

**JOINT SPECIAL MEETING OF THE HARLINGEN CITY COMMISSION &
THE HARLINGEN WATERWORKS SYSTEM UTILITY
BOARD OF TRUSTEES
MONDAY, DECEMBER 18, 2023, @ 5:30 P.M.
CITY HALL, TOWN HALL MEETING ROOM
2ND FLOOR, 118 E. TYLER AVENUE
HARLINGEN, TEXAS**

Notice is hereby given that the City Commission of the City of Harlingen, Texas will hold a Special Joint Meeting with the Harlingen Waters Works System Utility Board of Trustees, on MONDAY, DECEMBER 18, 2023 at 5:30 P.M. at City Hall, Town Hall Meeting Room, 118 E. Tyler Avenue, Harlingen, Texas and provide the public the ability to view the meeting via internet live streaming at www.harlingentx.gov and the City of Harlingen YouTube Page.

The public will be permitted to offer citizen communication or participate in items listed as public hearings as provided by the agenda and as permitted by the presiding officer during the meeting.

To offer citizen communication or participate in scheduled public hearings, go to, www.harlingentx.gov and click on "PUBLIC HEARING AND CITIZEN COMMUNICATION FORM." Fill out the form and indicate the item you wish to address, and submit the form.

Please indicate (1) the agenda item on which you wish to speak, (2) whether you prefer to speak on the item during citizen communication or at the time the agenda item is brought for consideration before the City Commission.

To submit written comments regarding an item on the agenda for City Secretary, go to www.harlingentx.gov and click on "PUBLIC HEARING AND CITIZEN COMMUNICATION FORM" write your comments (limited to 400 words or less) and submit the form.

PLEASE SUBMIT WRITTEN COMMENTS BEFORE 3:00 P.M. THE DAY OF THE MEETING.

A recording of the meeting will be made and will be available to the public in accordance with the Texas Open Meetings Act.

City of Harlingen meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary's Office at (956) 216-5001 or write Post Office Box 2207, Harlingen, Texas 78550 at least 48 hours in advance of the meeting.

The Harlingen City Commission reserves the right, pursuant to the Texas Government Code Chapter 551, Subchapter D, to enter into closed executive session on any item posted on the agenda if a matter is raised that is appropriate for closed discussion.

Call Meeting to Order

Invocation - Commissioner Daniel N. Lopez

Pledge of Allegiance/Welcome

Conflict of Interest

"Under State Law, a conflict of interest exists if a council member, or certain members of that person's family, has a qualifying financial interest in an agenda item. Members with a conflict of interest cannot participate in the discussion nor vote on the agenda item. Are there any known conflicts of interest to disclose at the time? (*City Attorney*)

Call Meeting to Order (*Harlingen City Commission*)

Call Meeting to Order (*Harlingen Waterworks System Utility Board of Trustees*)

Citizen Communication/Input

1. Presentation by Freese & Nichols, Inc. regarding redevelopment of water and wastewater impact fees and the need for appointment of a capital improvements advisory committee (CIAC) as required under Tex. Loc. Govt Code ch. 395.
2. Presentation by Willdan Financial Services regarding water and wastewater preliminary rate alternatives and rate structure objectives and options.
3. **(Harlingen Waterworks System Utility Board of Trustees)** Consideration and adoption of a resolution by the Harlingen Waterworks System Utility Board of Trustees authorizing Harlingen Waterworks System to submit a financial application to Texas Water Development Board under the Economically Distressed Areas Program for financial assistance in an amount not to exceed \$24 million to fund master planned sewer system improvements.
4. **(Harlingen City Commission)** Consideration and adoption of a resolution by the Harlingen City Commission authorizing Harlingen Waterworks System to submit a financial application to Texas Water Development Board under the Economically Distressed Areas Program for financial assistance in an amount not to exceed \$24 million to fund master planned sewer system improvements.
5. Consideration and possible action to appoint a committee consisting of Harlingen City Commissioners and Utility Board Trustees to guide the development and execution of a public outreach and communications plan regarding water and wastewater rate setting.

6. **AJOURNMENT**

I, the undersigned authority, do hereby certify that the above Notice of the Joint Workshop of the Harlingen City Commission and the Harlingen Waterworks System Utility Board of Trustees is a true and correct copy of said notice posted on the bulletin board at City Hall of said City of Harlingen, Texas in a place convenient and readily accessible to the general public at all times and on the City's Internet Website and said Notice was posted on **Friday, December 15, 2023** at or before **1:30 P.M.** and remained so posted for at least 72 hours preceding the time of said meeting.

Dated this the **15th** day of **December 2023**


Amanda C. Elizondo, City Secretary

ITEM 1)

**AGENDA ITEM
EXECUTIVE SUMMARY**

Meeting Date: **December 18, 2023**

Agenda Item:

Presentation by Freese & Nichols, Inc. regarding redevelopment of water and wastewater impact fees and the need for appointment of a capital improvements advisory committee (CIAC) as required under Tex. Loc. Govt Code ch. 395.

Prepared By (Print Name): Timothy E. Skoglund, P.E.

Title: General Manager

Signature:

Timothy E. Skoglund

Brief Summary:

HWWS has engaged a consultant to assist in the redevelopment of water and wastewater impact fees as periodically required under Tex. Loc. Govt Code ch. 395. Water and Wastewater impact fees in Harlingen were last updated in 2004. The Code stipulates the process, appointment of a capital improvements advisory committee (CIAC), and mandatory meetings for the development and updating of impact fees. A presentation by HWWS's impact fee consultant will briefly introduce the impact fee process and define the composition requirements of the CIAC which the Code requires to be appointed by the elective governing body.

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount ☒ Yes ☐ No*

*If no, specify source of funding and amount requested:

Finance Director's approval:

☐ Yes ☐ No ☐ N/A

Staff Recommendation:

N/A

City Manager's approval:

☒ Yes ☐ No ☐ N/A

Comments:

City Attorney's approval:

☐ Yes ☐ No ☐ N/A

WATER/WASTEWATER IMPACT FEE STUDY

December 18, 2023



**HARLINGEN
WATERWORKS
SYSTEM**

WHAT IS AN IMPACT FEE?

Mechanism for funding the infrastructure necessary to accommodate new development including:

- One-time charge
- Funding of certain new facilities
- Recoupment of certain capital improvements



*Structured approach
to assessment of fees*

WHAT CAN IMPACT FEES PAY FOR?



