

CITY OF HUNTSVILLE, TEXAS
Russell Humphrey, Mayor

Jon Strong, Ward 4, Chairman
Karen Denman, At-Large Position 2



Vicki McKenzie, At-Large Position 3
Pat Graham, At-Large Position 4

CITY COUNCIL FINANCE COMMITTEE AGENDA
TUESDAY, JULY 1, 2025, 8:00 AM

Huntsville City Hall, 1220 11th Street, Huntsville, Texas, 77340

Persons with disabilities who plan to attend this meeting and may need auxiliary aids or services are requested to contact the City Secretary's office (936.291.5413) two working days prior to the meeting for appropriate arrangements.

1 CALL TO ORDER

2 DISCUSSION/CONSIDERATION

The Finance Committee will hear presentations, discuss, and may consider recommendations to the City Council on the following items.

- a** Approve minutes of the June 17, 2025, Finance Committee meeting
Lance Hall, Finance Director
- b** Budget Amendments
Lance Hall, Finance Director
- c** Consider Approval of the Quarterly Investment Report for the First Quarter 2025
Lance Hall, Finance Director
- d** Solid Waste Rate Study Presentation
Lance Hall, Finance Director
- e** Presentation by Water Company of America
Lance Hall, Finance Director

3 ADJOURNMENT

CERTIFICATE

I do hereby certify that the above notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.HuntsvilleTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING: June 27, 2025

Kristy Doll

TIME OF POSTING: 11:00 a.m.

Kristy Doll, City Secretary

TAKEN DOWN:



CITY COUNCIL FINANCE COMMITTEE AGENDA

7/1/2025

Agenda Item Number: 2.a.

Agenda Item: Approve minutes of the June 17, 2025, Finance Committee meeting

Initiating Department/Presenter: Finance

Presenter:
Lance Hall, Finance Director

Discussion: Approve minutes of the May 20, 2025 Finance Committee meeting

Financial Implications:

Associated Information:

1. Fin Comm Minutes 6.17.2025

Finance Committee Minutes

June 3, 2025

Members Present: Jon Strong, Pat Graham, Vicki McKenzie, and Karen Denman

Staff Present: Scott Swigert, Lance Hall, Bill Wavra

The agenda items discussed were:

- Approved the minutes from the June 3, 2025, meeting.
- Lance discussed the budget amendments that are being presented at tonight's City Council meeting. Bill Wavra gave further insight into possible tariffs imposed on IT equipment and the desire to purchase this equipment early to avoid the tariffs.



CITY COUNCIL FINANCE COMMITTEE AGENDA

7/1/2025

Agenda Item Number: 2.b.

Agenda Item: Budget Amendments

Initiating Department/Presenter: Finance

Presenter:
Lance Hall, Finance Director

Discussion: Discussion and possible action on proposed Budget Amendment(s).

Financial Implications:

Associated Information:

1. BA RPS Engineering Services with TXDOT

Budget Amendments FY 24-25

Finance Committee -July 1, 2025

Exhibit A

Increase: IH45 Segment 2B Widening -Utility relocation project	\$	33,000
Increase: Water Projects CIP - Misc Rev. (Reimbursement from TxDOT)	\$	33,000

Explanation:	RPS has been working closely with the City of Huntsville and TxDOT for over four (4) years for the design of the relocation of several waterline and sanitary sewer line segments within the TxDOT rights-of-way in the IH-45 Segment 2B Widening Project. The lines need to be relocated to remove potential conflicts with highway construction and to provide necessary clearance to the new roadway surface and the clearances to the proposed drainage facilities. Recently Gauge Engineering with TxDOT requested further design changes due to additional drainage infrastructure in the TxDOT plans. The further changes will create conflicts at 5 (five) locations which will need to be redesigned. This will require RPS to revise ten (10) Plan and Profile sheets including design and quantity table updates. The fee for Project Management and Coordination and Final Design is \$33,000.00 All fees included in the redesign proposal, along with construction costs are fully reimbursable through TxDOT and will be included in the Utility Agreement executed prior to construction. The City Council approved the additional services with RPS at the City Council meeting held on June 17, 2025 this budget amendment puts the money in place to perform the contracted services.
--------------	---



CITY COUNCIL FINANCE COMMITTEE AGENDA

7/1/2025

Agenda Item Number: 2.c.

Agenda Item: Consider Approval of the Quarterly Investment Report for the First Quarter 2025

Initiating Department/Presenter: Finance

Presenter:

Lance Hall, Finance Director

Discussion: Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

Financial Implications:

Associated Information:

1. Quarterly Investment report 033125



City of Huntsville Texas
QUARTERLY INVESTMENT REPORT
January 1, 2025- March 31, 2025

COMPLIANCE | This report was prepared by the City of Huntsville in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the City's investment officers and includes the disclosures required in the PFIA.

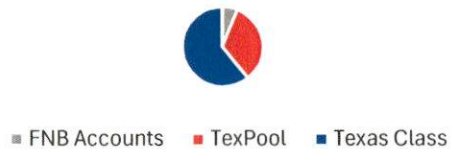
The investment portfolio complies with the PFIA and the City of Huntsville approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Asset Class	Market Value 12/31/2024	% of Portfolio 12/31/2025	Book Value 03/31/2025	Market Value 03/31/2025	% of Portfolio 03/31/2025
FNB Accounts	\$ 5,453,733.60	6.10%	\$ 5,092,206.79	\$ 5,092,206.79	5.45%
TexPool	\$ 29,625,734.31	33.15%	\$ 33,485,247.70	\$ 33,485,247.70	35.82%
Texas Class	\$ 54,296,363.62	60.75%	\$ 54,901,026.25	\$ 54,901,026.25	58.73%
Total	\$ 89,375,831.53	100.00%	\$ 93,478,480.74	\$ 93,478,480.74	100.00%

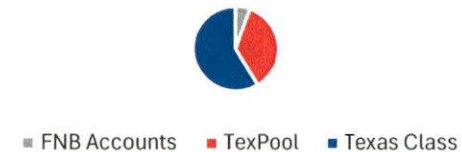
Quarterly Interest Income \$ 1,026,297.74

Year-to-date Interest Income \$ 1,026,297.74

Asset Holding as of 12/31/2024



Asset Holdings as of 03/31/2025




Lance Hall Finance Director

6/12/2025

DATE


Scott Swigert, City Manager

6/12/2025

DATE



CITY COUNCIL FINANCE COMMITTEE AGENDA

7/1/2025

Agenda Item Number: 2.d.

Agenda Item: Solid Waste Rate Study Presentation

Initiating Department/Presenter: Finance

Presenter:

Lance Hall, Finance Director

Discussion: NewGen Strategies & Solutions conducted a solid waste cost-of-service and rate design study. Using a test year based on the Fiscal year (FY) 2025 Budget, the study incorporates additional personnel and equipment purchases. The analysis performed is designed to take into account foreseeable changes from FY 2025 to FY 2029 with the goal of preserving the financial integrity of the solid water utility.

Financial Implications:

Associated Information:

1. Huntsville Proposed Rates Memo
2. Huntsville Draft PPT_6-24-25

Memorandum

To: City of Huntsville, Texas

From: Seth Cunningham, Principal, NewGen Strategies and Solutions, LLC
Cari Anderson, Senior Consultant, NewGen Strategies and Solutions, LLC

Date: June 24, 2025

Re: Recommended Solid Waste Rates

The City of Huntsville (City) retained NewGen Strategies and Solutions LLC (NewGen) to conduct a solid waste cost of service and rate design study (Study). Using a test year based on the fiscal year (FY) 2025 Budget¹, the Study incorporates additional personnel and equipment purchases. The analysis performed is designed to take into account foreseeable changes from FY 2025 to FY 2029 with the goal of preserving the financial integrity of the solid waste utility. The following memo details the current rate structure and the rates proposed by NewGen’s project team.

Revenue Under Current Rates

The City currently charges residential customers \$25.76 per month for service. Approximately 263 commercial customers receive service via a residential cart and are charged \$27.10 per month. Additional carts are available for an additional \$13.73 per month. Commercial dumpster collection is available for 2, 4, 6, and 8 cubic yard (CY) containers serviced between 1 and 5 times per week. Service is provided to customers inside and outside city limits, including the Texas Department of Criminal Justice (TDCJ) and Sam Houston State University (SHSU). Table 1 outlines the current fee schedule applied to those commercial customers receiving dumpster service.

Table 1 Current Rates – Commercial Dumpster Collection					
Container Size (CY)	Collections per Week				
	1	2	3	4	5
Commercial – Inside					
2	\$84.39	\$141.82	\$199.24	\$256.66	\$314.10
4	107.31	187.71	268.06	348.43	428.79
6	130.26	233.57	336.87	440.19	543.48
8	153.20	279.45	405.69	531.94	658.19

¹ The City’s fiscal year runs from October 1 to September 30.

