



WOODLANDS DIVISION

2024 Water and Wastewater Rate Study



2024 Woodlands Division Rate Study Report

FINAL / December 2024



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Abbreviations

AWWA	American Water Works Association
CIP	Capital Improvement Plan
Carollo	Carollo Engineers
FY	fiscal year
GRP	Groundwater Reduction Plan
Kgal	thousand gallons
M1	M1 Manual: Principles of Water Rates, Fees, and Charges
mgd	million gallons per day
O&M	operations and maintenance
R&R	repair and replacement
RCNLD	replacement cost new, less depreciation
SFDUE	single family dwelling unit equivalent
Study	Water Rate Study
SJRA	San Jacinto River Authority
WEF	Water Environment Federation
Woodlands Division	SJRA's Woodlands Division
WWTP	wastewater treatment plant

SECTION 1 INTRODUCTION

The San Jacinto River Authority (SJRA) manages water supply for the Highlands, Lake Conroe, the Woodlands Division, Raw Water, and Groundwater Reduction Plan (GRP) Divisions. SJRA Woodlands Division (Woodlands Division) provides wholesale water and wastewater service to 11 Municipal Utility Districts (MUDs) in the Woodlands, Texas area. The Woodlands Division water supply consists of groundwater from wells, with a maximum pumping capacity of 65 million gallons per day (mgd), and surface water from SJRA's GRP Division. The Woodlands Division operates and maintains five groundwater plants, 38 water wells and a distribution system consisting of 121 miles of water lines. The Woodlands Division also owns, operates, and maintains three Wastewater Treatment Plants (WWTPs) with design capacities of 7.8 mgd, 6.0 mgd, and 0.9 mgd.

1.1 Study Purpose

SJRA retained Carollo Engineers, Inc. (Carollo) to perform a comprehensive financial plan and revenue requirements analysis (Study) of the Woodlands Division to recommend revenue requirements for the upcoming ten-year period (fiscal year [FY] 2025 through FY 2034). The findings and recommendations of this analysis are detailed within this report. A manual for using and updating the model which calculated these findings is provided separately.

1.2 Study Approach

Revenue Requirement analyses are performed periodically so that revenues continue to adequately fund utility operations, maintenance, and necessary capital improvements. Staff reviews expected revenues and expenses annually to determine necessary adjustments to water and wastewater rates.

Carollo uses a methodology consistent with industry standards established by the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1* (M1 Manual) and the Water Environment Federation's (WEF) *Manual of Practice No. 27 (MOP 27) Financing and Charges for Wastewater Systems*.

From a high level, the Study follows a multi-step process, supported by the guidance in the M1 Manual and MOP 27, starting from a financial forecast and ending with rate adoption, shown in Figure 1.



Revenue Requirement Analysis
Compares existing revenues of the Woodlands Division to its operating, capital reserves, and policy driven costs to establish the adequacy of the existing cost recovery levels.

Demand Analysis
Forecasts water and sewer sales based on historical billings, modifications to the rate structure, and any regulatory restrictions.



Rate Adoption
The Study presents the basis for the rates proposed to be adopted in compliance with local and state regulations and statutes.

Figure 1 Conceptual Overview of the Rate-Setting Process

The overall goals of the Study were focused on developing a financial plan that meets the Woodlands Division's financial, operational, and capital needs in a manner that equitably distributes costs between water and wastewater customers. Specific goals included:

1. Forecast water and wastewater consumption.
2. Forecast operations and maintenance (O&M) budget for at least the next ten years, with focus on the next five years.
3. Determine any existing or future debt service requirements.
4. Determine appropriate funding level of reserves.
5. Calculate and recommend any revenue increases needed to sufficiently meet reserve and debt service requirements for the next five years.

1.2.1 Revenue Requirement Analysis

The revenue requirement analysis assesses the utility's fiscal health. It compares the Woodlands Division forecasted revenues (under existing rates and forecasted demands) to its forecasted O&M expenses, capital improvement costs, debt service, and reserve policies to determine the adequacy of the existing rates to recover costs. If the Woodlands Division falls short of any of these benchmarks, then rate revenue likely needs adjustment.

Although the study analyzed water and wastewater systems separately, the Woodlands Division's financial performance is measured as a combined utility.

1.2.1.1 Cash Flow Test

Carollo compiled the Woodlands Division's FY 2024 expenses (budgeted) as the base year for O&M expenses. Carollo also collected information related to current cash and restricted/unrestricted fund balances and internal and external policies, and all other operating and non-operating future revenues and expenditures. With these cost drivers established, a cash flow sufficiency test is typically used to define the annual revenues necessary to meet annual operating and capital expenses, debt payments, and contributions to reserve balances.

1.2.1.2 Debt Coverage Test

Debt coverage is the amount of annual revenue in excess of annual operating expenses and annual debt service that the Woodlands Division must generate. This is represented as a percentage of the annual debt service and is typically outlined in the official statement for each debt issuance. The Woodlands Division's current annual debt coverage ratio requirement is 100 percent of the annual debt service. In years that new debt is issued, the debt coverage ratio requirement in the prior three years is 125 percent.

1.2.1.3 Reserve Funds Test

The reserve funds test reviews end of fiscal year reserve balances compared with the Woodlands Division reserve policies. The Woodlands Division policy requires a minimum operating reserve of three months of O&M expenses, excluding the cost of water recovered by the by the GRP blended fee collected by the Woodlands Division. This analysis reviewed the projected reserve balances at the end of the fiscal year compared with the policy targets.

1.2.2 Water and Wastewater Demand Forecasting

Forecasting water and wastewater demands is essential in determining expected revenue and revenue requirements. Typically, three to five years of historical demand data should be analyzed, taking into account weather conditions or unusual occurrences, such as Covid in 2020. As part of the budget process, the Woodlands Division forecasts the expected water sales based on water production projections, expected water loss, growth projections, and previous demand. Similarly, wastewater demand is projected based on growth projections and previous demand.

1.2.3 Cost Allocation

The goal of the cost allocation analysis is to allocate costs between water and wastewater to serve as a basis for rates. The Woodlands Division currently allocates a large part of its costs between water and wastewater during its budgeting process but looks at the total Division (water and wastewater combined) for debt service and cash flow sufficiency.

1.2.4 Rate Calculation

The rate calculation ties together the preceding steps into a final rate charged for each service provided. The rate calculation is intended to quantify the nexus between the Revenue Requirements and the final rate that the MUDs are charged. This process establishes rates to match the estimated revenue generation with expenditures.

1.3 Current Rate Structure

1.3.1 Water System

The Woodlands Division currently charges the MUDs a uniform water rate per 1,000 gallons (kgal) of water demand. The MUDs also pay a surface water conversion fee per kgal to the Woodlands Division in addition to the water rate. The surface water conversion fee rate is set by the GRP Division, and the results of the 2024 GRP Rate Study were adopted by SJRA. The water rate provides the majority of the Woodlands Division’s water revenue and is supplemented with other minor miscellaneous revenues. Table 1 summarizes the existing water rate charged to the MUDs.

Table 1 Existing Water Rate (2024)

Description	Rate (\$/kgal)
Water	\$2.78

1.3.1.1 Wastewater System

The Woodlands Division charges the MUDs a uniform volumetric rate per kgal of contributed wastewater flow. These rates provide the majority of the Woodlands Division’s wastewater revenue and are supplemented with Direct Reuse Water and other minor miscellaneous revenues. The existing wastewater rate is summarized in Table 2.

Table 2 Existing Wastewater Rates (2024)

Description	Rate (\$/kgal)
Wastewater	\$5.65

SECTION 2 DEMAND FORECASTING

As part of the Study, Carollo developed a module to the rate model to use historical production, water loss, and sales demand data to forecast future water and wastewater demands for the 10-year study period. This connectivity in the model derives future rate revenues from the forecasted production and sales demand. This technical memorandum presents the historical data used, assumptions, methodology, and calculation for the forecasted demand.

2.1 Data

Carollo reviewed and analyzed historical water demand and wastewater flow data provided by SJRA as a basis for forecasting future year demands.

2.1.1 Water Demands

SJRA provided the following data for years FY 2018 through FY 2022:

- Total water production.
- Total water loss.
- Number of single-family dwelling unit equivalents (SFDUE) used for growth.
- Water consumption billing data.

The following three tables present five years (FY 2018 – FY 2022) of historical data provided.

Table 3 Historical Water Production and Water Loss (kgal)

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Water Production ⁽¹⁾	5,922,944	5,069,245	5,676,845	5,257,783	5,829,617
Total Water Loss	9.37%	10.04%	12.22%	6.86%	2.12%
Total Water Sales	5,367,670	4,560,211	4,983,176	4,897,070	5,705,974

Notes:

- (1) Water production measured at the plant.
- (2) Water sales are actual billed metered amount to MUDs.

Table 4 Historical Number of Water Single Family Dwelling Unit Equivalents and Growth Rate

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Montgomery County MUD 1	2,766	2,766	2,766	2,766	2,766
Montgomery County MUD 6	2,899	2,899	2,899	2,899	2,899
Montgomery County MUD 7	3,641	3,641	3,641	3,641	3,641
Montgomery County MUD 36	2,015	2,015	2,040	2,040	2,040
Montgomery County MUD 39	2,022	2,022	2,022	2,022	2,322
Montgomery County MUD 46	8,018	8,018	8,018	8,018	8,018
Montgomery County MUD 47	7,460	7,460	7,460	7,460	7,460
Montgomery County MUD 60	4,326	4,326	4,327	4,327	4,327
Montgomery County MUD 67	4,003	4,003	4,003	4,003	4,003
The Woodlands Metro Center MUD	6,115	6,115	6,115	6,115	6,115
Harris-Montgomery Counties MUD 386	938	938	938	938	938
Total Water SFDUEs	44,203	44,203	44,229	44,229	44,529
Water SFDUE Annual Growth Rate		0.0%	0.1%	0.0%	0.7%

Table 5 Historical Water Sales from Billing Data (kgals)

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Montgomery County MUD 1	386,513	309,657	336,524	350,734	399,235
Montgomery County MUD 6	275,376	251,378	250,488	250,590	292,829
Montgomery County MUD 7	368,350	310,077	334,001	351,958	380,684
Montgomery County MUD 36	196,191	170,138	189,497	176,804	203,263
Montgomery County MUD 39	191,228	170,298	176,374	172,506	196,457
Montgomery County MUD 46	1,261,393	1,032,265	1,202,238	1,145,198	1,357,446
Montgomery County MUD 47	908,457	765,787	866,069	833,175	966,737
Montgomery County MUD 60	582,237	477,055	552,909	542,506	641,363
Montgomery County MUD 67	464,959	415,687	441,101	451,585	538,808
The Woodlands Metro Center MUD	625,856	570,770	530,903	526,876	623,245
Harris-Montgomery Counties MUD 386	107,110	87,099	103,072	95,138	105,907
Total Water Sales	5,367,670	4,560,211	4,983,176	4,897,070	5,705,974
Water Sales Annual Growth Rate		(15.0%)	9.3%	(1.7%)	16.5%

2.1.2 Wastewater Demands

SJRA provided the following wastewater data for years FY 2018 through FY 2022:

- Number of wastewater SFDUEs used for growth.
- Wastewater flow billing data.

Table 6 and Table 7 summarize five years of historical number of wastewater SFDUEs and billed wastewater flow, respectively.

Table 6 Historical Number of Wastewater Single-Family Dwelling Unit Equivalents

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Montgomery County MUD 1	2,935	2,935	2,935	2,935	2,935
Montgomery County MUD 6	3,469	3,469	3,469	3,469	3,469
Montgomery County MUD 7	3,884	3,884	3,884	3,884	3,884
Montgomery County MUD 36	2,173	2,173	2,198	2,198	2,198
Montgomery County MUD 39	2,117	2,117	2,117	2,117	2,417
Montgomery County MUD 46	8,374	8,374	8,374	8,374	8,374
Montgomery County MUD 47	7,650	7,650	7,650	7,650	7,650
Montgomery County MUD 60	4,478	4,478	4,479	4,479	4,479
Montgomery County MUD 67	4,546	4,546	4,546	4,546	4,546
The Woodlands Metro Center MUD	7,446	7,446	7,446	7,446	7,446
Harris-Montgomery Counties MUD 386	1,055	1,055	1,055	1,055	1,055
Total Wastewater SFDUEs	48,127	48,127	48,153	48,153	48,453
Wastewater SFDUE Annual Growth Rate		0.0%	0.1%	0.0%	0.6%

Table 7 Historical Wastewater Flow from Billing Data (kgals)

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Montgomery County MUD 1	217,790	186,402	201,956	194,447	185,142
Montgomery County MUD 6	181,958	182,412	175,610	166,658	181,274
Montgomery County MUD 7	238,456	214,697	225,325	216,171	214,742
Montgomery County MUD 36	128,928	119,518	128,424	110,101	110,525
Montgomery County MUD 39	120,036	118,549	118,590	106,450	106,210
Montgomery County MUD 46	655,592	582,905	619,032	560,764	600,539
Montgomery County MUD 47	512,729	464,111	494,048	459,387	481,318
Montgomery County MUD 60	313,935	275,700	300,995	288,918	301,759
Montgomery County MUD 67	278,835	268,664	274,207	273,132	292,474
The Woodlands Metro Center MUD	386,960	375,224	332,656	331,941	377,192
Harris-Montgomery Counties MUD 386 ¹	102,496	84,277	99,245	93,177	103,058
Total Billed Wastewater Flow	3,137,715	2,872,459	2,970,088	2,801,146	2,954,233
Wastewater Flow Annual Growth		(8.5%)	3.4%	(5.7%)	5.5%

Notes:

(1) Harris-Montgomery Counties MUD 386 (MUD 386) reports its wastewater usage based on 100 percent of non-irrigation water usage. MUD 386 is charged 51 percent of the effective wastewater rate.

