



January 27, 2025

CITY OF DECATUR, TEXAS WATER AND WASTEWATER RATE STUDY



BUSINESS FUNDAMENTALS



Revenue Sufficiency

Revenues must match or exceed expenses



Reserves

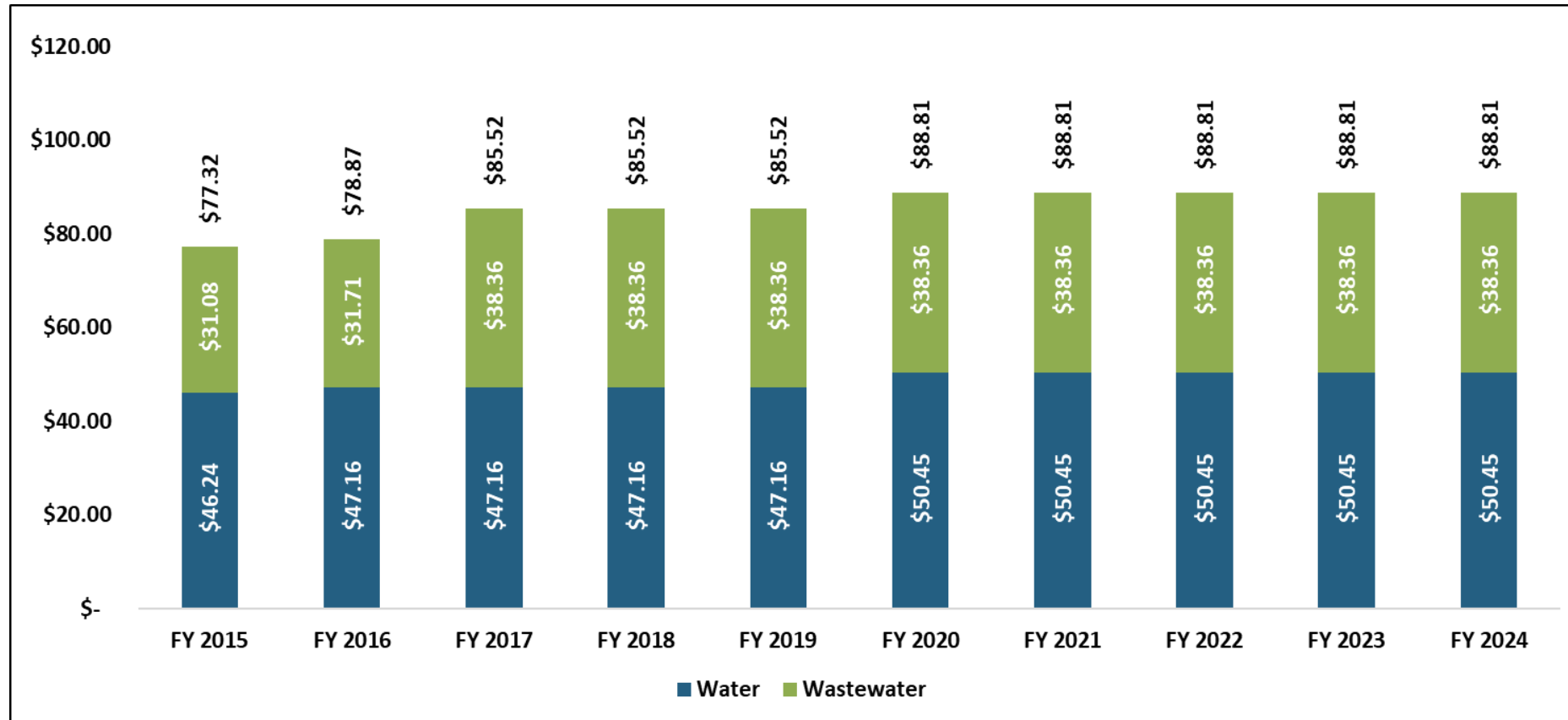
Must plan for a rainy day



Reinvestment

We must repair, replace, and reinvest in infrastructure

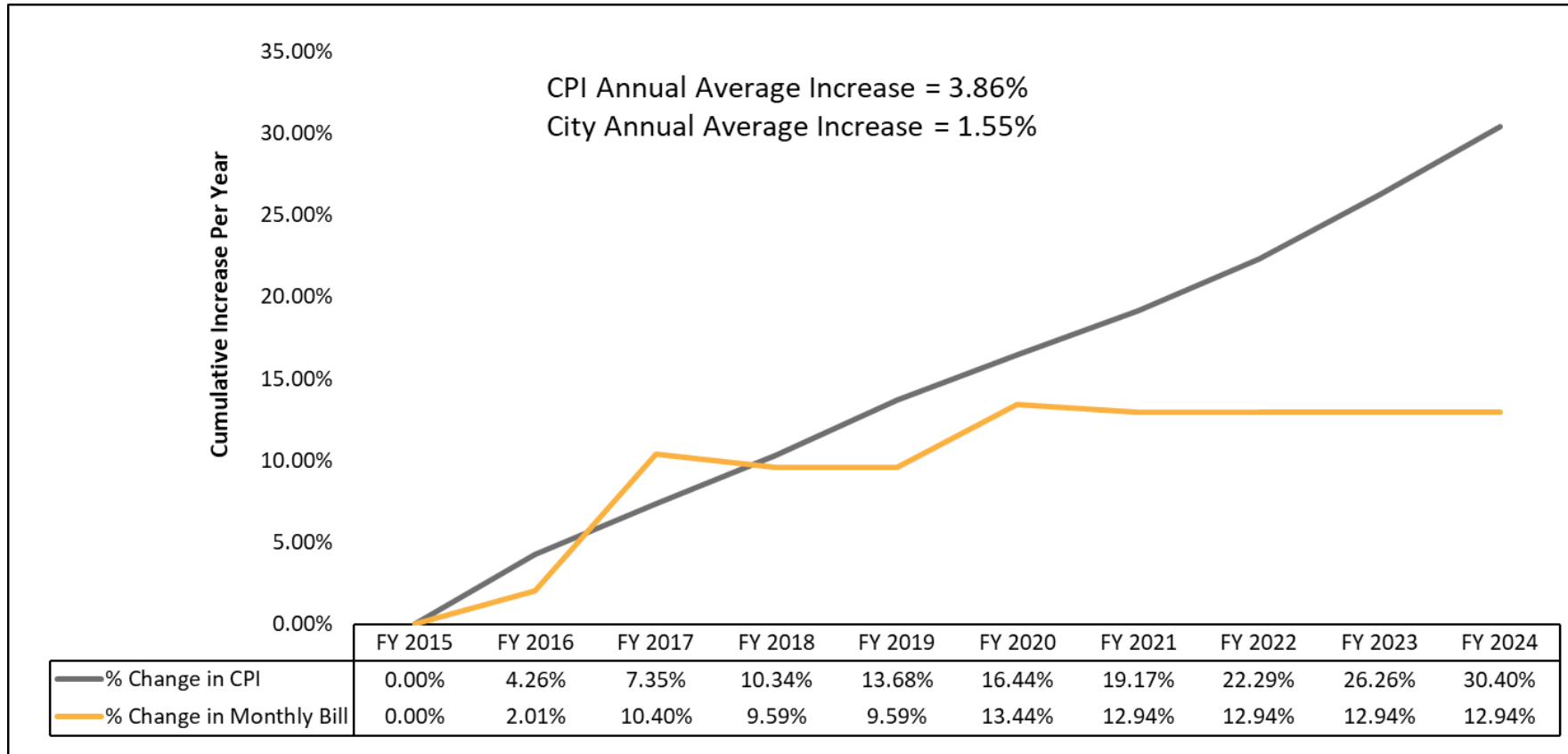
RESIDENTIAL BILL HISTORY – 6,600 GALLONS WATER & 4,000 GALLONS WASTEWATER



The City's last rate increase was in FY 2020 with an average annual increase of 1.55% since FY 2015.

The Federal Water, Sewer, and Trash Consumer Price Index has an average annual increase of 3.86% since FY 2015.

CPI VS. WATER AND SEWER SERVICE INCREASES



- From 2015 to 2024:**
- Inflation (CPI) has increased 30.40%.
 - The City's average monthly bill has increased 12.94%.

CPI = Water, Sewer, & Trash Collection Services in US City Average
City = Based on 6,600 Gallon Water & 4,000 Gallon Wastewater Bill

IMPACT FEES

- The City has adopted impact fees for water, wastewater, and roadway.
- Water impact fee set at \$4,780 and wastewater at \$9,078.
- Impact fees went into effect on December 23, 2024.
- Impact fees can be used to fund growth related CIP projects.

CAPITAL PROJECTS & GROWTH

- The City anticipates to have significant growth in the upcoming years.
 - Consistent with the Impact Fee Study, it is assumed 544 new connections will be added annually.
 - Growth is a driving factor for capital.
- The City anticipates to fund \$216M of capital projects between FY 2025 and FY 2030.
 - Water and Wastewater Treatment Plant upgrades and additions make-up 70% of the total capital plan.
- Impact Fee Eligible Projects represent \$205M of the total capital plan.

CIP FUNDING

Figures shown in
Millions

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water						
Impact Fee Supported Debt ¹	\$ 0.000	\$ 17.237	\$ 0.000	\$ 18.346	\$ 0.000	\$ 19.527
Cash Capital	0.000	0.470	0.496	1.309	1.437	2.382
Impact Fee Supported Cash Capital	0.048	0.000	0.000	0.000	0.000	0.000
Total	\$ 0.048	\$ 17.707	\$ 0.496	\$ 19.656	\$ 1.437	\$ 21.908
Wastewater						
Impact Fee Supported Debt ¹	\$ 0.000	\$ 53.368	\$ 0.000	\$ 56.801	\$ 0.000	\$ 60.456
Cash Capital	0.000	0.437	0.461	1.217	1.335	2.214
Impact Fee Supported Cash Capital	0.048	0.000	0.000	0.000	0.000	0.000
Total	\$ 0.048	\$ 53.805	\$ 0.461	\$ 58.018	\$ 1.335	\$ 62.669
Combined						
Impact Fee Supported Debt ¹	\$ 0.000	\$ 70.605	\$ 0.000	\$ 75.148	\$ 0.000	\$ 79.982
Cash Capital	0.000	0.906	0.957	2.526	2.772	4.595
Impact Fee Supported Cash Capital	0.097	0.000	0.000	0.000	0.000	0.000
Total	\$ 0.097	\$ 71.512	\$ 0.957	\$ 77.674	\$ 2.772	\$ 84.577

1 – It is assumed Impact fees will be used to pay annual debt payments.

