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Section 1 INTRODUCTION

NewGen Strategies and Solutions, LLC (NewGen) is pleased to submit this summary of our results from the 2021 Water and Wastewater Rate Study (Study) for the City of Rhome, Texas (City) to Kimley-Horn & Associates (KHA). The purpose of the Study was to determine the anticipated expenses of providing water and wastewater services, to review performance under the current rates, and to propose rate changes (if required) to assist in safeguarding the financial integrity of the City. This report describes the analysis performed for the City and makes recommendations regarding rates to be charged to the City's water and wastewater customers. This report consists of four sections, the last of which details NewGen's recommendations. Appendices which supplement the findings in this report are provided.

1.1 Background

The City provides water services to approximately 582 retail connections and wastewater services to approximately 500 retail connections.¹ The City's last increase in water rates was effective in 2017 and increase in sewer rates was effective in 1999. Specific to the City's last increase in water rates, this adjustment was only made to pass through increases in costs from the City's wholesale water provider and did not result in additional revenue to fund cost increases associated with the City's internal water distribution system.

Currently, the City purchases wholesale treated water from Walnut Creek Special Utility District (SUD) and pumps groundwater from its own wells. As the City is growing and requiring more water, it has been reviewing other water supply options. KHA conducted a study to determine five alternative options for water supply, with the recommended option being to switch to Upper Trinity Regional Water District as the wholesale provider. This option would also include capital funding for needed infrastructure. Based on conversations with KHA and the City, the switch and needed capital would be after the five-year forecast of this study. This study assumes that Walnut Creek SUD will be the primary provider of treated water for the entire five-year forecast.

1.2 Current Retail Rates

The current retail water rates in effect during this Study are shown in Appendix A. The minimum charges are the same for all meter sizes, which is not consistent with industry best management practices. Larger water meters can place greater demands on the water system, and thus should pay a greater fixed charge to compensate the utility for the infrastructure put into service to accommodate this increased demand. The City uses a four-tiered, inclining block volumetric rate structure wherein a customer pays more per unit of consumption as more water is utilized. This is considered best practice as it encourages conservation based on the Texas Water Conservation Implementation Task Force's Best Management Practices (TWCITF BMP). The City currently charges a multiplier for providing water service to customers outside city limits. It is a common practice throughout the state to charge more for city services to customers outside of city limit boundaries. In some communities, the outside city limit rate differential is set as a simple multiplier (such as 1.15 times or even up to 2.00 times) above the rate charged to inside



¹ As of September 2020.

city limit customers. This simple multiplier method without any additional cost justification is not recommended. It leaves a city subject to appeal and a less defensible rate setting method if challenged before the PUC. For the purposes of this study, the multiplier was assumed to remain constant per Staff.

The current retail wastewater rates are shown in Appendix A. Residential customers are charged a flat minimum charge and a tiered volumetric charge. The Residential wastewater bills are then capped as a way to account for irrigation water use not returning to the wastewater system. A more common method of wastewater billing is to use a winter average from January, February, and March. This method assumes that customers do not irrigate during the winter months, and all water consumed during this period is for indoor use and returned to the wastewater system. However, since there is a maximum bill for residential customers, which also acknowledges that irrigation use does not return to the wastewater system, this method is also common and recommended. Commercial customers are charged a minimum charge that is based on the meter size and a flat volumetric charge. The City currently charges a multiplier for providing wastewater service to customers outside city limits. See the paragraph above for a discussion on outside city multipliers.

Section 2 REVENUE REQUIREMENT

2.1 Revenue Requirement

NewGen developed a "Test Year" for the Study based on the Fiscal Year (FY) 2021 Adopted Budget.² A Test Year is a common term in rate studies that refers to an adjusted budget that is used as a basis for setting rates. It should be representative of "typical" conditions, with adjustments for unusual or one-time expenses. The Test Year separates costs and allocates them specifically to the water and wastewater functions. The development of the Test Year was completed in coordination with City staff and reflects all known and measurable changes as of this report.

