



July 7, 2020

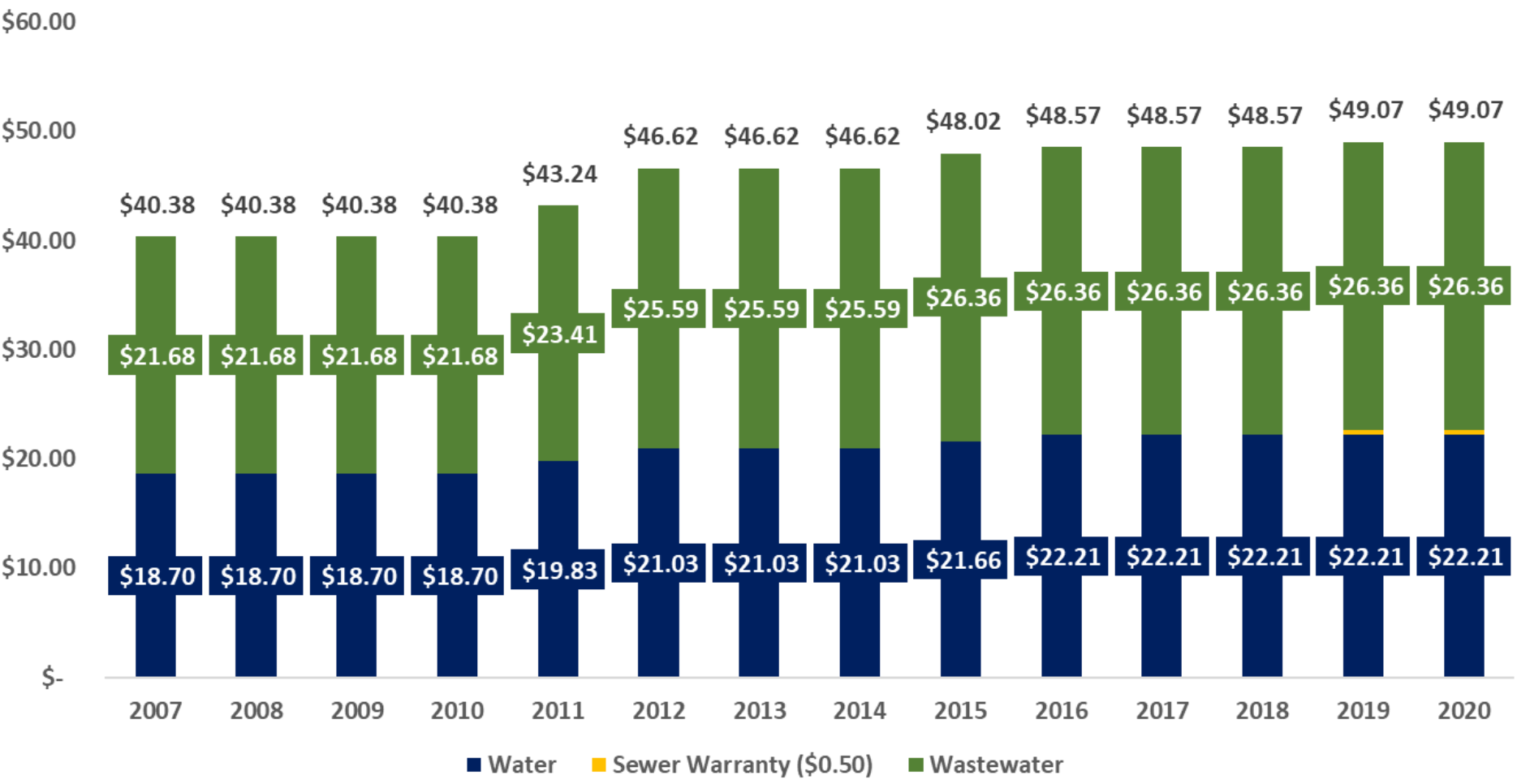
WATER AND WASTEWATER UPDATE CITY OF KILLEEN, TEXAS

NewGen
Strategies & Solutions

KEY ISSUES – WATER AND WASTEWATER

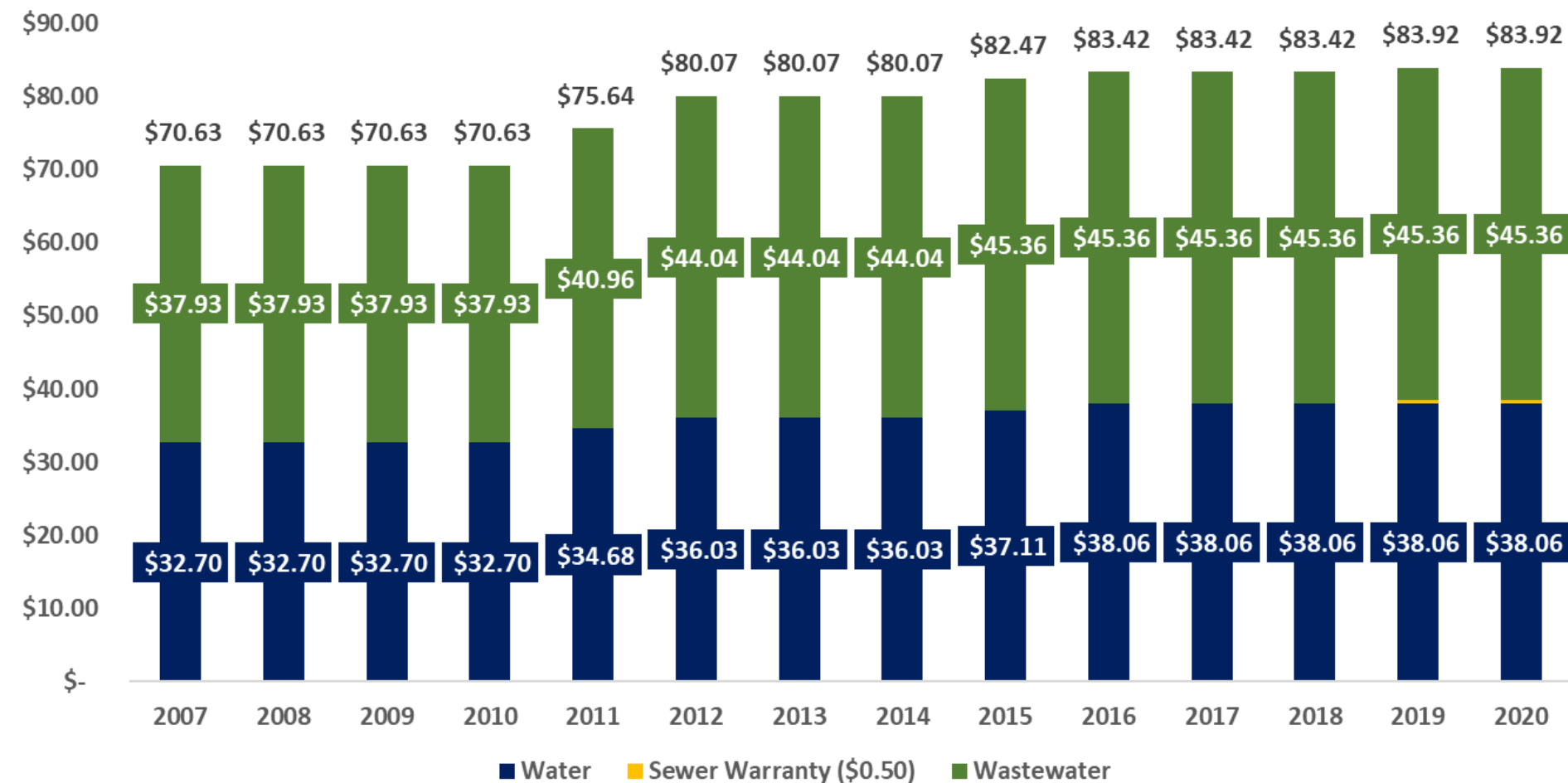


- Findings from 2020 Water/Sewer Rate Study
 - Assuming ‘normalized’ consumption, the Utility’s revenues are insufficient, particularly revenues from water customers.
 - Recommend City continue to carefully evaluate overall utility revenue performance and ensure rates remain sufficient, particularly in light of future capital improvements.
- Several rate structure changes recommended in 2016; no action taken