IMPACT FEE PROGRAM

CIAC COORDINATION

- 1 Prepare Land Use Assumptions
- 2 Prepare Impact Fee Capital Improvement Plan
- 3 Conduct Impact Fee Calculations/Prepare Technical Report
- 4 Public Hearing and Board/Council Consideration
- 5 Adopt Updated Impact Fee Ordinance



CAPITAL IMPROVEMENTS ADVISORY COMMITTEE (CIAC)

- Provide Comment:
 - Land Use Assumptions
 - Capital Improvement Plans (CIP)
 - Impact Fee



CAPITAL IMPROVEMENTS ADVISORY COMMITTEE (CIAC)

- Appointed by City Commission
- ≥ 5 members
- $\geq 40\%$ representatives of the real estate, development, or building industries who are not employees or officials of a political subdivision or governmental entity.
 - P&Z commission may act as the CIAC if it includes at least one representative of the real estate, development, or building industry who is not an employee or official of a political subdivision or governmental entity.
 - If no such representative is a member of the P&Z, it may still act as the CIAC if at least one such representative is appointed as an ad hoc voting member when it acts as the CIAC.
- If the impact fee is to be applied in the ETJ, the membership must include a representative from that area.

ACTION ITEMS AND NEXT STEPS

- City Commission pass resolution to appoint the CIAC (January 2024)
- Resolution to set date for Public Hearing (Late Summer)
- Public Hearing on Impact Fees (Late Summer/Early Fall)

QUESTIONS AND DISCUSSION

AGENDA ITEM EXECUTIVE SUMMARY

Meeting Date: **December 18, 2023**

Agenda Item:

Presentation by Willdan Financial Services regarding water and wastewater preliminary rate alternatives and rate structure objectives and options.

Prepared By (Print Name): Timothy E. Skoglund, P.E.

Title: General Manager

Signature:

Timothy E. Skoglund

Brief Summary:

HWWS water and wastewater rate study will develop rate plans to be based on policy and rate structure decisions to be made jointly by the HWWS Utility Board of Trustees and the Harlingen City Commission. A pending offer by the Texas Water Development Board (TWDB) for funding core master planned projects requires authorization by Harlingen officials for submission of a financial application indicative of Harlingen's intent to proceed with design and construction of the projects and associated supplemental funding obligations. HWWS's rate consultant will present on rate policy and structure options and solicit input and direction from the Board and Commission. Preliminary rate plans will also be presented, defining the revenue and rate requirements associated with the TWDB funding offer of up to \$24 million in financial assistance.

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount ☐ Yes ☒ No*

*If no, specify source of funding and amount requested:

Finance Director's approval: ☐ Yes ☐ No ☐ N/A

Staff Recommendation:

N/A

City Manager's approval: ☒ Yes ☐ No ☐ N/A

Comments:

City Attorney's approval: ☐ Yes ☐ No ☐ N/A

Water & Wastewater Rate Study

Preliminary Rate Alternatives Discussion

December 18, 2023



**HARLINGEN
WATERWORKS
SYSTEM**



Business Confidential - Willdan

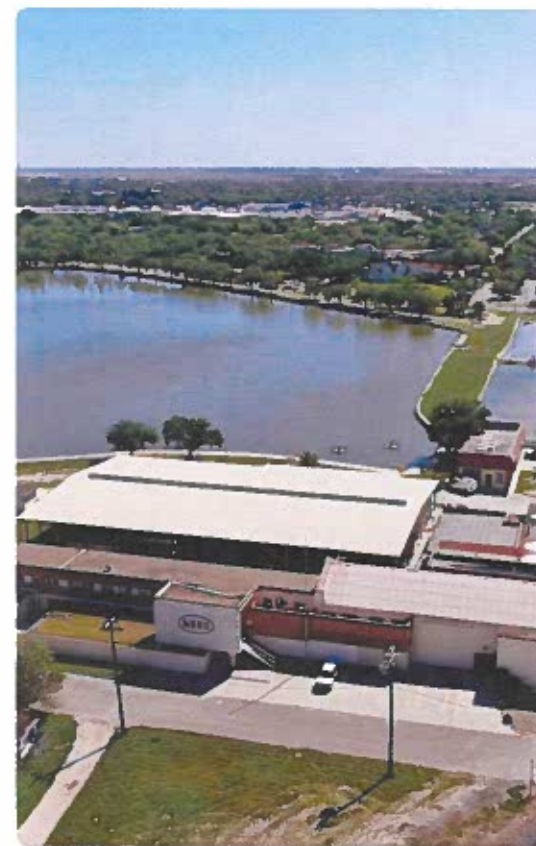


INTRODUCTION

HWWS Water and Wastewater Rate Study – Project Status



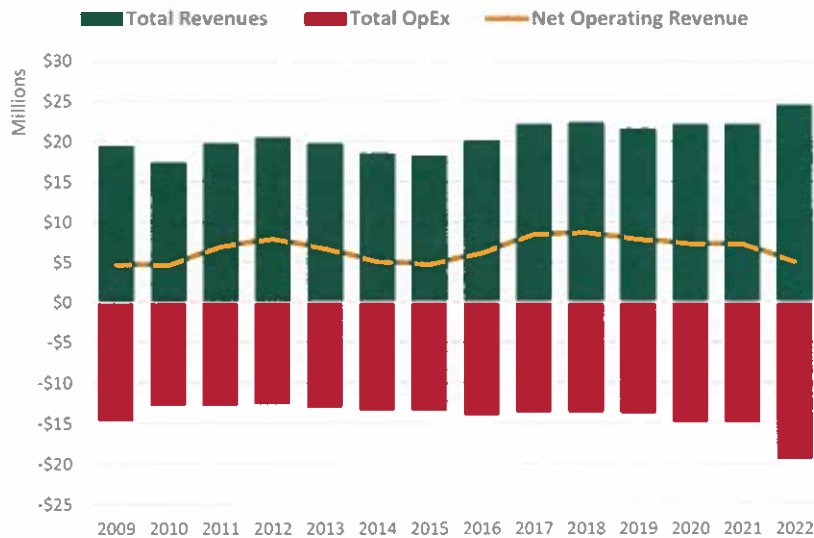
- Analysis principally completed but remains in progress
- Preliminary findings indicate new long-term rate plan is needed for the following reasons:
 - To fund increasing operating costs
 - To ensure utility's continued financial stability
 - To fund designated **capital improvement plan**
- Rate plan alternatives will be finalized based on feedback from today's presentation



Historical Financial Trends (Audited)