TOP 10 WATER CAPITAL PROJECTS

Project	Project Cost ^{1,2}
Water Treatment Plant Expansion (3 MGD to 6.0 MGD)	\$ 32,725,000
Partial Replacement of Water Mains Smaller than 6-Inch Throughout City	6,699,000
US 380 East 16-Inch Water Line – Sunset East to North FM 730	5,400,000
Sunset 16-Inch Transmission Water Line	3,800,000
Southeast HWY 287 12-Inch Water Line – Phase 1	3,030,000
US 81 Business 12-Inch Water Line	2,940,000
Preskitt Road 12-Inch Water Line	2,760,000
FM 730 12-Inch Water Line Connection	2,730,000
Eliminate Dead-end Water Mains or Add Flushing Hydrant	2,375,100
North FM 51 12-Inch Water Line	2,170,000
Total	\$ 64,629,100

1 – The project costs displayed above do not account for inflation.

2 – The project costs displayed represent 10-year totals.

TOP 10 WASTEWATER CAPITAL PROJECTS

Project	Project Cost ¹
North 1.0 MGD Wastewater Treatment Plant	\$ 78,900,000
Legacy Wastewater Treatment Plant Upgrade from 1.2 to 2.4 MGD	39,280,000
Young 3.2 MGD Lift Station and 16-Inch Force Main Upgrade	11,430,000
24" Waggoner Branch Gravity Trunk Main	10,660,000
West Walnut Creek 1.8 MGD Lift Station and 12-Inch Force Main	6,270,000
TXU 3.3 MGD Lift Station and 12-Inch Force Main Upgrade	5,640,000
Catlett Creek 0.6 MGD Lift Station and 8-Inch Force Main	5,130,000
Brookhollow South Sewer Line	4,410,000
Center Creek 12-Inch Sewer Line	3,340,000
Catlett Creek East 8-Inch Sewer Line	2,790,000
Total	\$ 167,850,000

1 – The project costs displayed above do not account for inflation.

2 – The project costs displayed represent 10-year totals.

DEBT

- The City anticipates issuing debt every other year.
- It is assumed that impact fees will be used to pay the portion of debt payments that are impact fee eligible.

	FY 2024 ^{2,3}	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Issue Amount	\$4,310,000	\$0	\$70,605,434	\$0	\$75,147,673	\$0	\$79,982,127
Annual Payment	Varies	0	4,724,699	0	5,314,161	0	5,656,035
Impact Fee Eligibility (%)	34.80%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Cumulative Annual Payments ¹	\$553,258	\$836,272	\$786,953	\$5,514,062	\$5,515,836	\$10,826,134	\$10,826,636
Use of Impact Fees	0	99,780	84,049	4,807,704	4,808,357	10,121,386	10,121,952

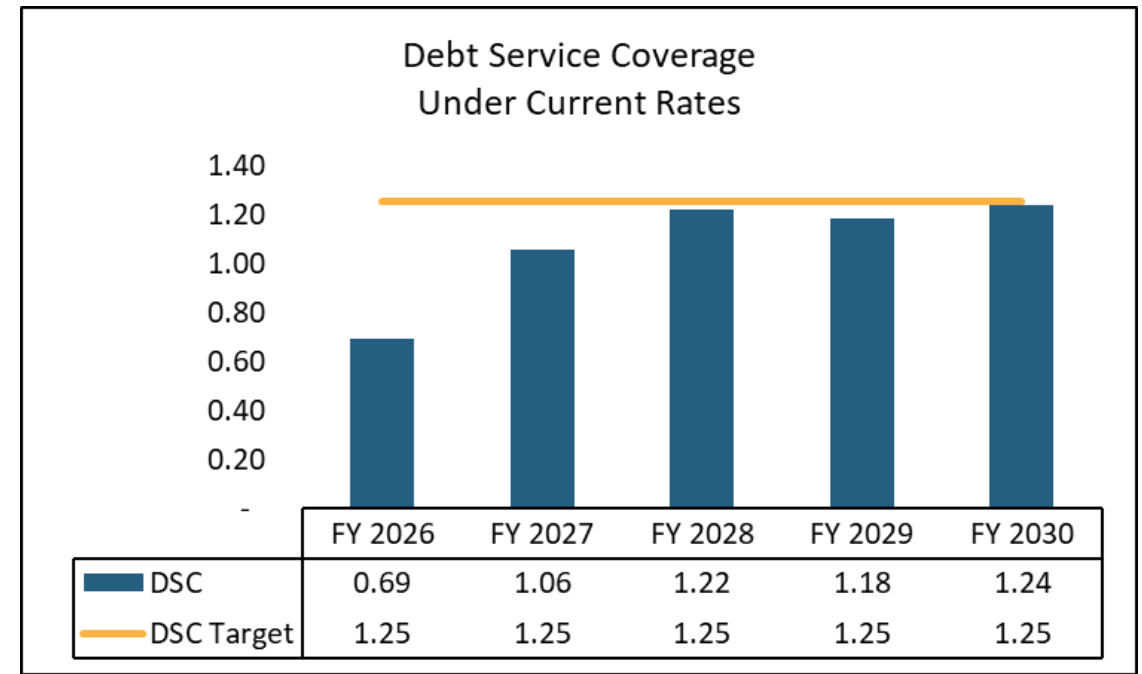
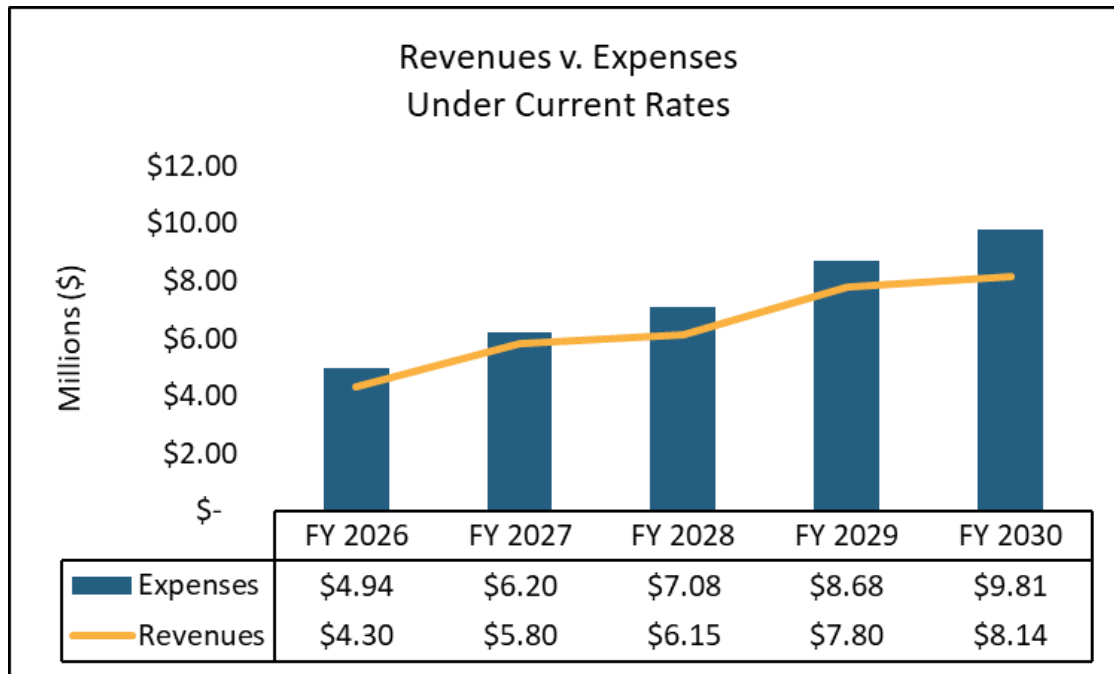
1 – Cumulative Annual Payments show the total of all existing and new debt payments.

2 – The Series 2024 issue amount represents the utility portion only.

3 – Series 2024 has already been issued and payments are based on a schedule.