Memorandum

City of Huntsville, Texas
June 24, 2025
Page 2

Container Size (CY)	Collections per Week				
	1	2	3	4	5
Commercial – Outside, TDCJ, SHSU					
2	\$100.46	\$168.83	\$237.20	\$305.56	\$373.94
4	127.78	223.45	319.13	414.80	510.48
6	155.08	278.06	401.04	524.03	647.00
8	182.38	332.68	482.97	633.25	783.55

Open-top roll-off service is for both scheduled and unscheduled pulls. A flat fee per pull is charged for unscheduled pulls while a fee matrix based on the number of pulls per week is shown in Table 2. For scheduled pulls, the cost per pull decreases with the number of scheduled collections per week. This and other miscellaneous roll-off fees will be discussed in greater detail in the next section. In addition to the collection charges, disposal of roll-off refuse is charged \$85.14 per ton for inside customers and \$92.13 per ton for outside customers.

Table 2
Current Rates – Roll-Offs

	Collections per Week				
	1	2	3	4	5
Roll-Off - Inside					
	\$514.92	\$869.82	\$1,224.72	\$1,579.62	\$1,934.53
Roll-Off – Outside, TDCJ, SHSU					
	\$695.76	\$1,175.28	\$1,654.84	\$2,134.37	\$2,376.28

For customers that haul their waste to the transfer station, disposal of solid waste is charged based on the total tonnage taken to the scale house for inside and outside city limits customers as well as TDCJ and SHSU. The rate per ton is as follows: \$75.73 for inside city limit customers, \$93.66 for outside, and \$49.00 for sludge.

Under the City's current solid waste rates, rates would begin to under recover the total revenue requirement for FY 2026. This is due to under recovery via residential collection and roll-off revenues in all five years of the forecast. Additionally, third-party solid waste disposal begins to under recover the revenue requirement in Year 4 of the forecast. This results in a cumulative under recovery of approximately \$2.8 million dollars across the five-year forecast. A detailed breakdown of each services revenue requirement and rate revenues are shown in Schedule 1.

Memorandum

City of Huntsville, Texas
June 24, 2025
Page 3

Table 3
Revenue Under Current Rates

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Total Revenue	\$7,962,530	\$8,016,989	\$8,071,944	\$8,127,399	\$8,183,360
Revenue Requirement	\$7,709,177	\$8,127,326	\$8,618,032	\$9,167,318	\$9,492,657
Variance	3.29%	-1.36%	-6.34%	-11.34%	-13.79%
Over/(Under)	\$253,353	\$(110,337)	\$(546,088)	\$(1,039,919)	\$(1,309,297)
Cumulative Over/(Under)	\$253,353	\$143,017	\$(403,072)	\$(1,442,991)	\$(2,752,288)

This cumulative under recovery leads to a decrease in the Solid Waste Fund below the required minimum amount of 25% of the annual budget in FY 2029 (as shown in Schedule 2). Based on this, NewGen recommends adjusting rates to ensure sufficient revenue recovery.

Revenue Under Proposed Rates

The proposed rates detailed below take into account the cost of providing service to residential, commercial, roll-off, and disposal customers while maintaining the City's required minimum fund balance of 25% of the annual budget. The following tables show the proposed rates for FY 2025 (current year) through FY 2029.

Residential and Commercial Collection

For both residential and commercial collection, NewGen proposes 3% annual increases for FY 2026 through 2029. The resulting rates are shown in Tables 4 and 5. A commercial matrix detailing rates by size of container and number of collections per week is provided in workpaper A.

As shown in Schedule 3, residential collection would still have a slight under recovery that would be sufficiently covered by the over recovery realized by commercial collection.²

Table 4
Proposed Rates – Residential Collection

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Single/Multi-Family Households – Inside City Limits	\$25.76	\$26.53	\$27.33	\$28.15	\$28.99
Additional Collection Cart	13.73	14.14	14.57	15.00	15.45

² In NewGen's experience, it is not uncommon for commercial collection services to typically provide some subsidy of residential collection services.

Memorandum

City of Huntsville, Texas
June 24, 2025
Page 4

Table 5
Proposed Rates – Commercial Collection

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Business Minimum Inside City Limits Collection	\$27.10	\$27.91	\$28.75	\$29.61	\$30.50
Additional Collection Cart	13.73	14.14	14.57	15.00	15.45

Roll-Offs

Under current rates, roll-off rate revenues will under recover a cumulative \$1.3 million over the five year forecast. In order to assess the most equitable areas in which to increase rates, NewGen’s project team looked at the cost per pull based on the scheduled roll-off pull matrix provided to NewGen by the City. The cost per pull for customers with once-a-week scheduled collection is just over \$118 compared to a cost per pull for the City of about \$167 in FY 2025. This was calculated as follows:

- Current Rate for once a week scheduled pulls: \$514.92
- Average Weeks in a Month = Weeks / Months = 52 / 12 ≈ 4.33
- Rate per Pull = Rate / (Weeks per month x Scheduled Pulls per Week)
- Rate per Pull = \$514.92 / (4.33 x 1) = \$118.83

The same methodology was used to calculate the cost per pull for those roll-off customers with collections 2 to 5 times per week. Based on these values, it was found that there is a significant discount the more pulls are scheduled per week. Additionally it was noted that the rate for extra pick-ups was not much more than the rate for scheduled pulls. NewGen recommends increasing the cost per pull for both scheduled and unscheduled pulls to align with the cost-of-service per pull. Further, NewGen recommends aligning the cost per pull for open-top and compactor roll-offs, which will simplify the rate structure by FY 2029. While it is still recommended to provide a discount for those with more scheduled pulls per week to incentivize scheduling service rather than relying on call-ins or extra pickups, the recommendation is to provide a 5% discount for schedules of 2 and 3 pickups per week, while the proposed cost per pull for 4 and 5 times per week is equal to that for 3 times per week. The final rate matrix was rounded to the nearest dollar for ease of billing (shown in Table 6).

Memorandum

City of Huntsville, Texas
June 24, 2025
Page 5

Table 6
Proposed Rates – Roll-Offs Monthly Rate

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Collections per Week					
1	\$514.92	\$607.00	\$715.00	\$823.00	\$932.00
2	869.82	1,153.00	1,359.00	1,564.00	1,770.00
3	1,224.72	1,643.00	1,936.00	2,229.00	2,522.00
4	1,579.62	2,190.00	2,581.00	2,972.00	3,363.00
5	1,934.53	2,738.00	3,226.00	3,715.00	4,204.00

Currently, the cost per pull for extra pick-ups significantly under recovers the cost per pull. NewGen proposes that the fee for extra pickup be raised to \$200 per pull in Year 2, FY 2026, with increases each year thereafter to \$295 per pull by FY 2029, which would then align with the rate for unscheduled pulls.

As for roll-off disposal, NewGen proposes a 3% rate increase for inside city limits and 4% for outside city limits customers. This aligns with the rate increase proposed for third-party disposal in the next section of this memo.

Table 7
Proposed Rates – Roll-Offs Disposal & Extra Fees

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Disposal – Inside (per ton)					
Open Top Roll-Off	\$85.14	\$87.69	\$90.33	\$93.03	\$95.83
Sludge	49.00	50.47	51.98	53.54	55.15
Disposal – Outside (per ton)					
Open Top Roll-Off	\$92.13	\$95.82	\$99.65	\$103.63	\$107.78
Extra Pickups	\$135.59	\$200.00	\$250.00	\$275.00	\$295.00
Call In/Stand-by	291.17	295.00	295.00	295.00	295.00

Memorandum

City of Huntsville, Texas
June 24, 2025
Page 6

The proposed rates for compacting roll-off services align with the similar fees charged for open-top roll-offs.

Table 8
Proposed Rates – Compacting Roll-Offs

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Scheduled	\$196.91	\$200.00	\$200.00	\$200.00	\$215.00
Unscheduled	246.16	295.00	295.00	295.00	295.00
Extra Pickups	138.10	200.00	250.00	275.00	295.00
Roll-Off Inactivity Fee	291.17	295.00	295.00	295.00	295.00
Repositioning	163.93	100.00	100.00	100.00	100.00

Third Party Solid Waste Disposal

With no rate increases, disposal rates would under recover revenue required to meet its revenue requirement starting in Year 2 (FY 2026) of the forecast. Similar to residential and commercial collection, NewGen recommends an increase of 3% annually for inside city limits and 4% for outside, TDCJ, and SHSU customers in FY 2026 through FY 2029. This would result in sufficient revenue recovery in each year. This would also help to offset the under recovery seen in roll-offs above (see Schedule 3).

