

Town of Argyle

Wastewater Financial Planning Model Update

August 19, 2024



Agenda

Study Objectives

Connections & Consumption

Revenue Requirements

Customer Impacts

Questions

Wastewater Financial Plan & Rate Study Objectives



Developed 5-Year Financial Plan

to ensure the Town maintains the financial health of the Wastewater Utility



Updated Revenue Requirement

to understand the level of revenues (including rates) needed to support annual forecasted costs



Capital Improvement Plan

Factored planned projects to minimize the impact on customers and financial risk to the utility



Rate Recommendation

Providing a rate recommendation for Fiscal Year 2025

Financial Planning Assumptions

Connections & Consumption

Analyzed historical connections and consumption, applying conservative growth: 10% for Residential (inside) and Commercial (outside) in FY2025-2026, and 5% in FY2027-2029.

Revenues

Developed a revenue validation model to ensure Raftelis' forecast aligns with Argyle's audited rate revenue and ERP reports, using average usage per connection, account growth, and applicable rates to forecast future revenues.

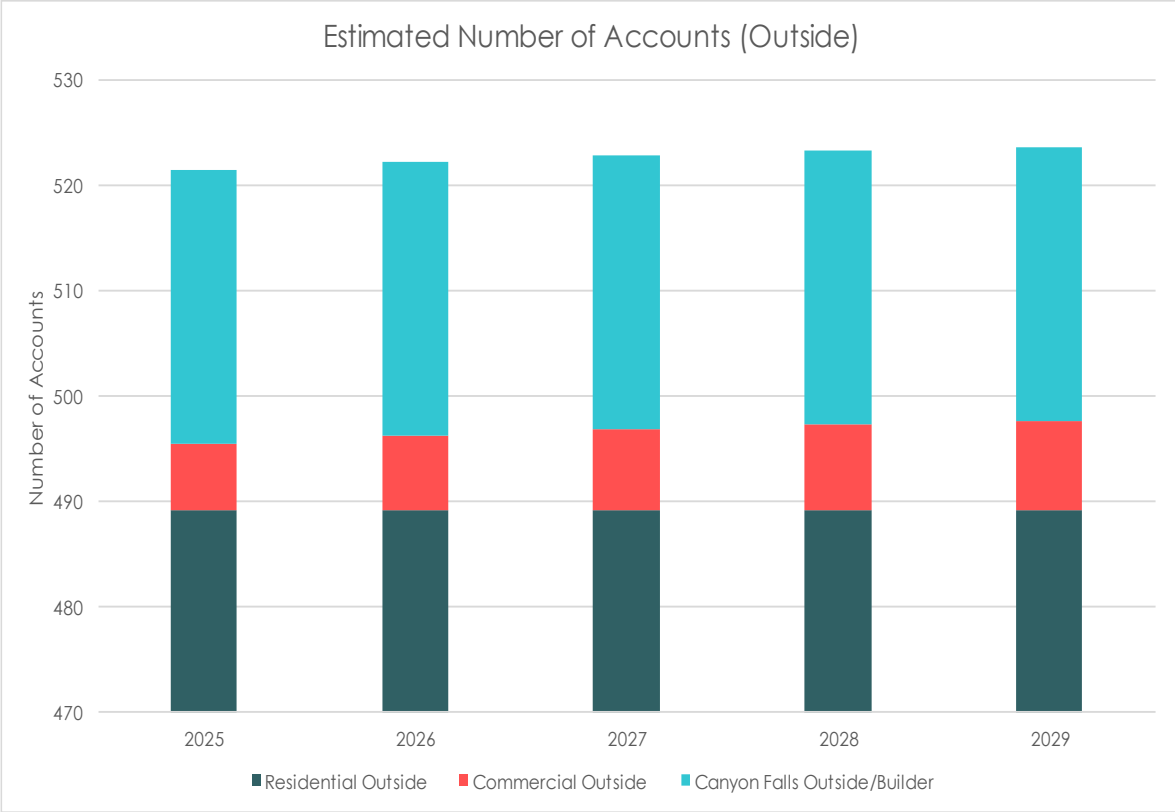
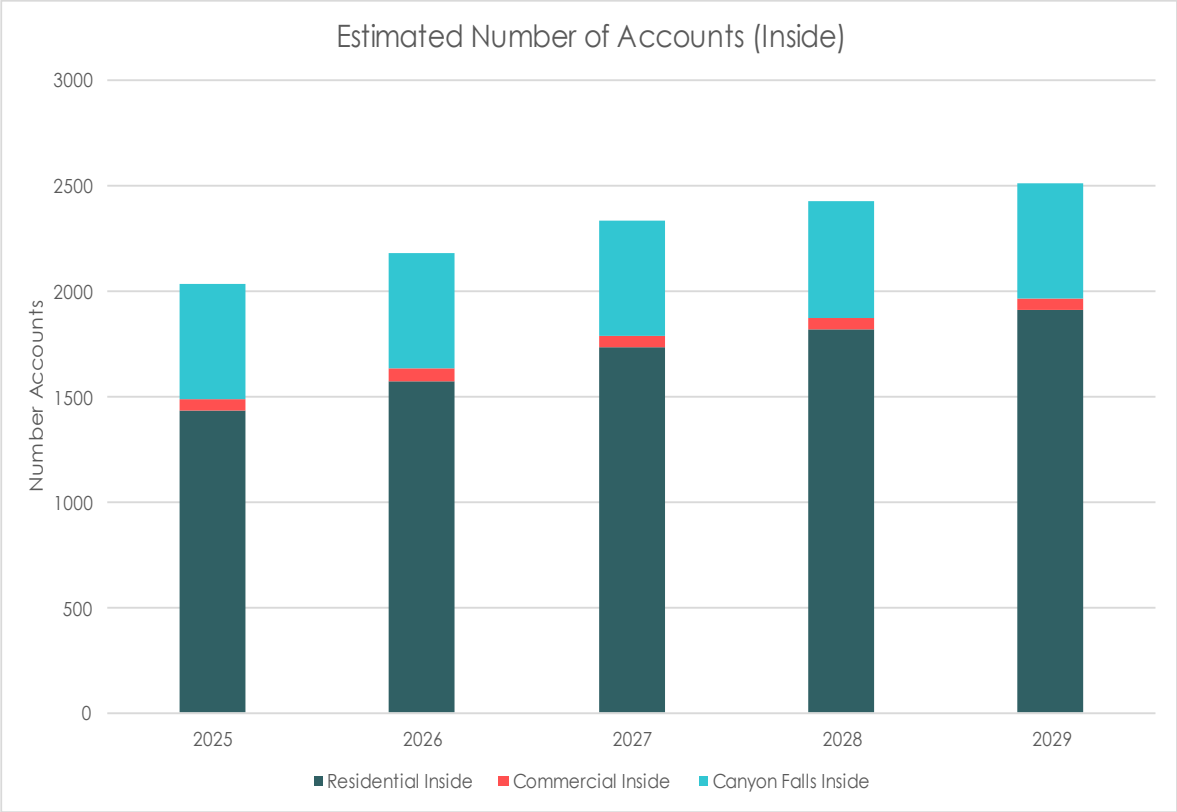
Revenue Requirements (Expenses)

