

PUBLIC HEARING

- **SEIS LAGOS UTILITY DISTRICT**
- **PUBLIC HEARING**
- **AUGUST 22, 2022**

PRESIDENT-JEROD HANGARTNER, VICE PRESIDENT-NICK CALLUTI

TREASURER-JEFF HENDERSON, MEMBER -SCOTT HAGENMULLE, MEMBER -OMAR NAJI

TOPICS

- OVERVIEW
- TAX RATE
- WATER RATES
- COMMERCIAL RATES
- SEWER RATES
- FIRE PROTECTION SURCHARGE
- STATE OF THE DISTRICT

OVERVIEW

- BUDGET PRINCIPLES
- PROPOSED BUDGET
- LARGE PROJECTS (SEWER & ROADS)

BUDGET PRINCIPLES

- UNDERESTIMATE REVENUE AND OVERESTIMATE EXPENSES
- RESULTS IN A BUDGET SURPLUS THAT PREPARES US FOR LARGE PROJECTS
- AS OF THE END OF FY2021 -2022 WE WILL HAVE ROUGHLY \$2.97M IN CAPITAL RESERVE, INCLUDING FUNDS FROM RELEASE OF CCN TO HUFFINES
- FUND GROWTH RATE REDUCED BY 50% DUE TO BOND REPAYMENT

PROPOSED BUDGET

- IF APPROVED, WE WILL ADOPT A 2022-2023 FISCAL YEAR BUDGET TOTALING \$2,514,027.17
- THIS REPRESENTS AN OVERALL INCREASE OF \$85,781.02 (4%)
- PRIMARY DRIVERS:
 - COST OF OPERATION FOR SEWER PLANT
 - BASE WATER RATE COST FROM THE NTMWD

					general	sewer	water	unclassified	total budget
				Ordinary Income/Expense					
				Income					
				4005 · Service Revenue					
					495,564.00				495,564.00
					2,000.00	1,200.00	3,000.00		6,200.00
						526,500.00	764,000.00		1,290,500.00
				4030 · Tap Fees		0.00	0.00		0.00
				4032 · Tower Rental	8,400.00				8,400.00
				4040 · Inspection Fees	0.00				0.00
				4045 · Property Tax					0.00
					12,838.29				12,838.29
					714,782.30				714,782.30
				4050 · Title and Transfer Fees	2,000.00				2,000.00
				4105 · Misc. Income and Collections	1,000.00				1,000.00
				4905 · Investment Income	1,000.00				1,000.00
				Total Income	1,237,584.58	527,700.00	767,000.00	0.00	2,532,284.58
				Gross Profit	1,237,584.58	527,700.00	767,000.00	0.00	2,532,284.58

			Expense					
			5005 · Utility Cost		373,940.00	569,780.96		943,720.96
			6105 · Insurance Expense					0.00
				14,000.00				14,000.00
				23,000.00				23,000.00
			6610 · Salaries & Wages	375,000.00				375,000.00
			6615 · Board Member Monthly Stipen	3,000.00				3,000.00
			6620 · Payroll Taxes	38,000.00				38,000.00
			6625 · Retirement Expense	19,600.00				19,600.00
			6705 · Professional Fees					0.00
				4,500.00				4,500.00
				30,000.00				30,000.00
				20,000.00				20,000.00
				35,000.00	25,000.00	0.00		60,000.00
			6723 · Contract Services	40,000.00				40,000.00
			6805 · Electricity & Gas					0.00
				7,710.00				7,710.00
				4,000.00	4,000.00	14,000.00		22,000.00
			6807 · Equipment Rental	2,000.00				2,000.00
			6835 · Repairs & Maintenance	25,000.00	20,000.00	25,000.00		70,000.00