The Test Year was used to develop a five-year revenue requirement forecast for FY 2022 through FY 2026. The net revenue requirement excludes non-rate revenues and identifies the amount that should be recovered from rates to fully recover the cost of providing service. For future years, NewGen incorporated inflation factors, the capital improvement plan, and existing debt service. The following sections within this report summarize the key factors affecting the projected revenue requirement. Appendix B shows detail for the revenue requirement based on the following sections.

2.2 Inflation Factors

The Test Year revenue requirement was used as the basis for the five-year financial forecast. Certain expenses were projected based on provided schedules, such as debt service payments. However, the majority of expenses were Operations and Maintenance (O&M) related costs, which were inflated based on historical averages or industry standards as follows:

- General inflation is set at 2.45% per year.³
- Salaries increase 5.00% and benefits increase 10% per year.⁴
- Construction (used for adjusting the City's planned capital improvement expenditures) increases at 3.09% per year.⁵

2.3 Capital Improvement Plan

The revenue requirement incorporates a capital improvement plan (CIP) provided by KHA and the City for the forecast period. NewGen, per conversations with City staff, has budgeted approximately \$13M (inflated) over the course of the forecast period. Funding for projects is projected to be primarily from projected debt and from impact fees for eligible projects. Based on KHA and Staff assumptions, water currently accounts for 33% of expected capital costs, while wastewater accounts for the remaining 67%. These estimates do not include any additional infrastructure that is planned to be developer funded. Figure 2-1 below contains the estimated total capital costs by utility over the forecast.



² The City's fiscal year starts October 1 and ends September 30; the year cited is the year the fiscal year ends.

³ American City and County Municipal Cost Index 20-Year Average as of October 2020.

⁴ Per staff.

⁵ Construction Cost Index 20-Year Average as of October 2020.



Figure 2-1: CIP Plan

2.4 Debt Service

The revenue requirement includes the City's existing debt. Each individual series of existing debt was allocated to water and wastewater based on how the funds were used and based on direction from City staff, with total existing debt allocated 50% to water and 50% to wastewater. Projected debt issuances based on the CIP are estimated to be FY 2022, FY 2024, and FY 2026. The projected issuances used assumptions of 20-year terms, first payment in the year after the issuance, and the interest rate of 2.50% for FY 2021 issuances and increasing by 0.25% each year.

The revenue requirement includes new program O&M costs. This includes any one-time expenses that are not capital and are not included in the budget. For example, some of these one-time costs include work trucks, a jet machine, a portable generator, and other equipment. The new program operations and maintenance costs also include continuing expenses, including a new administrative assistant.

2.5 Revenue Offsets

To determine the revenues that are required to be recovered through rates, it is necessary to subtract other miscellaneous utility-related revenues, such as tap fees, meter installation fees, and late payment penalties. The revenue offsets identified in this Study correlate with the budgeted values in the FY 2021 Adopted Budget, and are held constant throughout the forecast, so as to not under-estimate needed adjustments to user rates.

3.1 Recovery from Current Rates

In evaluating the performance of existing water and wastewater rates and to project future rates, some estimation of billed usage and billed demand is required. In making this estimation, NewGen relied on the 15 months of billing data from July 2019 to September 2020. NewGen then selected months of data that were closest to normal weather patterns in terms of precipitation to determine average usage per connection. The long-term impact of COVID-19 to utilities is still unknown and could cause usage and demand to vary. The City should continue to monitor actual water consumption and billed wastewater flow against the figures used within this analysis. Should utility revenue performance not meet expectations, additional adjustments to user rates may be required.

In reviewing the data for both utilities there did not appear to be any significant changes during COVID-19, so no corresponding adjustments were made to normalize the data. The monthly connections based off the most recent month of billing data and average usage by utility and customer class are shown in Tables 3-1 and 3-2 below.

