



April 25, 2024

HUDSON OAKS, TEXAS WATER & WASTEWATER RATE STUDY



BACKGROUND

1 – Average Water Bill is 9,000 Gallons

2 – Average Wastewater Bill is 6,000 Gallons

- Rate review initiated due to upcoming capital investment requirements and changes in the City's wholesale water and wastewater providers
- Significant time has elapsed since prior water and wastewater rate adjustments
- Average annual increase in CPI for Water, Sewer, and Trash providers is approximately 4.38%

	Water ¹	Wastewater ²
Last Increase	August 2018	April 2008
Years Elapsed	6	16
Current Average Bill	\$ 82.25	\$ 46.68
Projected Bill with CPI Increases	\$ 106.38	\$ 92.71

WHOLESALE EXPENSES

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Water						
Fort Worth Charges	\$ 537,393	\$ 547,297	\$ 557,495	\$ 567,997	\$ 578,815	\$ 589,962
Weatherford Charges	103,839	0	0	0	0	0
Total Projected Water Charges	\$ 641,232	\$ 547,297	\$ 557,495	\$ 567,997	\$ 578,815	\$ 589,962
% Increase		-14.65%	1.86%	1.88%	1.90%	1.93%
<i>Effective Rate</i>	\$ 3.88	\$ 3.25	\$ 3.24	\$ 3.24	\$ 3.24	\$ 3.24
Wastewater						
Weatherford Charges	\$ 208,408	\$ 214,754	\$ 221,677	\$ 0	\$ 0	\$ 0
Willow Park Charges	0	0	0	109,682	113,114	116,653
Total Projected Wastewater Charges	\$ 208,408	\$ 214,754	\$ 221,677	\$ 109,682	\$ 113,114	\$ 116,653
% Increase		3.04%	3.22%	-50.52%	3.13%	3.13%
<i>Effective Rate</i>	\$ 3.74	\$ 3.88	\$ 3.98	\$ 1.96	\$ 2.01	\$ 2.06

PROJECTED TRANSFERS

- Projected Transfers required to the Water Fund to support and maintain Fund Balance Reserve
- Transfers Allow the Need for Rate Increases to be Postponed Until FY 2025

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
From Wastewater to Water	\$ 105,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
From Dyegard to Water	328,000	0	0	0	0	0
Total Transfers to Water	\$ 433,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Note: The transfer from Wastewater is budgeted while the transfer from Dyegard is not budgeted.

CAPITAL INVESTMENT

	Amount
FY 2024	
Lakeshore to Shannon Water Line	\$ 900,000
Wastewater Lines to Shared Wastewater Facility & 1.5 MGD Lift Station	6,095,000
Wastewater Treatment Plant Stake	4,000,000
FY 2024 Total	\$ 10,995,000
FY 2027	
East Side Elevated Storage Tank	\$ 1,000,000
FY 2027 Total	\$ 1,000,000
Grand Total	\$ 11,995,000

PROJECTED DEBT

- Debt Will Be Issued in FY 2024 and FY 2027 to Fund Capital Projects

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Issue Amount	\$ 10,995,000			\$ 1,000,000		
P&I Payments						
Water	\$ 0	\$ 67,088	\$ 67,088	\$ 67,088	\$ 151,791	\$ 151,791
Dyegard	0	0	0	0	0	0
Wastewater	0	752,509	752,509	752,509	752,509	752,509
Total P&I	\$ 0	\$ 819,597	\$ 819,597	\$ 819,597	\$ 904,300	\$ 904,300

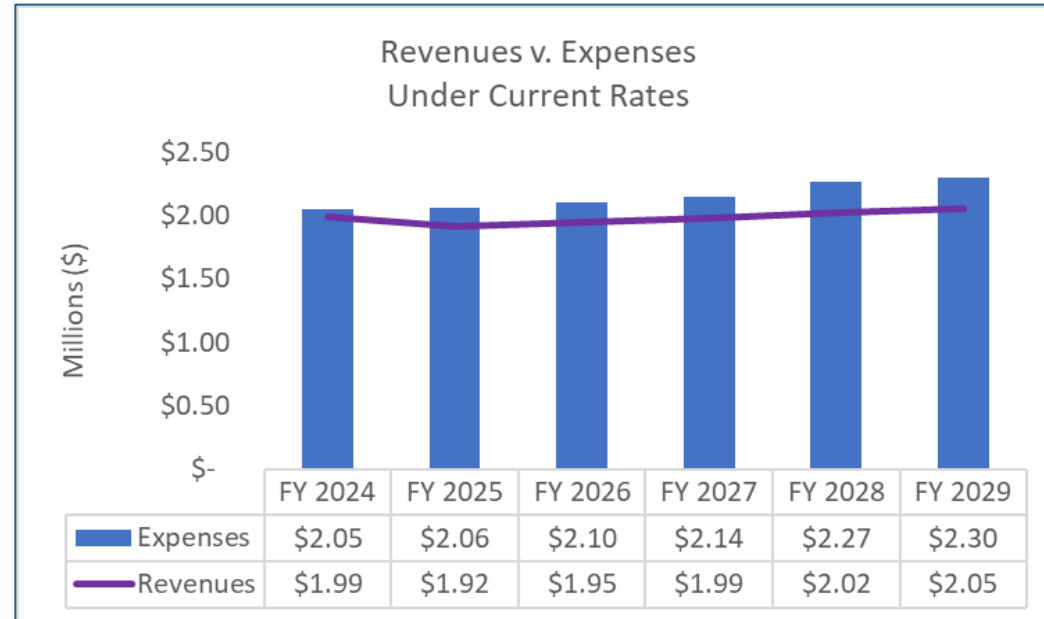
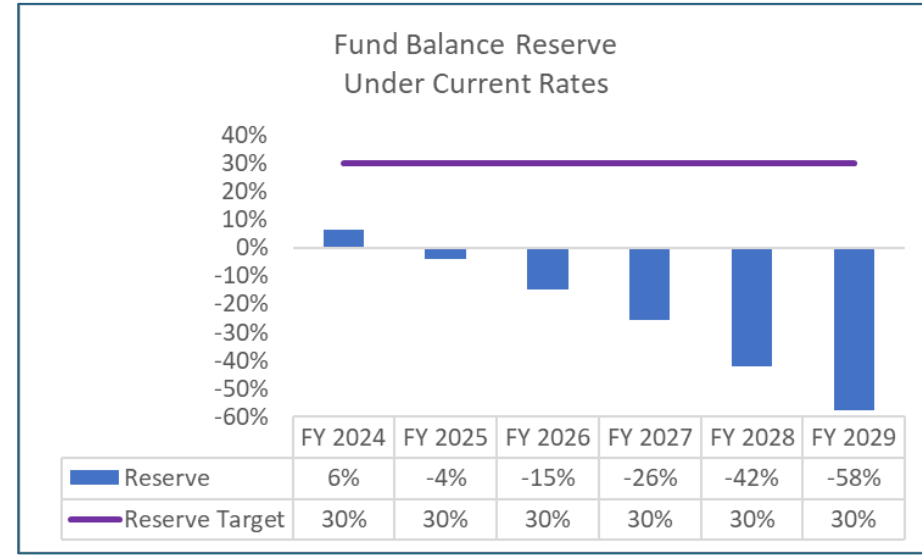
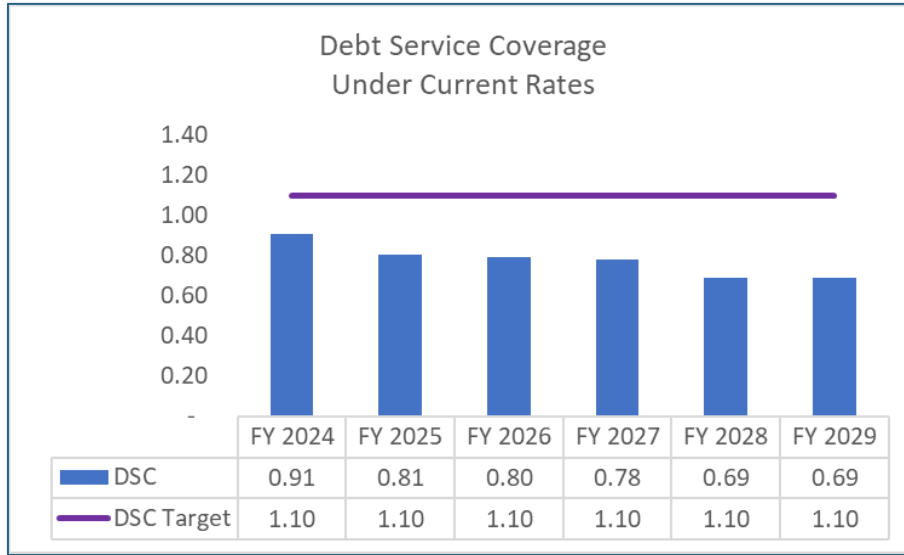
Note: Debt payments start the year after each issuance.