				7110 · CCCAD Appraisal Fees	7,000.00				7,000.00
				7120 · Tax Collection Fees	600.00				600.00
				7205 · Alarm System			300.00		300.00
				7210 · Office Supplies	30,000.00				30,000.00
				7212 · Payroll Processing Fees	400.00				400.00
				7215 · Postage and Delivery	3,500.00				3,500.00
				7220 · Travel/Training Expense	6,000.00				6,000.00
				7225 · Meeting Expense	800.00				800.00
				7230 · Office Equipment/Furniture	4,800.00				4,800.00
				7235 · Bank Fees	2,400.00				2,400.00
				7240 · Dues and Subscriptions	2,000.00				2,000.00
				7245 · Meals and Entertainment	500.00				500.00
				7250 · Rent Expense	24,600.00				24,600.00
				7315 · Fire Protection	493,613.00				493,613.00
				7520 · Water Analysis			1,300.00		1,300.00
				7805 · Miscellaneous Expense	2,000.00				2,000.00
				7910 · Interest Expense	3,300.00				3,300.00
				6729· Phase I Water Line Debt Svc.			98,406.25		98,406.25
				6730 - debt service 2019-2020 Bonds		100,375.00	57,301.96		157,676.96
				68800 · TCEQ	2,300.00				2,300.00
				7130 Election Exp.	0.00				0.00
				9999 · Transfers					0.00
				Total Expense	1,224,623.00	523,315.00	766,089.17	0.00	2,514,027.17
				Net Ordinary Income	1,237,584.58	527,700.00	767,000.00	0.00	18,257.41
				Net Income	12,961.58	4,385.00	910.83	0.00	18,257.41

LARGE PROJECTS SEWER SYSTEM

- **WATER PUMP STATION IMPROVEMENTS:
CONSTRUCTION COMPLETED (COST
\$980,000.00)**
- **WASTEWATER PLANT IMPROVEMENTS:
PLAN TO RE-BID THIS FALL (EST. COST
\$3.1M)**

LARGE PROJECTS

ROAD REPAIRS

- ONGOING PRICE HIKES ON MATERIAL AND LABOR
- INITIAL ESTIMATES INDICATE A COST OF ~\$2.6M FOR JUST SEIS LAGOS TRAIL
- WE ARE PREPARING CONSTRUCTION DRAWINGS TO FINALIZE BIDDING AND ESTIMATED START DATE Q2 2023

The background is a light blue gradient with several realistic water droplets of various sizes scattered across it. Some droplets are in the top left, some in the bottom right, and others are smaller and more numerous in the center and bottom. They have highlights and shadows, giving them a 3D appearance.

TAX RATES

AND HOW THEY AFFECT YOU

BUDGET OVERVIEW: UNDER STATE LAW AS A SPECIAL PURPOSE DISTRICT OUR BUDGET (AND TAX RATE) IS SPLIT INTO TWO DISTINCT PARTS. THE FIRST IS DEBT REPAYMENT AND THE SECOND IS M&O (MAINTENANCE AND OPERATIONS).

BOND REPAYMENT

- THIS IS A TAX ASSESSED AT A RATE THAT WILL REPAY A VOTER APPROVED BOND BY THE SCHEDULED PAYOFF DATE. OR FOR OTHER DEBT INCURRED BY THE DISTRICT.
- FUNDS RECEIVED UNDER THIS TAX CAN ONLY BE USED TO REPAY DEBT AND CANNOT BE USED FOR ANY OTHER PURPOSE.
- IF THERE IS NO DEBT THIS TAX CANNOT BE ASSESSED.
- THE DISTRICT CURRENTLY HAS ONLY A SMALL LOAN TO FINANCE NEW DISTRICT SERVICE VEHICLES WHICH FALLS UNDER THIS CATEGORY

M&O

- TAXES ASSESSED UNDER THIS CATEGORY ARE FOR THE GENERAL MAINTENANCE OF THE DISTRICT'S INFRASTRUCTURE ALONG WITH ANY OTHER OPERATIONAL COSTS NECESSARY TO OPERATE THE DISTRICT.
- IN ADDITION TO THE PROPERTY TAX REVENUE ANY OTHER REVENUE RECEIVED BY THE DISTRICT GOES INTO THIS BUDGET.
- THE MAXIMUM M&O TAX RATE IS ESSENTIALLY SET BY COLLIN COUNTY AND CAN ONLY BE EXCEEDED BY VOTER ELECTION.

