

Technical Report

CITY OF HITCHCOCK

COST OF SERVICE AND RATE DESIGN STUDY

AUGUST 12, 2022



Nelisa Heddin Consulting, LLC

P.O. Box 341855

Lakeway, TX 78734

(512) 589-1028

nheddin@nelisaheddinconsulting.com

COST OF SERVICE ANALYSIS

Nelisa Heddin Consulting, LLC (NH Consulting) is pleased to present the City of Hitchcock (City) with the results of an update of a cost of service and rate design study performed for the City's water and wastewater utility. The City retained NH Consulting to perform a cost of service and rate design study for the City's water and wastewater utility. The study's intent is to achieve a water and wastewater rate structure that will assure equitable and adequate revenues for operations, debt service retirement, capital improvements and bond covenant requirements. Therefore ensuring the utility operates on a self-sustaining basis while considering the economic impact on the City's customers.

The project team has worked closely with City staff to develop revenue requirements and determine the cost of providing service to each of the City's customers. The project team identified that in order to meet future revenue requirements, the City needs to implement future water and wastewater rate increases. The analysis examined revenue requirements for a five-year study period, FYE2023-FYE2027 and recommended rates sufficient to meet revenue requirements for the five-year study period. The recommended rates are outlined in Tables 1 through 3.

Executive Summary



Table 1: Recommended Water Rates, Minimum Bill

Proposed Base Fee	2022 Rates	2023 Previously Adopted Rates	2023	2024	2025	2026	2027
5/8" Meter	\$ 19.50	\$ 20.00	\$ 24.27	\$ 27.58	\$ 28.63	\$ 32.36	\$ 36.07
3/4" Meter	\$ 21.45	\$ 22.00	\$ 26.18	\$ 29.80	\$ 30.94	\$ 35.03	\$ 39.09
1" Meter	\$ 27.30	\$ 28.00	\$ 31.90	\$ 36.46	\$ 37.86	\$ 43.03	\$ 48.15
1 1/2" Meter	\$ 35.10	\$ 36.00	\$ 39.52	\$ 45.35	\$ 47.10	\$ 53.69	\$ 60.23
2" Meter	\$ 56.55	\$ 58.00	\$ 60.50	\$ 69.78	\$ 72.50	\$ 83.02	\$ 93.45
3" Meter	\$ 214.50	\$ 220.00	\$ 220.00	\$ 249.69	\$ 259.56	\$ 298.97	\$ 338.05
4" Meter	\$ 273.00	\$ 280.00	\$ 280.00	\$ 316.32	\$ 328.84	\$ 378.96	\$ 428.65
6" Meter	\$ 409.50	\$ 420.00	\$ 420.00	\$ 471.79	\$ 490.49	\$ 565.58	\$ 640.03

Table 2: Recommended Water Rates, Volumetric Rate

Water Volumetric Rate	2022 Rates	2023 Previously Adopted Rates	2023	2024	2025	2026	2027
<u>Residential</u>							
0-2,000	\$ 4.15	\$ 4.57	\$ 5.45	\$ 5.65	\$ 5.95	\$ 6.36	\$ 6.87
2,000-5,000	\$ 4.36	\$ 4.80	\$ 5.70	\$ 5.90	\$ 6.20	\$ 6.61	\$ 7.12
5,000-10,000	\$ 5.01	\$ 5.52	\$ 6.70	\$ 6.90	\$ 7.20	\$ 7.61	\$ 8.12
10,000-20,000	\$ 7.26	\$ 8.01	\$ 8.70	\$ 8.90	\$ 9.20	\$ 9.61	\$ 10.12
20,000-50,000	\$ 10.53	\$ 11.61	\$ 12.20	\$ 12.40	\$ 12.70	\$ 13.11	\$ 13.62
ABOVE 50,000	\$ 15.27	\$ 16.84	\$ 17.20	\$ 17.40	\$ 17.70	\$ 18.11	\$ 18.62
<u>Commercial/Government</u>	\$ 5.99	\$ 7.79	\$ 13.45	\$ 12.58	\$ 13.03	\$ 14.29	\$ 15.68

Table 3: Recommended Wastewater Rates

Wastewater	2022 Rates	2023 Previously Adopted Rates	2023	2024	2025	2026	2027
Base Fee	\$ 19.50	\$ 20.00	\$ 24.00	\$ 30.00	\$ 30.00	\$ 32.00	\$ 32.00
Volumetric Fee	\$ 4.78	\$ 4.92	\$ 5.02	\$ 5.17	\$ 5.58	\$ 5.58	\$ 5.81
Freddieville	\$ 41.54	\$ 42.70	\$ 47.38	\$ 54.10	\$ 55.99	\$ 57.99	\$ 59.06

COST OF SERVICE ANALYSIS

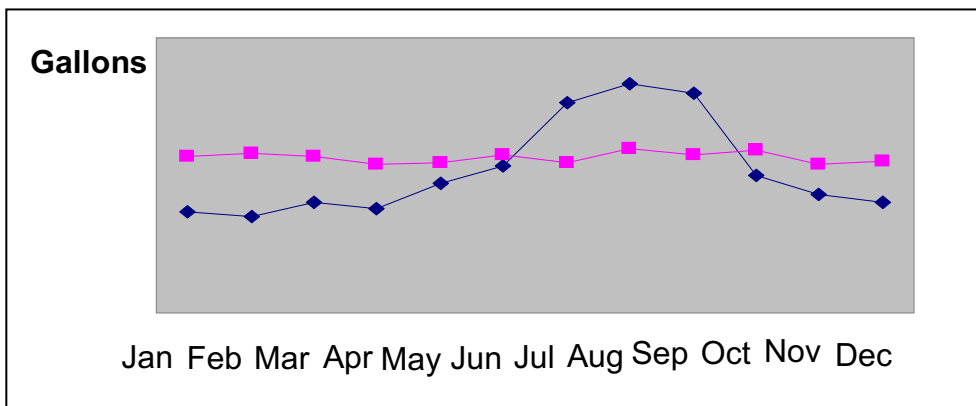
RATE SETTING THEORY

The American Water Works Association (AWWA) sets forth a methodology for rate setting based on cost-of-service principles. The premise of this methodology is to require users to pay the cost incurred by the utility to provide that user with water service.

The water utility infrastructure is created to meet times of peak demand. Although on an annual basis, the average usage of water is at a lower level, the system must meet times of peak usage, such as irrigation in summer months or early mornings when residents are showering, doing laundry and washing dishes. Chapter 290 of the Texas Administrative Code outlines strict guidelines that the water utility must abide by while providing retail water services. These guidelines outline specific requirements for items such as minimal system capacities, to meet these times of peak usage. Thus, the water utility must maintain the infrastructure to meet these requirements. To determine the utilities capacity requirements, one must factor in the number of connections served, the size of each connection, in addition to the usage patterns of those customers. Therefore, even though the utility may have average usage at a certain level, it must have the capacity to serve customers at a greater level in order to meet peaking demands.

Different customer classes utilize water in different manners, thus putting different strains on the utility. Examination of the utility's customer classes while applying a cost-of-service methodology recommended by the AWWA reveals the usage pattern of each class. Figure 1 exhibits different usage patterns for two different types of customers.

Figure 1: Usage Patterns





The customers represented by a blue line in Figure 1 show a dramatic peaking pattern in summer months. This peak pattern commonly occurs with customers who, for example irrigate during the summer. The customers represented by a pink line show very little deviation in their month-to-month usage. An example of a customer using water in this manner may be a commercial customer who uses water in a consistent pattern year round.

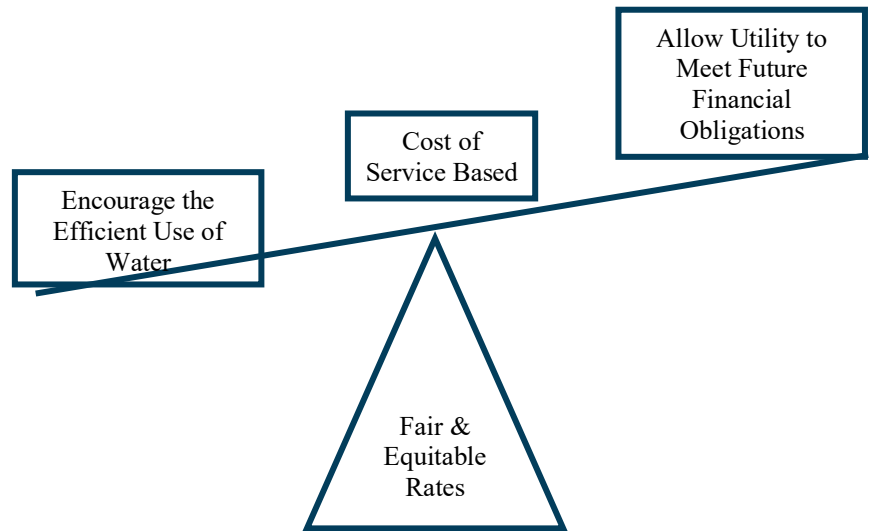
According to the AWWA, “A water utility is required to supply water in total amounts and at such rates of use desired by the customer. A utility incurs costs in relationship to the various expenditure requirements caused by meeting those customer demands. Since the needs for total volume of supply and peak rates of use vary among customers, the costs to the utility of providing service also vary among customers or classes of customers.” In other words, there are significant cost implications to the ability a utility system must have to meet peaking patterns.

The blue-line customer in Figure 1 has a higher peak to average ratio of water usage. Whereas the pink-line customer has a lower peak to average ratio, even though the total volume used is greater for this customer class. In this example, the utility has to maintain a total system capacity to serve the maximum (or peak) usage of all customers, even though the blue-line customer uses a peak amount of water for 3-months out of the year. There is a significant cost implication to this irregular usage pattern. The rates charged to customers should reflect this cost differential.

