



SEIS LAGOS UTILITY DISTRICT PUBLIC HEARING & REGULAR MEETING SEPTEMBER 10, 2024 | 7:00 PM

BOARD OF DIRECTORS

Nick Calautti, President

Jerod Hangartner, Vice-President

Jeff Henderson, Secretary/Treasurer

Scott Hengemuhle, Director

Omar Naji, Director

A photograph of an industrial facility at sunset. In the foreground, large, white, cylindrical pipes are supported by dark metal pillars. The pipes extend from the right side towards the center. In the background, an industrial plant with several tall smokestacks is visible, emitting dark smoke. The sky is a mix of orange, yellow, and blue, with a few clouds. The water in the foreground reflects the lights and colors of the scene.

PRESENTATION TOPICS

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

OVERVIEW



Budget Principles



Proposed Budget



**Large Projects
(Sewer & Roads)**

Underestimate Revenue And Overestimate Expenses

Results In Budget Surplus - Prepares Us For Large Projects

At end Of FY2023 -2024 we will have roughly \$2.25M in capital reserve, including funds from release of CCN to Huffines

Fund growth rate reduced by 50% due to bond repayment

BUDGET PRINCIPLES



PROPOSED BUDGET

- If approved, we will adopt a 2024-2025 fiscal year budget totaling \$3,485,809.70
- This represents an overall increase of \$712,742.93 (25%)
- Primary drivers:
 - Cost of operation for sewer plant
 - Base water rate cost from the NTMWD
 - Fire / EMS / Dispatch services

				general	sewer	water	total budget
	Ordinary Income/Expense						
	Income						
			4005 · Service Revenue				
			4020 · Fire Surcharge	674,706.00			674,706.00
			4025 · Late Charge	1,500.00	1,200.00	3,000.00	5,700.00
			4005 · Service Revenue - Other		735,849.17	968,868.00	1,704,717.17
			4030 · Tap Fees				0.00
			4032 · Tower Rental	8,400.00			8,400.00
			4040 · Inspection Fees	0.00			0.00
			4045 · Property Tax				0.00
			4047 · I & S	0.00			0.00
			4048 · M & O	738,254.32			738,254.32
			4050 · Title and Transfer Fees	2,000.00			2,000.00
			4105 · Misc. Income and Collections	0.00			0.00
			4905 · Investment Income	20,000.00			20,000.00
				350,000.00			350,000.00
			Total Income	1,794,860.32	737,049.17	971,868.00	3,503,777.49
			Gross Profit	1,794,860.32	737,049.17	971,868.00	3,503,777.49

Expense					
	5005 · Utility Cost		465,040.00	645,832.20	1,110,872.20
	6105 · Insurance Expense				0.00
	6110 · General Liability Insurance	14,000.00			14,000.00
	6105 · Insurance Expense - Other	23,000.00			23,000.00
	6610 · Salaries & Wages	266,321.66	116,321.67	116,321.67	498,965.00
	6615 · Board Member Monthly Stipen	3,000.00			3,000.00
	6620 · Payroll Taxes	32,200.00			32,200.00
	6625 · Retirement Expense	21,700.00			21,700.00
	6705 · Professional Fees				0.00
	6710 · Accounting	50,000.00			50,000.00
	6715 · Attorney Fees	15,000.00			15,000.00
	6720 · Auditor	25,000.00			25,000.00
	6722 - Engineering/consulting fees	35,000.00	25,000.00	0.00	60,000.00
	6723 · Contract Services	40,000.00	10,500.00	6,000.00	56,500.00
	6805 · Electricity & Gas				0.00
	6850 · Telephone Expense	9,000.00			9,000.00
	6805 · Electricity & Gas - Other	16,000.00	6,000.00	20,000.00	42,000.00
	6807 · Equipment Rental	8,000.00			8,000.00
	6835 · Repairs & Maintenance	100,000.00	25,000.00	25,000.00	150,000.00