HISTORICAL MONTHLY BILL

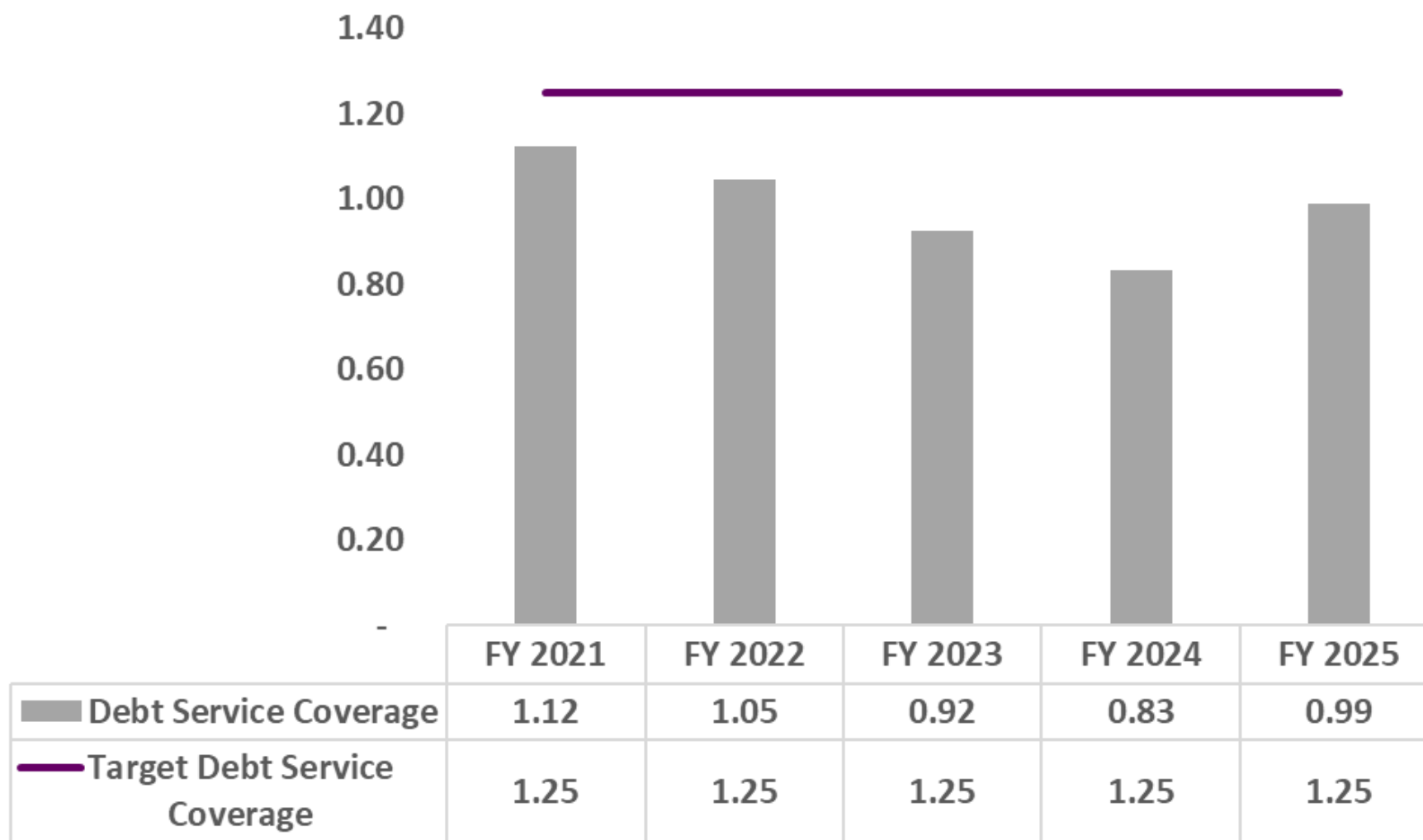
- 1.51% Effective Annual Increase
- 5,000 Gallon Water and Wastewater Customer