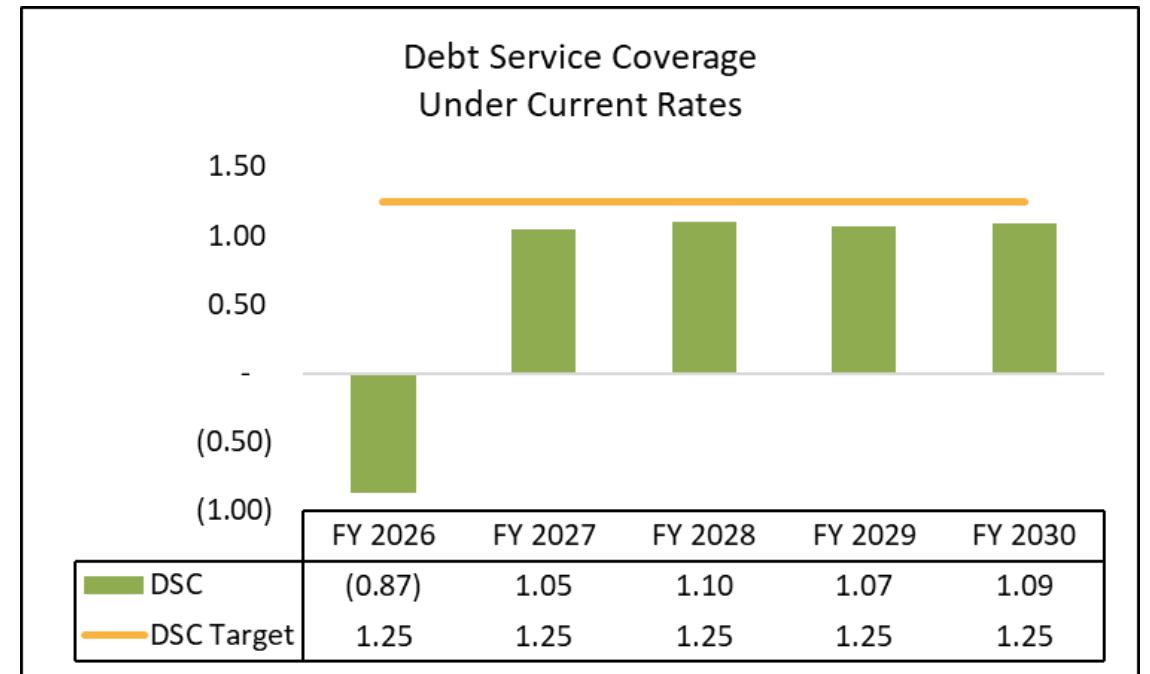
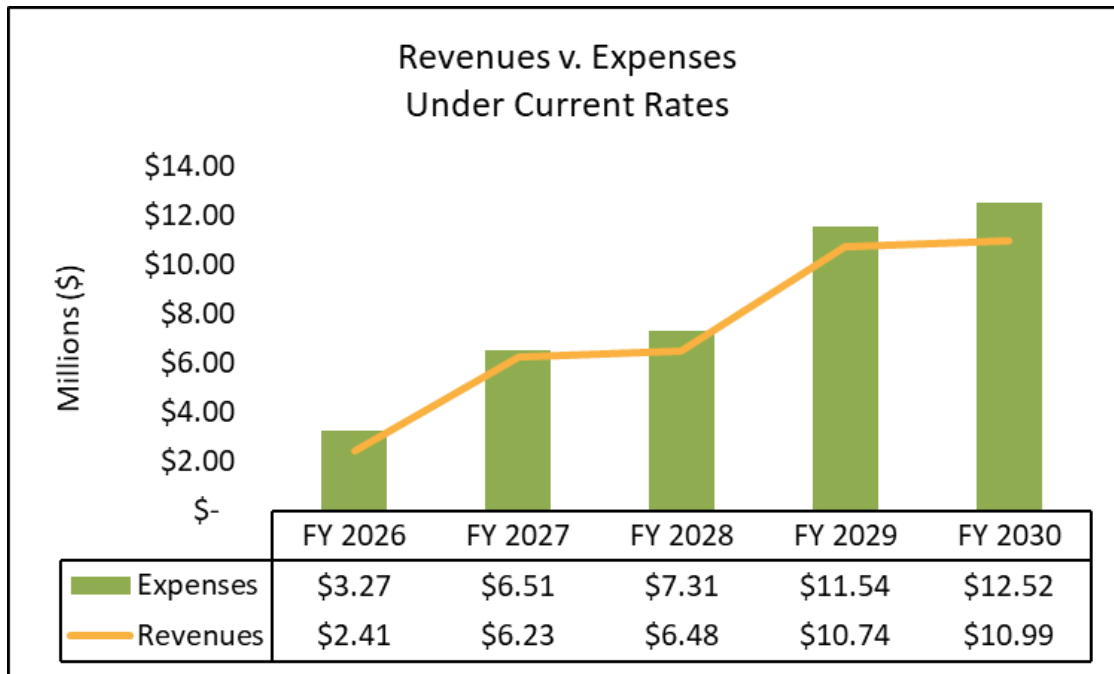
FINANCIAL PERFORMANCE

WATER – CURRENT RATES



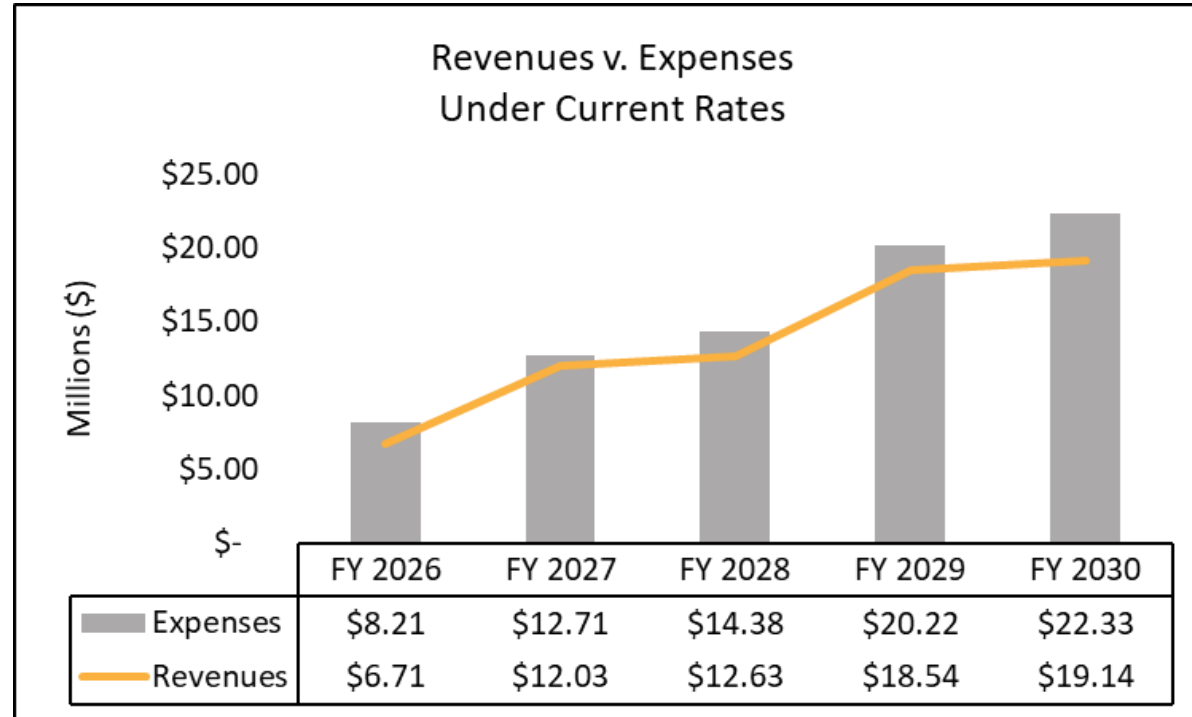
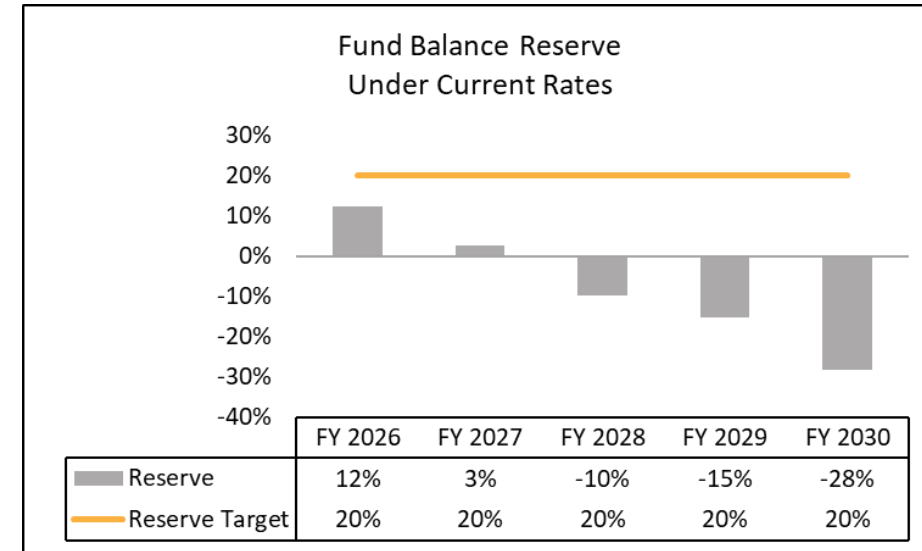
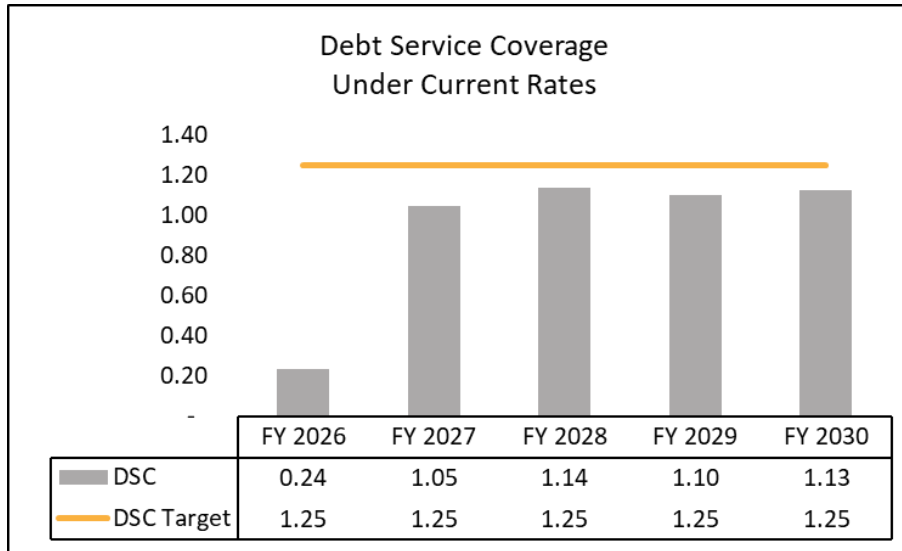
FINANCIAL PERFORMANCE

WASTEWATER – CURRENT RATES



FINANCIAL PERFORMANCE

Under Current Rates



RATE PLAN AND DEVELOPMENT

Water

- Phase-in escalating fixed charges in equal increments from FY 2026 to FY 2030.
- Increase Fixed Charge by equal amounts annually to reach a maximum 3/4-inch Minimum Charge of \$35.00 by FY 2030.
- Adjust volumetric rates as necessary in FY 2026 and then by inflation to keep up with the Cost of Water.

