



Regional. Reliable. Everyday.

June 30, 2022

Mr. Mike Sims
City Manager
City of Terrell
P.O. Box 310
Terrell, Texas 75160

RE: PRELIMINARY CHARGES FOR FISCAL YEAR 2023

Dear Mr. Sims:

To assist the City of Terrell in the preparation of its budget, the District is providing preliminary estimates of revenues, expenses, and city charges for FY 2023. These estimates, including your Regional Water System minimum annual demand, are based on the most recent information available and are subject to change as the District continues to develop its FY 2023 annual budget. As the District progresses through the budget process, demand projections will be revised accordingly in an effort to reflect your estimated minimum annual demand for the upcoming year. Once the July water consumption is recorded, the minimums for next year will be calculated.

At this time, the proposed Customer City Water Rate for FY 2023 is expected to be \$3.44 per 1,000 gallons. Preliminary FY 2023 charges are as follows:

• Regional Water System	\$ 4,867,937.12
• Terrell Water Transmission Facility	\$ 742,380.00
• Wastewater Pretreatment Program	\$ 264,594.00

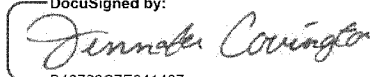
Please note current economic and market conditions are placing significant pressure on commodity prices, staffing costs and disrupting supply chains the District is reliant upon. The combination of world-wide events including the pandemic and the Russia/Ukraine conflict has exacerbated the significant supply issues and limited vendor options for chemicals to treat water and wastewater. To mitigate the unprecedented increase in chemicals, we conducted out-of-cycle rebids for many of the chemicals we need to meet the mission, which shifted the contract terms from a historically utilized fixed unit price contract to a contract that adjusts pricing quarterly based on appropriate indices. These new contracts allow the District to secure the essential supply of chemicals necessary for our services and water quality standards by sharing an acceptable level of market risk with our supply partners, until such time that the chemical market regains predictability, and we can shift back to an annual fixed pricing model. This resulted in the District forecasting a 49% increase in the Regional Water System's chemical budget from approximately \$50 million to approximately \$74 million in FY 2023. Our current year budget is also affected by the increase in chemical prices. As a result, the District is currently not budgeting to provide a variable cost rebate in the FY 2022 amended budget.

Mr. Mike Sims
June 30, 2022
Page 2

As is occurring in organizations throughout the country, the District is challenged with a high turnover rate and the highest inflation numbers in 40 years. We have seen some stabilization in the District's turnover rate, however as of May 31st, 2022 it remains higher than average at 11.6%. It is imperative that the District offer competitive pay to attract and retain professional staff to plan, provide and manage the District's continually growing systems and services. The proposed FY 2023 budget also incorporates revisions to our capital improvement programs to address growth, maintenance of aging infrastructure, and peak flows. In the Regional Water System, the District is planning for new water sources to meet the needs of a fast-growing region. Additionally, construction costs and interest rates are on the rise adding to debt service expense.

At your convenience, you may visit our website at <http://www.ntmwd.com>, for additional Financial Transparency information and to view past committee meeting presentations. Should you have any questions or need additional information, please contact Jeanne Chipperfield, Deputy Director – Administrative Services, by e-mail at jchipperfield@ntmwd.com.

Sincerely,

DocuSigned by:

B46722C7E84146Z
JENNAFER P. COVINGTON
Executive Director

JPC/JC/EAF/DTF/kar
Enclosures

cc: Jamarcus Ayers, Director of Finance and Housing

REGIONAL WATER SYSTEM

PRELIMINARY 6/30/2022
NORTH TEXAS MUNICIPAL WATER DISTRICT

Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Water Sales:						
Member Sales	\$ 290,090,413	\$ 298,350,342	\$ 300,558,645	\$ 344,226,116	\$ 45,875,774	15.38%
Customer Sales	66,007,189	67,217,086	72,336,408	83,235,625	16,018,539	23.83%
Retail Customer Sales	23,237	21,000	16,000	16,000	(5,000)	-23.81%
Raw Water Sales	1,865	990	2,105	1,490	500	50.51%
Total Water Sales	\$ 356,122,705	\$ 365,589,418	\$ 372,913,158	\$ 427,479,231	\$ 61,889,813	16.93%
Other Revenues:						
Tfr - Prior Year Recovery	\$ -	\$ -	\$ 231,030	\$ -	\$ -	0.00%
Other	8,574,557	331,547	359,312	541,559	210,012	63.34%
Total Other Revenues	\$ 14,991,557	\$ 331,547	\$ 590,342	\$ 541,559	\$ 210,012	63.34%
Interest Income	44,676	51,540	56,100	56,100	4,560	8.85%
Tfr from Rate Stabilization	2,550,000	3,000,000	3,000,000	-	(3,000,000)	-100.00%
Total Revenues	\$ 373,708,938	\$ 368,972,505	\$ 376,559,600	\$ 428,076,890	\$ 59,104,385	16.02%
Expenses						
Personnel:						
Salaries	\$ 8,222,459	\$ 9,873,670	\$ 9,307,275	\$ 11,360,605	\$ 1,486,935	15.06%
Other	4,276,084	4,460,920	4,378,505	5,501,235	1,040,315	23.32%
Total Personnel	\$ 12,498,543	\$ 14,334,590	\$ 13,685,780	\$ 16,861,840	\$ 2,527,250	17.63%
Supplies:						
Fuel	\$ 68,948	\$ 85,870	\$ 85,870	\$ 139,238	\$ 53,368	62.15%
Chemicals	36,031,628	49,768,805	55,581,565	73,965,125	24,196,320	48.62%
Other	3,738,858	3,506,800	3,878,480	4,988,999	1,482,199	42.27%
Total Supplies	\$ 39,839,433	\$ 53,361,475	\$ 59,545,915	\$ 79,093,362	\$ 25,731,887	48.22%
Services:						
Consulting	\$ 2,860,245	\$ 3,594,500	\$ 3,666,045	\$ 3,299,000	\$ (295,500)	-8.22%
PUC	6,600,000	-	-	-	-	0.00%
Insurance	950,829	1,704,680	1,704,680	2,257,450	552,770	32.43%
Landfill Service Fees	715	-	-	-	-	0.00%
Maintenance	12,239,838	13,431,710	13,783,480	17,167,690	3,735,980	27.81%
Power	34,585,683	21,698,100	21,698,100	26,440,355	4,742,255	21.86%
Shared Services	40,188,481	40,914,885	40,914,885	44,469,075	3,554,190	8.69%
Water Purchases	4,914,063	5,995,355	5,382,265	6,472,005	476,650	7.95%
Other	6,621,987	5,978,965	6,453,175	4,401,286	(1,577,679)	-26.39%
Total Services	\$ 108,961,841	\$ 93,318,195	\$ 93,602,630	\$ 104,506,861	\$ 11,188,666	11.99%
Capital Outlay	\$ 1,331,035	\$ 1,655,500	\$ 1,480,395	\$ 2,993,500	\$ 1,338,000	80.82%
Escrow	\$ 50,000	\$ 1,250,000	\$ 1,250,000	\$ 88,070	\$ (1,161,930)	-92.95%
Capital Improvement Fund	\$ 36,200,000	\$ 15,000,000	\$ 15,000,000	\$ 20,000,000	\$ 5,000,000	33.33%
Debt Service	\$ 173,962,341	\$ 190,597,795	\$ 190,597,795	\$ 194,803,145	\$ 4,205,350	2.21%
Fund Bal. Incr. to 90 Days	\$ -	\$ -	\$ -	\$ 8,900,000	\$ 8,900,000	0.00%
Total Expenses	\$ 372,843,193	\$ 369,517,555	\$ 375,162,515	\$ 427,246,778	\$ 57,729,223	15.62%
Net Revenues	\$ 865,745	\$ (545,050)	\$ 1,397,085	\$ 830,112	\$ 1,375,162	