Develop revenue requirements based on the City's budget, treatment costs from the City of Denton and the Trinity River Authority (TRA), existing debt service, proposed debt issuance, capital outlay, and anticipated escalations.

Connections and Consumption

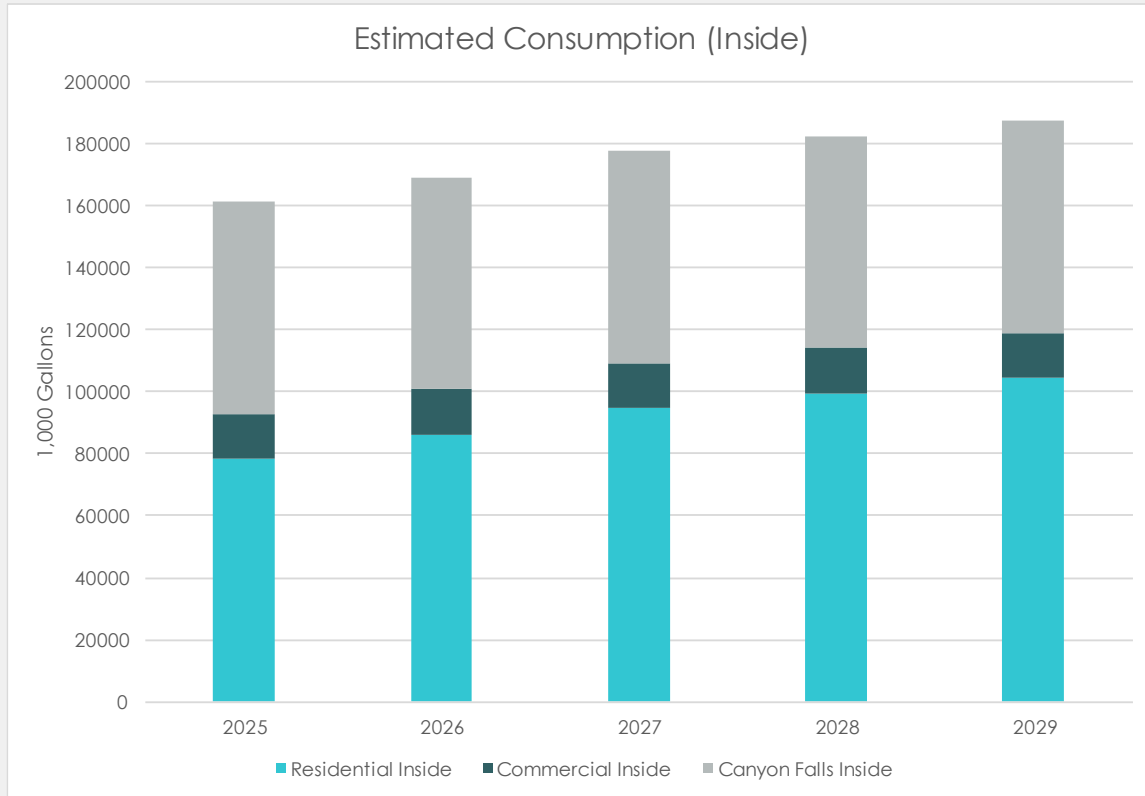


Meters

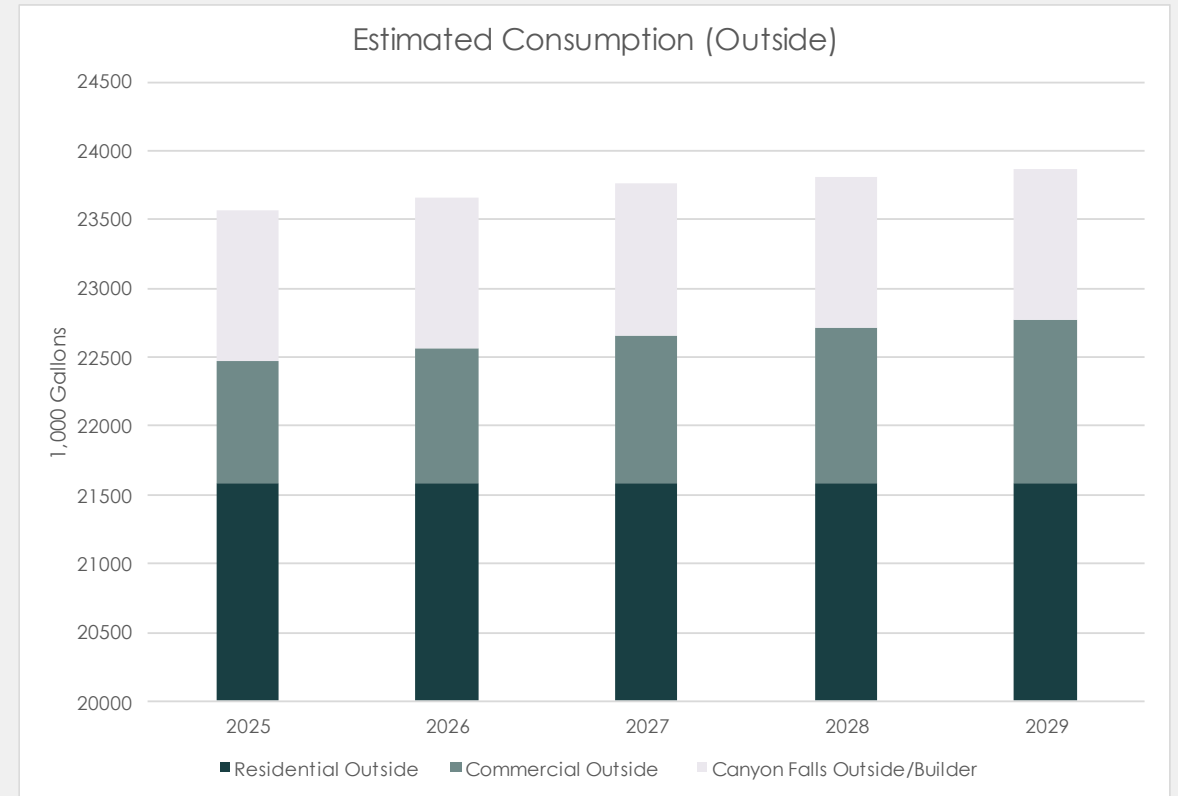


There are an estimated 2,500 accounts in FY2025, with anticipated growth reaching nearly 3,000 by 2029