RATE DESIGN GENERAL COMPONENTS

During rate analysis, the primary consideration is to determine rates that are fair and equitable among all customers. Rates should recover the cost associated with providing service to each customer from that particular customer. Determining rates that fully achieve this goal involves a detailed analysis of each individual customer's consumption pattern. Since this is an impractical feat for most utility systems, a typical rate design establishment fits average conditions for groups of customers having similar service requirements.

When grouping customer classes, one divides customers that utilize water in a similar pattern (such as residential, commercial, apartments and irrigation). Then, analysis of historical usage patterns for each customer grouping and assignment of costs accordingly.



The AWWA emphasizes, "Departure from rates based on cost of service is generally a decision made for political, legal or other reasons. Consideration of rates deviating from cost of service, therefore, is made by politicians, not the rate designer." In addition, the AWWA states that "when a deviation from cost-related rates is made, the reason for such modification should be explicitly understood so that the responsibility for such deviation is placed on legal and policy-making factors, and the public is not misled into believing that the resulting rates are fully cost-related when they are not."

It is important to consider when designing and implementing a new rate structure that, while the goal is to get as close as possible to cost of service based rates, with respect for each City's own political environment.

RATE COMPONENTS

Typically, billing of water services are in a structure that consists of a minimum bill and a volumetric component. The intention of the minimum bill is to recover the basic costs associated with providing service to the customer, regardless of the volume of the water utilized. The bill structure usually recovers a high percentage of the utility's fixed costs to ensure the utility some degree of revenue stability. Minimum bills are a fixed monthly fee. The second component of the rates is a volumetric charge. This charge is based on the amount of water utilized by the customer, and may fluctuate based on actual usage.

Minimum Bill

The AWWA provides guidelines for the determination of the minimum bill on a cost basis. Many utilities set their minimum bill based on policy initiatives. The utility may want to use the minimum charge to guarantee a certain percentage of revenue. Another strategy in setting a minimum bill involves providing lifeline rates for customers, where the customer receives a certain amount of water included in the base charge fee. This allows the customer a higher degree of control over their water bill.

There are two (2) primary options available regarding the structure of the minimum bill:

Meter Size – As previously described, the utility is obligated under State Law to maintain system capacity based on the number and size of connections the utility serves. The reasoning is that the larger the meter a customer has, the greater the ability to place a larger demand on the system. Thus, regardless of the amount of water that a customer actually uses, the utility is still required to maintain the capacity to serve that customer based on their meter size.

Accordingly, a minimum bill based on meter size, in which the larger the meter, the higher the bill, recovers the cost the utility incurs due to the potential increased demand placed on the system by that particular customer. The AWWA provides “meter size equivalency factors,” a scale of factors are applied to the base charge for a $\frac{5}{8}$ inch connection to determine the minimum that should be charged to larger connections.

NH Consulting recommends the City continue to bill based on meter size.

Equalized Minimum Bill – The alternative minimum bill structure would be an equalized minimum bill in which all customers pay the same fee, regardless of meter size. This very simple fee structure is easy to understand by the utility’s customers. In addition, most billing systems are able to accommodate this fee structure. However, it may not be equitable among the utility’s customers, depending on that particular utility’s customer base.

Volumetric Rate

The second component of the fee structure is the volumetric rate. The basis for the volumetric fees is the actual volume of water each customer uses each month. The volumetric rates usually recover the variable costs associated with providing water to the utility’s customers as well as a portion of fixed costs. Utilities also use volumetric rates as a pricing signal to encourage the efficient usage of water. Below are some volumetric rate design options for consideration.

Customer Class – As previously described, different classes of customers utilize water in different ways. Some customers use large amounts of water seasonally for irrigation, while other customers’ monthly water use varies only slightly. There is a significant cost implication to different water usage patterns. Those customers who use water irregularly throughout the year, such as those who irrigate, cause the utility’s water system to have a higher peaking than those customers who use a consistent amount of water monthly. A case can be made that utilities should classify customers into like groupings (such as residential, commercial, apartments and irrigation) and charge those customers different rates based on their relative usage patterns. The AWWA has outlined a methodology for determining these rates called the Base-Extra Capacity methodology. The basic



premise of this methodology is to isolate usage patterns based on customer classifications and allocate costs to those customers based on peaking patterns. While this is a complex task, it is arguably the most equitable means of charging customers for water usage.

The drawback to this methodology is that it is a slightly more complex fee structure that some customers may have difficulty understanding. Prior to implementation, the utility's billing system requires examination to ensure that it is capable of charging customers based on this structure.

Equalized Rate – An alternative to varying volumetric rates based on customer class is to charge all customers the same volumetric rate. This is appropriate for utilities that have a relatively homogenous customer base in which most customers use water in a similar pattern. This rate structure is easy for customers to understand, and usually most billing systems can accommodate equalized rates. The industry recommends that each utility examine its customer base to determine if it is a homogenous group of customers, or if there are customers who use water in different patterns. If the latter is the case, then equalized rates may not be equitable to some customer classifications.

WATER PRODUCTION

In 2021, the City produced approximately 278.6 million gallons of water, with a peak day production of 2.284 MG.

Table 4: Historical Water Production (Gallons)

Water	2021
Total Production	278,564,000
Average Daily Demand	763,189
Peak Day Demand	2,284,000
Peak to Average Ratio	2.99

As emphasized in the previous section, there is a direct correlation between a system's production and peaking patterns and the system's costs. The City's peak to average ratio, as determined by dividing maximum daily production by the average daily production, was 2.99:1 for 2021.

WATER CONSUMPTION

As of December 2021, the City provides water services to 2,531 retail, potable water customers. The City meters all active potable water connections. Annual metered water consumption was approximately 175 million gallons in 2021.

Table 5: Historical Water Consumption and Customer Count

Year	Customer Count	Consumption (Gal)
2019	2,440	183,931,000
2020	2,475	171,478,000
2021	2,531	175,523,000



WORK PLAN

In determining water rates, NH Consulting relies upon a methodology described by the American Water Works Association called the Base-Extra Capacity methodology. This methodology approximates the cost associated with serving various classifications of customers.

Essentially, the methodology utilizes a five-step approach:

- Step 1: Revenue Requirement Determination
- Step 2: Cost Functionalization
- Step 3: Customer Cost Allocation
- Step 4: Customer Count and Billing Unit Determination
- Step 5: Rate Design

NH Consulting has performed each of these steps in coordination with City staff. The next sections describe each step along with the results.

STEP 1: REVENUE REQUIREMENT DETERMINATION

BASE YEAR REVENUE REQUIREMENT

WATER FUND

To account for the water utility operations, the City has an Enterprise Fund that accounts for water operational revenues and expenditures. To determine the water utility revenue requirements, NH Consulting relied on the City's budgeted and historical actual expenditures within the Water Enterprise Fund as a starting point.

SYSTEM EXPENDITURES

A base year estimate of costs helps to determine the City's future revenue requirements. This cost estimate is reflective of the normal operation of the water utility, and adjusted for known and measurable changes into the future. NH Consulting used the FYE2023 budget as the Test Year for the revenue requirement phase of the study. A comparison FYE2020 actual, FYE2021 estimated and FYE2022 budgeted expenditures has indicated that the FYE2023 Budget provides a conservative estimate of the revenues and expenses associated with the operation of the water utility.

REVENUE OFFSETS

In order to isolate the revenues required by rates from all customers, it was necessary to capture all revenue offsets and remove the corresponding dollar amount from the gross revenue requirement to determine the net revenue requirement. Revenue offsets are items such as late fees and interest income that offset the City's expense.

BASE YEAR REVENUE REQUIREMENT

The base year total revenue requirement determined by the project team for the water utility for FYE 2023 was \$2,338,822



FIVE-YEAR REVENUE REQUIREMENT

INFLATION

NH Consulting accounted for inflationary influences on annual expenditures by applying a 5% annual inflation rate for most expenditure categories in developing the five-year revenue requirement.

VARIABLE COSTS

Water purchases, chemicals, and electricity expenses were determined using a variable cost analysis. NH Consulting determined the actual cost per thousand gallons for the previous year, and applied that cost, plus inflation, to projected water production in the future.

CAPITAL IMPROVEMENT FUNDING

As outlined on Schedule 3, the City has identified approximately \$15.5M in future capital projects for the Water Utility. NH Consulting worked with City staff to establish a funding plan for these improvements.

It was identified that approximately \$5.5M of the improvements have existing funding sources and therefore these projects will not impact customer rates. The project team assumed that approximately \$742,000 would be funded through cash from the utility rate structure, which was built into the revenue requirements in the year in which funding was required.

Finally, the project team assumed that approximately \$9.2M of the improvements would need to be funded through the issuance of future debt. Table 6 outlines the anticipated future debt issuances for the Water Utility.

Table 6: Projected Future Debt Issuances, Water

Debt Series	Principal Issuance
2023	\$ -
2024	\$ -
2025	\$ -
2026	\$ 4,607,500
2027	\$ 4,607,500
	\$ 9,215,000

REVENUE OFFSETS

Revenue-offset projections remained constant throughout the study period, for the benefit of conservative estimations.



FIVE-YEAR REVENUE REQUIREMENT

Table 7 outlines the five-year revenue requirement for the Water Utility. Schedule 1 shows each line item with details.

Table 7: Water Utility Five-Year Revenue Requirement.

	2023	2024	2025	2026	2027
Revenue Requirements	\$2,338,822	\$2,569,537	\$2,710,687	\$3,019,954	\$3,356,671

STEP 2: COST FUNCTIONALIZATION

BACKGROUND ON COST FUNCTIONALIZATION

The American Water Works Association (“AWWA”) and the Texas Commission on Environmental Quality (“TCEQ”) have accepted the base-extra capacity methodology and it is commonly used in the water utility industry. This is a methodology of functionalization, allocating costs to service functions, and distributing costs to customer classes. It recognizes the differences in the cost of providing service due to variations in average rate of use and peak rate of use by a customer class. This method also distinguishes the effects of system diversity on costs. Generally, the three components of costs include:

- Base Costs
- Extra-Capacity Costs
- Customer Billing Costs

Base costs fluctuate with the total amount of water taken under average operating conditions. Extra-capacity costs are those costs incurred that are above the average operating conditions and are necessary to support peaking conditions. Customer billing costs are those costs associated with serving customers, such as meter reading and billing.

