

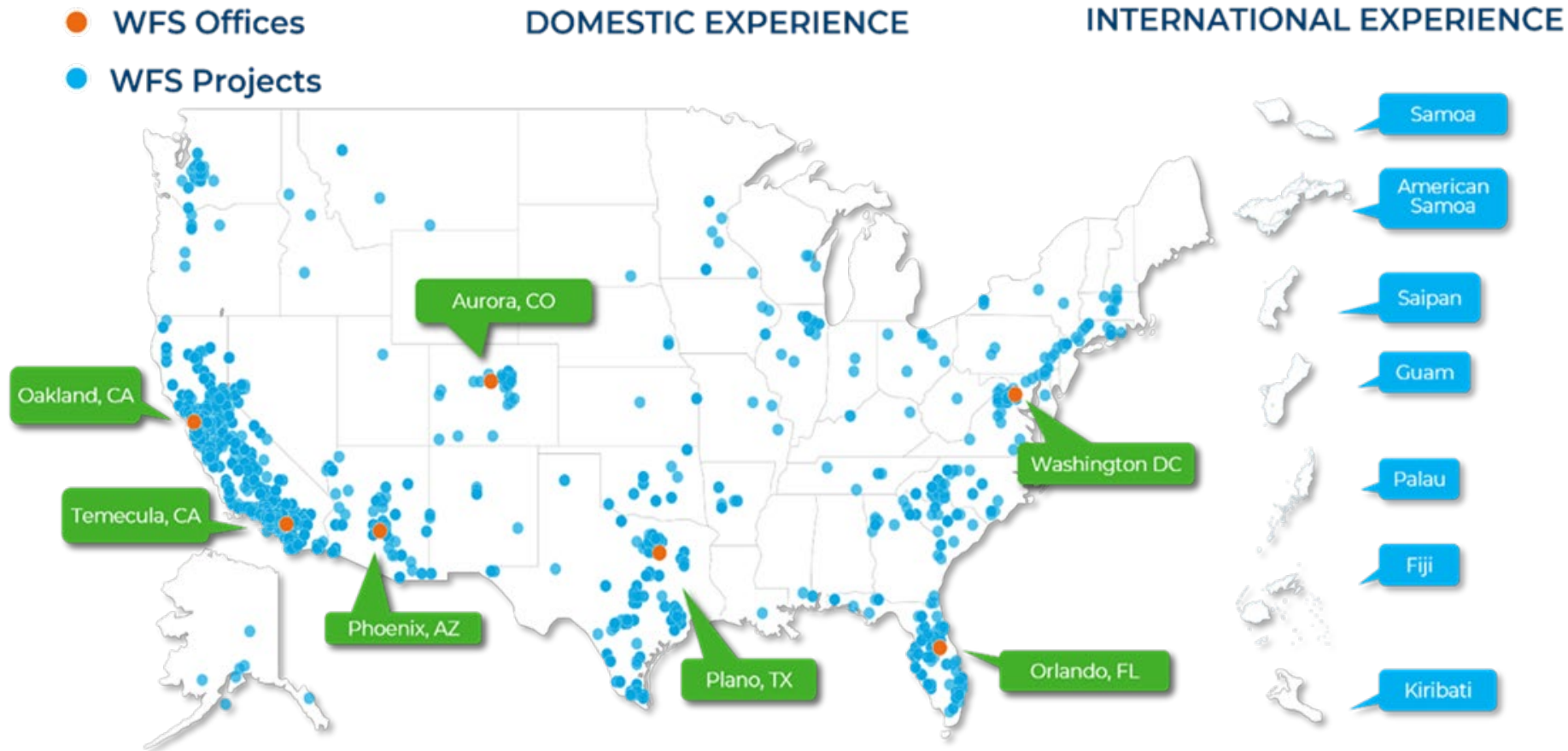
2025 Water and Wastewater Rate Study

City Council Presentation

October 2025

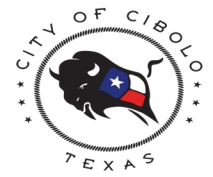


WILLDAN CLIENT EXPERIENCE | USA & INTERNATIONAL

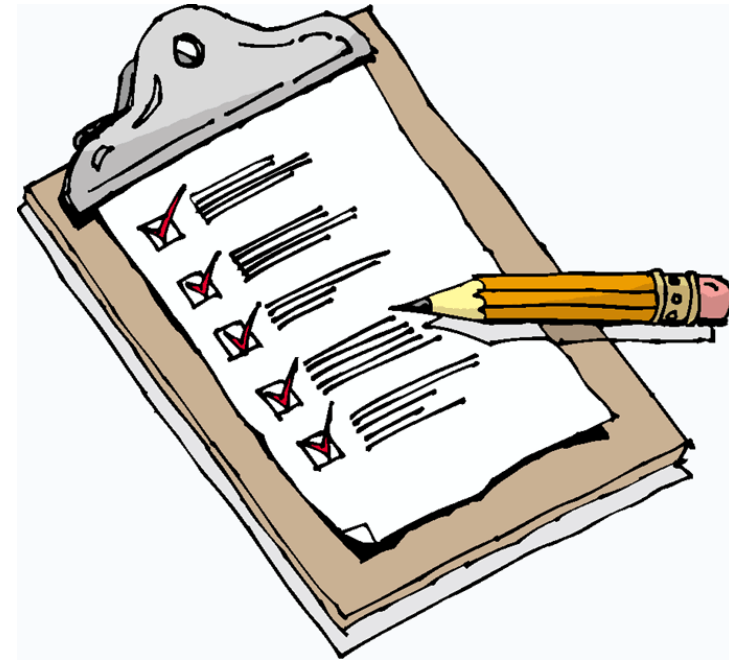


- Over **500** financial consulting projects throughout the south and southwest, including over **350** utility rate studies
- Project Manager Dan Jackson based in Plano. Over 40 years utility rates study experience domestic and international.
- Project Analyst Dan Lanning based in Plano. Over 35 years utility rates study experience domestic and international.