		Dining Dotor		
	Residential Inside	Residential Outside	Commercial Inside	Commercial Outside
Monthly Connections	522	7	49	4
Average Usage Per Connection (Gallons)	5,023	3,141	22,059	8,093

Table 3-1 FY 2021 Water Billing Determinants

Table 3-2FY 2021 Wastewater Billing Determinants

	Residential Inside	Residential Outside	Commercial Inside	Commercial Outside
Monthly Connections	463	0	37	0
Average Usage Per Connection (Gallons)	4,512	0	18,332	0

It should be noted that for the purpose of this analysis, NewGen has assumed an annual increase in new customers for the residential customer class in FY 2021 through FY 2026, which is shown in Table 3-3 below.⁶ Each utility was evaluated individually and on a combined basis specific to projected financial performance. Table 3-4 provides a summary of the projected revenue to be realized if current rates remain unchanged.



⁶ Based on discussions with KHA and City staff.

	Annual	Growth in	Residentia	I Custome	rs	
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Water	18	19	125	125	125	125
Wastewater	16	17	111	111	111	111

Table 3-3

	1101011			t Hutoo		
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Water						
Projected Expenses	\$670,662	\$878,093	\$876,527	\$1,084,189	\$1,319,620	\$1,404,064
Projected Revenues	732,242	876,231	1,286,266	1,674,163	1,506,544	1,738,956
Over / (Under) Recovery (\$)	\$61,580	(\$1,862)	\$409,739	\$589,974	\$186,924	\$334,892
Over / <mark>(Under)</mark> Recovery (%)	9.18%	(0.21%)	46.75%	54.42%	14.17%	23.85%
<u>Wastewater</u>						
Projected Expenses	\$366,442	\$517,820	\$692,118	\$769,292	\$852,078	\$823,547
Projected Revenues	212,175	215,954	231,515	256,182	280,897	305,661
Over / (Under) Recovery (\$)	(\$154,267)	(\$301,866)	(\$460,604)	(\$513,110)	(\$571,182)	(\$517,886)
Over / <mark>(Under)</mark> Recovery (%)	(42.10%)	(58.30%)	(66.55%)	(66.70%)	(67.03%)	(62.88%)
<u>Combined</u>						
Projected Expenses	\$1,037,104	\$1,395,913	\$1,568,646	\$1,853,481	\$2,171,698	\$2,227,611
Projected Revenues	944,417	1,092,186	1,517,781	1,930,345	1,787,441	2,044,617
Over / (Under) Recovery (\$)	(\$92,687)	(\$303,727)	(\$50,865)	\$76,864	(\$384,257)	(\$182,994)
Over / (Under) Recovery (%)	(8.94%)	(21.76%)	(3.24%)	4.15%	(17.69%)	(8.21%)

Table 3-4 Revenue Recovery Under Current Rates

As shown above, in total, the City is projected to not meet its FY 2021 - FY 2026 revenue requirements under current rates.

Table 3-5 illustrates the City's combined utility performance as compared to the City's financial policy objectives for the utility. These metrics include achieving a Debt Service Coverage Ratio of at least 1.00 times the debt service requirements and maintaining a Days Cash on Hand target of 60 days. As shown below, the City is projected to not meet its key financial metrics with current rates starting in FY 2021.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Beginning Unrestricted Net Position	\$231,449	\$138,762	(\$164,966)	(\$215,831)	(\$138,967)	(\$523,224)
Total Revenues	944,417	1,092,186	1,517,781	1,930,345	1,787,441	2,044,617
Total Expenses	1,037,104	1,395,913	1,568,646	1,853,481	2,171,698	2,227,611
Ending Unrestricted Net Position	\$138,762	(\$164,966)	(\$215,831)	(\$138,967)	(\$523,224)	(\$706,218)
Days Cash on Hand (60 Day Target)	59	(49)	(65)	(34)	(141)	(183)
Debt Service Coverage						
Total Revenues	\$944,417	\$1,092,186	\$1,517,781	\$1,930,345	\$1,787,441	\$2,044,617
Total Expenses Less Debt Service	863,305	1,219,214	1,203,576	1,488,971	1,354,493	1,408,406
Available for Debt Service Coverage	\$81,111	(\$127,029)	\$314,204	\$441,374	\$432,948	\$636,211
Debt Service	179,799	176,699	365,070	364,510	817,205	819,205
Coverage Ratio (1.00 Target)	0.47	(0.72)	0.86	1.21	0.53	0.78