FINANCIAL PERFORMANCE

Water

Under Current Rates

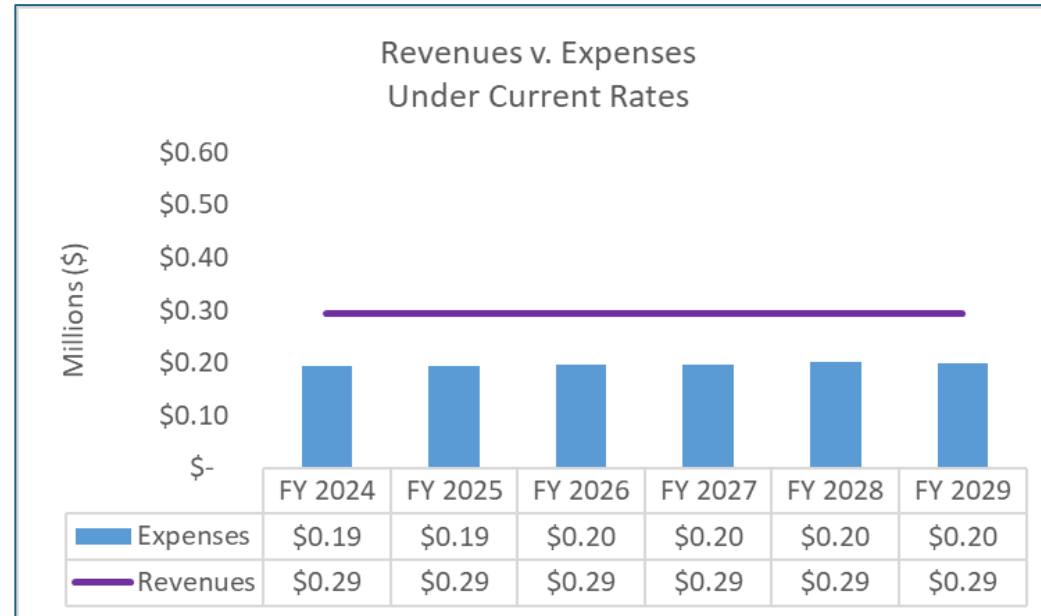
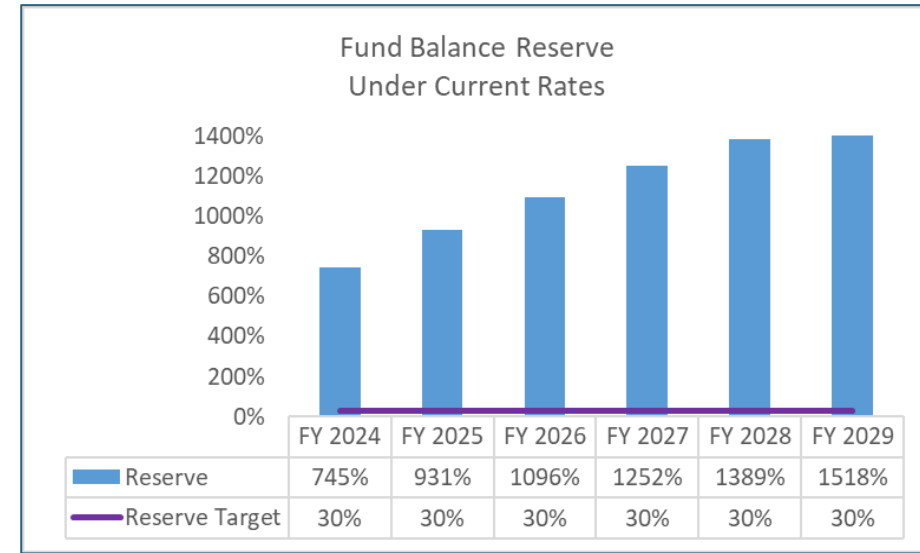
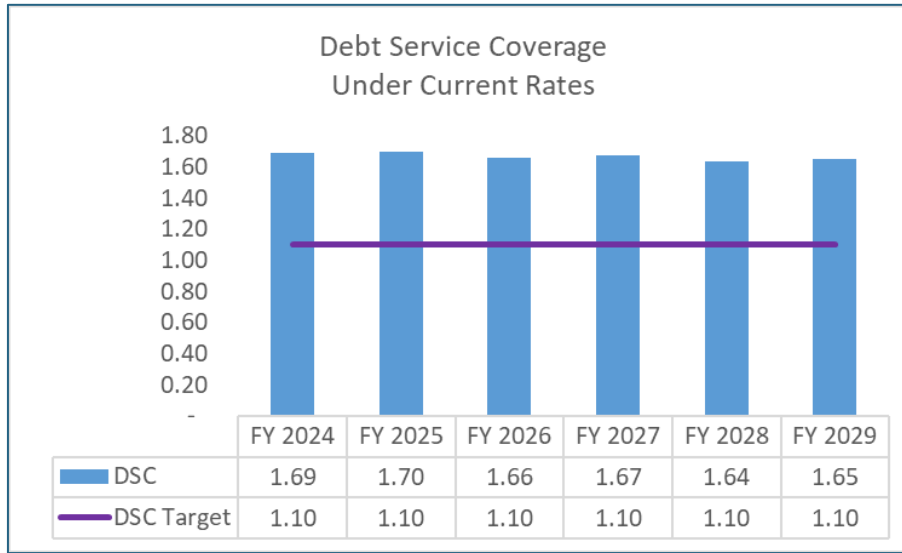
Drop In Revenues Due to One-Time Budgeted Transfer from Wastewater to Water in FY 2024