Wastewater

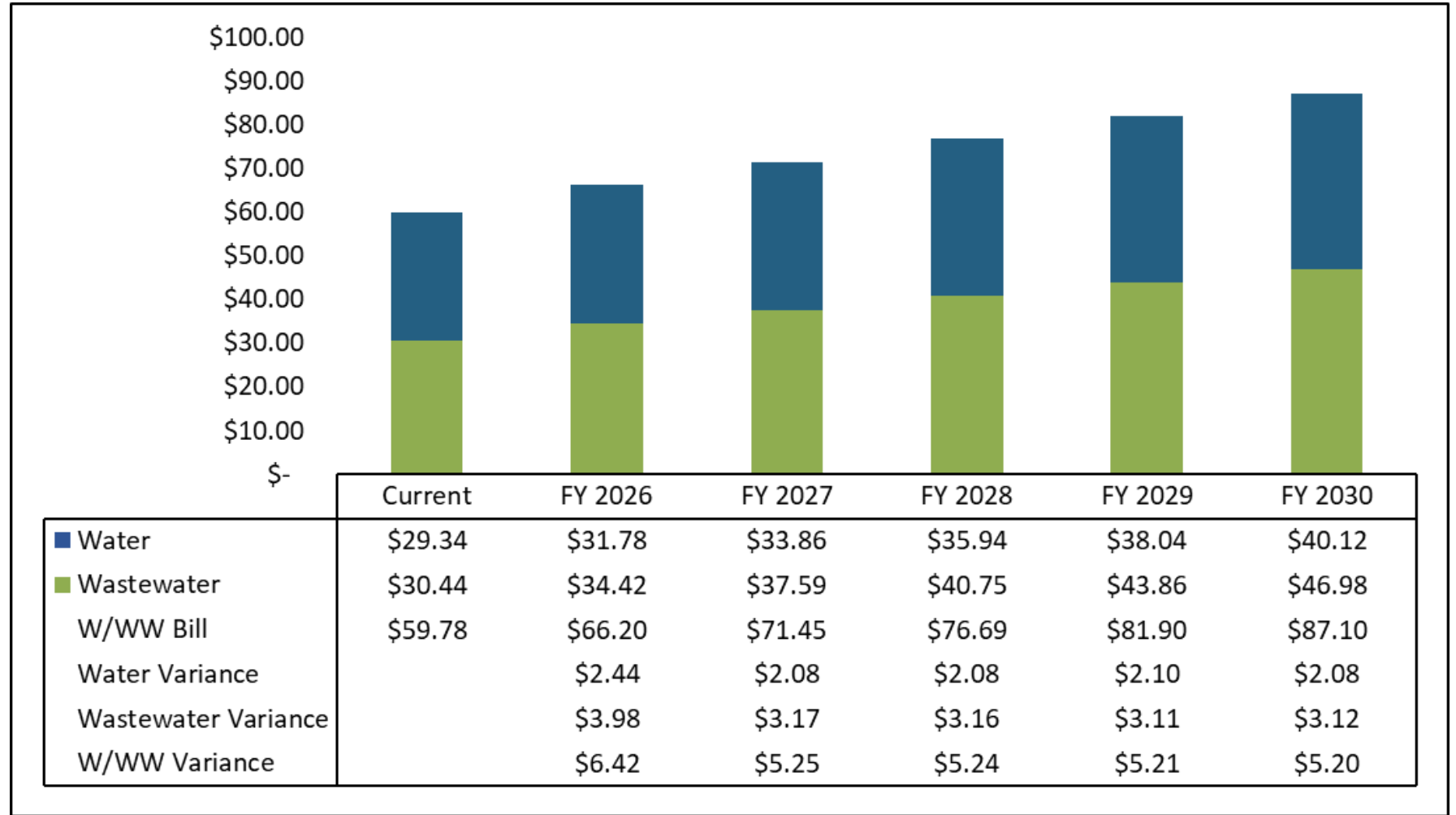
- Increase Fixed Charge by equal amounts annually to reach a maximum of \$40.00 by FY 2030.
- Adjust volumetric rates as necessary.

Overall

- Ensure both Water and Wastewater are self-sufficient.
- Cover 100% of the non-impact fee eligible portion of debt payments by the Fixed Charge.
- Fund non-impact fee eligible CIP through available Reserves to minimize Debt Payments.