COST FUNCTIONALIZATION ANALYSIS

The project team thoroughly analyzed The City’s cost structure and functionalized the costs into appropriate categories. Table 8 presents the cost functionalization for the three-year study period.

Table 8: Cost Functionalization.

	2023	2024	2025	2026	2027
Base Costs	\$ 1,239,087	\$ 1,353,735	\$ 1,441,476	\$ 1,589,091	\$ 1,749,910
Extra-Capacity Costs	929,015	1,035,938	1,079,745	1,231,316	1,396,627
Customer Costs	170,719	179,864	189,466	199,548	210,134
Total	\$ 2,338,822	\$ 2,569,537	\$ 2,710,687	\$ 3,019,954	\$ 3,356,671



STEP 3: CUSTOMER COST ALLOCATION

CUSTOMER COST ALLOCATION BACKGROUND

The establishment of customer classes is important in setting equitable rates, so that costs designated for each class are appropriate. A customer class should include only those customers who:

- a. Are in similar location in relation to the utility;
- b. Use the same or similar facilities of the utility;
- c. Receive similar service from the utility;
- d. Place similar demands on the utility.

The objective of the distribution of costs to customer groups is to avoid cross-subsidization (inequities between customer classes). With this objective in mind, it is imperative to weigh all differences in service commitment and service requirements when determining the customer classes.

Once all appropriate customer classifications have been determined, the next step is to analyze usage patterns for each customer class. Usage analysis includes evaluating the average and peak usage for each customer class. Finally, the cost allocation to customer classes, based on relative usage patterns, is completed.

In analyzing the City's customers and historical use, NH Consulting recommends the City continue to utilize the customer class categories of residential, commercial and apartment.



STEP 4: CUSTOMER GROWTH AND BILLING UNITS

CUSTOMER GROWTH

Population projections for a City should reasonably reflect anticipated future conditions within the City. NH Consulting worked closely with City staff to make projections of future growth within the City.

Table 9: Projected Customer Count

	2023	2024	2025	2026	2027
Total Customer Count	2,732	2,792	2,853	2,916	2,980

BILLING UNIT PROJECTION

Projecting future consumption first involves an in-depth examination of historical use for each classification of customer. Historical use is analyzed to determine the average use per connection in a “normal” rainfall year. This normalized average use is then applied to the future projected customer count in order to make a future projection of consumption.

Table 10: Projected Water Consumption (Gallons).

	2023	2024	2025	2026	2027
Annual Consumption	180,509,684	211,373,885	215,254,055	219,228,900	223,300,732

STEP 5: RATE DESIGN

There are many different rate design options regarding water rate development, however, the goal is to provide a fair and equitable rate for all customer classes, mitigate “rate-shock” on the City’s customers and allow for the water utility to operate and remain self sufficient.

MINIMUM BILL

NH Consulting recommends that the City continue to bill water customers a minimum base charge which is based upon meter size. The recommended minimum bill for each customer class is outlined on Table 11 below.

VOLUMETRIC RATE

The volumetric rates for the City have been designed to recover revenue requirements not otherwise recovered through the base charge. The recommended volumetric rates are outlined on Table 12.



Table 11: Recommended Water Rates, Minimum Bill

Proposed Base Fee	2022 Rates	2023 Previously Adopted Rates	2023	2024	2025	2026	2027
5/8" Meter	\$ 19.50	\$ 20.00	\$ 24.27	\$ 27.58	\$ 28.63	\$ 32.36	\$ 36.07
3/4" Meter	\$ 21.45	\$ 22.00	\$ 26.18	\$ 29.80	\$ 30.94	\$ 35.03	\$ 39.09
1" Meter	\$ 27.30	\$ 28.00	\$ 31.90	\$ 36.46	\$ 37.86	\$ 43.03	\$ 48.15
1 1/2" Meter	\$ 35.10	\$ 36.00	\$ 39.52	\$ 45.35	\$ 47.10	\$ 53.69	\$ 60.23
2" Meter	\$ 56.55	\$ 58.00	\$ 60.50	\$ 69.78	\$ 72.50	\$ 83.02	\$ 93.45
3" Meter	\$ 214.50	\$ 220.00	\$ 220.00	\$ 249.69	\$ 259.56	\$ 298.97	\$ 338.05
4" Meter	\$ 273.00	\$ 280.00	\$ 280.00	\$ 316.32	\$ 328.84	\$ 378.96	\$ 428.65
6" Meter	\$ 409.50	\$ 420.00	\$ 420.00	\$ 471.79	\$ 490.49	\$ 565.58	\$ 640.03

Table 12: Recommended Water Rates, Volumetric Rates

Water Volumetric Rate	2022 Rates	2023 Previously Adopted Rates	2023	2024	2025	2026	2027
<u>Residential</u>							
0-2,000	\$ 4.15	\$ 4.57	\$ 5.45	\$ 5.65	\$ 5.95	\$ 6.36	\$ 6.87
2,000-5,000	\$ 4.36	\$ 4.80	\$ 5.70	\$ 5.90	\$ 6.20	\$ 6.61	\$ 7.12
5,000-10,000	\$ 5.01	\$ 5.52	\$ 6.70	\$ 6.90	\$ 7.20	\$ 7.61	\$ 8.12
10,000-20,000	\$ 7.26	\$ 8.01	\$ 8.70	\$ 8.90	\$ 9.20	\$ 9.61	\$ 10.12
20,000-50,000	\$ 10.53	\$ 11.61	\$ 12.20	\$ 12.40	\$ 12.70	\$ 13.11	\$ 13.62
ABOVE 50,000	\$ 15.27	\$ 16.84	\$ 17.20	\$ 17.40	\$ 17.70	\$ 18.11	\$ 18.62
<u>Commercial/Government</u>	\$ 5.99	\$ 7.79	\$ 13.45	\$ 12.58	\$ 13.03	\$ 14.29	\$ 15.68

WASTEWATER SYSTEM

As of December 2021, the City had 2,371¹ wastewater connections. As wastewater is not typically metered, and for many residential customers, a portion of their water use is for outdoor irrigation purposes, their water use is not necessarily representative of what is coming back to the system as wastewater. As a result, it is necessary to employ a methodology for reasonably estimating wastewater use based on water consumption for residential customers.

For residential customers, a winter averaging methodology was utilized for estimating residential wastewater use.

Generally commercial customers are not irrigating, thus, their water use also comes back to the system as wastewater. For that reason, commercial customer billing uses water consumption as a foundation for wastewater billing.

¹ Inclusive of multi-family units



WORK PLAN

The determination of wastewater rates is somewhat simpler as the wastewater utility is not subject to the same influences of peaking as the water utility.

NH Consulting utilized a three-step approach to determining the wastewater rates:

Step 1: Revenue Requirement Determination

Step 2: Customer Count and Billing Unit Determination

Step 3: Rate Design

NH Consulting has performed each of these steps in coordination with City staff; below shows the description and results of each step.

STEP 1: REVENUE REQUIREMENT DETERMINATION

BASE YEAR REVENUE REQUIREMENT

WASTEWATER FUND

To account for the wastewater utility operations, the City has an Enterprise Fund that accounts for water operational revenues and expenditures. To determine the water utility revenue requirements, NH Consulting relied on the City's budgeted and historical actual expenditures within the Wastewater Enterprise Fund as a starting point.

SYSTEM EXPENDITURES

A base year estimate of costs helps to determine the City's future revenue requirements. This cost estimate is reflective of the normal operation of the water utility, and adjusted for known and measurable changes into the future. NH Consulting used the FYE2023 budget as the Test Year for the revenue requirement phase of the study. A comparison FYE2020 actual, FYE2021 estimated and FYE2022 budgeted expenditures has indicated that the FYE2023 Budget provides a conservative estimate of the revenues and expenses associated with the operation of the wastewater utility.

REVENUE OFFSETS

In order to isolate the revenues required by rates from all customers, it was necessary to capture all revenue offsets and remove the corresponding dollar amount from the gross revenue requirement to determine the net revenue requirement. Revenue offsets are items such as late fees and interest income that offset the City's expense.

BASE YEAR REVENUE REQUIREMENT

The base year total revenue requirement determined by the project team for the wastewater utility for FYE 2023 was \$1,853,744



FIVE-YEAR REVENUE REQUIREMENT

INFLATION

NH Consulting accounted for inflationary influences on annual expenditures by applying a 5% annual inflation for most expenditure categories in developing the five-year revenue requirement.

VARIABLE COSTS

Sludge removal, chemicals, and electricity expenses were determined using a variable cost analysis. NH Consulting determined the actual cost per thousand gallons for the previous year, and applied that cost, plus inflation, to projected water production in the future.

CAPITAL IMPROVEMENT FUNDING

As outlined on Schedule 4, the City has identified approximately \$22M in future capital projects for the Wastewater Utility. NH Consulting worked with City staff to establish a funding plan for these improvements.

The project team assumed that approximately \$1.35M would be funded through cash from the utility rate structure, which was built into the revenue requirements in the year in which funding was required.

Finally, the project team assumed that approximately \$20.6M of the improvements are already funded.

REVENUE OFFSETS

Revenue-offset projections remained constant throughout the study period, for the benefit of conservative estimations.

FIVE-YEAR REVENUE REQUIREMENT

Table 13 outlines the five-year revenue requirement for the Wastewater Utility. Schedule 2 shows each line item with details.

Table 13: Water Utility Five-Year Revenue Requirement.