Consumption



Inside-city consumption factors the growth in residential accounts, with total consumption forecasted to be >160 million gallons in FY2025 and >192 MG in annual usage by 2029



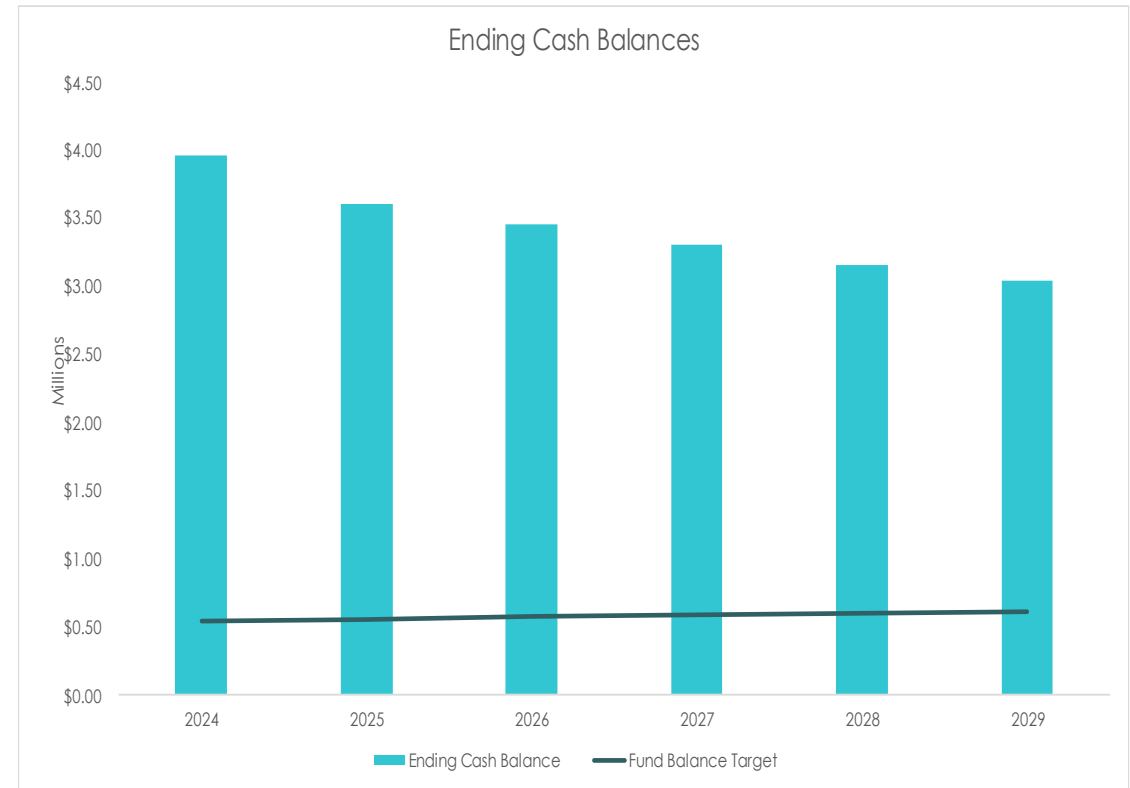
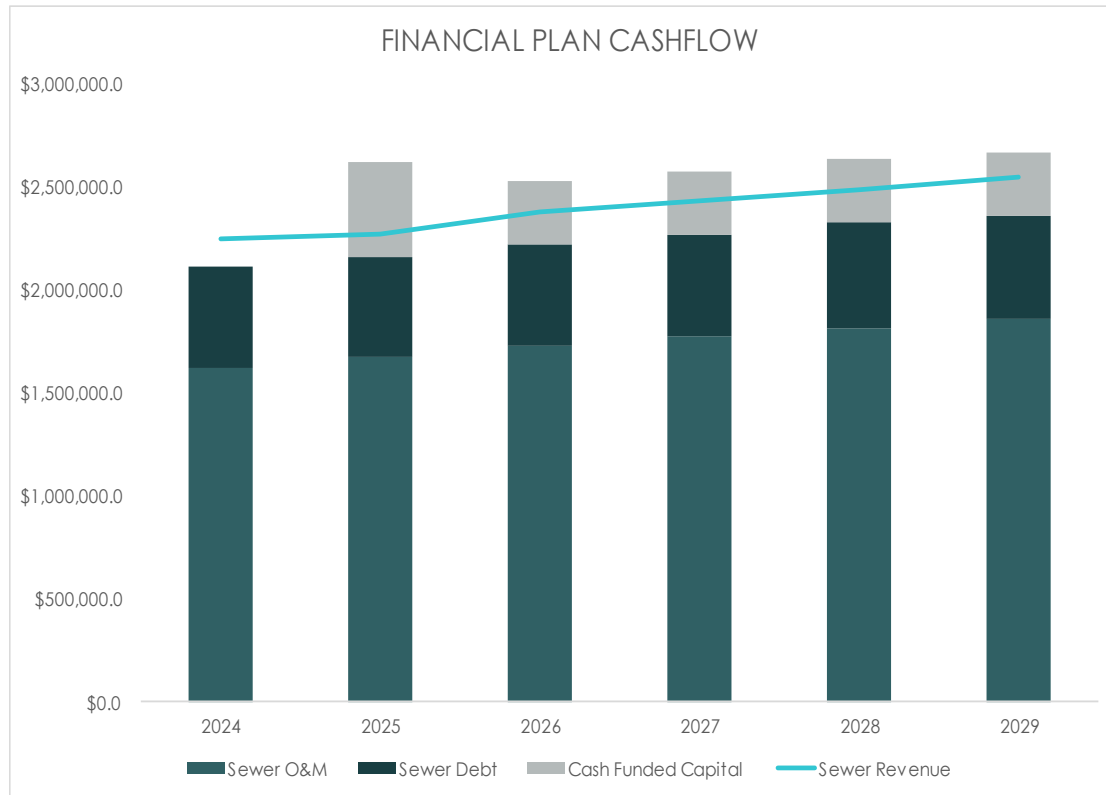
Outside-city consumption factors the growth in commercial accounts, with total consumption forecasted to be >23 MG in FY2025 and relatively static changes to annual consumption leading up-to 2029.