FINANCIAL PERFORMANCE

Dyegard

Under Current Rates

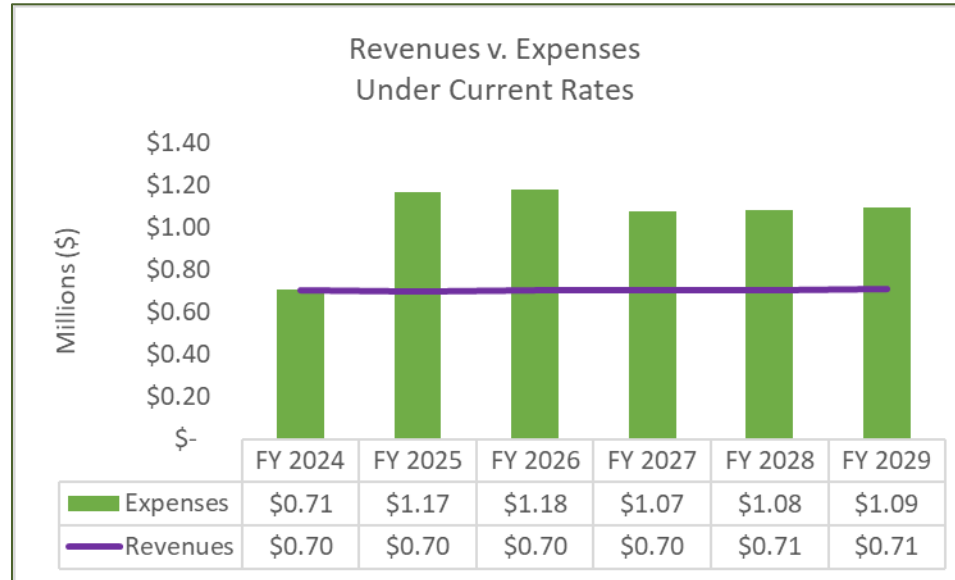
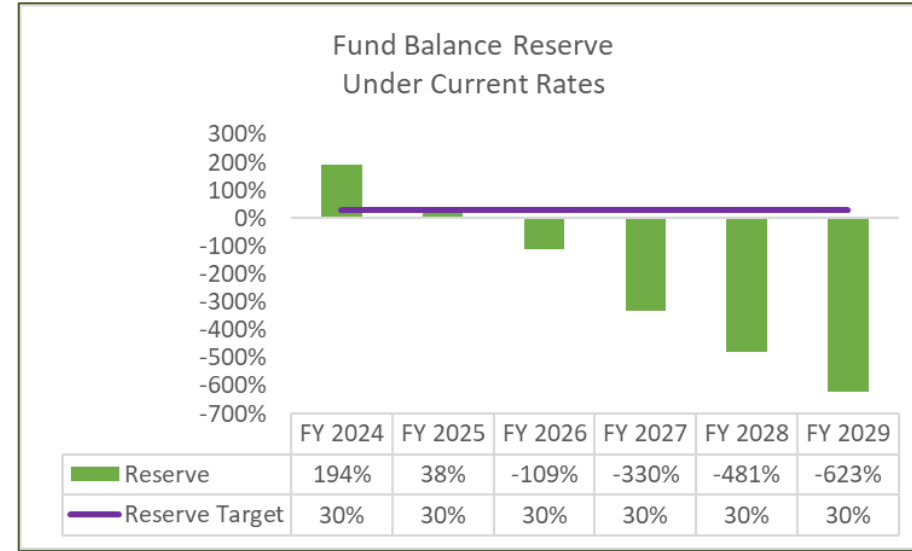
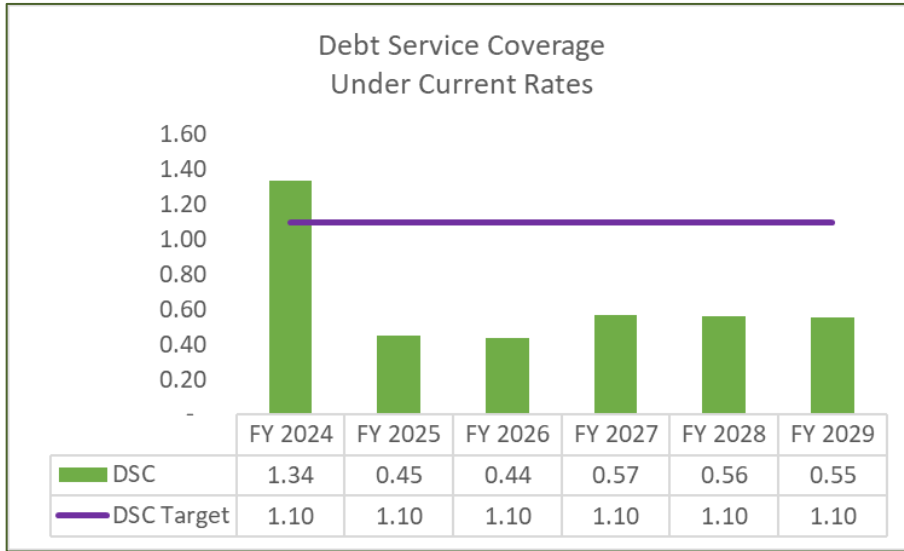


FINANCIAL PERFORMANCE

Wastewater

Under Current Rates

Increase in Expenses Due to Addition of Wastewater Capital Projects in FY 2025



WATER RATE PLAN AND DEVELOPMENT

- Adjust City Water Customer Minimum Fee to Match Dyegard Minimum Fee by FY 2029
- Increases in Water Volumetric Charges to Fund Payments to Fort Worth for Wholesale Water
- Transfers to Water Fund in FY 2024 to Minimize Rate Increases
- Maintaining a 1.10x Debt Service Coverage Determined the Rate Increase Amounts

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Water						
Minimum Fee Adjustment	0.00%	13.90%	6.85%	6.41%	6.03%	5.68%
Volumetric Adjustment	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Note: The city water customer minimum fee was adjusted to match the Dyegard minimum charges by FY 2029.						
Dyegard						
Minimum Fee Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Volumetric Adjustment	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%

SEWER RATE PLAN AND DEVELOPMENT

- Removal of Commercial Winter Averaging Effective March 2024
- Addition of \$10,095,000 of Wastewater Capital Projects in FY 2024
- Use of Wastewater Reserves in FY 2025 to FY 2029 to Minimize Rate Increases
- Maintaining a 1.10x Debt Service Coverage Determined the Rate Increase Amounts

