



PUBLIC HEARING

**SEIS LAGOS UTILITY DISTRICT
PUBLIC HEARING
SEPTEMBER 13, 2021**



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 FY20-21 we will have roughly \$1.74M in capital reserve*
 - *Fund growth rate reduced by 50% due to bond repayment*

Proposed budget

- If approved, we will adopt a 2021-2022 fiscal year budget totaling \$2,428,246.15
- This represents an overall Increase of \$433,154.45 (21.7%)
- Primary drivers:
 - *Cost of operation for Sewer plant*
 - *\$100k investment in road repairs*
 - *Payroll investment for Superintendent transition*

| | | | | general | sewer | water | unclassified | total budget |
|--------------------------------|-------------------------------|--|--|---------------------|-------------------|-------------------|---------------------|---------------------|
| Ordinary Income/Expense | | | | | | | | |
| | Income | | | | | | | |
| | 4005 · Service Revenue | | | | | | | |
| | | 4020 · Fire Surcharge | | 459,547.20 | | | | 459,547.20 |
| | | 4025 · Late Charge | | 2,000.00 | 1,200.00 | 3,000.00 | | 6,200.00 |
| | | 4005 · Service Revenue - Other | | | 366,036.00 | 700,000.00 | | 1,066,036.00 |
| | | 4030 · Tap Fees | | | 30,000.00 | 15,000.00 | | 45,000.00 |
| | | 4032 · Tower Rental | | 8,400.00 | | | | 8,400.00 |
| | | 4040 · Inspection Fees | | 2,000.00 | | 1,000.00 | | 3,000.00 |
| | | 4045 · Property Tax | | | | | | 0.00 |
| | | 4047 · I&S | | 16,592.70 | | | | 16,592.70 |
| | | 4048 · M & O | | 771,873.48 | | | | 771,873.48 |
| | | 4050 · Title and Transfer Fees | | 2,000.00 | | | | 2,000.00 |
| | | 4105 · Misc. Income and Collections | | 1,000.00 | | | 100,000.00 | 101,000.00 |
| | | 4905 · Investment Income | | 4,000.00 | | | | 4,000.00 |
| | Total Income | | | 1,267,413.37 | 397,236.00 | 719,000.00 | 100,000.00 | 2,483,649.37 |
| | Gross Profit | | | 1,267,413.37 | 397,236.00 | 719,000.00 | 100,000.00 | 2,483,649.37 |

| Expense | | | | | | |
|---------|---|------------|-----------|------------|------------|------------|
| | 5005 · Utility Cost | | | 327,635.00 | 481,000.00 | 808,635.00 |
| | 6105 · Insurance Expense | | | | | 0.00 |
| | 6110 · General Liability Insurance | 14,000.00 | | | | 14,000.00 |
| | 6105 · Insurance Expense - Other | 12,000.00 | | | | 12,000.00 |
| | 6610 · Salaries & Wages | 350,000.00 | | | | 350,000.00 |
| | 6615 · Board Member Monthly Stipend | 3,000.00 | | | | 3,000.00 |
| | 6620 · Payroll Taxes | 32,569.15 | | | | 32,569.15 |
| | 6625 · Retirement Expense | 26,250.00 | | | | 26,250.00 |
| | 6705 · Professional Fees | | | | | 0.00 |
| | 6710 · Accounting | 4,175.00 | | | | 4,175.00 |
| | 6715 · Attorney Fees | 30,000.00 | | | | 30,000.00 |
| | 6720 · Auditor | 18,500.00 | | | | 18,500.00 |
| | 6722 - Engineering/consulting fees | 15,000.00 | 25,000.00 | 25,000.00 | | 65,000.00 |
| | 6723 · Contract Services | 15,000.00 | 5,000.00 | 15,000.00 | | 35,000.00 |
| | 6805 · Electricity & Gas | | | | | 0.00 |
| | 6850 · Telephone Expense | 11,000.00 | | | | 11,000.00 |
| | 6805 · Electricity & Gas - Other | 22,500.00 | 2,250.00 | 1,500.00 | | 26,250.00 |
| | 6807 · Equipment Rental | 3,500.00 | | | | 3,500.00 |
| | 6835 · Repairs & Maintenance | 40,000.00 | 1,000.00 | 50,000.00 | 100,000.00 | 191,000.00 |