	2023	2024	2025	2026	2027
Revenue Requirements	\$1,853,744	\$2,257,815	\$2,385,597	\$2,493,855	\$2,607,896

STEP 2: CUSTOMER GROWTH AND BILLING UNITS

CUSTOMER GROWTH

The project team worked with City staff to develop reasonable growth projections for the wastewater utility.

**Table 15: Wastewater Customer Count Projection.**

	2023	2024	2025	2026	2027
Total Customer Count	2,568	2,626	2,686	2,747	2,810

BILLING UNIT PROJECTION

To anticipate usage for each customer classification requires an examination of historical billing units, also known as water consumption, to find the “normal” pattern for each class. Through a “normalized” average usage, per connection, per month, then multiplying the usage by the projected customer count, results in the estimated billing units and consumption. Table 16 presents wastewater billing projections.

Table 16: Wastewater Usage (Gallons)

	2023	2024	2025	2026	2027
Wastewater Billing Projection	173,249,983	197,028,160	200,866,730	204,798,961	208,827,138

STEP 3: DETERMINATION OF WASTEWATER RATES

The recommended wastewater rates are presented on Table 17 below.

Table 17: Recommended Wastewater Rates

Wastewater	2022 Rates	2023 Previously Adopted Rates	2023	2024	2025	2026	2027
Base Fee	\$ 19.50	\$ 20.00	\$ 24.00	\$ 30.00	\$ 30.00	\$ 32.00	\$ 32.00
Volumetric Fee	\$ 4.78	\$ 4.92	\$ 5.02	\$ 5.17	\$ 5.58	\$ 5.58	\$ 5.81
Freddieville	\$ 41.54	\$ 42.70	\$ 47.38	\$ 54.10	\$ 55.99	\$ 57.99	\$ 59.06

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 2
Five-Year Revenue Requirement Projection - Wastewater
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
Expenses								
UTILITY ADMINISTRATION (831)								
<u>PERSONNEL SERVICES</u>								
5-831-11001	REGULAR SALARIES	99,722	104,708	109,943	115,440	121,212	5%	
	OVERTIME	-	-	-	-	-	5%	
5-831-12001	SOCIAL SECURITY	7,773	8,162	8,570	8,998	9,448	5%	
5-831-12002	RETIREMENT	6,477	6,801	7,141	7,498	7,873	5%	
5-831-12101	HEALTH INSURANCE	9,102	9,557	10,035	10,537	11,063	5%	
5-831-12102	DENTAL INSURANCE	358	376	395	415	435	5%	
5-813-12109	LIFE INSURANCE	220	231	243	255	268	5%	
5-831-12104	VISION	112	118	124	130	136	5%	
5-831-12201	UNEMPLOYMENT	60	63	66	69	73	5%	
5-831-12202	WORKER'S COMPENSATION	1,402	1,472	1,545	1,623	1,704	5%	
5-831-12301	CAR ALLOWANCE	1,885	1,979	2,078	2,182	2,291	5%	
	PHONE ALLOWANCE	-	-	-	-	-	5%	
<u>SUPPLIES</u>								
5-831-20110	OFFICE SUPPLIES	262	275	289	303	318	5%	
5-831-20130	JANITORIAL SUPPLIES	785	825	866	909	955	5%	
5-831-20140	GENERAL SUPPLIES	1,047	1,100	1,155	1,212	1,273	5%	
5-831-20240	DUES & SUBSCRIPTIONS	131	137	144	152	159	5%	
5-831-20250	PROFESSIONAL BOOKS	262	275	289	303	318	5%	
5-831-20270	UNIFORM EXPENSE	92	97	102	107	112	5%	
5-831-20280	SMALL TOOLS	-	-	-	-	-	5%	
5-831-49311	POSTAGE/METER RENTAL	5,393	5,663	5,946	6,243	6,555	5%	
5-831-49810	CLASSIFIED ADVERTISEMENTS	367	385	404	424	446	5%	
02-529-258	UTILITIES EXPENSE	-	-	-	-	-	5%	
<u>PURCHASED SERVICES</u>								
5-831-49312	COPIER LEASE	3,661	3,844	4,036	4,238	4,450	5%	
5-831-49412	TML INSURANCE	11,791	12,381	13,000	13,650	14,332	5%	
02-529-321	TELECOMMUNICATIONS	606	637	669	702	737	5%	
5-831-33210	JANITORIAL SERVICES	6,799	7,139	7,496	7,871	8,264	5%	
	UTILITY MAPPING	-	-	-	-	-	5%	
<u>CONTRACTED SERVICES</u>								
5-831-31010	CITY ATTORNEY	8,174	8,583	9,012	9,462	9,935	5%	
5-831-31020	AUDIT SERVICE	19,072	20,026	21,027	22,079	23,183	5%	
5-831-31030	CITY ENGINEER	27,791	29,181	30,640	32,172	33,781	5%	
5-831-31910	PROFESSIONAL SERVICES	33,114	34,769	36,508	38,333	40,250	5%	
5-831-33120	EMPLOYEE EXAM/DRUG SCREEN	-	-	-	-	-	5%	
<u>EDUCATION & TRAINING</u>								
5-831-49020	PROFESSIONAL ASSOC DUES/FEES	262	275	289	303	318	5%	
5-831-49040	TRAINING/TRAVEL/PERDIEM	524	550	577	606	636	5%	
<u>TECHNOLOGY</u>								