Presentation Format



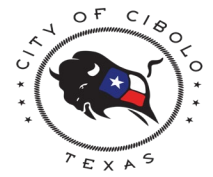
- Background on Rates
- Forecast Accounts and Volumes
- Revenue Requirements
- Recommended Rate Plan
- Next Steps



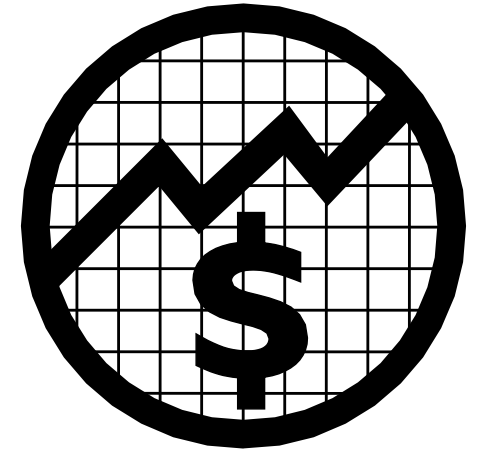
The background of the slide is a photograph of an industrial facility, likely a water treatment plant. It features large, complex machinery with multiple vertical cylindrical tanks, pipes, and valves. The scene is brightly lit, possibly by large windows on the right side. The entire image is overlaid with a semi-transparent blue filter. A thin yellow horizontal line is positioned above the title text.

Background on Rates

Facts about Water and Wastewater Service in the 21st Century



- Average utility has been increasing rates 5-6% per year, trend expected to continue
- AWWA forecasts that water and wastewater rates across the U.S. will triple in the next 15 years
- Rate adjustments are primarily due to reasons beyond a utility's control – Wholesale providers passing along cost increases, inflation, Capital Improvement Plans, etc.
- Increased federal and state regulations on water and wastewater treatment are also leading to higher costs
- **30-40% of utilities charge rates that do not cover their costs**



Today's Presentation – Factors and Objectives



- **Factors impacting City of Cibolo's rates:**
 - \$11,946,001 in capital improvements over next 3-5 years that serve development flowing to the North CCMA WWTP are needed to overhaul and expand system;
 - CCMA South WWTP requires expansion to serve future growth. There is an opportunity to partner with new development to fund infrastructure; and
 - Operating costs increasing
- **Feedback requested from Council:**
 - Amount of direct and debt funding for CIP
 - Length of rate plan: 3 or 5 years



CCMA South Plant 0.5 MGD, Phase I



CCMA South Plant 0.5 MGD, Phase I

Current Water and Wastewater Rates Effective October 2025



Water Rates

Residential Rates

<u>Minimum Charge</u>	\$	28.00
<u>Volume Rate (per 1,000 Gallons)</u>		
1,200	7,000	6.19
7,001	15,000	7.91
15,001	30,000	9.58
30,001	50,000	11.25
50,001	Above	14.08

Commercial/MF/Wholesale Rates

<u>Minimum Charge by Meter Size:</u>		
5/8"	\$	28.00
3/4"		35.65
1"		60.10
1 1/2"		163.80
2"		240.25
3"		480.50
4"		961.00
6"		1,528.80
8"		2,620.80
10"		5,241.60

Special Rate*

<u>Minimum Charge</u>	\$	13.50
<u>Volume Rate (per 1,000 Gallons)</u>		
	\$	-

* Special Rate for residential customers using less than 1,200 gallons per month.

<u>Volume Rate (per 1,000 Gallons) -- Commercial/MF</u>			
1,000	7,000		6.19
7,001	15,000		7.91
15,001	30,000		9.58
30,001	50,000		11.25
50,001	Above		14.08

<u>Volume Rate (per 1,000 Gallons) -- Wholesale</u>			
1,000	30,000		6.43
30,001	60,000		8.22
60,001	Above		11.10

Wastewater Rates

Residential Rates

<u>Minimum Charge</u>	\$	19.02
<u>Volume Rate (per 1,000 Gallons)</u>		
3,001	Above	5.55

Commercial & Multifamily Rates

<u>Minimum Charge</u>	\$	23.65
<u>Volume Rate (per 1,000 Gallons)</u>		
3,001	Above	5.55

Reflects 2.0% WW increase effective Oct. 2025

Monthly Water Acquisition Fee

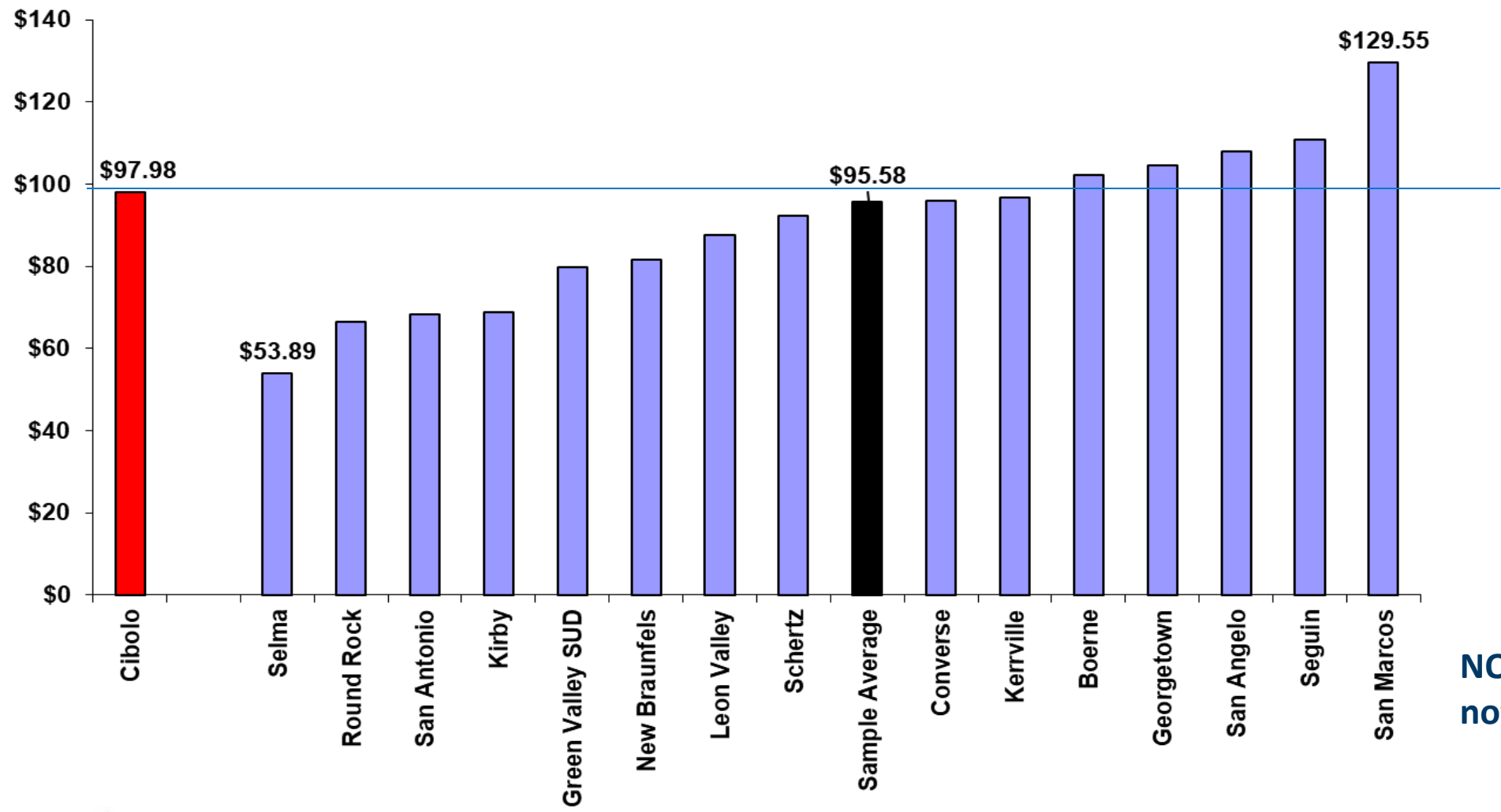
<u>Minimum Charge by Meter Size:</u>		
5/8"	\$	9.00
3/4"		12.00
1"		18.00
1 1/2"		24.00
2"		36.00
3"		48.00
4"		72.00
6"		96.00
8"		120.00
10"		144.00