2.2 Projected Demands

2.2.1 Assumptions

Carollo forecasted water demand, water sales, and wastewater sales that will inform projected water and wastewater rate revenues, as well as the GRP surface water fee and pumpage fee expenses that the Woodlands Division pays the GRP Division. Through a series of workshops, Carollo and SJRA staff based demand and sales forecasting on a number of assumptions as outlined in this section.

2.2.1.1 Water Assumptions

- FY 2024 water production volume is based on SJRA budget.
- FY 2025 water production volume is consistent with FY 2024 Budget.
- Production annual growth:
 - » FY 2025: 0.00 percent.
 - » FY 2026 and thereafter: 1.00 percent.
- Water loss: 4.00 percent in FY 2025, 4.50 percent in FY 2026, and 5.00 percent thereafter.
- SFDUE annual growth for all MUDs: 1.00 percent throughout study period.

2.2.1.2 Wastewater Assumptions

- FY 2024 wastewater billed flow volume is based on SJRA budget. In all, but one MUD, billed wastewater flow is based on half of water use, excluding irrigation.
- SFDUE annual growth for all MUDs: 1.00 percent throughout study period.
- Flow growth: 1.00 percent throughout study period.

2.2.2 Water Forecast

In the demand forecasting module, the user can see a summary of water sales as projected by billing data, production data, SFDUE, and use per SFDUE data. However, water sales as a result of forecasted production and water loss are what determines the rate revenue in the rate model.

Table 8 summarizes the next five-year projected water production, water loss, and resulting water sales.

Table 8 Five-Year Projected Water Production and Sales (kgals)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Water Production	5,588,082	5,643,962	5,700,402	5,757,406	5,814,980
Total Water Loss	4.00%	4.50%	5.00%	5.00%	5.00%
Total Water Sales	5,364,558	5,389,984	5,415,382	5,469,536	5,524,231

2.2.3 Wastewater Forecast

Table 9 summarizes projected wastewater billed flows (winter average water use) for the next five years.

Table 9 Five-Year Projected Billed Wastewater Flows (kgals)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Wastewater Flows ⁽¹⁾	2,800,000	2,828,000	2,856,280	2,884,843	2,913,691
Growth	-	1.00%	1.00%	1.00%	1.00%

Notes:

(1) Billed wastewater flows are based on 50 percent of water use, excluding irrigation for all MUDS except Harris-Montgomery Counties MUD 386. MUD 386 reports its wastewater usage based on 100 percent of non-irrigation water usage and is charged 51 percent of the effective wastewater rate. For purposes of this study, projected wastewater flows assume MUD 386 reports wastewater flow consistent with the other MUDs and is charged the same rate.

SECTION 3 REVENUE REQUIREMENT ANALYSIS

The revenue requirement analysis is a comprehensive test of the Woodlands Division's water and wastewater system's fiscal health, scrutinizing the adequacy of current revenues and setting the basis for rate planning. It reviews the Woodlands Division revenues, expenses, debt obligations, and reserve policies, assessing the viability of each metric going forward. Where cash flows and balances are insufficient, the revenue requirement analysis determines the needed additional cash flows to meet all funding goals.

The revenue requirement analysis covers the forecast period of FY 2025 through FY 2034. However, the primary focus of this report is the five-year rate-setting period, FY 2025 through FY 2029.

There are three sufficiency tests that can be used to define the annual revenue requirement: (1) operating income, (2) debt coverage, and (3) reserves. These sufficiency tests are commonly used to determine the amount of annual revenue that must be generated from an agency's rates.

- **Cash Flow Sufficiency Test:** Assesses whether revenues equal or exceed expenses, and a net positive cash flow exists at the end of each fiscal year. When there is a cash flow deficit, this test recommends additional revenue.
- **Debt Service Coverage Test:** Assesses a utility's ability to make their annual debt service payments. Bond issuances regularly include a stipulation that the agency must maintain sufficient cash flows to meet annual debt service payments plus an additional amount. Typical debt service coverage ratios (DSCR) range from 1.25 times to 1.50 times annual debt service, depending on an agency's specific financial situation and the type of debt instrument issued. The Woodlands Division debt service coverage requirement is 1.00 times (1.00x) for the outstanding 2017 bonds.
- **Reserve Sufficiency Test:** Measures the ability of the rates to meet the Woodlands Division's target reserve balance based on the reserve policies adopted by the SJRA Board of Directors. Based on those policies, the year-end total unrestricted reserve balance should meet or exceed the total of all targets in each year. Typical water industry operating reserves range between 3 to 12 months O&M expenses. The Woodlands Division's current operating reserve is three months O&M expenses.

Revenue is adjusted to make sure there is not a shortfall in any of the above tests.

The Woodlands Division staff provided FY 2022 through FY 2023 actual and FY 2024 and FY 2025 budgeted revenues and expenditures, water and wastewater sales, reserve fund balances, budgeted Capital Improvement Plan (CIP), current debt service, and other relevant financial data to forecast funding needs. The FY 2025 budget serves as the base year for O&M costs.

3.1 Water System

3.1.1 Expenses

To forecast the Woodlands Division water expenses for the duration of this Study, Carollo chose escalation factors based on long-term and recent inflation substantiated with input from Division staff. Expenses in this Study are escalated by various factors. Most expenses are escalated between 3.0 percent to 6.0 percent in FY 2026 and tapering down to a range of 3.0 percent to 5.0 percent annually by FY 2030. Electric, utilities, and mechanical maintenance expenses are escalated by 10.0 percent annually.

3.1.1.1 Operating Expenses

Table 10 summarizes the Woodlands Division’s operating and non-operating expenditures forecasted during the rate-setting period based on the escalation factors discussed above.

Table 10 Water Operating Expenditures Forecast (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses					
Salaries, Wages, & Employee Benefits	\$4.23	\$4.48	\$4.70	\$4.94	\$5.14
Professional Fees	0.47	0.49	0.52	0.54	0.56
Purchased & Contracted Services	16.90	17.08	17.27	17.74	18.23
Supplies, Materials & Utilities	3.21	3.37	3.54	3.71	3.89
Rentals	0.01	0.01	0.01	0.01	0.01
Maintenance, Repairs & Parts	1.03	1.08	1.14	1.20	1.24
General & Administrative Expenses	0.42	0.44	0.46	0.48	0.50
Total Operating Expenses	\$26.25	\$26.95	\$27.63	\$28.62	\$29.56

3.1.1.2 Non-Operating Expenses

The Woodlands Division water system does not have any existing outstanding debt obligations that have an impact on the wholesale rate. The Woodlands Division water system does have Water Capacity bonds - 2014 Refunding Water and Wastewater bonds that are obligated by SJRA and are paid by the participating MUDs by means of a separate invoice. The debt is held in a separate fund and has no bearing on the Woodlands operating rates because it is paid from a separate agreement with the MUDs.

The Woodland Division transfers approximately \$6.0 million total into its repair and replacement (R&R) Fund for water and wastewater projects. The projected water portion of transfer ranges from \$3.0 to \$4.0 million for the rate-setting period. There is flexibility in how the \$6.0 million is distributed between water and wastewater projects and varies from year to year.

The projected capital outlays are for small capital expenses that are not captured in the 10-Year Project Plan, and consist of items such as computer equipment, software, and maintenance equipment.

A summary of the Woodlands Division’s non-operating expenses is presented in Table 11.

Table 11 Water Non-Operating Expenditure Forecast Debt Service (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Interest Expense Debt Service	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Expense Lease	0.00	0.00	0.00	0.00	0.00
Principal Debt Service	0.00	0.00	0.00	0.00	0.00
Transfer to R&R Fund	4.03	4.00	4.00	3.00	3.00
Capital Outlays	0.28	0.17	0.17	0.17	0.17
Total Non-Operating Expenses	\$4.32	\$4.17	\$4.17	\$3.17	\$3.17

3.1.1.3 10-Year Plan Funding

The Woodlands Division has several projects in its current 10-Year Water Project Plan, totaling \$38.2 million for water R&R projects and \$180.7 million for water bond projects. A five-year summary of the annual costs is in the table below. A full listing of the projects and costs can be found in the appendix of this report.

Table 12 Water 10-Year Plan Expenditures (\$ millions)

Project Type ⁽¹⁾	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
R&R Projects	\$6.38	\$7.15	\$5.38	\$3.48	\$2.50
Bond Projects	-	17.52	19.66	30.44	27.40
Total Plan Projects	\$6.38	\$24.66	\$25.03	\$33.92	\$29.90

Notes:

(1) These projects are not listed as a cash flow line item. The Woodlands Division uses the Plan as a guideline to determine future debt issuances and funding through the R&R Fund.

3.1.1.4 Projected Expenses

The following table presents a summary of the Woodlands Division’s Operating Fund expenditures for the duration of this Study.

Table 13 Water Expenditures (\$ millions)

Expense Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses					
Salaries, Wages, & Employee Benefits	\$4.23	\$4.48	\$4.70	\$4.94	\$5.14
Professional Fees	0.47	0.49	0.52	0.54	0.56
Purchased & Contracted Services	16.90	17.08	17.27	17.74	18.23
Supplies, Materials & Utilities	3.21	3.37	3.54	3.71	3.89
Rentals	0.01	0.01	0.01	0.01	0.01
Maintenance, Repairs & Parts	1.03	1.08	1.14	1.20	1.24
General & Administrative Expenses	0.42	0.44	0.46	0.48	0.50
Non-Operating Expenses					
Interest Expense Debt Service	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Expense Lease	0.00	0.00	0.00	0.00	0.00
Debt Service Principal	0.00	0.00	0.00	0.00	0.00
Transfer to R&R Fund	4.03	4.00	4.00	3.00	3.00
Capital Outlays	0.28	0.17	0.17	0.17	0.17
Total Expenses	\$30.57	\$31.13	\$31.80	\$31.80	\$32.74

Notes:

(1) Due to rounding, totals may not tie precisely to the sum of separate numbers.

3.1.2 Revenues

Operating revenues for the Woodlands Division water system are primarily derived from rates and charges for water service, which are the focus of this report. Carollo determined the Woodlands Division’s baseline revenues, prior to any other revenue increases.

Table 14 Projected Annual Water Revenue Before Adjustments (\$ millions)

Revenue Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Revenues					
Existing Water Sales	\$14.65	\$14.71	\$14.78	\$14.93	\$15.08
GRP Pumping Fees ⁽¹⁾	15.93	15.99	16.06	16.49	16.94
Other Revenues	0.00	0.00	0.00	0.00	0.00
Total Revenues	\$30.58	\$30.70	\$30.85	\$31.43	\$32.02

Notes:

(1) GRP Pumping Fees are received by the Woodlands Division and then paid to the GRP Division.

(2) Due to rounding, totals may not tie precisely to the sum of separate numbers.

3.2 Revenue Requirement Tests

3.2.1 Cash Flow Assessment

A cash flow sufficiency test evaluates if revenues received by the Woodlands Division are sufficient to cover operating and non-operating expenses.

The cash balance represents the funds available for daily operations of the water system. Per an agreement with SJRA and the MUDS, the Woodlands Division cannot automatically rollover a surplus cash balance in excess of the minimum three-month requirement to the following year. Excess cash is voted on by the MUDs annually after the Annual Comprehensive Financial Report (ACFR) is finalized. Therefore, the starting fund balance of each year is the lesser of the actual and minimum cash requirement of the prior year.

The Woodlands Division maintains a minimum cash balance of at least three months or approximately \$2.6 million for the water system through FY 2025.

Table 15 Water Cash Flow Before Adjustment (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Starting Fund Balance	\$2.59	\$2.58	\$2.16	\$1.20	\$0.83
Revenues					
Operating Revenues	\$30.58	\$30.70	\$30.85	\$31.43	\$32.02
Total Revenues	\$30.58	\$30.70	\$30.85	\$31.43	\$32.02
Expenditures					
Operating Expenditures	\$26.25	\$26.95	\$27.63	\$28.62	\$29.56
Non-Operating Expenditures	4.33	4.17	4.17	3.17	3.17
Total Expenditures	\$30.58	\$31.13	\$31.80	\$31.80	\$32.74
Cash Flow Surplus/(Deficit)	\$0.00	\$(0.42)	\$(0.96)	\$(0.37)	\$(0.72)
Ending Fund Balance	\$2.59	\$2.16	\$1.20	\$0.83	\$0.12
Target Cash Balance	\$2.58	\$2.74	\$2.89	\$3.03	\$3.16

As shown, the Woodlands Division water system will begin operating in a cash flow deficit starting in FY 2026 that will continue to increase throughout the rate-setting period under the existing water rate. Additionally, the ending cash balance will not meet the three-month operating reserve requirement beginning in FY 2026. It is important to note that the combined cash balance for water and wastewater will meet the reserve requirement of \$5.5 million through FY 2025 with no rate increases but will begin to dip below the requirement in FY 2026 and each year thereafter.