Net Operating Revenue

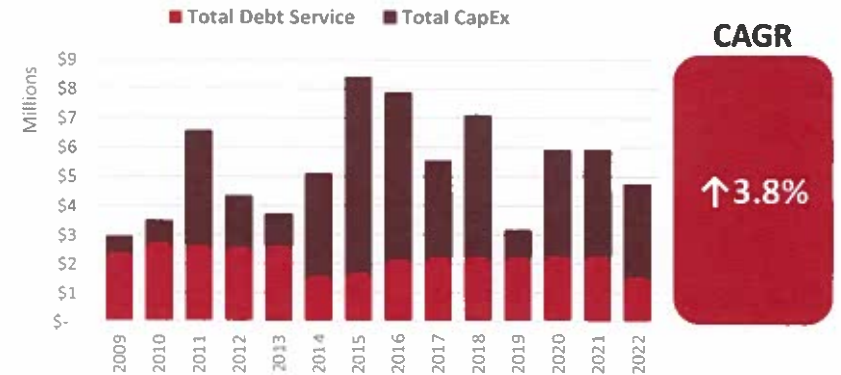


Compound Annual Growth Rate (CAGR)

Revenue
↑1.8%

OpEx
↑2.2%

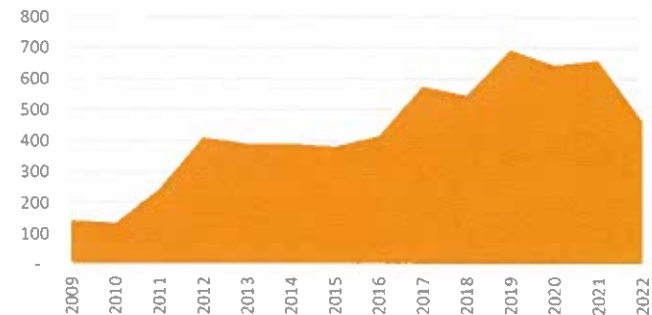
Capital Expenses (Including Debt Service)



CAGR

↑3.8%

Days of Working Capital



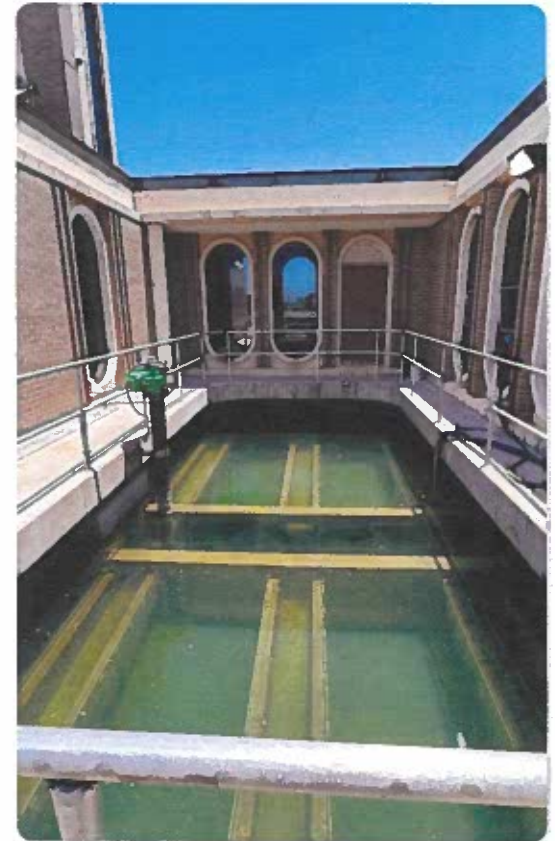
EY2022

465



Objectives of Today's Analysis

- Present **preliminary** forecast of approximate rate impacts under alternative CIP financing and implementation speed scenarios:
 - **Scenario 1 “Long Delay”** - \$136.5m in CIP
 - **Scenario 2 “Moderate Delay”** - \$181.7m in CIP
 - **Scenario 3 “On-Time”** - \$258.0m in CIP
- Consider affordability strategies and desired policy objectives
- Introduction of potential rate structure tools





SYSTEM BACKGROUND

Current Water and Wastewater Rate Structure



WATER RATE STRUCTURE	Inside City	Outside City
Base Charge by Meter Size		
¾"	\$7.93	\$12.49
1"	10.07	15.09
1½"	14.56	21.86
2"	33.02	49.17
3"	49.17	73.77
4"	112.87	169.32
6"	231.80	346.97
8"	426.15	639.24
Volume Rate per kGal	\$1.65	\$2.48
Fuel Cost Adjustment (per kGal)		\$0.06

WW RATE STRUCTURE	Inside City	Outside City
Base Charge by Meter Size		
¾"	\$6.18	\$20.50
1"	9.44	20.50
1½"	21.41	21.41
2"	25.77	25.77
3"	52.97	52.97
4"	134.60	134.60
6"	276.08	276.08
8"	439.33	439.33
Volume Rate per kGal	\$3.66	\$3.66
Fuel Cost Adjustment (per kGal)		\$0.11



Current Monthly Residential Charges | 5,000 Gal Water and Wastewater 3/4" Meter Size