Residential Rate Comparison

7,500 Gallons Water/5,000 Gallons WW



*Rates as of June 2025



Monthly Charge Calculation

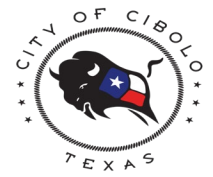
Water		
Base Charge	\$	28.00
1,201 -- 7,000		35.90
7,001 -- 7,500		3.96
		67.86
Wastewater		
Base Charge		19.02
3,001 -- 5,000		11.10
		30.12
TOTAL		97.98

NOTE: \$9.00 acquisition fee not included in calculation.

The background of the slide is a blue-tinted photograph of industrial machinery, likely a water treatment plant. It features large pipes, valves, and mechanical components. A thin yellow horizontal line is positioned above the title text.

Forecast Accounts and Volumes

Current Year Water and Wastewater Accounts



WATER Customers		WASTEWATER Customers	
Residential	6,508	Residential	11,638
Commercial	394	Commercial	283
Wholesale	1		
Special Rate	<u>361</u>		
Total	7,264	Total	11,921

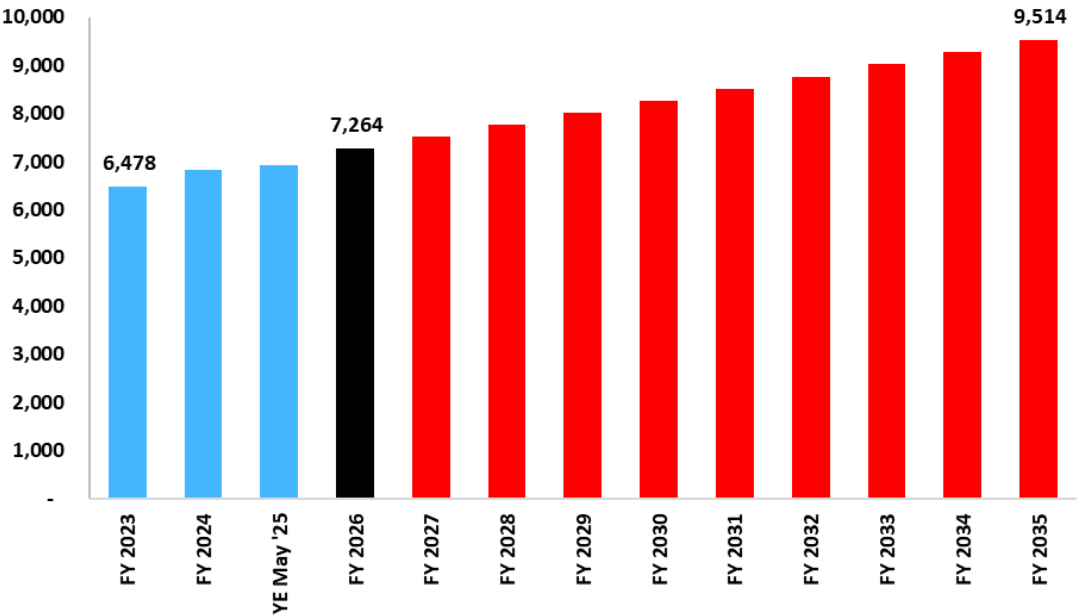
Multifamily included in Commercial

NOTE: a significant portion of City's water service area is served by Green Valley Special Utility District (GVSUD)