| | | | | | | | | | |
|--|--|--|--|-------------------------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| | | | | 7110 · CCCAD Appraisal Fees | 5,000.00 | | | | 5,000.00 |
| | | | | 7120 · Tax Collection Fees | 550.00 | | | | 550.00 |
| | | | | 7205 · Alarm System | 712.00 | | | | 712.00 |
| | | | | 7210 · Office Supplies | 20,000.00 | | 2,500.00 | | 22,500.00 |
| | | | | 7212 · Payroll Processing Fees | 400.00 | | | | 400.00 |
| | | | | 7215 · Postage and Delivery | 3,000.00 | | | | 3,000.00 |
| | | | | 7220 · Travel Expense | 10,000.00 | | | | 10,000.00 |
| | | | | 7225 · Meeting Expense | 2,500.00 | | | | 2,500.00 |
| | | | | 7230 · Office Equipment/Furniture | 4,800.00 | | | | 4,800.00 |
| | | | | 7235 · Bank Fees | 2,000.00 | | | | 2,000.00 |
| | | | | 7240 · Dues and Subscriptions | 2,000.00 | | | | 2,000.00 |
| | | | | 7245 · Meals and Entertainment | 100.00 | | | | 100.00 |
| | | | | 7250 · Rent Expense | 22,100.00 | | | | 22,100.00 |
| | | | | 7315 · Fire Protection | 453,230.00 | | | | 453,230.00 |
| | | | | 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. | | | 99,200.00 | | 99,200.00 |
| | | | | 6730 - debt service 2019-2020 Bonds | | 100,375.00 | 40,000.00 | | 140,375.00 |
| | | | | 68800 · TCEQ | 2,300.00 | | | | 2,300.00 |
| | | | | 7130 Election Exp. | 20,000.00 | | | | 20,000.00 |
| | | | | 9999 · Transfers | | | | | 0.00 |
| | | | | Total Expense | 1,151,486.15 | 461,260.00 | 715,500.00 | 100,000.00 | 2,428,246.15 |
| | | | | Net Ordinary Income | 115,927.22 | -64,024.00 | 3,500.00 | 0.00 | 55,403.22 |
| | | | | Net Income | 115,927.22 | -64,024.00 | 3,500.00 | 0.00 | 55,403.22 |

Large Projects Sewer System

- Lift Station: Construction nearly completed
- Wastewater plant improvements:
Contract cancelled – plan to re-bid this fall

Large Projects

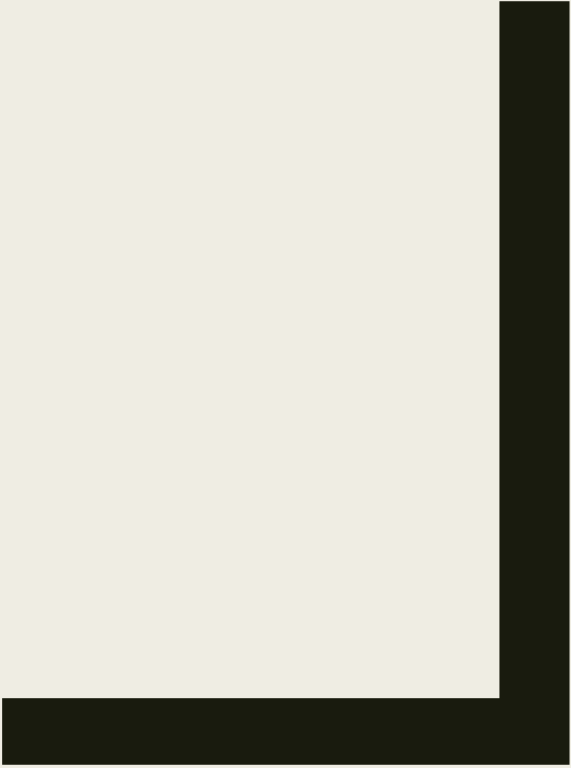
Road repairs

- Sewer project still on hold
 - *Pandemic price hikes on material and labor*
- Initial estimates indicate a cost of ~\$2.6M for just Seis Lagos Trail
- We are investigating alternatives



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.
- 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