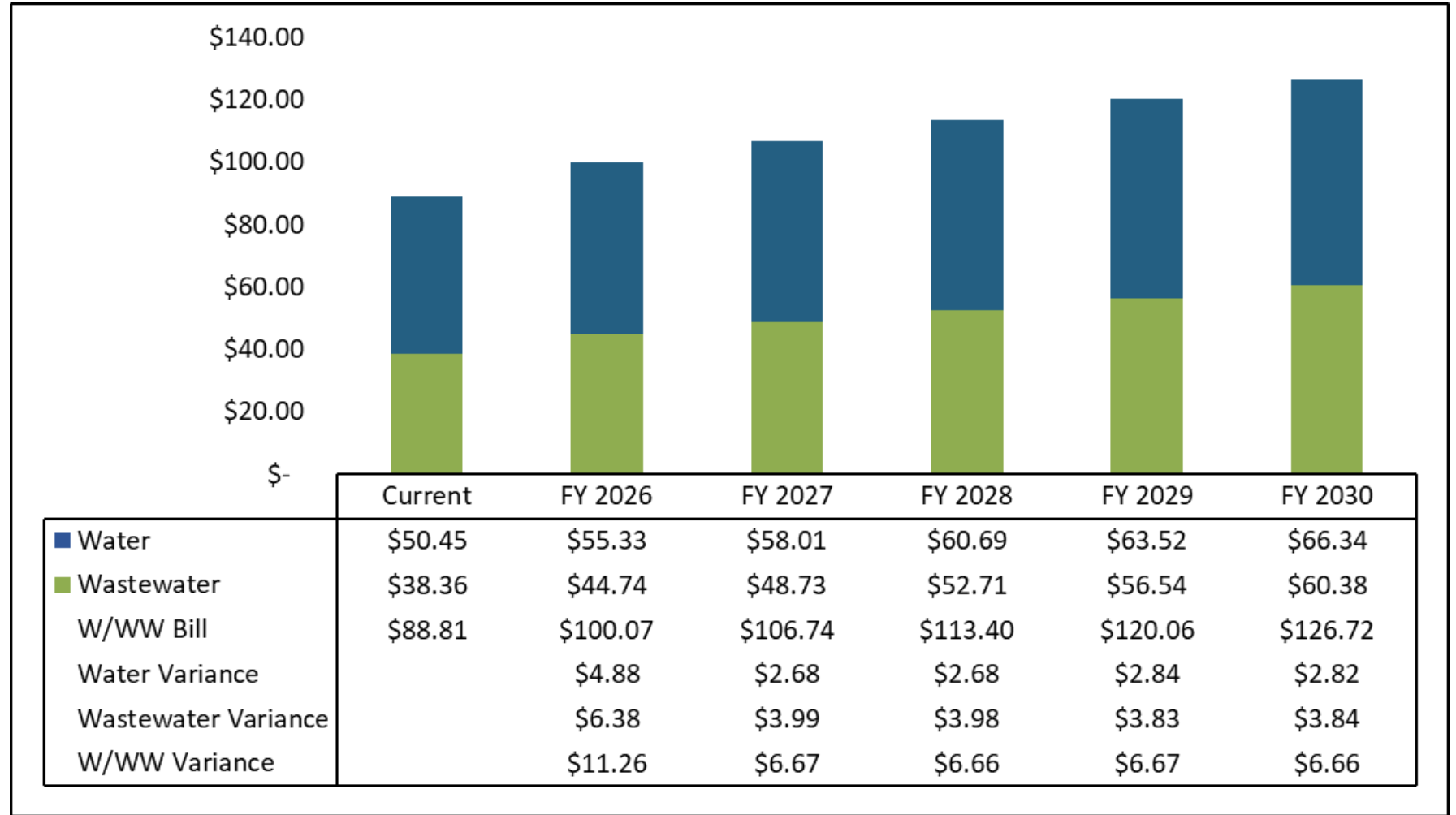
MONTHLY BILL IMPACTS

3/4" Residential – 2,000
Gallons Water & 2,000
Gallons Wastewater



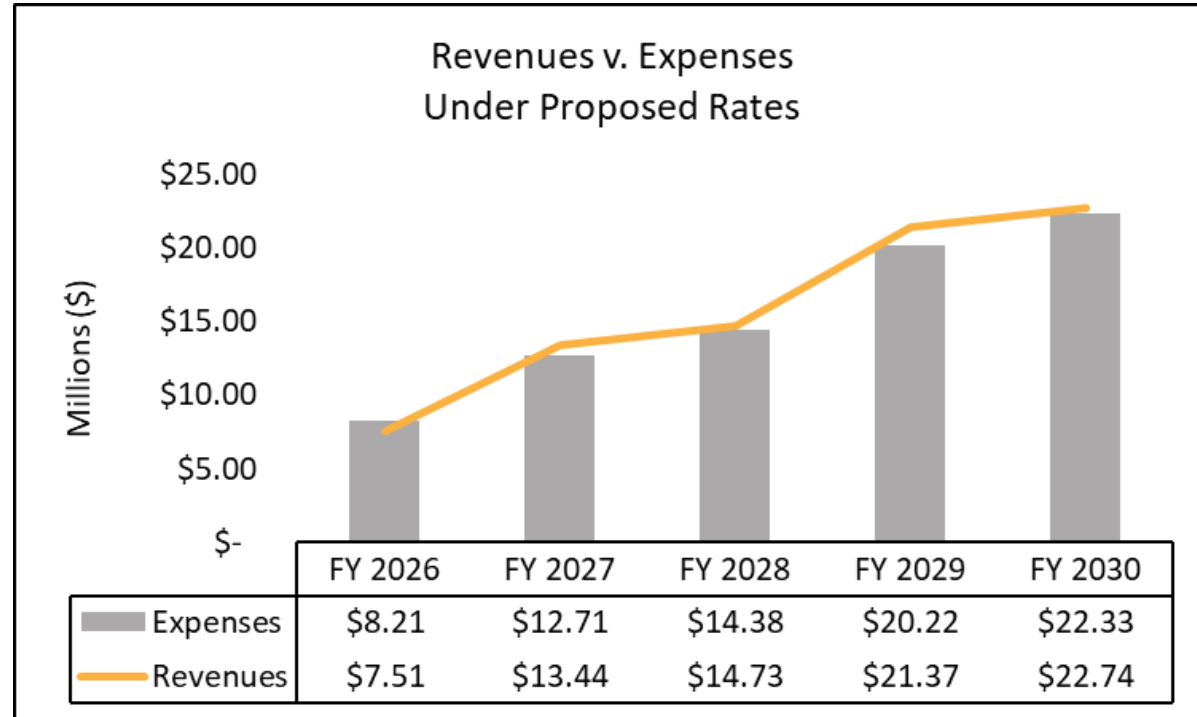
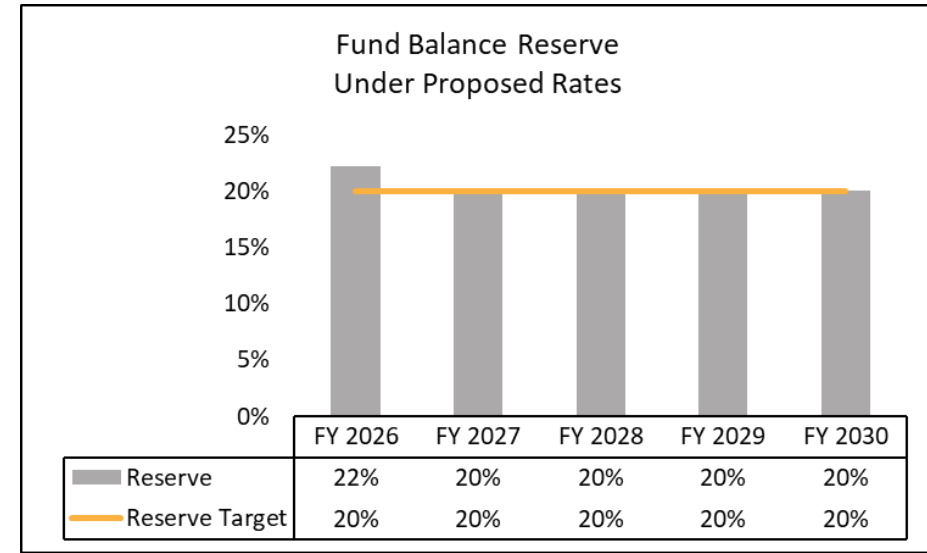
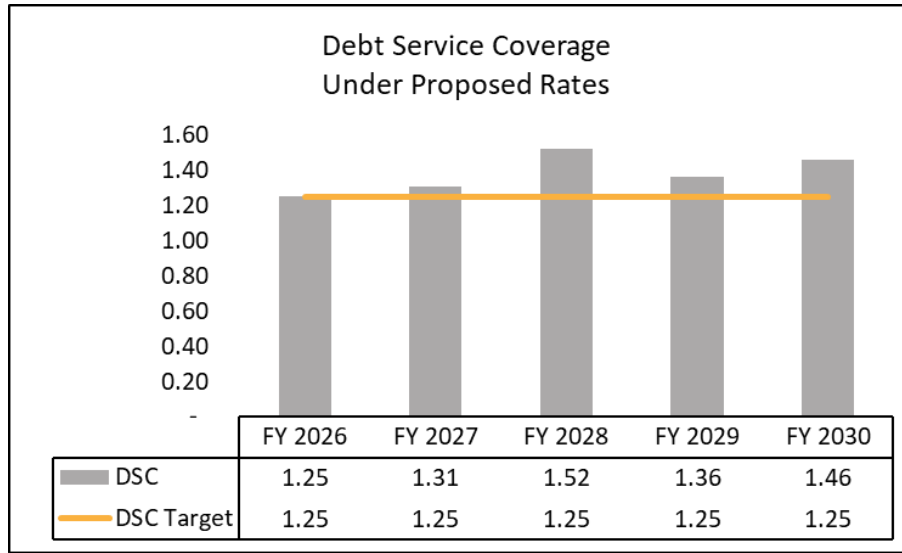
MONTHLY BILL IMPACTS