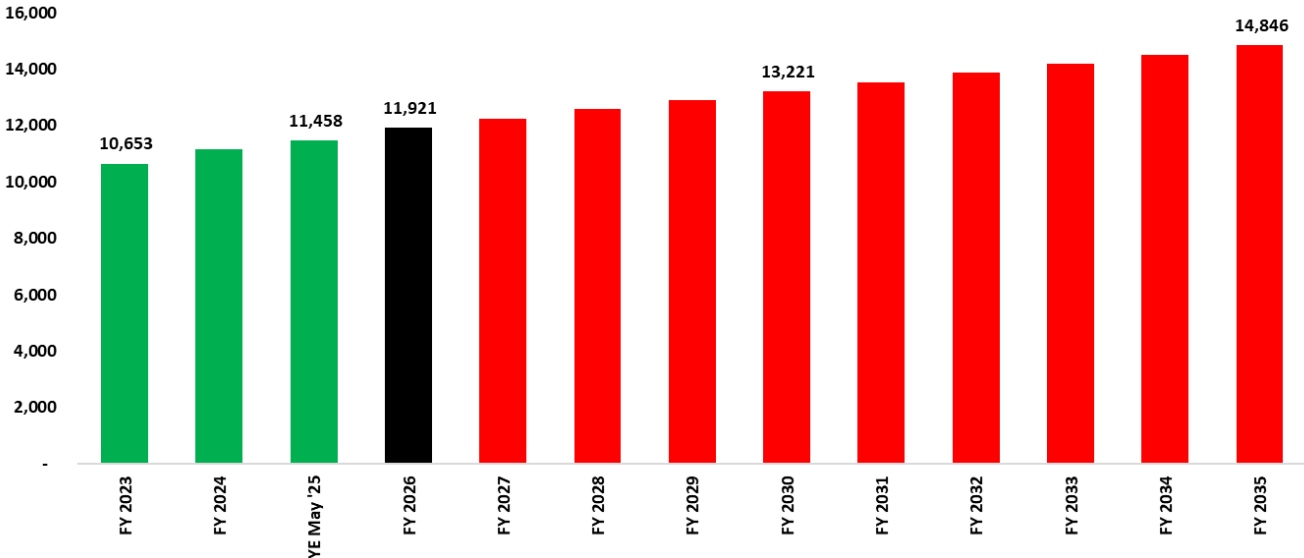
Historical and Forecast Water and Wastewater Accounts



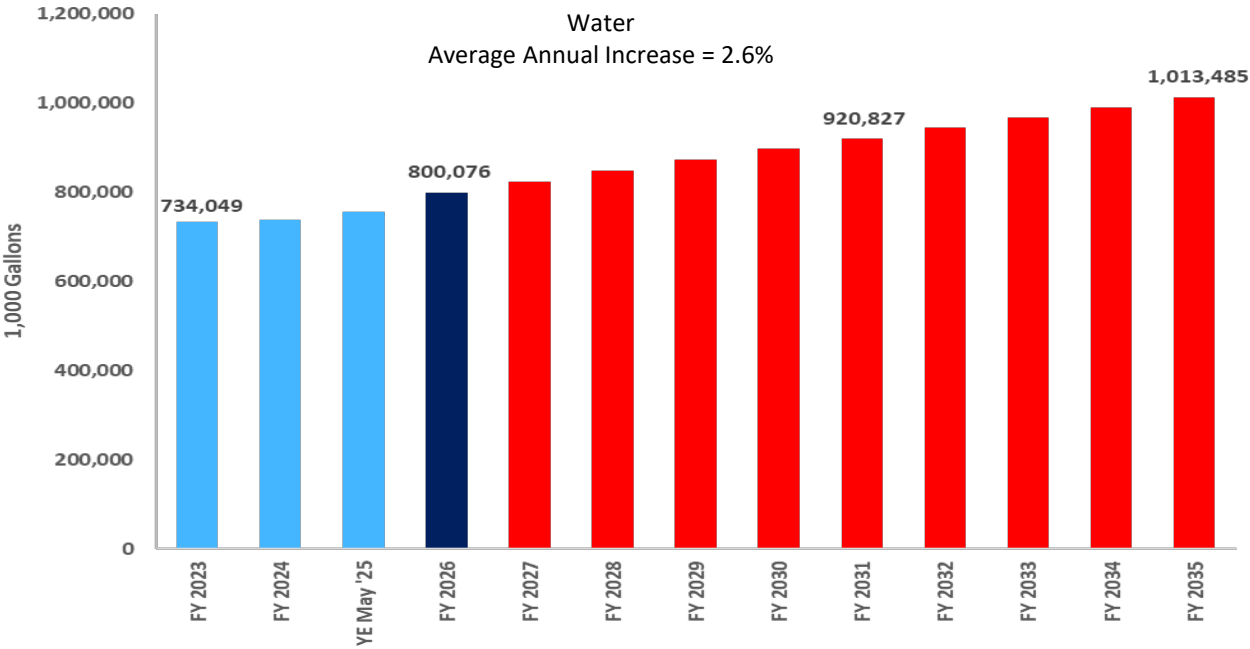
Water
Average Annual Increase = 230 accounts (3.04%)



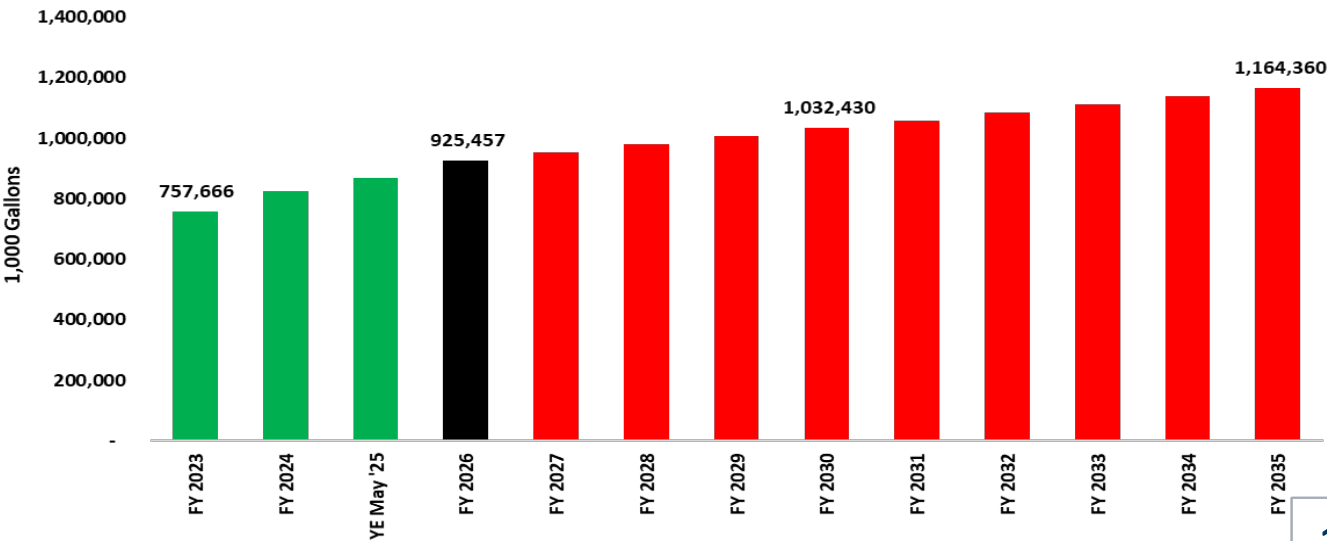
Wastewater
Average Annual Increase = 324 accounts (2.47%)



Test Year and Forecast Annual Water Billed Consumption



Wastewater
Average Annual Increase = 2.6%



The background of the slide is a blue-tinted photograph of industrial machinery, likely a water treatment plant. It features large pipes, valves, and mechanical components. A thin yellow horizontal line is positioned above the title text.

