



July 2025

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# WATER RATE STUDY WELLBORN SPECIAL UTILITY DISTRICT



## REVISIONS FROM PRESENTATION ON JUNE 17

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- Added one new field employee in FY 2026, FY 2027, FY 2028, and FY 2029
- Reduced the amount of water purchased from Bryan in FY 2028 by 75%
- Revised proposed rates to address forecasted violation of the 1.25x Debt Service Coverage Ratio in FY 2027

# NEW DEBT TO FUND CAPITAL IMPROVEMENTS

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**Sources of Funds:**

Par Amount of Bonds: \$ 60,125,000.00

**Net Total Sources of Funds:** \$ 60,125,000.00

**Uses of Funds:**

Project Cost: \$ 55,000,000.00

Reserve Fund Capitalization: 4,220,562.52

Costs of Issuance: 280,000.00

Underwriter's Discount: 300,625.00

Bond Insurance Premium: 319,733.75

Deposit to Debt Service Fund: 4,078.73

**Total Uses of Funds:** \$ 60,125,000.00

Designed to provide an expandable water supply to:

- cure current deficiencies
- reduce the District's reliance on neighboring municipalities
- provide capacity for growth

# REVENUE REQUIREMENT SUMMARY

## Revenue Requirement Forecast

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Cash O&M	\$ 5,938,550	\$ 6,303,700	\$ 6,673,138	\$ 6,109,479	\$ 6,409,557
Cash Capital – Renewals	1,744,384	1,814,159	1,886,726	1,962,195	2,040,683
Cash Capital – CIP	-	-	-	-	-
Debt Service	3,347,546	5,352,526	7,705,486	7,740,921	7,742,412
Debt Reserve Contributions	551,756	551,756	551,756	551,756	505,776
Total Cost	\$ 11,582,237	\$ 14,022,142	\$ 16,817,106	\$ 16,364,351	\$ 16,698,428
Miscellaneous Revenue	\$ 421,909	\$ 423,470	\$ 425,077	\$ 426,733	\$ 428,438
Impact Fee Offset to Debt	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
OSR Customer Revenues	47,360	-	-	-	-
Non-Standard Service	21,600	21,600	21,600	21,600	21,600
Total Revenue Offsets	\$ 1,790,869	\$ 1,745,070	\$ 1,746,677	\$ 1,748,333	\$ 1,750,038
Net Revenue Requirement	\$ 9,791,368	\$ 12,277,073	\$ 15,070,429	\$ 14,616,018	\$ 14,948,389

# REVENUE RECOVERY – CURRENT RATES

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## Revenue Recovery Under Current Rates

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenue	\$ 10,024,586	\$ 10,292,772	\$ 10,568,976	\$ 10,854,090	\$ 11,147,224
Revenue Requirement	(9,791,368)	(12,277,073)	(15,070,429)	(14,616,018)	(14,948,389)
Over/(Under)-Recovery	\$ 233,218	(\$ 1,984,301)	(\$ 4,501,453)	(\$ 3,761,928)	(\$ 3,801,166)
Cumulative	\$ 233,218	(\$ 1,751,083)	(\$ 6,252,536)	(\$10,014,464)	(\$13,815,630)

# PROPOSED – FIXED CHARGE

Meter Size	Current	FY 2025 Proposed	FY 2026 Proposed	FY 2027 Proposed	FY 2028 Proposed	FY 2029 Proposed
Fixed Charge (per month)						
Standard Meter Size	\$ 37.50	\$ 37.50	\$ 47.25	\$ 57.00	\$ 57.00	\$ 57.00
1 – inch Meter	75.00	75.00	94.50	114.00	114.00	114.00
1 ½ – inch Meter	187.50	187.50	236.25	285.00	285.00	285.00
2 – inch Meter	300.00	300.00	378.00	456.00	456.00	456.00
3 – inch Meter	675.00	675.00	850.00	1,026.00	1,026.00	1,026.00
4 – inch Meter	1,125.00	1,125.00	1,417.50	1,710.00	1,710.00	1,710.00

Assumes no change to rates in FY 2025 (as the fiscal year is almost over), but the sooner the proposed FY 2026 rates are adopted, the better for the financial health of the utility

Whether the rates proposed in FY 2027, which are necessary to satisfy debt service coverage, can remain in place in FY 2028 and/or FY 2029 will need to be evaluated in FY 2027 (but, for now, they seem sufficient)