3/4" Residential –
6,600 Gallons Water &
4,000 Gallons
Wastewater



FINANCIAL PERFORMANCE

Under Proposed Rates

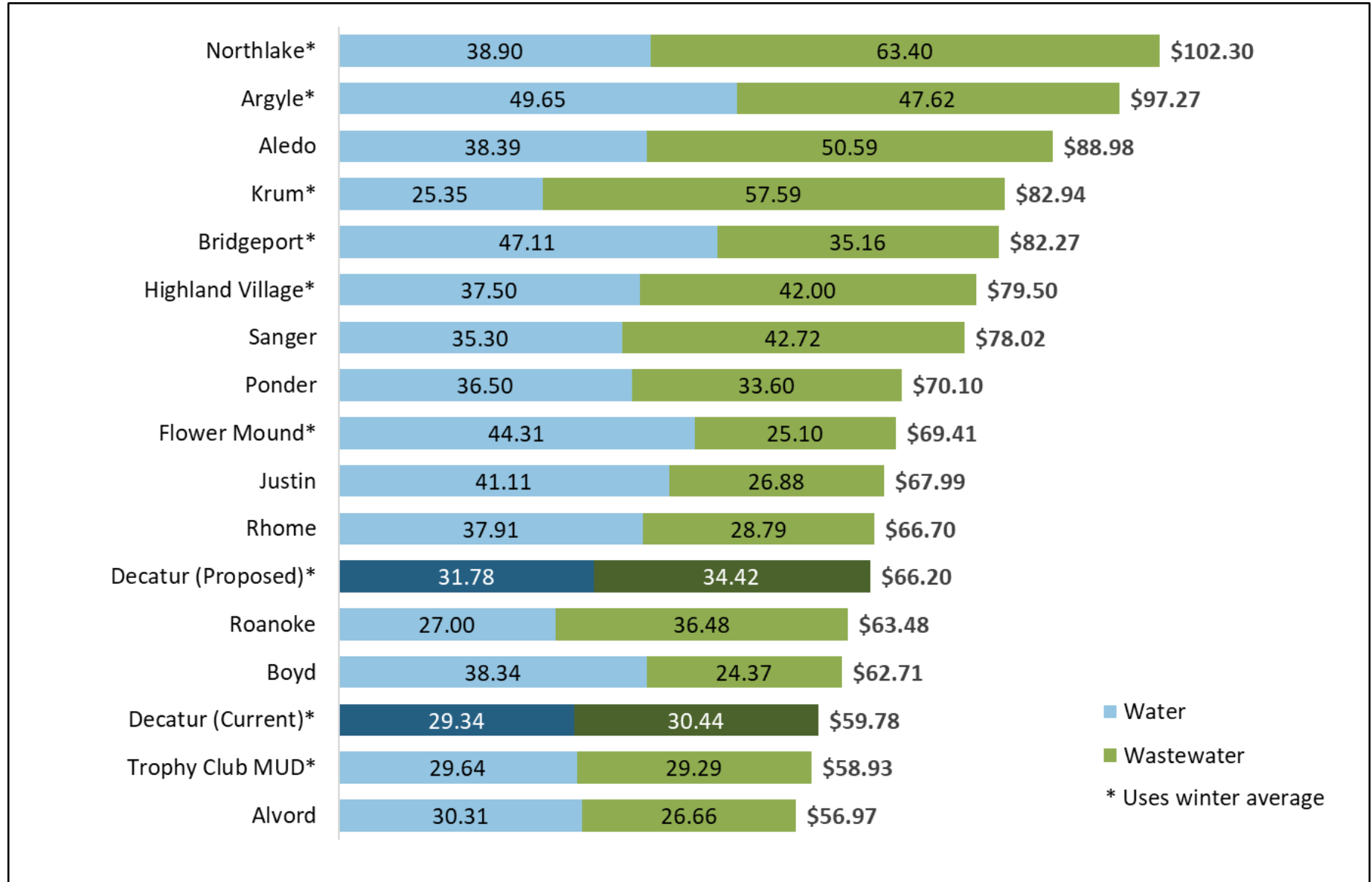


REGIONAL BILL COMPARISON

3/4" Residential – 2,000
Gallons Water & 2,000
Gallons Wastewater
Winter Average

Geographic Based

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



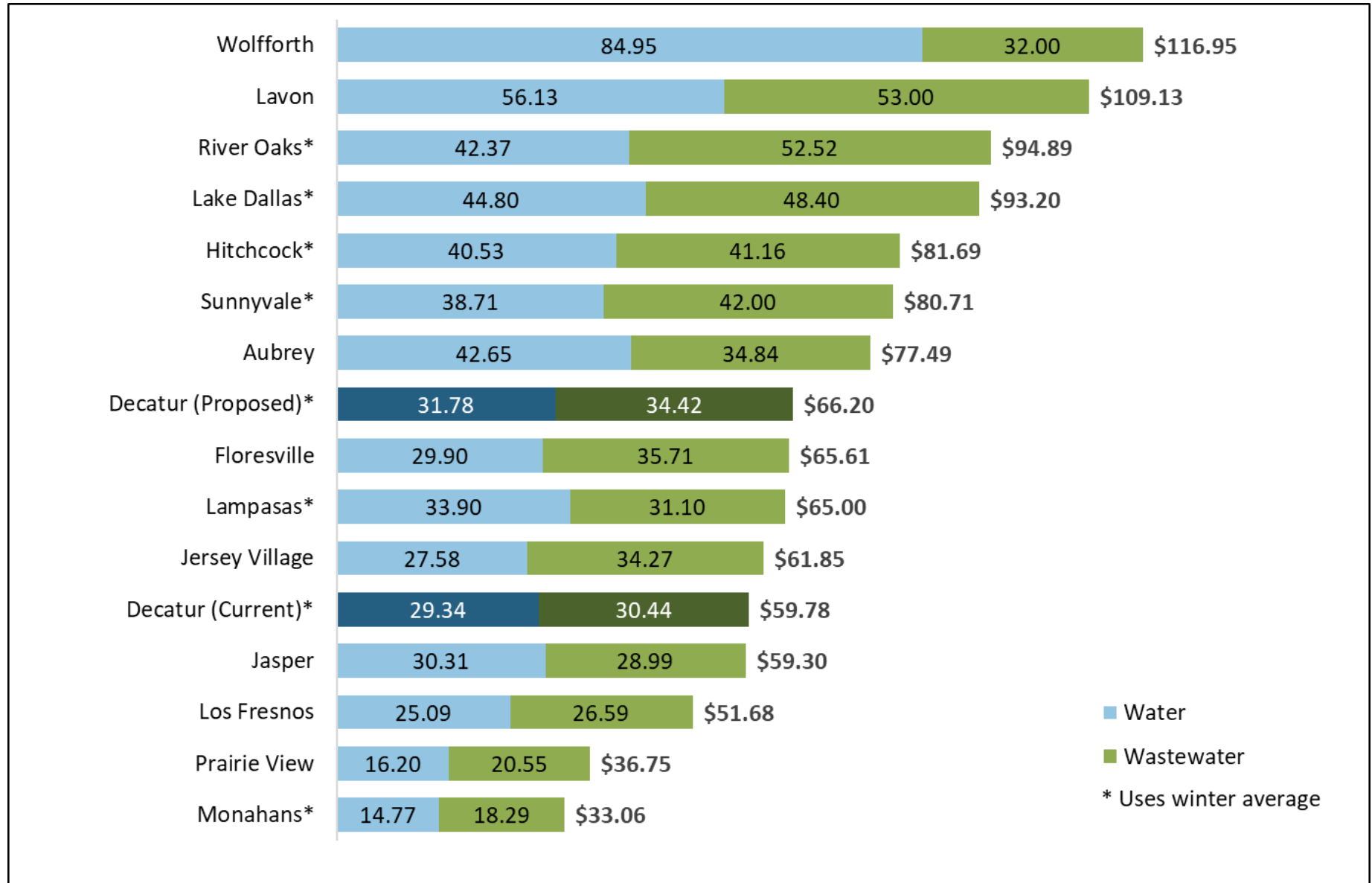
Note: Comparison City rates utilized in the bill calculations were the publicly available rates as of January 2025.

REGIONAL BILL COMPARISON

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Gallons Water & 2,000
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Winter Average

Population Based

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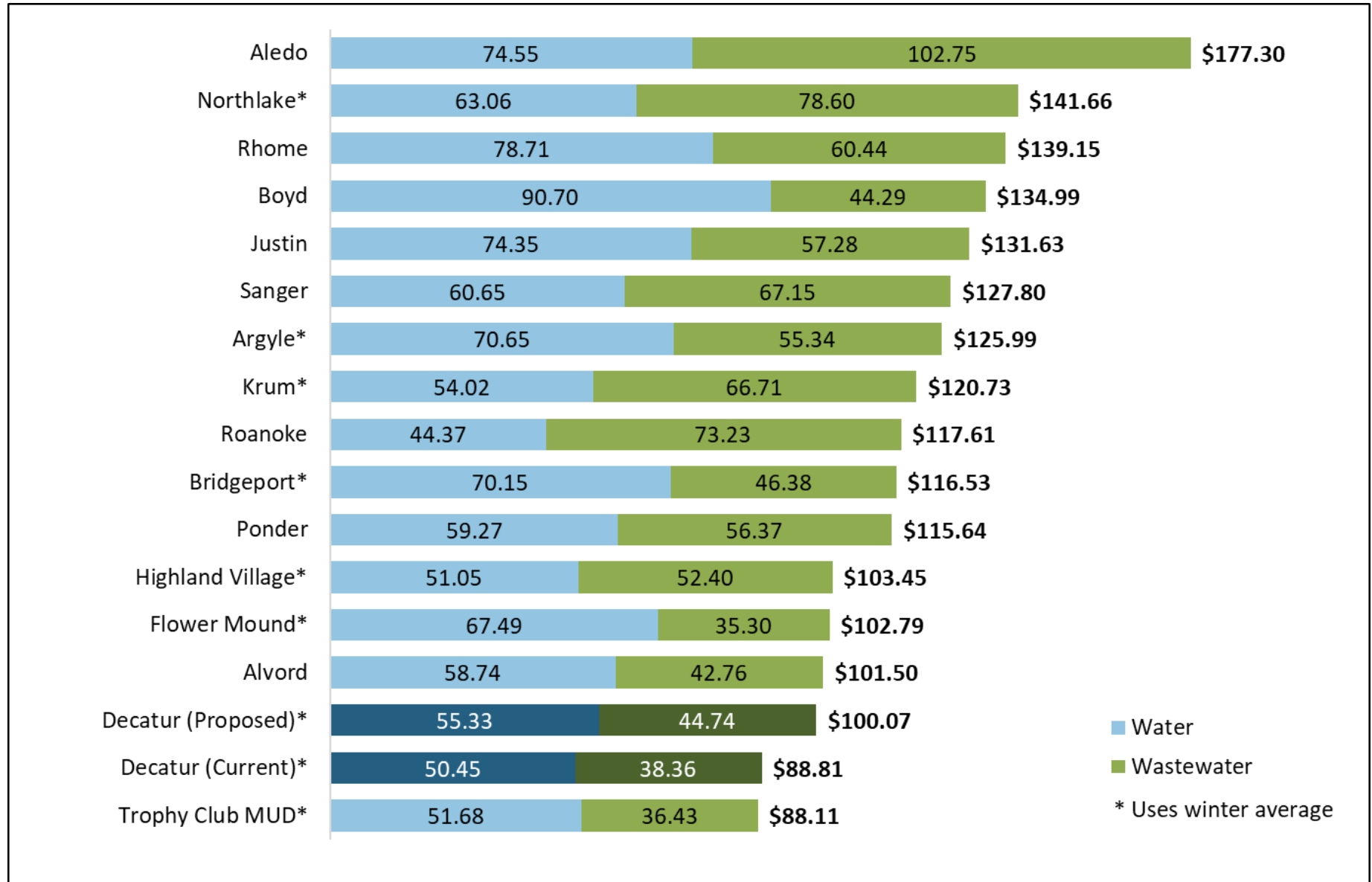
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REGIONAL BILL COMPARISON

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Gallons Water & 4,000
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Winter Average

Geographic Based

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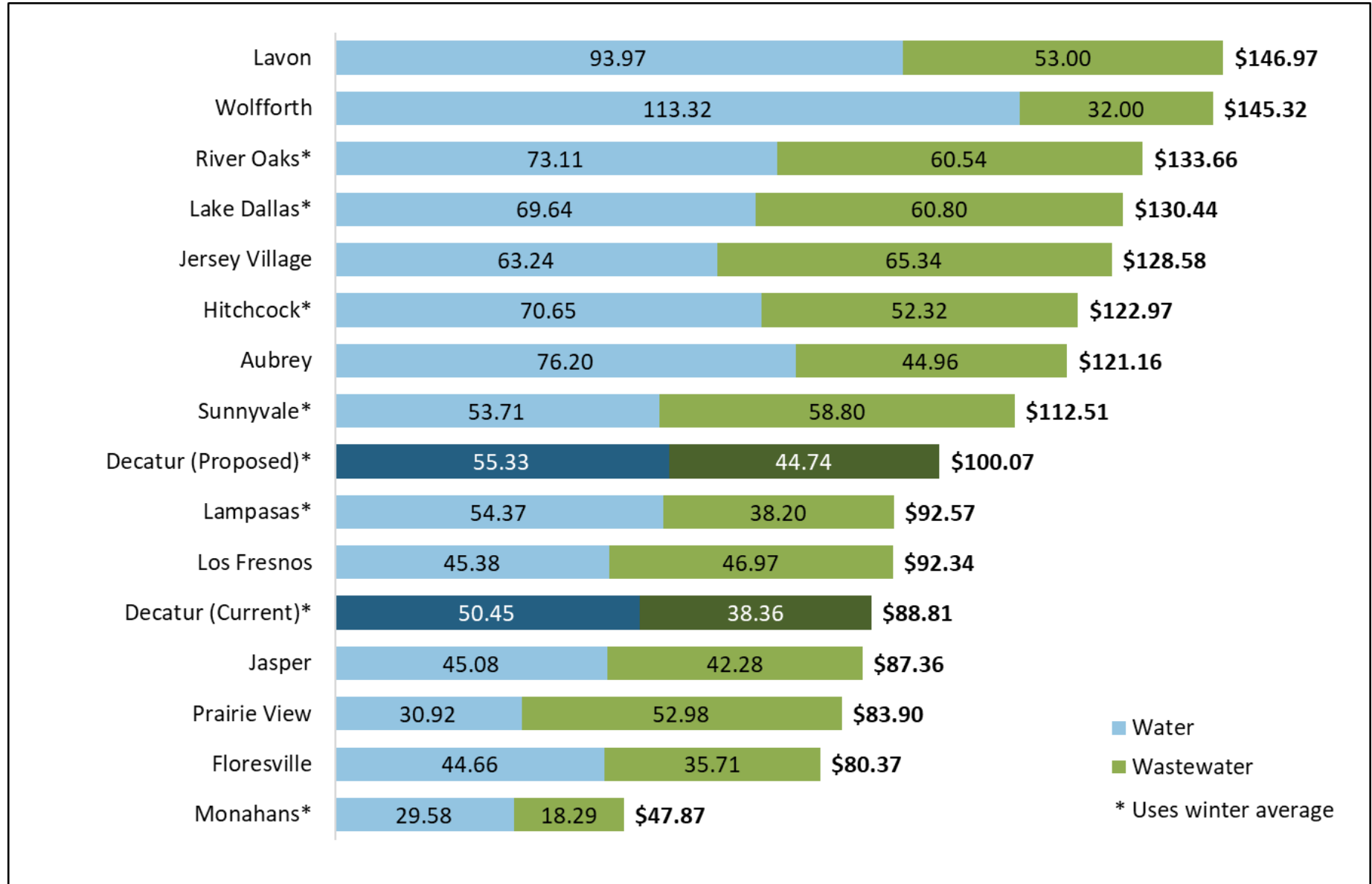
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QUESTIONS AND DISCUSSION