Table 9
Proposed Rates – Disposal Fees at Scale House (per ton)

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Basic Fee - Inside City Limit	\$75.73	\$78.00	\$80.34	\$82.75	\$85.23
Basic Fee - Outside City Limit, TDCJ, SHSU	\$93.66	\$97.41	\$101.30	\$105.35	\$109.57

Revenue Under Proposed Rates

Table 10 shows the revenue recovery of the overall system. For a more detailed breakdown of each service category and their associated revenues under proposed rates, refer to Schedule 3. Though there would be a slight under recovery in years 3 and 4, the cumulative rate recovery remains positive throughout the five-year forecast period.

Memorandum

City of Huntsville, Texas
June 24, 2025
Page 7

Table 10
Revenue Under Proposed Rates

	Year 1 FY 2025	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Total Revenue	\$7,962,530	\$8,329,722	\$8,688,500	\$9,058,620	\$9,446,085
Revenue Requirement	\$7,709,177	\$8,127,326	\$8,618,032	\$9,167,318	\$9,492,657
Variance	3.29%	2.49%	0.82%	-1.19%	-0.49%
Over/(Under)	\$253,353	\$202,396	\$70,468	\$(108,697)	\$(46,572)
Cumulative Over/(Under)	\$253,353	\$455,749	\$526,217	\$417,520	\$370,948

Based on the rates proposed in this memo, there would be a \$370,948 cumulative contribution from rates to the Solid Waste Fund. Schedule 4 takes this into consideration, along with a reduction of \$1,829,906 from the reserve for the purchase of vehicle with cash. The overall impact is a reduction in the Solid Waste Fund from \$5,981,460 to \$4,522,502, which still exceeds the minimum balance requirement of \$2,430,464 (e.g. retaining a 25% minimum of expenses in the Solid Waste Fund).

City of Huntsville, Texas
Solid Waste Cost of Service Study
Net Revenue Under Current Rates

Line No.	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029
----------	----------------	----------------	----------------	----------------	----------------

Collection Charges

1	Residential Collection										
2	Net Revenue Requirement	\$	2,650,156	\$	2,729,031	\$	3,056,190	\$	3,141,507	\$	3,248,853
3	Revenue										
4	Single/Multi-Family Households - Inside City Limits	\$	2,251,939	\$	2,280,088	\$	2,308,590	\$	2,337,447	\$	2,366,665
5	Additional Collection Cart		40,201		40,704		41,213		41,728		42,250
6	Business Minimum Inside City Limits Collection		85,528		86,597		87,679		88,775		89,885
7	Total Residential Collection Revenue	\$	2,377,668	\$	2,407,389	\$	2,437,481	\$	2,467,950	\$	2,498,799
8	Over/(Under)	\$	(272,488)	\$	(321,642)	\$	(618,708)	\$	(673,557)	\$	(750,054)
9	Cumulative Over/(Under)		(272,488)		(594,130)		(1,212,838)		(1,886,396)		(2,636,450)
10	Commercial Collection										
11	Net Revenue Requirement	\$	2,347,641	\$	2,488,430	\$	2,561,866	\$	2,873,288	\$	2,976,275
12	Revenue										
13	Commercial (Inside)	\$	2,840,183	\$	2,854,384	\$	2,868,656	\$	2,882,999	\$	2,897,414
14	Commercial (Outside, TDCJ, SHSU)		-		-		-		-		-
15	Total Commercial Collection Revenue	\$	2,840,183	\$	2,854,384	\$	2,868,656	\$	2,882,999	\$	2,897,414
16	Over/(Under)	\$	492,542	\$	365,954	\$	306,790	\$	9,711	\$	(78,861)
17	Cumulative Over/(Under)		492,542		858,496		1,165,286		1,174,997		1,096,137
18	Roll-Offs										
19	Roll-Off Revenue Requirement	\$	687,323	\$	816,719	\$	838,585	\$	918,481	\$	947,827
20	Disposal Allocated to Roll-off		635,292		659,211		683,061		707,450		737,753
21	Transfer Station Allocated to Roll-off		115,420		117,126		118,588		121,145		122,612
22	Total Roll-Off Revenue Requirement	\$	1,438,035	\$	1,593,056	\$	1,640,234	\$	1,747,075	\$	1,808,193
23	Revenue										
24	Roll-off										
25	Roll-off Scheduled	\$	280,738	\$	280,738	\$	280,738	\$	280,738	\$	280,738
26	Roll-off Call-in		189,311		189,311		189,311		189,311		189,311
27	Compacting Roll-off										
28	Compactor Scheduled		71,675		71,675		71,675		71,675		71,675
29	Compactor Call-in		46,236		46,236		46,236		46,236		46,236
30	Repositioning Fees		49,179		49,179		49,179		49,179		49,179
31	Disposal										
32	Roll-Off Tonnage (Inside)		596,161		599,142		602,138		605,149		608,174
33	Roll-Off Tonnage (Outside)										
34	Sludge		140,079		140,779		141,483		142,190		142,901
35	Total Roll-Off Revenue	\$	1,373,379	\$	1,377,060	\$	1,380,760	\$	1,384,478	\$	1,388,214
36	Over/(Under)	\$	(64,657)	\$	(215,996)	\$	(259,474)	\$	(362,597)	\$	(419,978)
37	Cumulative Over/(Under)		(64,657)		(280,652)		(540,126)		(902,724)		(1,322,702)

Solid Waste Disposal

38	Third Party Solid Waste Disposal					
39	Disposal Revenue Requirement	\$ 1,077,572	\$ 1,118,141	\$ 1,158,596	\$ 1,199,964	\$ 1,251,364
40	Transfer Station Revenue Requirement	195,773	198,667	201,147	205,483	207,972
41		\$ 1,273,345	\$ 1,316,809	\$ 1,359,743	\$ 1,405,447	\$ 1,459,337
42	Revenue					
43	Gate Tonnage (Inside)	\$ 824,640	\$ 828,763	\$ 832,907	\$ 837,071	\$ 841,257
44	Gate Tonnage (Outside)	546,660	549,393	552,140	554,901	557,675
45	Total Disposal Revenue	\$ 1,371,300	\$ 1,378,156	\$ 1,385,047	\$ 1,391,972	\$ 1,398,932
46	Over/(Under)	\$ 97,955	\$ 61,347	\$ 25,304	\$ (13,475)	\$ (60,405)
47	Cumulative Over/(Under)	\$ 97,955	\$ 159,302	\$ 184,606	\$ 171,131	\$ 110,727

Total Revenue

48 *Collection Charges*

City of Huntsville, Texas
Solid Waste Cost of Service Study
Net Revenue Under Current Rates

Line No.		Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029
49	Residential Collection	\$ 2,377,668	\$ 2,407,389	\$ 2,437,481	\$ 2,467,950	\$ 2,498,799
50	Commercial Collection	2,840,183	2,854,384	2,868,656	2,882,999	2,897,414
51	Roll-Offs	1,373,379	1,377,060	1,380,760	1,384,478	1,388,214
52	Total Collection Revenue	\$ 6,591,230	\$ 6,638,833	\$ 6,686,897	\$ 6,735,427	\$ 6,784,428
53	<i>Solid Waste Disposal</i>					
54	Third Party Solid Waste Disposal	\$ 1,371,300	\$ 1,378,156	\$ 1,385,047	\$ 1,391,972	\$ 1,398,932
55	Total Disposal Revenue	\$ 1,371,300	\$ 1,378,156	\$ 1,385,047	\$ 1,391,972	\$ 1,398,932
56	Grand Total Revenue	\$ 7,962,530	\$ 8,016,989	\$ 8,071,944	\$ 8,127,399	\$ 8,183,360
57	Revenue Requirement	\$ 7,709,177	\$ 8,127,326	\$ 8,618,032	\$ 9,167,318	\$ 9,492,657
58	Variance	3.29%	-1.36%	-6.34%	-11.34%	-13.79%
59	Over/(Under)	\$ 253,353	\$ (110,337)	\$ (546,088)	\$ (1,039,919)	\$ (1,309,297)
60	Cumulative Over/(Under)	\$ 253,353	\$ 143,017	\$ (403,072)	\$ (1,442,991)	\$ (2,752,288)

City of Huntsville, Texas
Solid Waste Cost of Service Study
Fund Balance Projection - Current Rates

Line No.		Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029
1	Beginning Balance	\$ 5,981,460	\$ 5,454,907	\$ 5,119,571	\$ 4,148,482	\$ 2,708,563
2	Vehicle Reserve Contributions	-	-	-	-	-
3	Cash Capital Outlays					
4	Vehicles	(779,906)	(225,000)	(425,000)	(400,000)	-
5	Over (Under) Recovery	253,353	(110,337)	(546,088)	(1,039,919)	(1,309,297)
6	Ending Balance	\$ 5,454,907	\$ 5,119,571	\$ 4,148,482	\$ 2,708,563	\$ 1,399,266
7	Total Expenses	\$ 7,938,377	\$ 8,356,526	\$ 8,847,232	\$ 9,396,518	\$ 9,721,857
8	Less Vehicle Replacement	-	-	-	-	-
9	O&M Expenses	7,938,377	8,356,526	8,847,232	9,396,518	9,721,857
10	25% of O&M Expenses	\$ 1,984,594	\$ 2,089,131	\$ 2,211,808	\$ 2,349,129	\$ 2,430,464

