



Historical and Forecast Natural Gas Sales



5% Annual Account Growth Plus New Commercial Customers

Natural Gas Alt 1 - Cost of Service Residential Rate Recommendation



GAS	Current	Effective Dec-23	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
Residential						
Base Charge Includes 1 MCF	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
Usage Charge Per MCF	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
Commercial						
Base Charge Includes 1 MCF	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
Usage Charge Per MCF	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75



Presentation Summary

W & WW, Natural Gas Consolidated Residential Rate Impacts – Scen I



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
RESIDENTIAL Rates					
Water Rates					
10,000 Gallons	\$ 41.75	\$ 44.86	\$ 47.58	\$ 50.47	\$ 53.53
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
Wastewater Rates					
5,000 Gallons	28.08	36.00	46.10	59.03	70.87
Gas Rates					
3 MCF	35.25	35.25	35.25	35.25	36.25
TOTAL MONTHLY CHARGES	141.08	154.13	168.96	186.79	204.70
Difference - \$		13.05	14.83	17.83	17.91
Difference - %		8.5%	8.8%	9.5%	8.8%

W & WW, Natural Gas Consolidated Residential Rate Impacts – Scen II



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
RESIDENTIAL Rates					
Water Rates					
10,000 Gallons	\$ 41.75	\$ 43.61	\$ 44.94	\$ 46.30	\$ 47.69
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
Wastewater Rates					
5,000 Gallons	28.08	33.72	40.50	48.64	53.53
Gas Rates					
3 MCF	35.25	35.25	35.25	35.25	36.25
TOTAL MONTHLY CHARGES	141.08	150.59	160.72	172.23	181.52
Difference - \$		9.51	10.13	11.50	9.29
Difference - %		6.3%	6.3%	6.7%	5.1%

Presentation Summary

Benefits of Proposed Rate Plan



- No increase in gas costs over 5 years
- Will enable utility to recover all of its operating costs without subsidies from General Fund
- Will allow for \$60 -- \$120 million in investment in the future of the City
- Will result in a healthy utility fund that meets its financial goals





Questions?