PROPERTY TAXES

- THE DISTRICT SETS A PROPERTY TAX RATE THAT IS ASSESSED TO ALL PROPERTY OWNERS WITHIN THE DISTRICT FOR FISCAL YEAR 2022-2023.
- AS PREVIOUSLY MENTIONED, THE BOND REPAYMENT TAX RATE IS SET ONLY IF A TAX BOND IS APPROVED BY VOTERS AND THEN SET AT A RATE DETERMINED BY THE TERMS OF THE BOND. A TAX RATE CAN ALSO BE SET HERE FOR NORMAL (NON-BOND) DEBT SUCH AS VEHICLE OR EQUIPMENT FINANCING
- THE M&O RATE IS SET BY THE DISTRICT, BUT THE MAXIMUM RATE IS DETERMINED BY COLLIN COUNTY AND CANNOT BE EXCEEDED WITHOUT VOTER APPROVAL.
- WHEN DOES PROPERTY TAX REVENUE ARRIVE?
- THE SHORT ANSWER IS “AS IT IS PAID”
- THE LONG ANSWER IS “IT DEPENDS”
 - IN LATE SUMMER, EACH YEAR THE COLLIN COUNTY CENTRAL APPRAISAL DISTRICT COMPILES A ROLE OF DEVELOPED PROPERTY AND DETERMINES A CURRENT PROPERTY VALUE.
 - FROM THIS VALUE A TAXABLE VALUE IS DETERMINED, AND A TAX IS ASSESSED AGAINST THE PROPERTY OWNER.
 - THIS TAX IS DUE IN OCTOBER BUT DUE TO DISPUTES AND OTHER FACTORS MAY NOT BE PAID UNTIL LATE SUMMER THE FOLLOWING YEAR.
 - TRADITIONALLY THE BULK OF THE DISTRICT’S PROPERTY TAX REVENUE ARRIVES BETWEEN DECEMBER AND FEBRUARY BUT MAY NOT BE COMPLETELY RECEIVED UNTIL AUGUST OR SEPTEMBER.