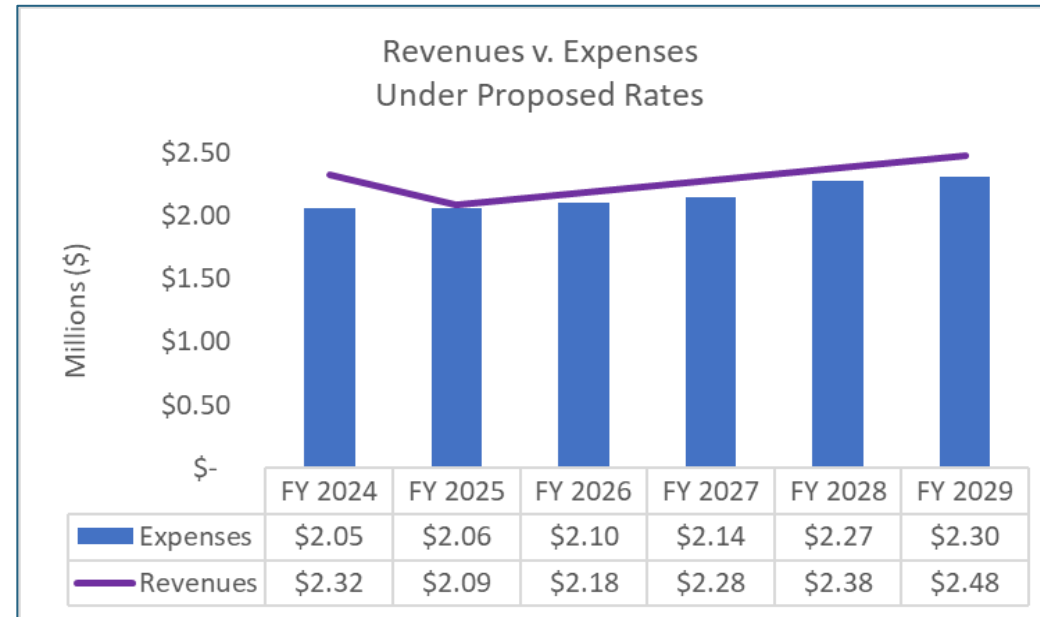
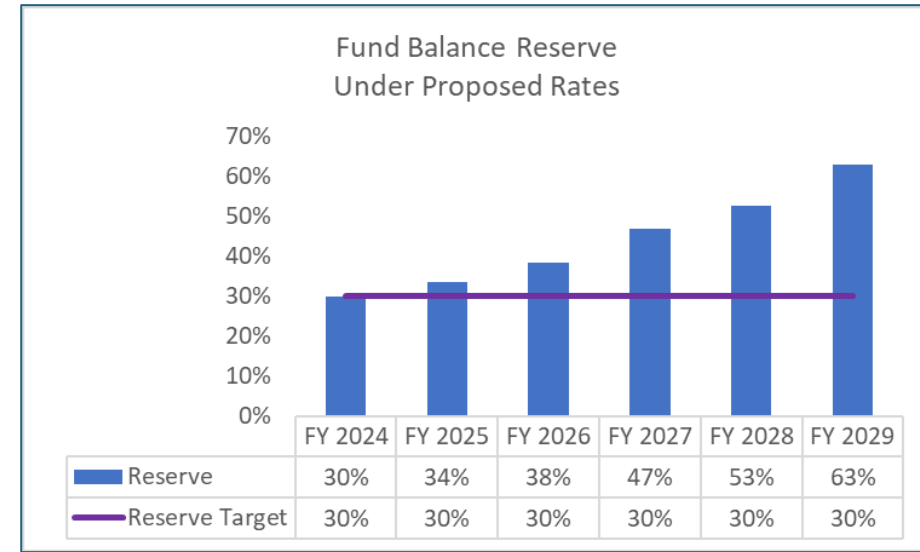
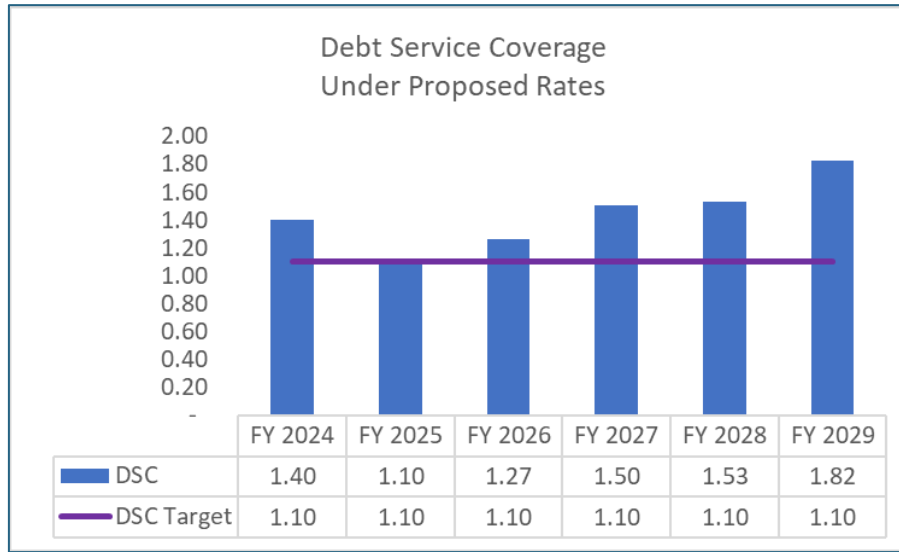
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Minimum Fee Adjustment	0.00%	43.00%	13.00%	0.00%	0.00%	0.00%
Volumetric Adjustment	0.00%	43.00%	13.00%	0.00%	0.00%	0.00%

FINANCIAL PERFORMANCE

Water

Under Proposed Rates

Drop In Revenues Due to One-Time Transfers from Wastewater and Dyegard in FY 2024

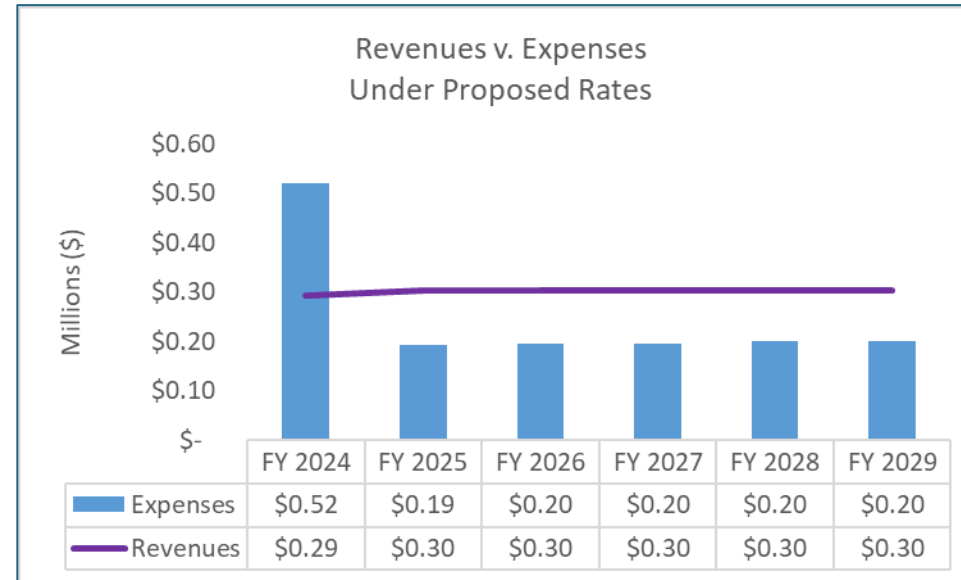
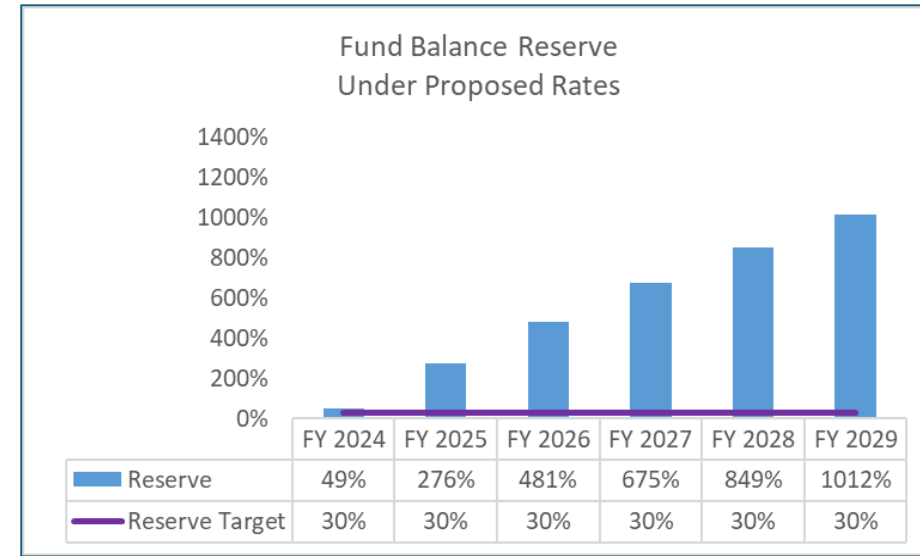
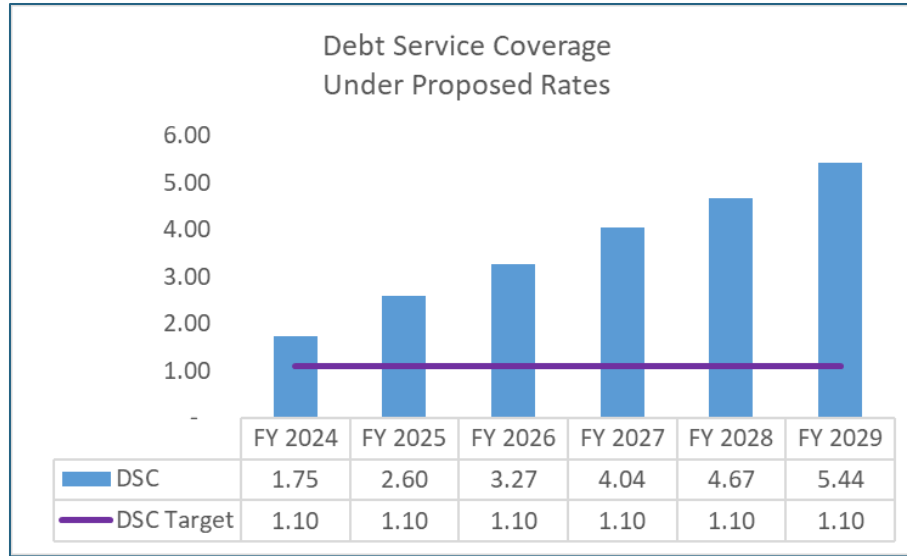