Revenue Requirements and Cost of Service

10 Year Forecast

Primary Assumptions



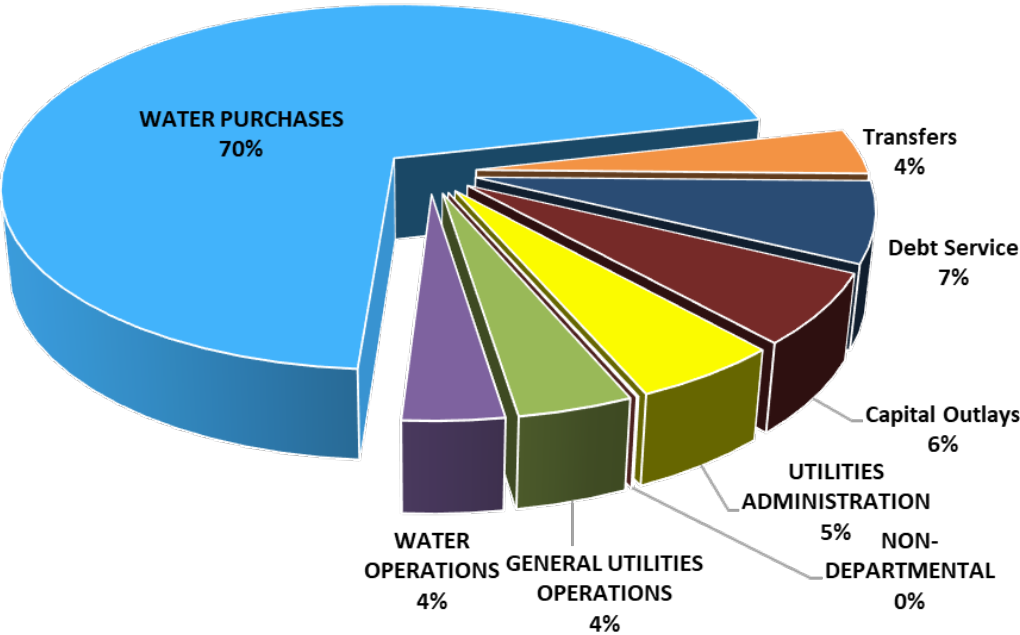
- **Biggest Impacts on Rate Plan** (See next slide)
 - Increase in CRWA Operational Costs, Water Purchases, and Regional Water Participation Costs
 - Increase in CCMA WWTP Operational Costs at WWTPs along with South Plant Expansion
 - Debt issued for the Design (\$3.825M in late 2025) and Construction (est. \$33.75M with payments beginning in 2027) to expand CCMA South WWTP
 - Debt required to fund CIP
- **Other Recurring Impacts on Rate Plan** (See next slide)
 - Most personnel and operating expenses increase 3.0% per year
 - Certain expenses (insurance/workers comp/health care) increase at higher rates
 - Certain expenses will increase with volume and customer growth (electricity/chemicals)