7110 · CCCAD Appraisal Fees	7,000.00			7,000.00
7120 · Tax Collection Fees	1,500.00			1,500.00
7205 · Alarm System			300.00	300.00
7210 · Office Supplies	15,000.00			15,000.00
7212 · Payroll Processing Fees	4,500.00			4,500.00
7215 · Postage and Delivery	7,000.00			7,000.00
7220 · Travel/Training Expense	17,500.00			17,500.00
7225 · Meeting Expense	2,000.00			2,000.00
7230 · Office Equipment/Furniture	13,000.00			13,000.00
7235 · Bank Fees	2,400.00			2,400.00
7240 · Dues and Subscriptions	10,000.00			10,000.00
7245 · Meals and Entertainment	500.00			500.00
7250 · Rent Expense	25,000.00			25,000.00
7315 · Fire Protection	658,840.00			658,840.00
7520 · Water Analysis			1,300.00	1,300.00
7805 · Miscellaneous Expense	10,000.00			10,000.00
7910 · Interest Expense				0.00
6729· Phase I Water Line Debt Svc.			97,457.50	97,457.50
6730 - debt service 2019-2020 Bonds		87,987.50	47,987.50	135,975.00
68800 · TCEQ	2,300.00			2,300.00
7130 Election Exp.	5,000.00			5,000.00
9999 · Transfers in for Cap Improvements	350,000.00			350,000.00
Total Expense	1,789,761.66	735,849.17	960,198.87	3,485,809.70
Net Ordinary Income	1,794,860.32	737,049.17	971,868.00	3,503,777.49
Net Income	5,098.66	1,200.00	11,669.13	17,967.79



LARGE PROJECTS SEWER

- **Wastewater Plant Improvements: SLUD has hired a Construction Manager at Risk (CMAR)**
 - **Estimated Cost \$4.0M**

LARGE PROJECTS ROADS

- All major road improvements within the District, are on hold.
- The Board of Directors will consider emergency road repairs on a case-by case basis.



TAX RATES

A large, tilted, and partially obscured table of numerical data, likely representing tax rates. The table is rotated approximately 45 degrees clockwise. It features a prominent red border that forms a large, irregular shape in the center. The data consists of multiple columns and rows of numbers, many of which are partially cut off or obscured by the red border and the image's perspective. The numbers appear to be organized in a grid-like structure, possibly representing different categories or sub-categories of tax rates. The overall appearance is that of a data-heavy document or report that has been partially hidden or obscured.

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

Maintenance & Operations

- 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 2023-2024.

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?

There are two answers...

The short answer is, "as it is paid."

The long answer is "it depends."