Table 3-5 Combined Utility Performance Under Current Rates

3.2 Proposed Water Rates

Under current rates, the water utility is projected to recover its expenses every year of the forecast except for FY 2022, when it is projected to have a slight under recovery of revenue. Based on these results, there are no proposed rate increases for water rates. Because of the level of uncertainty between several imperative underlying assumptions, it is recommended that the City review the performance and anticipated costs of the utility annually.

3.3 Proposed Wastewater Rates

NewGen recommends a rate increase to the wastewater rates for FY 2022. The proposed rate detail is presented in Appendix C. After the increase in FY 2022, it is projected that the growth will help cover cost increases in the remaining forecasted years. The projected wastewater rates rely on several major assumptions, and it is recommended that the City review revenue performance and revised costs of the utility annually.

3.5 Proposed Rates Summary

Table 3-6 shows the combined performance under the proposed rates discussed above. A regional comparison of rates from different cities can be found in Appendix D. It is important to note that although comparisons between communities are very common, they may not tell the whole story. Each system is unique in geography, age of infrastructure, capital maintenance effort, and typical usage patterns, which makes this comparison not apples to apples. A utility is a business-type activity of government and should be operated in the same manner as a stand-alone, private business enterprise. Pricing decisions should be made at the community level, reflecting the unique needs of each City's own business enterprise.

	,					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Beginning Unrestricted Net Position	\$231,449	\$139,832	\$139,842	\$416,657	\$859,276	\$878,848
Total Revenues	945,487	1,395,923	1,845,461	2,296,100	2,191,270	2,486,520
Total Expenses	1,037,104	1,395,913	1,568,646	1,853,481	2,171,698	2,227,611
Ending Unrestricted Net Position	\$139,832	\$139,842	\$416,657	\$859,276	\$878,848	\$1,137,757
Days Cash on Hand (60 Day Target)	59	42	126	211	237	295
Debt Service Coverage						
Total Revenues	\$945,487	\$1,395,923	\$1,845,461	\$2,296,100	\$2,191,270	\$2,486,520
Total Expenses Less Debt Service	863,305	1,219,214	1,203,576	1,488,971	1,354,493	1,408,406
Available for Debt Service Coverage	\$82,182	\$176,709	\$641,885	\$807,129	\$836,777	\$1,078,114
Debt Service	173,799	176,699	365,070	364,510	817,205	819,205
Coverage Ratio (1.00 Target)	0.47	1.00	1.76	2.21	1.00	1.32

 Table 3-6

 Combined Utility Performance Under Proposed Rates

Section 4 RECOMMENDATIONS

Listed below are the findings and recommendations from the water and wastewater rate study update.

Implement Recommended Rates:

NewGen recommends the City increase wastewater rates for FY 2022. NewGen recommends the City review rate requirements and revenue sufficiency annually to make sure each utility is meeting key financial metrics.

Closely Monitor Growth Patterns:

The assumptions in this Study have all been vetted by City staff and are reasonable given current market conditions. That said, the proposed revenue performance is linked to growth projections. NewGen recommends City staff track utility billing account and compare growth to the anticipated outcomes in this five-year forecast.