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 2
Five-Year Revenue Requirement Projection - Wastewater
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
5-831-41010	SOFTWARE MAINTENANCE	7,043	7,395	7,765	8,153	8,561	5%	
5-831-51125	COMPUTER HARDWARE	727	763	801	841	883	5%	
	COMPUTER MAINTENANCE	-	-	-	-	-	5%	
REPAIRS & MAINTENANCE								
5-831-42030	BLDGS REPAIR & MAINTENANCE	13,091	13,746	14,433	15,154	15,912	5%	
	VEHICLE REPAIRS & MAINT	-	-	-	-	-	5%	
	SAFETY EQUIPMENT	-	-	-	-	-	5%	
	GROUNDS MAINTENANCE	-	-	-	-	-	5%	
MISCELLANEOUS								
5-831-49790	SPECIAL ACTIVITIES	1,571	1,649	1,732	1,819	1,909	5%	
	BANK FEES	-	-	-	-	-	5%	
	NON RECURRING ITEMS	-	-	-	-	-	5%	
DEBT SERVICE								
	Total Annual Debt Service	320,562	724,502	739,410	754,688	770,349		Per debt service summary
	DEBT SERVICE PRINCIPAL	-	-	-	-	-	5%	
CAPITAL OUTLAY								
	VEHICLE PURCHASE	-	-	-	-	-	5%	
5-831-51120	OFFICE FURNITURE	524	550	577	606	636	5%	
	CASH CAPITAL OUTLAY	244,142	259,062	284,062	284,062	284,062		Based on CIP analysis
TRANSFERS OUT								
	UTILITY FUND TRANSFER	-	-	-	-	-	5%	
	TRANSFER OUT - GENERAL FUND	-	-	-	-	-	5%	
SEWER DIVISION (811)								
PERSONNEL SERVICES								
5-811-11001	REGULAR SALARIES	300,922	315,968	331,767	348,355	365,773	5%	
5-811-11002	OVERTIME	15,000	15,750	16,538	17,364	18,233	5%	
5-811-11006	CERTIFICATE PAY	2,100	2,205	2,315	2,431	2,553	5%	
5-811-12001	SOCIAL SECURITY	24,329	25,545	26,823	28,164	29,572	5%	
5-811-12002	RETIREMENT	21,053	22,106	23,211	24,371	25,590	5%	
5-811-12101	HEALTH INSURANCE	52,145	54,752	57,490	60,364	63,383	5%	
5-811-12102	DENTAL INSURANCE	2,051	2,154	2,261	2,374	2,493	5%	
5-811-12103	LIFE INSURANCE	807	847	890	934	981	5%	
5-811-12104	VISION	643	675	709	744	782	5%	
5-811-12201	UNEMPLOYMENT	342	359	377	396	416	5%	
5-811-12202	WORKERS COMP	8,818	9,259	9,722	10,208	10,718	5%	
SUPPLIES								
5-811-20110	OFFICE SUPPLIES	4,000	4,200	4,410	4,631	4,862	5%	
02-521-203	GENERAL SUPPLIES	1,500	1,575	1,654	1,736	1,823	5%	
5-811-20150	LAB SUPPLIES	5,000	5,250	5,513	5,788	6,078	5%	
5-811-20160	TREATMENT CHEMICALS	68,042	81,250	86,974	93,111	99,689		Based on variable cost analysis
5-811-20240	DUES & SUBSCRIPTIONS	500	525	551	579	608	5%	
5-811-2024X	PUBLICATIONS	500	525	551	579	608	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 2
Five-Year Revenue Requirement Projection - Wastewater
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
5-811-20260	FUEL & OIL	25,000	26,250	27,563	28,941	30,388	5%	
5-811-20270	UNIFORMS	2,231	2,343	2,460	2,583	2,712	5%	
5-811-20280	TOOLS	8,000	8,400	8,820	9,261	9,724	5%	
5-811-32000	UTILITIES EXPENSE	93,066	111,131	118,961	127,354	136,352		Based on variable cost analysis
<u>PURCHASED SERVICES</u>								
5-811-20220	MAPS & PLATS	-	-	-	-	-	5%	
5-811-32030	COMMUNICATIONS CHARGES	7,275	7,639	8,021	8,422	8,843	5%	
5-811-49390	OTHER RENTAL	11,111	11,667	12,250	12,862	13,505	5%	
<u>CONTRACTED SERVICES</u>								
5-811-31020	AUDIT SERVICES	12,000	12,600	13,230	13,892	14,586	5%	
5-811-31030	ENGINEERING	17,000	17,850	18,743	19,680	20,664	5%	
5-811-33120	EMPLOYEE EXAM/DRUG SCREEN	70	74	77	81	85	5%	
5-811-33210	JANITORIAL SERVICE	1,200	1,260	1,323	1,389	1,459	5%	
5-811-33540	UTILITY BILLING	13,000	13,650	14,333	15,049	15,802	5%	
5-811-33830	SLUDGE DISP/TESTING/SAMPLING	45,713	54,587	58,433	62,556	66,975		Based on variable cost analysis
5-811-33840	GREASE TRAP INSPECTIONS	2,000	2,100	2,205	2,315	2,431	5%	
5-811-33870	NEW SERVICE INSTALL	126,500	132,825	139,466	146,440	153,762	5%	
5-811-33910	CONTRACT SERVICES	70,000	73,500	77,175	81,034	85,085	5%	
5-811-49750	TCEQ FEES	21,200	22,260	23,373	24,542	25,769	5%	
	REPAIRS TO EXISTING SERVICES	-	-	-	-	-	5%	
<u>EDUCATION & TRAINING</u>								
5-811-49030	EDUCATION/DUES/TESTING	3,000	3,150	3,308	3,473	3,647	5%	
<u>TECHNOLOGY</u>								
02-521-551	SOFTWARE MAINTENANCE	8,252	8,665	9,098	9,553	10,030	5%	
	COMPUTER MAINTENANCE	-	-	-	-	-	5%	
<u>REPAIRS & MAINTENANCE</u>								
5-811-42010	EQUIPMENT REPAIRS & MAINT	50,000	52,500	55,125	57,881	60,775	5%	
5-811-42030	BLDG REPAIRS & MAINTENANCE	100,000	105,000	110,250	115,763	121,551	5%	
5-811-42032	M/R GARAGE BUILDING	75,000	78,750	82,688	86,822	91,163	5%	
5-811-42090	SAFETY EQUIPMENT	15,000	15,750	16,538	17,364	18,233	5%	
5-811-42110	COLLECTION SYSTEM BLDG & GRND	14,720	15,456	16,229	17,040	17,892	5%	
5-811-42120	WWTP SYSTEM MAINTENANCE	100,000	105,000	110,250	115,763	121,551	5%	
5-811-42130	M/R LIFT STATIONS	100,000	105,000	110,250	115,763	121,551	5%	
5-811-42140	M/R COLLECTION SYSTEM	75,000	78,750	82,688	86,822	91,163	5%	
5-811-42150	I&I REHAB/CONSTRUCTION	-	-	-	-	-	5%	
	VEHICLE REPAIR & MAINTENANCE	-	-	-	-	-	5%	
<u>MISCELLANEOUS</u>								
	MISCELLANEOUS EXPENSE	-	-	-	-	-	5%	
	BANK FEES	23,500	24,675	25,909	27,204	28,564	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 2
Five-Year Revenue Requirement Projection - Wastewater
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
	INTEREST EXPENSE	-	-	-	-	-	5%	
<u>CAPITAL OUTLAY</u>								
	VEHICLE PURCHASE/LEASE	-	-	-	-	-	5%	
5-811-51120	EQUIPMENT PURCHASES	-	-	-	-	-	5%	
5-811-51126	SCADA SYSTEM	-	-	-	-	-	5%	
5-811-54110	SYSTEM UPGRADES	-	-	-	-	-	5%	
02-521-661	DEPRECIATION	-	-	-	-	-	5%	
5-811-58112	GRANT MATCH	-	-	-	-	-	5%	
<u>DEBT SERVICE</u>								
5-811-60150	EQUIPMENT PAYMENT	-	-	-	-	-	5%	
	DEBT SERVICE - PRINCIPAL	-	-	-	-	-	5%	
	DEBT SERVICE -INTEREST EXPENSE	-	-	-	-	-	5%	
<u>TRANSFERS OUT</u>								
	TRANSFER TO GF FOR ROW	-	-	-	-	-	5%	
	UTILITY FUND TRANSFERS	-	-	-	-	-	5%	
5-811-70101	TRANSFER TO GF FOR ADMIN	66,344	69,661	73,144	76,801	80,642	5%	
PUBLIC WORKS: WATER DIVISION (821)								
<u>PERSONNEL SERVICES</u>								
5-821-11001	REGULAR SALARIES	-	-	-	-	-	5%	
5-821-11002	OVERTIME	-	-	-	-	-	5%	
5-821-11006	CERTIFICATE PAY	-	-	-	-	-	5%	
5-821-11013	CALL BACK PAY	-	-	-	-	-	5%	
5-821-12001	SOCIAL SECURITY	-	-	-	-	-	5%	
5-821-12002	RETIREMENT	-	-	-	-	-	5%	
5-821-12101	HEALTH INSURANCE	-	-	-	-	-	5%	
5-821-12102	DENTAL INSURANCE	-	-	-	-	-	5%	
5-821-12103	LIFE INSURANCE	-	-	-	-	-	5%	
5-821-12104	VISION	-	-	-	-	-	5%	
5-821-12201	UNEMPLOYMENT	-	-	-	-	-	5%	
5-821-12202	WORKER'S COMPENSATION	-	-	-	-	-	5%	
<u>SUPPLIES</u>								
5-821-20110	OFFICE SUPPLIES	-	-	-	-	-	5%	
5-821-20130	JANITORIAL SUPPLIES	-	-	-	-	-	5%	
5-821-20140	GENERAL SUPPLIES	-	-	-	-	-	5%	
5-821-20260	FUEL & OIL	-	-	-	-	-	5%	
02-522-225	DUES & SUBSCRIPTIONS	-	-	-	-	-	5%	
5-821-4902X	WATER DUES	-	-	-	-	-	5%	
5-821-20240	PUBLICATIONS	-	-	-	-	-	5%	
5-821-20270	UNIFORMS	-	-	-	-	-	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 2
Five-Year Revenue Requirement Projection - Wastewater
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
5-821-20280	SMALL TOOLS	-	-	-	-	-	5%	
5-821-32000	UTILITIES EXPENSE	-	-	-	-	-	5%	
5-821-33540	UTILITY BILLING	-	-	-	-	-	5%	
<u>PURCHASED SERVICES</u>								
5-821-2014X	MATERIALS & SUPPLIES	-	-	-	-	-	5%	
02-522-311	METER CHANGE OUT	-	-	-	-	-	5%	
5-821-49390	RENTALS	-	-	-	-	-	5%	
5-821-32030	TELECOMMUNICATIONS	-	-	-	-	-	5%	
5-821-49510	SURFACE WATER	-	-	-	-	-	5%	
<u>CONTRACTED SERVICES</u>								
02-522-342	AUDIT	-	-	-	-	-	5%	
5-821-31030	ENGINEERING	-	-	-	-	-	5%	
5-821-3310	JANITORIAL SERVICE	-	-	-	-	-	5%	
5-821-33810	WATER MONITORING	-	-	-	-	-	5%	
5-821-33120	EMPLOYEE EXAM/DRUG SCREEN	-	-	-	-	-	5%	
02-522-384	TCEQ FEES	-	-	-	-	-	5%	
5-821-33870	NEW SERVICE INSTALLS	-	-	-	-	-	5%	
5-821-33910	CONTRACT SERVICES	-	-	-	-	-	5%	
	REPAIRS TO EXISTING SERVICES	-	-	-	-	-	5%	
<u>EDUCATION & TRAINING</u>								
5-821-49030	EDUCATION/DUES/TEST	-	-	-	-	-	5%	
5-821-49040	TRAINING/TRAVEL/PER DIEM	-	-	-	-	-	5%	
<u>TECHNOLOGY</u>								
02-522-551	SOFTWARE MAINTENANCE	-	-	-	-	-	5%	
	INTERNET	-	-	-	-	-	5%	
	COMPUTER SOFTWARE	-	-	-	-	-	5%	
	COMPUTER HARDWARE	-	-	-	-	-	5%	
	COMPUTER MAINTENANCE	-	-	-	-	-	5%	
<u>REPAIRS & MAINTENANCE</u>								
5-821-42010	EQUIPMENT REPAIRS & MAINT	-	-	-	-	-	5%	
5-821-42012	GENERATOR MAINTENANCE	-	-	-	-	-	5%	
5-821-42013	RADIO MAINTENANCE	-	-	-	-	-	5%	
5-821-42040	BUILDINGS & GROUNDS	-	-	-	-	-	5%	
5-821-42050	FIRE HYDRANTS	-	-	-	-	-	5%	
5-821-42090	SAFETY EQUIPMENT	-	-	-	-	-	5%	
5-821-42100	STORAGE TANK REPAIRS	-	-	-	-	-	5%	
5-821-42160	UTILITIES SYSTEM MAINTENANCE	-	-	-	-	-	5%	
<u>CAPITAL OUTLAY</u>								
	EQUIPMENT PURCHASES	-	-	-	-	-	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 2
Five-Year Revenue Requirement Projection - Wastewater
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
	AUTO READ METERS	-	-	-	-	-	5%	
	DEPRECIATION	-	-	-	-	-	5%	
	STORAGE TANK REHAB	-	-	-	-	-	5%	
5-821-54110	WATER SYSTEM IMPROVEMENTS	-	-	-	-	-	5%	
DEBT SERVICE								
	GRANT MATCHING FUNDS	-	-	-	-	-	5%	
	DEBT SERVICE-INTEREST	-	-	-	-	-	5%	
5-821-5811X	WATER GRANT MATCHING FUND	-	-	-	-	-	5%	
5-821-60150	EQUIPMENT PAYMENT	-	-	-	-	-	5%	
	STORAGE TANK REPAIRS	-	-	-	-	-	5%	
	DEBT SERVICE-PRINCIPAL	-	-	-	-	-	5%	
	PAYING AGENT FEE	-	-	-	-	-	5%	
TRANSFERS OUT								
	TRANSFER TO GF FOR ROW	-	-	-	-	-	5%	
5-821-70101	TRANSFER TO GF FOR ADMIN	-	-	-	-	-	5%	
TOTAL EXPENSE		\$ 2,428,838	\$ 2,970,709	\$ 3,115,027	\$ 3,240,316	\$ 3,371,901		