City of Huntsville, Texas
Solid Waste Cost of Service Study
Net Revenue Under Proposed Rates

Line No.	Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029
----------	----------------	----------------	----------------	----------------	----------------

Collection Charges

1	Residential Collection					
2	Net Revenue Requirement	\$ 2,650,156	\$ 2,729,031	\$ 3,056,190	\$ 3,141,507	\$ 3,248,853
3	Revenue					
4	Single/Multi-Family Households - Inside City Limits	\$ 2,251,939	\$ 2,348,491	\$ 2,449,183	\$ 2,554,191	\$ 2,663,702
5	Additional Collection Cart	40,201	41,925	43,723	45,597	47,552
6	Business Minimum Inside City Limits Collection	85,528	89,195	93,019	97,007	101,166
7	Total Residential Collection Revenue	\$ 2,377,668	\$ 2,479,611	\$ 2,585,924	\$ 2,696,796	\$ 2,812,421
8	Over/(Under)	\$ (272,488)	\$ (249,421)	\$ (470,266)	\$ (444,712)	\$ (436,433)
9	Cumulative Over/(Under)	(272,488)	(521,908)	(992,174)	(1,436,886)	(1,873,318)

10	Commercial Collection					
11	Net Revenue Requirement	\$ 2,347,641	\$ 2,488,430	\$ 2,561,866	\$ 2,873,288	\$ 2,976,275
12	<u>Revenue</u>					
13	Commercial (Inside)	\$ 2,840,183	\$ 2,940,015	\$ 3,043,357	\$ 3,150,331	\$ 3,261,065
14	Commercial (Outside, TDCJ, SHSU)	-	-	-	-	-
15	Total Commercial Collection Revenue	\$ 2,840,183	\$ 2,940,015	\$ 3,043,357	\$ 3,150,331	\$ 3,261,065
16	Over/(Under)	\$ 492,542	\$ 451,585	\$ 481,491	\$ 277,043	\$ 284,790
17	Cumulative Over/(Under)	492,542	944,128	1,425,619	1,702,662	1,987,452

18	Roll-Offs										
19	Roll-Off Revenue Requirement	\$	687,323	\$	816,719	\$	838,585	\$	918,481	\$	947,827
20	Disposal Allocated to Roll-off		635,292		659,211		683,061		707,450		737,753
21	Transfer Station Allocated to Roll-off		115,420		117,126		118,588		121,145		122,612
22	Total Roll-Off Revenue Requirement	\$	1,438,035	\$	1,593,056	\$	1,640,234	\$	1,747,075	\$	1,808,193
23	<u>Revenue</u>										
24	<i>Roll-off</i>										
25	Roll-off Scheduled	\$	280,738	\$	372,972	\$	439,476	\$	505,968	\$	572,544
26	Roll-off Call-in		189,311		191,801		191,801		191,801		191,801
27	<i>Compacting Roll-off</i>										
28	Compactor Scheduled		71,675		72,800		72,800		72,800		78,260
29	Compactor Call-in		46,236		55,409		55,409		55,409		55,409
30	Repositioning Fees		49,179		30,000		30,000		30,000		30,000
31	<i>Disposal</i>										
32	Roll-Off Tonnage (Inside)		596,161		617,116		638,808		661,262		684,506
33	Roll-Off Tonnage (Outside)										
34	Sludge		140,079		145,003		150,099		155,375		160,837
35	Total Roll-Off Revenue	\$	1,373,379	\$	1,485,101	\$	1,578,393	\$	1,672,616	\$	1,773,356
36	Over/(Under)	\$	(64,657)	\$	(107,955)	\$	(61,840)	\$	(74,460)	\$	(34,836)
37	Cumulative Over/(Under)		(64,657)		(172,611)		(234,452)		(308,911)		(343,748)

Solid Waste Disposal

38	Third Party Solid Waste Disposal					
39	Disposal Revenue Requirement	\$ 1,077,572	\$ 1,118,141	\$ 1,158,596	\$ 1,199,964	\$ 1,251,364
40	Transfer Station Revenue Requirement	195,773	198,667	201,147	205,483	207,972
41		\$ 1,273,345	\$ 1,316,809	\$ 1,359,743	\$ 1,405,447	\$ 1,459,337
42	Revenue					
43	Gate Tonnage (Inside)	\$ 824,640	\$ 853,626	\$ 883,631	\$ 914,691	\$ 946,842
44	Gate Tonnage (Outside)	546,660	571,369	597,195	624,188	652,401
45	Total Disposal Revenue	\$ 1,371,300	\$ 1,424,995	\$ 1,480,826	\$ 1,538,878	\$ 1,599,243
46	Over/(Under)	\$ 97,955	\$ 108,186	\$ 121,082	\$ 133,431	\$ 139,906
47	Cumulative Over/(Under)	\$ 97,955	\$ 206,141	\$ 327,223	\$ 460,655	\$ 600,561

Total Revenue48 *Collection Charges*

City of Huntsville, Texas
Solid Waste Cost of Service Study
Net Revenue Under Proposed Rates

Line No.		Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029
49	Residential Collection	\$ 2,377,668	\$ 2,479,611	\$ 2,585,924	\$ 2,696,796	\$ 2,812,421
50	Commercial Collection	2,840,183	2,940,015	3,043,357	3,150,331	3,261,065
51	Roll-Offs	1,373,379	1,485,101	1,578,393	1,672,616	1,773,356
52	Total Collection Revenue	\$ 6,591,230	\$ 6,904,727	\$ 7,207,675	\$ 7,519,742	\$ 7,846,842
53	<i>Solid Waste Disposal</i>					
54	Third Party Solid Waste Disposal	\$ 1,371,300	\$ 1,424,995	\$ 1,480,826	\$ 1,538,878	\$ 1,599,243
55	Total Disposal Revenue	\$ 1,371,300	\$ 1,424,995	\$ 1,480,826	\$ 1,538,878	\$ 1,599,243
56	Grand Total Revenue	\$ 7,962,530	\$ 8,329,722	\$ 8,688,500	\$ 9,058,620	\$ 9,446,085
57	Revenue Requirement	\$ 7,709,177	\$ 8,127,326	\$ 8,618,032	\$ 9,167,318	\$ 9,492,657
58	Variance	3.29%	2.49%	0.82%	-1.19%	-0.49%
59	Over/(Under)	\$ 253,353	\$ 202,396	\$ 70,468	\$ (108,697)	\$ (46,572)
60	Cumulative Over/(Under)	\$ 253,353	\$ 455,749	\$ 526,217	\$ 417,520	\$ 370,948

City of Huntsville, Texas
Solid Waste Cost of Service Study
Fund Balance Projection - Proposed Rates

Line No.		Year 1 2025	Year 2 2026	Year 3 2027	Year 4 2028	Year 5 2029
1	Beginning Balance	\$ 5,981,460	\$ 5,454,907	\$ 5,432,303	\$ 5,077,771	\$ 4,569,074
2	Vehicle Reserve Contributions	-	-	-	-	-
3	Cash Capital Outlays					
4	Vehicles	(779,906)	(225,000)	(425,000)	(400,000)	-
5	Over (Under) Recovery	253,353	202,396	70,468	(108,697)	(46,572)
6	Ending Balance	\$ 5,454,907	\$ 5,432,303	\$ 5,077,771	\$ 4,569,074	\$ 4,522,502
7	Total Expenses	\$ 7,938,377	\$ 8,356,526	\$ 8,847,232	\$ 9,396,518	\$ 9,721,857
8	Less Vehicle Replacement	-	-	-	-	-
9	O&M Expenses	7,938,377	8,356,526	8,847,232	9,396,518	9,721,857
10	25% of O&M Expenses	\$ 1,984,594	\$ 2,089,131	\$ 2,211,808	\$ 2,349,129	\$ 2,430,464

Commercial Collection - Inside

Current Rates

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 84.39	\$ 141.82	\$ 199.24	\$ 256.66	\$ 314.10
4	107.31	187.71	268.06	348.43	428.79
6	130.26	233.57	336.87	440.19	543.48
8	153.20	279.45	405.69	531.94	658.19

Year 1 - FY 2025

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 84.39	\$ 141.82	\$ 199.24	\$ 256.66	\$ 314.10
4	107.31	187.71	268.06	348.43	428.79
6	130.26	233.57	336.87	440.19	543.48
8	153.20	279.45	405.69	531.94	658.19

Year 2 - FY 2026

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 86.92	\$ 146.07	\$ 205.22	\$ 264.36	\$ 323.52
4	110.53	193.34	276.10	358.88	441.65
6	134.17	240.58	346.98	453.40	559.78
8	157.80	287.83	417.86	547.90	677.94