Revenue Requirements



Revenue Requirements

(no adjustments)

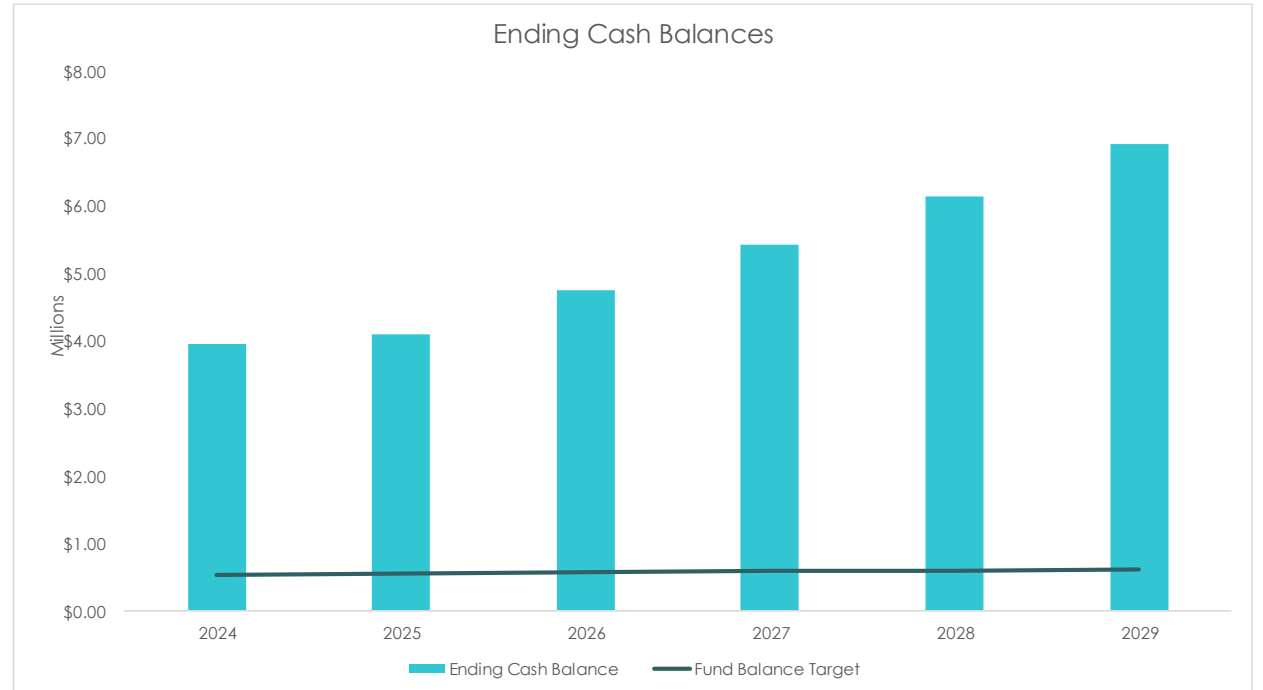
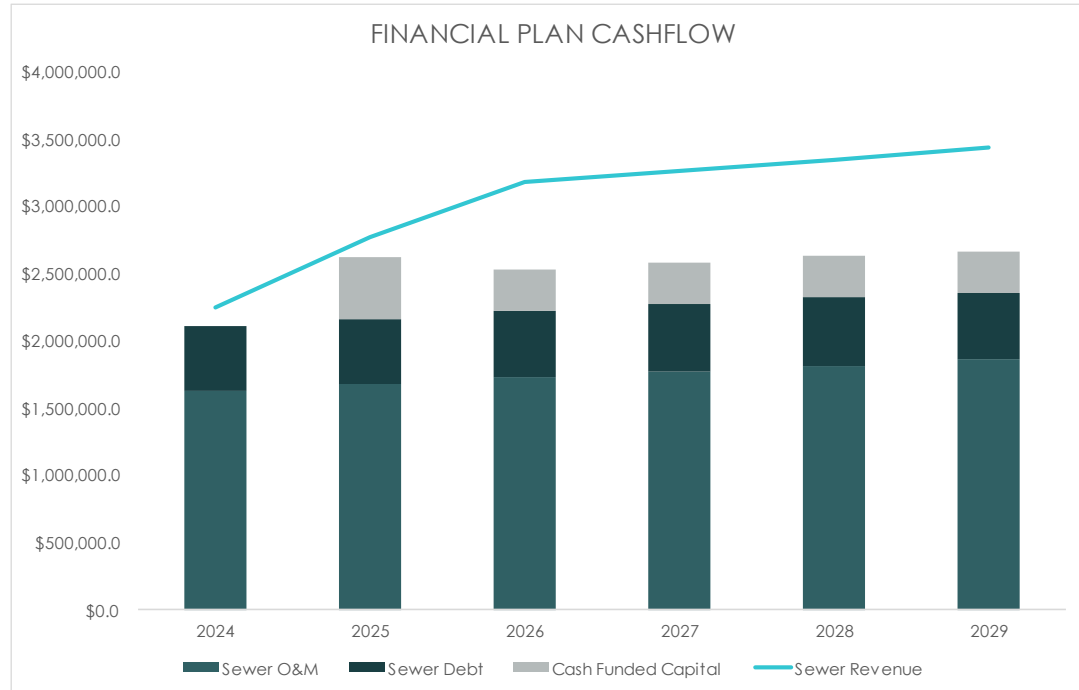


- Fund Balance: a decrease of **\$350K** is forecasted in FY2025 and nearly **\$1M** from FY2025 – 2029 if no increase to rates.

- The target fund balance (line) is based on maintaining 120 days of O&M expenses in the Town's reserves.
- Without a rate increase, balances are expected to decrease, but remain above the fund balance target

Revenue Requirements

(FY2025: 11% and FY2026: 5%)



- Fund Balance: an additional \$145K is forecasted to be added in FY2025 and \$3M from FY2025 – 2029, which positions the Town to cash-fund a portion of its capital projects in the out-years (FY2030 and beyond).

- The Fund Balance Target is based on maintaining 120 days of O&M expenses or 553K in FY2025 and \$614K in FY2029
- The forecasted fund balance in FY2025 at year-end is \$3.5M and \$6.3M in FY2029