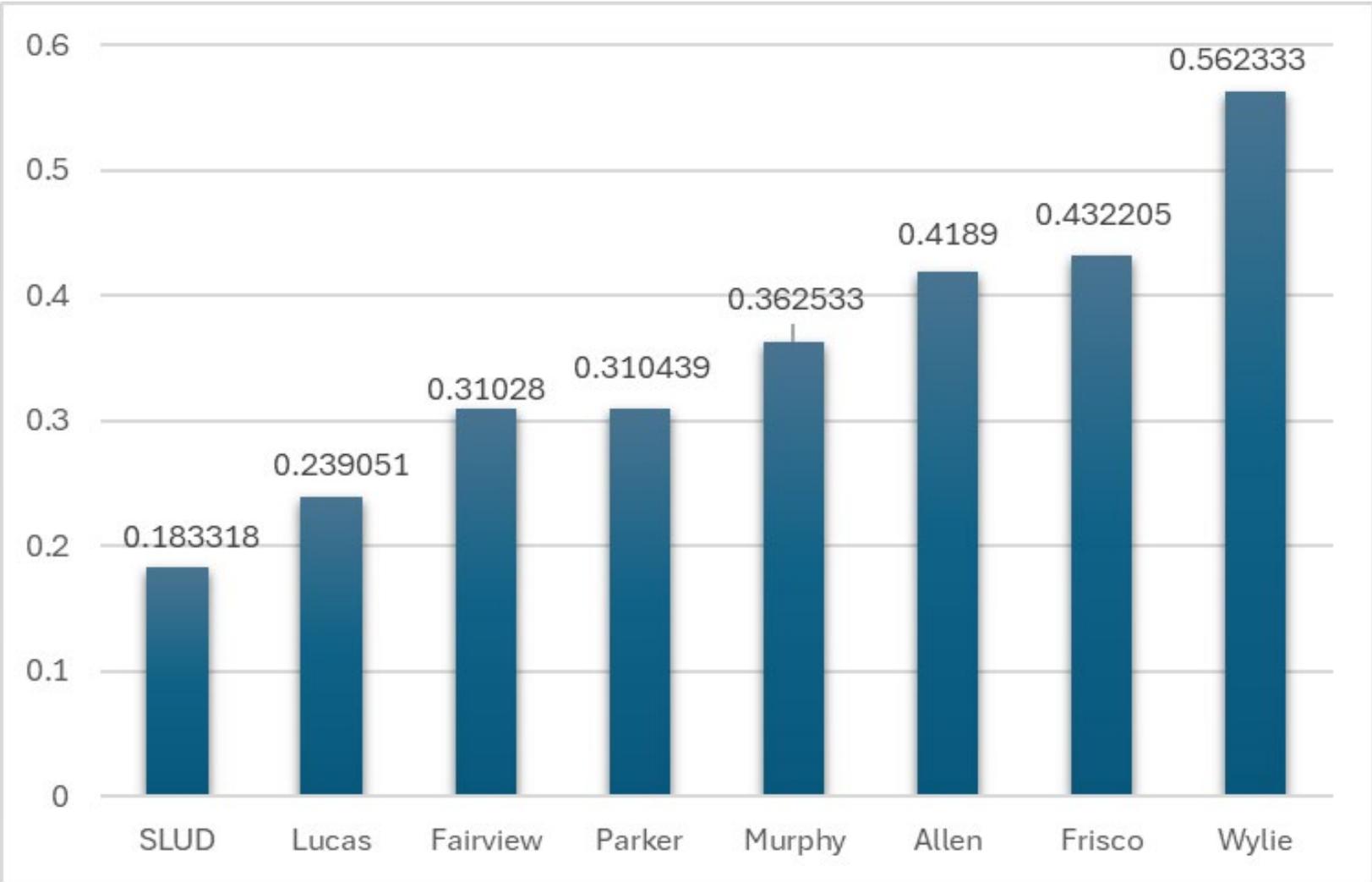
- Each summer The Collin County Central Appraisal District compiles a list of developed property and determines a current property value.
- A tax is assessed against the property owner based on this value.
- This tax, due in October, may be paid as late as the following late summer due to disputes and other factors.
- Most property tax revenue arrives between December and February, extending to August or September.

PROPERTY TAX RATE

	23-24	24-25	YOY \$ Change	YOY % Change
Average residence homestead taxable value	\$ 548,823.00	\$ 616,164.00	\$ 67,341.00	12.270
Total District assessed value	\$ 489,008,126.00	\$ 521,290,765.00	\$ 32,282,639.00	6.602
Total District certified taxable value	\$ 379,774,553.00	\$ 402,717,587.00	\$ 22,943,034.00	6.041
M & O tax rate/\$100	\$ 0.198854	\$ 0.183318	-0.015536	-7.813
Debt repayment (I&S) tax rate/\$100	0.00	0.00	0.00	0.000
Total tax rate	\$ 0.198854	\$ 0.183318	-0.015536	-7.813
SLUD tax on average residence homestead	\$ 1,091.35	\$ 1,129.54	\$ 38.19	3.499
All information taken from the 2024 Developed Water District Voter-Approval Tax Rate Worksheet (Form 50-860) & the 2024 Collin CAD Certified Totals / All information prepared by Collin County/Collin CAD				

PROPOSED 2024-2025 TAX RATES

SLUD proposed tax rate is lower than surrounding communities.