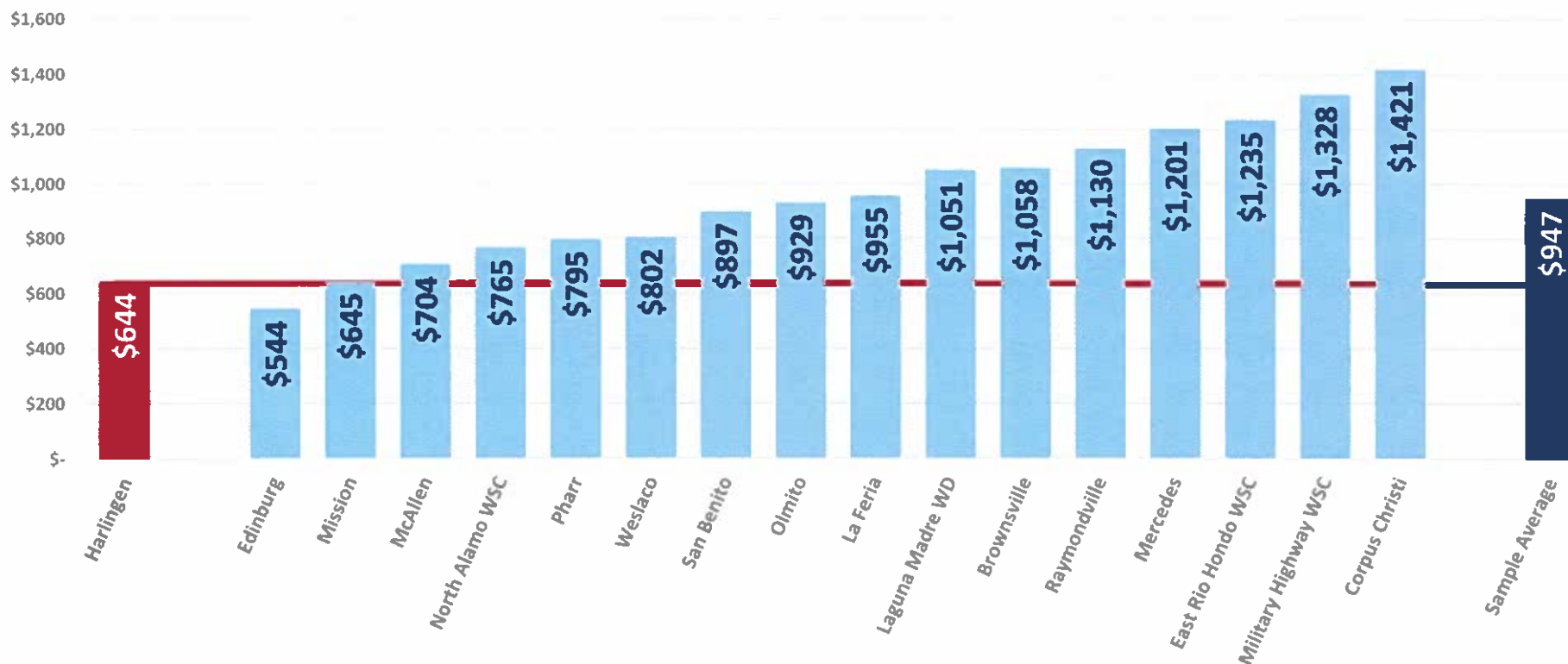


*Rates as of October 2023

Typical Residential Use Case | Total Annual Charges



Total Annual Charges with Winter Averaging | Water & Wastewater Service
Typical Use Case (4Mo Low-Use | 5Mo Mid-Use | 3Mo High Use)



Water and Wastewater Accounts | Test Year 2024



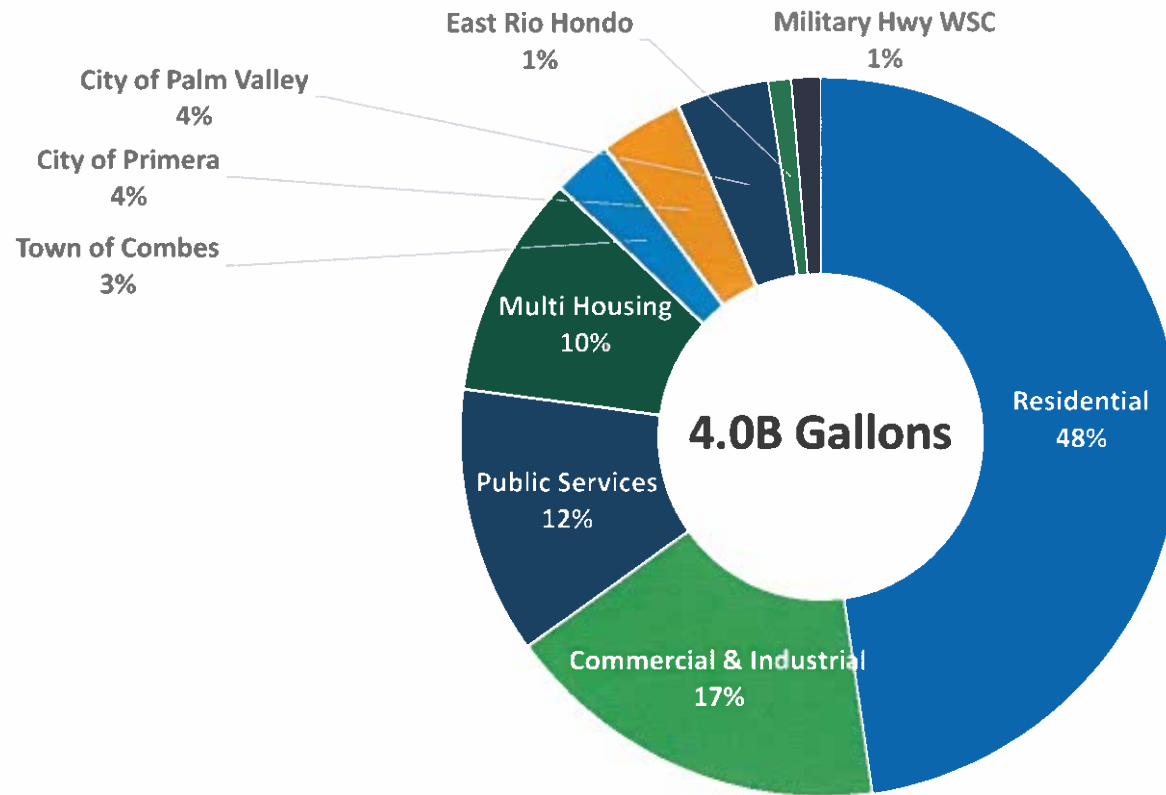
Water Accounts	Inside	Outside
Residential	20,860	3,207
Commercial & Industrial	2,408	106
Multi Housing Apts/Condos	752	69
Public Services/Institutional	635	8
Town of Combes	1	1
City of Primera		1
City of Palm Valley		1
East Rio Hondo		1
Military Hwy WSC		1
	24,656	3,395
	TOTAL	28,051

Wastewater Accounts	Inside	Outside
Residential	17,933	1,194
Commercial & Industrial Inside	1,882	22
Multi Housing Apts/Condos Inside	670	54
Public Services/Institutional Inside	393	7
Town of Combes		1
City of Primera		1
	20,878	1,279
	TOTAL	22,157

10 year forecast likely to show annual growth rate in both water and wastewater accounts of 1-1.5% (300-400 per year)



Test Year Water Consumption by Customer Class





CAPITAL IMPROVEMENT PLAN (CIP) ALTERNATIVE SPEEDS OF IMPLEMENTATION

CIP ALTERNATIVE SPEEDS OF IMPLEMENTATION



SCENARIO DESCRIPTIONS

1. **Long Delay:** 5-Year CIP focused on eliminating all but immediate needs to overcome pre-existing system issues.
2. **Moderate Delay:** 5-Year CIP focused on overcoming pre-existing system issues and immediate known system limitations.
3. **On-Time:** 5-Year CIP in accord with system master plans. Accomplishes 1 & 2 and funds other known short-term needs.