REGIONAL WATER SYSTEM

2022-23 Billing Schedule - Customers

	Ables Springs WSC	Bear Creek SUD	BHP Water Supply Corp	Bonham	Caddo Basin SUD	Cash SUD	College Mound SUD
ESTIMATED MIN. ANNUAL DEMAND (1,000 Gal)	106,838	366,938	159,006	640,000	484,014	360,719	78,066
October	\$ 30,625.72	\$ 105,187.72	\$ 45,578.64	\$ 180,800.00	\$ 138,747.16	\$ 103,407.36	\$ 22,378.04
November	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
December	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
January	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
February	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
March	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
April	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
May	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
June	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
July	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
August	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
September	30,627.00	105,189.00	45,582.00	180,800.00	138,751.00	103,406.00	22,379.00
Total	\$ 367,522.72	\$ 1,262,266.72	\$ 546,980.64	\$ 2,169,600.00	\$ 1,665,008.16	\$ 1,240,873.36	\$ 268,547.04

	Copeville SUD	East Fork SUD	Fairview	Fate #1	Fate #2	Forney Lake WSC	Gastonia-Scurry SUD
ESTIMATED MIN. ANNUAL DEMAND (1,000 Gal)	134,140	677,347	907,180	279,932	592,215	609,894	110,490
October	\$ 38,458.60	\$ 194,170.68	\$ 260,061.20	\$ 80,249.08	\$ 169,771.60	\$ 174,839.36	\$ 31,671.60
November	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
December	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
January	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
February	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
March	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
April	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
May	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
June	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
July	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
August	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
September	38,453.00	194,173.00	260,058.00	80,247.00	169,768.00	174,836.00	31,674.00
Total	\$ 461,441.60	\$ 2,330,073.68	\$ 3,120,699.20	\$ 962,966.08	\$ 2,037,219.60	\$ 2,098,035.36	\$ 380,085.60

2022-23 Billing Schedule - Customers (continued)

	<u>GTUA</u>	<u>Josephine</u>	<u>Kaufman</u>	<u>Kaufman 4-1</u>	<u>Little Elm</u>	<u>Lucas</u>	<u>Melissa</u>
ESTIMATED MIN. ANNUAL DEMAND (1,000 Gal)	1,157,466	205,288	459,989	555,695	1,821,310	648,444	377,632
October	\$ 331,806.04	\$ 58,851.72	\$ 131,858.16	\$ 159,301.80	\$ 522,107.40	\$ 185,890.36	\$ 108,249.08
November	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
December	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
January	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
February	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
March	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
April	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
May	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
June	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
July	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
August	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
September	331,807.00	58,849.00	131,864.00	159,299.00	522,109.00	185,887.00	108,255.00
Total	\$ 3,981,683.04	\$ 706,190.72	\$ 1,582,362.16	\$ 1,911,590.80	\$ 6,265,306.40	\$ 2,230,647.36	\$ 1,299,054.08

	<u>Milligan WSC</u>	<u>Mt Zion WSC</u>	<u>Murphy</u>	<u>Nevada #1</u>	<u>Nevada #2</u>	<u>North Collin SUD</u>	<u>Parker</u>
ESTIMATED MIN. ANNUAL DEMAND (1,000 Gal)	149,894	159,302	1,638,553	70,356	70,985	346,239	582,746
October	\$ 42,965.36	\$ 45,661.88	\$ 469,713.32	\$ 20,165.64	\$ 20,349.40	\$ 99,257.16	\$ 167,052.24
November	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
December	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
January	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
February	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
March	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
April	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
May	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
June	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
July	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
August	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
September	42,970.00	45,667.00	469,719.00	20,169.00	20,349.00	99,255.00	167,054.00
Total	\$ 515,635.36	\$ 547,998.88	\$ 5,636,622.32	\$ 242,024.64	\$ 244,188.40	\$ 1,191,062.16	\$ 2,004,646.24