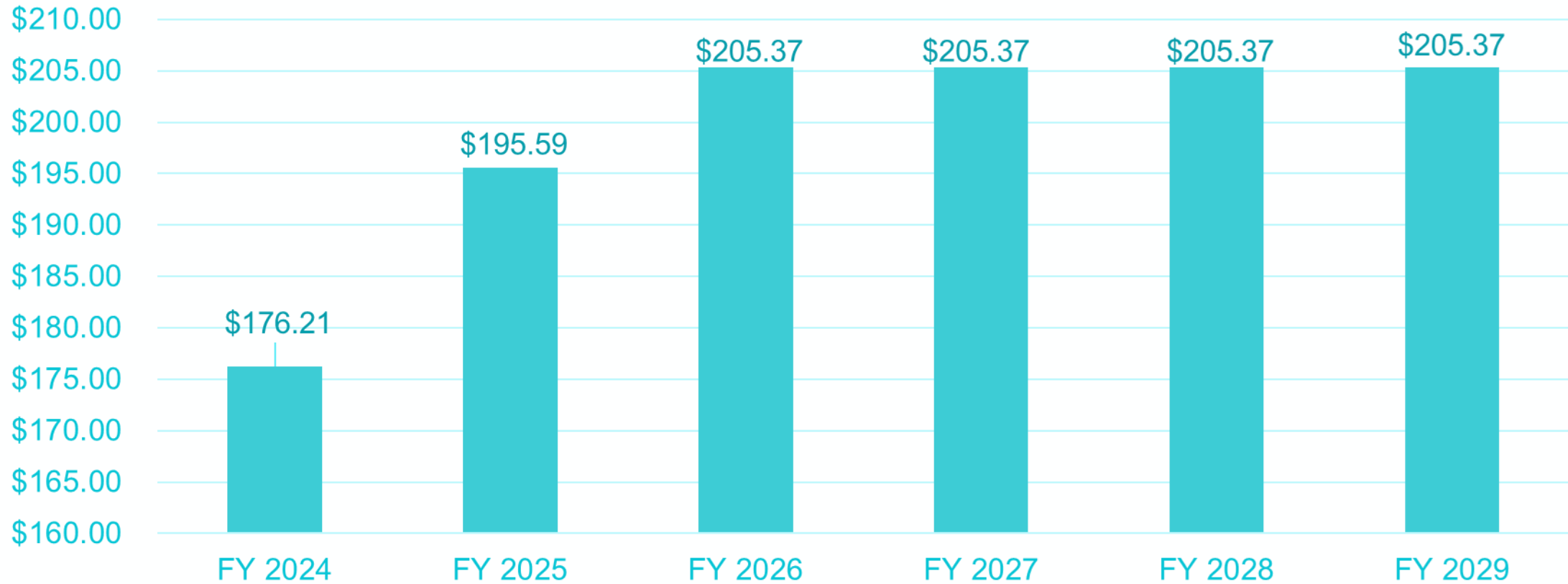
Rate Increase Effects



Commercial

Typical Wastewater Bill

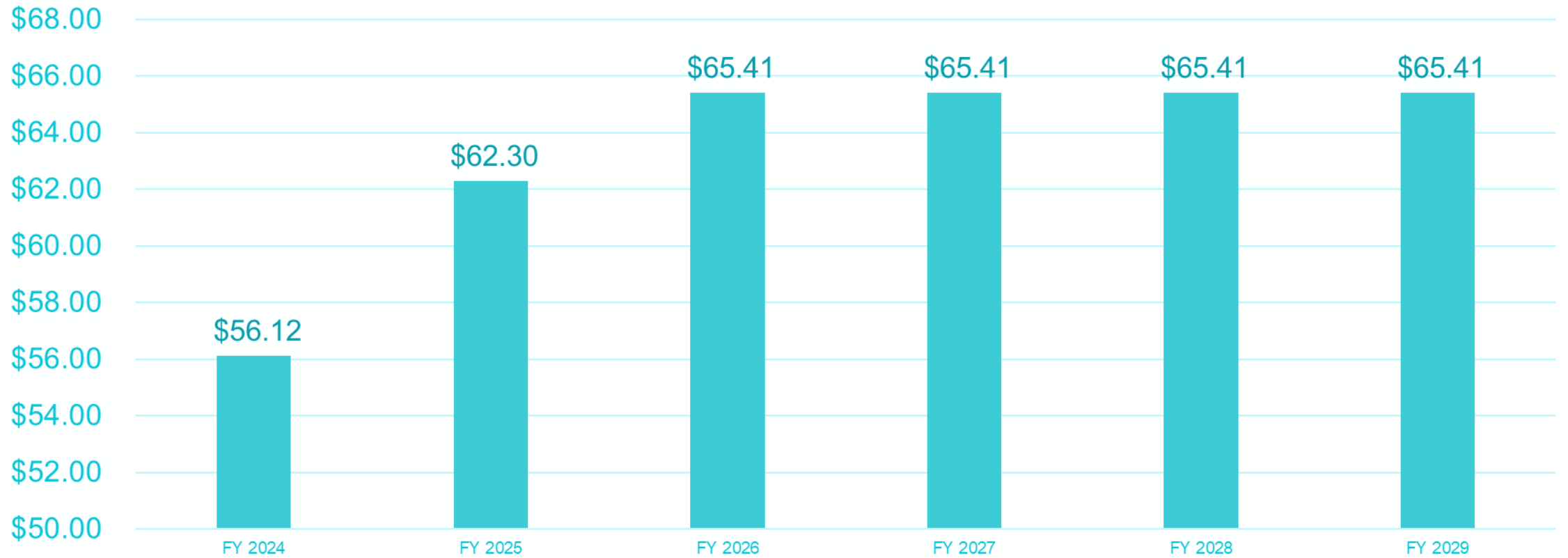
Commercial Monthly Bill for ¾" Meter at 25 kgal