Revenues								
4-000-50100	WATER SALES	-	-	-	-	-		
4-000-50200	WASTE-WATER SALES	-	-	-	-	-		
4-000-50210	FREDDIEVILLE SEWER REVENUE	-	-	-	-	-		
4-000-50300	SEWER TREATMENT	413,400	551,200	567,736	584,768	602,311	Per PSI analysis	
4-000-50400	PENALTIES - UTILITIES	35,440	35,440	35,440	35,440	35,440		
02-4506	CITY UTILITIES - WATER	-	-	-	-	-		
	PENALTIES - WATER	-	-	-	-	-		
	PENALTIES - SEWER	-	-	-	-	-		
UTILITY SERVICES								
4-000-51100	TAPS/CONNECTIONS	73,587	73,587	73,587	73,587	73,587		
	WATER SERVICES	-	-	-	-	-		
	WASTEWATER SERVICES	-	-	-	-	-		
OTHER REVENUE								
4-000-89000	MISCELLANEOUS REVENUE	5,907	5,907	5,907	5,907	5,907		
02-4703	OVER/SHORT	-	-	-	-	-		
02-4751	MISC. REFUNDS & REIMB	-	-	-	-	-		
02-4800	PROCEEDS FROM GRANT FUNDS	-	-	-	-	-		
02-4850	PROCEEDS FROM LOAN	-	-	-	-	-		
02-4852	INSURANCE PROCEEDS	-	-	-	-	-		
4-000-51200	UTILITY DISCONNECT/RECONNECT	17,228	17,228	17,228	17,228	17,228		
4-000-52000	CREDIT CARD TRANSACTION FEE	26,580	26,580	26,580	26,580	26,580		
4-000-70190	INSF CHECK CHARGE	492	492	492	492	492		
4-000-88100	SALE OF ASSETS	2,461	2,461	2,461	2,461	2,461		

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 2
Five-Year Revenue Requirement Projection - Wastewater
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
02-4875	CAPITAL CONTRIBUTION	-	-	-	-	-		
02-4915	GRANT MATCHING FUNDS	-	-	-	-	-		
<u>TRANSFERS IN</u>								
	TRANSFER IN	-	-	-	-	-		
TOTAL REVENUES		\$ 575,094	\$ 712,894	\$ 729,430	\$ 746,462	\$ 764,005		

Total Revenue Requirement	\$ 1,853,744	\$ 2,257,815	\$ 2,385,597	\$ 2,493,855	\$ 2,607,896
TRUE					

2021 Estimated Actual \$ 1,228,059

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 1
Five-Year Revenue Requirement Projection - Water
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
Expenses								
UTILITY ADMINISTRATION (831)								
<u>PERSONNEL SERVICES</u>								
5-831-11001	REGULAR SALARIES	90,717	95,253	100,016	105,017	110,268	5%	
	OVERTIME	-	-	-	-	-	5%	
5-831-12001	SOCIAL SECURITY	7,071	7,425	7,796	8,186	8,595	5%	
5-831-12002	RETIREMENT	5,892	6,187	6,496	6,821	7,162	5%	
5-831-12101	HEALTH INSURANCE	8,280	8,694	9,129	9,585	10,064	5%	
5-831-12102	DENTAL INSURANCE	326	342	359	377	396	5%	
5-813-12109	LIFE INSURANCE	201	211	221	232	244	5%	
5-831-12104	VISION	102	107	112	118	124	5%	
5-831-12201	UNEMPLOYMENT	54	57	60	63	66	5%	
5-831-12202	WORKER'S COMPENSATION	1,275	1,339	1,406	1,476	1,550	5%	
5-831-12301	CAR ALLOWANCE	1,715	1,801	1,891	1,985	2,084	5%	
	PHONE ALLOWANCE	-	-	-	-	-	5%	
<u>SUPPLIES</u>								
5-831-20110	OFFICE SUPPLIES	238	250	263	276	290	5%	
5-831-20130	JANITORIAL SUPPLIES	715	750	788	827	869	5%	
5-831-20140	GENERAL SUPPLIES	953	1,000	1,050	1,103	1,158	5%	
5-831-20240	DUES & SUBSCRIPTIONS	119	125	131	138	145	5%	
5-831-20250	PROFESSIONAL BOOKS	238	250	263	276	290	5%	
5-831-20270	UNIFORM EXPENSE	84	88	92	97	102	5%	
5-831-20280	SMALL TOOLS	-	-	-	-	-	5%	
5-831-49311	POSTAGE/METER RENTAL	5,737	6,024	6,325	6,641	6,973	5%	
5-831-49810	CLASSIFIED ADVERTISEMENTS	333	350	368	386	405	5%	
02-529-258	UTILITIES EXPENSE	-	-	-	-	-	5%	
<u>PURCHASED SERVICES</u>								
5-831-49312	COPIER LEASE	3,894	4,089	4,293	4,508	4,733	5%	
5-831-49412	TML INSURANCE	10,727	11,263	11,826	12,417	13,038	5%	
02-529-321	TELECOMMUNICATIONS	552	579	608	639	671	5%	
5-831-33210	JANITORIAL SERVICES	6,185	6,494	6,819	7,160	7,518	5%	
	UTILITY MAPPING	-	-	-	-	-	5%	
<u>CONTRACTED SERVICES</u>								
5-831-31010	CITY ATTORNEY	6,826	7,167	7,526	7,902	8,297	5%	
5-831-31020	AUDIT SERVICE	15,928	16,724	17,560	18,438	19,360	5%	
5-831-31030	CITY ENGINEER	23,209	24,369	25,588	26,867	28,210	5%	
5-831-31910	PROFESSIONAL SERVICES	27,653	29,036	30,488	32,012	33,613	5%	
5-831-33120	EMPLOYEE EXAM/DRUG SCREEN	-	-	-	-	-	5%	
<u>EDUCATION & TRAINING</u>								
5-831-49020	PROFESSIONAL ASSOC DUES/FEES	238	250	263	276	290	5%	
5-831-49040	TRAINING/TRAVEL/PERDIEM	476	500	525	551	579	5%	
<u>TECHNOLOGY</u>								