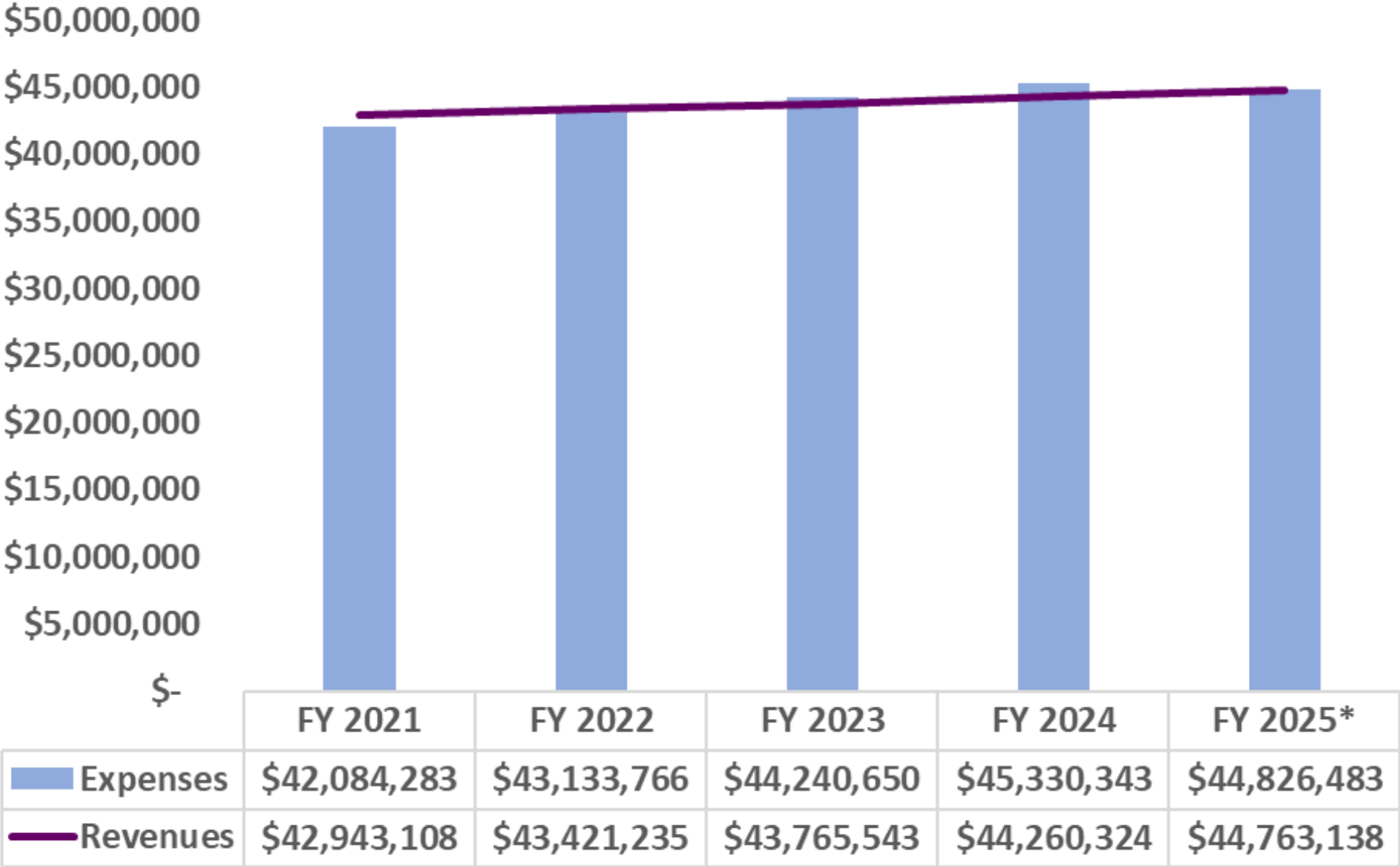
HISTORICAL MONTHLY BILL

- 1.34% Effective Annual Increase
- 10,000 Gallon Water and Wastewater Customer

DEBT SERVICE COVERAGE

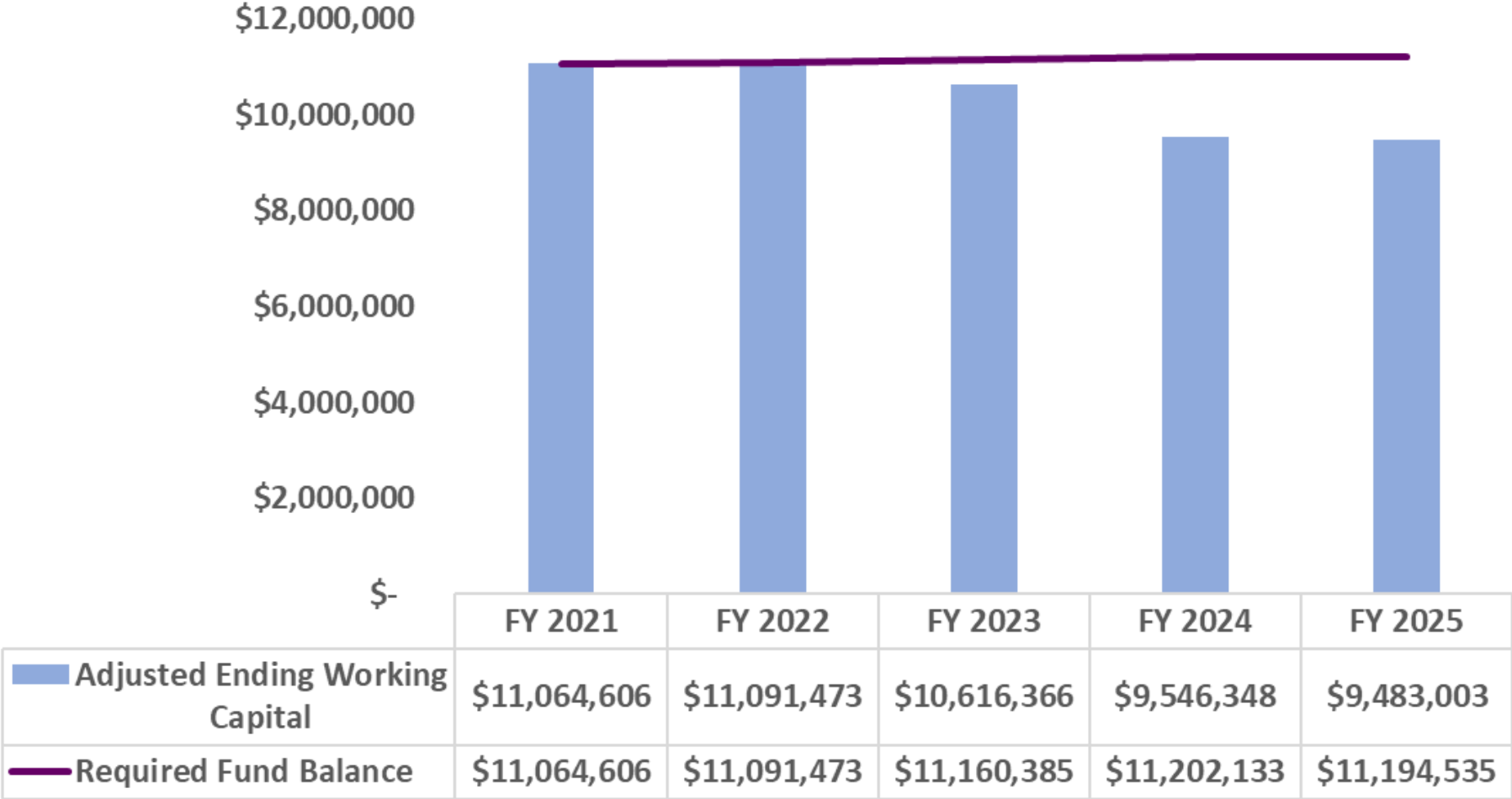


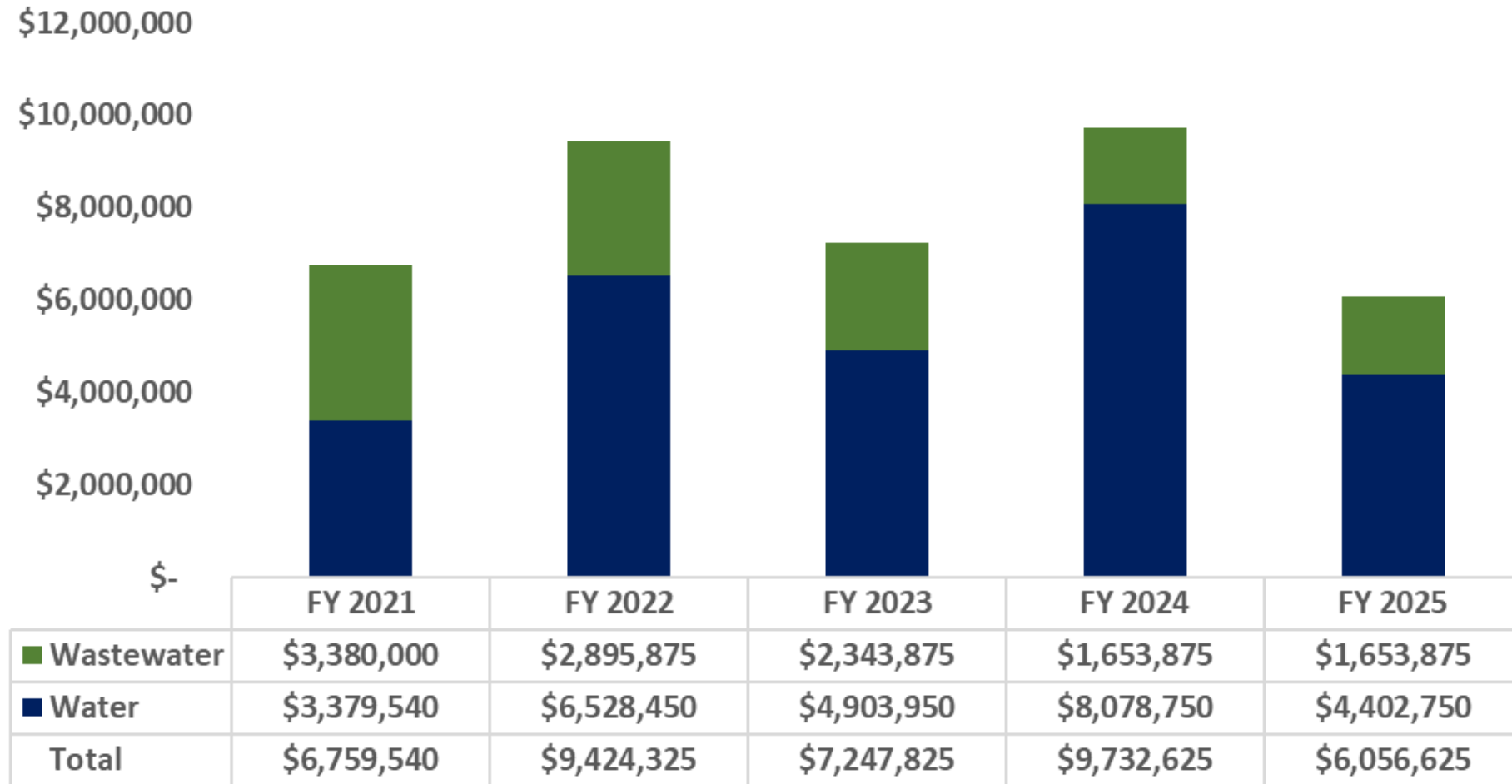
WATER AND
WASTEWATER
PERFORMANCE
UNDER CURRENT
RATES



*\$1.4 million in debt payments drops off in FY 2025.

