

**12/19/2023  
PRESENTATION**

## **City of Tomball**

### **2023 Water Wastewater and Gas Rate Study and Financial Forecast**

### **Preliminary Rate Recommendations Council Workshop**



# **Water and Wastewater Utility Analysis and Recommendations**

# City of Tomball

## Current Water and Wastewater Rates



### Residential Water Monthly Rates

#### Base Rate

Small (0-10,000 Gallons)	\$	11.55
Medium (10,001-15,000 Gallons)		13.29
Large (15,001-Above Gallons)		15.29

#### Usage Charge (per 1,000 Gallons)

-	10,000	3.02
10,001	15,000	3.77
15,001	Above	4.72

### Commercial Water Monthly Rates

Small (0-5,000 Gallons)	\$	19.56
Medium (5,001-51,000 Gallons)		31.48
Large (51,001-Above Gallons)		55.11

#### Usage Charge (per 1,000 Gallons)

-	5,000	3.66
5,001	51,000	4.58
51,001	Above	5.72

### Bulk Water Sales

Base Rate	\$	92.27
Usage Charge (per 1,000 Gallons)		5.12

### North Harris County Regional Water Authority Surcharge

The City collects additional surcharges, based on rates established by NHCRWA, adjusted as surcharge increases

10/1/2023 Surcharge (per 1,000 Gallons)	\$	3.60
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### Customers Receiving Potable Water

#### Residential Rates

Base Rate	\$	10.23
Volume Rate (per 1,000 Gallons)		3.57

#### Commercial Rates

Base Rate	\$	24.91
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#### Usage Charge (per 1,000 Gallons)

Small (0-5,000 Gallons)	4.53
Medium (5,001-51,000 Gallons)	5.65
Large (51,001-Above Gallons)	7.07

### Customers Not Receiving Potable Water

#### Residential Rates

Base Rate	\$	41.93
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#### Commercial Rates

Base Rate	\$	69.78
Drain Charge (in excess of 15)		2.78

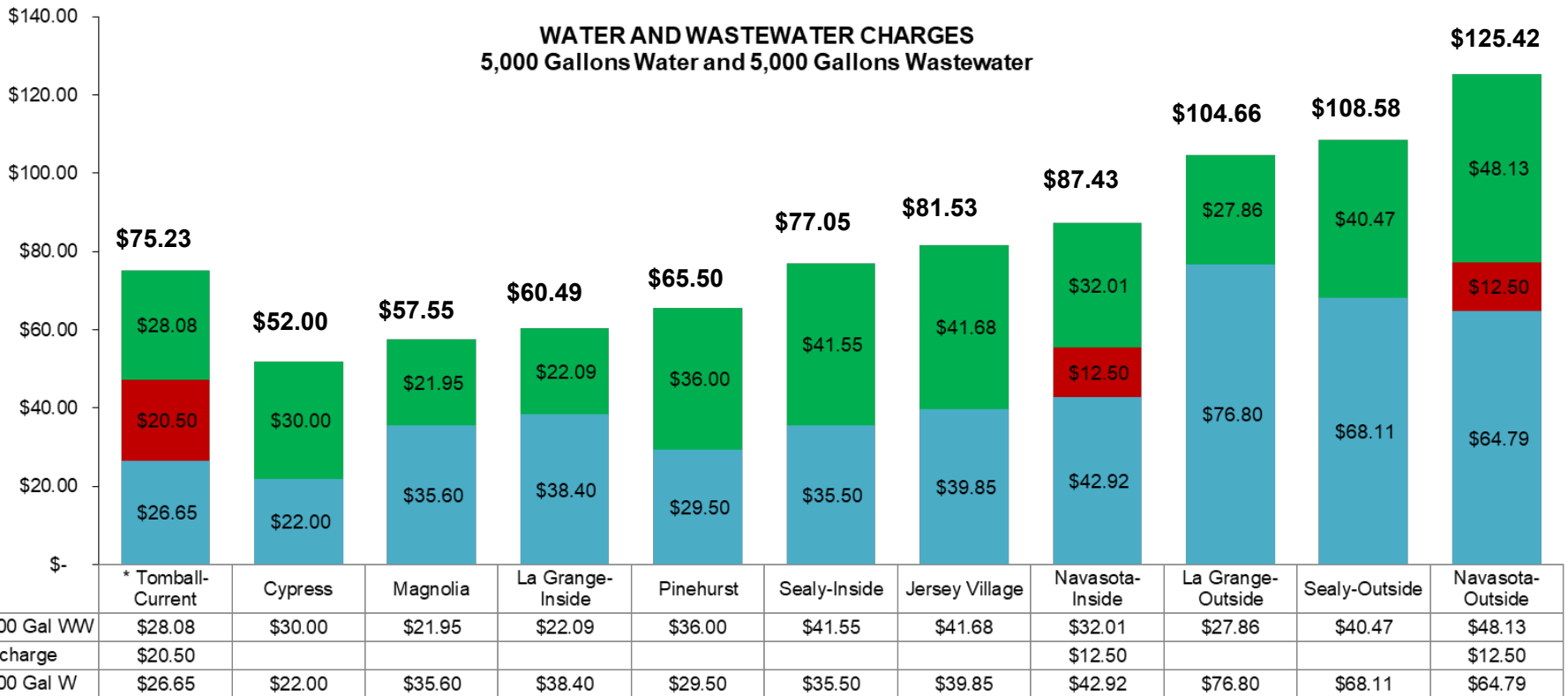
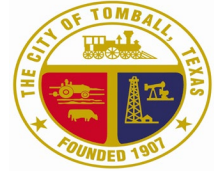
#### Note 1:

Residential Volumetric Charges are based on the average of water usage in the winter months of November - February

#### Note 2:

The City does not assess different rates for accounts of any rate class outside of City limits

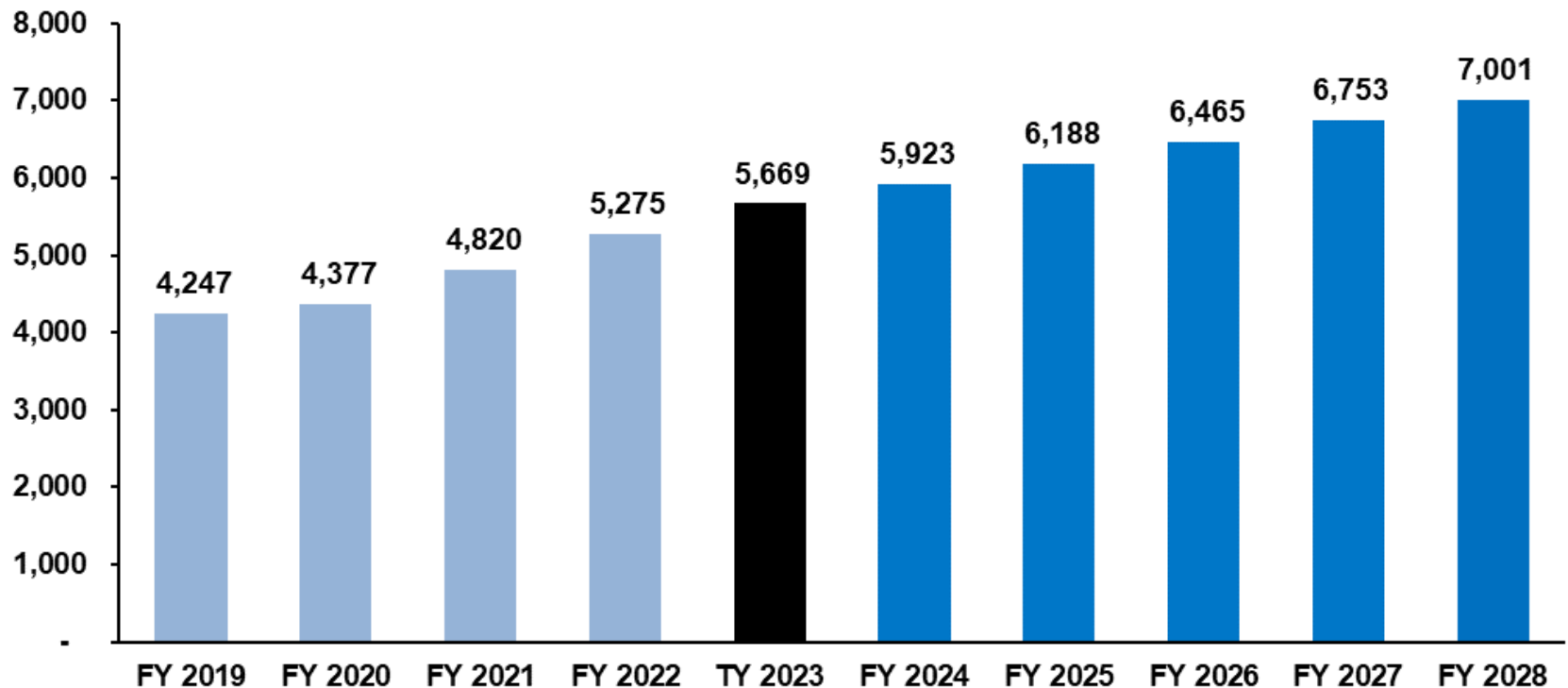
# Total Monthly Residential Charge 5,000 Gallons Water & 5,000 Gallons WW



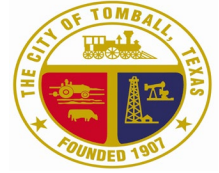
# Historical and Forecast Total Water Accounts Through FY 2028