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 1
Five-Year Revenue Requirement Projection - Water
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
5-831-41010	SOFTWARE MAINTENANCE	7,492	7,867	8,260	8,673	9,107	5%	
5-831-51125	COMPUTER HARDWARE	773	812	852	895	940	5%	
	COMPUTER MAINTENANCE	-	-	-	-	-	5%	
<u>REPAIRS & MAINTENANCE</u>								
5-831-42030	BLDGS REPAIR & MAINTENANCE	11,909	12,504	13,130	13,786	14,475	5%	
	VEHICLE REPAIRS & MAINT	-	-	-	-	-	5%	
	SAFETY EQUIPMENT	-	-	-	-	-	5%	
	GROUNDS MAINTENANCE	-	-	-	-	-	5%	
<u>MISCELLANEOUS</u>								
5-831-49790	SPECIAL ACTIVITIES	1,429	1,501	1,576	1,654	1,737	5%	
	BANK FEES	-	-	-	-	-	5%	
	NON RECURRING ITEMS	-	-	-	-	-	5%	
<u>DEBT SERVICE</u>								
	Total Annual Debt Service	136,831	291,784	297,502	481,896	666,435		Per debt service summary
	DEBT SERVICE PRINCIPAL	-	-	-	-	-	5%	
<u>CAPITAL OUTLAY</u>								
	VEHICLE PURCHASE	-	-	-	-	-	5%	
5-831-51120	OFFICE FURNITURE	476	500	525	551	579	5%	
	CASH CAPITAL OUTLAY	189,832	138,248	138,248	138,248	138,248		Based on CIP analysis
<u>TRANSFERS OUT</u>								
	UTILITY FUND TRANSFER	-	-	-	-	-	5%	
	TRANSFER OUT - GENERAL FUND	-	-	-	-	-	5%	
SEWER DIVISION (811)								
<u>PERSONNEL SERVICES</u>								
5-811-11001	REGULAR SALARIES	-	-	-	-	-	5%	
5-811-11002	OVERTIME	-	-	-	-	-	5%	
5-811-11006	CERTIFICATE PAY	-	-	-	-	-	5%	
5-811-12001	SOCIAL SECURITY	-	-	-	-	-	5%	
5-811-12002	RETIREMENT	-	-	-	-	-	5%	
5-811-12101	HEALTH INSURANCE	-	-	-	-	-	5%	
5-811-12102	DENTAL INSURANCE	-	-	-	-	-	5%	
5-811-12103	LIFE INSURANCE	-	-	-	-	-	5%	
5-811-12104	VISION	-	-	-	-	-	5%	
5-811-12201	UNEMPLOYMENT	-	-	-	-	-	5%	
5-811-12202	WORKERS COMP	-	-	-	-	-	5%	
<u>SUPPLIES</u>								
5-811-20110	OFFICE SUPPLIES	-	-	-	-	-	5%	
02-521-203	GENERAL SUPPLIES	-	-	-	-	-	5%	
5-811-20150	LAB SUPPLIES	-	-	-	-	-	5%	
5-811-20160	TREATMENT CHEMICALS	-	-	-	-	-	5%	
5-811-20240	DUES & SUBSCRIPTIONS	-	-	-	-	-	5%	
5-811-2024X	PUBLICATIONS	-	-	-	-	-	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 1
Five-Year Revenue Requirement Projection - Water
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
5-811-20260	FUEL & OIL	-	-	-	-	-	5%	
5-811-20270	UNIFORMS	-	-	-	-	-	5%	
5-811-20280	TOOLS	-	-	-	-	-	5%	
5-811-32000	UTILITIES EXPENSE	-	-	-	-	-	5%	
<u>PURCHASED SERVICES</u>								
5-811-20220	MAPS & PLATS	-	-	-	-	-	5%	
5-811-32030	COMMUNICATIONS CHARGES	-	-	-	-	-	5%	
5-811-49390	OTHER RENTAL	-	-	-	-	-	5%	
<u>CONTRACTED SERVICES</u>								
5-811-31020	AUDIT SERVICES	-	-	-	-	-	5%	
5-811-31030	ENGINEERING	-	-	-	-	-	5%	
5-811-33120	EMPLOYEE EXAM/DRUG SCREEN	-	-	-	-	-	5%	
5-811-33210	JANITORIAL SERVICE	-	-	-	-	-	5%	
5-811-33540	UTILITY BILLING	-	-	-	-	-	5%	
5-811-33830	SLUDGE DISP/TESTING/SAMPLING	-	-	-	-	-	5%	
5-811-33840	GREASE TRAP INSPECTIONS	-	-	-	-	-	5%	
5-811-33870	NEW SERVICE INSTALL	-	-	-	-	-	5%	
5-811-33910	CONTRACT SERVICES	-	-	-	-	-	5%	
5-811-49750	TCEQ FEES	-	-	-	-	-	5%	
	REPAIRS TO EXISTING SERVICES	-	-	-	-	-	5%	
<u>EDUCATION & TRAINING</u>								
5-811-49030	EDUCATION/DUES/TESTING	-	-	-	-	-	5%	
<u>TECHNOLOGY</u>								
02-521-551	SOFTWARE MAINTENANCE	-	-	-	-	-	5%	
	COMPUTER MAINTENANCE	-	-	-	-	-	5%	
<u>REPAIRS & MAINTENANCE</u>								
5-811-42010	EQUIPMENT REPAIRS & MAINT	-	-	-	-	-	5%	
5-811-42030	BLDG REPAIRS & MAINTENANCE	-	-	-	-	-	5%	
5-811-42032	M/R GARAGE BUILDING	-	-	-	-	-	5%	
5-811-42090	SAFETY EQUIPMENT	-	-	-	-	-	5%	
5-811-42110	COLLECTION SYSTEM BLDG & GRND	-	-	-	-	-	5%	
5-811-42120	WWTP SYSTEM MAINTENANCE	-	-	-	-	-	5%	
5-811-42130	M/R LIFT STATIONS	-	-	-	-	-	5%	
5-811-42140	M/R COLLECTION SYSTEM	-	-	-	-	-	5%	
5-811-42150	I&I REHAB/CONSTRUCTION	-	-	-	-	-	5%	
	VEHICLE REPAIR & MAINTENANCE	-	-	-	-	-	5%	
<u>MISCELLANEOUS</u>								
	MISCELLANEOUS EXPENSE	-	-	-	-	-	5%	
	BANK FEES	-	-	-	-	-	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 1
Five-Year Revenue Requirement Projection - Water
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
	INTEREST EXPENSE	-	-	-	-	-	5%	
<u>CAPITAL OUTLAY</u>								
	VEHICLE PURCHASE/LEASE	-	-	-	-	-	5%	
5-811-51120	EQUIPMENT PURCHASES	-	-	-	-	-	5%	
5-811-51126	SCADA SYSTEM	-	-	-	-	-	5%	
5-811-54110	SYSTEM UPGRADES	-	-	-	-	-	5%	
02-521-661	DEPRECIATION	-	-	-	-	-	5%	
5-811-58112	GRANT MATCH	-	-	-	-	-	5%	
<u>DEBT SERVICE</u>								
5-811-60150	EQUIPMENT PAYMENT	-	-	-	-	-	5%	
	DEBT SERVICE - PRINCIPAL	-	-	-	-	-	5%	
	DEBT SERVICE -INTEREST EXPENSE	-	-	-	-	-	5%	
<u>TRANSFERS OUT</u>								
	TRANSFER TO GF FOR ROW	-	-	-	-	-	5%	
	UTILITY FUND TRANSFERS	-	-	-	-	-	5%	
5-811-70101	TRANSFER TO GF FOR ADMIN	-	-	-	-	-	5%	
PUBLIC WORKS: WATER DIVISION (821)								
<u>PERSONNEL SERVICES</u>								
5-821-11001	REGULAR SALARIES	263,054	276,207	290,017	304,518	319,744	5%	
5-821-11002	OVERTIME	15,000	15,750	16,538	17,364	18,233	5%	
5-821-11006	CERTIFICATE PAY	-	-	-	-	-	5%	
5-821-11013	CALL BACK PAY	7,052	7,405	7,775	8,164	8,572	5%	
5-821-12001	SOCIAL SECURITY	21,811	22,902	24,047	25,249	26,511	5%	
5-821-12002	RETIREMENT	18,874	19,818	20,809	21,849	22,941	5%	
5-821-12101	HEALTH INSURANCE	52,145	54,752	57,490	60,364	63,383	5%	
5-821-12102	DENTAL INSURANCE	2,051	2,154	2,261	2,374	2,493	5%	
5-821-12103	LIFE INSURANCE	667	700	735	772	811	5%	
5-821-12104	VISION	643	675	709	744	782	5%	
5-821-12201	UNEMPLOYMENT	342	359	377	396	416	5%	
5-821-12202	WORKER'S COMPENSATION	7,907	8,302	8,717	9,153	9,611	5%	
<u>SUPPLIES</u>								
5-821-20110	OFFICE SUPPLIES	2,500	2,625	2,756	2,894	3,039	5%	
5-821-20130	JANITORIAL SUPPLIES	1,000	1,050	1,103	1,158	1,216	5%	
5-821-20140	GENERAL SUPPLIES	11,500	12,075	12,679	13,313	13,978	5%	
5-821-20260	FUEL & OIL	24,000	25,200	26,460	27,783	29,172	5%	
02-522-225	DUES & SUBSCRIPTIONS	500	525	551	579	608	5%	
5-821-4902X	WATER DUES	380	399	419	440	462	5%	
5-821-20240	PUBLICATIONS	-	-	-	-	-	5%	
5-821-20270	UNIFORMS	3,265	3,428	3,600	3,780	3,969	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 1
Five-Year Revenue Requirement Projection - Water
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
5-821-20280	SMALL TOOLS	30,000	31,500	33,075	34,729	36,465	5%	
5-821-32000	UTILITIES EXPENSE	37,784	40,991	43,831	46,872	50,130		Based on variable cost analysis
5-821-33540	UTILITY BILLING	13,000	13,650	14,333	15,049	15,802	5%	
<u>PURCHASED SERVICES</u>								
5-821-2014X	MATERIALS & SUPPLIES	23,500	24,675	25,909	27,204	28,564	5%	
02-522-311	METER CHANGE OUT	-	-	-	-	-	5%	
5-821-49390	RENTALS	2,500	2,625	2,756	2,894	3,039	5%	
5-821-32030	TELECOMMUNICATIONS	14,000	14,700	15,435	16,207	17,017	5%	
5-821-49510	SURFACE WATER	757,151	813,281	874,463	941,151	1,013,841		Based on variable cost analysis
<u>CONTRACTED SERVICES</u>								
02-522-342	AUDIT	-	-	-	-	-	5%	
5-821-31030	ENGINEERING	65,400	68,670	72,104	75,709	79,494	5%	
5-821-3310	JANITORIAL SERVICE	1,200	1,260	1,323	1,389	1,459	5%	
5-821-33810	WATER MONITORING	8,739	9,176	9,635	10,116	10,622	5%	
5-821-33120	EMPLOYEE EXAM/DRUG SCREEN	200	210	221	232	243	5%	
02-522-384	TCEQ FEES	6,875	7,219	7,580	7,959	8,357	5%	
5-821-33870	NEW SERVICE INSTALLS	146,625	153,956	161,654	169,737	178,224	5%	
5-821-33910	CONTRACT SERVICES	70,000	73,500	77,175	81,034	85,085	5%	
	REPAIRS TO EXISTING SERVICES	-	-	-	-	-	5%	
<u>EDUCATION & TRAINING</u>								
5-821-49030	EDUCATION/DUES/TEST	3,000	3,150	3,308	3,473	3,647	5%	
5-821-49040	TRAINING/TRAVEL/PER DIEM	6,000	6,300	6,615	6,946	7,293	5%	
<u>TECHNOLOGY</u>								
02-522-551	SOFTWARE MAINTENANCE	8,252	8,665	9,098	9,553	10,030	5%	
	INTERNET	-	-	-	-	-	5%	
	COMPUTER SOFTWARE	-	-	-	-	-	5%	
	COMPUTER HARDWARE	-	-	-	-	-	5%	
	COMPUTER MAINTENANCE	-	-	-	-	-	5%	
<u>REPAIRS & MAINTENANCE</u>								
5-821-42010	EQUIPMENT REPAIRS & MAINT	25,000	26,250	27,563	28,941	30,388	5%	
5-821-42012	GENERATOR MAINTENANCE	10,000	10,500	11,025	11,576	12,155	5%	
5-821-42013	RADIO MAINTENANCE	-	-	-	-	-	5%	
5-821-42040	BUILDINGS & GROUNDS	30,000	31,500	33,075	34,729	36,465	5%	
5-821-42050	FIRE HYDRANTS	50,000	52,500	55,125	57,881	60,775	5%	
5-821-42090	SAFETY EQUIPMENT	12,000	12,600	13,230	13,892	14,586	5%	
5-821-42100	STORAGE TANK REPAIRS	23,836	23,836	23,836	4,000	1,500		Per agreement with service provider
5-821-42160	UTILITIES SYSTEM MAINTENANCE	65,000	68,250	71,663	75,246	79,008	5%	
<u>CAPITAL OUTLAY</u>								
	EQUIPMENT PURCHASES	-	-	-	-	-	5%	