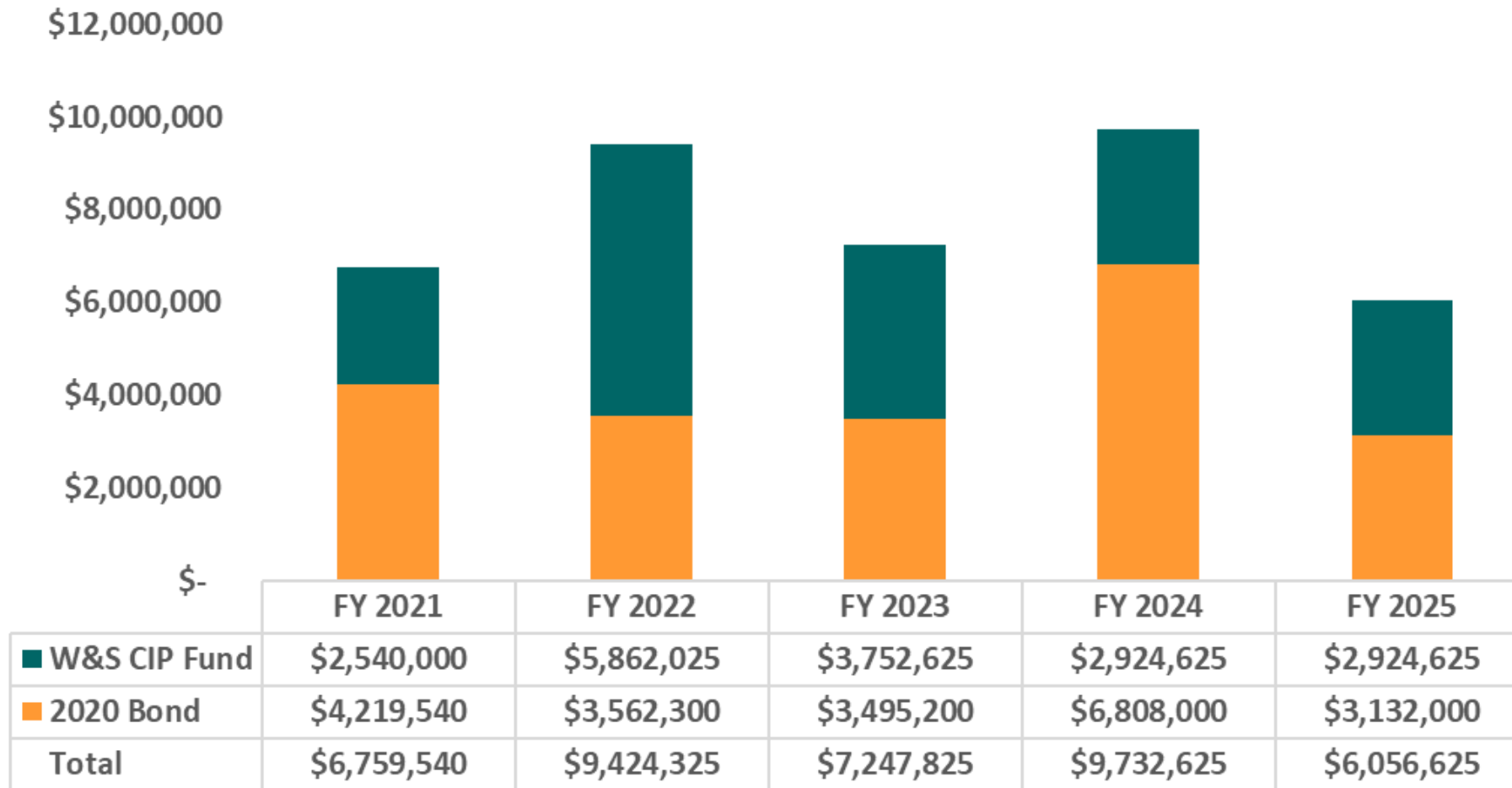
WATER AND
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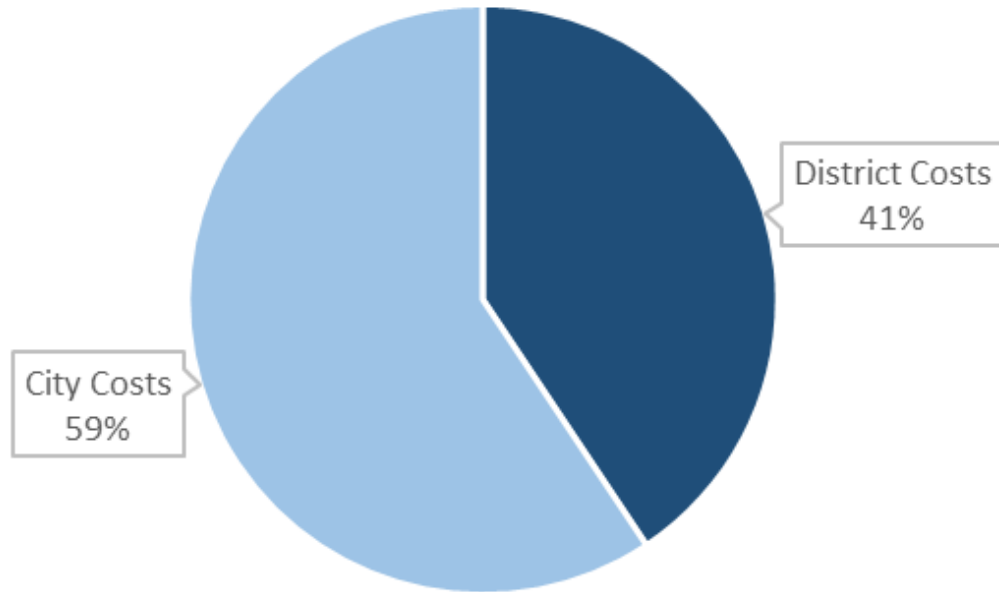
CIP: WATER AND WASTEWATER ALLOCATION

CIP: FUNDING METHODS

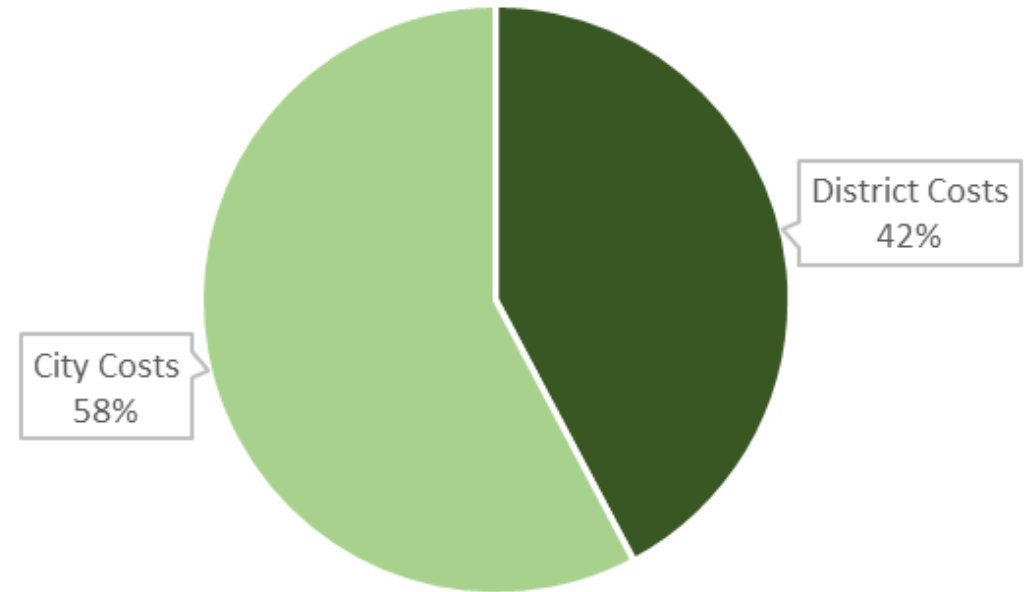


DISTRICT COSTS IN FY 2021 DRAFT BUDGET

Water



Wastewater



CURRENT RATE STRUCTURE EVALUATION

- Two Part Water Rate:
 - Fixed Meter Charge based on Size
 - 2,000 gallons in Fixed Bill
 - Volumetric Charge which increases with use

Meter Charge (Includes 2,000 gal)	
3/4 inch	\$ 12.70
1 inch	14.06
1 1/2 inch	17.47
2 inch	21.55
3 inch	31.09
4 inch	44.74
6 inch	79.83
8 inch	119.68
Volumetric Charge (per 1,000 gal)	
2,000 – 25,000	\$ 3.17
25,000 +	3.78