FINANCIAL PERFORMANCE

Dyegard

Under Proposed Rates

Drop In Expenses Due to One-Time Transfer to Water in FY 2024

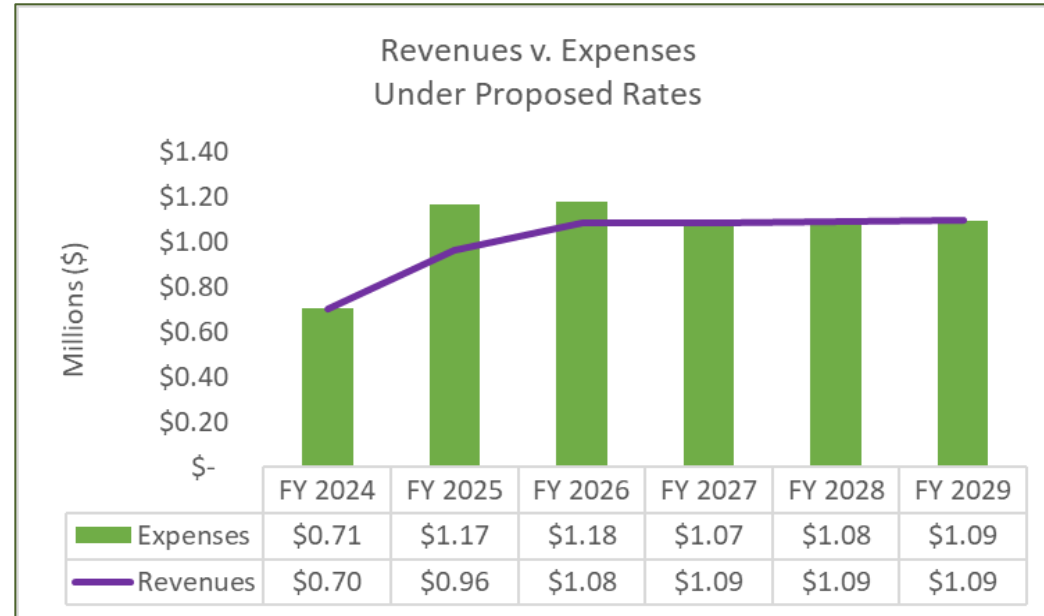
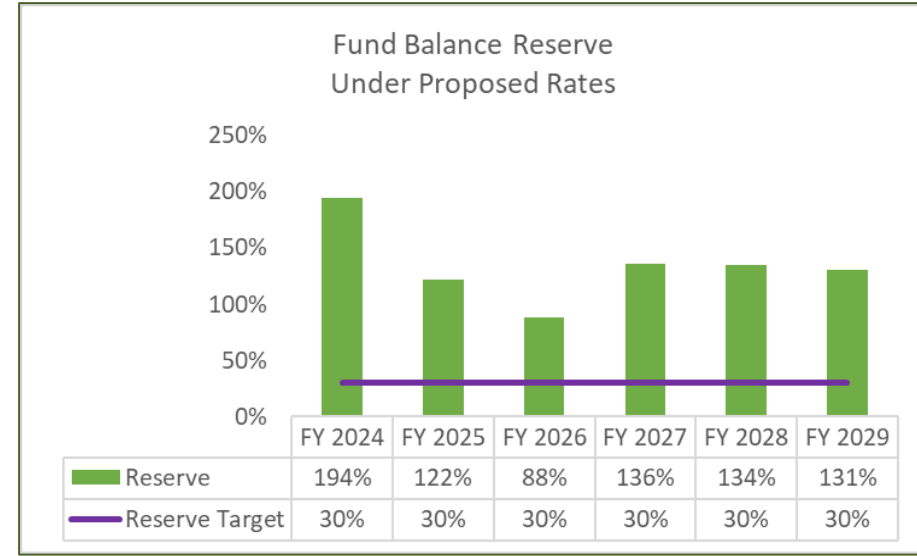
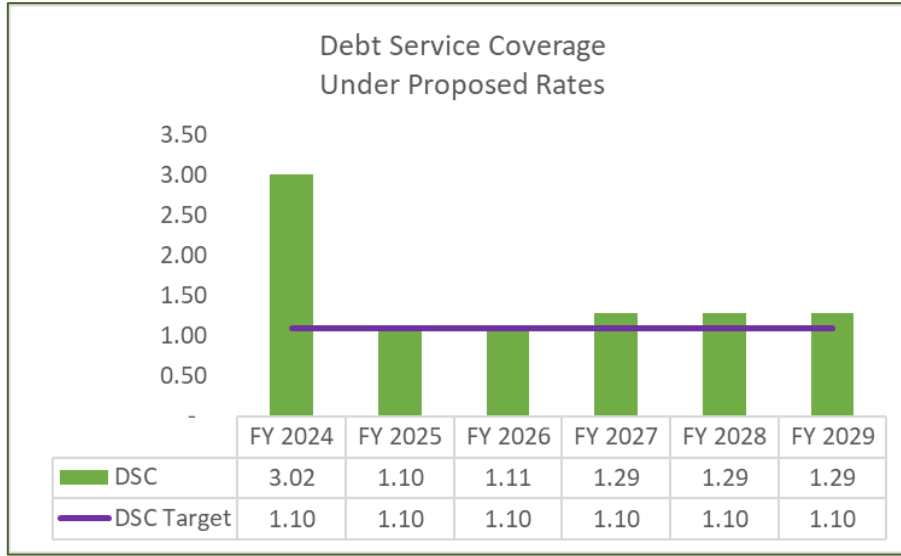