WORKING ASSUMPTIONS (All Scenarios)

1. Initial 2-Year CIP consistent across scenarios and allows for \$18M - \$24M EDAP implementation.
2. Existing rate structure used for all forecasts and customer impact analyses.
3. Cost increases generally assumed 3.5%, with some line items differing
4. Working Capital, Debt Service Coverage Ratio, use of impact fees, and other financial metrics roughly equivalent to current practice.

Scenario 1 – “Long Delay” – \$136.5M CIP



			Short-Term Rate Plan		Forecast Rates		
Current			Effective Jan-24	Effective Oct-24	Effective Oct-25	Effective Oct-26	Forecast Oct-27
Residential Monthly Charge							
5,000 Gal W	Total	\$ 41.51	\$ 45.33	\$ 49.13	\$ 54.54	\$ 60.54	\$ 67.20
5,000 Gal WW	Increase – \$		3.82	3.81	5.40	6.00	6.66
	Increase – %		9.2%	8.4%	11.0%	11.0%	11.0%
7,000 Gal W	Total	44.93	49.12	53.27	59.13	65.64	72.86
5,000 Gal WW	Increase – \$		4.19	4.15	5.86	6.50	7.22
	Increase – %		9.3%	8.4%	11.0%	11.0%	11.0%
Commercial Monthly Charge							
20,000 Gal W	Total	\$ 168.39	\$ 183.88	\$ 199.33	\$ 221.26	\$ 245.60	\$ 272.62
20,000 Gal WW	Increase – \$		15.49	15.46	21.93	24.34	27.02
	Increase – %		9.2%	8.4%	11.0%	11.0%	11.0%
40,000 Gal W	Total	277.99	303.27	328.66	364.81	404.94	449.48
40,000 Gal WW	Increase – \$		25.28	25.39	36.15	40.13	44.54
	Increase – %		9.1%	8.4%	11.0%	11.0%	11.0%



NOTE: Highly preliminary and subject to potentially significant revision

Scenario 2 – “Moderate Delay” – \$181.7M CIP



			Short-Term Rate Plan		Forecast Rates		
Current			Effective Jan-24	Effective Oct-24	Effective Oct-25	Effective Oct-26	Forecast Oct-27
Residential Monthly Charge							
5,000 Gal W	Total	\$ 41.51	\$ 45.33	\$ 49.13	\$ 55.72	\$ 63.19	\$ 70.92
5,000 Gal WW	Increase – \$		3.82	3.81	6.59	7.47	7.73
	Increase – %		9.2%	8.4%	13.4%	13.4%	12.2%
7,000 Gal W	Total	44.93	49.12	53.27	60.44	68.57	77.05
5,000 Gal WW	Increase – \$		4.19	4.15	7.17	8.13	8.48
	Increase – %		9.3%	8.4%	13.5%	13.5%	12.4%
Commercial Monthly Charge							
20,000 Gal W	Total	\$ 168.39	\$ 183.88	\$ 199.33	\$ 226.06	\$ 256.38	\$ 287.75
20,000 Gal WW	Increase – \$		15.49	15.46	26.73	30.32	31.37
	Increase – %		9.2%	8.4%	13.4%	13.4%	12.2%
40,000 Gal W	Total	277.99	303.27	328.66	372.61	422.45	473.70
40,000 Gal WW	Increase – \$		25.28	25.39	43.95	49.84	51.25
	Increase – %		9.1%	8.4%	13.4%	13.4%	12.1%