FY 2026 Cost of Service

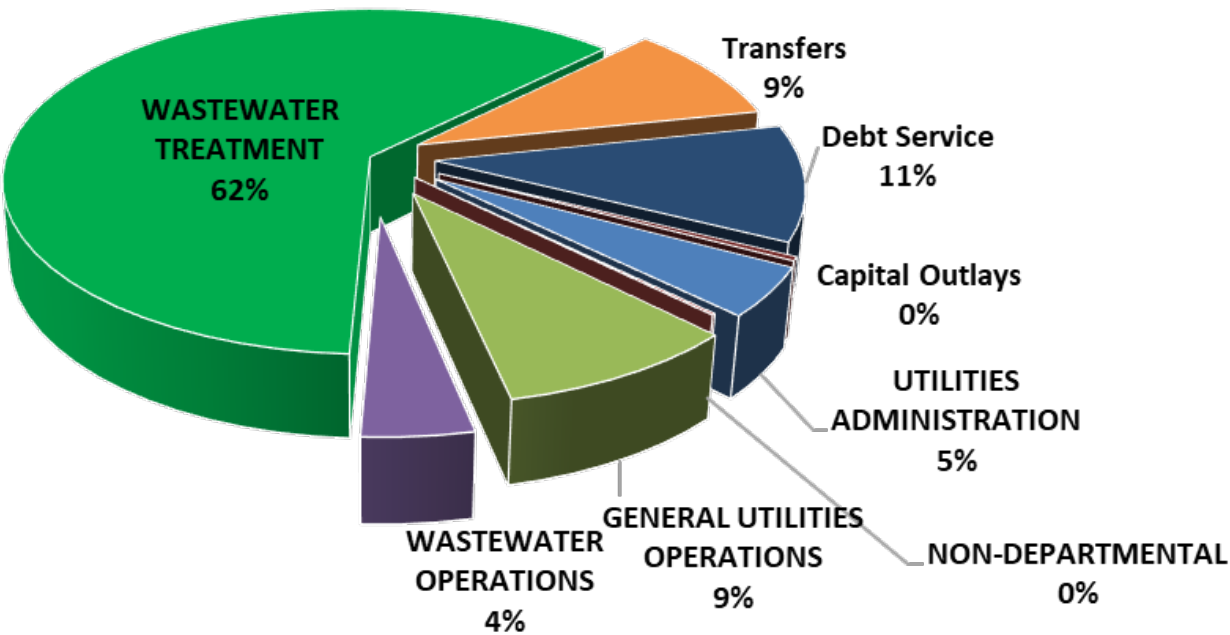


Water = \$9,392,054



Note: 83% of Water Purchases costs are CRWA charges

Wastewater = \$6,615,996



100% of Wastewater Treatment costs are CCMA charges

Water Reserves, Purchases and Regional Authority Participation



	2026	2027	2028	2029	2030
Water Acquisition Costs					
CRWA Expenses					
Raw Water	\$ 626,050	\$ 657,353	\$ 690,220	\$ 724,731	\$ 760,968
Purchased Water	905,219	1,007,766	1,120,579	1,244,637	1,381,008
M&O	2,027,938	2,129,335	2,235,802	2,347,592	2,464,971
Administration	377,950	396,848	416,690	437,524	459,401
Loan Payment	1,572,300	1,626,882	1,629,621	1,616,159	1,573,979
Sub-Total	5,509,457	5,818,183	6,092,912	6,370,643	6,640,327
City of Schertz	95,000	97,850	100,786	103,809	106,923
Future Water Acquisition	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	6,604,457	6,916,033	7,193,697	7,474,452	7,747,250



CCMA Forecast Payments (Wastewater)

	2026		2027		2028		2029		2030	
CCMA Costs										
Unit Rate	\$	4,115,000	\$	4,321,551	\$	4,532,559	\$	4,799,082	\$	5,324,315
Series 2014 South Plant Phase I		205,125		206,425		356,325		356,325		358,500
Series 2025 South Plant Expansion		<u>151,406</u>		<u>1,418,956</u>		<u>2,468,381</u>		<u>2,471,825</u>		<u>2,468,656</u>
Total		4,471,531		5,946,932		7,357,265		7,627,232		8,151,471

NOTE: The South Wastewater Treatment Plant (WWTP) Phase I and Expansion to 3.0 MGD costs will be spread to new customers as the south service area develops.

Water and Wastewater CIP FY26 – FY30



WATER PROJECTS

FM 1103 Phase II Utility Relocation Match 50/50 W/WW	\$	2,773,806
Cibolo South Neighborhood Project		1,000,000
Haeckerville Rd. Extension		1,556,295
Total Water Projects	\$	5,330,101

WASTEWATER PROJECTS

FM 1103 Phase II Utility Relocation Match 50/50 W/WW	\$	678,341
Lift Station Decommission		2,414,903
8" Sanitary Sewer Replacement		-
Venado Sanitary Sewer Installation		3,522,656
Total Wastewater Projects	\$	6,615,900

Total Water and Wastewater Projects	\$	11,946,001
--	-----------	-------------------

NOTE: Utility Rate study does not include new capital improvement projects currently being evaluated in the 2025 impact fee study.

The wastewater projects listed here will flow to the CCMA North WWTP.

This list does not include wastewater projects that will serve the South Service Area Basin and flow to the CCMA South WWTP.

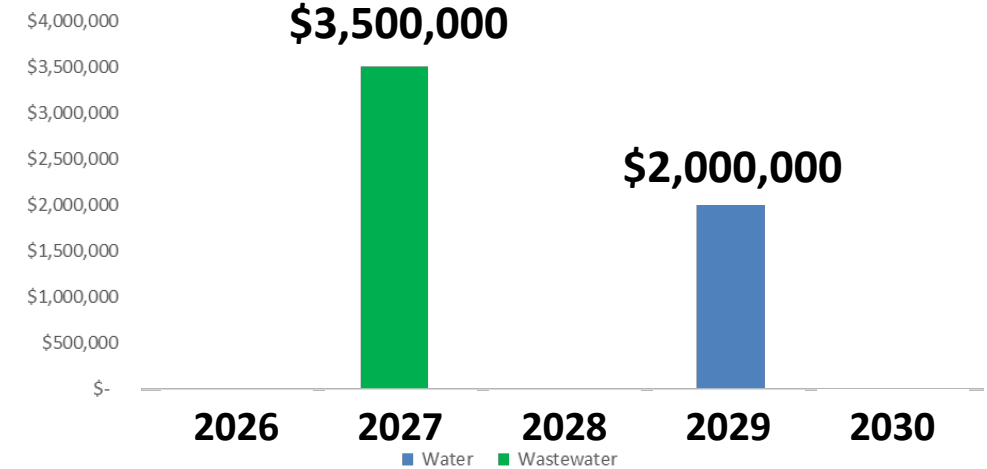
CIP Funding = Developer Contributions (e.g., ongoing MUD negotiations), Impact Fees, and Debt Issues

CIP Project Funding FY26 – FY30



- Reflects staff and project team assumptions regarding CIP project funding
 - Impact Fee reserves used to fund eligible CIP projects; plus
 - \$5.5M in new debt issued over 2026-2030 timeframe
- Council to approve ultimate CIP financing plan:
 - Existing bond funds
 - Impact fees
 - Fund balance
 - New debt

Forecast Bond Issues



Term = 20 Years
Interest = 4.0%

Water and Wastewater Forecast Cost of Service



	2026	2027	2028	2029	2030
WATER					
Operating	\$ 1,193,779	\$ 1,237,928	\$ 1,304,067	\$ 1,394,410	\$ 1,468,978
Water Acquisition	6,604,457	6,916,033	7,193,697	7,474,452	7,747,250
Capital Outlays	572,516	627,316	740,316	840,316	940,316
Current Debt	650,386	666,586	556,256	551,750	552,650
Future Debt	-	-	260,111	260,111	260,111
Transfers	370,915	382,043	393,504	405,309	417,468
Total	9,392,054	9,829,906	10,447,953	10,926,349	11,386,774
WASTEWATER					
Operating	\$ 1,201,488	\$ 1,250,594	\$ 1,335,077	\$ 1,458,547	\$ 1,555,372
CCMA -- WW Treatment	4,471,531	5,946,932	7,357,265	7,627,232	8,151,471
Capital Outlays	24,572	37,772	24,772	24,772	24,772
Current Debt	309,705	77,520	-	-	-
Future Debt	-	-	-	-	148,635
Transfers	608,701	626,962	645,771	665,144	685,098
Total	6,615,996	7,939,780	9,362,884	9,775,695	10,565,349
Water/WW Total	16,008,050	17,769,686	19,810,837	20,702,044	21,952,123

The background of the slide is a photograph of industrial machinery, likely a water treatment plant, featuring large pipes, valves, and motors. The entire image is overlaid with a semi-transparent blue filter. A thin yellow horizontal line is positioned above the title text.