Ensure Financial Stability:

The City has internal financial policies requiring the utility to maintain a 1.00 Debt Service Coverage Ratio and a Days Cash on Hand at a minimum of 60 days. In the proposed rate increases discussed above, the rates are increased to reach Debt Service Coverage of 1.00 in FY 2022, then reach the 60 Days Cash on Hand target in FY 2023. To the extent rates do not generate sufficient revenue to meet the Debt Service Coverage Ratio each year and reach the Fund Balance Reserve by FY 2023, action should be taken over the long term to amend the City's rates. Failure to abide by the City's own financial policies and/or maintain required debt service coverage ratios could result in a reduced bond rating which, consequentially, can result in a higher long-term borrowing cost for the City and ultimately higher rates to ratepayers.



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APPENDIX A: CURRENT RATES

OCTOBER 2021 WATER AND WASTEWATER RATE STUDY



Current Rates

				N	/AT	ER								
	<u>Reside</u>	ntial Inside	<u>Residential</u> Outside	<u>Commercial</u> Inside		<u>Commercial</u> <u>Outside</u>	<u>Cł</u>	<u>hisholm Church</u> Inside	N	orthwest ISD Inside	<u>North</u> Sprink	<u>west ISD</u> ler Inside	<u>Teco</u> <u>Co</u>	<u>n Water</u> mpany
All	\$	34.31	\$ 70.56	\$ 40.56	\$	78.50	\$	40.00	\$	40.00	\$	40.00	\$	70.00
Volumetric Charge (per kgal) 0-2,000 gallons 2,001 - 10,000 gallons 10,001 - 20,000 gallons 20,001+ gallons	\$	- 8.03 9.18 10.28		\$ 8.03 9.03 10.03 11.03			\$	7.65 8.65 9.65 10.65						
0-2,000 gallons 2,001 - 15,000 gallons 15,001+ gallons			\$ 8.03 12.03 16.03		\$	8.03 12.03 16.03								
0-2,000 gallons 2,001 - 10,000 gallons 10,001 - 12,000 gallons 12,001 - 20,000 gallons									\$	7.65 8.65 8.65 9.65	\$	7.65 8.65 8.65 9.65		
All Gallons													\$	8.24

Notes:

Tecon Water Company is a wholesale customer.

City of Aurora is a wholesale customer with one meter charged at the residential outside rate and one meter at the commercial outside rate.



Current Rates

			Residential			<u>Commercial</u>	Commercial		
	<u>Residen</u>	tial Inside		<u>Outside</u>		<u>Inside</u>		<u>Outside</u>	
Minimum Charge									
5/8"	\$	11.00	\$	11.00	\$	30.00	\$	30.00	
3/4"		11.00		11.00		30.00		30.00	
1"		11.00		11.00		75.00		75.00	
1 1/2"		11.00		11.00		100.00		100.00	
2" and up		11.00		11.00		150.00		150.00	
Volumetric Charge (per kgal)	_								
0-2,000 gallons	\$	-							
2,001 - 10,000 gallons		2.63							
10,001 - 15,869 gallons		3.06							
15,870+ (MAX) gallons		-							
0-2,000 gallons			\$	2.81					
2,001 - 14,745 gallons				3.06					
14,746+ (MAX) gallons				-					
All Gallons					\$	7.00	\$	7.00	

Notes:

There is a maximum bill for residential customers at \$50. The noted maximum volumes above is where the bill would result in a \$50 charge.

WASTEWATER

NewGen Strategies & Solutions



APPENDIX B: EXPENSE DETAIL

OCTOBER 2021 WATER AND WASTEWATER RATE STUDY



Debt Service

Existing Debt Service	2021	2022	2023	2024	2025	2026
Water	\$ 86,899	\$ 88,349	\$ 86,043	\$ 85,763	\$ 84,563	\$ 85,563
Wastewater	86,899	88,349	86,043	85,763	84,563	85,563
Total Existing Debt Service	\$ 173,799	\$ 176,699	\$ 172,085	\$ 171,526	\$ 169,126	\$ 171,126
Projected Debt Service						
Water	\$ -	\$ -	\$ 63,165	\$ 63,165	\$ 335,050	\$ 335 <i>,</i> 050
Wastewater	-	-	129,820	129,820	313,029	313,029
Total Projected Debt Service	\$ -	\$ -	\$ 192,984	\$ 192,984	\$ 648,079	\$ 648,079
Combined Debt Service						
Water	\$ 86,899	\$ 88,349	\$ 149,207	\$ 148,928	\$ 419,613	\$ 420,613
Wastewater	86,899	88,349	215,862	215,583	397,592	398,592
Total Combined Debt Service	\$ 173,799	\$ 176,699	\$ 365,070	\$ 364,510	\$ 817,205	\$ 819,205