3.2.2 Debt Service Coverage Test

The Woodlands Division does not have an annual debt obligation related to the water system. If the Woodlands Division considers future debt issuances for the water system, the debt will carry a DSCR of 1.25x in the three years prior to issuing debt and 1.00x in all other years. The DSCR is calculated by dividing the difference between total revenues and operating expenses by the debt service.

Table 16 Water Debt Service Coverage Test (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total Revenues	\$30.58	\$30.70	\$30.85	\$31.43	\$32.02
Operating Expenses	\$26.25	\$26.95	\$27.63	\$28.62	\$29.56
Net Revenue Available for Coverage Test	\$4.32	\$3.75	\$3.22	\$2.81	\$2.46
Debt Service	-	-	-	-	-
Coverage Ratio (1.00x)	N/A	N/A	N/A	N/A	N/A
<i>Debt Service Coverage Surplus/(Deficit)</i>	\$4.32	\$3.75	\$3.22	\$2.81	\$2.46

3.2.3 Reserve Sufficiency Test

The Woodlands Division has minimum operating reserve requirement of three months of O&M. Table 17 demonstrates that without revenue increases the water system will fall below this requirement during FY 2026.

Table 17 Water Reserve Sufficiency Test (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Ending Fund Balance Before Increase	\$2.59	\$2.16	\$1.20	\$0.83	\$0.12
O&M Expenses (3 Months)	2.58	2.74	2.89	3.03	3.16
Operating Fund Above/(Below) Target	\$0.01	\$(0.58)	\$(1.69)	\$(2.20)	\$(3.04)
<i>Months of O&M</i>	<i>3.1 months</i>	<i>2.4 months</i>	<i>1.2 months</i>	<i>0.86 months</i>	<i>0.11 months</i>

3.3 Recommended Revenue Requirement

The Woodlands Division's water revenues generated under existing rates are insufficient to meet its projected revenue requirements throughout the duration of this rate-setting period. Carollo recommends maintaining the current Woodlands Division water rate through FY 2025 and implementing annual rate increases of 4.0 percent in FY 2026 and 3.4 percent in FY 2027. The revenue plan shown in Table 18 is projected to generate enough revenue to meet all three financial tests.

Table 18 Projected Water Revenue Requirements (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Increase	0.0%	4.0%	3.4%	0.0%	0.0%
Baseline Rate Revenues	\$14.65	\$14.971	\$14.78	\$14.93	\$15.08
Revenue from Increase	-	0.59	1.11	1.13	1.14
GRP Pumping Fees	15.93	15.99	16.06	16.49	16.94
Non-Operating Revenues	0.00	0.00	0.00	0.00	0.00
Less: Expenditures	(30.58)	(31.13)	(31.80)	(31.80)	(32.74)
Cash Flow After Increases	\$0.00	\$0.16	\$0.16	\$0.76	\$0.42

Below is a summary of the proposed Woodlands Division water rate for the rate-setting period.

Table 19 Proposed Water Rates (FY 2025 through FY 2029)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Percent Increase	0.0%	4.0%	3.4%	0.0%	0.0%
Water Rate	\$2.73	\$2.84	\$2.94	\$2.94	\$2.94

The Woodlands Division is considering a \$20.0 million loan in FY 2026 to cover projected capital project costs. This loan is not included in the baseline analysis above, as the MUDs are in the process of considering options for recovering the debt service. However, below is a table that summarizes projected water debt terms and annual payment.

Table 20 Water Future Debt Amount and Terms (FY 2025 through FY 2029)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Loan Proceeds Amount (\$ millions)	\$0.00	\$20.00	\$0.00	\$0.00	\$0.00
Term	25 years	25 years	25 years	25 years	25 years
Interest Rate	4.50%	4.50%	4.50%	4.50%	4.50%
Issuance Cost	3.50%	3.50%	3.50%	3.50%	3.50%
Reserve Requirement	1 year	1 year	1 year	1 year	1 year
Annual Payment (\$ million)	\$0.00	\$1.52	\$0.00	\$0.00	\$0.00

Table 21 summarizes the additional amount the water rate would need to increase in order to recover the above future debt issuance.

Table 21 Projected Water Rates – Additional Debt (FY 2025 through FY 2029)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Percent Increase – Total Rate	0.0%	14.3%	3.1%	0.0%	0.0%
Water Rate – Baseline (per kgal)	\$2.73	\$2.84	\$2.94	\$2.95	\$2.95
Water Rate – Debt Portion (per kgal)	0.00	0.29	\$0.29	\$0.28	\$0.28
Water Rate Total (per kgal)	\$2.73	\$3.13	\$3.23	\$3.23	\$3.23

Notes:

- (1) The baseline rate is the total water rate minus the debt portion of the rate; therefore the baseline rates may differ slightly than the proposed rates in Table 19.

Carollo recommends the Woodlands Division monitor and update any major changes to the revenue and expenditure assumptions, so the projections reflect most recent conditions. As the Woodlands Division makes policy decisions regarding future debt issuances and how those costs are recovered, Carollo recommends the Woodlands Division update the analysis.

3.4 Wastewater System

3.4.1 Expenses

To forecast Woodlands Division’s wastewater expenses for the duration of this Study, Carollo chose escalation factors based on long-term and recent inflation substantiated with input from Division staff. Most expenses are escalated between 3.0 percent to 6.0 percent in FY 2026 and tapering down to a range of 3.0 percent to 5.0 percent annually by FY 2030. Electric, utilities, and mechanical maintenance expenses are escalated by 10.0 percent annually.

3.4.1.1 Operating Expenses

Table 22 summarizes the Woodlands Division’s wastewater operating and non-operating expenditures forecasted during the rate-setting period based on the escalation factors discussed above.

Table 22 Wastewater Operating Expenditures Forecast (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Wastewater Operating Expenses					
Salaries, Wages, & Employee Benefits	\$5.21	\$5.52	\$5.80	\$6.09	\$6.33
Professional Fees	0.48	0.51	0.53	0.56	0.58
Purchased & Contracted Services	0.79	0.83	0.87	0.92	0.95
Supplies, Materials & Utilities	3.25	3.41	3.58	3.76	3.92
Rentals	0.01	0.01	0.01	0.01	0.01
Maintenance, Repairs & Parts	1.37	1.44	1.51	1.59	1.65
General & Administrative Expenses	0.52	0.54	0.57	0.60	0.62
Total Operating Expenses	\$11.63	\$12.26	\$12.88	\$13.52	\$14.07

3.4.1.2 Non-Operating Expenses

The Woodlands Division wastewater system has one outstanding debt obligation, a Series 2017 Revenue Bond that is scheduled to be paid off at the end of FY 2032.

As mentioned in the Water System subsection, the Woodlands Division also transfers approximately \$6.0 million total into its R&R Fund for water and wastewater projects. The wastewater portion of transfer ranges from \$2.0 to \$3.0 million for the rate-setting period. There is flexibility in how the \$6.0 million is distributed between water and wastewater projects and the decision is made annually post audit and seven months after fiscal year end.

The projected wastewater capital outlays are for small capital expenses that are not captured in the 10-Year Project Plan, and consists of items such as computer equipment, software, and maintenance equipment.

A summary of the Woodlands Division’s non-operating expenses is presented in Table 23.

Table 23 Wastewater Non-Operating Expenditure Forecast Debt Service (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Interest Expense Debt Service	\$0.44	\$0.44	\$0.43	\$0.41	\$0.40
Interest Expense Lease	0.00	0.00	0.00	0.00	0.00
Principal Debt Service	1.65	1.66	1.67	1.69	1.70
Transfer to R&R Fund	1.97	2.00	2.00	3.00	3.00
Capital Outlays	0.25	0.21	0.21	0.21	0.21
Total Non-Operating Expenses	\$4.33	\$4.31	\$4.31	\$5.31	\$5.31

3.4.1.3 10-Year Plan Funding

The Woodlands Division has several projects in its current 10-Year Wastewater Project Plan, totaling \$45.3 million for wastewater R&R projects and \$319.7 for wastewater bond projects. A five-year summary of the annual costs is in the table below. A full listing of the projects and costs can be found in the appendix of this report.

Table 24 Wastewater 10-Year Plan Expenditures (\$ millions)

Project Type ⁽¹⁾	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
R&R Projects	\$6.32	\$5.01	\$2.62	\$3.32	\$3.86
Bond Projects	5.77	16.52	64.77	72.00	70.02
Total Plan Projects	\$12.09	\$21.52	\$67.40	\$75.32	\$73.88

Notes:

(1) These projects are not listed as a cash flow line item. The Woodlands Division uses the Plan as a guideline to determine future debt issuances and funding through the R&R Fund.

3.4.1.4 Projected Expenses

The following table presents a summary of Woodlands Division’s wastewater expenditures for the duration of this Study:

Table 25 Wastewater Expenditures (\$ millions)

Expense Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses					
Salaries, Wages, & Employee Benefits	\$5.21	\$5.52	\$5.80	\$6.09	\$6.33
Professional Fees	0.48	0.51	0.53	0.56	0.58
Purchased & Contracted Services	0.79	0.83	0.87	0.92	0.95
Supplies, Materials & Utilities	3.25	3.41	3.58	3.76	3.92
Rentals	0.01	0.01	0.01	0.01	0.01
Maintenance, Repairs & Parts	1.37	1.44	1.51	1.59	1.65
General & Administrative Expenses	0.52	0.54	0.57	0.60	0.62
Non-Operating Expenses					
Interest Expense Debt Service	\$0.44	\$0.44	\$0.43	\$0.41	\$0.40

Expense Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Interest Expense Lease	0.00	0.00	0.00	0.00	0.00
Principal Debt Service	1.65	1.66	1.67	1.69	1.70
Transfer to R&R Fund	1.97	2.00	2.00	3.00	3.00
Capital Outlays	0.25	0.21	0.21	0.21	0.21
Total Expenses	\$15.96	\$16.57	\$17.19	\$18.83	\$19.38

3.4.2 Revenues

Operating revenues for the Woodlands Division wastewater system are primarily derived from rates for wastewater service, which are the focus of this report.

Carollo determined the Woodlands' baseline revenues, prior to any other revenue adjustments.

Table 26 Projected Annual Wastewater Revenue Before Adjustment (\$ millions)

Revenue Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Revenues					
Wastewater Treatment Fees	\$15.82	\$15.98	\$16.14	\$16.30	\$16.46
Direct Reuse Water	0.03	0.03	0.03	0.03	0.03
Permits, Licenses & Fees - Commercial	0.12	0.12	0.12	0.12	0.12
Sampling	0.00	0.00	0.00	0.00	0.00
Other Revenues	0.00	0.00	0.00	0.00	0.00
Total Revenues	\$15.97	\$16.13	\$16.29	\$16.45	\$16.61

3.5 Revenue Requirement Tests

3.5.1 Cash Flow Test

A cash flow sufficiency test evaluates if wastewater revenues received by the Woodlands Division are sufficient to cover wastewater operating and non-operating expenses.

The cash balance represents the funds available for daily operations of the wastewater system. Like the water system, the Woodlands Division's wastewater system cannot automatically rollover a surplus cash balance in excess of the minimum three-month requirement to the following year due to an agreement with the MUDs. Therefore, the beginning fund balance of each year is the lesser of the actual and minimum cash requirement of the prior year.

Wastewater revenues under existing rates are insufficient to maintain a minimum cash balance of at least three months or approximately \$3.2 million for the wastewater system starting in FY 2026 of the rate-setting period.

Table 27 Wastewater Cash Flow Before Adjustment (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Starting Fund Balance	\$2.89	\$2.90	\$2.45	\$1.55	\$(0.83)
Revenues					
Operating Revenues	15.97	16.13	16.29	16.45	16.61
Total Revenues	\$15.97	\$16.13	\$16.29	\$16.45	\$16.61
Expenditures					
Operating Expenditures	11.63	12.26	12.88	13.52	14.07
Non-Operating Expenditures	4.33	4.31	4.31	5.31	5.31
Total Expenditures	\$15.96	\$16.57	\$17.19	\$18.83	\$19.38
Cash Flow Surplus/(Deficit)	\$0.01	\$(0.44)	\$(0.90)	\$(2.38)	\$(2.77)
Ending Fund Balance	\$2.90	\$2.45	\$1.55	\$(0.83)	\$(3.60)
Target Cash Balance	\$2.91	\$3.07	\$3.22	\$3.38	\$3.52

Notes:

(1) Due to rounding, totals may not tie precisely to the sum of separate numbers.

As shown, the Woodlands Division wastewater system will begin operating in a cash flow deficit starting in FY 2026 that will continue to increase throughout the rate-setting period under the existing wastewater rate. Additionally, the ending cash balance will not meet the three-month operating reserve requirement throughout the rate-setting period.

It is important to note that the combined cash balance for water and wastewater will meet the three-month reserve requirement of \$5.5 million through FY 2025 with no rate increases but will begin to dip below the requirement in FY 2026 and each year thereafter.

3.5.2 Debt Service Coverage Test

The Woodlands Division’s annual wastewater debt obligation for FY 2025 through FY 2029 is the existing Series 2017 Bonds with a payment of \$2.1 million. Future obligations will carry a DSCR of 1.00x and the Woodlands Division will need to have a DSCR of 1.25x in the three years prior to the debt issuance date. The DSCR is calculated by dividing the difference between total revenues and operating expenses by the debt service. Prior to any revenue adjustments, the Woodlands Division will meet its debt coverage obligations through FY 2028, as shown in the table below.