CURRENT RATE STRUCTURE EVALUATION

- Two Part Sewer Rate:
 - Fixed Base Charge
 - 3,000 gallons in Fixed Bill
 - Single Volumetric Charge; capped at 10K gallons for Residential; no cap for Commercial
 - Residential Minimum Charge
Includes \$0.50 for Sewer Warranty

Base Charge (Includes 3,000 gal)	
Residential	\$ 19.26
Volumetric Charge (per 1,000 gal)	
3,000 – 10,000 gallons	\$ 3.80

RATE AMENDMENTS PREVIOUSLY IDENTIFIED

Amend Rate Blocks

- Restructure Tier Rates to the following
 - 2,001 – 15,000 gallons
 - 15,001 – 30,000 gallons
 - 30,001+ gallons
- Stronger Conservation Signal
- Additional Water Revenue, \$225,000
- Revenue is Weather Dependent

Adjust Meter Charge to Recognize Demand

- AWWA Standard
- Impact on Schools, Commercial Business
- Plan to Implement 5-Year Phase-In Starting in FY 2023 with Full Phase-In by FY 2027
- Additional Water Revenue at Full Phase-In, \$790,000

Note: Increases only proposed for FY 2021, except for meter equivalency changes.

MONTHLY RESIDENTIAL CUSTOMER BILL IMPACT

	Current	FY 2021
2,000 Gallons		
Water	\$ 12.70	\$ 14.16
Wastewater	19.26	19.26
Total	\$ 31.96	\$ 33.42
<i>Monthly Increase over Current</i>		\$ 1.46
<i>Percent Increase over Current</i>		4.57%
5,000 Gallons		
Water	\$ 22.21	\$ 24.78
Wastewater	26.86	26.86
Total	\$ 49.07	\$ 51.64
<i>Monthly Increase over Current</i>		\$ 2.57
<i>Percent Increase over Current</i>		5.24%

MONTHLY RESIDENTIAL CUSTOMER BILL IMPACT

	Current	FY 2021
10,000 Gallons		
Water	\$ 38.06	\$ 42.48
Wastewater (Capped at 10k)	45.86	45.86
Total	\$ 83.92	\$ 88.34
<i>Monthly Increase over Current</i>		\$ 4.42
<i>Percent Increase over Current</i>		5.27%
20,000 Gallons		
Water	\$ 69.76	\$ 81.28
Wastewater (Capped at 10k)	45.86	45.86
Total	\$ 115.62	\$ 127.14
<i>Monthly Increase over Current</i>		\$ 11.52
<i>Percent Increase over Current</i>		9.96%

MONTHLY RESIDENTIAL CUSTOMER BILL IMPACT

	Current	FY 2021
25,000 Gallons		
Water	\$ 85.61	\$ 102.38
Wastewater (Capped at 10k)	45.86	45.86
Total	\$ 131.47	\$ 148.24
<i>Monthly Increase over Current</i>		\$ 16.77
<i>Percent Increase over Current</i>		12.76%
30,000 Gallons		
Water	\$ 104.51	\$ 123.48
Wastewater (Capped at 10k)	45.86	45.86
Total	\$ 150.37	\$ 169.34
<i>Monthly Increase over Current</i>		\$ 18.97
<i>Percent Increase over Current</i>		12.62%

RECOMMENDED WATER RATE ACTION

Water Rate Revenue
Increase = 12.89%

	<u>Residential</u>		<u>Commercial</u>	
	<u>Current</u>	<u>FY 2021</u>	<u>Current</u>	<u>FY 2021</u>
Meter Charge (includes 2,000 gal)				
3/4 inch	\$ 12.70	\$ 14.16	\$ 13.15	\$ 14.66
1 inch	14.06	15.68	14.60	16.28
1 1/2 inch	17.47	19.48	18.13	20.21
2 inch	21.55	24.03	22.38	24.95
3 inch	31.09	34.66	32.30	36.01
4 inch	44.74	49.88	46.49	51.83
6 inch	79.83	89.01	82.98	92.51
8 inch	119.68	133.44	124.56	138.86
Volumetric Charge (per 1,000 gal)				
2,000 – 15,000	\$ 3.17	\$ 3.54		
15,000 – 25,000	3.17	4.22		
25,000 – 30,000	3.78	4.22		
30,000 +	3.78	5.03		
2,000 +			\$ 3.28	\$ 3.66

5-YEAR METER EQUIVALENCY PHASE-IN (RESIDENTIAL)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Meter Charge (includes 2,000 gal)						
3/4 inch	\$ 14.16	\$ 14.16	\$ 14.16	\$ 14.16	\$ 14.16	\$ 14.16
1 inch	15.68	16.05	17.94	19.82	21.71	23.60
1 1/2 inch	19.48	20.77	27.38	33.98	40.59	47.20
2 inch	24.03	26.43	38.70	50.98	63.25	75.52
3 inch	34.66	39.65	65.14	90.62	116.11	141.60
4 inch	49.88	58.53	102.90	147.26	191.63	236.00
6 inch	89.01	105.73	197.30	288.86	380.43	472.00
8 inch	133.44	162.37	310.58	458.78	606.99	755.20

Note: This assumes no other overall rate increases.

5-YEAR METER
EQUIVALENCY
PHASE-IN
(COMMERCIAL)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Meter Charge (includes 2,000 gal)						
3/4 inch	\$ 14.66	\$ 14.66	\$ 14.66	\$ 14.66	\$ 14.66	\$ 14.66
1 inch	16.28	16.61	18.57	20.52	22.48	24.43
1 1/2 inch	20.21	21.50	28.34	35.18	42.03	48.87
2 inch	24.95	27.37	40.07	52.78	65.48	78.19
3 inch	36.01	41.05	67.44	93.82	120.21	146.60
4 inch	51.83	60.59	106.53	152.46	198.40	244.33
6 inch	92.51	109.46	204.26	299.06	393.87	488.67
8 inch	138.86	168.10	321.54	474.98	628.43	781.87

Note: This assumes no other overall rate increases.

CUSTOMERS PER METER SIZE (AS OF DECEMBER 2019)