Residential

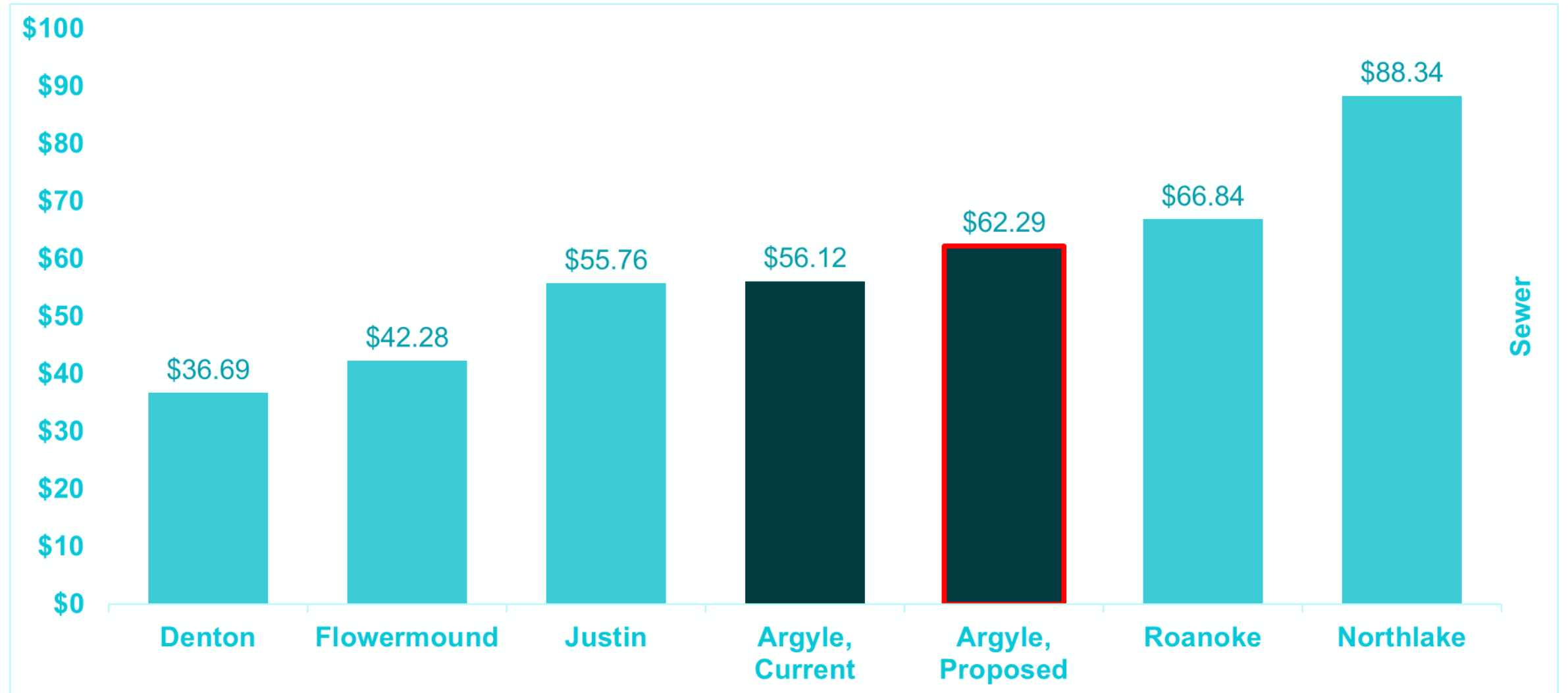
Typical Wastewater Bill

Monthly Residential Bills for 3/4" Meter at 5,800 gal



Residential

Peer Cities Wastewater Bill Comparison (3/4 Meter at 5,800 gallons)





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Q&A



Thank you!

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