Existing Debt Service	2021	2022	2023		2024	2025	20	26	Water	Wastewater
2019 CO	\$ 168,126	\$ 171,026	\$ 168,7	76 \$	171,526 \$	169,126	\$ 1	.71,126	50%	50%
PW Vehicle Note	5,673	5,673	3,3	09	-	-		-	50%	50%



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Water						
Existing Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Projected Debt	-	961,826	-	4,832,610	-	716,060
Cash	-	-	-	-	-	-
Other	-	-	-	-	-	-
Placeholder	-	-	-	-	-	-
Total Water	\$ -	\$ 961,826	\$ -	\$ 4,832,610	\$ -	\$ 716,060
Wastewater						
Existing Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Projected Debt	-	2,203,025	-	4,672,655	-	6,099,902
Cash	-	-	-	-	-	-
Other	-	-	-	-	-	-
Placeholder	-	-	-	-	-	-
Total Wastewater	\$ -	\$ 2,203,025	\$ -	\$ 4,672,655	\$ -	\$ 6,099,902
Impact Fee Funded						
Water	\$ -	\$ -	\$ -	\$ 879,578	\$ -	\$ 716,060
Wastewater	-	226,229	-	2,008,909	-	2,008,909
Total Impact Fee Funded	\$ -	\$ 226,229	\$ -	\$ 2,888,487	\$ -	\$ 2,724,969
Combined						
Existing Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Projected Debt	-	2,938,623	-	6,616,778	-	4,090,993
Cash	-	-	-	-	-	-
Other	-	-	-	-	-	-
Placeholder	-	-	-	-	-	-
Total Combined	\$ -	\$ 2,938,623	\$ -	\$ 6,616,778	\$ -	\$ 4,090,993

All CIP Projects	2021	2022	2023	2024	2025	2026	Water	Wastewater
Ellis Homestead 8" Loop and PRVs	\$ -	\$ - \$		\$ - \$	·	\$ -	100%	0%
16" Water Line From Elevated Storage Tank	-	- '	-	- '	-	-	100%	0%
3433 Booster Pump Station Distribution Piping		-	-	1,244,000	-	-	100%	0%
Distribution Piping	<u> </u>	-	-	-	-	615,000	100%	0%
3433 Pump Station Improvements		-	-	2,247,000	-	-	100%	0%
Bobo Pump Station Improvements	_	-	-	-	-	-	100%	0%
Rolling V West Phase 1		-	-	-	-	-	100%	0%
Rolling V East Phase 1	_	-	-	-	-	-	100%	0%
Gravity Line Clay Pipe Replacement	-	-	-	797,000	-	797,000	0%	100%
West WWTP Rehabilitation	_	-	-	-	-	-	0%	100%
East WWTP Expansion 0.100 MGD to 0.250 MGD	-	-	-	3,468,000	-	-	0%	100%
East WWTP Expansion 0.250 MGD to 0.400 MGD	-	-	-	-	-	3,231,000	0%	100%
East WWTP Expansion 0.400 MGD to 0.700 MGD	-	-	-	-	-	-	0%	100%
East WWTP Expansion 0.700 MGD to 1.000 MGD	-	-	-	-	-	-	0%	100%
North Prairie Point Lift Station (570 gpm)	-	-	-	-	-	1,211,000	0%	100%
South Prairie Point Lift Station (1,578 pgm Firm Pump)	-	-	-	-	-	-	0%	100%
Prairie Point Gravity Lines to South Lift Station	-	-	-	-	-	-	0%	100%
West WWTP Rehab	-	1,617,000	-	-	-	-	0%	100%
West WWTP Discharge Permit Renewal	-	20,000	-	-	-	-	0%	100%
West Sewer Main Replacement (I&I)	-	500,000	-	-	-	-	0%	100%
Water Well Disinfection Conversion Chlorine to Chloramine	-	750,000	-	-	-	-	100%	0%
FM 3433 Disinfection Booster System	-	-	-	370,000	-	-	100%	0%
Ground Storage Tank Improvements	-	-	-	550,000	-	-	100%	0%
Radium Treatment - Water Softening System	-	183,000	-	-	-	-	100%	0%
Ellis Homestead 8" Loop and PRVs	-	-	-	-	-	-	100%	0%
16" Water Line to EST (Likely Developer Funded)	-	-	-	-	-	-	100%	0%
Meter Changes for UTRWD	-	-	-	-	-	-	100%	0%
Water Mains for UTRWD	-	-	-	-	-	-	100%	0%
New Pump Station for UTRWD						-	100%	0%
Total CIP	\$ -	\$ 3,070,000 \$	-	\$ 8,676,000 \$	\$ -	\$ 5,854,000		