FINANCIAL PERFORMANCE

Wastewater

Under Proposed Rates

Increase in Expenses Due to Addition of Wastewater Capital Projects in FY 2025



MONTHLY BILL IMPACTS

3/4" Residential –
9,000 Gallons Water
& 6,000 Gallons
Wastewater

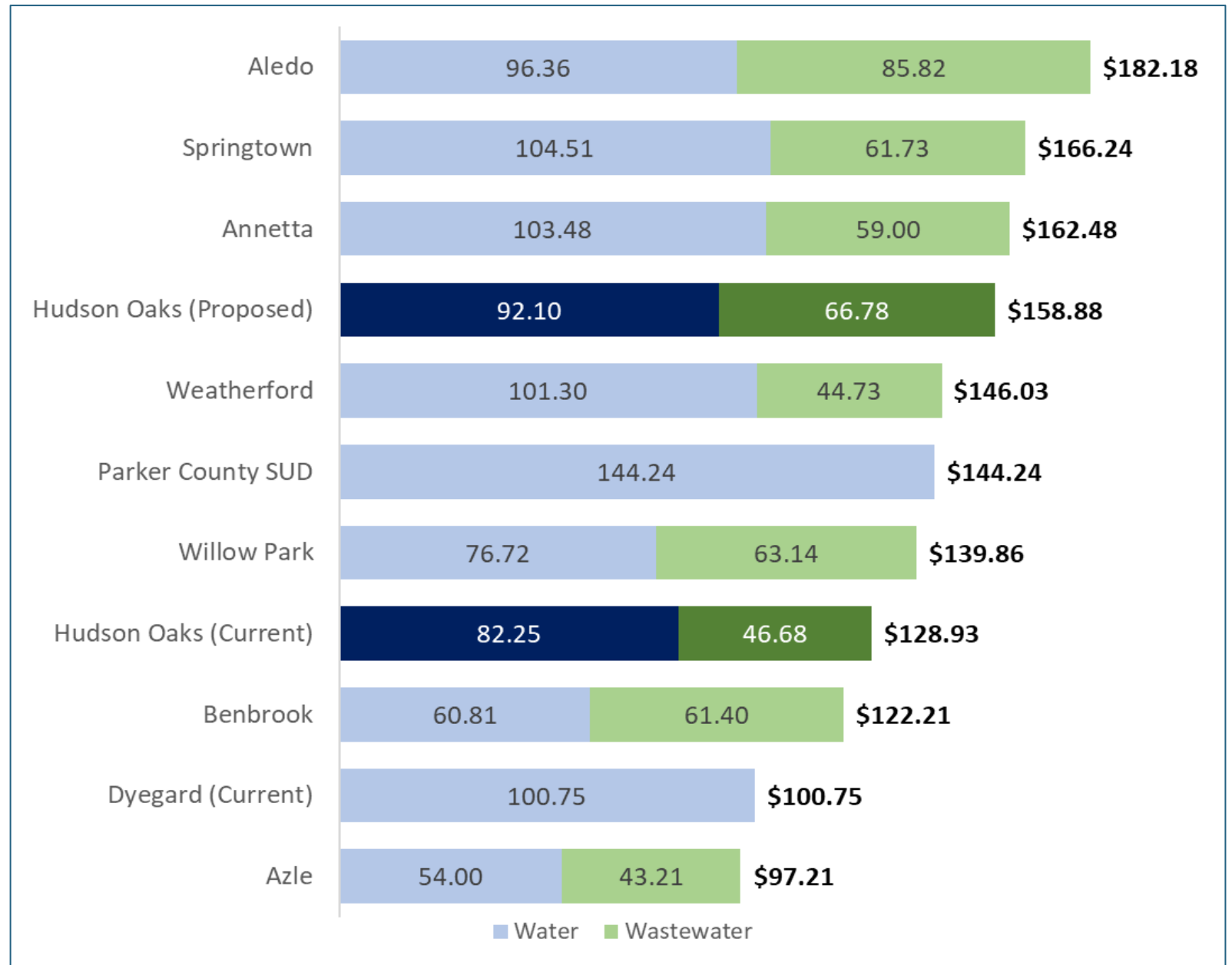


REGIONAL BILL COMPARISON

5/8" Residential –

9,000 Gallons Water & 6,000 Gallons Wastewater

Regional Bill Comparison is based on publicly available data and NewGen's understanding and interpretation of this data.

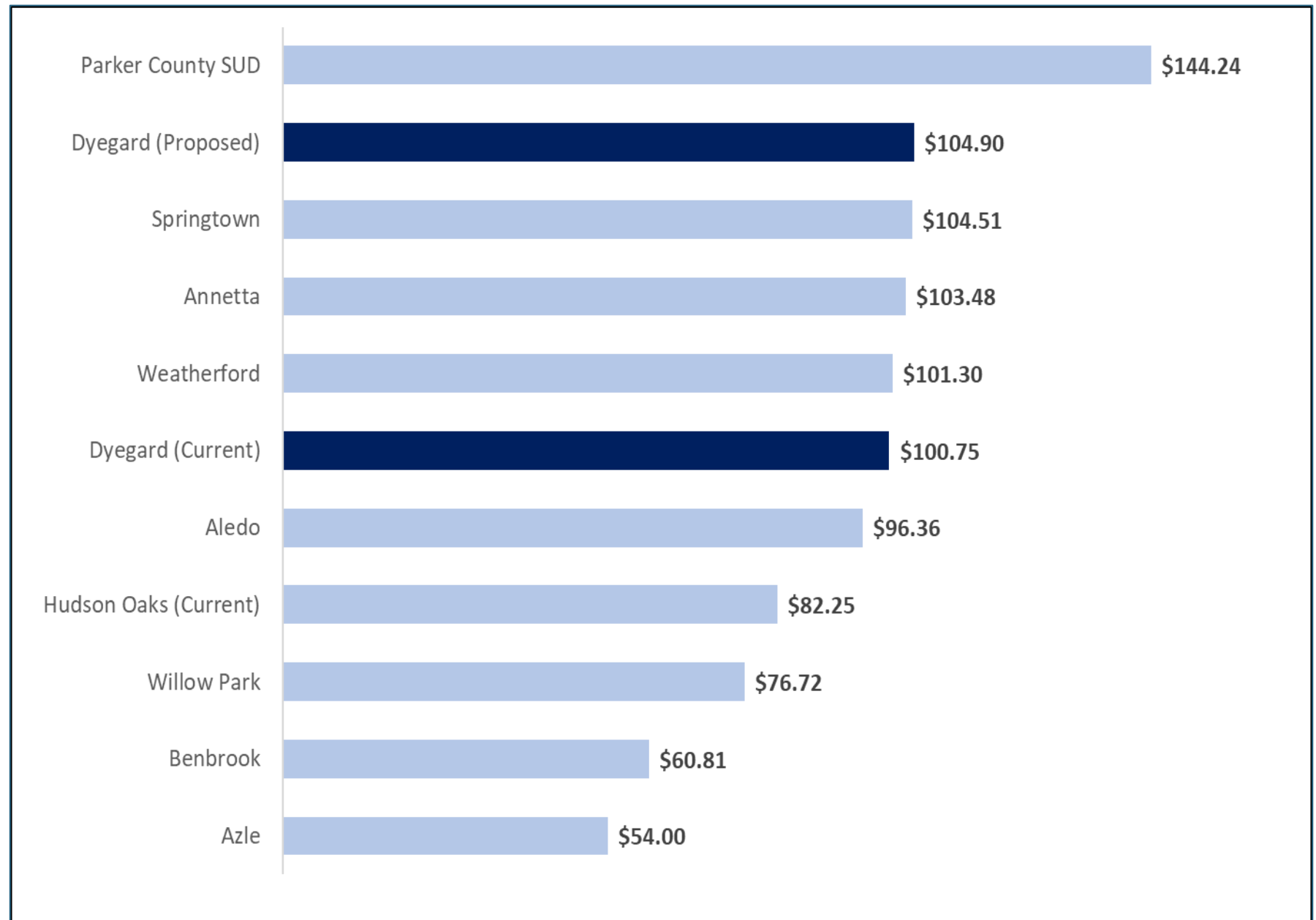


Note: Comparison City rates utilized in the bill calculations were the publicly available rates as of November 2023.