# PROPOSED – VOLUMETRIC CHARGES

Rate Blocks (in gallons)	Current	FY 2025 Proposed	FY 2026 Proposed	FY 2027 Proposed	FY 2028 Proposed	FY 2029 Proposed
<b>Residential</b>	<b>Volumetric Rate (per 1,000 gallons)</b>		<b>Volumetric Rate (per 1,000 gallons)</b>			
0 - 2,000	\$ 4.40	\$ 4.40	\$ 4.70	\$ 5.00	\$ 5.00	\$ 5.00
2,001 - 10,000	4.80	4.80	5.20	5.50	5.50	5.50
10,001 - 20,000	5.30	5.30	5.70	6.10	6.10	6.10
20,001 - 30,000	6.10	6.10	6.60	7.00	7.00	7.00
30,001 - 40,000	7.00	7.00	8.60	9.10	9.10	9.10
40,001 - 50,000	8.10	8.10	10.80	11.40	11.40	11.40
50,001 - 90,000	9.30	9.30	13.50	14.30	14.30	14.30
> 90,000	14.00	14.00	15.50	16.40	16.40	16.40
<b>Commercial</b>						
0 - 2,000	\$ 4.40	\$ 4.40	\$ 4.70	\$ 5.00	\$ 5.00	\$ 5.00
2,001 - 10,000	4.80	4.80	5.20	5.50	5.50	5.50
10,001 - 20,000	5.30	5.30	5.70	6.10	6.10	6.10
20,001 - 30,000	6.10	6.10	6.60	7.00	7.00	7.00
30,001 - 40,000	7.00	7.00	7.60	8.10	8.10	8.10
40,001 - 50,000	7.70	7.70	8.40	8.90	8.90	8.90
50,001 - 90,000	7.70	7.70	8.40	8.90	8.90	8.90
> 90,000	7.70	7.70	8.40	8.90	8.90	8.90

Assumes perfectly inelastic demand

# REVENUE RECOVERY – PROPOSED RATES

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## Revenue Recovery Under Proposed Rates

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenue	\$ 10,024,586	\$ 12,188,875	\$ 14,202,925	\$ 14,586,067	\$ 14,979,984
Revenue Requirement	(9,791,368)	(12,277,073)	(15,070,429)	(14,616,018)	(14,948,389)
Over/(Under)-Recovery	\$ 233,218	(\$ 88,198)	(\$ 867,504)	(\$ 29,952)	\$ 31,595
Cumulative	\$ 233,218	\$ 145,020	(\$ 722,484)	(\$ 752,435)	(\$ 720,841)



# DEBT SERVICE COVERAGE RATIO

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenue	\$ 10,024,586	\$ 12,188,875	\$ 14,202,925	\$ 14,586,067	\$ 14,979,984
Misc Revenue	490,869	445,070	446,677	448,333	450,038
Impact Fees *	1,667,751	1,725,287	1,776,874	1,834,192	1,885,779
Interest Income	125,660	156,342	181,426	189,647	219,543
<b>Revenue</b>	<b>\$ 12,308,866</b>	<b>\$ 14,515,573</b>	<b>\$ 16,607,902</b>	<b>\$ 17,058,239</b>	<b>\$ 17,535,344</b>
Less: Cash O&M Expense	(5,938,550)	(6,303,700)	(6,673,138)	(6,109,479)	(6,409,557)
Funds Available to Pay Debt Service	\$ 6,370,316	\$ 8,211,873	\$ 9,934,764	\$ 10,948,759	\$ 11,125,787
Debt Service	3,347,546	5,352,526	7,705,486	7,740,921	7,742,412
Debt Service Coverage Ratio	<b>1.90</b>	<b>1.53</b>	<b>1.29</b>	<b>1.41</b>	<b>1.44</b>

\* This calculation assumes impact fee revenues can be counted as part of Funds Available to Pay Debt Service

# BILL IMPACTS – PROPOSED RATES

Residential Bill Impacts					
Consumption	Current (FY 2025)	FY 2026 Proposed	YoY Increase (\$)	FY 2027 Proposed	YoY Increase (\$)
2,000 gallons	\$ 46.30	\$ 56.65	\$ 10.35	\$ 67.00	\$ 10.35
5,000 gallons	60.70	72.25	11.55	83.50	11.25
10,000 gallons	84.70	98.25	13.55	111.00	12.75
30,000 gallons	198.70	221.25	22.55	242.00	20.75
100,000 gallons	861.70	1,110.25	248.55	1,183.00	72.75



# QUESTIONS AND DISCUSSION

**GRANT RABON, PARTNER**

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# SUPPLEMENTAL INFORMATION

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# FORECASTED IMPACT ON OPERATING RESERVE