NEWGEN STRATEGIES AND SOLUTIONS
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PROPOSED RATES

Water – Residential

Volumetric Charge is per 1,000 gallons

	# of Connections	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water							
Minimum Charge							
3/4"	1,960	\$ 25.22	\$ 27.18	\$ 29.14	\$ 31.10	\$ 33.06	\$ 35.00
1"	114	25.22	30.80	39.24	47.85	54.25	58.33
1 1/2"	6	25.22	39.86	64.49	89.73	107.24	116.67
2"	5	25.22	50.74	94.80	139.99	170.82	186.67
3"	0	25.22	76.10	165.51	257.26	319.17	350.00
4"	0	25.22	112.34	266.53	424.78	531.11	583.33
6"	0	25.22	202.94	519.08	843.60	1,060.95	1,166.67
8"	0	25.22	311.66	822.13	1,346.17	1,696.76	1,866.67
Volumetric Charge							
0 -2,000		\$ 2.06	\$ 2.30	\$ 2.36	\$ 2.42	\$ 2.49	\$ 2.56
2,001-8,000		4.59	5.12	5.25	5.38	5.54	5.70
8,001-20,000		5.27	5.88	6.03	6.18	6.36	6.54
20,001-50,000		6.05	6.75	6.92	7.09	7.30	7.51
50,001+		6.97	7.78	7.98	8.18	8.42	8.66

PROPOSED RATES

Water – Commercial

Volumetric Charge is per 1,000 gallons

	# of Connections	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water							
Minimum Charge							
3/4"	259	\$ 31.08	\$ 33.50	\$ 35.92	\$ 38.34	\$ 40.76	\$ 43.15
1"	120	31.08	37.97	48.37	58.99	66.89	71.92
1 1/2"	57	31.08	49.13	79.50	110.62	132.21	143.83
2"	155	93.84	116.65	151.68	187.45	213.77	230.13
3"	7	193.55	233.90	294.16	355.63	401.70	431.50
4"	7	193.55	278.56	418.68	562.15	662.99	719.17
6"	1	193.55	390.23	729.99	1,078.47	1,316.24	1,438.33
8"	1	193.55	524.23	1,103.55	1,698.04	2,100.14	2,301.33
Volumetric Charge							
0 -2,000		\$ 2.66	\$ 2.97	\$ 3.05	\$ 3.13	\$ 3.22	\$ 3.31
2,001-8,000		4.78	5.34	5.48	5.62	5.78	5.94
8,001-20,000		5.27	5.89	6.04	6.19	6.37	6.55
20,001-50,000		6.05	6.76	6.93	7.10	7.31	7.52
50,001+		6.97	7.79	7.99	8.19	8.43	8.67

PROPOSED RATES

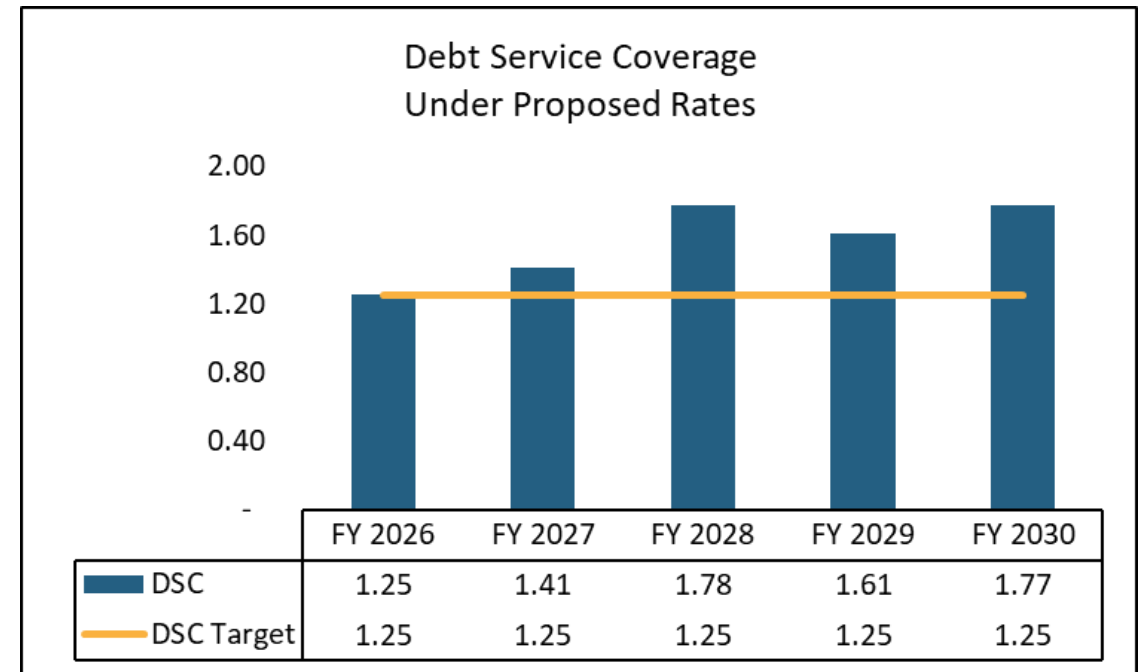
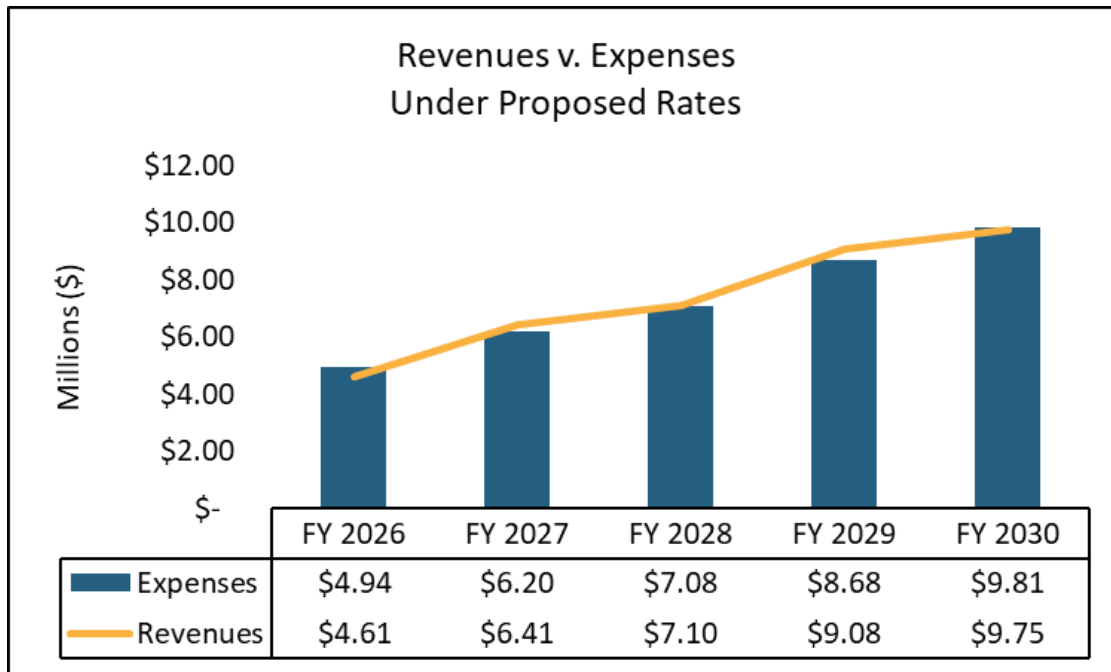
Wastewater

