



# **City of San Marcos**

## **FY 2024 Water-Wastewater Utility Public Hearing**

September 5, 2023

# Water-Wastewater (W/WW) Utility



WATER/WASTEWATER UTILITY FUND	FY 2022 ACTUALS	FY 2023 BUDGET	FY 2023 ESTIMATE	FY 2024 PROPOSED
<b>Beginning Fund Balance</b>	<b>\$ 17,545,228</b>	<b>\$ 21,581,356</b>	<b>\$ 21,581,356</b>	<b>\$ 18,881,286</b>
<b>Revenues</b>	<b>\$ 59,889,453</b>	<b>\$ 57,798,515</b>	<b>\$ 55,830,451</b>	<b>\$ 63,256,984</b>
Water & Wastewater Services	55,079,109	56,838,800	54,260,347	61,928,035
Other Revenue	4,810,344	959,715	1,570,104	1,328,949
<b>Expenses</b>	<b>\$ 55,853,325</b>	<b>\$ 58,566,371</b>	<b>\$ 58,530,521</b>	<b>\$ 66,075,822</b>
Personnel	5,273,548	7,000,547	6,078,228	8,991,201
Operating	28,924,740	28,620,645	29,507,114	32,663,901
Debt Service	17,977,568	21,107,879	21,107,879	20,786,489
One-time	3,677,469	1,837,300	1,837,300	3,634,231
<b>Change in Fund Balance</b>	<b>\$ 54,615,905</b>	<b>\$ (767,856)</b>	<b>\$ (2,700,070)</b>	<b>\$ (2,818,838)</b>
<b>Ending Fund Balance</b>	<b>\$ 21,581,356</b>	<b>\$ 20,813,500</b>	<b>\$ 18,881,286</b>	<b>\$ 16,062,448</b>

Days of Cash on Hand 93

Fund Balance Reserve Requirement for 90 Days \$ 15,610,398

[sanmarcostx.gov](http://sanmarcostx.gov)

# W/WW Utility Major Revenue Changes



- Water/Wastewater services
  - Citizen Utility Advisory Board received a presentation on July 27, 2023 on user rates for the water/wastewater system
  - Board voted unanimously for a 5% rate adjustment for water services
  - Board voted unanimously for a 5% rate adjustment for wastewater services



# W/WW Utility Major Expense Changes

🌀 **Strategic Goal:** *Public Safety, Core Services, & Fiscal Excellence*

🌀 **Strategic Goal:** *Environmental Protection*

## **Cost Drivers – Personnel**

- Compensation study implementation = \$514K
- New Positions Requested in FY24 +3 = \$500K
  - Senior Engineer, Collections Supervisor, Utility Controls Supervisor

## **Cost Drivers – Operating**

- Alliance Regional Water Authority contract = \$1.4 Million
- Surface water treatment plant contract = \$233K
- Canyon Regional Water Authority contract = \$175K
- Wastewater treatment plant contract = \$170K

## **Cost Drivers – One-time**

- Replacement of multiple vehicles and equipment = \$1.2 Million
- New Requests: equipment and infrastructure = \$2.4 Million

# FY24 Financial status

- Current revenues are insufficient to cover budgeted costs

Category (FY24 Budget)		Current Rates	Retail Revenue Increase			
			4%	5%	6%	7%
Estimated Base Rate Revenues	<i>a</i>	\$ 54,865,511	\$ 57,060,132	\$ 57,608,787	\$ 58,157,442	\$ 58,706,097
Other Revenues	<i>b</i>	5,127,525	5,127,525	5,127,525	5,127,525	5,127,525
<b>Total Revenues at Current Rates</b>	<b><i>c = a + b</i></b>	<b>59,993,036</b>	<b>62,187,657</b>	<b>62,736,312</b>	<b>63,284,967</b>	<b>63,833,622</b>
Supply Cost	<i>d</i>	2,111,969	2,111,969	2,111,969	2,111,969	2,111,969
O&M Expense	<i>e</i>	36,085,440	36,085,440	36,085,440	36,085,440	36,085,440
Transfers Out	<i>f</i>	25,000	25,000	25,000	25,000	25,000
Franchise Fee (8% of Base Revenues)	<i>g</i>	4,389,241	4,564,811	4,608,703	4,652,595	4,696,488
<b>Total Expenses Excl. Debt Service</b>	<b><i>h = d + e + f + g</i></b>	<b>42,611,650</b>	<b>42,787,219</b>	<b>42,831,112</b>	<b>42,875,004</b>	<b>42,918,897</b>
<b>Available for Debt Service</b>	<b><i>i = c - h</i></b>	<b>17,381,386</b>	<b>19,400,437</b>	<b>19,905,200</b>	<b>20,409,963</b>	<b>20,914,725</b>
Debt Service	<i>j</i>	20,810,597	20,810,597	20,810,597	20,810,597	20,810,597
<b>Revenue (Deficiency)/Sufficiency</b>	<b><i>k = i - j</i></b>	<b>(3,429,211)</b>	<b>(1,410,160)</b>	<b>(905,397)</b>	<b>(400,635)</b>	<b>104,128</b>
<b>DSC Coverage</b>	<b><i>l = h / j</i></b>	<b>0.84</b>	<b>0.93</b>	<b>0.96</b>	<b>0.98</b>	<b>1.01</b>