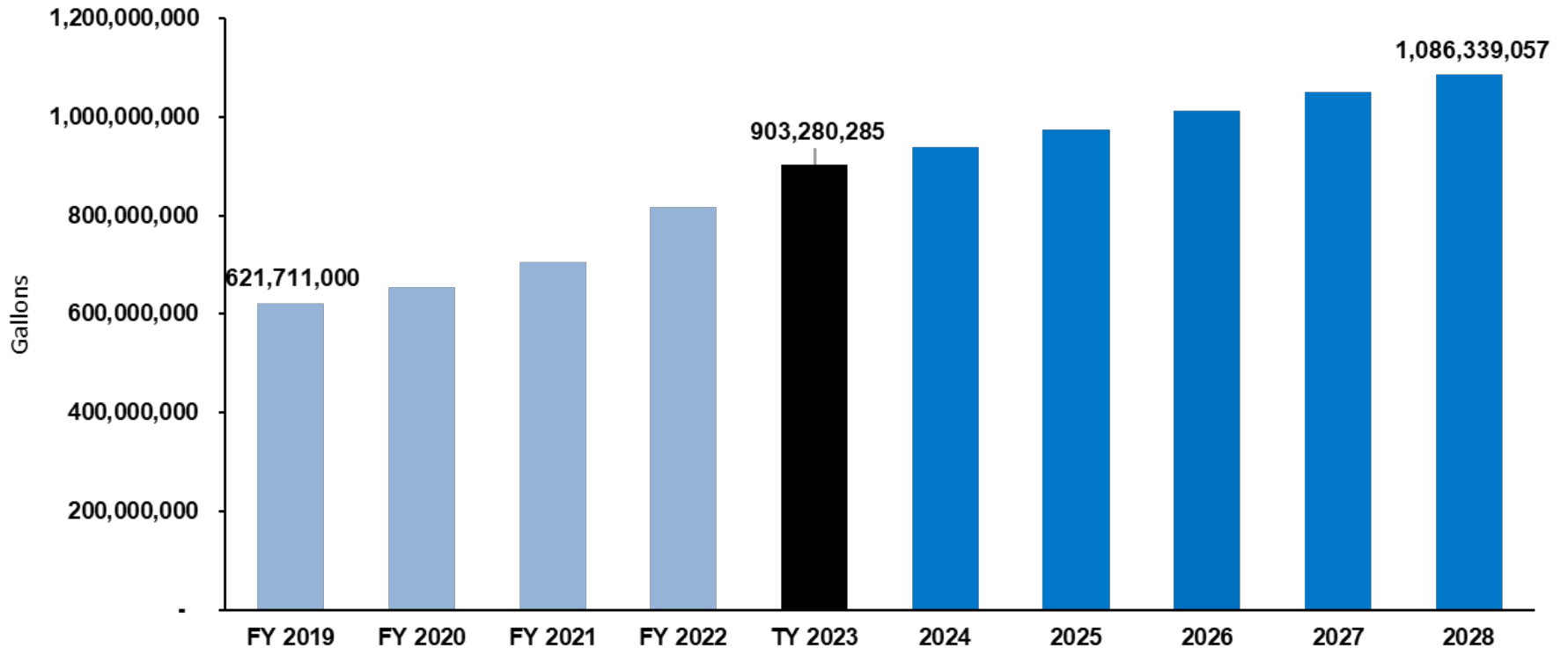
Average Annual Growth Rate FY2023 thru FY2028 = 3.6%



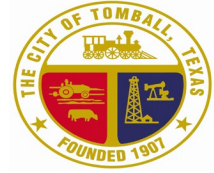
# Forecast Water Consumption



Average Annual Growth Rate FY2023 thru FY2027 = 3.1%



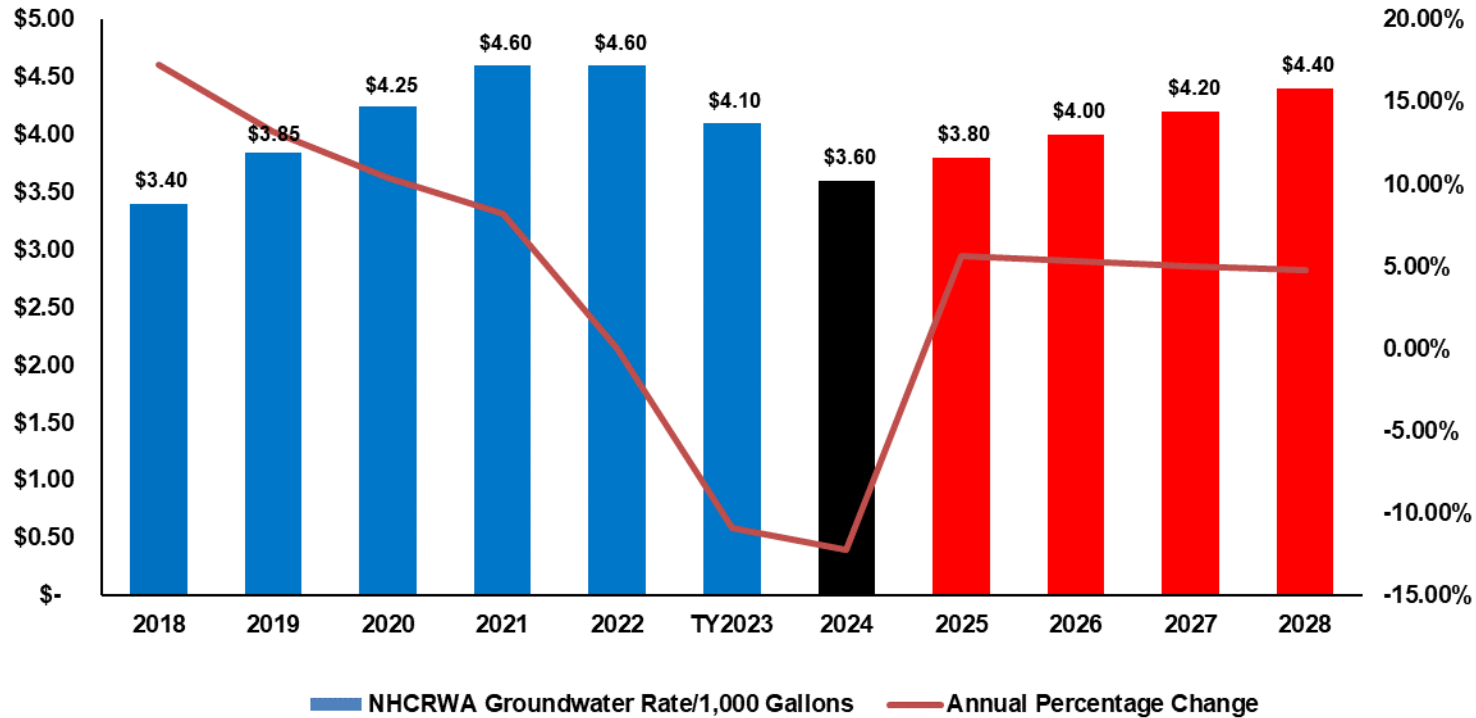
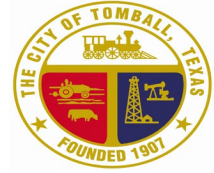
# Key Assumptions Driving Financial Forecast and Rate Plan