Year 3 - FY 2027

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 89.53	\$ 150.46	\$ 211.37	\$ 272.29	\$ 333.23
4	113.85	199.14	284.38	369.65	454.90
6	138.19	247.79	357.39	467.00	576.58
8	162.53	296.47	430.40	564.34	698.27

Year 4 - FY 2028

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 92.22	\$ 154.97	\$ 217.71	\$ 280.46	\$ 343.23
4	117.26	205.12	292.92	380.74	468.55
6	142.34	255.23	368.11	481.01	593.88
8	167.41	305.36	443.31	581.27	719.22

Year 5 - FY 2029

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 94.98	\$ 159.62	\$ 224.25	\$ 288.87	\$ 353.52
4	120.78	211.27	301.70	392.16	482.61
6	146.61	262.89	379.15	495.44	611.69
8	172.43	314.52	456.61	598.70	740.80

Commercial Collection - Outside

Current Rates

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 100.46	\$ 168.83	\$ 237.20	\$ 305.56	\$ 373.94
4	127.78	223.45	319.13	414.80	510.48
6	155.08	278.06	401.04	524.03	647.00
8	182.38	332.68	482.97	633.25	783.55

Year 1 - FY 2025

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 100.46	\$ 168.83	\$ 237.20	\$ 305.56	\$ 373.94
4	127.78	223.45	319.13	414.80	510.48
6	155.08	278.06	401.04	524.03	647.00
8	182.38	332.68	482.97	633.25	783.55

Year 2 - FY 2026

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 103.47	\$ 173.89	\$ 244.32	\$ 314.73	\$ 385.16
4	131.61	230.15	328.70	427.24	525.79
6	159.73	286.40	413.07	539.75	666.41
8	187.85	342.66	497.46	652.25	807.06

Year 3 - FY 2027

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 106.58	\$ 179.11	\$ 251.65	\$ 324.17	\$ 396.71
4	135.56	237.06	338.57	440.06	541.57
6	164.52	294.99	425.46	555.94	686.40
8	193.49	352.94	512.38	671.81	831.27

Year 4 - FY 2028

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 109.78	\$ 184.49	\$ 259.19	\$ 333.89	\$ 408.61
4	139.63	244.17	348.72	453.26	557.82
6	169.46	303.84	438.23	572.62	706.99
8	199.29	363.53	527.75	691.97	856.21

Year 5 - FY 2029

Container Size (CY)	Collections per Week				
	1	2	3	4	5
2	\$ 113.07	\$ 190.02	\$ 266.97	\$ 343.91	\$ 420.87
4	143.82	251.49	359.18	466.86	574.55
6	174.54	312.96	451.37	589.80	728.20
8	205.27	374.43	543.59	712.73	881.89



July 1, 2025 | Finance Committee Meeting

CITY OF HUNTSVILLE COST OF SERVICE AND RATE DESIGN STUDY



AGENDA

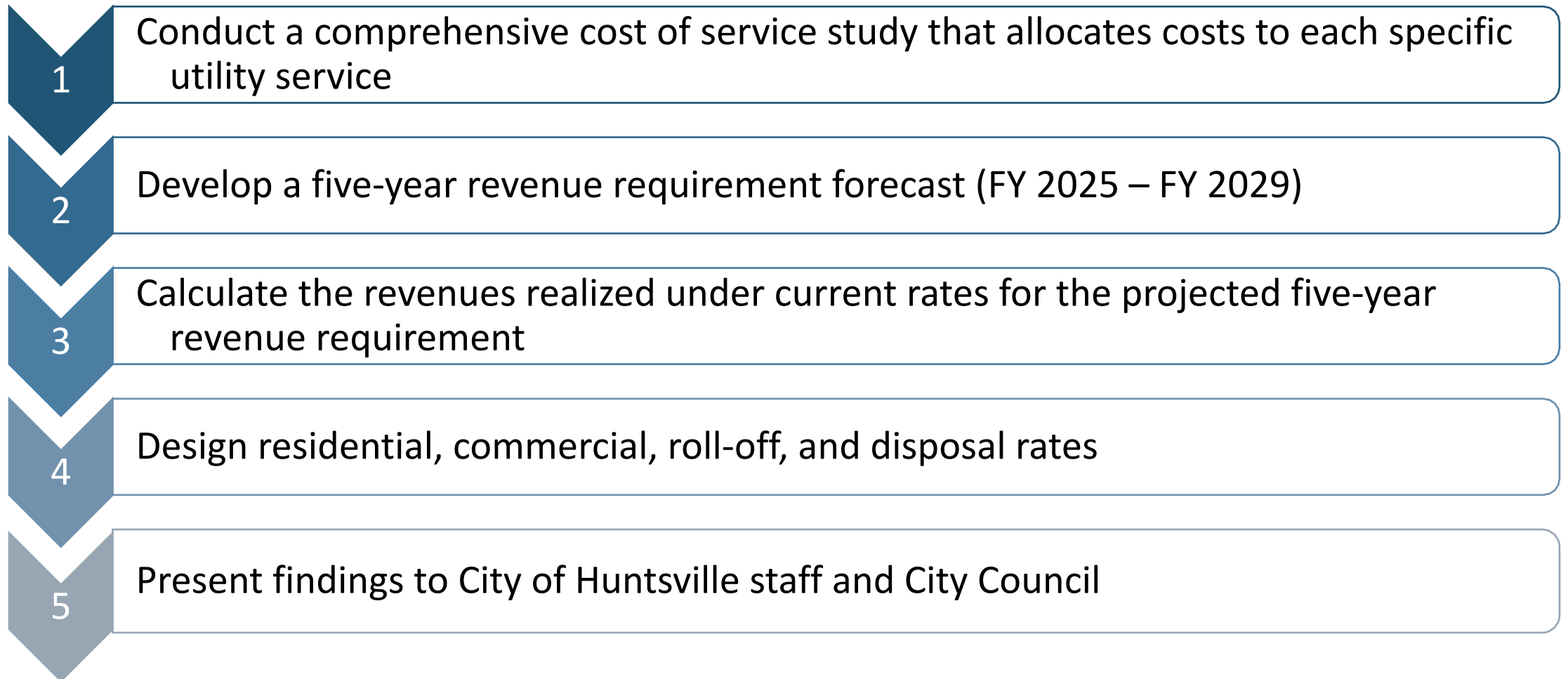
1. Introduction
2. Scope of Services
3. Methodology
4. Revenue Requirement
5. Over/Under Recovery – Current Rates
6. Findings
7. Rate Recommendations
8. Over/Under Recovery – Proposed Rates