NOTE: Highly preliminary and subject to potentially significant revision

Scenario 3 – “On Time” – \$258.0M CIP

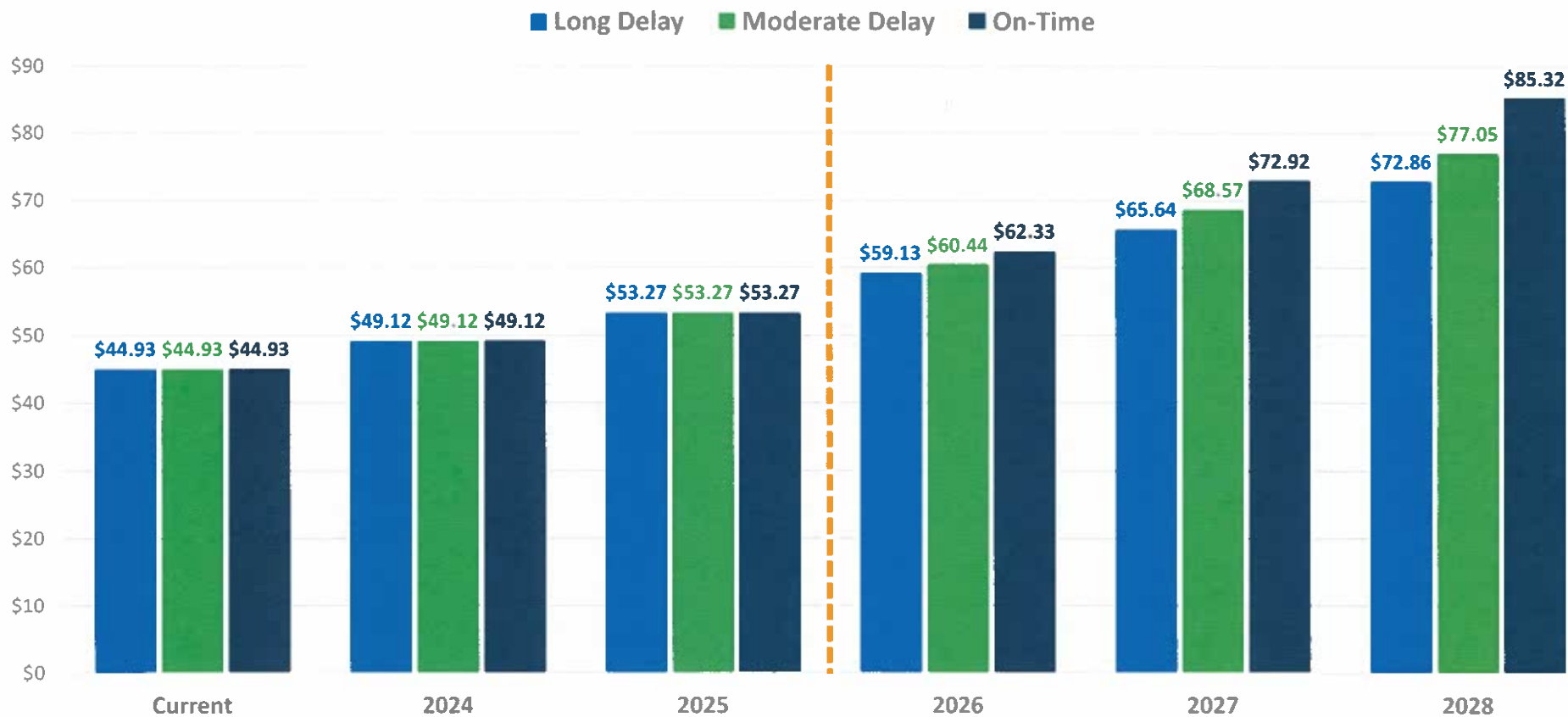


		Short-Term Rate Plan		Forecast Rates		
Current		Effective Jan-24	Effective Oct-24	Effective Oct-25	Effective Oct-26	Forecast Oct-27
Residential Monthly Charge						
5,000 Gal W Total	\$ 41.51	\$ 45.33	\$ 49.13	\$ 57.49	\$ 67.26	\$ 78.69
5,000 Gal WW Increase – \$		3.82	3.81	8.35	9.77	11.43
Increase – %		9.2%	8.4%	17.0%	17.0%	17.0%
7,000 Gal W Total	44.93	49.12	53.27	62.33	72.92	85.32
5,000 Gal WW Increase – \$		4.19	4.15	9.06	10.60	12.40
Increase – %		9.3%	8.4%	17.0%	17.0%	17.0%
Commercial Monthly Charge						
20,000 Gal W Total	\$ 168.39	\$ 183.88	\$ 199.33	\$ 233.22	\$ 272.87	\$ 319.26
20,000 Gal WW Increase – \$		15.49	15.46	33.89	39.65	46.39
Increase – %		9.2%	8.4%	17.0%	17.0%	17.0%
40,000 Gal W Total	277.99	303.27	328.66	384.53	449.90	526.39
40,000 Gal WW Increase – \$		25.28	25.39	55.87	65.37	76.48
Increase – %		9.1%	8.4%	17.0%	17.0%	17.0%



NOTE: Highly preliminary and subject to potentially significant revision

Scenario Comparison (7kGal Water/5kGal WW)



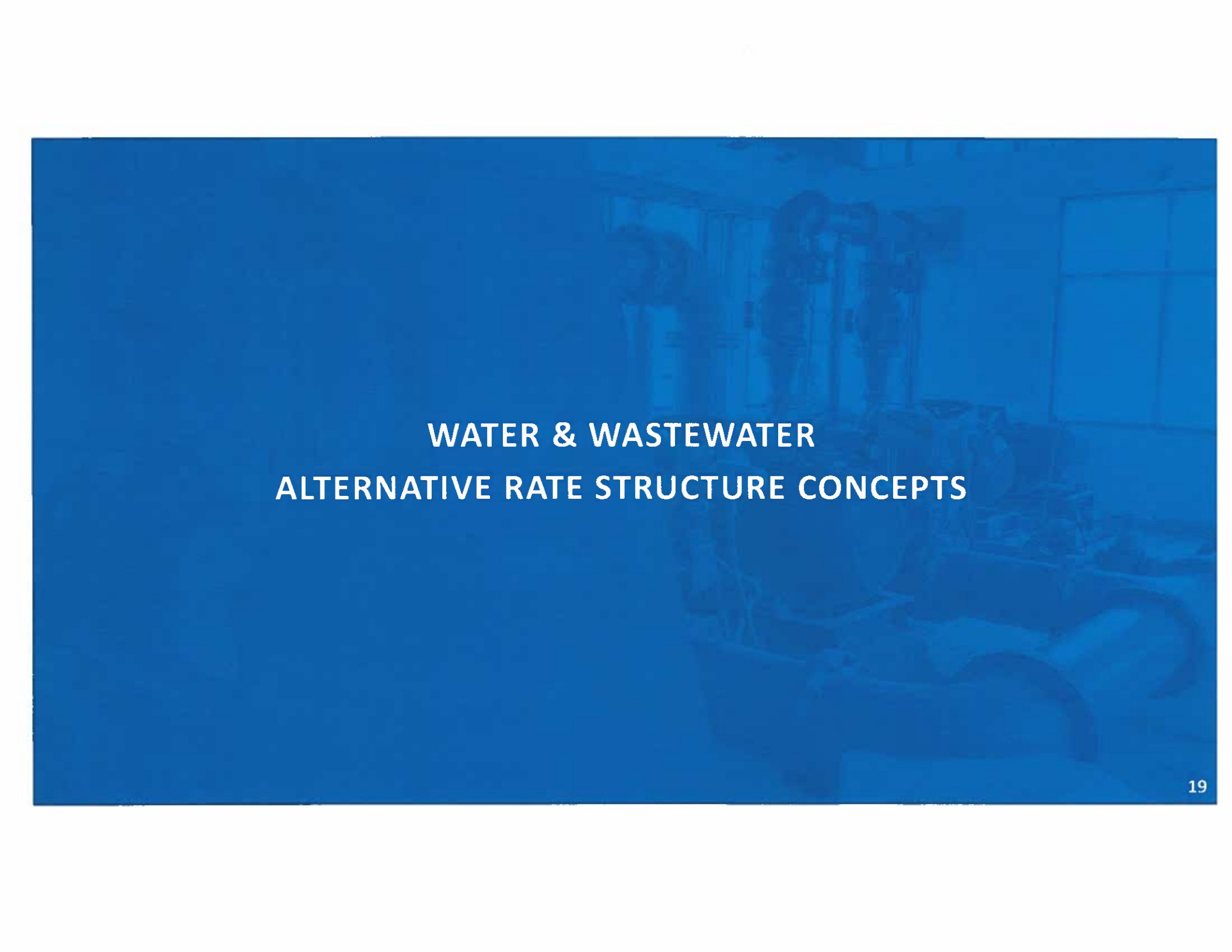
NOTE: Highly preliminary and subject to potentially significant revision

PRELIMINARY & SUBJECT TO CHANGE



IMMEDIATE DECISION POINT

AUTHORIZATION OF EDAP APPLICATION

The background of the slide is a photograph of a water treatment facility, showing large circular tanks and industrial equipment. The entire image is covered with a semi-transparent blue overlay. Centered on this overlay is the title text in white, bold, uppercase letters.