New Program O&M

Base Year for Costs

2021

New Program O&M - One-Time

Project Name	Inflation Factor	Water %	Wastewater %	<u>2021</u>	2022	2023	<u>2024</u>	<u>2025</u>	2026
Desktop Computer	None	50%	50%		\$ 3,000				
Desktop Computer	Municipal Cost Index	50%	50%			1,500	1,500	1,500	1,500
SCADA Upgrades	Municipal Cost Index	50%	50%				25,000	25,000	
LS Pump Replacement	Municipal Cost Index	0%	100%			20,000	40,000	40,000	
New Work Truck	None	100%	0%		39,000				
New Work Truck	Municipal Cost Index	50%	50%			35,000	35,000		
John Deere 410L	None	50%	50%		115,000				
750 Ford 7yrd Bed	None	50%	50%		90,000				
Trailer Sewer Jet Machine	Municipal Cost Index	0%	100%			85,000			
Portable Generator	Municipal Cost Index	50%	50%				200,000		
Total				\$-	\$ 247,000	\$ 141,500	\$ 301,500	\$ 66,500	\$ 1,500
Project Name				2021	<u>2022</u>	2023	2024	2025	2026
Desktop Computer				\$-	\$ 3,000	\$-	\$-	\$-	\$-
Desktop Computer				-	-	1,574	1,613	1,652	1,693
SCADA Upgrades				-	-	-	26,882	27,540	-
LS Pump Replacement				-	-	20,991	43,010	44,064	-
New Work Truck				-	39,000	-	-	-	-
New Work Truck				-	-	36,735	37,634	-	-
John Deere 410L				-	115,000	-	-	-	-
750 Ford 7yrd Bed				-	90,000	-	-	-	-
Trailer Sewer Jet Machine				-	-	89,213	-	-	-
Portable Generator			_	-	-	-	215,052	-	-
Total				\$ -	\$ 247,000	\$ 148,514	\$ 324,191	\$ 73,256	\$ 1,693

New Program O&M - Recurring

Project Name	Inflation Factor	Water %	Wastewater %	<u>2021</u>	<u>2022</u>	<u>2023</u>	2024		2025	2026
New Administrative Assistan	t Salaries	50%	50%		\$ 39,000					
New Administrative Assistan	t Benefits	50%	50%		20,000					
SCADA Yearly Fees	Municipal Cost Index	50%	50%			1,500				
Total				\$ -	\$ 59,000	\$ 1,500	\$ -	\$	-	\$ -
Project Name				<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>		2025	<u>2026</u>
New Administrative Assistan	t - Wages			\$ -	\$ 39,000	\$ 40,950	\$ 42,998	\$	45,147	\$ 47,405
New Administrative Assistan	t - Benefits			-	20,000	22,000	24,200		26,620	29,282
SCADA Yearly Fees				-	-	1,574	1,613		1,652	1,693
Total				\$ -	\$ 59,000	\$ 64,524	\$ 68,810	\$	73,420	\$ 78,380
New Program O&M - Combi	ned									
Water				\$ -	\$ 172,500	\$ 51,417	\$ 174,996	\$	51,306	\$ 40,036
Wastewater				-	133,500	161,621	218,006		95,369	40,036
Total				\$ -	\$ 306,000	\$ 213,038	\$ 393,002	\$:	146,675	\$ 80,072