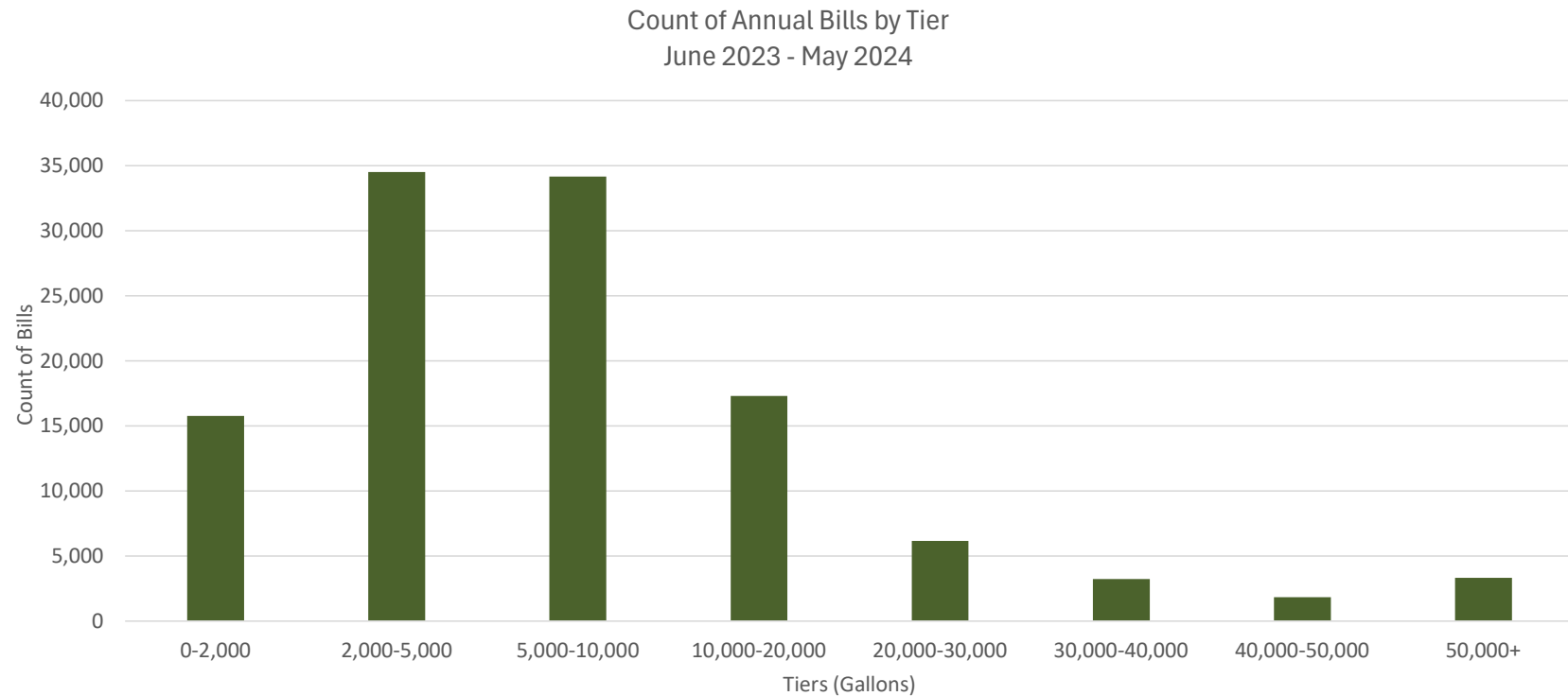
## Operating Reserve

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Beginning Balance</b>	\$ 1,854,907	\$ 2,132,643	\$ 2,095,629	\$ 1,278,420	\$ 1,279,150
<b>Withdrawals</b>					
Water Rate Under-Recovery	-	(88,198)	(867,504)	(29,952)	-
<b>Contributions</b>					
Interest Earned <sup>(1)</sup>	44,518	51,183	50,295	30,682	30,700
Water Rate Over-Recovery	233,218	-	-	-	31,595
<b>Ending Balance</b>	\$ 2,132,643	\$ 2,095,629	\$ 1,278,420	\$ 1,279,150	\$ 1,341,444
O&M Expense	\$ 7,682,934	\$ 8,117,860	\$ 8,559,864	\$ 8,071,674	\$ 8,450,240
Days Operating Reserve	101	94	55	58	58

1) Interest earned is based on beginning balance.

# BILL IMPACTS – USER DISTRIBUTION

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# BILL IMPACTS – SUBURB VS RURAL

Rural vs Suburb Portion of Tiers<sup>(1)</sup>

Tiers (Gallons)	Suburb	% of Sub Bills in Range	Rural	% of Rural Bills in Range	Commercial/ Other	% of Comm/Other Bills in Range	Grand Total
< 2,000	9,863	40.39%	14,074	57.63%	485	1.99%	<b>24,422</b>
2,001 - 5,000	19,691	55.04%	15,905	44.46%	177	0.49%	<b>35,773</b>
5,001 - 10,000	15,087	55.73%	11,781	43.52%	205	0.76%	<b>27,073</b>
10,001 - 30,000	12,717	60.59%	7,929	37.78%	343	1.63%	<b>20,989</b>
30,000+	5,198	64.31%	2,381	29.46%	504	6.24%	<b>8,083</b>
<b>Total</b>	<b>62,556</b>	<b>53.77%</b>	<b>52,070</b>	<b>44.76%</b>	<b>1,714</b>	<b>1.47%</b>	<b>116,340</b>

(1) Based on count of customers between tiers from June 2023 - May 2024