2022-23 Billing Schedule - Customers (continued)

	<u>Prosper</u>	<u>Rose Hill SUD</u>	<u>Rowlett</u>	<u>Sachse</u>	<u>Seis Lagos MUD</u>	<u>Sunnyvale</u>	<u>Terrell</u>
ESTIMATED MIN. ANNUAL DEMAND (1,000 Gal)	2,998,903	143,271	3,192,039	1,332,153	147,416	732,206	1,415,098
October	\$ 859,680.32	\$ 41,071.24	\$ 915,053.16	\$ 381,882.32	\$ 42,262.04	\$ 209,899.64	\$ 405,666.12
November	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
December	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
January	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
February	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
March	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
April	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
May	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
June	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
July	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
August	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
September	859,686.00	41,071.00	915,051.00	381,884.00	42,259.00	209,899.00	405,661.00
Total	\$ 10,316,226.32	\$ 492,852.24	\$ 10,980,614.16	\$ 4,582,606.32	\$ 507,111.04	\$ 2,518,788.64	\$ 4,867,937.12

	<u>Wylie NE #1</u>	<u>Wylie NE #2</u>	<u>Total</u>
ESTIMATED MIN. ANNUAL DEMAND (1,000 Gal)	307,630	186,311	24,205,705
October	\$ 88,190.20	\$ 53,410.84	\$ 6,936,292.20
November	88,187.00	53,409.00	6,936,303.00
December	88,187.00	53,409.00	6,936,303.00
January	88,187.00	53,409.00	6,936,303.00
February	88,187.00	53,409.00	6,936,303.00
March	88,187.00	53,409.00	6,936,303.00
April	88,187.00	53,409.00	6,936,303.00
May	88,187.00	53,409.00	6,936,303.00
June	88,187.00	53,409.00	6,936,303.00
July	88,187.00	53,409.00	6,936,303.00
August	88,187.00	53,409.00	6,936,303.00
September	88,187.00	53,409.00	6,936,303.00
Total	\$ 1,058,247.20	\$ 640,909.84	\$ 83,235,625.20

Terrell Water Transmission Facilities

Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Sewer Sales:						
Water Facilities	\$ 723,828	\$ 743,760	\$ 743,760	\$ 742,380	\$ (1,380)	-0.19%
Total Sewer Sales	\$ 723,828	\$ 743,760	\$ 743,760	\$ 742,380	\$ (1,380)	-0.19%
Interest Income	\$ 99	\$ 120	\$ 120	\$ 120	\$ -	0.00%
Total Revenues	\$ 723,928	\$ 743,880	\$ 743,880	\$ 742,500	\$ (1,380)	-0.19%
Expenses						
Services:						
Shared Services	\$ 2,958	\$ 2,080	\$ 2,080	\$ 1,390	\$ (690)	-33.17%
Other	20	10	10	20	10	100.00%
Total Services	\$ 2,978	\$ 2,090	\$ 2,090	\$ 1,410	\$ (680)	-32.54%
Debt Service	\$ 720,950	\$ 741,790	\$ 741,790	\$ 741,090	\$ (700)	-0.09%
Total Expenses	\$ 723,928	\$ 743,880	\$ 743,880	\$ 742,500	\$ (1,380)	-0.19%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