Rate Plan Proposal

Notes on Rate Proposal



- Recommend implementing a **3-year rate plan** with first adjustment in **January 2026** and additional adjustments in **October 2026** and **October 2027**
 - A 3-year plan will allow the City to re-evaluate rates after the CCMA South Plant design is complete, and CCMA enters into a construction contract for the expansion in mid-2027; the CCMA South WWTP timeline shows construction to start around August 2027.
 - Re-evaluate wastewater rates in 2027 for 2028 and beyond
- **City has option of extending the proposal to a 5-year plan**
- No change in current rate structure
- Rate plan should be reviewed annually due to potential changes in operations and CIP



Recommended Rate Plan -- Water



		Effective				Recommended	
Water Rates - Residential		Current	Jan-26	Oct-26	Oct-27	Oct-28	Oct-29
Special Rate (less than 1,200 gal. per month)		\$ 13.50	\$ 13.50	\$ 14.45	\$ 14.73	\$ 15.03	\$ 15.33
Residential Monthly Minimum Charge (includes 1,200 Gallons)		28.00	28.00	29.96	30.56	31.17	31.79
Residential Volume Rate Per 1,000 Gal							
1,200	7,000	6.19	6.19	6.62	6.76	6.89	7.03
7,001	15,000	7.91	7.91	8.46	8.63	8.81	8.98
15,001	30,000	9.58	9.58	10.25	10.46	10.66	10.88
30,001	50,000	11.25	11.25	12.04	12.28	12.52	12.77
50,001	Above	14.08	14.08	15.07	15.37	15.67	15.99
Water Rates -- Commercial/MF/Wholesale							
Monthly Minimum Charge (includes 1,000 Gallons)							
	5/8"	28.00	28.00	29.96	30.56	31.17	31.79
	3/4"	35.65	35.65	38.15	38.91	39.69	40.48
	1"	60.10	60.10	64.31	65.59	66.91	68.24
	1 1/2"	163.80	163.80	175.27	178.77	182.35	185.99
	2"	240.25	240.25	257.07	262.21	267.45	272.80
	3"	480.50	480.50	514.14	524.42	534.91	545.60
	4"	961.00	961.00	1,028.27	1,048.84	1,069.81	1,091.21
	6"	1,528.80	1,528.80	1,635.82	1,668.53	1,701.90	1,735.94
	8"	2,620.80	2,620.80	5,608.51	5,720.68	5,835.10	5,951.80
	10"	5,241.60	5,241.60	5,608.51	5,720.68	5,835.10	5,951.80
Volume Rate Per 1,000 Gal -- Commercial/MF							
1,000	7,000	6.19	6.19	6.62	6.76	6.89	7.03
7,001	15,000	7.91	7.91	8.46	8.63	8.81	8.98
15,001	30,000	9.58	9.58	10.25	10.46	10.66	10.88
30,001	50,000	11.25	11.25	12.04	12.28	12.52	12.77
50,001	Above	14.08	14.08	15.07	15.37	15.67	15.99
Volume Rate Per 1,000 Gal -- Wholesale							
1,000	30,000	6.43	6.43	6.88	7.02	7.16	7.30
30,001	60,000	8.22	8.22	8.80	8.97	9.15	9.33
60,001	Above	11.10	11.10	11.88	12.11	12.36	12.60

Average Residential Customer would see NO increase in Water rate in January 2026, but would see an increase of \$4.75 in October 2026



Recommended Rate Plan – Wastewater and Additional Fees

Average Residential Customer would see an increase of \$3.31 in their Wastewater rate in January 2026 and another increase of \$3.68 in October 2026.

Additional Fees		Current	Effective		Current	Recommended	
			Jan-26	Oct-26	Oct-27	Oct-28	Oct-29
Water Acquisition Fee							
	5/8"	\$ 9.00	\$ 9.00	\$ 9.45	\$ 9.92	\$ 10.42	\$ 10.94
	3/4"	12.00	12.00	12.60	13.23	13.89	14.59
	1"	18.00	18.00	18.90	19.85	20.84	21.88
	1 1/2"	24.00	24.00	25.20	26.46	27.78	29.17
	2"	36.00	36.00	37.80	39.69	41.67	43.76
	3"	48.00	48.00	50.40	52.92	55.57	58.34
	4"	72.00	72.00	75.60	79.38	83.35	87.52
	6"	96.00	96.00	100.80	105.84	111.13	116.69
	8"	120.00	120.00	126.00	132.30	138.92	145.86
	10"	144.00	144.00	151.20	158.76	166.70	175.03

Wastewater Rates - All Classes		Current	Effective		Current	Recommended	
			Jan-26	Oct-26	Oct-27	Oct-28	Oct-29
Residential Monthly Minimum Charge (includes 3,000 Gallons)		\$ 19.02	\$ 21.12	\$ 23.44	\$ 26.02	\$ 28.36	\$ 30.91
Commercial Monthly Minimum Charge (includes 3,000 Gallons)		23.65	26.26	29.14	32.35	35.26	38.43
Volume Rate/1,000 Gal							
3,001 Above		5.55	6.16	6.84	7.59	8.27	9.02



NOTE: 1/Water Acquisition fee used to fund CVLGC and water acquisition reserve (\$1.0 m/yr);
2/WW current rates include 2% increase effective Oct. 2025.