WATER & WASTEWATER ALTERNATIVE RATE STRUCTURE CONCEPTS

Alternative Rate Structures



- City leaders possess significant flexibility to set rates they consider to be appropriate for their communities
- There is no single “correct” rate structure
- The **policy objectives** a City sets for its utility will heavily impact the rate plan the City chooses to adopt
- The following slides will focus on **general components of alternative rate structures**
 - With direction from Board and City Commission, we will prepare specific rate recommendations

Rate Plan Policy Objectives



- What policy objectives are the Board and Commission attempting to affect?

APPROPRIATE SYSTEM FUNDING (REVENUE SUFFICIENCY)

- Operating Expenses
- Working Capital Balances/Reserves
- Repair & Maintain Infrastructure

ENCOURAGE CONSERVATION/MAXIMIZE INFRASTRUCTURE EFFICIENCY

- Appropriately recognize the value of water
- Balancing conservation & financial impacts

ENCOURAGE ECONOMIC DEVELOPMENT

- Access to utility services
- Cost of services to job producers

SOCIAL & COMMUNITY GOALS

- Affordability strategies for low/fixed income residents
- System expansion goals

OTHER POLICY OBJECTIVES?



RATE STRUCTURE CONCEPT 1 – Status Quo Structure



BASE CHARGES

Meter Size	WATER	WW
	Inside City	Inside City
¾"	\$7.93	\$6.18
1"	10.07	9.44
1½"	14.56	21.41
2"	33.02	25.77
3"	49.17	52.97
4"	112.87	134.60
6"	231.80	276.08
8"	426.15	439.33

Volume Charge per kGal

\$1.65	\$3.66
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OBJECTIVES:

- Revenue sufficiency with minimal changes
- Consistent percentage adjustments within existing rate structure

Benefits

- Consistent, easy to understand, path of least resistance
- Fairness – all pay the same percentage increase
- Has been successful in generating sufficient revenue to maintain financial health
- Clear, established revenue streams

Challenges

- Does not encourage conservation
- No gallon allowance or low-income benefit



RATE STRUCTURE CONCEPT 2 | “Conservation” Rates (Inverted Block)

OBJECTIVES:

- Reduce peak demand and associated marginal cost

Benefits

- Not fully consistent with cost-of-service principles
- Generally politically acceptable (lowest rates for lowest users)
- Potential for long-term capital, operating, and water rights cost savings

Challenges

- Counter to cost-of-service principles
- Impacts high volume users disproportionately
- Increases risk to revenue stability (demand elasticity)
- Significantly new rate structures can lead to confusion and perception of unfairness

Inverted Block Rate Examples

Brownsville PUB		Leander, TX	
Base Charge (¾")	\$13.02	Base Charge (¾")	\$37.35
Volume Blocks		Volume Blocks	
0 – 3kgal	\$2.14	0 – 15kgal	\$4.55
3 – 9kGal	\$2.37	15 – 25kGal	\$5.80
9 – 16kGal	\$2.92	25kGal +	\$7.00
16kGal +	\$4.41		

Donna, Texas		Plano, Texas	
Base Charge (¾")	\$14.09	Base Charge (¾")	\$29.70
Volume Blocks		Volume Blocks	
0 – 6kgal	\$2.40	0 – 5kgal	\$0.84
6 – 20kGal	\$4.20	5 – 20kGal	\$4.12
20kGal +	\$6.10	20 – 40kGal	\$8.24
		40kGal +	\$9.98



RATE STRUCTURE CONCEPT 3 | More Aggressive Base Charges



Meter Size	AWWA Equivalency Ratio	Current Charge	Full Equivalency Charge
¾"	1.0	\$ 7.93	\$7.93
1"	1.5x	10.07	11.90
1½"	2.5x	14.56	19.83
2"	5.0x	33.02	39.65
3"	8.0x	49.17	63.44
4"	35.0x	112.87	277.55
6"	65.0x	231.80	515.45
8"	140.0x	426.15	1,111.20

OBJECTIVES:

- Align base monthly charges for system availability with relative to peak potential use

Benefits

- Generally consistent with cost-of-service principles
- Higher degree of revenue stability

Challenges

- Impacts larger users disproportionately compared to current structure (especially if also applied to wastewater base charges)
- Would likely need to be phased in over time
- Significantly new rate structures can lead to confusion and perception of unfairness



RATE STRUCTURE CONCEPT 4 | Lifeline/Reduced Rate



OBJECTIVES:

- Increase affordability for low and/or fixed income ratepayers

Benefits

- Provides financial relief to ratepayers most in need
- Enhances appropriateness of rate structure by making access more affordable to designated ratepayer types (low-income, seniors, veterans, etc.)

Challenges

- Requires all others to pay higher rates to offset relief
- Administratively complex and billing system dependent
- Need to identify and verify designated ratepayer types
- If applied to seniors, veterans, etc. all qualify regardless of income

Common Types of Reduced Rate Policies:

- % Discount on full bill
- Applied to base charge only
- Applied to volume only
- Contingent discount based on low-volume use (Grand Prairie, TX)



Other Rate Structure Related Issues



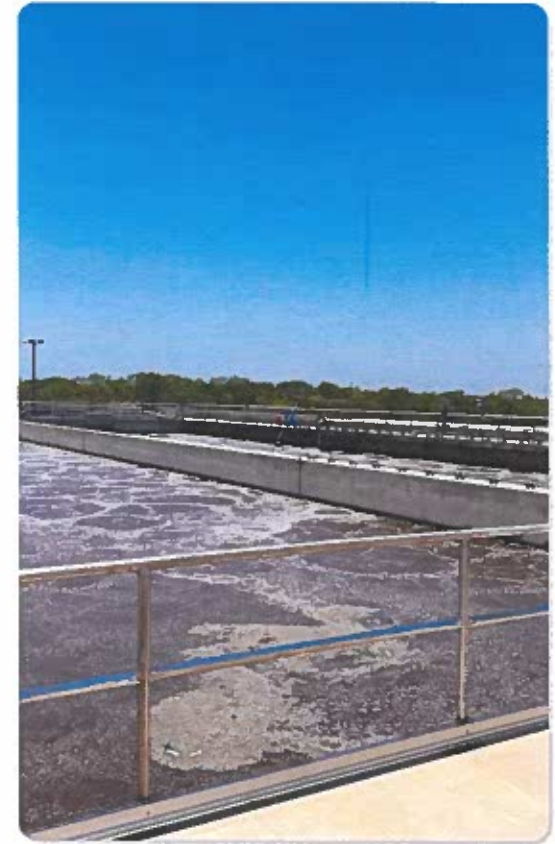
- **Fuel Cost Adjustment**
 - Continue or delete and incorporate into existing rate structure
- **Wholesale Rates**
 - Ensure just and reasonable rates based on rate-making principles
 - Utility-basis approach
 - Desire or need for contract conformity
- **Outside City-Limits Rates**
 - Rate-making principles justify higher outside rates in many circumstances
 - However, these premiums are becoming increasingly controversial in Texas