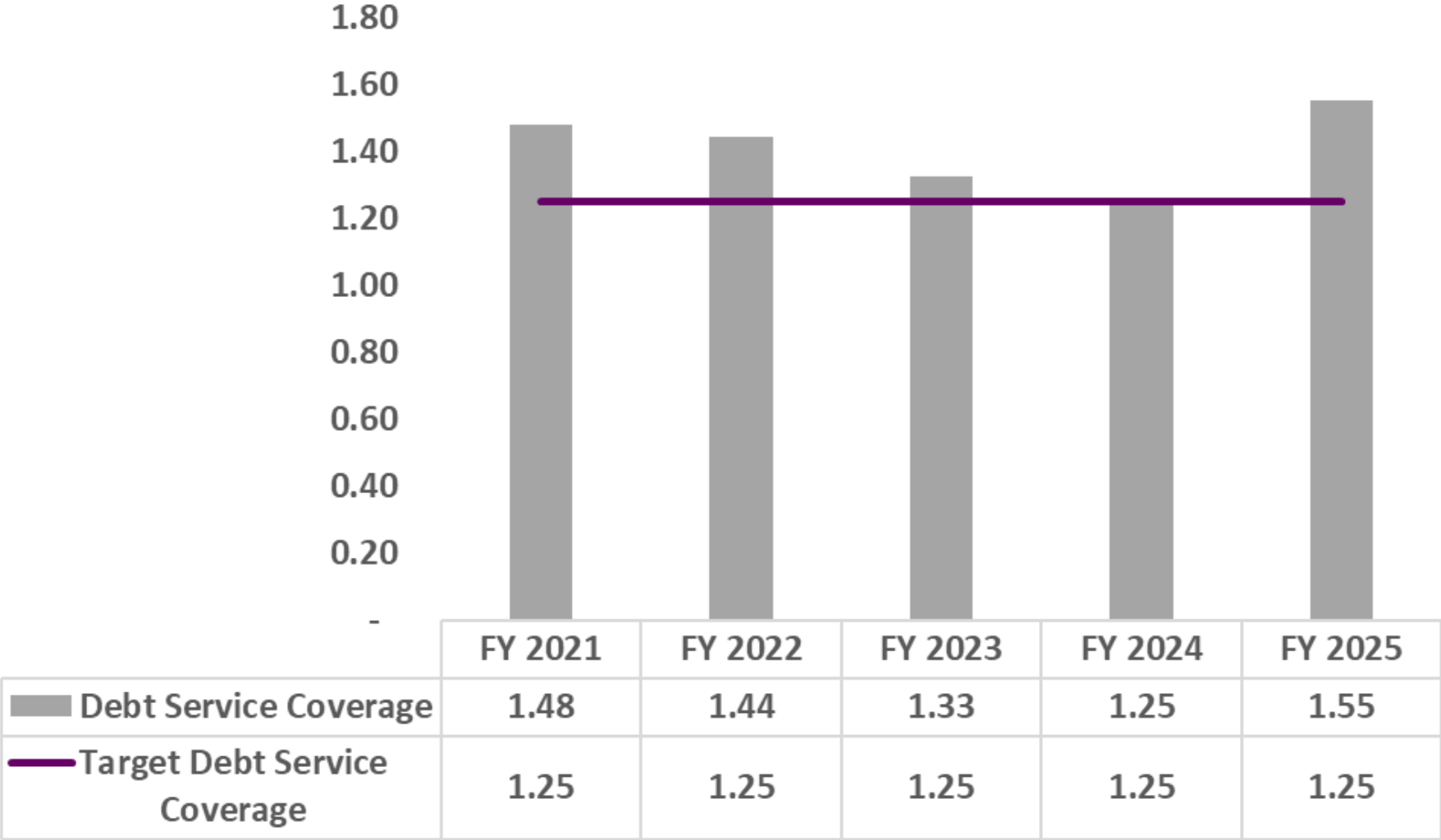
Meter Size	Residential	Commercial
3/4 inch	47,933	1,579
1 inch	154	535
1 1/2 inch	21	280
2 inch	49	410
3 inch	0	41
4 inch	0	19
6 inch	0	6
8 inch	0	0
Total	48,157	2,870

RECOMMENDED SEWER RATE ACTION

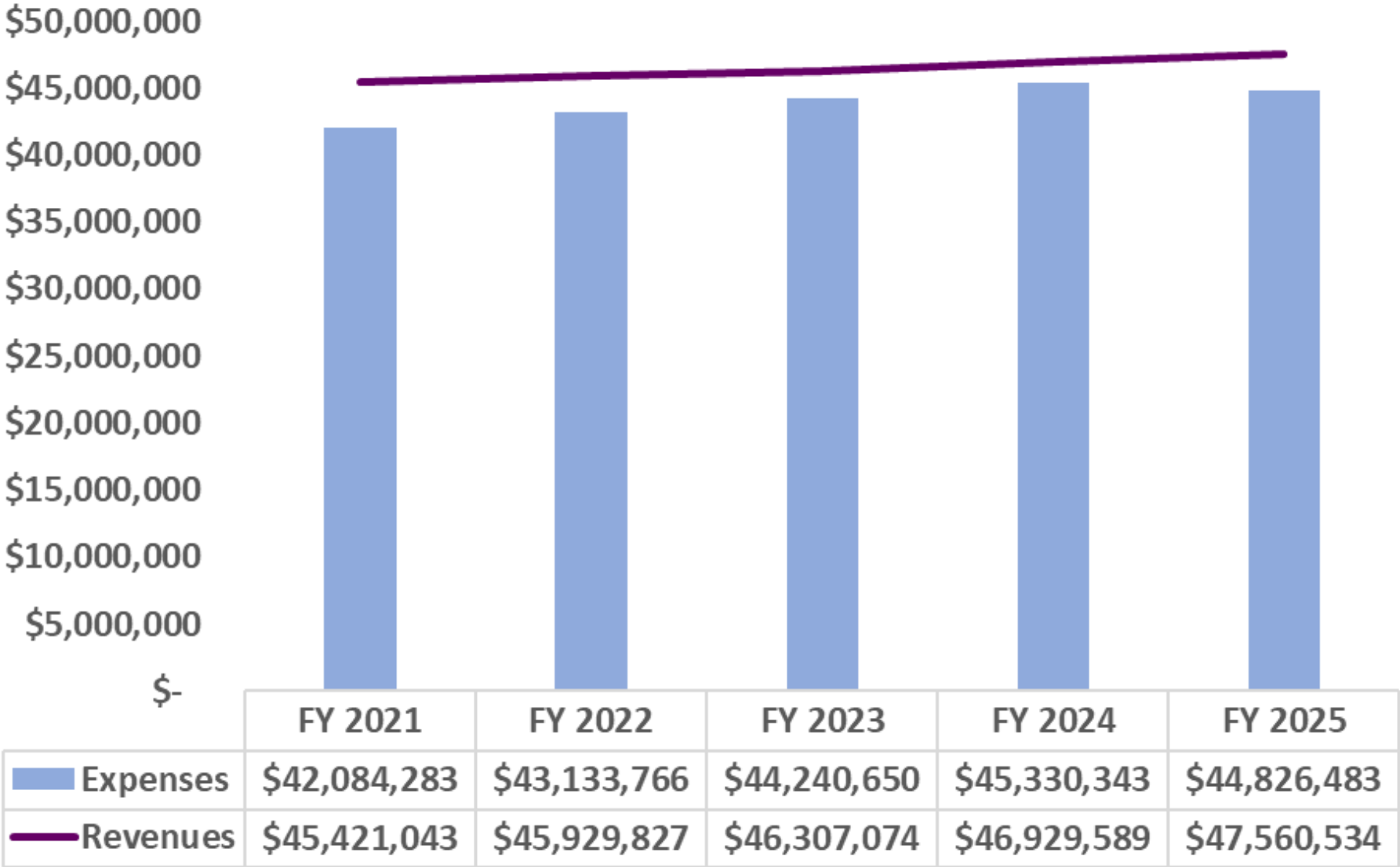
	<u>Current</u>	<u>FY 2021</u>
Base Charge (includes 3,000 gal)		
Residential*	\$ 19.26	\$ 19.26
Commercial	19.15	19.15
Volumetric Charge (per 1,000 gal)		
3,000 – 10,000	\$ 3.80	\$ 3.80
10,000 + (Com Only)	3.80	3.80
Overall Rate Increase		0.00%

*Residential minimum charge includes \$0.50 for Sewer Warranty.