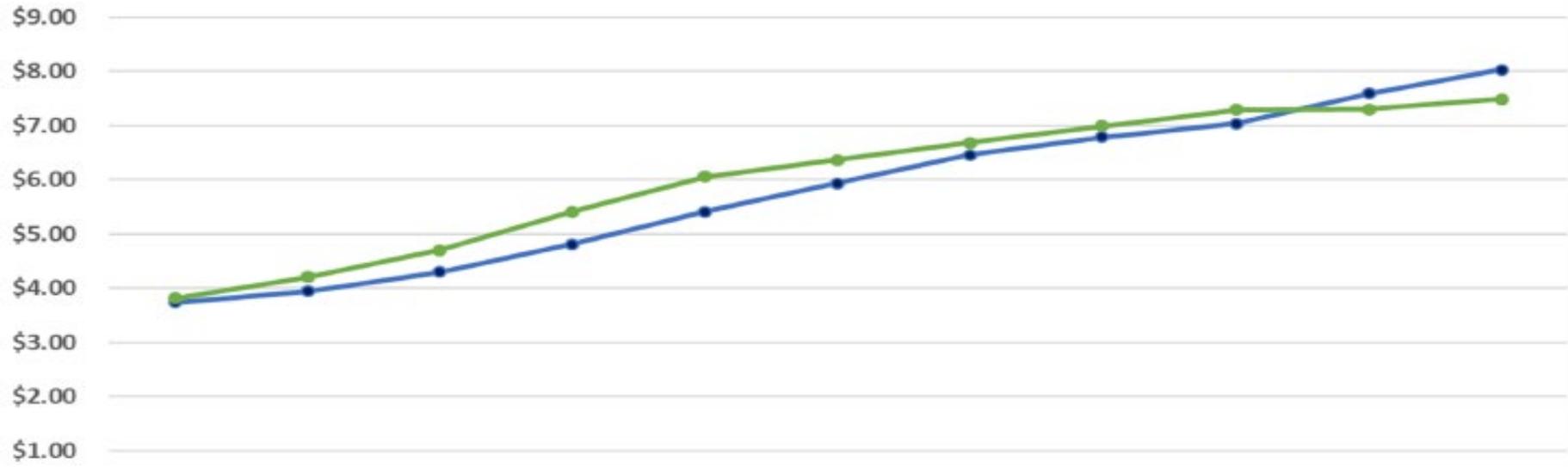


All data taken from each city's website

WATER RATES

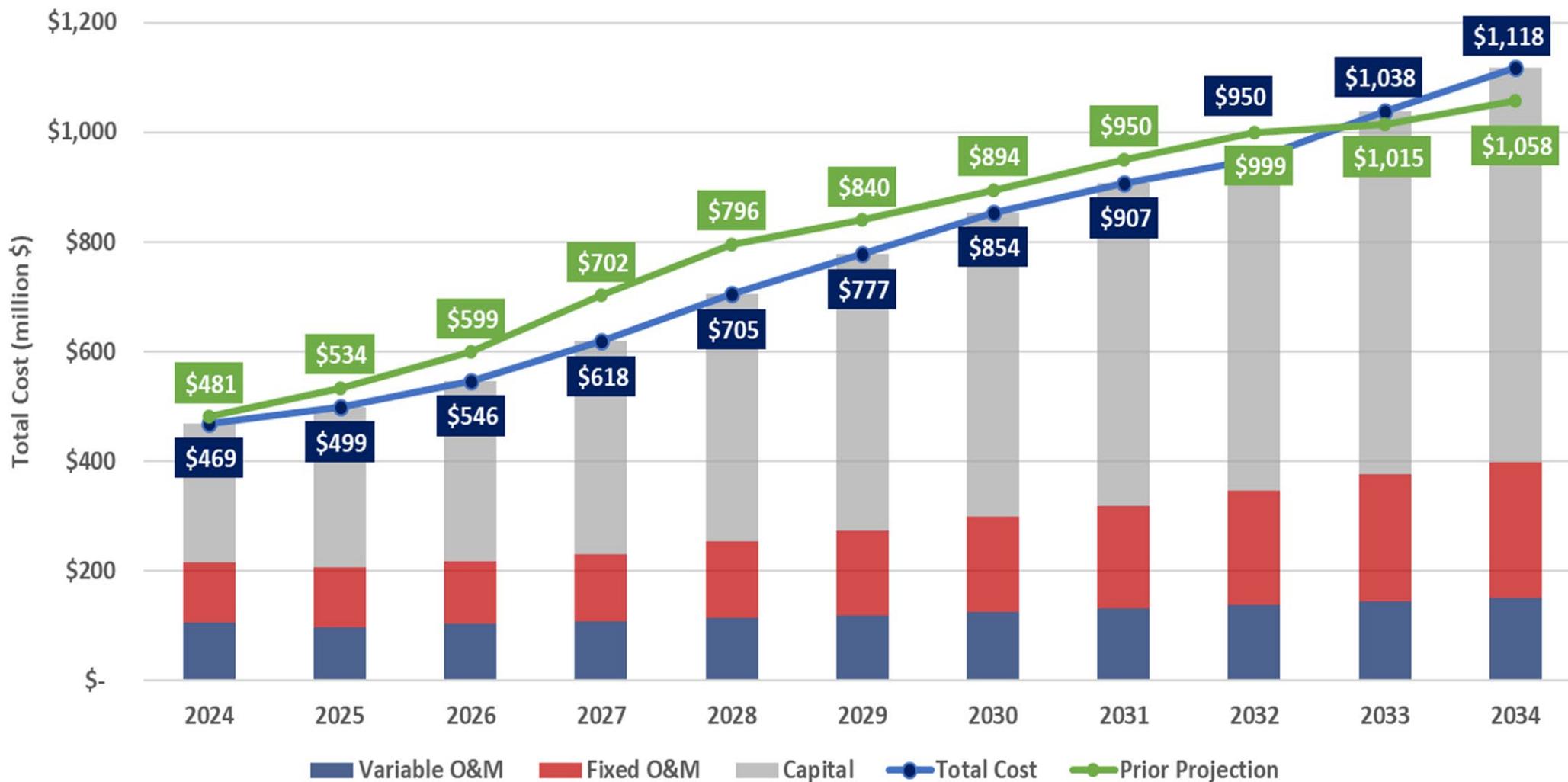
The North Texas Municipal Water District (NTMWD) is the sole water supplier for the Seis Lagos Utility District. For FY 2024-2025, the estimated consumption for the communities the District serves will be \$645,832.20.

**NTMWD Regional Water System
Customer Rate Per 1,000 Gallons**



	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
● Current	\$3.74	\$3.95	\$4.30	\$4.82	\$5.41	\$5.94	\$6.46	\$6.79	\$7.04	\$7.59	\$8.03
Current % Increase		6%	9%	12%	12%	10%	9%	5%	4%	8%	6%
● Prior	\$3.82	\$4.21	\$4.70	\$5.41	\$6.06	\$6.37	\$6.69	\$6.99	\$7.29	\$7.30	\$7.49
Prior % Increase		10%	12%	15%	12%	5%	5%	4%	4%	0%	3%

NTMWD Regional Water System Total Cost (million \$)



WATER RATES

	23-24	24-25	YOY \$ Change	YOY % Change
Base	\$ 40.00	\$ 50.00	\$ 10.00	25.00
This is the first base rate increase since 2016				
0 - 10000 gallons	\$ 4.63	\$ 5.04	\$ 0.41	8.86
10001 - 35000 gallons	\$ 5.99	\$ 6.52	\$ 0.53	8.85
35001 - 50000 gallons	\$ 9.26	\$ 10.08	\$ 0.82	8.86
50001 + gallons	\$ 10.35	\$ 11.27	\$ 0.92	8.89

WATER RATES

Local Comparison for 15,000 gallons of usage



All data taken from each city's website

SEWER RATES

	23-24	24-25	YOY \$ Change	YOY % Change
Base	\$ 73.00	\$ 90.31	\$ 17.31	23.71
NTMWD	\$ 418,507.68	\$ 465,040.00	\$ 46,532.32	11.12

- North Texas Municipal Water District (NTMWD) continues to pass overhead expenses onto small plant operators. These have been phasing in over the last three years.
- The new sewer rates between NTMWD and SLUD represent approximately **11.12%** increase.