Other Rate Structure Related Issues



- **Winter Average**
 - Most common form of charging for wastewater service in USA
 - Advantages: attempts to correlate monthly charges to customer's actual contribution to wastewater system
 - Challenges: not as effective in temperate climates; uncommon in RGV
- **Alternative wastewater charge methodologies:**
 - Uniform monthly charge
 - Percentage of actual water usage
 - Actual water usage with cap at certain level
- Project team **does not recommend** abandoning winter average at this time



Other Rate Structure Related Issues

- **Other affordability strategies:**

- Donation-based assistance programs
- Volume included in base charge
- Income-based sliding scale
- Billing, collection, and service termination provisions
- Fixture replacement grant programs
- Leak detection assistance
- Irrigation efficiency programs
- Education



PRELIMINARY & SUBJECT TO CHANGE





SUMMARY

Presentation Summary



- Project team seeks direction from Board and City Commission on the following issues:
 - Authorization for EDAP application based on general recognition of rate impact
 - Capital Improvement Plan Speed of Implementation
 - Long-Delay
 - Moderate Delay
 - On-Time
- In addition to short-term direction, other issues to be considering
 - To what extent should proposed rate plan encourage conservation?
 - Should the rate plan attempt to minimize impact on low/fixed income residents?
 - How should other factors be addressed:
 - Fuel cost adjustment
 - Wholesale/Outside City Limits Rates
 - Winter Averaging
 - Debt Service Coverage Ratio Targets
 - Minimum Working Capital Reserves
 - Type and extent of community engagement
 - Other issues?





WILLDAN

QUESTIONS & DISCUSSION

ITEM #3

TWDB-0201A
Rev 11/16

RESOLUTION NO. R2324-18

Application Filing and Authorized Representative Resolution

A RESOLUTION by the Utility Board of Trustees of the Harlingen Waterworks System requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE Utility Board of Trustees OF THE Harlingen Waterworks System:

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$ 24,000,000.00 to provide for the costs of WWTP and Little Creek Interceptor System Capacity Improvements.

SECTION 2: That Timothy E. Skoglund, P.E. be and is hereby designated the authorized representative of the Harlingen Waterworks System for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the Harlingen Waterworks System before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: Anne Burger Entrekin
Hilltop Securities, Inc.

Engineer: Javier Garcia
Garcia Infrastructure Consultants

Bond Counsel: William Avila
Bracewell LLP

PASSED AND APPROVED, this the 18th day of December, 2023.

ATTEST: _____

By: _____

(Seal)

AGENDA ITEM EXECUTIVE SUMMARY

Meeting Date: **December 18, 2023**

Agenda Item:

Consideration and adoption of a resolution by the Harlingen City Commission authorizing Harlingen Waterworks System to submit a financial application to Texas Water Development Board under the Economically Distressed Areas Program for financial assistance in an amount not to exceed \$24 million to fund master planned sewer system improvements.

Prepared By (Print Name): Timothy E. Skoglund, P.E.

Title: General Manager

Signature:

Timothy E. Skoglund

Brief Summary:

The Texas Water Development Board (TWDB) has indicated a possibility for HWWS to be offered funding through Economically Distressed Areas Program (EDAP) for a core set of wastewater capital improvement projects. TWDB has requested the City of Harlingen to provide assurance of intent to proceed with the Project and accept the associated funding obligations should TWDB extend an invitation to submit a formal financial application. Because the funding would consist of a low-interest loan and 50% loan forgiveness for the EDAP eligible fraction of the projects to be funded, the non-EDAP eligible fraction would require HWWS to obtain supplemental funding from sources other than EDAP. The EDAP loan and supplemental loans required will incur significant debt service costs on debt principal up to \$29 million.

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount ☐ Yes ☒ No*

*If no, specify source of funding and amount requested:

Finance Director's approval: ☐ Yes ☐ No ☐ N/A

Staff Recommendation:

Staff recommends approving the resolution authorizing the filing of the application for funding the EDAP-eligible project.

City Manager's approval: ☒ Yes ☐ No ☐ N/A

Comments:

City Attorney's approval: ☐ Yes ☐ No ☐ N/A

Application Filing and Authorized Representative Resolution

A RESOLUTION by the Elective Commission of the City of Harlingen requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE Elective Commission OF THE City of Harlingen:

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$ 24,000,000.00 to provide for the costs of WWTP and Little Creek Interceptor System Capacity Improvements.

SECTION 2: That Timothy E. Skoglund, P.E. be and is hereby designated the authorized representative of the Harlingen Waterworks System for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the City of Harlingen Waterworks System before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: Anne Burger Entrekin
Hilltop Securities, Inc.

Engineer: Javier Garcia
Garcia Infrastructure Consultants

Bond Counsel: William Avila
Bracewell LLP

PASSED AND APPROVED, this the 18th day of December 2023.

ATTEST: _____

By: _____

(Seal)

AGENDA ITEM EXECUTIVE SUMMARY

Meeting Date: **December 18, 2023**

Agenda Item:

Consideration and possible action to appoint a committee consisting of Harlingen City Commissioners and Utility Board Trustees to guide the development and execution of a public outreach and communications plan regarding water and wastewater rate setting.

Prepared By (Print Name): Timothy E. Skoglund, P.E.

Title: General Manager

Signature:

Timothy E. Skoglund

Brief Summary:

HWWS has engaged a public communications consultant to assist in public outreach related to the current water and wastewater rate study for HWWS. This agenda item is intended to provide opportunity to discuss general outreach goals and to nominate and appoint a committee to guide the consultant in the development and execution of a public outreach and communications plan for the Harlingen community. The primary involvement of the committee is envisioned to include participation in an initial kickoff meeting and any follow up meetings or communication to provide guidance on the plan and its execution.

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount ☒ Yes ☐ No*

*If no, specify source of funding and amount requested:

Finance Director's approval:

☐ Yes ☐ No ☐ N/A

Staff Recommendation:

N/A

City Manager's approval:

☒ Yes ☐ No ☐ N/A

Comments:

City Attorney's approval:

☐ Yes ☐ No ☐ N/A