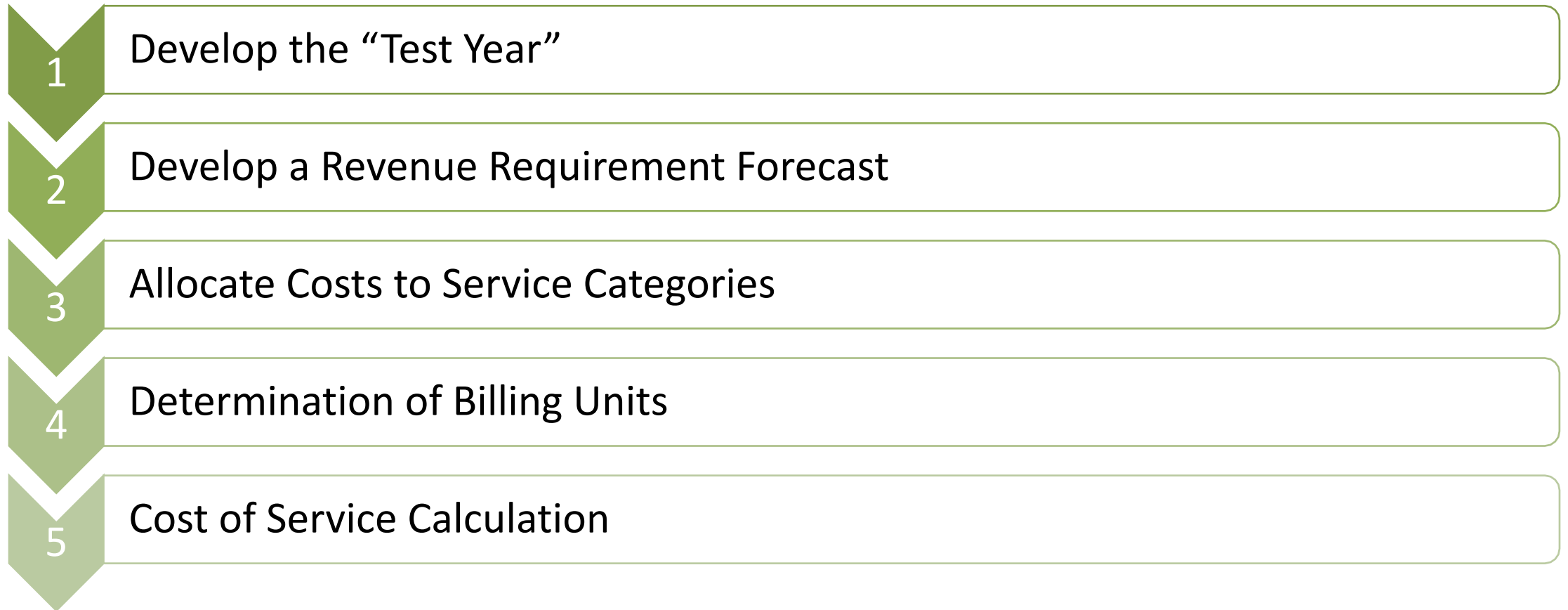
INTRODUCTION

- NewGen is a 65-person Management Consulting Firm specialized in providing financial, strategic, operations, stakeholder, and sustainability services for municipal utilities
- Dave Yanke, Project Manager, has more than 30 years of experience providing solid waste consulting services with the majority in Texas
 - Areas of Expertise:
 - Cost of Service and Rate Design
 - More than 200 cost of service, financial, economic, feasibility and valuation studies
 - Financial Feasibility Analyses
 - Frequent speaker at conferences
 - Developed Full Cost Accounting Workbooks

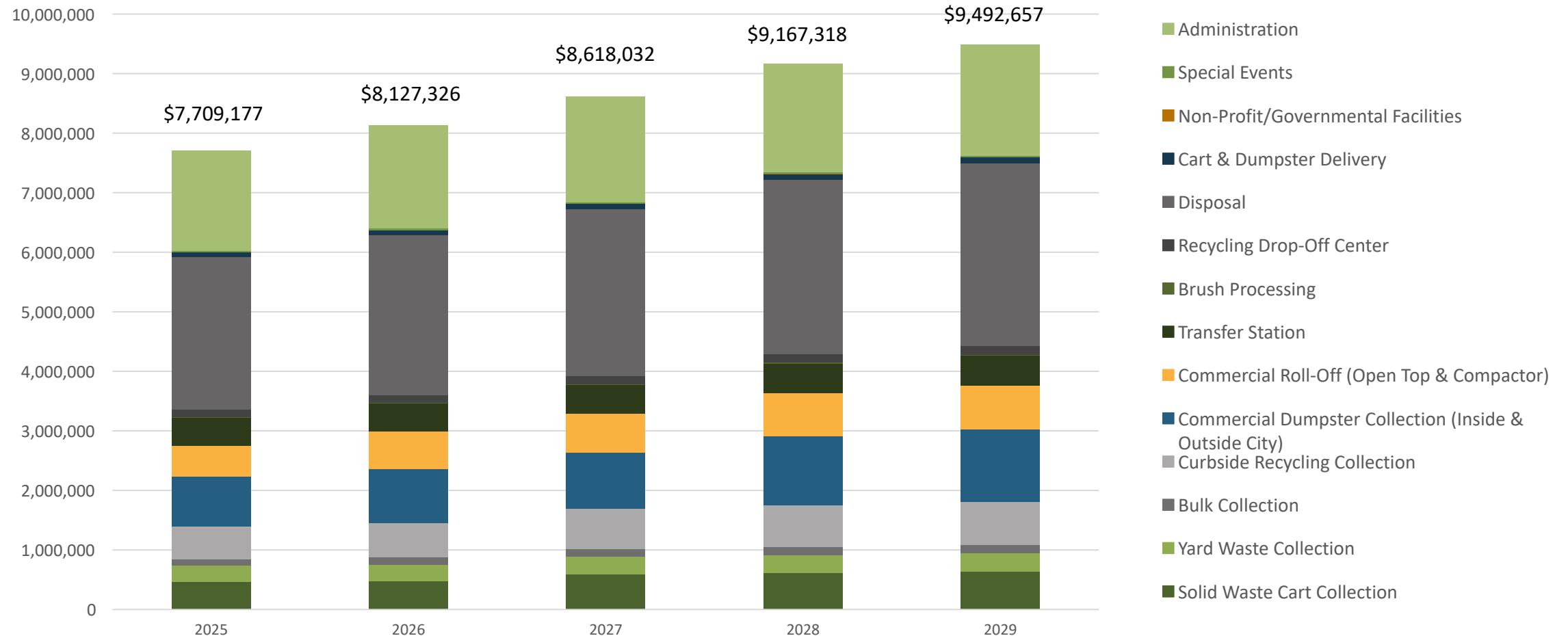
SCOPE OF SERVICES



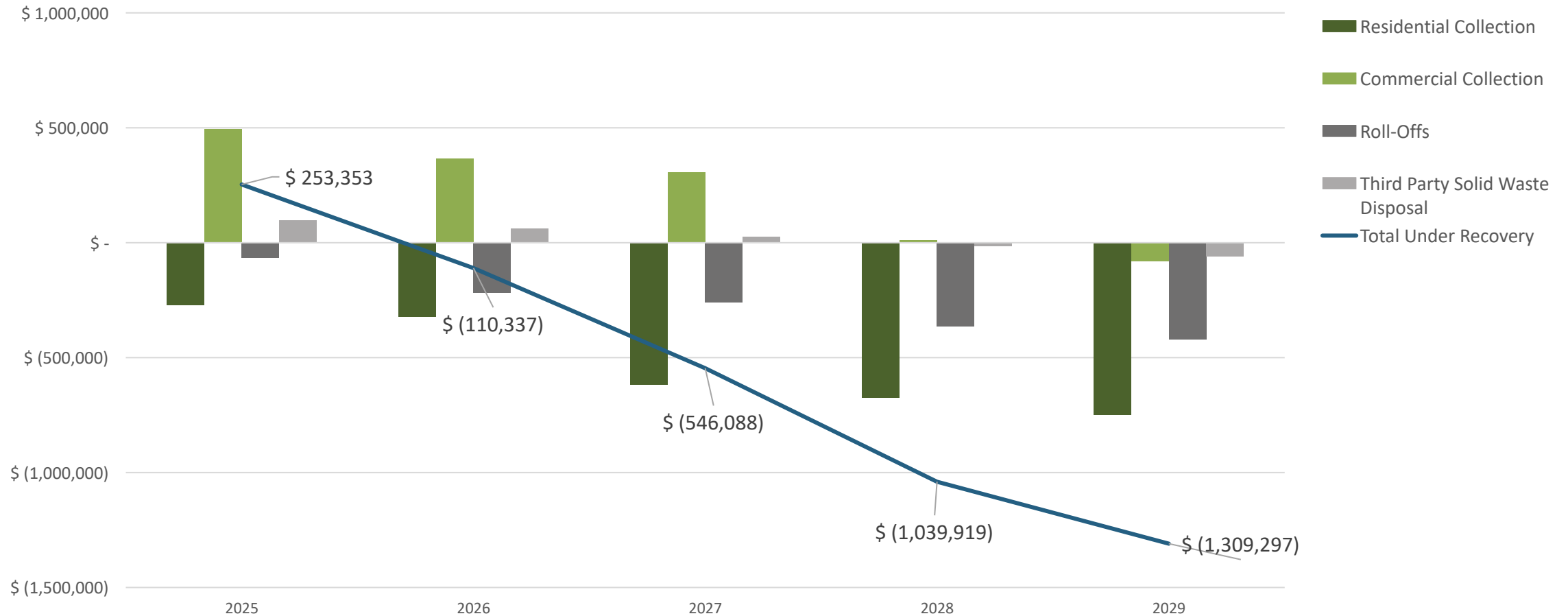
COST OF SERVICE METHODOLOGY



REVENUE REQUIREMENT BY SERVICE CATEGORY



CURRENT RATES – OVER/(UNDER) RECOVERY BY CUSTOMER CLASS



FINDINGS

- Address findings with recommended changes to rate structure
 - The City continues to grow and needs to cash fund several new vehicles over the next 5 years
 - Scheduled roll-offs are significantly under-recovering the cost of service
 - Residential rates are significantly under-recovering their cost of service
 - Maintain reserves equaling 25% of expenses



RATE RECOMMENDATIONS

NewGen recommends the following:

- NewGen proposes 3% annual increases for FY 2026 through 2029 for Residential Cart Collection and Commercial Accounts (carts and dumpsters)
- Increase the cost per pull for both scheduled and unscheduled pulls
- Align the cost per pull for open-top and compactor roll-offs to simplify the rate structure by FY 2029
- Continue to provide a discount for those with more than 1 pull per week.
- Increase the fee for extra pickups to \$200 per pull in FY 2026, with increases each year to \$295 per pull by FY 2029