Volumetric Charge is per 1,000 gallons

Utilized winter averaging to determine billed Residential wastewater flow

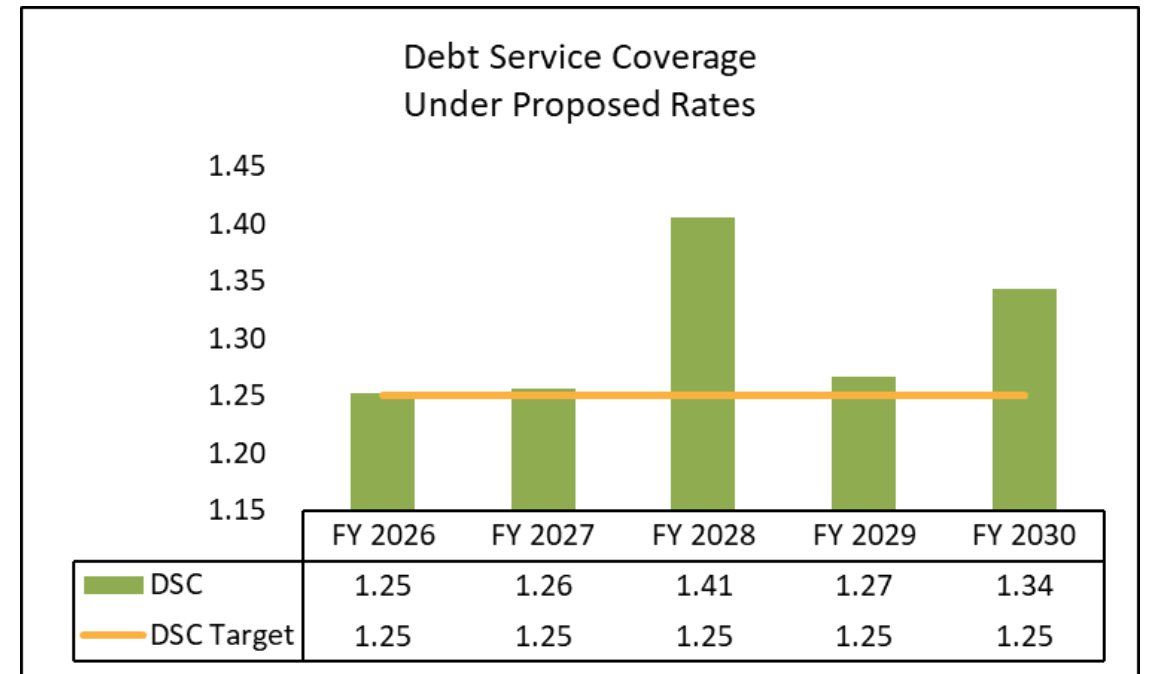
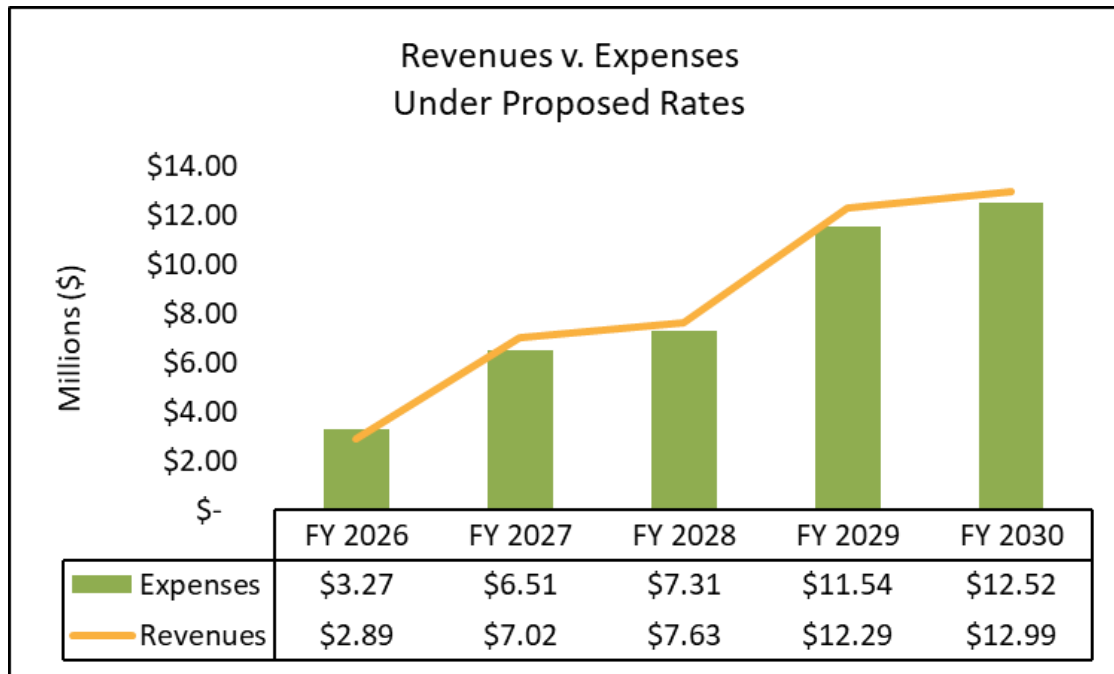
	# of Connections	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Residential							
Minimum Charge	1,990	\$ 26.32	\$ 29.06	\$ 31.79	\$ 34.53	\$ 37.26	\$ 40.00
Volumetric Charge							
0-2,000		\$ 2.06	\$ 2.68	\$ 2.90	\$ 3.11	\$ 3.30	\$ 3.49
2,001-20,000		3.96	5.16	5.57	5.98	6.34	6.70
20,001+		5.03	6.55	7.08	7.60	8.05	8.51
Commercial							
Minimum Charge	501	\$ 36.47	\$ 40.27	\$ 44.05	\$ 47.85	\$ 51.63	\$ 55.43
Volumetric Charge							
0-2,000		\$ 3.72	\$ 4.85	\$ 5.24	\$ 5.62	\$ 5.95	\$ 6.29
2,001-20,000		5.08	6.62	7.15	7.67	8.13	8.60
20,001+		6.18	8.05	8.70	9.33	9.89	10.46

FINANCIAL PERFORMANCE WATER – PROPOSED RATES

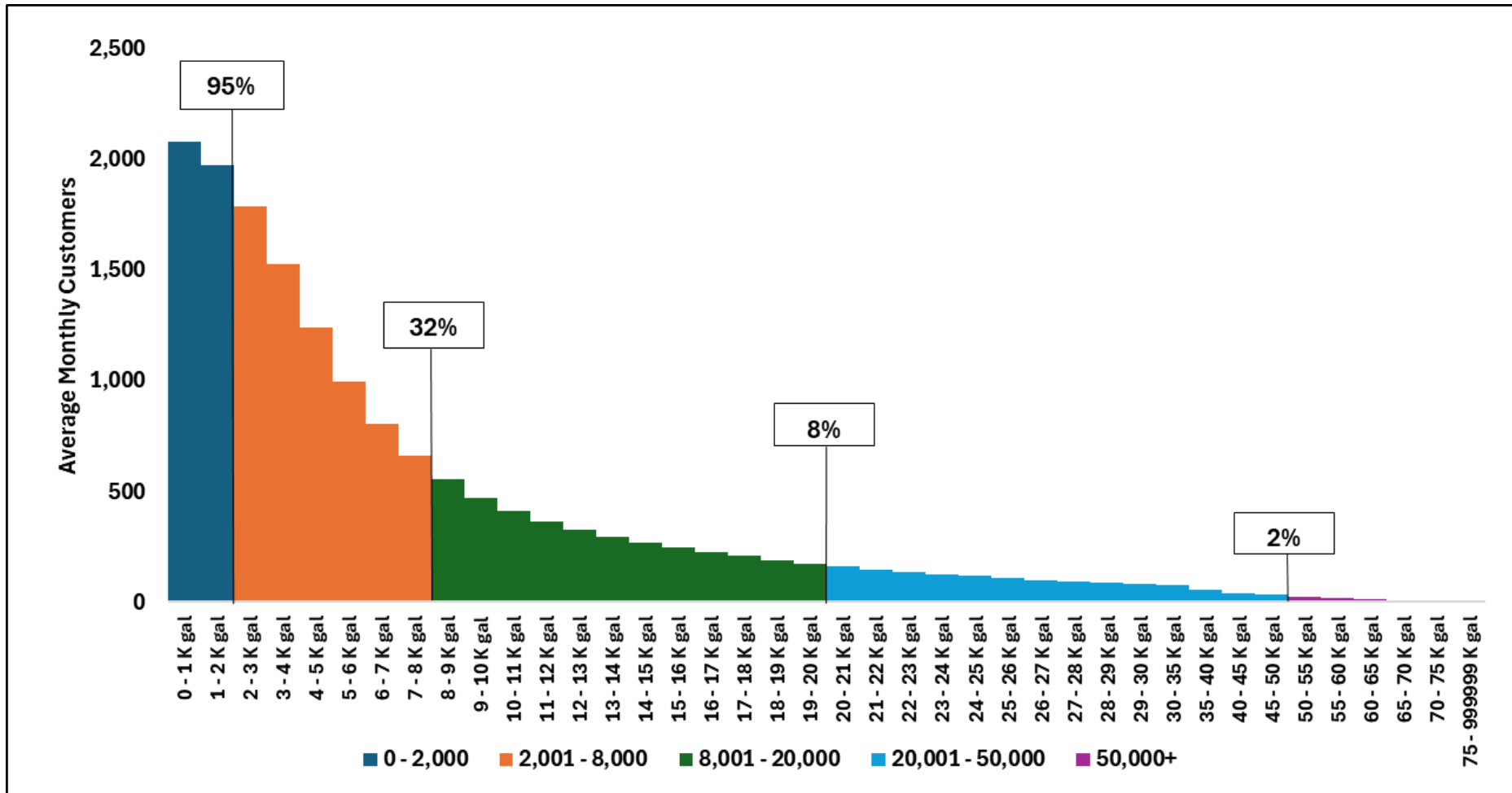


FINANCIAL PERFORMANCE

WASTEWATER – PROPOSED RATES



RESIDENTIAL FREQUENCY DISTRIBUTION



DOLLAR AND DIME ANALYSIS

- The following analysis shows the impact a \$1.00 increase on the fixed charge and a \$0.10 increase on the volumetric charge has on FY 2026 rate revenues.

	Water	Wastewater
Fixed Charge	\$ 49,915	\$ 42,301
Volumetric Charge	64,404	59,142