Table 28 Wastewater Debt Service Coverage Test Before Adjustment (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total Revenues	\$15.97	\$16.13	\$16.29	\$16.45	\$16.61
Operating Expenses	\$11.63	\$12.26	\$12.88	\$13.52	\$14.07
Net Revenue Available for Coverage Test	\$4.34	\$3.87	\$3.41	\$2.93	\$2.54
Debt Service	\$2.10	\$2.09	\$2.10	\$2.10	\$2.10
Coverage Ratio (1.00x)	2.07 x	1.85 x	1.63 x	1.40 x	1.21 x
<i>Debt Service Coverage Surplus/(Deficit)</i>	\$2.24	\$1.77	\$1.32	\$0.83	\$0.44

3.5.3 Reserve Sufficiency Test

The Woodlands Division has a minimum operating reserve target of three months of O&M. Table 29 demonstrates that the wastewater system will not meet this target through the duration of the rate-setting period.

Table 29 Wastewater Reserve Sufficiency Test Before Adjustment (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Ending Fund Balance Before Increase	\$2.90	\$2.45	\$1.55	\$(0.83)	\$(3.60)
O&M Expenses (3 Months)	2.91	3.07	3.22	3.38	3.52
Operating Fund Above/(Below) Target	\$(0.01)	\$(0.61)	\$(1.67)	\$(4.21)	\$(7.12)
<i>Months of O&M</i>	<i>3.0 months</i>	<i>2.4 months</i>	<i>1.4 months</i>	<i>-0.7 months</i>	<i>-3.1 months</i>

3.6 Recommended Revenue Requirement

The Woodlands Division’s wastewater revenues generated under existing rates are insufficient to meet its projected revenue requirements starting in FY 2026 through FY 2029. Carollo recommends maintaining the current wastewater rate for FY 2025 and implementing rate increases of 3.9 percent in FY 2026, 2.6 percent in FY 2027, 8.6 percent in FY 2028 and 1.8 percent in FY 2029. The revenue plan shown in Table 30 is projected to generate enough revenue to meet all three financial tests.

Table 30 Projected Wastewater Revenue Requirement (\$ millions)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Increase	0.0%	3.9%	2.6%	8.6%	1.8%
Baseline Rate Revenues	\$15.82	\$15.98	\$16.14	\$16.30	\$16.46
Revenue from Increase	0.00	0.62	1.07	2.57	2.94
Other Operating Revenues	0.15	0.15	0.15	0.15	0.15
Less: Expenditures	(15.97)	(16.57)	(17.19)	(18.83)	(19.38)
Cash Flow After Increases	\$0.00	\$0.18	\$0.17	\$0.19	\$0.17

Below is a summary of the proposed Woodlands Division wastewater rate for the rate-setting period. The increase in FY 2028 is partially attributed to the R&R fund transfer increase from \$2.0 million in FY 2027 to \$3.0 in FY 2028.

Table 31 Proposed Wastewater Rates (FY 2025 through FY 2029)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Percent Increase	0.0%	3.9%	2.6%	8.6%	1.8%
Wastewater Rate	\$5.65	\$5.88	\$6.04	\$6.56	\$6.68

The Woodlands Division is considering a series of wastewater loans to cover projected capital project costs. These loans are not included in the baseline analysis above, as the Woodlands Division is in the process of considering options for recovering the debt service. However, the table below summarizes projected wastewater debt terms and annual payments.

Table 32 Wastewater Future Debt Amount and Terms (FY 2025 through FY 2029)

Description	FY 2025 ⁽¹⁾	FY 2026	FY 2027	FY 2028	FY 2029
Loan Proceeds Amount (\$ millions)	\$32.44	\$0.00	\$150.00	\$0.00	\$100.00
Term	30 years	25 years	25 years	25 years	25 years
Interest Rate	4.85%	4.75%	5.00%	5.25%	5.25%
Issuance Cost	3.24%	3.50%	1.30%	1.30%	1.30%
Reserve Requirement	1 year	1 year	1 year	1 year	1 year
Annual Payment (\$ million)	\$2.60	\$0.00	\$11.71	\$0.00	\$8.02

Notes:

(1) The total loan amount in FY 2025 is \$40 million and assumes two years of capitalized interest and interest only payments in the first two years and begins principal and interest in FY 2028.

Table 33 summarizes the additional amount the wastewater water rate would need to increase in order to recover the above future debt issuance. The debt portion of the wastewater rate is the unit cost of future annual debt service.

Table 33 Projected Wastewater Rates – Additional Debt (FY 2025 through FY 2029)

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Percent Increase – Total Rate	0.0%	18.5%	64.4%	4.8%	24.6%
Wastewater Rate – Baseline Portion ⁽¹⁾ (per kgal)	\$5.48	\$6.04	\$6.05	\$6.60	\$6.75
Wastewater Rate – Debt Portion (per kgal)	\$0.17	\$0.66	\$4.97	\$4.95	\$7.65
Wastewater Rate Total (per kgal)	\$5.65	\$6.70	\$11.02	\$11.55	\$14.40

Notes:

(1) The baseline rate is the total wastewater rate minus the debt portion of the rate; therefore, the baseline rates may differ slightly than the proposed rates in Table 31.

Carollo recommends the Woodlands Division monitor and update any major changes to policies and revenue and expenditure assumptions, so the projections reflect most recent conditions. As the Woodlands Division makes policy decisions regarding future debt issuances and how those costs are recovered, Carollo recommends the Woodlands Division update the analysis.

SECTION 4 FINDINGS AND RECOMMENDATIONS

Based on the data, assumptions, and methodology detailed in the previous sections, Carollo recommends the following:

- Water revenue under existing rates is insufficient to cover water system operating and capital costs throughout the rate-setting period (FY 2025 – FY 2029). Carollo recommends the following rate adjustments:
 - » FY 2025: No rate adjustment.
 - » FY 2026: 4.0 percent.
 - » FY 2027: 3.4 percent.
 - » FY 2028: No rate adjustment.
 - » FY 2029 No rate adjustment.
- Wastewater revenue under existing rates is insufficient to cover wastewater system operating and capital costs, debt payments, and debt service coverage throughout the rate-setting period. Carollo recommends the following rate adjustments:
 - » FY 2025: No rate adjustment.
 - » FY 2026: 3.9 percent.
 - » FY 2027: 2.6 percent.
 - » FY 2028: 8.6 percent.
 - » FY 2029 1.8 percent .

Although the study analyzed the water and wastewater systems separately, SJRA's Woodlands Division's financial performance is measured as a combined utility. As such, there is an opportunity to equalize rate increases between water and wastewater rates. For instance, rather than a 3.4 percent water increase and a 2.6 percent wastewater increase, each rate can be increased by 3.0 percent.

The contract agreement with the MUDs stipulates that the MUDs vote on the Woodlands Division budget and rate annually. That stated, it is the Woodlands Division's practice to adopt one year of rate adjustments instead of multiple years. This approach allows the Woodlands Division flexibility to update the financial plan annually with the most up-to-date assumptions, demand projections, and financial information to reassess the level of rate adjustments needed.

APPENDIX A

WATER & WASTEWATER FINANCIAL PLAN TABLES





Woodlands Rate Study

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	<i>Budget</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Water - Rate Increase												
Water - Calculated Rate Increase	0.0%	0.0%	4.0%	3.4%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.6%	1.6%
Water - Rate Increase Override	0.0%	0.0%	4.0%	3.4%	0.0%	0.0%						
Water - Utilized Rate Increase (%)	0.0%	0.0%	4.0%	3.4%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.6%	1.6%
Water - Utilized Rate (\$)	\$ 2.78	\$ 2.73	\$ 2.84	\$ 2.94	\$ 2.94	\$ 2.94	\$ 2.94	\$ 2.98	\$ 2.98	\$ 2.98	\$ 3.00	\$ 3.048
Infrastructure Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$ 2.78	\$ 2.73	\$ 2.84	\$ 2.94	\$ 2.94	\$ 2.94	\$ 2.94	\$ 2.98	\$ 2.98	\$ 2.98	\$ 3.00	\$ 3.05
Water - DSCR (after increase)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater - Rate Increase												
Wastewater - Calculated Rate Increase	8.2%	0.1%	3.9%	2.6%	8.6%	1.8%	1.2%	1.4%	4.3%	0.0%	0.0%	0.0%
Wastewater - Rate Increase Override	0.0%	0.0%	3.9%	2.6%	8.6%	1.8%						
Wastewater - Utilized Rate Increase (%)	0.0%	0.0%	3.9%	2.6%	8.6%	1.8%	1.2%	1.4%	4.3%	0.0%	0.0%	0.0%
Wastewater - Utilized Rate (\$)	\$ 5.65	\$ 5.65	\$ 5.88	\$ 6.04	\$ 6.56	\$ 6.68	\$ 6.77	\$ 6.87	\$ 7.17	\$ 7.17	\$ 7.170	\$ 7.170
Infrastructure Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$ 5.65	\$ 5.65	\$ 5.88	\$ 6.04	\$ 6.56	\$ 6.68	\$ 6.77	\$ 6.87	\$ 7.17	\$ 7.17	\$ 7.17	\$ 7.17
Wastewater - DSCR (after increase)	2.15 x	2.07 x	2.14 x	2.14 x	2.62 x	2.61 x	2.61 x	2.61 x	2.90 x	N/A	N/A	N/A
Total Fund												
Total - Calculated Increase	2.3%	0.1%	4.0%	3.0%	2.7%	0.2%	0.5%	1.3%	1.5%	0.0%	0.0%	0.0%
Total - Target Fund Balance	\$ 5,482,617	\$ 5,487,869	\$ 5,807,103	\$ 6,110,984	\$ 6,411,603	\$ 6,674,162	\$ 6,888,708	\$ 7,110,585	\$ 7,340,059	\$ 7,577,408	\$ 7,822,917	\$ 8,076,887
Total - Ending Fund Balance	\$ 4,806,225	\$ 5,482,616	\$ 5,818,949	\$ 6,130,744	\$ 7,056,540	\$ 7,000,408	\$ 6,999,049	\$ 7,183,071	\$ 7,735,648	\$ 9,496,965	\$ 9,411,350	\$ 9,321,948
Total - DSCR (after increase)	4.20 x	4.13 x	4.22 x	4.20 x	4.50 x	4.33 x	4.21 x	4.19 x	4.34 x	N/A	N/A	N/A