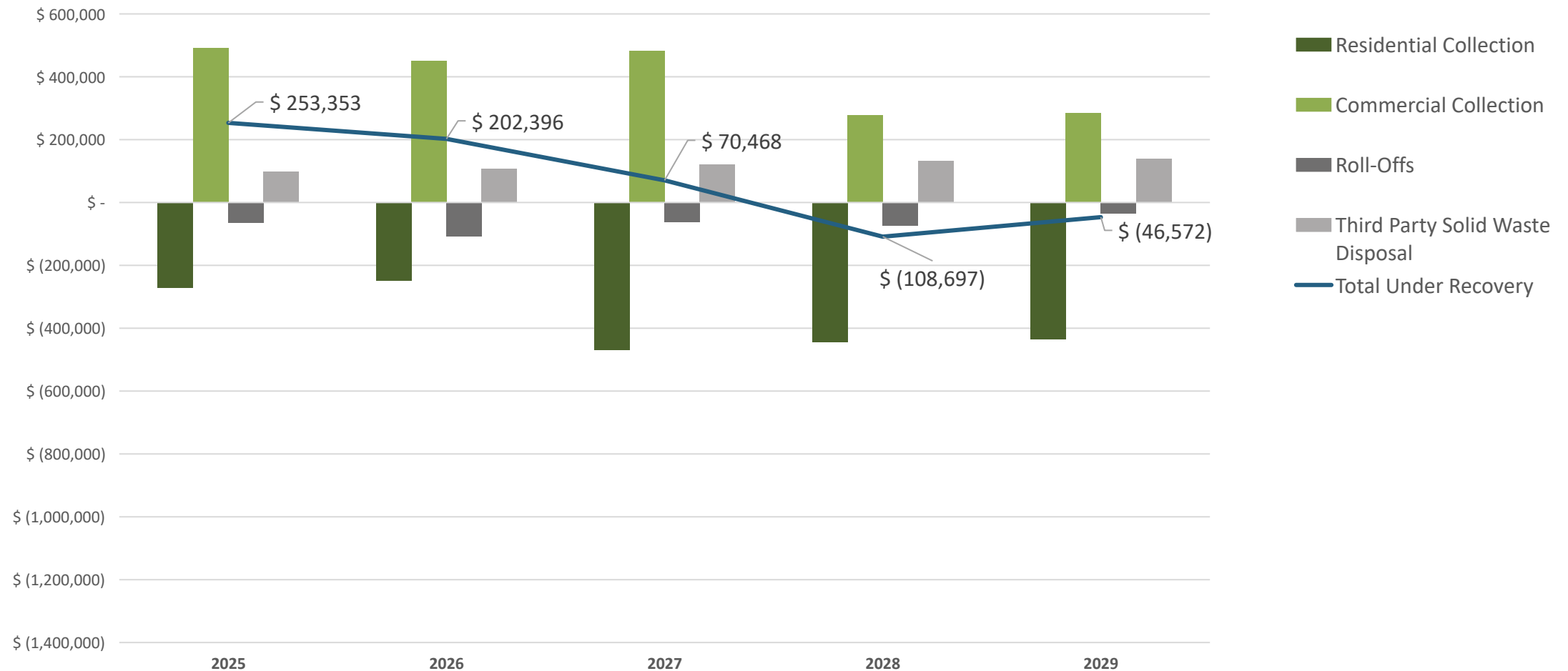
RATE RECOMMENDATIONS (CONTINUED)

Disposal

- For roll-off disposal and disposal fees at the scale house, NewGen recommends an increase of 3% annually for inside city limits and 4% for outside, TDCJ, and SHSU customers in FY 2026 through FY 2029

	Year 1 FY 2025 (Current Rates)	Year 2 FY 2026	Year 3 FY 2027	Year 4 FY 2028	Year 5 FY 2029
Inside (per ton)					
Open Top Roll-Off	\$85.14	\$87.69	\$90.33	\$93.03	\$95.83
Sludge	49.00	50.47	51.98	53.54	55.15
Outside (per ton)					
Open Top Roll-Off	\$92.13	\$95.82	\$99.65	\$103.63	\$107.78
Basic Fee - Inside City Limit	\$75.73	\$78.00	\$80.34	\$82.75	\$85.23
Basic Fee - Outside City Limit, TDCJ, SHSU	\$93.66	\$97.41	\$101.30	\$105.35	\$109.57

PROPOSED RATES – OVER/(UNDER) RECOVERY BY CUSTOMER CLASS





DISCUSSION

Dave Yanke, President
NewGen Strategies and Solutions, LLC
(512) 806-7713
dyanke@newgenstrategies.net

NewGen
Strategies & Solutions



CITY COUNCIL FINANCE COMMITTEE AGENDA

7/1/2025

Agenda Item Number: 2.e.

Agenda Item: Presentation by Water Company of America

Initiating Department/Presenter: Finance

Presenter:
Lance Hall, Finance Director

Discussion: Presentation by Water Company of America

Financial Implications:

Associated Information:

1. WCA_5 Slide Short



Utility Revenue Enhancement

UTILITY REVENUE ENHANCEMENT PARTNERSHIP

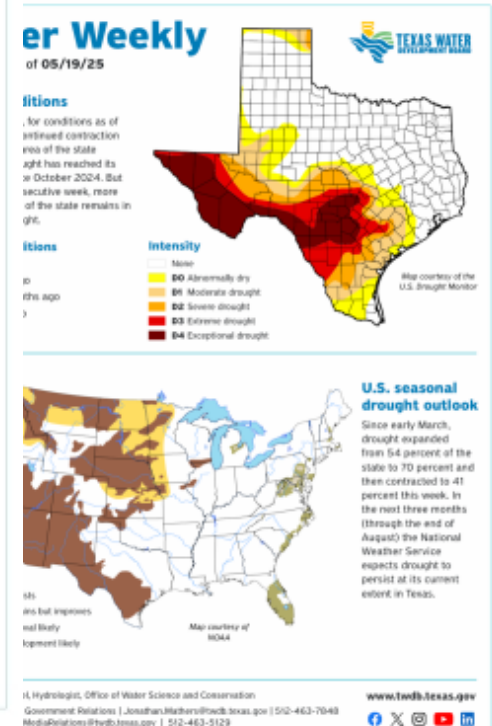
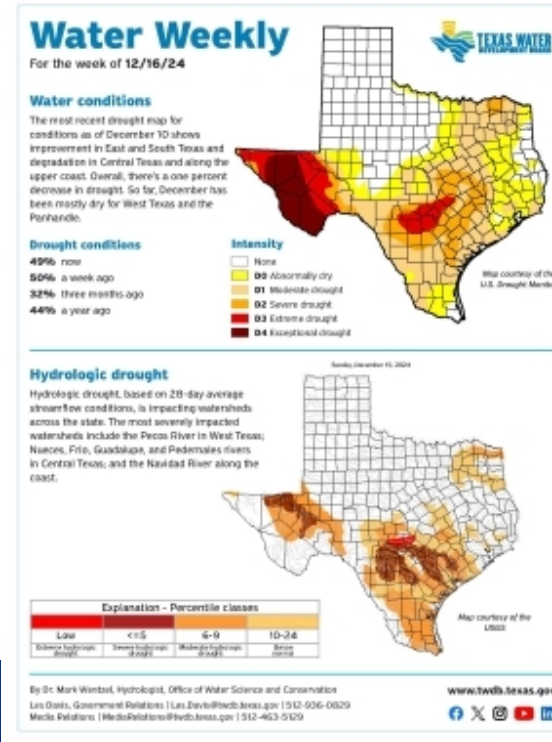
July 1, 2025

ACCOUNTABILITY – WATER CONSERVATION

TWDB – Water Loss Audit and Validation

- If you are receiving or applying for funding through TWDB Water Loss Audit
- Yearly - > 3,300 Connections
- 5 years - < 3,300 Connections
- New in 2025 – Level 1 Validation of Audit numbers

We have a problem!



ACCOUNTABILITY – RATE PAYERS & UTILITY



Arkansas – Act 605 of 2021

- Retail Water Suppliers must conduct a Rate Study every 5 years
- Rates must be implemented within 1 year of study completion
- Failure to do so places the provider in Fiscal Distress and hurts funding

Rate Payer Equity

- Rates are going to increase at a minimum every 5 years, most likely annually based on study
- Rate payers being billed accurately are making up the difference for those that are not
- Rate Payer Confidence suffers



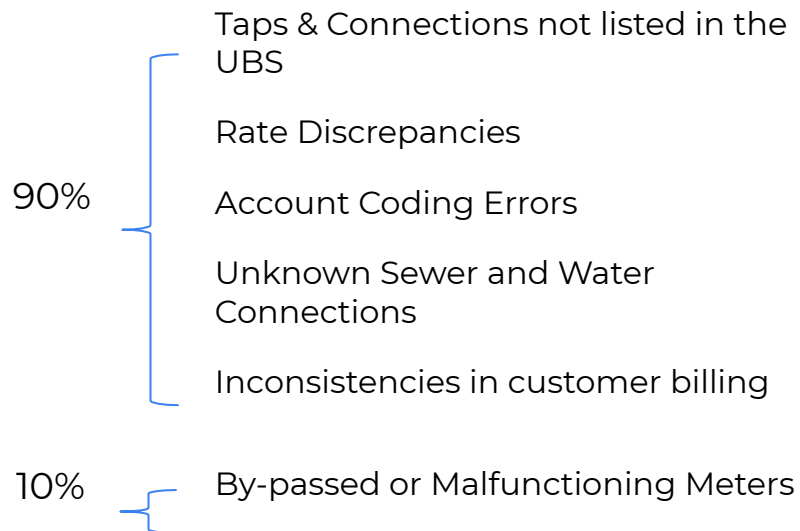
REASONS FOR LOST REVENUE - BILLING



Each year millions of dollars are lost by utilities because of unbilled and/or misbilled utility services.