- 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

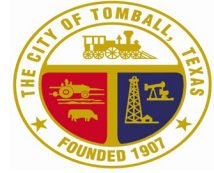


# NHCRWA Historical and Forecast Water Cost/1,000 Gal



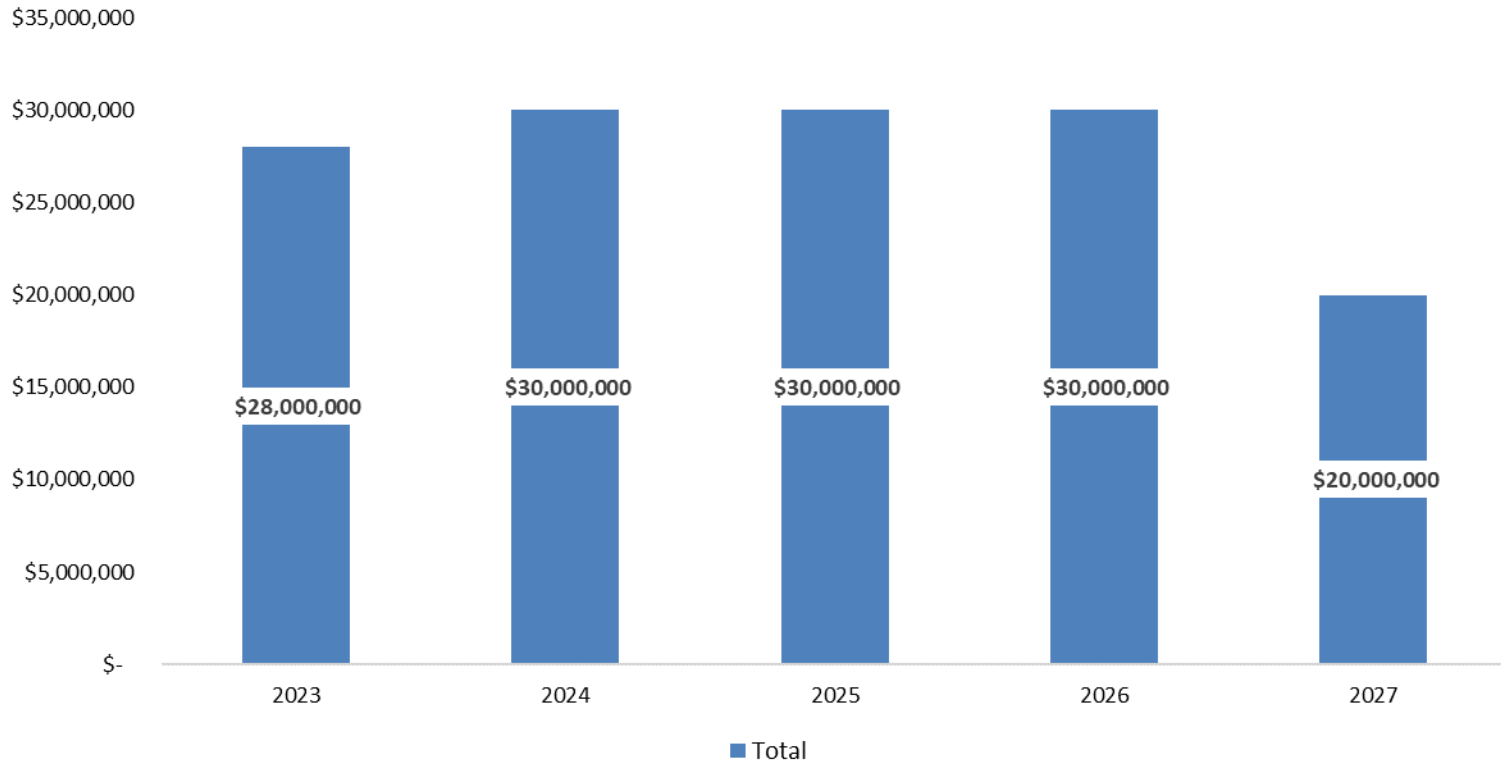


# Forecast Bond Issues 2023 -- 2028

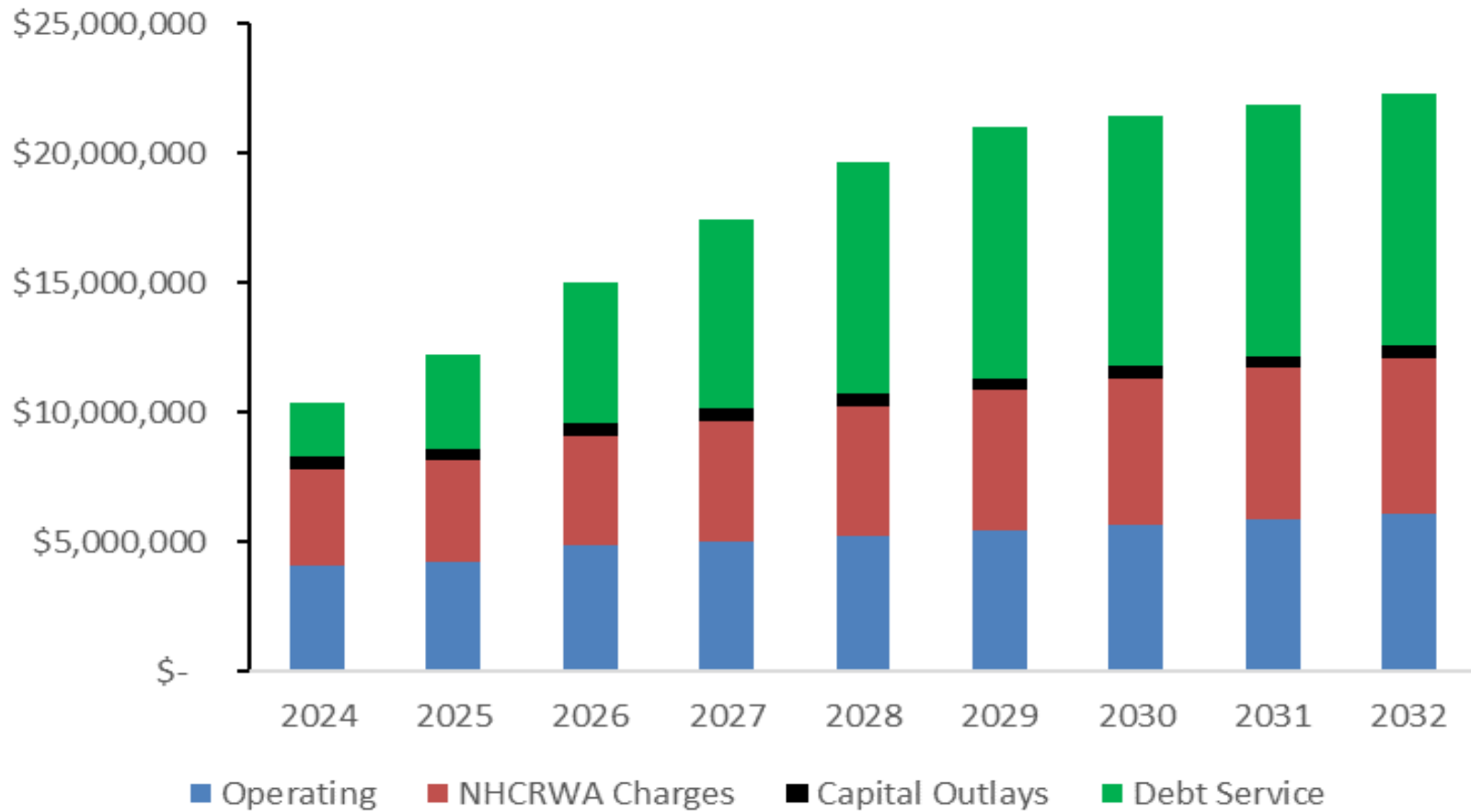


**Total Debt = \$138,000,000**

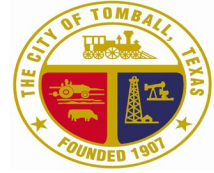
**Term = 30 Years**  
**Interest = 4.5%**  
**Year 1 = Interest Only**



# Water and WW Cost of Service Forecast 2024 - 2028



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

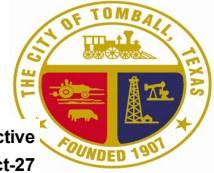


- 4-year rate plan with rate adjustments in October 2024 – October 2027
- Recommend standardizing minimum charges – at a future date implement meter equivalencies
- NHCRWA rate remains a pass-through
- Rate Plan Scenarios:
  - **Scenario I** -- Fully funds \$138M of new debt
  - **Scenario II** -- 50%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



# Scenario I

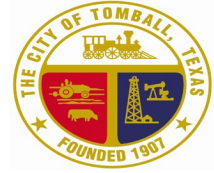
## Proposed Water and Wastewater Rate Plan



		Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>WATER RATES - RESIDENTIAL</b>						
<b>Base Charge</b>	<b>Current</b>					
-	10,000	\$ 11.55	\$ -	\$ -	\$ -	-
10,001	15,000	13.29	-	-	-	-
15,001	Above	15.29	-	-	-	-
	<b>Uniform</b>	-	12.85	13.65	14.50	15.40
<b>Volume Rate Per 1,000 Gal</b>						
-	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
<b>NHCRWA Surcharge Per 1,000 Gal</b>		3.60	3.80	4.00	4.20	4.40
<b>WATER RATES - COMMERCIAL</b>						
<b>Base Charge</b>	<b>Current</b>					
-	5,000	19.56	-	-	-	-
5,001	50,000	31.48	-	-	-	-
51,001	Above	55.11	-	-	-	-
	<b>Uniform</b>	-	29.10	30.85	32.75	34.75
<b>Volume Rate Per 1,000 Gal</b>						
-	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
<b>NHCRWA Surcharge Per 1,000 Gal</b>		3.60	3.80	4.00	4.20	4.40
<b>WASTEWATER RATES - RESIDENTIAL</b>						
<b>Monthly Base Charge</b>		\$ 10.23	\$ 13.15	\$ 16.85	\$ 21.60	\$ 25.95
<b>Volume Rate Per 1,000 Gal -- Winter Avg</b>		3.57	4.57	5.85	7.49	8.98
<b>WASTEWATER RATES - COMMERCIAL</b>						
<b>Base Charge</b>		24.91	31.95	40.90	52.40	62.90
<b>Volume Rate Per 1,000 Gal</b>						
-	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
<b>Residential Monthly Water/WW Charge</b>					
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
<b>Total</b>	<b>72.73</b>	<b>83.86</b>	<b>96.73</b>	<b>112.53</b>	<b>127.36</b>
Dollar Inc		11.13	12.87	15.81	14.82
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
<b>Total</b>	<b>105.83</b>	<b>118.88</b>	<b>133.71</b>	<b>151.54</b>	<b>168.45</b>
Dollar Inc		13.05	14.83	17.83	16.91
<b>Commercial Monthly Water/WW Charge</b>					
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
<b>Total</b>	<b>322.79</b>	<b>366.77</b>	<b>425.53</b>	<b>498.07</b>	<b>565.87</b>
Dollar Inc		43.98	58.76	72.54	67.80

# Scenario II

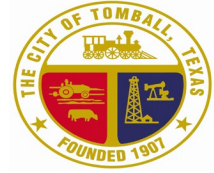
## Proposed Water and Wastewater Rate Plan



			Current		Effective Oct-24		Effective Oct-25		Effective Oct-26		Effective Oct-27
<b>WATER RATES - RESIDENTIAL</b>											
<b>Base Charge</b>	<b>Current</b>										
-	10,000	\$	11.55	\$	-	\$	-	\$	-	\$	-
10,001	15,000		13.29		-		-		-		-
15,001	Above		15.29		-		-		-		-
	<b>Uniform</b>		-		12.50		12.90		13.30		13.70
<b>Volume Rate Per 1,000 Gal</b>											
-	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
<b>NHCRWA Surcharge Per 1,000 Gal</b>			3.60		3.80		4.00		4.20		4.40
<b>WATER RATES - COMMERCIAL</b>											
<b>Base Charge</b>	<b>Current</b>										
-	5,000		19.56		-		-		-		-
5,001	50,000		31.48		-		-		-		-
51,001	Above		55.11		-		-		-		-
	<b>Uniform</b>		-		28.30		29.15		30.05		31.00
<b>Volume Rate Per 1,000 Gal</b>											
-	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
<b>NHCRWA Surcharge Per 1,000 Gal</b>			3.60		3.80		4.00		4.20		4.40
<b>WASTEWATER RATES - RESIDENTIAL</b>											
<b>Monthly Base Charge</b>		\$	10.23	\$	12.30	\$	14.80	\$	17.80	\$	19.60
<b>Volume Rate Per 1,000 Gal – Winter Avg</b>			3.57		4.28		5.14		6.17		6.79
<b>WASTEWATER RATES - COMMERCIAL</b>											
<b>Base Charge</b>			24.91		29.95		35.95		43.15		47.50
<b>Volume Rate Per 1,000 Gal</b>											
-	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

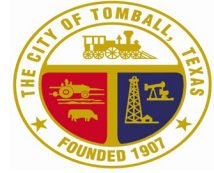


	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>Residential Monthly Water/WW Charge</b>					
5,000 Gallons W; 5,000 WW	\$ 54.73	\$ 61.77	\$ 69.42	\$ 78.44	\$ 84.22
NHCRWA Surcharge	18.00	19.01	20.02	21.02	22.02
<b>Total</b>	<b>72.73</b>	<b>80.78</b>	<b>89.44</b>	<b>99.46</b>	<b>106.25</b>
Dollar Inc		8.05	8.66	10.02	6.79
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
<b>Total</b>	<b>105.83</b>	<b>115.34</b>	<b>125.47</b>	<b>136.98</b>	<b>145.27</b>
Dollar Inc		9.51	10.13	11.50	8.29
<b>Commercial Monthly Water/WW Charge</b>					
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
<b>Total</b>	<b>322.79</b>	<b>352.77</b>	<b>392.12</b>	<b>437.92</b>	<b>468.67</b>
Dollar Inc		29.98	39.34	45.80	30.75