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APPENDIX C: PROPOSED RATES

OCTOBER 2021 WATER AND WASTEWATER RATE STUDY



Proposed Rates for FY 2022

				N	/AT	ER								
	<u>Reside</u>	ntial Inside	<u>Residential</u> Outside	<u>Commercial</u> Inside		<u>Commercial</u> <u>Outside</u>	<u>Cł</u>	hisholm Church Inside	<u>N</u>	orthwest ISD Inside	<u>Nor</u> Spri	thwest ISD nkler Inside	I	<u>econ Water</u> <u>Company</u>
Minimum Charge All	\$	34.31	\$ 70.56	\$ 40.56	\$	78.50	\$	40.56	\$	40.56	\$	40.56	\$	70.00
Volumetric Charge (per kgal) 0-2,000 gallons 2,001 - 10,000 gallons 10,001 - 20,000 gallons 20,001+ gallons	\$	- 8.03 9.18 10.28		\$ 8.03 9.03 10.03 11.03			\$	8.03 9.03 10.03 11.03						
0-2,000 gallons 2,001 - 15,000 gallons 15,001+ gallons			\$ 8.03 12.03 16.03		\$	8.03 12.03 16.03								
0-2,000 gallons 2,001 - 10,000 gallons 10,001 - 12,000 gallons 12,001 - 20,000 gallons									\$	8.03 9.03 10.03 10.03	\$	8.03 9.03 10.03 10.03		
All Gallons													\$	8.24

Notes:

Tecon Water Company is a wholesale customer.

City of Aurora is a wholesale customer with one meter charged at the residential outside rate and one meter at the commercial outside rate.



Proposed Rates for FY 2022

				WAS	TE\	VATER
	<u>Reside</u>	ential Inside	<u>Residential</u> <u>Outside</u>	<u>Commercial</u> Inside		<u>Commercial</u> <u>Outside</u>
Minimum Charge						
5/8"	\$	28.79	\$ 28.79	\$ 78.51	\$	78.51
3/4"		28.79	28.79	78.51		78.51
1"		28.79	28.79	196.28		196.28
1 1/2"		28.79	28.79	261.70		261.70
2" and up		28.79	28.79	392.55		392.55
Volumetric Charge (per kgal)						
0-2,000 gallons	\$	-				
2,001 - 10,000 gallons		6.88				
10,001 - 15,869 gallons		8.00				
15,870+ (MAX) gallons		-				
0-2,000 gallons			\$ 7.35			
2,001 - 14,745 gallons			8.00			
14,746+ (MAX) gallons			-			
All Gallons				\$ 18.32	\$	18.32

Notes:

There is a maximum bill for residential customers at \$162.12. The noted maximum volumes above is where the bill would result in a \$50 charge.

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APPENDIX D: REGIONAL BILL COMPARISONS

OCTOBER 2021 WATER AND WASTEWATER UTILITY RATE STUDY

Rhome, Texas Regional Bill Comparison

Residential Monthly Minimum



Rhome, Texas Regional Bill Comparison

Residential Monthly Bill for 5,000 gallons



Rhome, Texas Regional Bill Comparison

Commercial Monthly Minimum



Rhome, Texas Regional Bill Comparison Commercial Monthly Bill for 15,000 Gallons



■ Water ■ Wastewater