Unbilled or Misbilled Utility Services



HOW MUCH REVENUE IS BEING LOST? – UTILITY BILLING

Average \$\$ lost per account

\$18.52	<10,000 Accounts
\$19.80	10,001-25,000 Accounts
\$18.67	25,001-50,000 Accounts
\$8.33	50,001-100,000 Accounts
\$8.13	>100,000 Accounts



Increased Revenue per Utility

HARRISON, AR – 7,000 ACCOUNTS

- \$ 106,856.00 - NEW ANNUAL REVENUE / \$ 15.27/ACCOUNT

LAFAYETTE UTILITY SYSTEM – 43,000 ACCOUNTS

- \$ 518,189.00 – NEW ANNUAL REVENUE / \$ 12.05/ACCOUNT

PEARL, MS – 9,000 ACCOUNTS

- \$ 161,391.00 – NEW ANNUAL REVENUE / \$ 17.97/ACCOUNT

WOODLANDS WATER AUTH – 31,000 ACCOUNTS

- \$ 291,652.00 – NEW ANNUAL REVENUE / \$ 9.41/ACCOUNT

BEAUMONT, TX – 42,000 ACCOUNTS

- \$ 1,530,646.00 – NEW ANNUAL REVENUE / \$ 36.44/ACCOUNT

MIAMI BEACH, FL – 13,000 ACCOUNTS

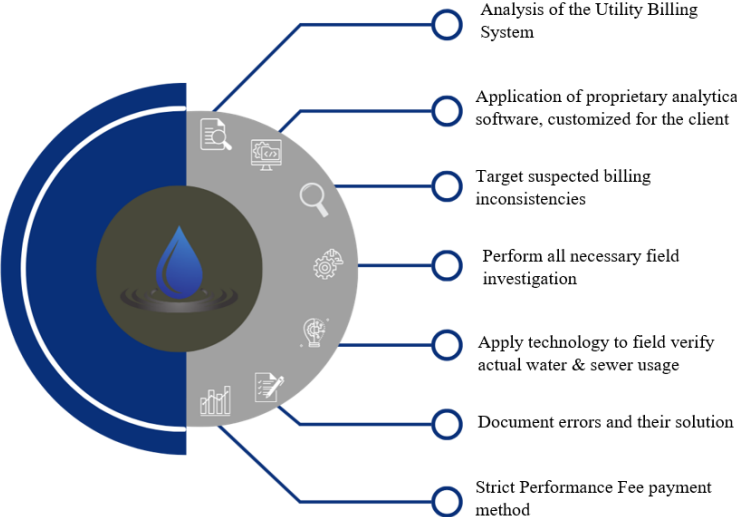
- \$ 1,004,951.00 – NEW ANNUAL REVENUE / \$ 80.52/ACCOUNT

HOT SPRINGS, AR – 31,000 ACCOUNTS

- \$ 386,149.00 – NEW ANNUAL REVENUE / \$ 12.42/ACCOUNT

THE PROGRAM

Water Company of America, through consultation with Department staff, will examine the utility billing system and the distribution and collection systems in the field for accuracy in metering, billing, and collection.



WCA locates this unbilled and misbilled service through a proprietary system analysis, unique to the industry, and subsequent physical investigation of all accounts identified as having potential revenue recovery characteristics.

Performance-Based Payment

Your utility does not pay WCA unless we produce increased revenue for you; our fee structure, compared to the approach of your paying us whether or not we find any deficient accounts, does seem to be in your best interests. It “incentivizes” WCA to do a most thorough analysis of your billing records to maximize revenue recovery. And remember, at the end of the day, the utility keeps a share of the recovered revenue for the revenue sharing period and 100% after that.

WHY NOT WCA?

Performance-Based Payment – No Risk to Utility

Best Practices are commonplace in Government Finance

WCA is a Friend not Foe – Not an Auditor

In the end, it's about being good stewards of the utilities money and ensuring rate payer equity



Utility Revenue Enhancement

ANCILLARY SERVICES OFFERED



- **Water Loss Audits & Validation**

TWDB Certified Water Loss Auditors

- **Cost Benefit Analysis**

Financial Analysis, Return on Investment (ROI)

- **Cost apportionment analysis**

Example: the City is a wholesale customer of or a member agency of a Wastewater/Water Treatment Authority serving multiple Cities

- **Property Water Audits**

When Customer Service Departments are hit with customer high bill complaints to elected officials, one solution is to use WCA for an arm's length third party field audit.

- **Water/Sewer Flow Monitoring**

Metering/Monitoring of industrial or commercial accounts to determine true flow rates for billing purposes

- **Assessment of Current Utility Billing & Metering Systems**

Review & Analysis, Data Integrity, Compliance and Regulatory Review

- **Recommendations for System Improvements**

Metering Technology, Billing System Optimization, Automation, Etc.

- **System Integration & Data Management**

Integration Strategies, Data Security & Privacy

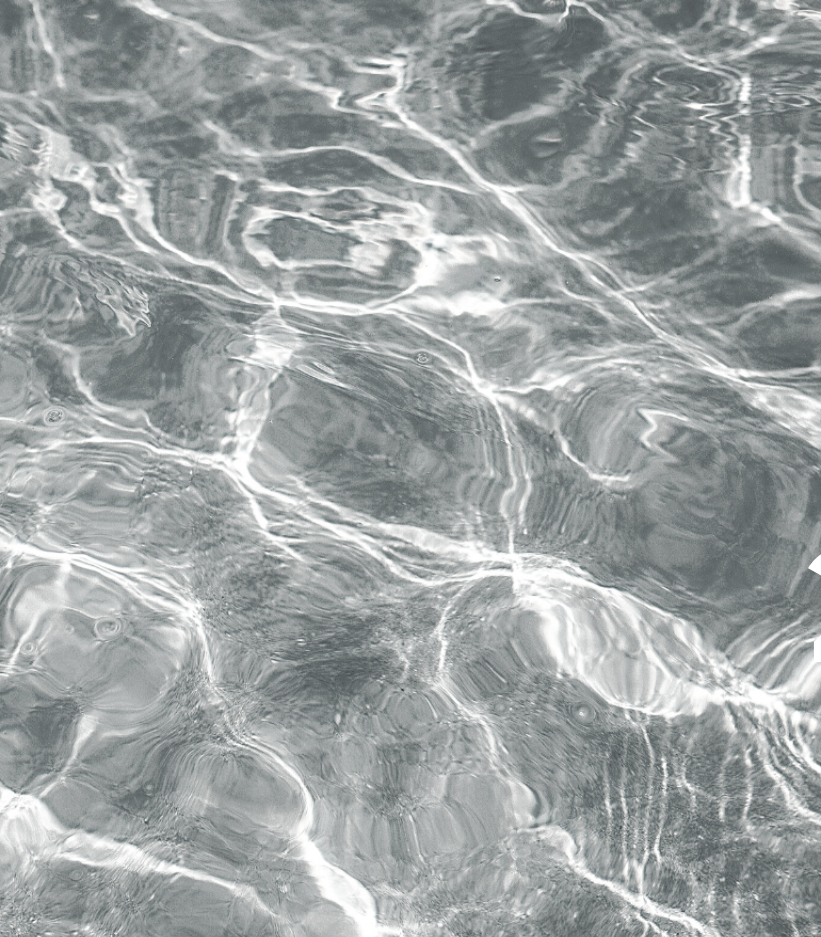
- **Vendor Selection Support**

Vendor Evaluation, Contract Negotiation

- **Implementation Support & Project Management**

- **Customer Experience Enhancement**

Customer Portals, Billing Transparency



PROCUREMENT

- RFP –
Beaumont, Bellmead,
Jacksonville
- Professional Services Contract –
Woodlands Water, Commerce
- Cooperative Purchasing Agreement –
Henderson, Euless



GET IN TOUCH



Shane Sangalli - WCA
Regional Director

shane.s@watercompanyofamerica.com



501.414.1885