Wastewater Pretreatment Program

Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Pretreatment - Members	\$ 1,072,491	\$ 1,335,160	\$ 1,309,585	\$ 1,465,192	\$ 130,032	9.74%
Total Sewer Sales	\$ 1,072,491	\$ 1,335,160	\$ 1,309,585	\$ 1,465,192	\$ 130,032	9.74%
Total Other Revenues	\$ 6,716	\$ -	\$ -	\$ -	\$ -	0.00%
Interest Income	\$ 150	\$ 180	\$ 240	\$ 240	\$ 60	33.33%
Total Revenues	\$ 1,079,358	\$ 1,335,340	\$ 1,309,825	\$ 1,465,432	\$ 130,092	9.74%
Expenses						
Personnel:						
Salaries	\$ 518,468	\$ 564,940	\$ 546,915	\$ 627,085	\$ 62,145	11.00%
Other	236,555	309,960	302,470	285,085	(24,875)	-8.03%
Total Personnel	\$ 755,023	\$ 874,900	\$ 849,385	\$ 912,170	\$ 37,270	4.26%
Supplies:						
Fuel	\$ 2,643	\$ 6,840	\$ 6,840	\$ 6,500	\$ (340)	-4.97%
Other	47,269	57,975	57,975	72,572	14,597	25.18%
Total Supplies	\$ 49,911	\$ 64,815	\$ 64,815	\$ 79,072	\$ 14,257	22.00%
Services:						
Consulting	\$ -	\$ 70,000	\$ 70,000	\$ 40,000	\$ (30,000)	-42.86%
Insurance	2,739	3,060	3,060	3,060	-	0.00%
Maintenance	1,540	10,600	10,600	5,600	(5,000)	-47.17%
Shared Services	230,395	276,550	276,550	371,105	94,555	34.19%
Other	23,149	35,415	35,415	54,425	19,010	53.68%
Total Services	\$ 257,823	\$ 395,625	\$ 395,625	\$ 474,190	\$ 78,565	19.86%
Capital Outlay	\$ 16,600	\$ -	\$ -	\$ -	\$ -	0.00%
Total Expenses	\$ 1,079,358	\$ 1,335,340	\$ 1,309,825	\$ 1,465,432	\$ 130,092	9.74%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

Wastewater Pretreatment Program

Member City Charges	2020-21		2021-22		2021-22		2022-23	
	Actual		Original Budget		Amended Budget		Proposed Budget	
Allen	\$	65,915	\$	81,330	\$	76,940	\$	79,378
Forney		35,704		44,054		41,676		42,997
Frisco		17,852		23,721		22,441		23,152
McKinney		189,505		233,822		240,438		248,057
Melissa		16,479		20,332		19,235		-
Mesquite		233,449		288,042		264,482		261,287
Plano		32,957		40,665		73,734		82,686
Richardson		-		-		-		138,912
Rockwall		82,394		101,662		96,175		99,223
Seagoville		48,063		60,997		57,705		59,534
Sunnyvale		32,957		40,665		38,470		39,689
Terrell		212,850		271,098		256,467		264,594
Wylie		104,365		128,772		121,822		125,683
Total	\$	1,072,491	\$	1,335,160	\$	1,309,585	\$	1,465,192

User Months:

Allen	48	48	6.091%	48	5.875%	48	5.418%
Forney	26	26	3.299%	26	3.182%	26	2.935%
Frisco	13	14	1.777%	14	1.714%	14	1.580%
McKinney	138	138	17.513%	150	18.360%	150	16.930%
Melissa	12	12	1.523%	12	1.469%	-	0.000%
Mesquite	170	170	21.574%	165	20.196%	158	17.833%
Plano	24	24	3.046%	46	5.630%	50	5.643%
Richardson	-	-	0.000%	-	0.000%	84	9.481%
Rockwall	60	60	7.614%	60	7.344%	60	6.772%
Seagoville	35	36	4.569%	36	4.406%	36	4.063%
Sunnyvale	24	24	3.046%	24	2.938%	24	2.709%
Terrell	155	160	20.305%	160	19.584%	160	18.059%
Wylie	76	76	9.645%	76	9.302%	76	8.578%
Total	781	788	100.000%	817	100.000%	886	100.000%