REGIONAL BILL COMPARISON

5/8" Dyegard –
9,000 Gallons Water

Regional Bill Comparison is based on publicly available data and NewGen's understanding and interpretation of this data.



Note: Comparison City rates utilized in the bill calculations were the publicly available rates as of November 2023.



QUESTIONS AND DISCUSSION

NEWGEN STRATEGIES AND SOLUTIONS
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PROPOSED RATES

Residential - Water

Volumetric Charge is per 1,000 gallons

Water	# of Connections	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Minimum Charge								
3/4"	849	\$ 41.00	\$ 41.00	\$ 46.70	\$ 49.90	\$ 53.10	\$ 56.30	\$ 59.50
1"	17	78.00	78.00	88.84	94.93	101.02	107.11	113.20
1 1/2"	1	115.00	115.00	130.99	139.97	148.95	157.93	166.91
2"	5	245.00	245.00	279.06	298.18	317.30	336.42	355.54
3"	0	300.00	300.00	341.71	365.12	388.53	411.94	435.35
Volumetric Charge								
0-5,000		\$ 4.29	\$ 4.29	\$ 4.72	\$ 4.72	\$ 4.72	\$ 4.72	\$ 4.72
5,001-10,000		4.95	4.95	5.45	5.45	5.45	5.45	5.45
10,001-30,000		6.33	6.33	6.97	6.97	6.97	6.97	6.97
30,001-60,000		7.57	7.57	8.34	8.34	8.34	8.34	8.34
60,001+		7.57	7.57	9.97	9.97	9.97	9.97	9.97

PROPOSED RATES

Commercial - Water

Volumetric Charge is per 1,000 gallons

Water	# of Connections	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Minimum Charge								
3/4"	16	\$ 41.00	\$ 41.00	\$ 46.70	\$ 49.90	\$ 53.10	\$ 56.30	\$ 59.50
1"	32	78.00	78.00	88.84	94.93	101.02	107.11	113.20
1 1/2"	19	115.00	115.00	130.99	139.97	148.95	157.93	166.91
2"	43	245.00	245.00	279.06	298.18	317.30	336.42	355.54
3"	5	300.00	300.00	341.71	365.12	388.53	411.94	435.35
Volumetric Charge								
0-15,000		\$ 5.49	\$ 5.49	\$ 6.04	\$ 6.04	\$ 6.04	\$ 6.04	\$ 6.04
15,001-35,000		7.23	7.23	7.95	7.95	7.95	7.95	7.95
35,001-65,000		8.49	8.49	9.34	9.34	9.34	9.34	9.34
65,001+		9.99	9.99	10.99	10.99	10.99	10.99	10.99

PROPOSED RATES

Dyegard

Volumetric Charge is per 1,000 gallons

Water	# of Connections	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Minimum Charge								
3/4"	150	\$ 59.50	\$ 59.50	\$ 59.50	\$ 59.50	\$ 59.50	\$ 59.50	\$ 59.50
1"	50	82.00	82.00	82.00	82.00	82.00	82.00	82.00
1 1/2"	0	119.00	119.00	119.00	119.00	119.00	119.00	119.00
2"	0	215.00	215.00	215.00	215.00	215.00	215.00	215.00
Volumetric Charge								
0-5,000		\$ 4.29	\$ 4.29	\$ 4.72	\$ 4.72	\$ 4.72	\$ 4.72	\$ 4.72
5,001-10,000		4.95	4.95	5.45	5.45	5.45	5.45	5.45
10,001-30,000		6.33	6.33	6.97	6.97	6.97	6.97	6.97
30,001-60,000		7.57	7.57	8.34	8.34	8.34	8.34	8.34
60,001+		7.57	7.57	9.97	9.97	9.97	9.97	9.97

PROPOSED RATES

Wastewater

Volumetric Charge is per 1,000 gallons

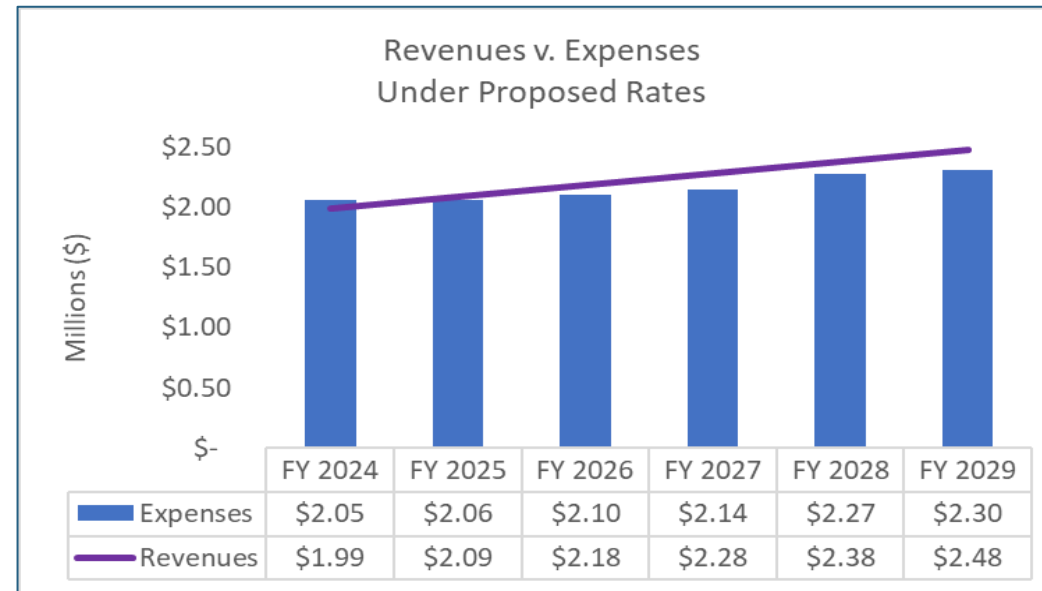
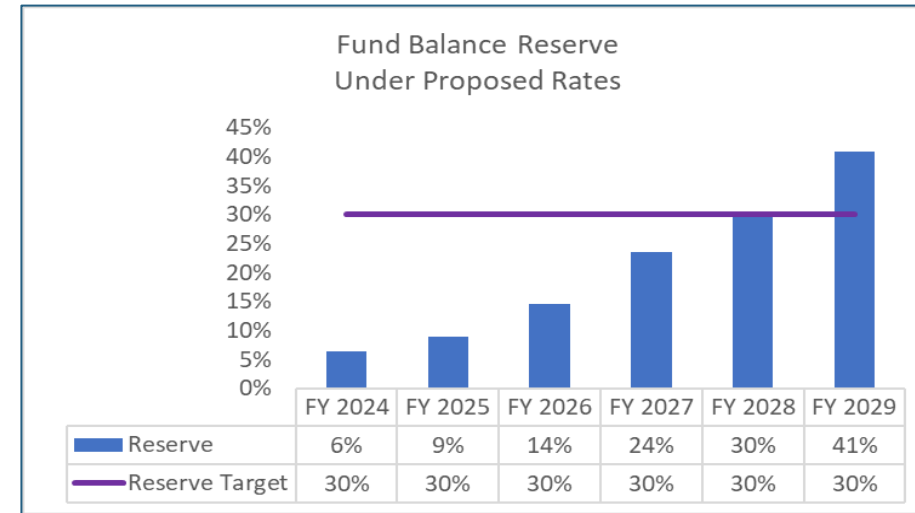
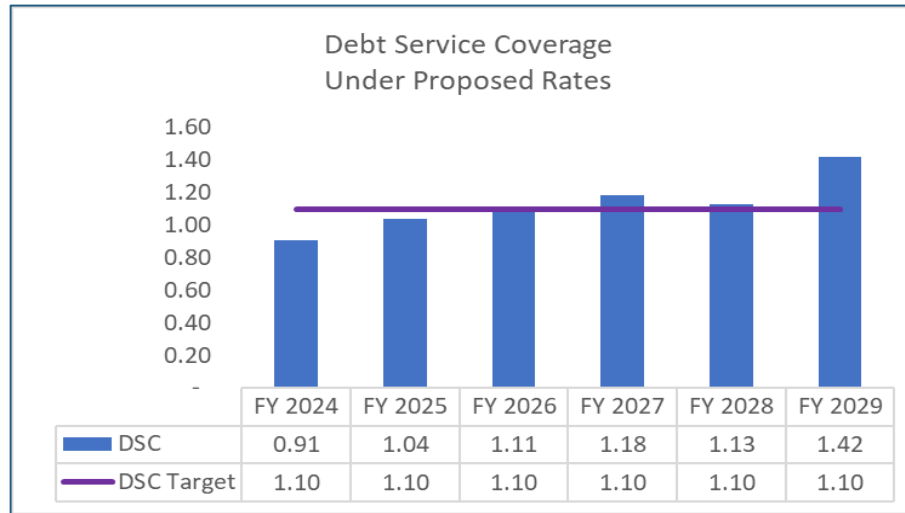
Wastewater	# of Connections	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Residential								
Minimum Charge								
All	123	\$ 18.00	\$ 18.00	\$ 25.74	\$ 29.09	\$ 29.09	\$ 29.09	\$ 29.09
Volumetric Charge								
All		\$ 4.78	\$ 4.78	\$ 6.84	\$ 7.73	\$ 7.73	\$ 7.73	\$ 7.73
Commercial								
Minimum Charge								
All	93	\$ 18.00	\$ 18.00	\$ 25.74	\$ 29.09	\$ 29.09	\$ 29.09	\$ 29.09
Volumetric Charge								
All		\$ 11.40	\$ 11.40	\$ 16.30	\$ 18.42	\$ 18.42	\$ 18.42	\$ 18.42