Woodlands Rate Study
Revenue Requirements - Total

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Budget	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Cash Flow Test										
Starting Fund Balance Before Increase	\$ 4,806,225	\$ 5,482,617	\$ 5,473,344	\$ 5,807,103	\$ 6,110,984	\$ 6,411,603	\$ 6,674,162	\$ 6,888,708	\$ 7,110,585	\$ 7,340,059
BEGINNING FUND BALANCE	\$ 4,806,225	\$ 5,482,617	\$ 5,473,344	\$ 5,807,103	\$ 6,110,984	\$ 6,411,603	\$ 6,674,162	\$ 6,888,708	\$ 7,110,585	\$ 7,340,059
REVENUES										
Water & Wastewater Sales	\$ 30,501,180	\$ 30,465,030	\$ 30,692,857	\$ 30,921,975	\$ 31,231,195	\$ 31,543,507	\$ 31,858,942	\$ 32,177,531	\$ 32,499,306	\$ 32,824,299
Revenue Increase Prior Year	-	-	-	1,211,736	2,179,454	3,695,529	4,075,534	4,351,434	4,890,419	5,821,354
Direct Reuse Water	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Permits, Licenses & Fees - Commercial	207,100	118,196	118,196	118,196	118,196	118,196	118,196	118,196	118,196	118,196
GRP Pumping Fees	16,899,200	15,932,505	15,985,395	16,060,719	16,494,803	16,941,135	17,110,547	17,281,652	17,454,469	17,629,013
Sampling	6,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other Revenues	8,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
TOTAL REVENUES	\$ 47,651,880	\$ 46,549,631	\$ 46,830,348	\$ 48,346,526	\$ 50,057,548	\$ 52,332,267	\$ 53,197,118	\$ 53,962,713	\$ 54,996,290	\$ 56,426,763
EXPENSES										
Operating Expenses										
Salaries, Wages, & Employee Benefits	\$ 8,560,304	\$ 9,437,234	\$ 10,003,468	\$ 10,503,642	\$ 11,028,824	\$ 11,469,977	\$ 11,814,076	\$ 12,168,498	\$ 12,533,553	\$ 12,909,560
Professional Fees	687,850	951,925	999,521	1,049,497	1,101,972	1,146,051	1,180,433	1,215,846	1,252,321	1,289,891
Purchased & Contracted Services	19,087,753	17,687,963	17,913,900	18,140,050	18,658,682	19,180,334	19,399,089	19,620,840	19,845,641	20,073,547
Supplies, Materials & Utilities	7,271,121	6,457,792	6,780,396	7,119,121	7,474,774	7,809,379	8,118,778	8,441,216	8,777,270	9,127,547
Rentals	17,300	12,000	12,600	13,200	13,892	14,447	14,881	15,327	15,787	16,260
Maintenance, Repairs & Parts	2,278,075	2,405,288	2,525,553	2,651,830	2,784,422	2,895,799	2,982,673	3,072,153	3,164,317	3,259,247
General & Administrative Expenses	927,262	931,778	978,367	1,027,286	1,078,650	1,121,796	1,155,450	1,190,113	1,225,817	1,262,591
Total Operating Expenses	\$ 38,829,666	\$ 37,883,981	\$ 39,213,806	\$ 40,504,656	\$ 42,141,215	\$ 43,637,783	\$ 44,665,379	\$ 45,723,993	\$ 46,814,706	\$ 47,938,644
Non-Operating Expenses										
Interest Expense - Existing Debt Service	\$ 451,267	\$ 444,078	\$ 438,246	\$ 426,520	\$ 412,425	\$ 396,257	\$ 378,325	\$ 358,916	\$ 338,029	\$ -
Interest Expense - Future Debt Service	-	-	-	-	-	-	-	-	-	-
Interest Expense - Lease	1,313	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054
Principal - Lease	8,364	8,912	-	-	-	-	-	-	-	-
Principal - Existing Debt Service	1,649,167	1,654,583	1,655,000	1,670,000	1,685,000	1,700,000	1,715,000	1,735,000	1,760,000	1,785,000
Principal Future Debt Service	-	-	-	-	-	-	-	-	-	-
R&R Transfers	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Excess Funds - R&R Transfers	-	-	-	-	-	-	-	-	-	-
Excess Funds - Emergency Reserve	-	-	-	-	-	-	-	-	-	-
Excess Funds - Operating Fund	264,144	-	-	-	-	-	-	-	-	-
Excess Funds - Operating Fund	-	19,400	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	\$ 8,374,254	\$ 8,128,028	\$ 8,094,300	\$ 8,097,574	\$ 8,098,479	\$ 8,097,311	\$ 8,094,379	\$ 8,094,970	\$ 8,099,083	\$ 6,001,054
Capital Improvements										
Land Improvements	\$ -	\$ -	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000
Capital Improvements	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Water Treatment Plant & Facilities	54,990	81,700	27,495	27,495	27,495	27,495	27,495	27,495	27,495	27,495
Sewage Treatment Plant & Facilities	16,600	67,000	58,300	58,300	58,300	58,300	58,300	58,300	58,300	58,300
Maintenance Equipment	41,500	77,325	24,750	24,750	24,750	24,750	24,750	24,750	24,750	24,750
Transportation	52,000	75,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Software	3,586	3,614	2,624	2,624	2,624	2,624	2,624	2,624	2,624	2,624
Computer Equipment	279,283	232,983	181,204	181,204	181,204	181,204	181,204	181,204	181,204	181,204
Unspecified Projects	-	-	-	-	-	-	-	-	-	-
Total Capital Improvements	\$ 447,960	\$ 537,621	\$ 388,373	\$ 388,373	\$ 388,373	\$ 388,373	\$ 388,373	\$ 388,373	\$ 388,373	\$ 388,373
TOTAL EXPENSES	\$ 47,651,880	\$ 46,549,631	\$ 47,696,479	\$ 48,990,603	\$ 50,628,066	\$ 52,123,467	\$ 53,148,132	\$ 54,207,335	\$ 55,302,162	\$ 54,328,071
CASH FLOW SURPLUS / (DEFICIT)	\$ 0	\$ (866,131)	\$ (644,077)	\$ (570,518)	\$ 208,800	\$ 48,987	\$ (244,622)	\$ (305,871)	\$ 2,098,692	\$ 2,098,692
Ending Fund Balance Before Increase	\$ 4,806,225	\$ 5,482,616	\$ 4,607,213	\$ 5,163,026	\$ 5,540,466	\$ 6,620,403	\$ 6,723,149	\$ 6,644,086	\$ 6,804,714	\$ 9,438,751
Operating Fund Above / (Below) Target Balance	\$ (676,391)	\$ (5,253)	\$ (1,199,889)	\$ (947,959)	\$ (871,137)	\$ (53,759)	\$ (165,560)	\$ (466,499)	\$ (535,346)	\$ 1,861,344
Reserves Target Test										
Ending Fund Balance Before Increase	\$ 4,806,225	\$ 5,482,616	\$ 4,607,213	\$ 5,163,026	\$ 5,540,466	\$ 6,620,403	\$ 6,723,149	\$ 6,644,086	\$ 6,804,714	\$ 9,438,751
Target Fund Balance (90 days of O&M)	\$ 5,482,617	\$ 5,487,869	\$ 5,807,103	\$ 6,110,984	\$ 6,411,603	\$ 6,674,162	\$ 6,888,708	\$ 7,110,585	\$ 7,340,059	\$ 7,577,408
Cash Flow/Liquidity (days of O&M)	2.63 months	3.00 months	2.38 months	2.53 months	2.59 months	2.98 months	2.93 months	2.80 months	2.78 months	3.74 months



Woodlands Rate Study
Revenue Requirements - Total

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Debt Coverage Test										
REVENUES										
Operating Revenues	\$ 47,400,380	\$ 46,397,535	\$ 46,678,252	\$ 46,982,694	\$ 47,725,998	\$ 48,484,642	\$ 48,969,488	\$ 49,459,183	\$ 49,953,775	\$ 50,453,313
Other Operating Revenues	\$ 243,100	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696
Non-Operating Revenues	\$ 8,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Revenue Increase Prior Year	\$ -	\$ -	\$ -	\$ 1,211,736	\$ 2,179,454	\$ 3,695,529	\$ 4,075,534	\$ 4,351,434	\$ 4,890,419	\$ 5,821,354
TOTAL REVENUES	\$ 47,651,880	\$ 46,549,631	\$ 46,830,348	\$ 48,346,526	\$ 50,057,548	\$ 52,332,267	\$ 53,197,118	\$ 53,962,713	\$ 54,996,290	\$ 56,426,763
EXPENSES										
Operating Expenses	\$ 38,829,666	\$ 37,883,981	\$ 39,213,806	\$ 40,504,656	\$ 42,141,215	\$ 43,637,783	\$ 44,665,379	\$ 45,723,993	\$ 46,814,706	\$ 47,938,644
Total Existing Debt Service	\$ 2,100,434	\$ 2,098,662	\$ 2,093,246	\$ 2,096,520	\$ 2,097,425	\$ 2,096,257	\$ 2,093,325	\$ 2,093,916	\$ 2,098,029	\$ -
Total Future Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Coverage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 40,930,100	\$ 39,982,643	\$ 41,307,052	\$ 42,601,176	\$ 44,238,639	\$ 45,734,040	\$ 46,758,705	\$ 47,817,908	\$ 48,912,735	\$ 47,938,644
DSCR Requirement	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x
DSCR Before Increase	4.20 x	4.13 x	3.64 x	3.74 x	3.77 x	4.15 x	4.08 x	3.93 x	3.90 x	N/A
Debt Coverage Surplus / Deficit	\$ 6,721,780	\$ 6,566,988	\$ 5,523,296	\$ 5,745,350	\$ 5,818,909	\$ 6,598,227	\$ 6,438,414	\$ 6,144,805	\$ 6,083,556	\$ 8,488,119

Revenue Requirement

Revenue Surplus / (Shortfalls)	\$ (676,391)	\$ (5,253)	\$ (1,199,889)	\$ (947,959)	\$ (871,137)	\$ (53,759)	\$ (165,560)	\$ (466,499)	\$ (535,346)	\$ 1,861,344
Combined Fund Calculated Rate Increase	2.3%	0.1%	4.0%	3.0%	2.7%	0.2%	0.5%	1.3%	1.5%	0.0%
<i>Cumulative Rate Increase</i>	2.3%	2.4%	6.5%	9.7%	12.7%	12.9%	13.4%	14.9%	16.6%	16.6%
Water Utilized Rate Increase	0.0%	0.0%	4.0%	3.4%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
<i>Cumulative Rate Increase</i>	0.0%	0.0%	4.0%	7.5%	7.5%	7.5%	7.5%	8.9%	8.9%	8.9%
Wastewater Utilized Rate Increase	0.0%	0.0%	3.9%	2.6%	8.6%	1.8%	1.2%	1.4%	4.3%	0.0%
<i>Cumulative Rate Increase</i>	0.0%	0.0%	3.9%	6.6%	15.8%	17.9%	19.3%	20.9%	26.1%	26.1%

Resulting Cash Flows

Rate Revenues Before Rate Increase	\$ 30,501,180	\$ 30,465,030	\$ 30,692,857	\$ 30,921,975	\$ 31,231,195	\$ 31,543,507	\$ 31,858,942	\$ 32,177,531	\$ 32,499,306	\$ 32,824,299
Rate Revenues From Rate Increase	\$ -	\$ -	\$ 1,211,736	\$ 2,179,454	\$ 3,695,529	\$ 4,075,534	\$ 4,351,434	\$ 4,890,419	\$ 5,821,354	\$ 5,879,568
GRP Pumping Fees	\$ 16,899,200	\$ 15,932,505	\$ 15,985,395	\$ 16,060,719	\$ 16,494,803	\$ 16,941,135	\$ 17,110,547	\$ 17,281,652	\$ 17,454,469	\$ 17,629,013
Other Operating Revenues	\$ 243,100	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696
Non-Operating Revenues	\$ 8,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Less: Expenditures	\$ (47,651,880)	\$ (46,549,631)	\$ (47,696,479)	\$ (48,990,603)	\$ (50,628,066)	\$ (52,123,467)	\$ (53,148,132)	\$ (54,207,335)	\$ (55,302,162)	\$ (54,328,071)
RESULTING CASH FLOWS	\$ 0	\$ (0)	\$ 345,605	\$ 323,641	\$ 945,556	\$ 588,805	\$ 324,887	\$ 294,363	\$ 625,063	\$ 2,156,905
Rate Revenue Requirement										
DSCR After Increase	4.20 x	4.13 x	4.22 x	4.20 x	4.50 x	4.33 x	4.21 x	4.19 x	4.34 x	N/A
Target Fund Balance (90 days of O&M)	\$ 5,482,617	\$ 5,487,869	\$ 5,807,103	\$ 6,110,984	\$ 6,411,603	\$ 6,674,162	\$ 6,888,708	\$ 7,110,585	\$ 7,340,059	\$ 7,577,408
Cash Flow/Liquidity (days of O&M)	2.63 months	3.00 months	3.01 months	3.01 months	3.30 months	3.15 months	3.05 months	3.03 months	3.16 months	3.76 months
Total Target Reserves	\$ 5,482,617	\$ 5,487,869	\$ 5,807,103	\$ 6,110,984	\$ 6,411,603	\$ 6,674,162	\$ 6,888,708	\$ 7,110,585	\$ 7,340,059	\$ 7,577,408
Total Cash Balance	\$ 4,806,225	\$ 5,482,616	\$ 5,818,949	\$ 6,130,744	\$ 7,056,540	\$ 7,000,408	\$ 6,999,049	\$ 7,183,071	\$ 7,735,648	\$ 9,496,965
Surplus / (Deficit)	\$ (676,391)	\$ (5,253)	\$ 11,847	\$ 19,760	\$ 644,938	\$ 326,246	\$ 110,340	\$ 72,486	\$ 395,589	\$ 1,919,557