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 1
Five-Year Revenue Requirement Projection - Water
FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
	AUTO READ METERS	-	-	-	-	-	5%	
	DEPRECIATION	-	-	-	-	-	5%	
	STORAGE TANK REHAB	-	-	-	-	-	5%	
5-821-54110	WATER SYSTEM IMPROVEMENTS	-	-	-	-	-	5%	
DEBT SERVICE								
	GRANT MATCHING FUNDS	-	-	-	-	-	5%	
	DEBT SERVICE-INTEREST	-	-	-	-	-	5%	
5-821-5811X	WATER GRANT MATCHING FUND	-	-	-	-	-	5%	
5-821-60150	EQUIPMENT PAYMENT	-	-	-	-	-	5%	
	STORAGE TANK REPAIRS	-	-	-	-	-	5%	
	DEBT SERVICE-PRINCIPAL	-	-	-	-	-	5%	
	PAYING AGENT FEE	-	-	-	-	-	5%	
TRANSFERS OUT								
	TRANSFER TO GF FOR ROW	-	-	-	-	-	5%	
5-821-70101	TRANSFER TO GF FOR ADMIN	94,393	99,113	104,068	109,272	114,735	5%	
TOTAL EXPENSE		\$ 2,505,628	\$ 2,736,343	\$ 2,877,493	\$ 3,186,760	\$ 3,523,477		

Revenues								
4-000-50100	WATER SALES	-	-	-	-	-		
4-000-50200	WASTE-WATER SALES	-	-	-	-	-		
4-000-50210	FREDDIEVILLE SEWER REVENUE	-	-	-	-	-		
4-000-50300	SEWER TREATMENT	-	-	-	-	-		
4-000-50400	PENALTIES - UTILITIES	36,560	36,560	36,560	36,560	36,560		
02-4506	CITY UTILITIES - WATER	-	-	-	-	-		
	PENALTIES - WATER	-	-	-	-	-		
	PENALTIES - SEWER	-	-	-	-	-		
UTILITY SERVICES								
4-000-51100	TAPS/CONNECTIONS	75,913	75,913	75,913	75,913	75,913		
	WATER SERVICES	-	-	-	-	-		
	WASTEWATER SERVICES	-	-	-	-	-		
OTHER REVENUE								
4-000-89000	MISCELLANEOUS REVENUE	6,093	6,093	6,093	6,093	6,093		
02-4703	OVER/SHORT	-	-	-	-	-		
02-4751	MISC. REFUNDS & REIMB	-	-	-	-	-		
02-4800	PROCEEDS FROM GRANT FUNDS	-	-	-	-	-		
02-4850	PROCEEDS FROM LOAN	-	-	-	-	-		
02-4852	INSURANCE PROCEEDS	-	-	-	-	-		
4-000-51200	UTILITY DISCONNECT/RECONNECT	17,772	17,772	17,772	17,772	17,772		
4-000-52000	CREDIT CARD TRANSACTION FEE	27,420	27,420	27,420	27,420	27,420		
4-000-70190	INSF CHECK CHARGE	508	508	508	508	508		
4-000-88100	SALE OF ASSETS	2,539	2,539	2,539	2,539	2,539		

City of Hitchcock
 Water and Wastewater Utility
 Cost of Service and Rate Design Study

Schedule 1
 Five-Year Revenue Requirement Projection - Water
 FINAL

		2023	2024	2025	2026	2027	Inflation %	Notes
02-4875	CAPITAL CONTRIBUTION	-	-	-	-	-		
02-4915	GRANT MATCHING FUNDS	-	-	-	-	-		
<u>TRANSFERS IN</u>								
	TRANSFER IN	-	-	-	-	-		
TOTAL REVENUES		\$ 166,806	\$ 166,806	\$ 166,806	\$ 166,806	\$ 166,806		

Total Revenue Requirement	\$ 2,338,822	\$ 2,569,537	\$ 2,710,687	\$ 3,019,954	\$ 3,356,671		
	TRUE						

2021 Estimated Actual
 \$ 1,613,280

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 4
Capital Improvement Funding Plan - Wastewater
DRAFT

Wastewater Capital Improvement Plan	2023	2024	2025	2026	2027	Total	Other Funding Sources (Does Not Impact Rates)	Cash Through Rates	Future Debt Issuance
WWTP Improvement - Bar Screen MIT Grant	\$ 1,640,730	\$ -	\$ -	\$ -	\$ -	\$ 1,640,730	\$ 1,640,730	\$ -	\$ -
WWTP Improv. Solids Dewatering MIT Grant	2,015,000	-	-	-	-	2,015,000	2,015,000	-	-
American Rescue Fund Projects \$1,960,978	980,489	980,489	980,489	-	-	2,941,467	2,941,467	-	-
GLO CDBG-DR Harvey Phase 2 Pipe Bursting	312,885	-	-	-	-	312,885	312,885	-	-
WWTP Aeration Basin Material Removal Proj.(PSI)	1,678,000	-	-	-	-	1,678,000	1,678,000	-	-
WWTP Grit Removal System(PSI)	4,000,000	-	-	-	-	4,000,000	4,000,000	-	-
SCADA Improvements Lift Stations (PSI)	1,500,000	-	-	-	-	1,500,000	1,500,000	-	-
WWTP Electrical Upgrades (PSI)	900,000	-	-	-	-	900,000	900,000	-	-
WWTP Facility Updates (PSA)	450,000	-	-	-	-	450,000	450,000	-	-
Vehicle & Equipment Replacement Fund	-	50,000	50,000	50,000	50,000	200,000	-	200,000	-
F750 Truck W/Crane Lease Payment (Gov. Capital)	34,062	34,062	34,062	34,062	34,062	170,310	-	170,310	-
TDEM Haz. Mit. Grant Severe Weather Generators	160,080	720,358	720,358	-	-	1,600,796	1,440,716	160,080	-
Smoke Testing and I&I Repairs	-	100,000	100,000	100,000	100,000	400,000	-	400,000	-
Sanitary Sewer Improvements	50,000	75,000	100,000	100,000	100,000	425,000	-	425,000	-
Pipe Bursting Projects	-	-	1,000,000	1,000,000	1,000,000	3,000,000	3,000,000	-	-
Manhole Restoration	-	-	200,000	200,000	200,000	600,000	600,000	-	-
TWDB Sm. Sys. Asset Mngt	-	100,000	-	-	-	100,000	100,000	-	-
-	\$ 13,721,246	\$ 2,059,909	\$ 3,184,909	\$ 1,484,062	\$ 1,484,062	\$ 21,934,188	\$ 20,578,798	\$ 1,355,390	\$ -

City of Hitchcock
Water and Wastewater Utility
Cost of Service and Rate Design Study

Schedule 3
Capital Improvement Funding Plan - Water
DRAFT

Water Capital Improvement Plan	2023	2024	2025	2026	2027	Total	Other Funding Sources (Does Not Impact Rates)	Cash Through Rates	Future Debt Issuance
Equipment Replacement Loan(Gov. Capital)	29,507	29,507	29,507	29,507	29,507	\$ 147,535	\$ -	\$ 147,535	\$ -
Equipment Loan - Mini Excavator (Gov. Capital)	8,741	8,741	8,741	8,741	8,741	43,705	-	43,705	-
Vehicle & Equipment Replacement Fund	-	50,000	50,000	50,000	50,000	200,000	-	200,000	-
System-wide Water Meter Replacement PSI	1,977,000	-	-	-	-	1,977,000	1,977,000	-	-
Water System Electrical Upgrades (PSI)	900,000	-	-	-	-	900,000	900,000	-	-
Water System Safety Upgrades (PSI)	450,000	-	-	-	-	450,000	450,000	-	-
Recoat Elevated Storage Tank - Neville	375,875	-	-	-	-	375,875	375,875	-	-
Rehab of Elevated Storage Tank -Redfish	480,490	-	-	-	-	480,490	480,490	-	-
TDA CDBG 2021-2022 Grant Water Line Repl.(219)	52,500	350,000	-	-	-	402,500	350,000	52,500	-
TDA CDBG 2023-24 Grant Water Line Repl.	50,000	225,000	225,000	-	-	500,000	450,000	50,000	-
TDEM Haz. Mit. Grant Sev. Weather Generators	49,084	220,880	220,880	-	-	490,844	441,760	49,084	-
TWDB/CWSRF - Sm. Sys. Asset Management Grant	-	-	100,000	-	-	100,000	100,000	-	-
Water Line Replacement	-	50,000	50,000	50,000	50,000	200,000	-	200,000	-
Water Line Extensions:	-	-	-	-	-	-	-	-	-
Highway 6 Water Line Extension to City Limits	-	-	-	445,000	445,000	890,000	-	-	890,000
N. MLK Water Line Extension	-	-	-	257,500	257,500	515,000	-	-	515,000
Gulf/Lincoln Water Line Extension	-	-	-	227,500	227,500	455,000	-	-	455,000
Water Line Extension - FM2004	-	-	-	400,000	400,000	800,000	-	-	800,000
Water Line Looping:	-	-	-	-	-	-	-	-	-
Harborwalk Water Line Looping Extension	-	-	-	1,250,000	1,250,000	2,500,000	-	-	2,500,000
Blimp Base Interconnect	-	-	-	265,000	265,000	530,000	-	-	530,000
Replacement Undersized & Leaking Water Lines:	-	-	-	-	-	-	-	-	-
Water Line Replacement -FM 519	-	-	-	500,000	500,000	1,000,000	-	-	1,000,000
Water Line Replacement -HWY6	-	-	-	112,500	112,500	225,000	-	-	225,000
Water Line Replacement - Delaney Road	-	-	-	350,000	350,000	700,000	-	-	700,000
Water Line Replacement -Matranga	-	-	-	150,000	150,000	300,000	-	-	300,000
Water Line Replacement - White	-	-	-	150,000	150,000	300,000	-	-	300,000
Water Line Replacement - 2nd St.	-	-	-	500,000	500,000	1,000,000	-	-	1,000,000
	\$ 4,373,197	\$ 934,128	\$ 684,128	\$4,745,748	\$4,745,748	\$ 15,482,949	\$ 5,525,125	\$ 742,824	\$ 9,215,000