2021

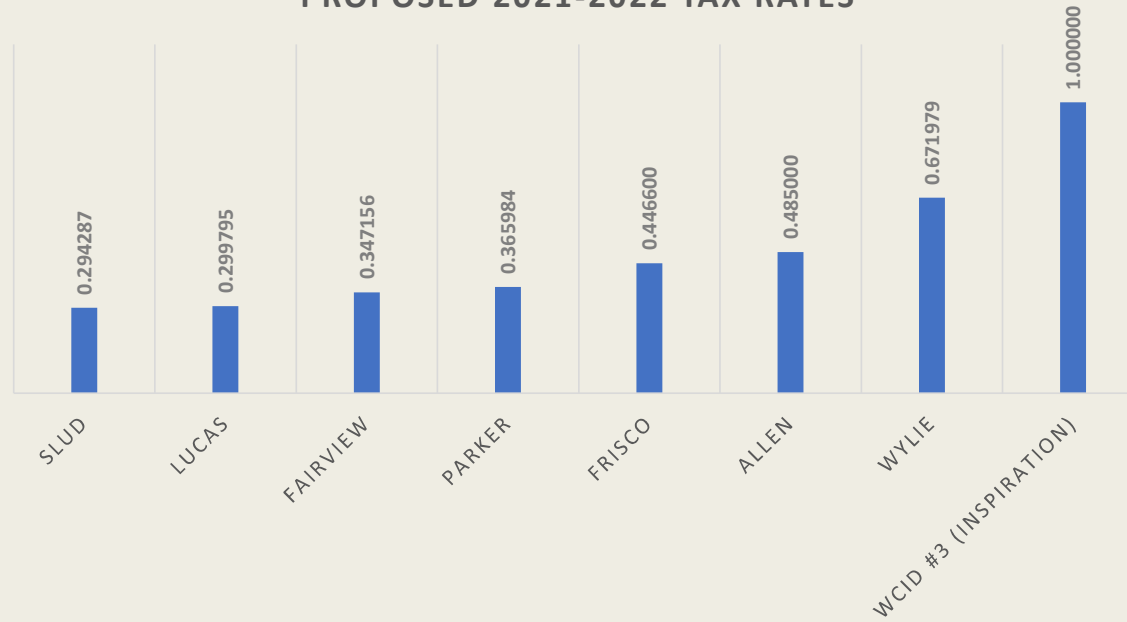
| | |
|--|---------------------------------------|
| Average residence homestead taxable value | \$ 441,479---8.2% increase |
| Total District assessed value | \$356,112,111---25.4% increase |
| Total District taxable value | \$286,230,203--- 27% increase |
| M&O Tax rate proposed | 0.274880/\$100 |
| Debt Repayment Tax rate proposed | 0.005909/\$100 |
| Total tax rate proposed | 0.280789/\$100---4.6% decrease |
| SLUD Tax on average residence homestead | \$1239.62--- 3.2% increase |
| Expected Revenue | \$788,466.20---18.9% increase |

2020

| | |
|---|-----------------|
| Average residence homestead taxable value | \$407,917 |
| Total District assessed value | \$283,859,293 |
| Total District Taxable Value | \$225,346,622 |
| Total tax rate | 0. 294287/\$100 |
| SLUD Tax on average residence homestead | \$1201.17 |
| Expected revenue | \$663,165.8 |

TAX RATE

PROPOSED 2021-2022 TAX RATES



WATER RATES

North Texas Municipal Water District

- 2020-2021 Cost of Water -----\$410,961.48
(October through September)

We do not expect any significant changes to water cost in the 2021-2022 budget year

WATER RATES S.L.U.D

No change for 2021-2022

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.

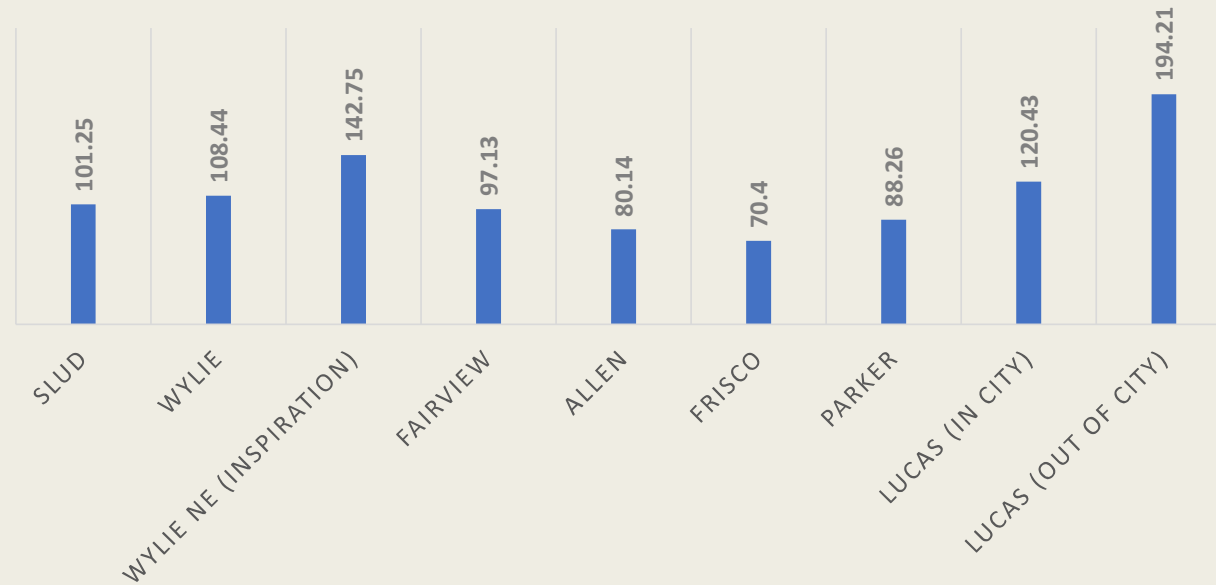
2020-2021 Residential Water Rates 1” Meter

- 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.