Strategic Financial Plan Summary

Seis Lagos Wastewater Treatment Plant

Key Drivers

General

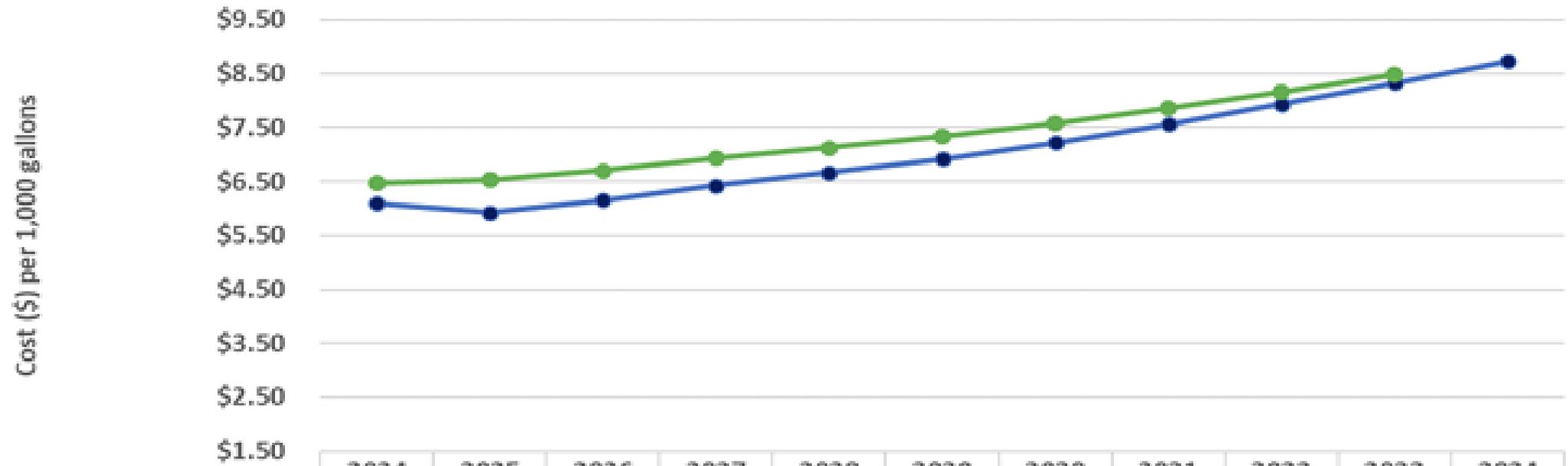
- The Strategic Financial Plans (SFPs) were prepared with reasonable assumptions on all current and future costs and factor in items such as inflation, future staffing, project timelines and financing costs
- Participant: Seis Lagos Utility District

Long-Term Capital

- Aligned capital costs with wastewater projections through 2027 which resulted in some increases over the next few years for major maintenance / replacements
- Flow projections increased which decreased the cost per 1,000 gallons