DEBT
SERVICE
COVERAGE

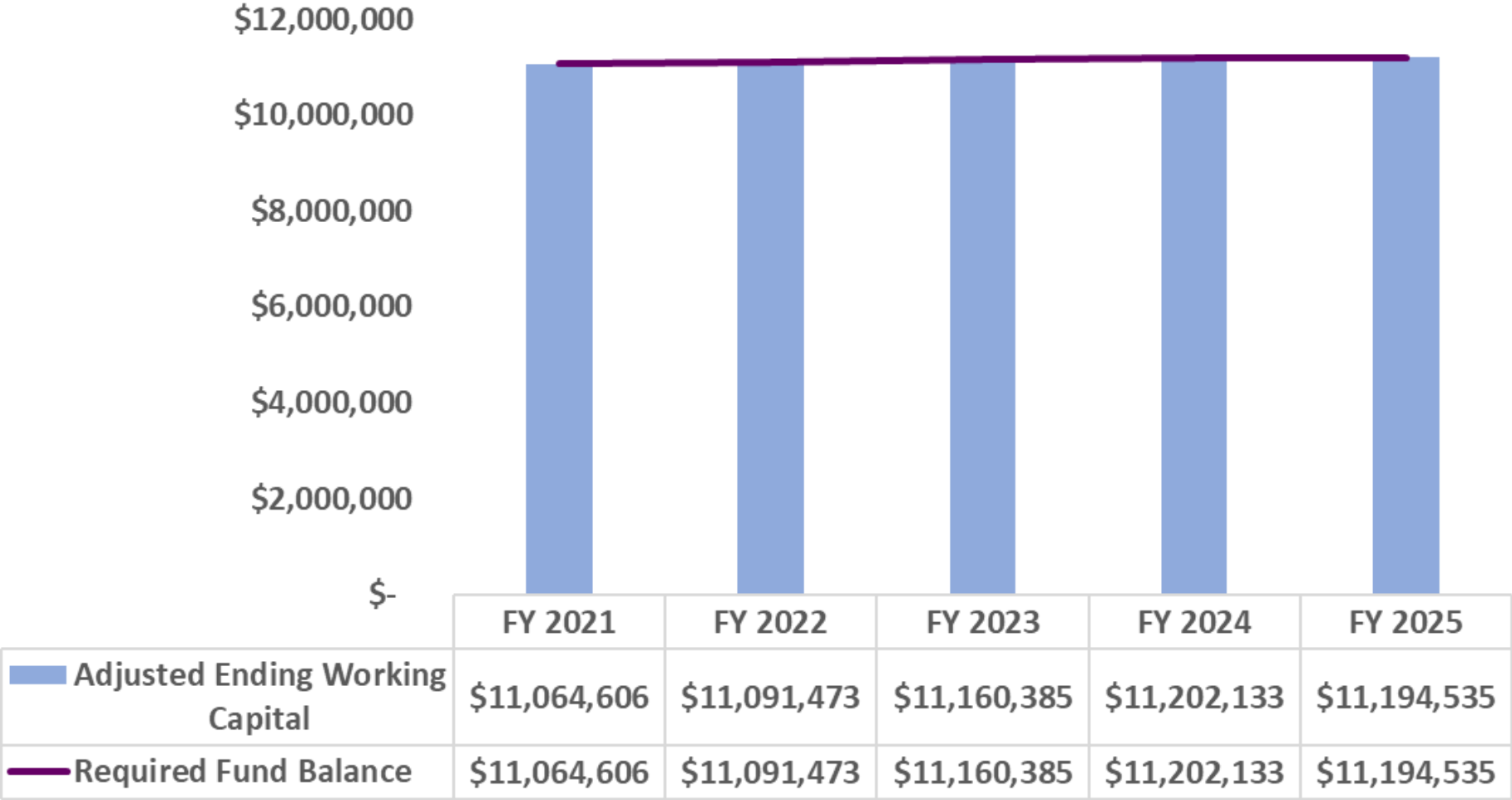


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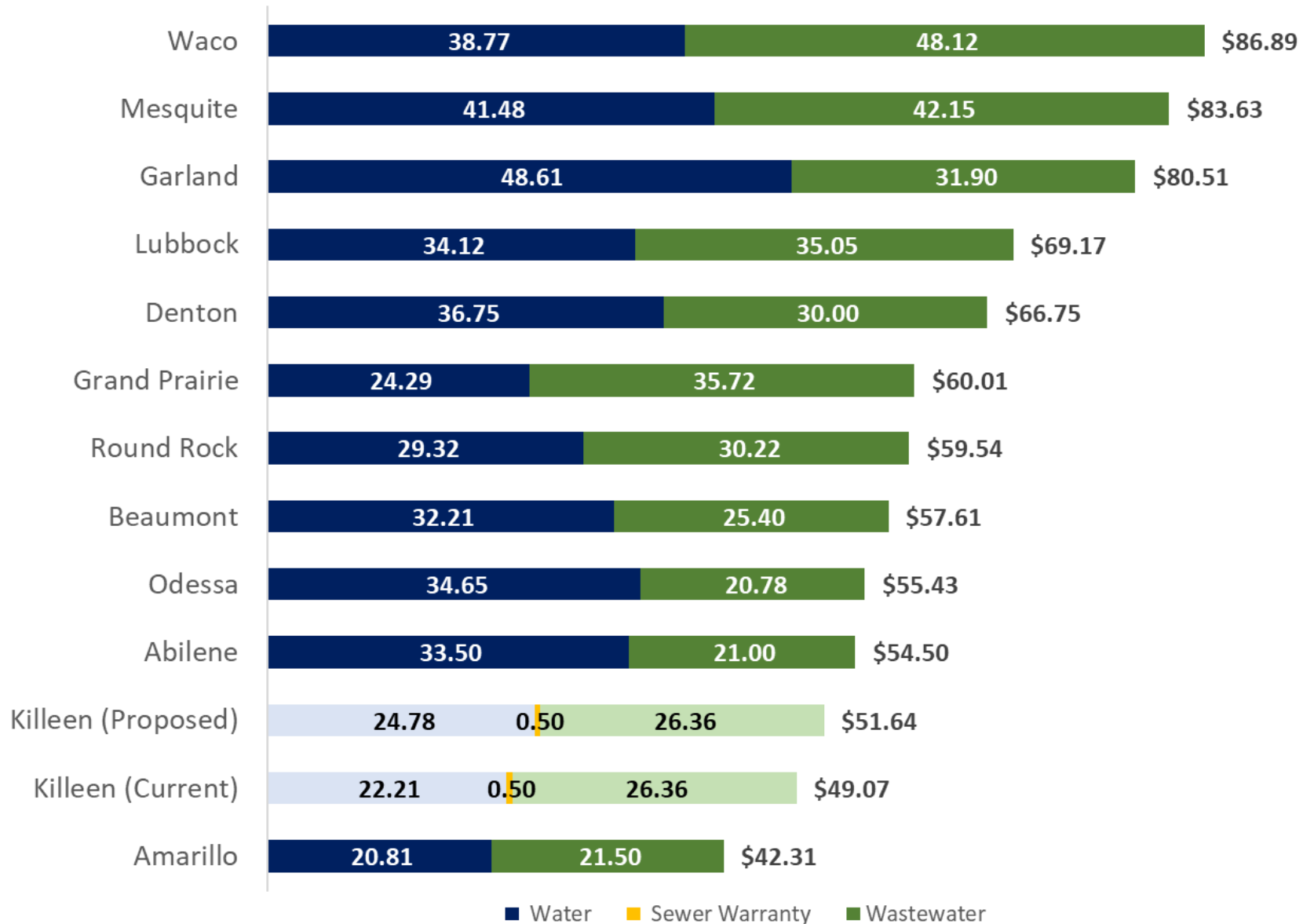
Note: Excess working capital is used to fund PayGo projects.

WATER AND
WASTEWATER
PERFORMANCE
UNDER
PROPOSED RATES



RECOMMENDATIONS

- Rate increase only in FY 2021
- Rates and sufficiency need to be reviewed each year
- Smaller increases could be needed in later years to prevent one large increase in the future