# Proposed Rate Comparison

Residential 5,000 Gallon User - 5/8" Meter

Utility	Water		Sewer		Total	
Crystal Clear SUD (Nov. '23)	\$	119.44	\$	55.86	\$	175.30
Pflugerville (Oct. '22)		52.60		57.00		109.60
Kyle (Oct. '22)		65.68		42.82		108.50
Buda (Oct. '22)		42.32		65.90		108.22
Hutto (Jan. '22)		50.88		56.96		107.84
<b>San Marcos (Proposed)</b>		<b>51.71</b>		<b>54.56</b>		<b>106.27</b>
<b>San Marcos (Current)</b>		<b>49.27</b>		<b>51.97</b>		<b>101.24</b>
New Braunfels (Aug. '23)		31.63		66.16		97.79
Austin (Nov. '22)		32.01		50.57		82.58
Georgetown (Oct. '22)		28.65		38.85		67.50
Round Rock (Feb. '22)		29.32		28.72		58.04

# Proposed Rate Comparison

Commercial 50,000 Gallon User - 1" Meter

Utility	Water	Sewer	Total
San Marcos (Proposed)	\$ 499.84	\$ 446.23	\$ 946.07
San Marcos (Current)	476.17	425.05	901.22
Buda (Oct. '22)	603.93	290.00	893.93
Crystal Clear SUD (Nov. '23)	656.66	194.37	851.03
Hutto (Jan. '22)	428.74	403.49	832.23
New Braunfels (Aug. '23)	359.25	451.45	810.70
Pflugerville (Oct. '22)	498.01	291.00	789.01
Austin (Nov. '22)	316.60	465.30	781.90
Kyle (Oct. '22)	520.60	259.27	779.87
Georgetown (Oct. '22)	180.70	226.25	406.95
Round Rock (Feb. '22)	176.32	179.32	355.64

# W/WW Utility Rate History



	FY18	FY19	FY20	FY21	FY22	FY23	FY24 PROPOSED
<b><u>Water - 5/8" to 3/4" Water Meter</u></b>		5.0%	5.0%	5.0%	5.0%	0.0%	5.0%
Minimum Charge	22.06	23.16	24.32	25.54	26.82	26.82	28.16
0 to 6,000	3.70	3.88	4.07	4.28	4.49	4.49	4.71
6,001 to 9,000	6.47	6.79	7.13	7.49	7.86	7.86	8.25
9,001 to 12,000	7.40	7.77	8.16	8.57	9.00	9.00	9.45
12,001 to 20,000	8.33	8.74	9.18	9.64	10.12	10.12	10.63
20,001 to 50,000	9.24	9.70	10.19	10.70	11.24	11.24	11.80
Over 50,000	11.09	11.64	12.22	12.84	13.48	13.48	14.15
<b><u>Wastewater - 5/8" to 3/4" Water Meter</u></b>		2.0%	3.0%	3.0%	3.0%	0.0%	5.0%
Minimum (up to 2,000)	25.01	25.51	26.28	27.07	27.88	27.88	29.27
over 2,000	7.21	7.36	7.58	7.81	8.03	8.03	8.43
<b><u>Citizen Utility Advisory Board Recommendations</u></b>							
Water		5%	5%	5%	5%	0%	5.0%
Wastewater		2%	3%	3%	3%	0%	5.0%



# Opportunity for Citizen Comment



# Thank You



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