Seis Lagos Wastewater Treatment Plant Member Cost per 1,000 gallons

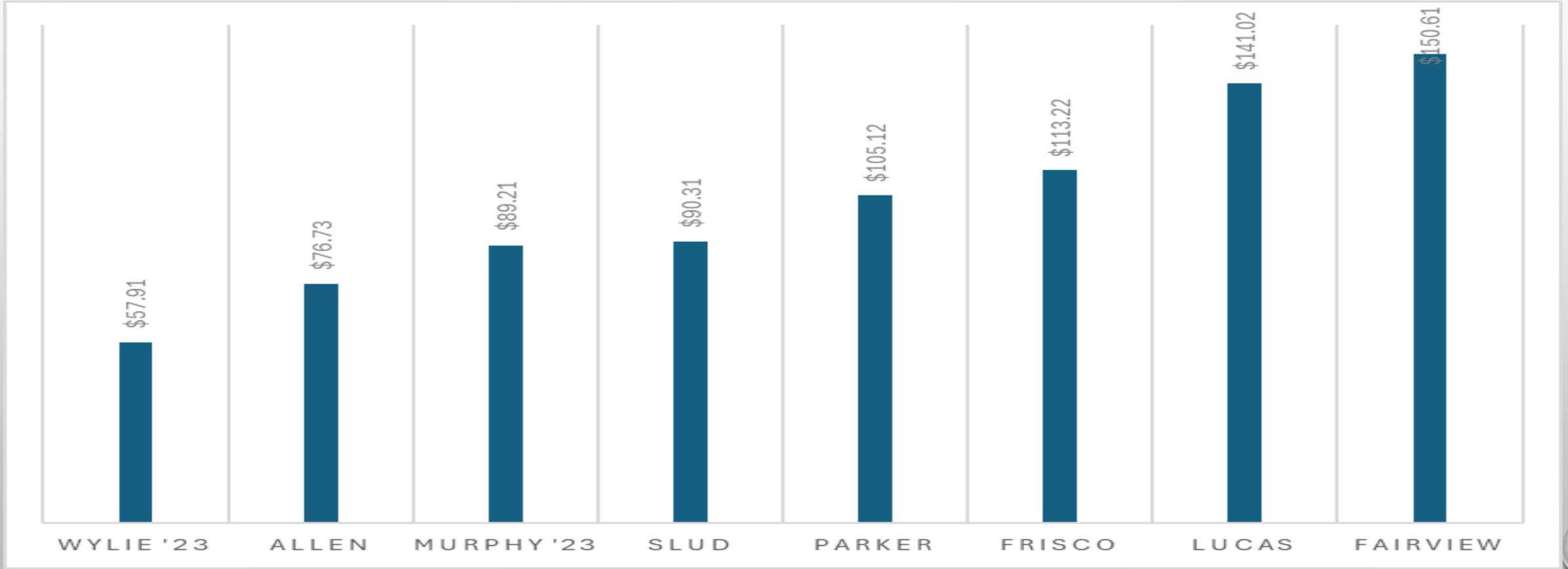


	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
● Current	\$6.10	\$5.93	\$6.16	\$6.42	\$6.67	\$6.92	\$7.22	\$7.57	\$7.94	\$8.33	\$8.73
Current % Increase		-3%	4%	4%	4%	4%	4%	5%	5%	5%	5%
● Prior	\$6.47	\$6.53	\$6.71	\$6.94	\$7.14	\$7.33	\$7.58	\$7.87	\$8.17	\$8.48	\$-
Prior % Increase		1%	3%	3%	3%	3%	3%	4%	4%	4%	

* The cost per 1,000 gallons is an estimate only which takes into consideration the budgeted and/or contracted flows along with future growth rates. Actual system costs are shared by system participations based on proportional or contracted flows.

SEWER RATES

LOCAL COMPARISON SEWER RATES FOR 15,000-GALLON USAGE



All data taken from each city's website



FIRE PROTECTION

SERVICES PROVIDED BY THE CITY OF LUCAS

2023-2024

Current Fire Protection Surcharge fee per Month: \$73.60

2024-2025

Based on \$676,963.00 Fire/EMS/Dispatch estimated charge from the City of Lucas' annual audit, which was due 8/31/24.

Proposed Fire Protection Surcharge fee per Month: \$80.90

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

As Seis Lagos Utility District approaches finishing fiscal year 2023, the current state of the District is good. Challenges remain in the market with labor demands and inflation effecting operations, and construction projects. As an example, plans for re-bid on the sewer project have been redirected to a Construction Manager at Risk (CMAR) approach in an effort to make progress.

Our fiscal responsibility produced an overall budget surplus which has positioned the district to incur unexpected costs. These costs have primarily been born by increases to capital projects and a water main break.

District staff has been diligent in increasing operating efficiencies, hiring key staff, and managing infrastructure.

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

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SLUD Board of Directors

The background features a light gray gradient with several realistic water droplets of various sizes scattered across the surface. The droplets have highlights and shadows, giving them a three-dimensional appearance. The text 'THANK YOU!' is centered in the middle of the page.

THANK YOU!