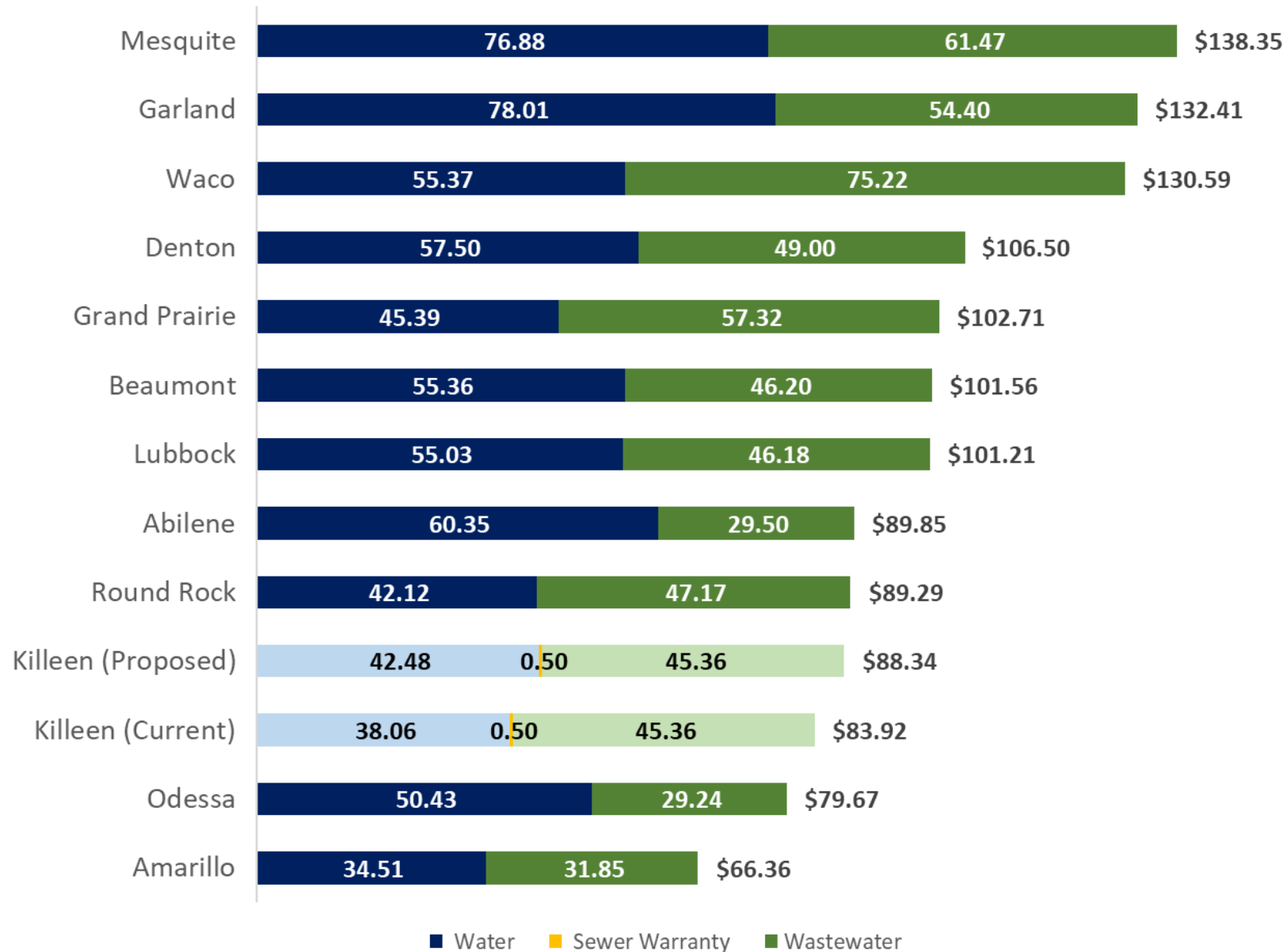


5,000 GALLON MONTHLY BILL COMPARISON (BENCHMARK)

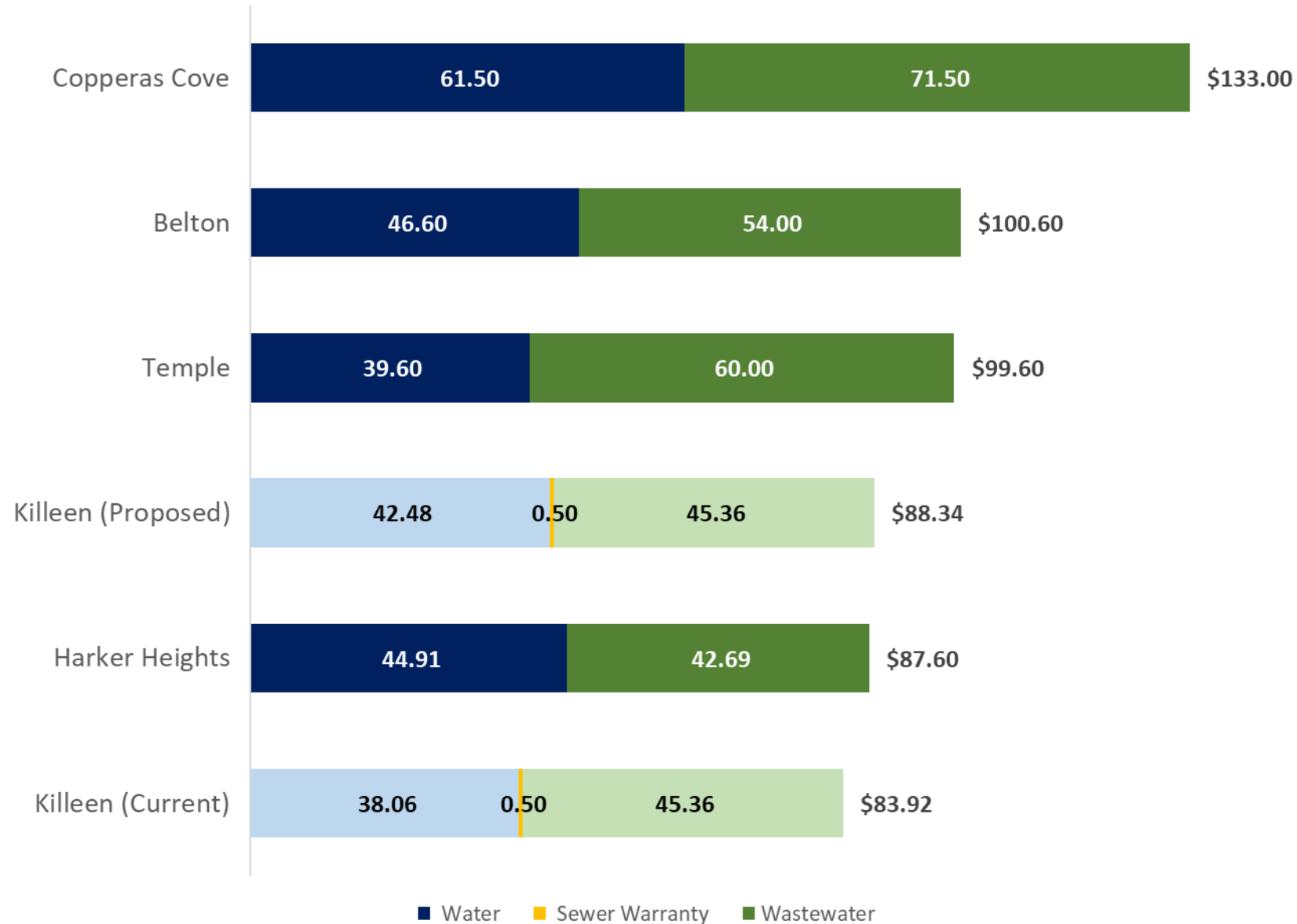


5,000 GALLON MONTHLY BILL COMPARISON (LOCAL)

10,000 GALLON MONTHLY BILL COMPARISON (BENCHMARK)



10,000 GALLON MONTHLY BILL COMPARISON (LOCAL)





QUESTIONS / DISCUSSION

NEWGEN STRATEGIES AND SOLUTIONS
275 W. CAMPBELL ROAD, SUITE 440
RICHARDSON, TEXAS 75080

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CAPITAL PROJECTS

Project	Funding	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water Line Rehabilitation; Phase 1-4	W&S CIP Fund		\$ 1,270,750	\$ 1,270,750	\$ 1,270,750	\$ 1,270,750
Pump Station #2 Rehabilitation	W&S CIP Fund		1,695,400			
Airport Pump Station Rehabilitation	W&S CIP Fund			138,000		
Water Meter Replacement Program	W&S CIP Fund	500,000				
Sewer Line Rehabilitation; Phase 5 (2012 MP)	W&S CIP Fund	800,000				
Sewer Line Rehabilitation; Phase 1-4 (2020 MP)	W&S CIP Fund		1,653,875	1,653,875	1,653,875	1,653,875
Flow Monitoring and I/I Study	W&S CIP Fund	240,000				
Lift Station #6 Rehabilitation	W&S CIP Fund		1,242,000			
Lift Station #1 Rehabilitation	W&S CIP Fund			690,000		
Downtown Rehab	W&S CIP Fund	1,000,000				
Chaparral Rd WW Improvements	2020 Bond	1,840,000				
Park Street Booster Pump Station	2020 Bond	931,040				
South Water Supply - 24 Inch Hwy 195 Waterline	2020 Bond		908,500	1,000,000	3,808,000	2,000,000
Hwy 195 Ground Storage Tank	2020 Bond		289,800	300,000	1,000,000	632,000
South Water Supply - Chaparral Elevated Storage Tank	2020 Bond	1,000,000	1,864,000	1,000,000		
South Water Supply - Chaparral Pump Station	2020 Bond	448,500	500,000	1,195,200	2,000,000	500,000