# **Gas Utility Analysis and Recommendations**



# Current Gas Rates Effective 2011

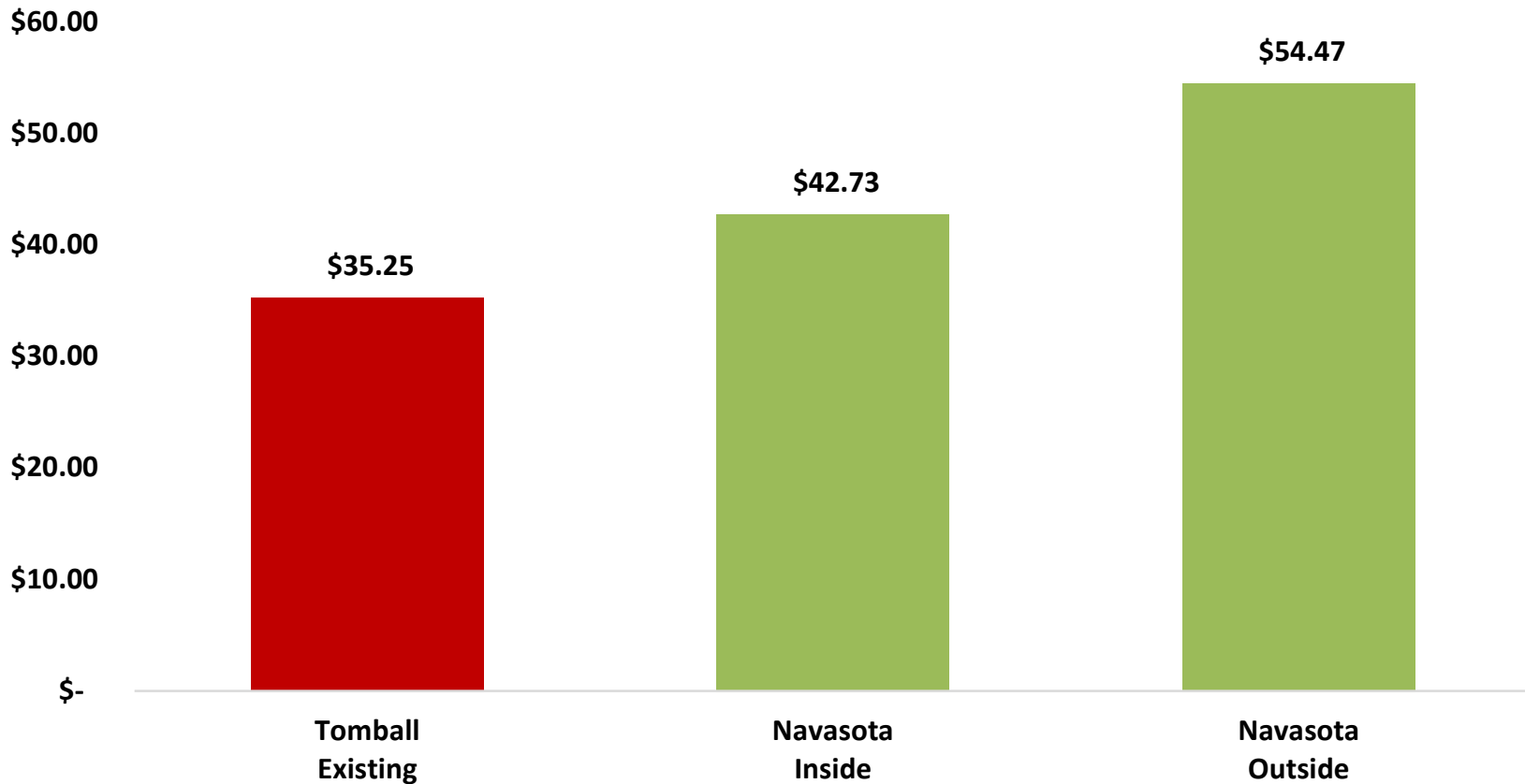


## All Customers

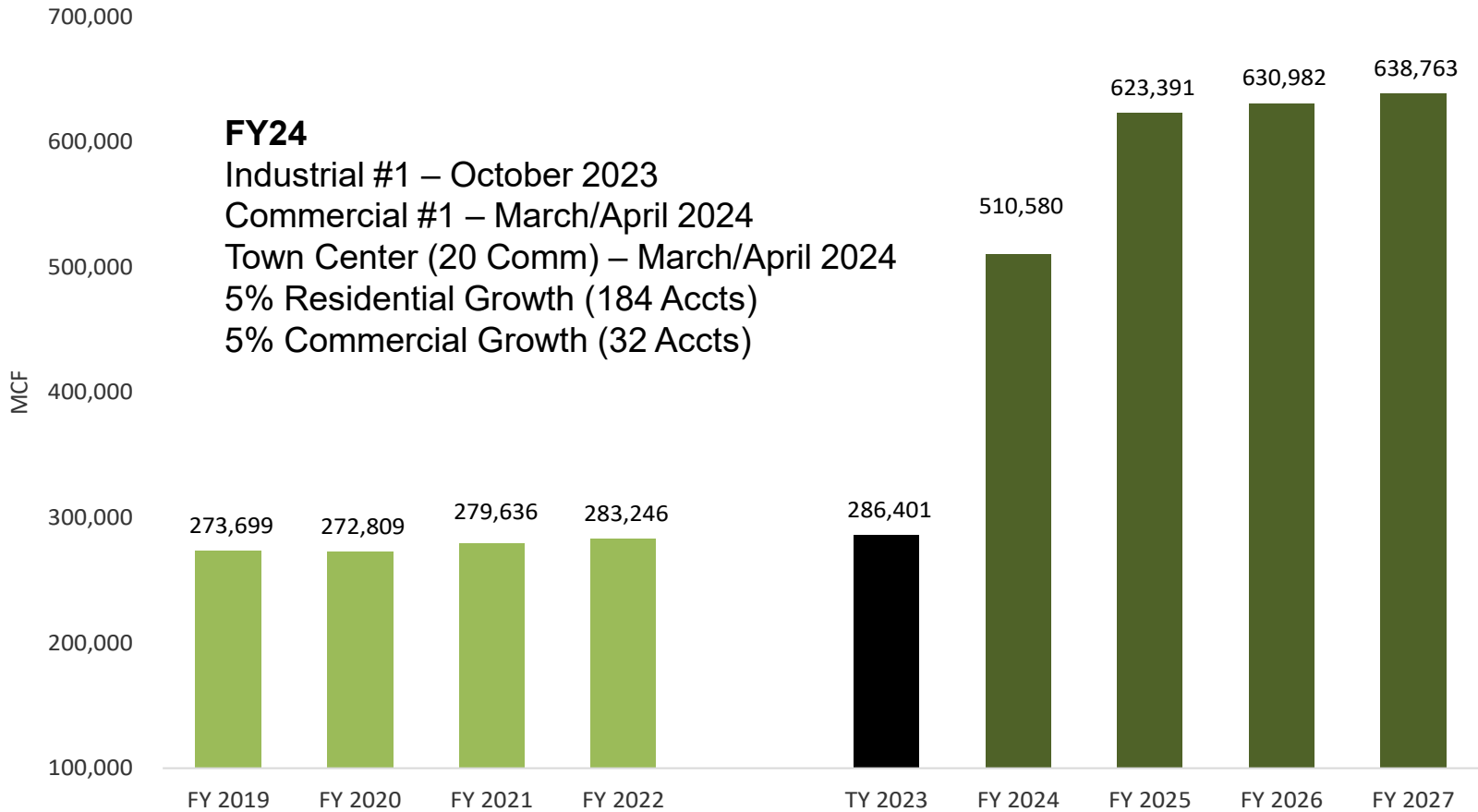
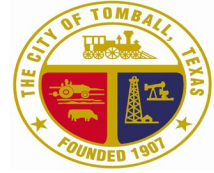
<b>Minimum Charge</b> Includes 1,000 Cubic Feet or 1 MCF	\$	11.75
<b>Usage Charge</b> 1,001 Cubic Feet or >1 MCF	\$	11.75



# Comparison of Average Residential Cost Per Month for 3 MCF

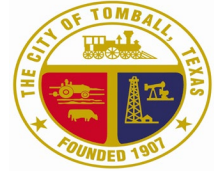


# Historical and Forecast Natural Gas Sales



5% Annual Account Growth Plus New Commercial Customers

# Natural Gas Alt 1 - Cost of Service Residential Rate Recommendation

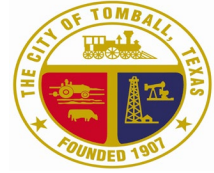


<b>GAS</b>	<b>Current</b>	<b>Effective Dec-23</b>	<b>Effective Oct-24</b>	<b>Effective Oct-25</b>	<b>Effective Oct-26</b>	<b>Effective Oct-27</b>
<b>Residential</b>						
<b>Base Charge</b> Includes 1 MCF	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
<b>Usage Charge Per MCF</b>	\$ 11.75	\$ 11.75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



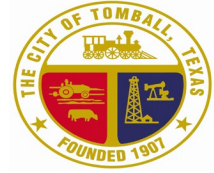