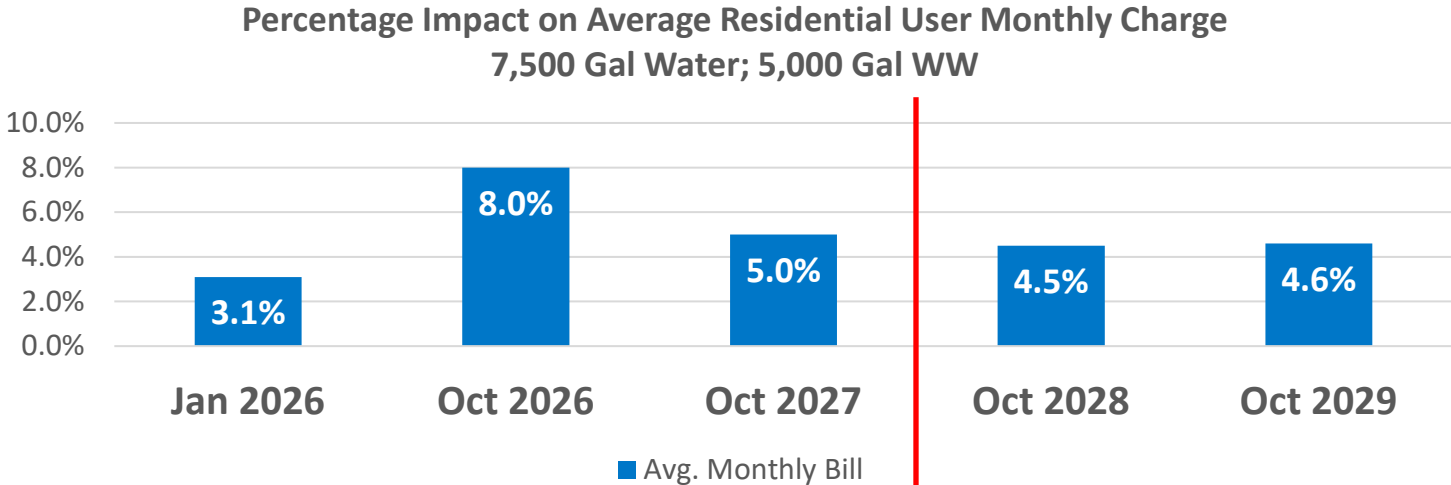
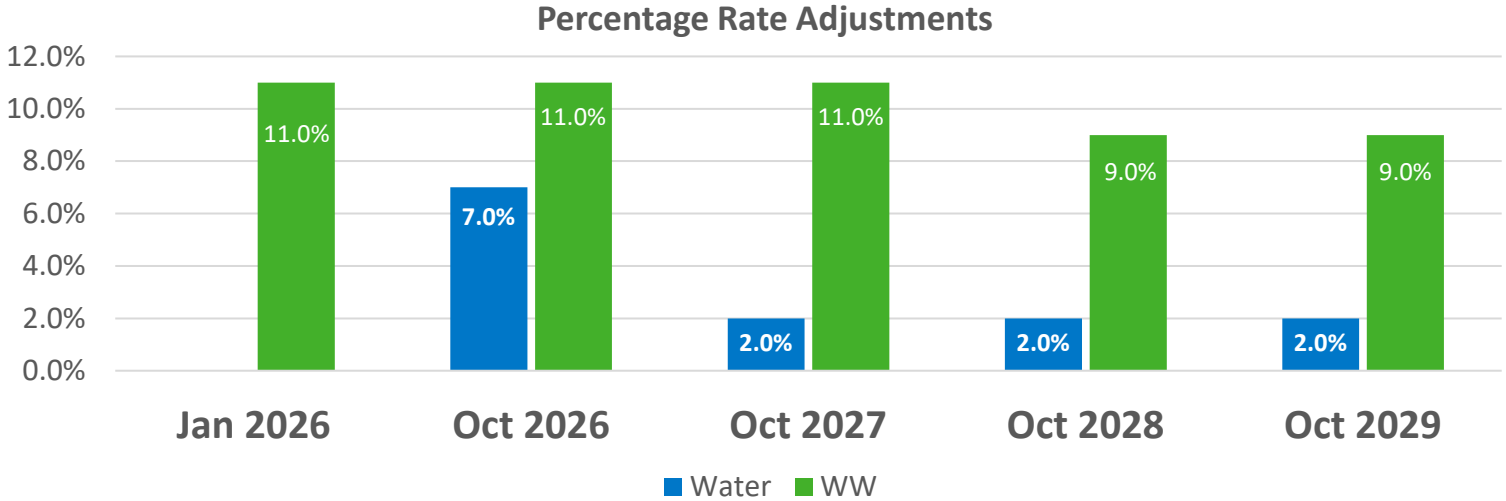
Rate Plan

Impact on W & WW Monthly Charges



			Effective			Recommended	
		Current	Jan-26	Oct-26	Oct-27	Oct-28	Oct-29
Residential Monthly Charge - 5/8"							
1,000 Gal Water	1,000 Gal WW						
	Total	\$ 41.52	\$ 43.62	\$ 47.33	\$ 50.67	\$ 53.81	\$ 57.18
	Increase -- \$		2.09	3.72	3.34	3.13	3.37
7,500 Gal Water	5,000 Gal WW						
	Total	106.98	110.29	119.17	125.18	130.86	136.93
	Increase -- \$		3.31	8.88	6.01	5.68	6.07
15,000 Gal Water	5,000 Gal WW						
	Total	178.83	182.14	196.05	203.59	210.85	218.52
	Increase -- \$		3.31	13.91	7.54	7.25	7.67
Comm. & Multifamily Monthly Charge - 1"							
40,000 Gal Water	40,000 Gal WW						
	Total	654.68	679.86	737.44	777.86	815.64	856.15
	Increase -- \$		25.19	57.58	40.42	37.77	40.52

Impact of Rate Proposal



Summary and Next Steps



- Rate plan is required to maintain utility's financial health, fund CIP projects, and finance CCMA South WWTP expansion
- **Request direction from Council on following:**
 - Confirm use of Impact Fees to fund CIP to greatest extent possible to reduce new debt; and
 - 3 year vs. 5 year rate plan implementation



The background of the slide is a blue-tinted photograph of industrial machinery, likely a water treatment or chemical processing plant. It features large pipes, valves, and mechanical components. A thin yellow horizontal line is positioned above the title text.

Questions and Discussion



Willdan Financial Services ("Willdan") is registered as a "municipal advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the United States Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has made available on its website (www.msrb.org) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority. As part of its SEC registration Willdan is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving Willdan. Pursuant to MSRB Rule G-42, Willdan is required to disclose any legal or disciplinary event that is material to Client's evaluation of Willdan or the integrity of its management or advisory personnel. Willdan has determined that no such event exists. Copies of Willdan's filings with the United States Securities and Exchange Commission can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at: <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either Willdan Financial Services or for our CIK number which is 0001782739.

For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the municipality with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the municipality, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the municipality, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, unless formally engaged to provide such information.