Woodlands Rate Study
Revenue Requirements - Water

	FY 2024 Budget	FY 2025 Budget	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032 Projected	FY 2033 Projected
Cash Flow Test										
Starting Fund Balance Before Increase	\$ 2,262,209	\$ 2,594,049	\$ 2,580,489	\$ 2,741,361	\$ 2,891,992	\$ 3,031,699	\$ 3,155,912	\$ 3,258,256	\$ 3,364,232	\$ 3,473,979
BEGINNING FUND BALANCE	\$ 2,262,209	\$ 2,594,049	\$ 2,580,489	\$ 2,741,361	\$ 2,891,992	\$ 3,031,699	\$ 3,155,912	\$ 3,258,256	\$ 3,364,232	\$ 3,473,979
REVENUES										
Existing Water Sales	\$ 14,681,180	\$ 14,645,030	\$ 14,714,657	\$ 14,783,993	\$ 14,931,833	\$ 15,081,151	\$ 15,231,963	\$ 15,384,282	\$ 15,538,125	\$ 15,693,506
Revenue Increase Prior Year	-	-	-	588,586	1,114,122	1,125,263	1,136,516	1,147,881	1,374,427	1,388,171
Direct Reuse Water	-	-	-	-	-	-	-	-	-	-
Permits, Licenses & Fees - Commercial	-	-	-	-	-	-	-	-	-	-
GRP Pumping Fees	16,899,200	15,932,505	15,985,395	16,060,719	16,494,803	16,941,135	17,110,547	17,281,652	17,454,469	17,629,013
Sampling	-	-	-	-	-	-	-	-	-	-
Other Revenues	4,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
TOTAL REVENUES	\$ 31,584,580	\$ 30,578,735	\$ 30,701,252	\$ 31,434,498	\$ 32,541,958	\$ 33,148,749	\$ 33,480,225	\$ 33,815,015	\$ 34,368,220	\$ 34,711,891
EXPENSES										
Operating Expenses										
Salaries, Wages, & Employee Benefits	\$ 3,846,663	\$ 4,225,604	\$ 4,479,140	\$ 4,703,097	\$ 4,938,252	\$ 5,135,782	\$ 5,289,855	\$ 5,448,551	\$ 5,612,007	\$ 5,780,368
Professional Fees	299,050	468,550	491,978	491,978	516,576	542,405	564,101	581,024	598,455	616,409
Purchased & Contracted Services	18,222,054	16,895,721	17,083,045	17,266,602	17,741,562	18,226,530	18,416,670	18,608,948	18,803,392	19,000,032
Supplies, Materials & Utilities	3,619,294	3,209,445	3,369,774	3,538,116	3,714,870	3,886,481	4,051,574	4,224,045	4,404,236	4,592,506
Rentals	8,650	6,000	6,300	6,615	6,946	7,224	7,440	7,663	7,893	8,130
Maintenance, Repairs & Parts	864,200	1,032,558	1,084,186	1,138,395	1,195,315	1,243,128	1,280,422	1,318,834	1,358,399	1,399,151
General & Administrative Expenses	415,486	416,586	437,415	459,286	482,250	501,540	516,586	532,084	548,046	564,488
Total Operating Expenses	\$ 27,275,398	\$ 26,254,463	\$ 26,950,838	\$ 27,628,687	\$ 28,621,599	\$ 29,564,785	\$ 30,143,572	\$ 30,738,580	\$ 31,350,383	\$ 31,979,576
Non-Operating Expenses										
Interest Expense - Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Future Debt Service	-	-	-	-	-	-	-	-	-	-
Interest Expense - Lease	656	527	527	527	527	527	527	527	527	527
Principal - Lease	4,182	4,456	-	-	-	-	-	-	-	-
Principal - Existing Debt Service	-	-	-	-	-	-	-	-	-	-
Principal Future Debt Service	-	-	-	-	-	-	-	-	-	-
R&R Transfers	3,000,000	4,030,000	4,000,000	4,000,000	3,000,000	3,000,000	3,000,000	3,000,000	2,400,000	2,200,000
Excess Funds - R&R Transfers	-	-	-	-	-	-	-	-	-	-
Excess Funds - Emergency Reserve	-	-	-	-	-	-	-	-	-	-
Excess Funds - Operating Fund	132,072	-	-	-	-	-	-	-	-	-
Due to General Fund	-	9,700	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	\$ 3,136,910	\$ 4,044,683	\$ 4,000,527	\$ 4,000,527	\$ 3,000,527	\$ 3,000,527	\$ 3,000,527	\$ 3,000,527	\$ 2,400,527	\$ 2,200,527
Capital Improvements										
Land Improvements	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Capital Improvements	-	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Water Treatment Plant & Facilities	54,990	81,700	27,495	27,495	27,495	27,495	27,495	27,495	27,495	27,495
Sewage Treatment Plant & Facilities	-	-	-	-	-	-	-	-	-	-
Maintenance Equipment	20,750	63,725	12,375	12,375	12,375	12,375	12,375	12,375	12,375	12,375
Transportation	26,000	37,500	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Software	1,574	1,592	1,202	1,202	1,202	1,202	1,202	1,202	1,202	1,202
Computer Equipment	129,256	99,359	85,409	85,409	85,409	85,409	85,409	85,409	85,409	85,409
Unspecified Projects	-	-	-	-	-	-	-	-	-	-
Total Capital Improvements	\$ 232,570	\$ 283,876	\$ 173,982	\$ 173,982	\$ 173,982	\$ 173,982	\$ 173,982	\$ 173,982	\$ 173,982	\$ 173,982
TOTAL EXPENSES	\$ 30,644,878	\$ 30,583,022	\$ 31,125,347	\$ 31,803,196	\$ 31,796,108	\$ 32,739,294	\$ 33,318,081	\$ 33,913,089	\$ 33,924,892	\$ 34,354,085
CASH FLOW SURPLUS / (DEFICIT)	\$ 939,702	\$ (4,287)	\$ (424,095)	\$ (368,698)	\$ 745,850	\$ 409,455	\$ 162,144	\$ (98,074)	\$ 443,328	\$ 357,806
Ending Fund Balance Before Increase	\$ 3,201,911	\$ 2,589,762	\$ 2,156,395	\$ 2,372,663	\$ 3,637,842	\$ 3,441,155	\$ 3,318,057	\$ 3,160,182	\$ 3,807,560	\$ 3,831,785
Operating Fund Above / (Below) Target Balance	\$ 607,861	\$ 9,273	\$ (584,966)	\$ (519,329)	\$ 606,142	\$ 285,242	\$ 59,800	\$ (204,050)	\$ 333,582	\$ 244,144
Reserves Target Test										
Ending Fund Balance Before Increase	\$ 3,201,911	\$ 2,589,762	\$ 2,156,395	\$ 2,372,663	\$ 3,637,842	\$ 3,441,155	\$ 3,318,057	\$ 3,160,182	\$ 3,807,560	\$ 3,831,785
Target Fund Balance (90 days of O&M)	\$ 2,594,049	\$ 2,580,489	\$ 2,741,361	\$ 2,891,992	\$ 3,031,699	\$ 3,155,912	\$ 3,258,256	\$ 3,364,232	\$ 3,473,979	\$ 3,587,641
Cash Flow/Liquidity (days of O&M minus GRP Revenue)	3.70 months	3.01 months	2.36 months	2.46 months	3.60 months	3.27 months	3.06 months	2.82 months	3.29 months	3.20 months



Woodlands Rate Study
Revenue Requirements - Water

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Debt Coverage Test										
REVENUES										
Operating Revenues	\$ 31,580,380	\$ 30,577,535	\$ 30,700,052	\$ 30,844,712	\$ 31,426,636	\$ 32,022,286	\$ 32,342,509	\$ 32,665,934	\$ 32,992,594	\$ 33,322,520
Other Revenues	4,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Revenue Increase Prior Year	-	-	-	588,586	1,114,122	1,125,263	1,136,516	1,147,881	1,374,427	1,388,171
TOTAL REVENUES	\$ 31,584,580	\$ 30,578,735	\$ 30,701,252	\$ 31,434,498	\$ 32,541,958	\$ 33,148,749	\$ 33,480,225	\$ 33,815,015	\$ 34,368,220	\$ 34,711,891
EXPENSES										
Operating Expenses	\$ 27,275,398	\$ 26,254,463	\$ 26,950,838	\$ 27,628,687	\$ 28,621,599	\$ 29,564,785	\$ 30,143,572	\$ 30,738,580	\$ 31,350,383	\$ 31,979,576
Total Existing Debt Service	-	-	-	-	-	-	-	-	-	-
Total Future Debt Service	-	-	-	-	-	-	-	-	-	-
Debt Coverage	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 27,275,398	\$ 26,254,463	\$ 26,950,838	\$ 27,628,687	\$ 28,621,599	\$ 29,564,785	\$ 30,143,572	\$ 30,738,580	\$ 31,350,383	\$ 31,979,576
DSCR Requirement	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x
DSCR Before Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt Coverage Surplus / (Deficit)	\$ 4,309,182	\$ 4,324,272	\$ 3,750,414	\$ 3,805,811	\$ 3,920,358	\$ 3,583,964	\$ 3,336,653	\$ 3,076,435	\$ 3,017,837	\$ 2,732,315
Revenue Requirement										
Revenue Surplus / (Shortfalls)	\$ 607,861	\$ 9,273	\$ (584,966)	\$ (519,329)	\$ 606,142	\$ 285,242	\$ 59,800	\$ (204,050)	\$ 333,582	\$ 244,144
Calculated Rate Increase	0.0%	0.0%	4.0%	3.4%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Rate Increase Override	0.0%	0.0%	4.0%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Utilized Rate Increase	0.0%	0.0%	4.0%	3.4%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Cumulative Rate Increase	0.0%	0.0%	4.0%	7.5%	7.5%	7.5%	7.5%	8.9%	8.9%	8.9%
Resulting Cash Flows										
Rate Revenues Before Rate Increase	\$ 14,681,180	\$ 14,645,030	\$ 14,714,657	\$ 14,783,993	\$ 14,931,833	\$ 15,081,151	\$ 15,231,963	\$ 15,384,282	\$ 15,538,125	\$ 15,693,506
Rate Revenues From Rate Increase	\$ -	\$ -	\$ 588,586	\$ 1,114,122	\$ 1,125,263	\$ 1,136,516	\$ 1,147,881	\$ 1,374,427	\$ 1,388,171	\$ 1,402,053
GRP Pumping Fees	\$ 16,899,200	\$ 15,932,505	\$ 15,985,395	\$ 16,060,719	\$ 16,494,803	\$ 16,941,135	\$ 17,110,547	\$ 17,281,652	\$ 17,454,469	\$ 17,629,013
Other Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenues	4,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Less: Expenditures	\$ (30,644,878)	\$ (30,583,022)	\$ (31,125,347)	\$ (31,803,196)	\$ (31,796,108)	\$ (32,739,294)	\$ (33,318,081)	\$ (33,913,089)	\$ (33,924,892)	\$ (34,354,085)
RESULTING CASH FLOWS	\$ 939,702	\$ (4,287)	\$ 164,492	\$ 156,838	\$ 756,991	\$ 420,708	\$ 173,509	\$ 128,472	\$ 457,072	\$ 371,688
Rate Revenue Requirement										
DSCR After Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Target Fund Balance (90 days of O&M)	\$ 2,594,049	\$ 2,580,489	\$ 2,741,361	\$ 2,891,992	\$ 3,031,699	\$ 3,155,912	\$ 3,258,256	\$ 3,364,232	\$ 3,473,979	\$ 3,587,641
Cash Flow/Liquidity (days of O&M)	3.70 months	3.01 months	3.00 months	3.01 months	3.61 months	3.28 months	3.07 months	3.02 months	3.30 months	3.22 months
Total Target Reserves	\$ 2,594,049	\$ 2,580,489	\$ 2,741,361	\$ 2,891,992	\$ 3,031,699	\$ 3,155,912	\$ 3,258,256	\$ 3,364,232	\$ 3,473,979	\$ 3,587,641
Total Cash Balance	\$ 3,201,911	\$ 2,589,762	\$ 2,744,981	\$ 2,898,198	\$ 3,648,983	\$ 3,452,407	\$ 3,329,422	\$ 3,386,728	\$ 3,821,305	\$ 3,845,667
Surplus / (Deficit)	\$ 607,861	\$ 9,273	\$ 3,621	\$ 6,206	\$ 617,284	\$ 296,495	\$ 71,166	\$ 22,496	\$ 347,326	\$ 258,026