# Presentation Summary

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



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>RESIDENTIAL Rates</b>					
<b>Water Rates</b>					
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
<b>Wastewater Rates</b>					
5,000 Gallons	28.08	36.00	46.10	59.03	70.87
<b>Gas Rates</b>					
3 MCF	35.25	35.25	35.25	35.25	36.25
<b>TOTAL MONTHLY CHARGES</b>	<b>141.08</b>	<b>154.13</b>	<b>168.96</b>	<b>186.79</b>	<b>204.70</b>
Difference - \$		<b>13.05</b>	<b>14.83</b>	<b>17.83</b>	<b>17.91</b>
Difference - %		8.5%	8.8%	9.5%	8.8%

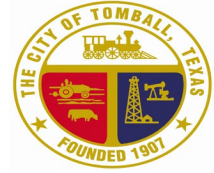
# W & WW, Natural Gas Consolidated Residential Rate Impacts – Scen II



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>RESIDENTIAL Rates</b>					
<b>Water Rates</b>					
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
<b>Wastewater Rates</b>					
5,000 Gallons	28.08	33.72	40.50	48.64	53.53
<b>Gas Rates</b>					
3 MCF	35.25	35.25	35.25	35.25	36.25
<b>TOTAL MONTHLY CHARGES</b>	<b>141.08</b>	<b>150.59</b>	<b>160.72</b>	<b>172.23</b>	<b>181.52</b>
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?