TAX RATE

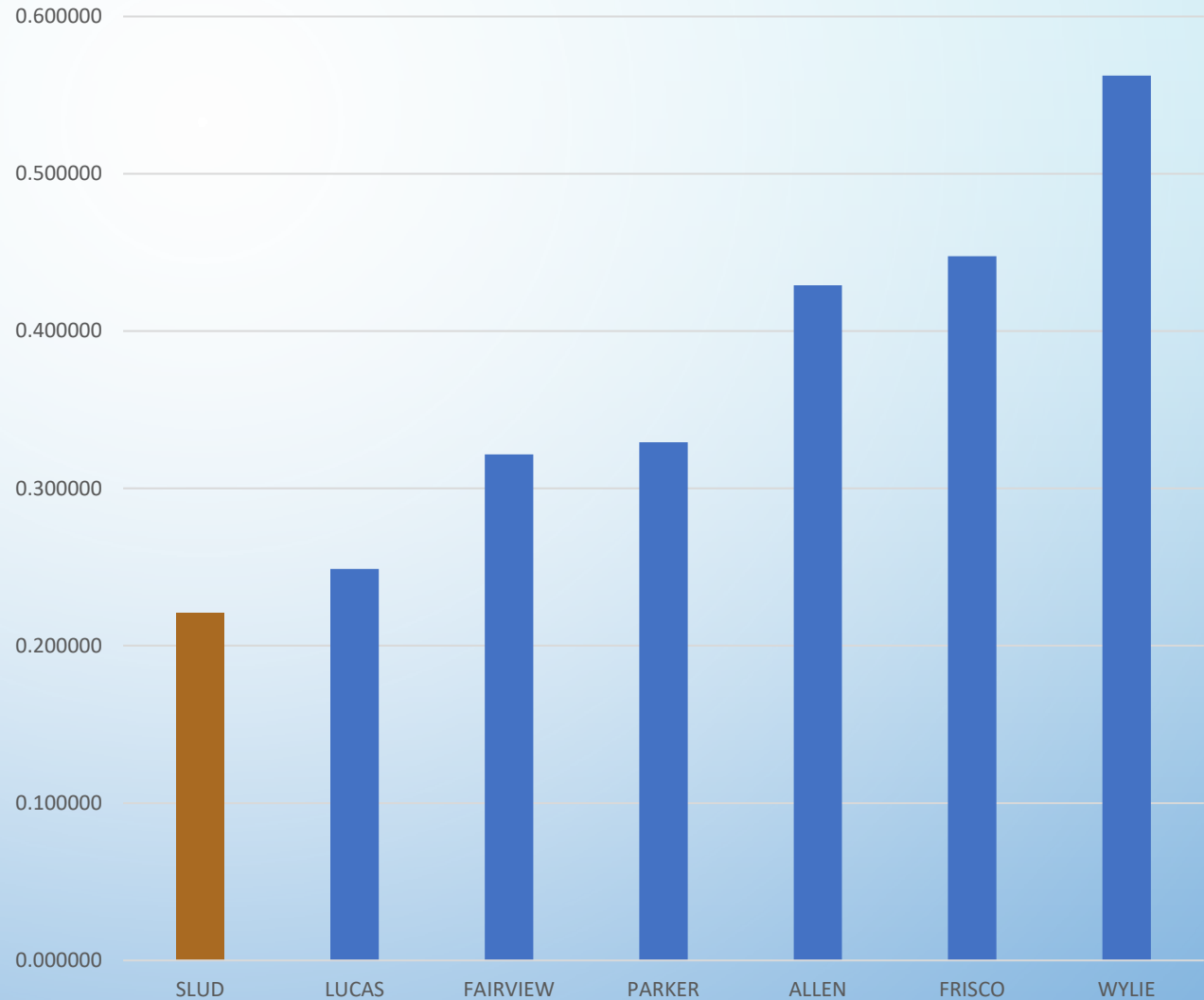
2022-2023

AVERAGE RESIDENCE HOMESTEAD TAXABLE VALUE	\$ 582,488 --- 5.11567% INCREASE
TOTAL DISTRICT ASSESSED VALUE	\$422,145,844 --- 20.84666% INCREASE
TOTAL DISTRICT CERTIFIED TAXABLE VALUE	\$324,223,179 --- 13.96% INCREASE
M&O TAX RATE PROPOSED	0.216746/\$100
DEBT REPAYMENT TAX RATE PROPOSED	0.003893/\$100
TOTAL TAX RATE PROPOSED	0.220639/\$100 --- 21.4218% DECREASE
SLUD TAX ON AVERAGE RESIDENCE HOMESTEAD	\$1262.52 --- 3.49967% INCREASE
EXPECTED REVENUE	\$727,620.58--- 9.72422% INCREASE

2021-2022

AVERAGE RESIDENCE HOMESTEAD TAXABLE VALUE	\$554,712
TOTAL DISTRICT ASSESSED VALUE	\$349,323,541
TOTAL DISTRICT CERTIFIED TAXABLE VALUE	\$284,511,634
TOTAL TAX RATE	0.280789/\$100
SLUD TAX ON AVERAGE RESIDENCE HOMESTEAD	\$1219.83
EXPECTED REVENUE	\$663,165.80

PROPOSED 2022-2023 TAX RATES



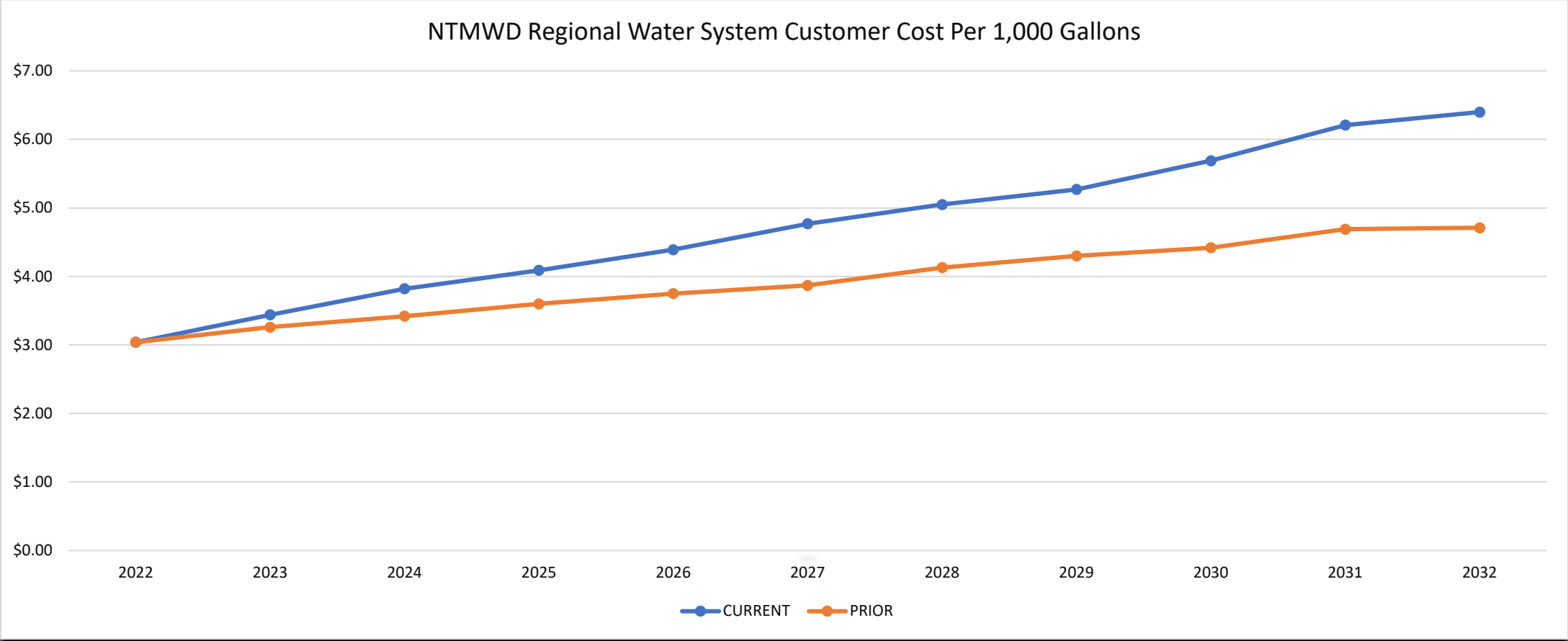


WATER RATES

NORTH TEXAS MUNICIPAL WATER DISTRICT

- 2022-2023 COST OF WATER -----\$569,780.96

(OCTOBER THROUGH SEPTEMBER)



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Current	\$3.04	\$3.44	\$3.82	\$4.09	\$4.39	\$4.77	\$5.05	\$5.27	\$5.69	\$6.21	\$6.40
Current % Increase		13%	11%	7%	7%	9%	6%	4%	8%	9%	3%
Prior	\$3.04	\$3.26	\$3.42	\$3.60	\$3.75	\$3.87	\$4.13	\$4.30	\$4.42	\$4.69	\$4.71
Prior % Increase		7%	5%	5%	4%	3%	7%	4%	3%	6%	0%

WATER RATES SLUD FOR 2022-2023

CURRENT RESIDENTIAL WATER RATES 1" METER

- **BASE** **\$40.00**
- **0-5,000** **\$3.50 / 1,000 GAL**
- **5,001-10,000** **\$4.00 / 1,000 GAL**
- **10,001-35,000** **\$4.75 / 1,000 GAL**
- **35,001-50,000** **\$5.25 / 1,000 GAL**
- **50,001 & OVER** **\$7.00 / 1,000 GAL**

2022-2023 RESIDENTIAL WATER RATES 1" METER

- **BASE** **\$40.00**
- **0-10,000** **\$4.25/1,000 GAL**
- **10,001 – 35,000** **\$5.50/1,000 GAL**
- **35,001 – 50,000** **\$8.50/1,000 GAL**
- **50,001 & OVER** **\$9.50/1,000 GAL**



LOCAL COMPARISON WATER RATES FOR 15,000 GALLON-USAGE

SEWER RATES

SLUD Current - Sewer Rate

\$47.00

SLUD 2022-2023 Sewer Rate

\$65.00

- NTMWD has started passing overhead expenses onto small plant operators. These have been phasing in over the last three years
- Expectation is for a roughly 5-10% increase per year in overall cost

North Texas Municipal Water District

- 2021-2022 Sewer Rate
\$327,635.00

Preliminary

- 2022-2023 Sewer Rate
\$373,940.00

SEWER RATES LOCAL COMPARISON

SEWER RATES FOR 15,000-GALLON USAGE



FIRE PROTECTION CONTRACT THROUGH THE CITY OF LUCAS

FIRE / EMS CONTRACT:

2021-2022 ----- \$471,110

(WAS DUE SEPTEMBER 1ST, 2022)

DISPATCH FEE:

2021-2022 ----- \$19,702

TOTAL

\$489,812 – OR – \$723.50 PER HOUSEHOLD

(677 CURRENT WATER CONNECTIONS)

2022-2023 FIRE SURCHARGE FEE:

\$67.40

ALL REVENUE COLLECTED FROM THE FIRE SURCHARGE GOES IN A SEPARATE ACCOUNT USED TO MAKE THE FOLLOWING YEARS PAYMENT. THE SURCHARGE IS NEVER COMBINED WITH GENERAL FUND REVENUE

STATE OF THE DISTRICT

THE 21-22 FY CONTINUED TO BE A CHALLENGING YEAR FOR THE DISTRICT AS POST PANDEMIC LABOR DEMANDS AND PRE MARKET INFLATION CONTINUED TO EFFECT OPERATIONS, AND CONSTRUCTION PROJECTS. THIS IMPACT HAS FORCED US TO POSTPONE AND PLAN FOR RE-BID ON THE SEWER PROJECT THIS FALL. WE HAVE ALSO BEEN FORCED TO POSTPONE ANY SERIOUS BID WORK ON THE ROAD PROJECT AS WELL, HOWEVER FINAL CONSTRUCTION DRAWINGS SHOULD BE COMPLETED IN Q3. OUR FISCAL PHILOSOPHY CONTINUES TO FUEL OUR OPERATIONS AND WE HAVE AGAIN RETURNED AN OVERALL BUDGET SURPLUS WHILE ABSORBING HIGHER THAN EXPECTED EXPENSES FOR MANY ITEMS.

THIS YEAR WE ARE INVESTING IN AND EMBARKING ON A 3-YEAR SUPERINTENDENT TRANSITION PROCESS AS WE PREPARE FOR OUR LONG-TERM SUPERINTENDENT DEWANE CLARK TO RETIRE IN 2024.

THROUGH CAREFUL PLANNING WE HAVE BEEN ABLE TO CONTINUE TO KEEP OUR PROPERTY TAX RATE ONE OF THE LOWEST IN THE AREA AND OUR WATER/SEWER RATES ONE OF THE LOWEST IN THE AREA. AS ALWAYS, WE ENCOURAGE YOU TO ATTEND THE MONTHLY BOARD MEETINGS AND PARTICIPATE IN THE YEARLY BUDGET WORKSHOPS, THANK YOU FOR YOUR SUPPORT.

-THANK YOU

SLUD BOARD OF DIRECTORS

The background is a solid light blue color. It is decorated with numerous water droplets of various sizes. Some droplets are large and prominent, while others are small and scattered. The droplets have a realistic appearance with highlights and shadows, giving them a three-dimensional look. They are distributed across the entire frame, with a higher concentration in the top-left and bottom-right corners.

THANK YOU!