Woodlands Rate Study
Revenue Requirements - Wastewater

	FY 2024 Budget	FY 2025 Budget	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032 Projected	FY 2033 Projected
Cash Flow Test										
Starting Fund Balance Before Increase	\$ 2,544,016	\$ 2,888,567	\$ 2,892,854	\$ 3,065,742	\$ 3,218,992	\$ 3,379,904	\$ 3,518,250	\$ 3,630,452	\$ 3,746,353	\$ 3,866,081
BEGINNING FUND BALANCE	\$ 2,544,016	\$ 2,888,567	\$ 2,892,854	\$ 3,065,742	\$ 3,218,992	\$ 3,379,904	\$ 3,518,250	\$ 3,630,452	\$ 3,746,353	\$ 3,866,081
REVENUES										
Operating Revenues	\$ 15,820,000	\$ 15,820,000	\$ 15,978,200	\$ 16,137,982	\$ 16,299,362	\$ 16,462,355	\$ 16,626,979	\$ 16,793,249	\$ 16,961,181	\$ 17,130,793
Revenue Increase Prior Year	-	-	-	623,150	1,065,333	2,570,266	2,939,018	3,203,553	3,515,993	4,433,183
Direct Reuse Water	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Permits, Licenses & Fees - Commercial	207,100	118,196	118,196	118,196	118,196	118,196	118,196	118,196	118,196	118,196
GRP Pumping Fees	-	-	-	-	-	-	-	-	-	-
Sampling	6,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other Revenues	4,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
TOTAL REVENUES	\$ 16,067,300	\$ 15,970,896	\$ 16,129,096	\$ 16,912,028	\$ 17,515,591	\$ 19,183,517	\$ 19,716,893	\$ 20,147,698	\$ 20,628,070	\$ 21,714,872
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
EXPENSES										
Operating Expenses										
Salaries, Wages, & Employee Benefits	\$ 4,713,641	\$ 5,211,631	\$ 5,524,329	\$ 5,800,545	\$ 6,090,572	\$ 6,334,195	\$ 6,524,221	\$ 6,719,948	\$ 6,921,546	\$ 7,129,192
Professional Fees	388,800	483,375	507,544	532,921	559,567	581,950	599,408	617,390	635,912	654,989
Purchased & Contracted Services	865,699	792,243	831,855	873,448	917,120	953,805	982,419	1,011,892	1,042,248	1,073,516
Supplies, Materials & Utilities	3,651,827	3,248,347	3,410,622	3,581,005	3,759,904	3,922,898	4,067,204	4,217,171	4,373,034	4,535,041
Rentals	8,650	6,000	6,300	6,615	6,946	7,224	7,440	7,663	7,893	8,130
Maintenance, Repairs & Parts	1,413,875	1,372,730	1,441,367	1,513,435	1,589,107	1,652,671	1,702,251	1,753,318	1,805,918	1,860,096
General & Administrative Expenses	511,776	515,193	540,952	568,000	596,400	620,256	638,864	658,030	677,771	698,104
Total Operating Expenses	\$ 11,554,268	\$ 11,629,518	\$ 12,262,968	\$ 12,875,969	\$ 13,519,616	\$ 14,072,998	\$ 14,521,808	\$ 14,985,412	\$ 15,464,323	\$ 15,959,068
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Non-Operating Expenses										
Interest Expense - Existing Debt Service	\$ 451,267	\$ 444,078	\$ 438,246	\$ 426,520	\$ 412,425	\$ 396,257	\$ 378,325	\$ 358,916	\$ 338,029	\$ -
Interest Expense - Future Debt Service	-	-	-	-	-	-	-	-	-	-
Interest Expense - Lease	656	527	527	527	527	527	527	527	527	527
Principal - Lease	4,182	4,456	-	-	-	-	-	-	-	-
Principal - Existing Debt Service	1,649,167	1,654,583	1,655,000	1,670,000	1,685,000	1,700,000	1,715,000	1,735,000	1,760,000	-
Principal Future Debt Service	-	-	-	-	-	-	-	-	-	-
R&R Transfers	3,000,000	1,970,000	2,000,000	2,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,600,000	3,800,000
Excess Funds - R&R Transfers	-	-	-	-	-	-	-	-	-	-
Excess Funds - Emergency Reserve	-	-	-	-	-	-	-	-	-	-
Excess Funds - Operating Fund Due to General Fund	132,072	9,700	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	\$ 5,237,344	\$ 4,083,345	\$ 4,093,773	\$ 4,097,047	\$ 5,097,952	\$ 5,096,784	\$ 5,093,852	\$ 5,094,443	\$ 5,698,556	\$ 3,800,527
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Capital Improvements										
Land Improvements	\$ -	\$ -	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Capital Improvements	-	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Water Treatment Plant & Facilities	-	-	-	-	-	-	-	-	-	-
Sewage Treatment Plant & Facilities	16,600	67,000	58,300	58,300	58,300	58,300	58,300	58,300	58,300	58,300
Maintenance Equipment	20,750	13,600	12,375	12,375	12,375	12,375	12,375	12,375	12,375	12,375
Transportation	26,000	37,500	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Software	2,012	2,022	1,422	1,422	1,422	1,422	1,422	1,422	1,422	1,422
Computer Equipment	150,027	133,624	95,794	95,794	95,794	95,794	95,794	95,794	95,794	95,794
Unspecified Projects	-	-	-	-	-	-	-	-	-	-
Total Capital Improvements	\$ 215,389	\$ 253,745	\$ 214,391	\$ 214,391	\$ 214,391	\$ 214,391	\$ 214,391	\$ 214,391	\$ 214,391	\$ 214,391
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
TOTAL EXPENSES	\$ 17,007,002	\$ 15,966,609	\$ 16,571,132	\$ 17,187,407	\$ 18,831,958	\$ 19,384,173	\$ 19,830,051	\$ 20,294,246	\$ 21,377,270	\$ 19,973,986
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
CASH FLOW SURPLUS / (DEFICIT)	\$ (939,702)	\$ 4,287	\$ (442,036)	\$ (275,379)	\$ (1,316,368)	\$ (200,656)	\$ (113,158)	\$ (146,548)	\$ (749,200)	\$ 1,740,886
Ending Fund Balance Before Increase	\$ 1,604,314	\$ 2,892,854	\$ 2,450,818	\$ 2,790,363	\$ 1,902,624	\$ 3,179,248	\$ 3,405,092	\$ 3,483,904	\$ 2,997,153	\$ 5,606,966
Operating Fund Above / (Below) Target Balance	\$ (1,284,253)	\$ (14,525)	\$ (614,924)	\$ (428,630)	\$ (1,477,279)	\$ (339,001)	\$ (225,360)	\$ (262,449)	\$ (868,927)	\$ 1,617,199
Reserves Target Test										
Ending Fund Balance Before Increase	\$ 1,604,314	\$ 2,892,854	\$ 2,450,818	\$ 2,790,363	\$ 1,902,624	\$ 3,179,248	\$ 3,405,092	\$ 3,483,904	\$ 2,997,153	\$ 5,606,966
Target Fund Balance (90 days of O&M)	3 months \$ 2,888,567	\$ 2,907,380	\$ 3,065,742	\$ 3,218,992	\$ 3,379,904	\$ 3,518,250	\$ 3,630,452	\$ 3,746,353	\$ 3,866,081	\$ 3,989,767



Woodlands Rate Study
Revenue Requirements - Wastewater

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Cash Flow/Liquidity (days of O&M)	1.67 months	2.99 months	2.40 months	2.60 months	1.69 months	2.71 months	2.81 months	2.79 months	2.33 months	4.22 months

Debt Coverage Test

REVENUES

Operating Revenues	\$ 15,820,000	\$ 15,820,000	\$ 15,978,200	\$ 16,137,982	\$ 16,299,362	\$ 16,462,355	\$ 16,626,979	\$ 16,793,249	\$ 16,961,181	\$ 17,130,793
Other Operating Revenues	243,100	149,696	149,696	149,696	149,696	149,696	149,696	149,696	149,696	149,696
Non-Operating Revenues	4,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Revenue Increase Prior Year	-	-	-	623,150	1,065,333	2,570,266	2,939,018	3,203,553	3,515,993	4,433,183
TOTAL REVENUES	\$ 16,067,300	\$ 15,970,896	\$ 16,129,096	\$ 16,912,028	\$ 17,515,591	\$ 19,183,517	\$ 19,716,893	\$ 20,147,698	\$ 20,628,070	\$ 21,714,872

EXPENSES

Operating Expenses	\$ 11,554,268	\$ 11,629,518	\$ 12,262,968	\$ 12,875,969	\$ 13,519,616	\$ 14,072,998	\$ 14,521,808	\$ 14,985,412	\$ 15,464,323	\$ 15,959,068
Total Existing Debt Service	2,100,434	2,098,662	2,093,246	2,096,520	2,097,425	2,096,257	2,093,325	2,093,916	2,098,029	-
Total Future Debt Service	-	-	-	-	-	-	-	-	-	-
Debt Coverage	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 13,654,702	\$ 13,728,180	\$ 14,356,214	\$ 14,972,489	\$ 15,617,040	\$ 16,169,255	\$ 16,615,133	\$ 17,079,328	\$ 17,562,351	\$ 15,959,068

DSCR Requirement	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x
DSCR Before Increase	2.15 x	2.07 x	1.85 x	1.93 x	1.91 x	2.44 x	2.48 x	2.47 x	2.46 x	N/A
Debt Coverage Surplus / (Deficit)	\$ 2,412,598	\$ 2,242,716	\$ 1,772,882	\$ 1,939,539	\$ 1,898,551	\$ 3,014,262	\$ 3,101,761	\$ 3,068,370	\$ 3,065,719	\$ 5,755,804

Revenue Requirement

Revenue Surplus / (Shortfalls)	\$ (1,284,253)	\$ (14,525)	\$ (614,924)	\$ (428,630)	\$ (1,477,279)	\$ (339,001)	\$ (225,360)	\$ (262,449)	\$ (868,927)	\$ 1,617,199
Calculated Rate Increase	8.2%	0.1%	3.9%	2.6%	8.6%	1.8%	1.2%	1.4%	4.3%	0.0%
Rate Increase Override	0.0%	0.0%	3.9%	2.6%	8.6%	1.8%	0.0%	0.0%	0.0%	0.0%
Utilized Rate Increase	0.0%	0.0%	3.9%	2.6%	8.6%	1.8%	1.2%	1.4%	4.3%	0.0%
Cumulative Rate Increase	0.0%	0.0%	3.9%	6.6%	15.8%	17.9%	19.3%	20.9%	26.1%	26.1%

Resulting Cash Flows

Rate Revenues Before Rate Increase	\$ 15,820,000	\$ 15,820,000	\$ 15,978,200	\$ 16,137,982	\$ 16,299,362	\$ 16,462,355	\$ 16,626,979	\$ 16,793,249	\$ 16,961,181	\$ 17,130,793
Rate Revenues From Rate Increase	\$ -	\$ -	\$ 623,150	\$ 1,065,333	\$ 2,570,266	\$ 2,939,018	\$ 3,203,553	\$ 3,515,993	\$ 4,433,183	\$ 4,477,515
Other Operating Revenues	\$ 243,100	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696	\$ 149,696
Non-Operating Revenues	\$ 4,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Less: Expenditures	\$ (17,007,002)	\$ (15,966,609)	\$ (16,571,132)	\$ (17,187,407)	\$ (18,831,958)	\$ (19,384,173)	\$ (19,830,051)	\$ (20,294,246)	\$ (21,377,270)	\$ (19,973,986)
RESULTING CASH FLOWS	\$ (939,702)	\$ 4,287	\$ 181,114	\$ 166,804	\$ 188,566	\$ 168,097	\$ 151,377	\$ 165,891	\$ 167,991	\$ 1,785,218

Rate Revenue Requirement

DSCR After Increase	2.15 x	2.07 x	2.14 x	2.14 x	2.62 x	2.61 x	2.61 x	2.61 x	2.90 x	N/A
Target Fund Balance (90 days of O&M)	3 months \$ 2,888,567	\$ 2,907,380	\$ 3,065,742	\$ 3,218,992	\$ 3,379,904	\$ 3,518,250	\$ 3,630,452	\$ 3,746,353	\$ 3,866,081	\$ 3,989,767
Cash Flow/Liquidity (days of O&M)	1.67 months	2.99 months	3.01 months	3.01 months	3.02 months	3.03 months	3.03 months	3.04 months	3.04 months	4.25 months
Total Target Reserves	\$ 2,888,567	\$ 2,907,380	\$ 3,065,742	\$ 3,218,992	\$ 3,379,904	\$ 3,518,250	\$ 3,630,452	\$ 3,746,353	\$ 3,866,081	\$ 3,989,767
Total Cash Balance	\$ 1,604,314	\$ 2,892,854	\$ 3,073,968	\$ 3,232,546	\$ 3,407,558	\$ 3,548,001	\$ 3,669,627	\$ 3,796,343	\$ 3,914,344	\$ 5,651,298
Surplus / (Deficit)	FALSE (1,284,253)	FALSE (14,525)	TRUE 8,226	TRUE 13,553	TRUE 27,654	TRUE 29,751	TRUE 39,175	TRUE 49,990	TRUE 48,263	TRUE 1,661,531



Woodlands Rate Study

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	<i>Actual</i>	<i>Budget</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>

Water - Revenue Under Existing Rates

Existing Water Rate (\$/kgal)	\$2.73	\$2.78	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73
Existing GRP Fee (\$/kgal)	\$3.20	\$3.20	\$2.97	\$2.97	\$2.97	\$3.02	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07
Water Sales	5,208,677	5,364,559	5,364,558	5,389,984	5,415,382	5,469,536	5,524,231	5,579,473	5,635,268	5,691,621	5,748,537
Water Production	5,661,605	5,588,082	5,588,082	5,643,962	5,700,402	5,757,406	5,814,980	5,873,130	5,931,861	5,991,180	6,051,092
Water Rate Revenue Under Existing Rates	\$ 14,219,687	\$ 14,681,180	\$ 14,645,244	\$ 14,714,657	\$ 14,783,993	\$ 14,931,833	\$ 15,081,151	\$ 15,231,963	\$ 15,384,282	\$ 15,538,125	\$ 15,693,506
GRP Fee Revenue	\$ 16,667,765	\$ 16,899,200	\$ 15,909,989	\$ 15,985,395	\$ 16,060,719	\$ 16,494,803	\$ 16,941,135	\$ 17,110,547	\$ 17,281,652	\$ 17,454,469	\$ 17,629,013
Total Revenue	\$ 30,887,452	\$ 31,580,380	\$ 30,555,233	\$ 30,700,052	\$ 30,844,712	\$ 31,426,636	\$ 32,022,286	\$ 32,342,509	\$ 32,665,934	\$ 32,992,594	\$ 33,322,520

Wastewater - Revenue Under Existing Rates

Existing Wastewater Rate (\$/kgal)	\$5.53	\$5.65	\$5.65	\$5.65	\$5.65	\$5.65	\$5.65	\$5.65	\$5.65	\$5.65	\$5.65
Wastewater Flow (kgals)	1,653,274	2,800,000	2,800,000	2,828,000	2,856,280	2,884,843	2,913,691	2,942,828	2,972,256	3,001,979	3,031,999
Wastewater Revenue Under Existing Rates	\$ 9,142,605	\$ 15,820,000	\$ 15,820,000	\$ 15,978,200	\$ 16,137,982	\$ 16,299,362	\$ 16,462,355	\$ 16,626,979	\$ 16,793,249	\$ 16,961,181	\$ 17,130,793
Total Revenue	\$ 9,142,605	\$ 15,820,000	\$ 15,820,000	\$ 15,978,200	\$ 16,137,982	\$ 16,299,362	\$ 16,462,355	\$ 16,626,979	\$ 16,793,249	\$ 16,961,181	\$ 17,130,793



Woodlands Rate Study

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	<i>Budget</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Water - GRP Expense										
Existing Surface Water Rate (\$/kgal)	\$3.41	\$3.26	\$3.26	\$3.26	\$3.31	\$3.36	\$3.36	\$3.36	\$3.36	\$3.36
Existing Groundwater Rate (\$/kgal)	\$2.99	\$2.67	\$2.67	\$2.67	\$2.72	\$2.77	\$2.77	\$2.77	\$2.77	\$2.77
Surface Water Percent	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Groundwater Percent	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Fee to MUDs	\$3.20	\$2.97	\$2.97	\$2.97	\$3.02	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07
Water Sales (kgal)	5,364,559	5,364,558	5,389,984	5,415,382	5,469,536	5,524,231	5,579,473	5,635,268	5,691,621	5,748,537
Water Production (kgal)	5,588,082	5,588,082	5,643,962	5,700,402	5,757,406	5,814,980	5,873,130	5,931,861	5,991,180	6,051,092
GRP Surface Water Fees	\$ 9,527,679	\$ 9,112,816	\$ 9,203,944	\$ 9,295,983	\$ 9,532,878	\$ 9,776,304	\$ 9,874,067	\$ 9,972,808	\$ 10,072,536	\$ 10,173,261
GRP Pumpage Fees	8,354,182	7,460,089	7,534,690	7,610,037	7,830,072	8,056,470	8,137,035	8,218,405	8,300,589	8,383,595
Total GRP Expense	\$ 17,881,861	\$ 16,572,905	\$ 16,738,634	\$ 16,906,020	\$ 17,362,951	\$ 17,832,774	\$ 18,011,102	\$ 18,191,213	\$ 18,373,125	\$ 18,556,856