WATER RATES

Local Comparison

WATER RATES
FOR 15,000 GALLON USAGE



SEWER RATES

SLUD Current - Sewer Rate

\$42.36

SLUD 2021-2022 Sewer Rate

\$47.00

North Texas Municipal Water District

■ 2020-2021 Sewer Rate \$251,295

Preliminary

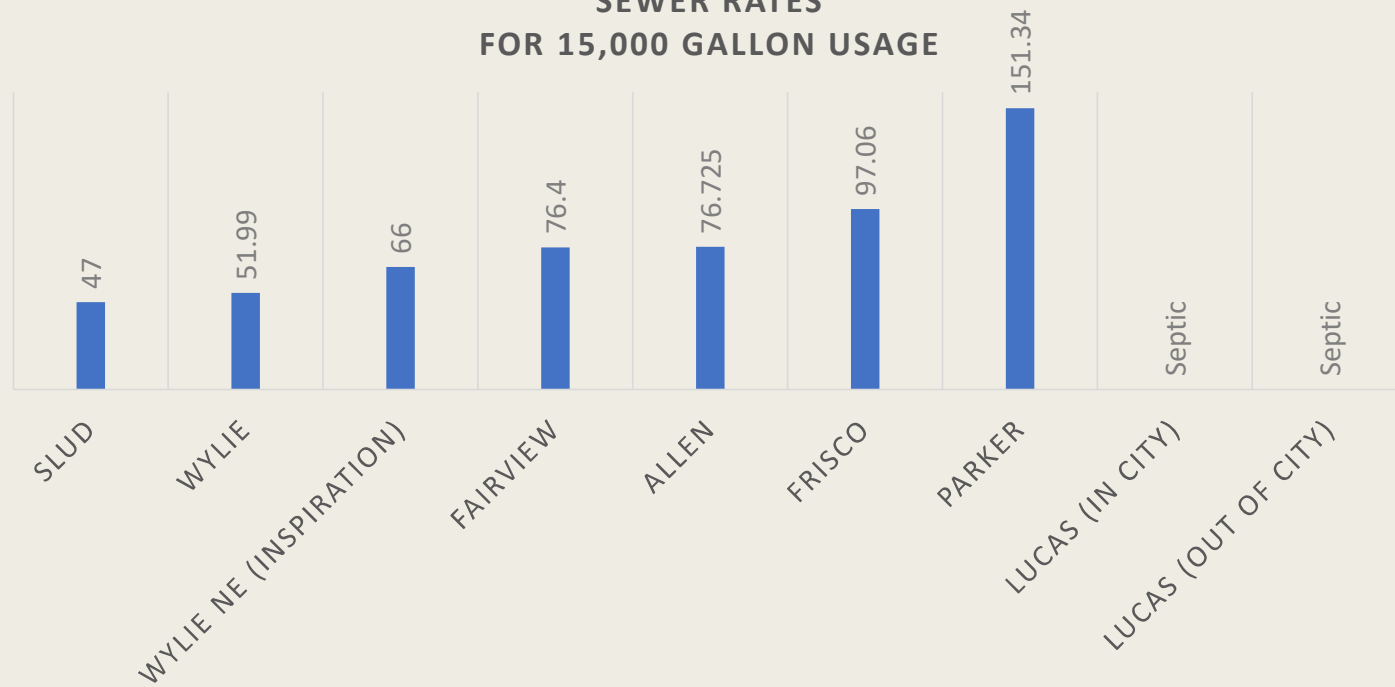
■ 2021-2022 Sewer Rate \$327,030

- NTMWD has started passing overhead expenses onto small plant operators. These have been phasing in over the last three years
- Currently this number does not include \$16k of assessed expenses
- Expectation is for a roughly 5-10% increase per year in overall cost

SEWER RATES

Local Comparison

SEWER RATES
FOR 15,000 GALLON USAGE



FIRE PROTECTION

Contract through the City of Lucas

Fire / EMS contract:

2020-2021-----\$435,311

(was due September 1st 2021)

Dispatch Fee:

2020-2021-----\$17,919

Total

453,230 –or- \$688.80 per household

(658 current water connections)

2021-2022 Fire Surcharge fee:

\$58.20 – (453,230/658/12=58.20)

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

- New surcharge of \$60.48 for 20-21 was approved last year but never implemented so the new rate is an increase from what was assessed in 20-21 but a decrease from what was approved
- Inspiration pays \$28.30/month/household for the HOA contract with Wylie. \$483,590 @ 1424 homes

State of the District

The 20-21 FY continued to be a challenging year for the district as the pandemic affected operations in many areas. Our staff remained protected, and we returned to full time office staffing in May. Our construction projects however, have been heavily impacted forcing 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. 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

S.L.U.D Board of Directors



THANK YOU!