FINANCIAL PERFORMANCE

Water

Under Proposed Rates – No Transfer from Dyegard to Water

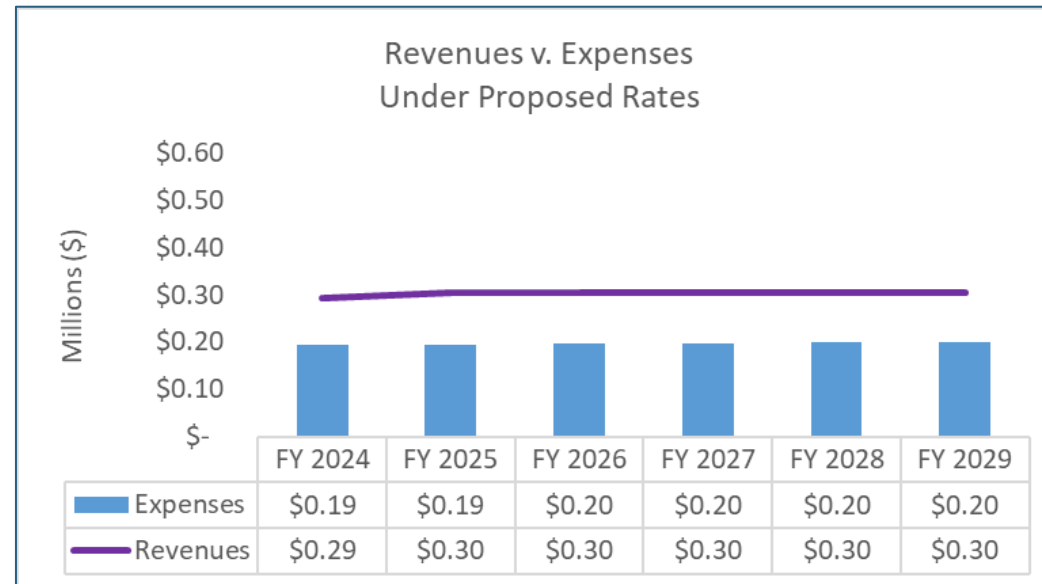
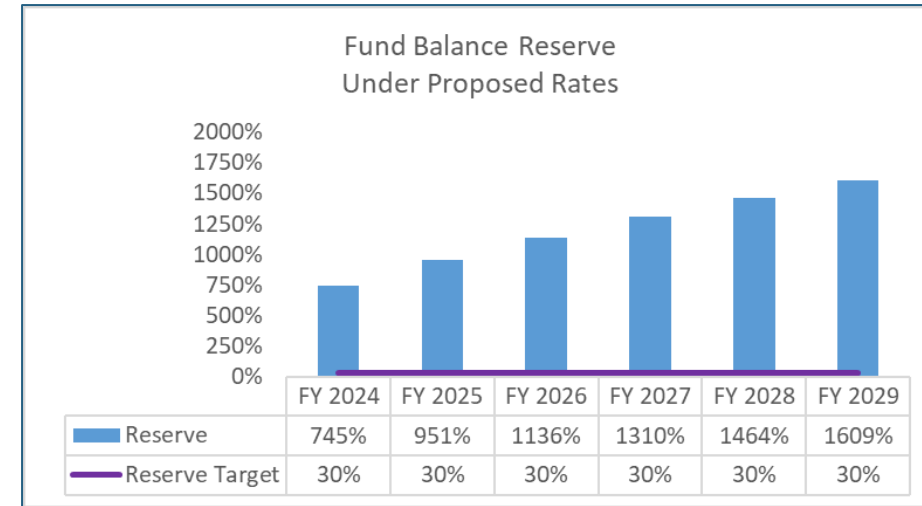
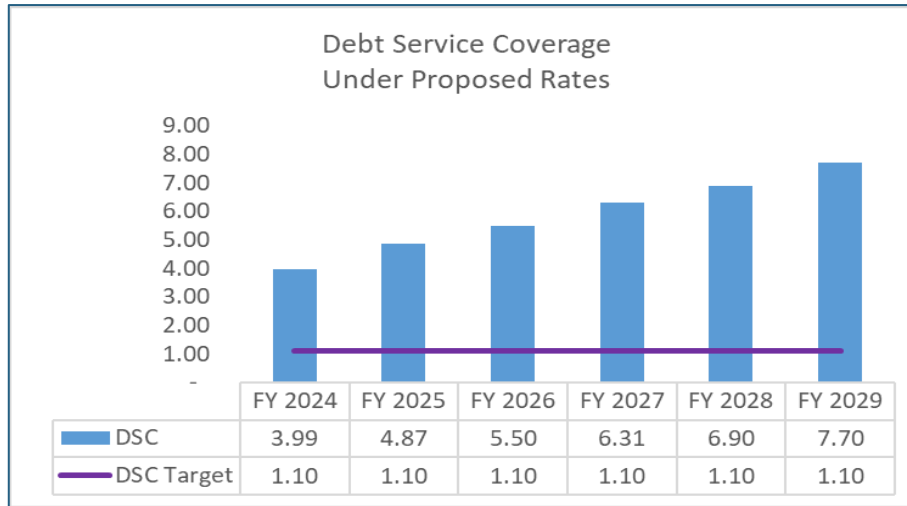
Drop In Revenues Due to One-Time Transfer from Wastewater in FY 2024



FINANCIAL PERFORMANCE

Dyegard

Under Proposed Rates – No Transfer from Dyegard to Water



FINANCIAL PERFORMANCE

Wastewater

Under Proposed Rates – No Transfer from Dyegard to Water

Increase in Expenses Due to Addition of Wastewater Capital Projects in FY 2025