Woodlands Water and Wastewater Rate Study

The Woodlands Project Summary Water

Page No.	Project Name	Previous Budget	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Total
6	WA21WL Town Center Water Line Replacement	\$ 1,016,477	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,036,477
7	WATCEA Town Center Water Line Easements	506,500	1,027,000	-	-	-	-	-	-	-	-	-	\$ 1,533,500
8	WAACAS Asbestos Cement (AC) Water Line Condition Based Assessment	800,000	800,000	-	-	-	-	-	-	-	-	-	\$ 1,600,000
9	WAP2GN Water Plant No. 2 Generator	391,784	812,000	-	-	-	-	-	-	-	-	-	\$ 1,203,784
10	WAP3GN Water Plant No. 3 Generator	546,051	1,383,000	-	-	-	-	-	-	-	-	-	\$ 1,929,051
11	WXWDWS Digital Water System (Water)	331,887	150,000	-	-	-	-	-	-	-	-	-	\$ 481,887
12	WA24WR Water Well Rehabilitation and Water Well No. 2 Abandonment	739,000	625,000	-	-	-	-	-	-	-	-	-	\$ 1,364,000
13	WAEST6 Elevated Storage Tank No. 6	600,000	1,566,000	6,069,000	3,125,000	-	-	-	-	-	-	-	\$ 11,360,000
14	WA25WR Water Well Rehabilitation	-	-	986,000	-	-	-	-	-	-	-	-	\$ 986,000
15	WA26WR Water Well Rehabilitation	-	-	90,000	1,015,000	-	-	-	-	-	-	-	\$ 1,105,000
16	WAMAR2 Water System Mechanical Asset Replacement	-	-	-	77,000	-	-	-	-	-	-	-	\$ 77,000
17	WAET5R Elevated Storage Tank No. 5 Rehabilitation	-	-	-	237,000	1,013,000	-	-	-	-	-	-	\$ 1,250,000
18	WA27WR Water Well Rehabilitation	-	-	-	923,000	805,000	-	-	-	-	-	-	\$ 1,728,000
19	WAET7R Elevated Storage Tank No. 7 Rehabilitation	-	-	-	-	516,000	497,000	-	-	-	-	-	\$ 1,013,000
20	WA28WR Water Well Rehabilitation	-	-	-	-	1,142,000	994,000	-	-	-	-	-	\$ 2,136,000
21	WAMAR3 Water System Mechanical Asset Replacement	-	-	-	-	-	14,000	-	-	-	-	-	\$ 14,000
22	WA29WR Water Well Rehabilitation	-	-	-	-	-	718,000	965,000	-	-	-	-	\$ 1,683,000
23	WAET3R Elevated Storage Tank No. 3 Rehabilitation	-	-	-	-	-	280,000	1,196,000	-	-	-	-	\$ 1,476,000
24	WA30WR Water Well Rehabilitation	-	-	-	-	-	93,000	-	1,055,000	-	-	-	\$ 1,148,000
25	WAET4R Elevated Storage Tank No. 4 Rehabilitation	-	-	-	-	-	-	282,000	967,000	-	-	-	\$ 1,249,000
26	WA1WGN Water Well Site Generator	-	-	-	-	-	-	162,000	1,164,000	388,000	-	-	\$ 1,714,000
27	WAMAR4 Water System Mechanical Asset Replacement	-	-	-	-	-	-	-	678,000	666,000	-	-	\$ 1,344,000
28	WA31WR Water Well Rehabilitation	-	-	-	-	-	-	-	624,000	543,000	-	-	\$ 1,167,000
29	WA123A Abandon Water Well Nos. 1 and 6	-	-	-	-	-	-	-	-	139,000	466,000	-	\$ 605,000
30	WA32WR Water Well Rehabilitation	-	-	-	-	-	-	-	-	675,000	933,000	-	\$ 1,608,000
31	WA2WGN Water Well Site Generator	-	-	-	-	-	-	-	-	176,000	502,000	517,000	\$ 1,195,000
32	WAET2R Elevated Storage Tank No. 2 Rehabilitation	-	-	-	-	-	-	-	-	-	387,000	1,326,000	\$ 1,713,000
33	WA33WR Water Well Rehabilitation	-	-	-	-	-	-	-	-	-	560,000	1,729,000	\$ 2,289,000
34	WAET1R Elevated Storage Tank No. 1 Rehabilitation	-	-	-	-	-	-	-	-	-	-	280,000	\$ 280,000
35	WA3WGN Water Well Site Generator	-	-	-	-	-	-	-	-	-	-	478,000	\$ 478,000
36	WAMAR5 Water System Mechanical Asset Replacement	-	-	-	-	-	-	-	-	-	-	226,000	\$ 226,000
37	WA34WR Water Well Rehabilitation	-	-	-	-	-	-	-	-	-	-	559,000	\$ 559,000
Total R&R Projects		\$ 4,931,699	\$ 6,383,000	\$ 7,145,000	\$ 5,377,000	\$ 3,476,000	\$ 2,503,000	\$ 2,698,000	\$ 4,488,000	\$ 2,587,000	\$ 2,848,000	\$ 5,115,000	\$ 47,551,699



Woodlands Water and Wastewater Rate Study

The Woodlands Project Summary Water - TWDB Bond Fund

Page No.	Project Name	Previous Budget	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Total	
54	WA21WL	Town Center Water Line Replacement	\$ -	\$ -	\$ 10,619,000	\$ 6,172,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,791,000	
55	WA23WL	N Town Center and S Grogan's Mill Rd. Water Line Replacement	-	-	3,310,000	5,241,000	13,681,000	-	-	-	-	-	\$ 22,232,000	
56	WA24WL	Panther Creek Area Water Line Replacement	-	-	3,586,000	8,242,000	12,152,000	6,258,000	-	-	-	-	\$ 30,238,000	
57	WA25WL	Conference/Resort Area Water Line Replacement	-	-	-	-	2,651,000	7,398,000	6,489,000	-	-	-	\$ 16,538,000	
58	WA26WL	Sawmill Rd and Grogan's Point Dr. Water Line Replacement	-	-	-	-	1,956,000	8,006,000	6,403,000	-	-	-	\$ 16,365,000	
59	WA27WL	Millbend Water Line Replacement	-	-	-	-	-	2,445,000	6,767,000	11,572,000	-	-	\$ 20,784,000	
60	WA28WL	West Lake Area Water Line Replacement	-	-	-	-	-	2,361,000	7,267,000	8,653,000	-	-	\$ 18,281,000	
61	WA2GT1	Water Plant No. 2 Ground Storage Tank No. 1 Replacement	-	-	-	-	-	932,000	4,749,000	543,000	-	-	\$ 6,224,000	
62	WAWW40	Water Well No. 40	-	-	-	-	-	1,048,000	2,339,000	4,076,000	2,099,000	-	\$ 9,562,000	
63	WA29WL	West Panther Creek Area Water Line Replacement	-	-	-	-	-	-	-	2,578,000	9,301,000	7,879,000	\$ 19,758,000	
64	WA30WL	South Panther Creek Area Water Line Replacement	-	-	-	-	-	-	-	2,371,000	9,261,000	7,687,000	\$ 19,319,000	
65	WA31WL	Trade Center Area Water Line Replacement	-	-	-	-	-	-	-	2,008,000	5,580,000	4,612,000	\$ 12,200,000	
66	WA32WL	Cochran's Crossing Area Water Line Replacement	-	-	-	-	-	-	-	-	3,596,000	7,869,000	\$ 11,465,000	
67	WAWPWL	Woodlands Parkway Water Line Replacement	-	-	-	-	-	-	-	-	2,425,000	2,324,000	\$ 4,749,000	
Total Water Bond Projects			\$ -	\$ -	\$ 17,515,000	\$ 19,655,000	\$ 30,440,000	\$ 27,400,000	\$ 32,723,000	\$ 23,107,000	\$ 11,033,000	\$ 32,262,000	\$ 30,371,000	\$ 224,506,000



Woodlands Water and Wastewater Rate Study

The Woodlands Project Summary Wastewater

Page No.	Project Name	Previous Budget	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Total
38	WXWDWS Digital Water System (Wastewater)	\$ 331,887	\$ 150,000	-	-	-	-	-	-	-	-	-	\$ 481,887
39	WWLS1GN Lift Station No. 1 Gravity Main Bypass and Decommissioning	213,711	1,312,000	-	-	-	-	-	-	-	-	-	\$ 1,525,711
40	WWF1NP Water Reclamation Facility No. 1	234,096	400,000	-	-	-	-	-	-	-	-	-	\$ 634,096
41	WW02FR WWTF No. 2 Tertiary Filter Improvements (2nd and 3rd Filter)*	376,118	63,000	16,000	-	-	-	-	-	-	-	-	\$ 455,118
42	WWF1LA Wastewater System Land Acquisition	3,000,000	4,000,000	3,000,000	-	-	-	-	-	-	-	-	\$ 10,000,000
43	WW22FM Forcemain Renewal	86,269	-	758,000	782,000	-	-	-	-	-	-	-	\$ 1,626,269
44	WW21LS Lift Station Rehabilitation	598,886	-	267,000	275,000	284,000	291,000	301,000	310,000	-	-	-	\$ 2,326,886
45	WWP2GC WWTF No. 2 Grit Classifier Improvements	-	392,000	793,000	-	-	-	-	-	-	-	-	\$ 1,185,000
46	WWLS24 Lift Station No. 24 Improvements	-	-	174,000	831,000	805,000	-	-	-	-	-	-	\$ 1,810,000
47	WW2SCR WWTF No. 2 Belt Press and Conveyor Replacement	-	-	-	733,000	2,233,000	3,564,000	1,836,000	-	-	-	-	\$ 8,366,000
48	WW02CR WWTF No. 2 Clarifier Rehabilitation	-	-	-	-	-	-	-	163,000	1,848,000	-	-	\$ 2,011,000
49	WWP2BC WWTF No. 2 Basin Coating	-	-	-	-	-	-	-	160,000	1,977,000	1,866,000	-	\$ 4,003,000
50	WWP2BR WWTF No. 2 Blower Replacement	-	-	-	-	-	-	-	-	581,000	2,724,000	1,922,000	\$ 5,227,000
Total R&R Projects		\$ 4,840,967	\$ 6,317,000	\$ 5,008,000	\$ 2,621,000	\$ 3,322,000	\$ 3,855,000	\$ 2,137,000	\$ 633,000	\$ 4,406,000	\$ 4,590,000	\$ 1,922,000	\$ 39,651,967



Woodlands Water and Wastewater Rate Study

The Woodlands Project Summary Wastewater - TWDB Bond Fund

Page No.	Project Name	Previous Budget	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Total
68	WWF1NP Water Reclamation Facility No. 1	\$ -	\$ 5,774,000	\$ 15,492,000	\$ 55,039,000	\$ 51,243,000	\$ 51,243,000	\$ 51,243,000	\$ 51,243,000	\$ -	\$ -	\$ -	\$ 281,277,000
69	WWWWC Wastewater Conveyance Optimization	-	-	-	6,340,000	13,188,000	13,716,000	7,132,000	-	-	-	-	\$ 40,376,000
70	WW23GR Gravity Main Rehabilitation - Hughes Landing and East Shore	-	-	1,024,000	2,621,000	5,674,000	-	-	-	-	-	-	\$ 9,319,000
71	WW25GR Gravity Main Rehabilitation - North Bear Branch	-	-	-	774,000	1,892,000	3,881,000	-	-	-	-	-	\$ 6,547,000
72	WW27GR Gravity Main Rehabilitation - Upper Panther Branch	-	-	-	-	-	1,180,000	3,148,000	6,890,000	-	-	-	\$ 11,218,000
73	WW31GR Gravity Main Rehabilitation - West of Lake Woodlands	-	-	-	-	-	-	-	1,173,000	3,065,000	6,644,000	-	\$ 10,882,000
74	WW32GR Gravity Main Rehabilitation - East of Lake Woodlands	-	-	-	-	-	-	-	-	867,000	2,223,000	4,573,000	\$ 7,663,000
Total Wastewater Bond Projects		\$ -	\$ 5,774,000	\$ 16,516,000	\$ 64,774,000	\$ 71,997,000	\$ 70,020,000	\$ 61,523,000	\$ 59,306,000	\$ 3,932,000	\$ 8,867,000	\$ 4,573,000	\$ 367,282,000

The Woodlands Project Summary Wastewater - Peak Flow Projects

77	WW2HPF Wet Weather Flow Capacity Projects	628,000	5,268,000	9,326,000	1,402,000	12,451,000	9,788,000	-	-	-	-	-	\$ 38,863,000
Total Wastewater Peak Flow Projects		\$ 628,000	\$ 5,268,000	\$ 9,326,000	\$ 1,402,000	\$ 12,451,000	\$ 9,788,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,863,000
Future Bond Issues		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -