



**NOTICE OF A PUBLIC MEETING**

CITY COUNCIL

**6:00 PM – June 17, 2026**

City Hall 214 Meadow Park Drive

White Settlement, TX 76108

**CALL TO ORDER**

**INVOCATION / PLEDGE OF ALLEGIANCE**

**WORK SESSION**

- 1) The City Council will conduct a work session to review and discuss the proposed Annual Operating Budget for Fiscal Year 2026–2027. No formal action will be taken during this work session.

**ADJOURNMENT**

Certificate of Posting: I hereby certify that the above agenda was posted on the official bulletin board at White Settlement City Hall, located at 214 Meadow Park Drive, White Settlement, Texas, in accordance with Chapter 551 of the Texas Government Code.

Amy Arnold, City Secretary

**PUBLIC ACCESS AND PARTICIPATION:**

The City of White Settlement is committed to providing accessible meetings for all individuals. City Hall is accessible to persons with disabilities. If you plan to attend this meeting and require an accommodation, please contact the City Secretary at aarnold@wstx.us at least 48 hours in advance so that reasonable arrangements can be made.

Members of the public who wish to address the City Council regarding an item listed on this agenda will be given an opportunity to do so before or during the Council’s consideration of the item, in accordance with Texas Government Code § 551.007. Individuals wishing to speak are asked to submit a speaker request form prior to the meeting being convened.

**HB 1522 Compliance – TAXPAYER IMPACT STATEMENT**

Under the proposed budget and tax rate for FY2026-2027, the average homeowner (based on the City’s 2025 median homestead value of \$194,723) would pay:

- \$40 more than in the current year
- \$73 more than under the no-new-revenue rate

<u>Tax Rate Scenario</u>	<u>Tax Rate per \$100</u>	<u>Estimated Annual Tax Bill</u>
Current Year (2025)	\$0.714778	\$1,162
Proposed Rate (2026)	\$0.739795	\$1,202
No-New-Revenue Rate (2026)	\$0.695350	\$1,129



JUNE 17<sup>th</sup>, 2026

# WATER AND WASTEWATER RATE STUDY CITY OF WHITE SETTLEMENT, TX



# KEY POINTS

Summary of findings  
from this rate study

## Key Points

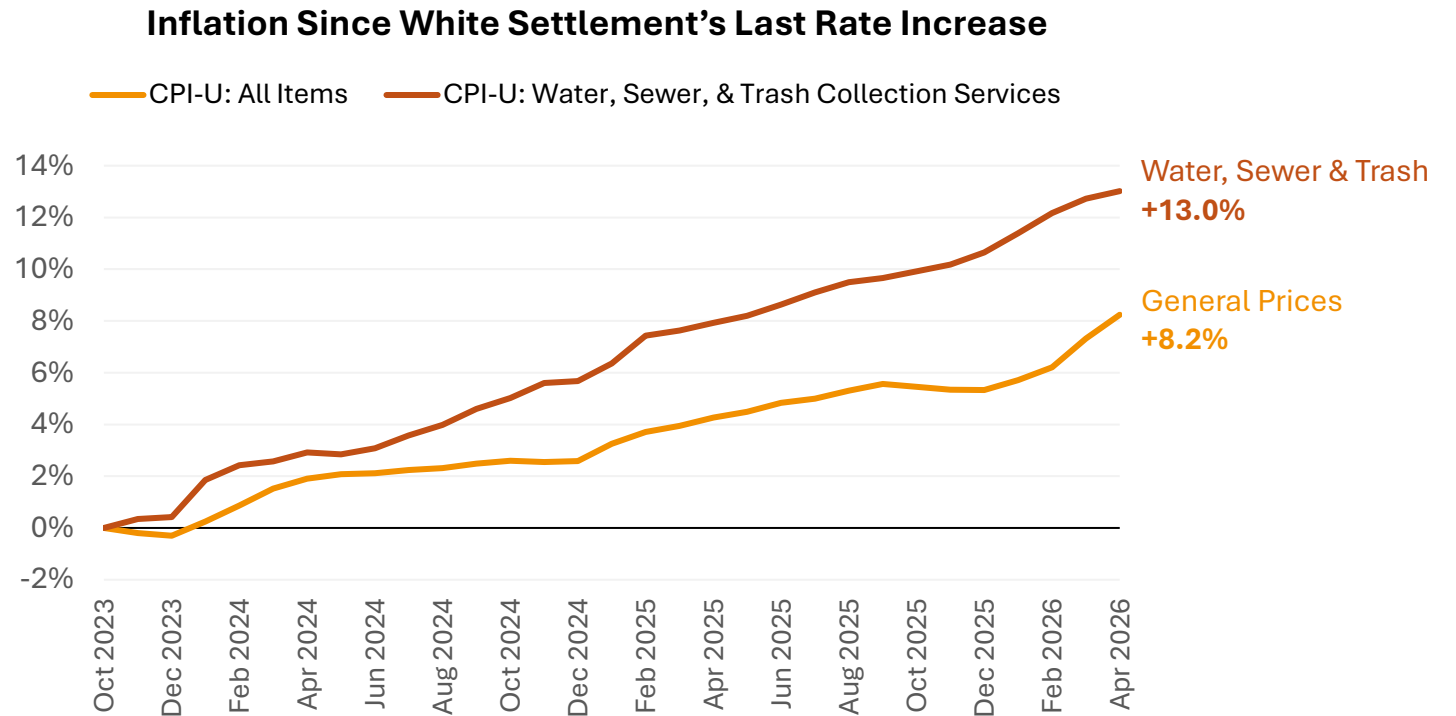
- City of White Settlement last increased water and wastewater rates in October 2023
- Historical and projected cost increases now necessitate rate increases over the next five years. Expenses are projected to be 34.6% higher in FY 2031 compared to FY 2026
- These increases largely reflect planned capital investments
- Several rate scenarios were considered in this study. This includes an increase of 8.0% per year, assuming no other changes to the City's rate structure
- Other options include charging customers for water and wastewater volumes currently included in their minimum monthly charges. This would affect the timing of the rate increases, and shift the share of rates paid by different customer types (residential vs commercial)
- City Council is asked to identify its preferred option, if any

# RATE CONTEXT

Change in prices  
since White  
Settlement's last rate  
increase

## Rate Context

- The City last increased water and wastewater rates in October 2023
- Since then, rising costs have not been passed on to residents and businesses
- Nationally, general prices have increased 8.2% over the same period, while average water, sewer and trash bills increased by 13.0%



# COST PROJECTION ASSUMPTIONS

Assumptions used to  
produce five-year  
cost forecast

## Cost Projections – Assumptions

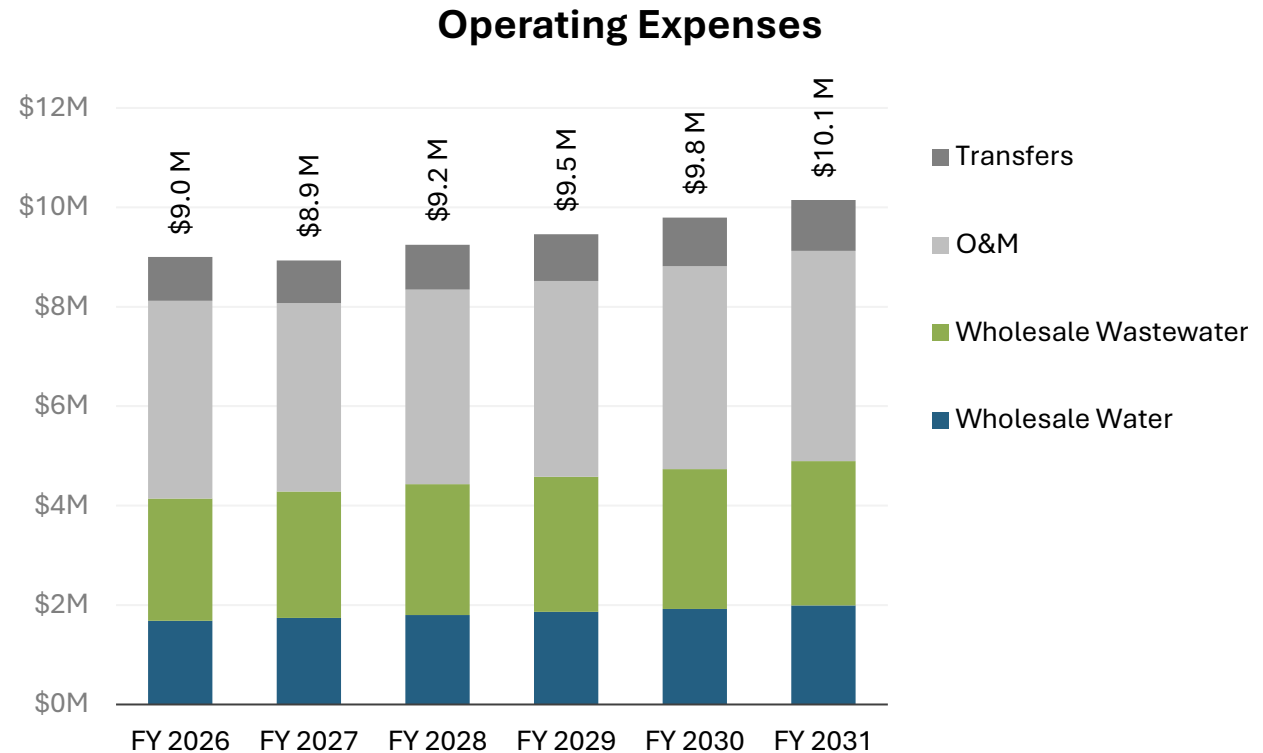
- This study projects the City's water & wastewater costs for the next five years (through FY 2031)
- Starting point is the City's FY 2026 and preliminary FY 2027 budgets
- Inflation assumptions were applied from FY 2028, including:
  - General inflation of 3.4% per year
  - Construction cost increases of 3.3% per year
  - Salary & benefit cost increases of 3.4% and 7.0% per year
- Wholesale rate increases:
  - Wholesale water and wastewater treatment rates from Fort Worth were projected to increase in line with general inflation
- Capital project costs:
  - Water and wastewater infrastructure projects worth \$41.8M are planned through FY 2031, both cash and debt funded

# COST DRIVERS

Water & Sewer Fund cost drivers through FY 2031

## Cost Projections – Operating Expenses

- White Settlement’s operating expenses are projected to increase at an average annual rate of 2.4% over the next five years

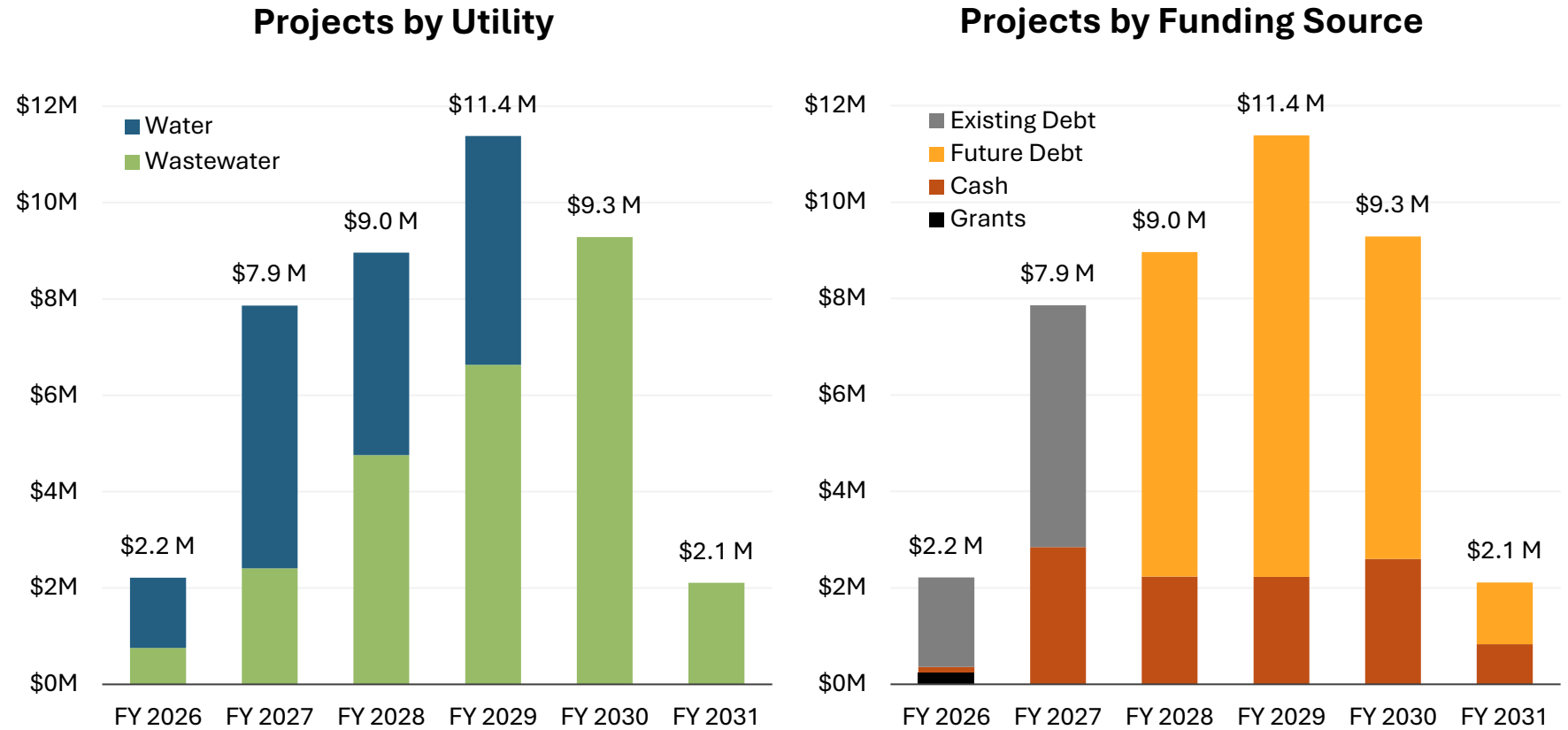


# COST DRIVERS

Water & Sewer Fund cost drivers through FY 2031

## Cost Projections – Capital Projects

- Additionally, the City has major water & wastewater capital projects planned for the next five years, totaling **\$41.8M** by FY 2031

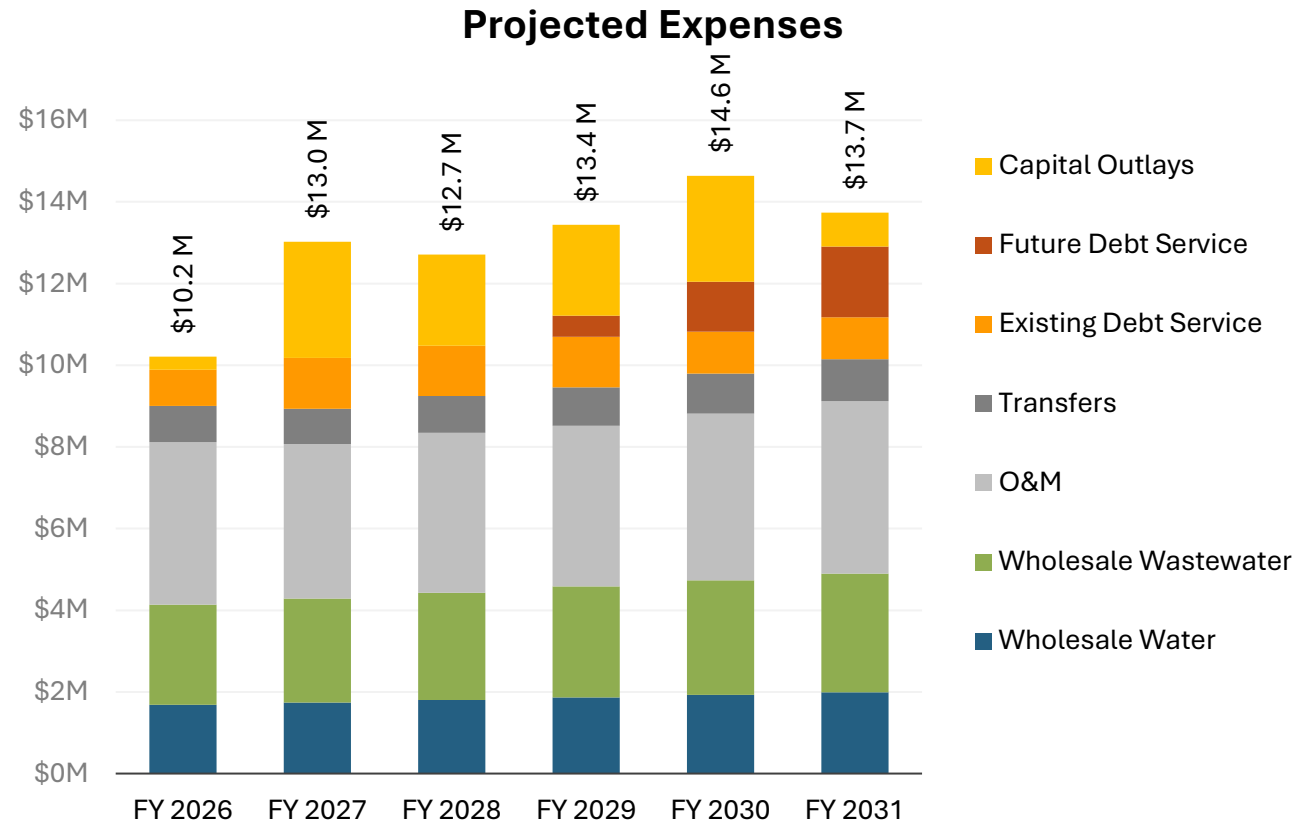


# COST DRIVERS

Water & Sewer Fund cost drivers through FY 2031

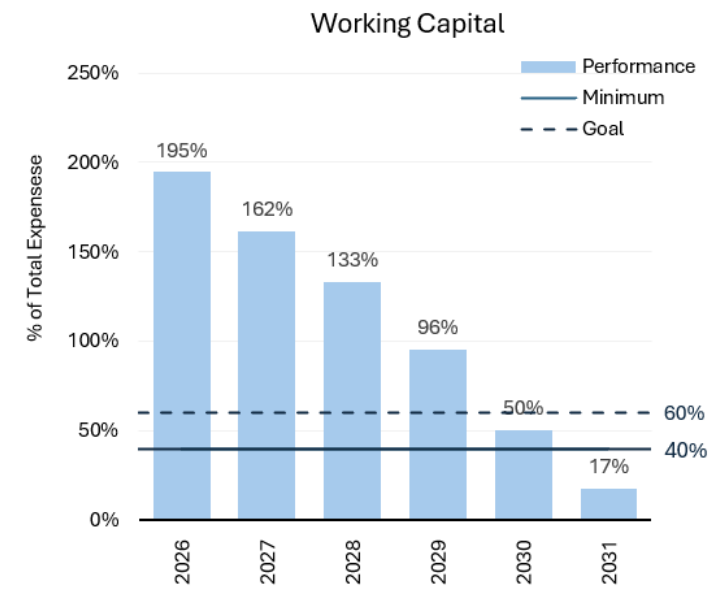
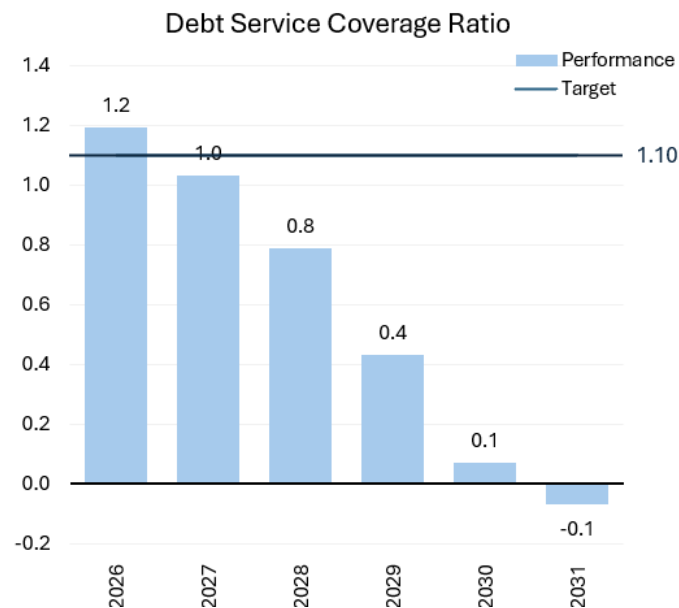
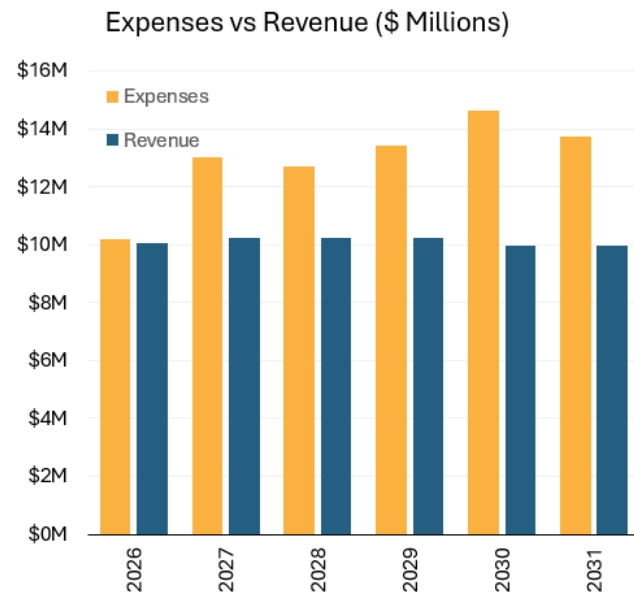
## Cost Projections – Total Expenses

- Total expenses for the City’s water and wastewater utility are projected to be **34.6%** higher by FY 2031



# FINANCIAL PERFORMANCE WITH CURRENT RATES

- Key financial targets assumed in this study:
  - Revenues should be sufficient to cover recurring expenses
  - Debt service coverage ratio of at least 1.1x
  - Working capital of at least 60% of expenses
- Under current rates these targets would not be met:



# CURRENT RATES

Current rates for Residential customers

## Current Rates – Residential

- Currently, Residential customers have a minimum monthly charge, and volumetric charges that increase with water use
- Each customer has 2,000 gallons included in their monthly minimum

Residential Water Rates

Water	Charge
Minimum (\$ / month)	\$ 22.46
Volumetric (\$ / kgal)	
0 – 2,000 gal	\$ 0.00
2,001 – 5,000 gal	5.32
5,001 – 10,000 gal	6.65
10,001 – 15,000 gal	8.31
15,001+ gal	10.39

Residential Wastewater Rates

Sewer	Charge
Minimum (\$ / month)	\$ 24.81
Volumetric (\$ / kgal)	
0 – 2,000 gal	\$ 0.00
2,001 – 14,000 gal	8.48
14,001+ gal (capped)	0.00

- Residential wastewater bills are calculated based on average winter water use
- Each unit in a small multifamily property (1" meter or smaller) is charged similarly to a Residential account. Large multifamily accounts (1 ½" or greater) are treated as Commercial.
- There is a 5% Franchise Fee charge in addition to the rates above

# CURRENT RATES

Current rates for Commercial Customers

## Current Rates – Commercial & Irrigation

- Commercial minimum charges increase with meter size
- Larger meters have more water included in their monthly minimums

Commercial & Irrigation Water Rates

Meter Size	Gallons included in Minimum (gal)	Minimum (\$ / month)	Volumetric Rate above Minimum (\$ / kgal)
3/4"	2,000	\$ 24.22	\$ 7.25
1"	3,500	42.86	7.25
1 ½"	8,000	97.85	7.25
2"	14,000	174.06	7.25
3"	32,000	392.32	7.25
4"	57,000	697.80	7.25
6"	130,000	1,974.71	7.25

Commercial Wastewater Rates

Meter Size	Gallons included in Minimum (gal)	Minimum (\$ / month)	Volumetric Rate above Minimum (\$ / kgal)
3/4"	2,000	\$ 28.39	\$ 7.93
1"	3,500	51.06	7.93
1 ½"	8,000	113.43	7.93
2"	14,000	198.53	7.93
3"	32,000	453.83	7.93
4"	57,000	808.35	7.93
6"	130,000	1,829.53	7.93

*There is a 5% Franchise Fee charge in addition to the rates above*

# RATE DESIGN

## Rate design considerations

### Rate Design Considerations

- Larger minimum charges for larger meters are justified by cost:
  - Larger meters draw more flow → more infrastructure is needed to be ready to meet peak demand → higher fixed costs
  - Charging more for larger meters is generally considered best practice, e.g., by the American Water Works Association
- Including more volume in the minimum for larger meters is not necessarily justified by cost:
  - The variable costs of supplying and treating a gallon of water are largely the same for all customers, regardless of meter size
  - Also reduces the price incentive to minimize water use
- This study therefore considers rate options which reduce the volume included in the minimum monthly charge

# RATE SCENARIOS

Rate increase scenarios considered in this study

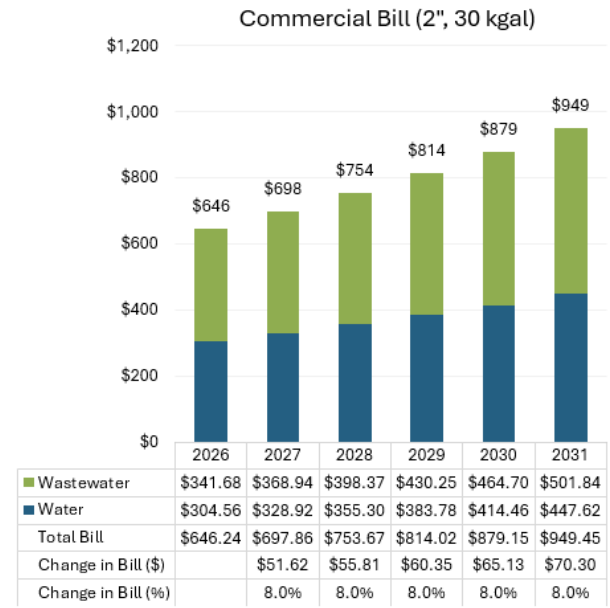
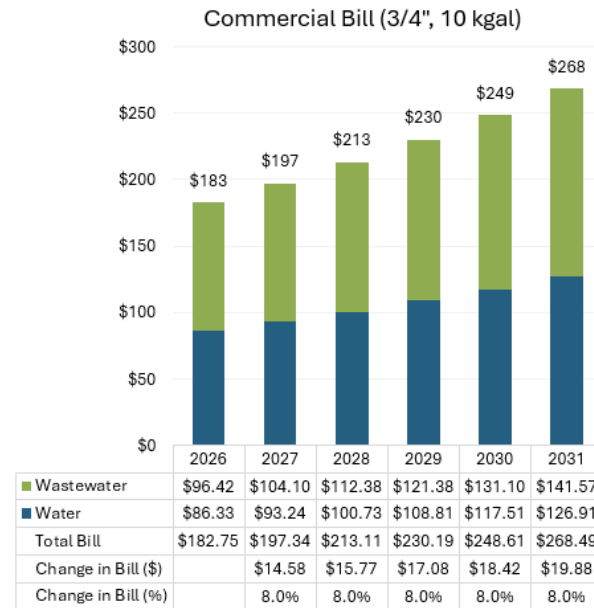
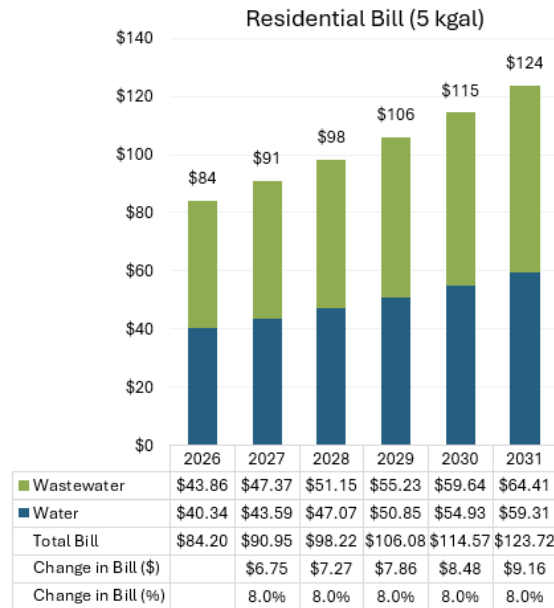
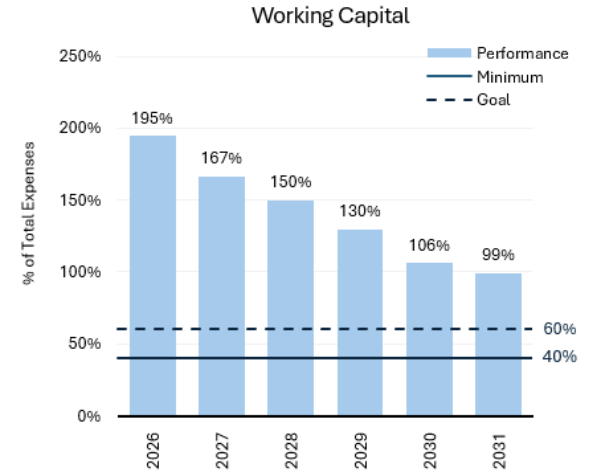
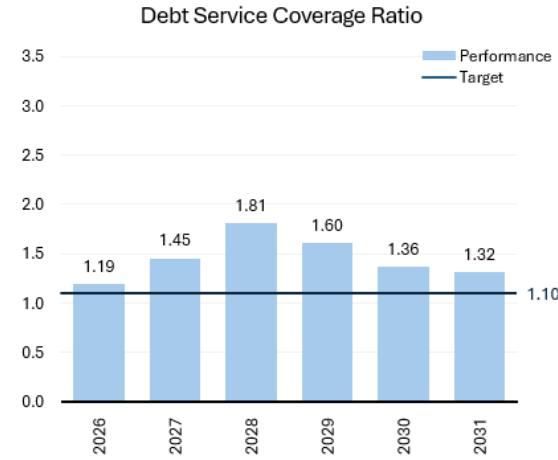
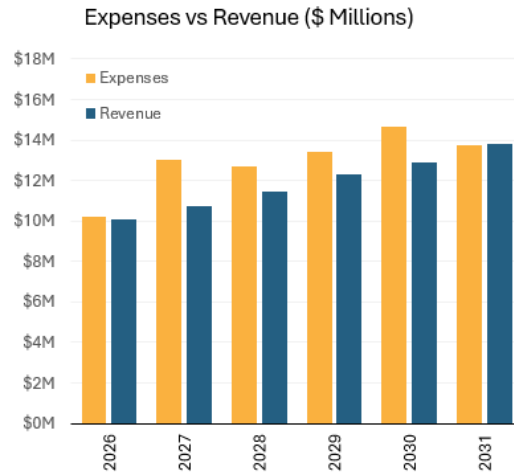
## Rate Scenarios

- The study projected the rate increases needed over the next five years to meet key financial targets. This is the baseline scenario
- Alternative scenarios were considered, in which the City also begins charging for volumes currently included in monthly minimums

Scenario	Begin charging for water & sewer volumes currently included in minimums?
Baseline	No
Scenario 1	Yes – all volumes over <b>2,000 gal</b>
Scenario 2	Yes – all volumes over <b>1,000 gal</b>
Scenario 3	Yes – <b>all volumes</b> billed

# Baseline Scenario

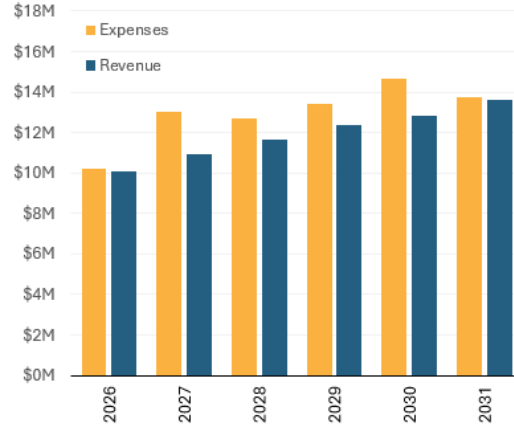
- Rates increase to meet financial targets; no changes to the current rate structure
- Rates would need to increase 8.0% each year to meet financial targets



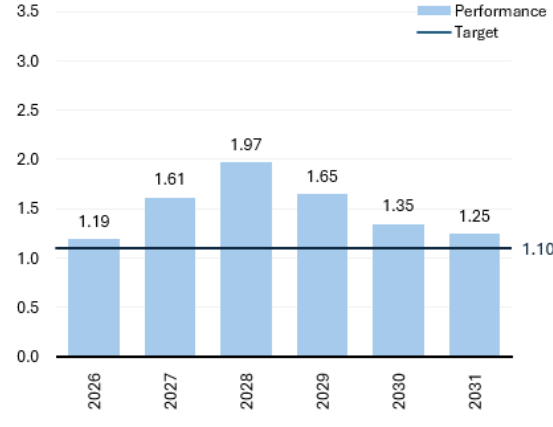
# Scenario 1

- Commercial customers charged for **all volumes over 2,000 gal**
- Other rate increases of 6.75% per year
- Results in significant increases in FY 2027 for larger Commercial customers

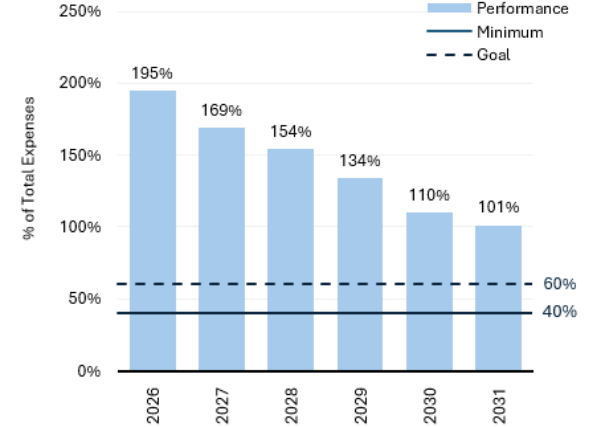
Expenses vs Revenue (\$ Millions)



Debt Service Coverage Ratio



Working Capital

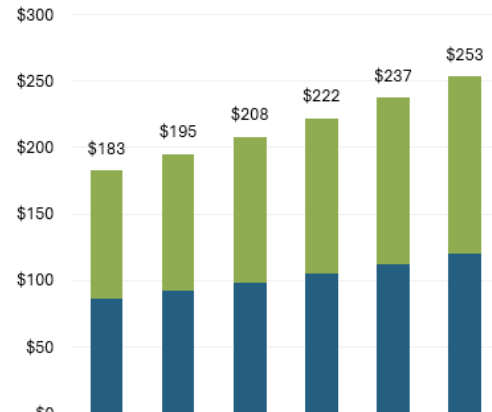


Residential Bill (5 kgal)



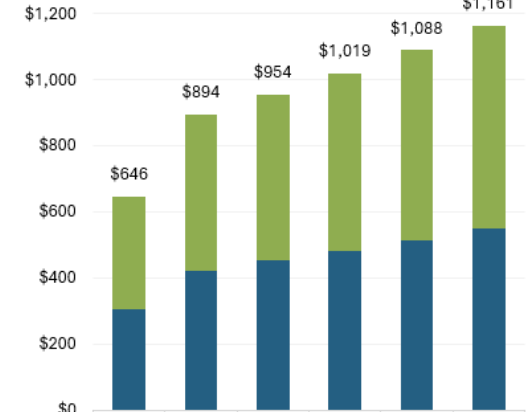
	2026	2027	2028	2029	2030	2031
Wastewater	\$43.86	\$46.81	\$49.97	\$53.34	\$56.95	\$60.78
Water	\$40.34	\$43.07	\$45.97	\$49.08	\$52.40	\$55.94
Total Bill	\$84.20	\$89.88	\$95.94	\$102.42	\$109.35	\$116.73
Change in Bill (\$)		\$5.68	\$6.06	\$6.48	\$6.93	\$7.38
Change in Bill (%)		6.7%	6.7%	6.8%	6.8%	6.8%

Commercial Bill (3/4", 10 kgal)



	2026	2027	2028	2029	2030	2031
Wastewater	\$96.42	\$102.97	\$109.91	\$117.33	\$125.23	\$133.73
Water	\$86.33	\$92.16	\$98.35	\$105.01	\$112.14	\$119.74
Total Bill	\$182.75	\$195.13	\$208.27	\$222.34	\$237.37	\$253.47
Change in Bill (\$)		\$12.38	\$13.14	\$14.07	\$15.04	\$16.10
Change in Bill (%)		6.8%	6.7%	6.8%	6.8%	6.8%

Commercial Bill (2", 30 kgal)

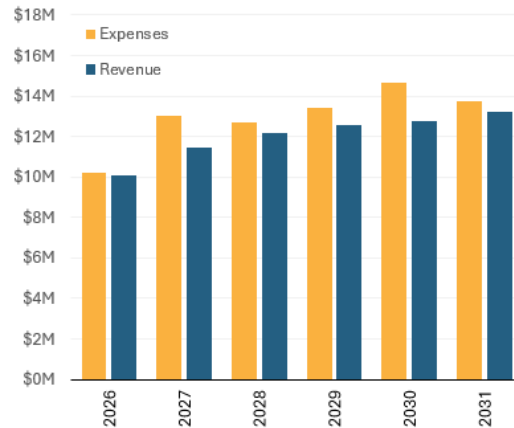


	2026	2027	2028	2029	2030	2031
Wastewater	\$341.68	\$471.54	\$503.33	\$537.30	\$573.52	\$612.37
Water	\$304.56	\$422.66	\$451.11	\$481.64	\$514.28	\$549.12
Total Bill	\$646.24	\$894.20	\$954.44	\$1,018.94	\$1,087.80	\$1,161.49
Change in Bill (\$)		\$247.96	\$60.24	\$64.49	\$68.87	\$73.69
Change in Bill (%)		38.4%	6.7%	6.8%	6.8%	6.8%

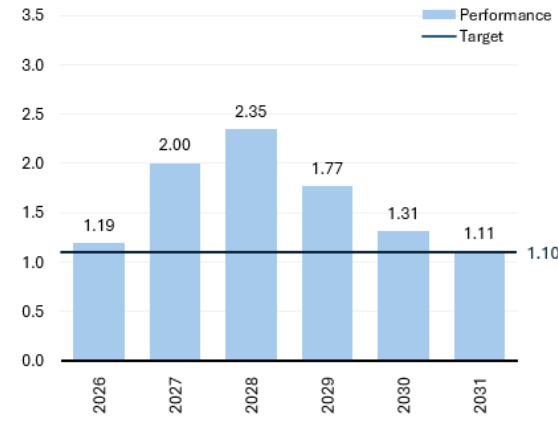
# Scenario 2

- Commercial and Residential customers charged for **all volumes over 1,000 gal**
- Other rate increases of 4.0% per year
- Results in significant increases in FY 2027 for all customers; smaller annual increases thereafter

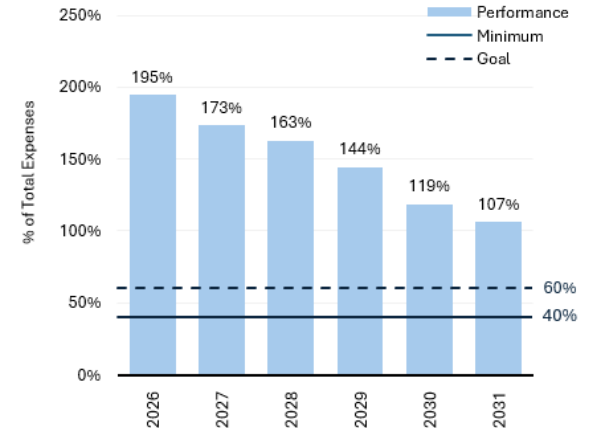
Expenses vs Revenue (\$ Millions)



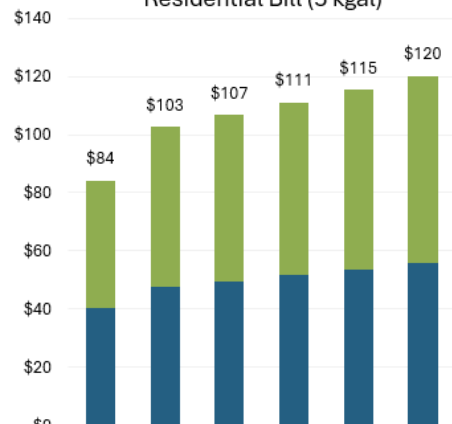
Debt Service Coverage Ratio



Working Capital

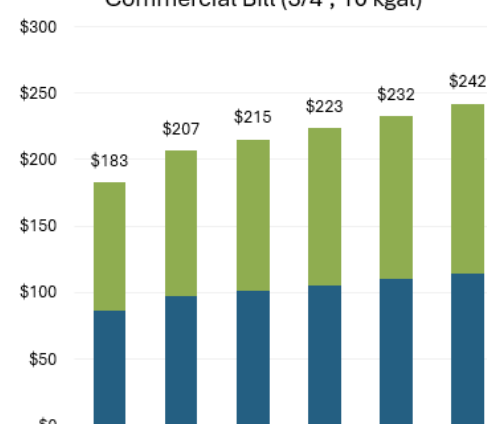


Residential Bill (5 kgal)



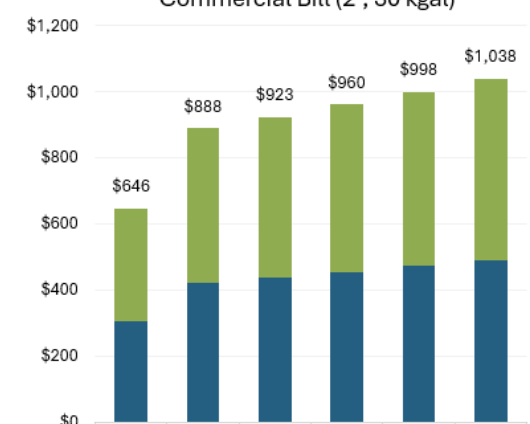
	2026	2027	2028	2029	2030	2031
Wastewater	\$43.86	\$54.87	\$57.07	\$59.35	\$61.72	\$64.20
Water	\$40.34	\$47.76	\$49.67	\$51.64	\$53.71	\$55.87
Total Bill	\$84.20	\$102.64	\$106.73	\$110.99	\$115.43	\$120.07
Change in Bill (\$)		\$18.44	\$4.10	\$4.25	\$4.44	\$4.64
Change in Bill (%)		21.9%	4.0%	4.0%	4.0%	4.0%

Commercial Bill (3/4", 10 kgal)



	2026	2027	2028	2029	2030	2031
Wastewater	\$96.42	\$108.98	\$113.33	\$117.83	\$122.58	\$127.48
Water	\$86.33	\$97.70	\$101.60	\$105.64	\$109.89	\$114.29
Total Bill	\$182.75	\$206.68	\$214.92	\$223.47	\$232.47	\$241.77
Change in Bill (\$)		\$23.93	\$8.24	\$8.55	\$9.00	\$9.30
Change in Bill (%)		13.1%	4.0%	4.0%	4.0%	4.0%

Commercial Bill (2", 30 kgal)

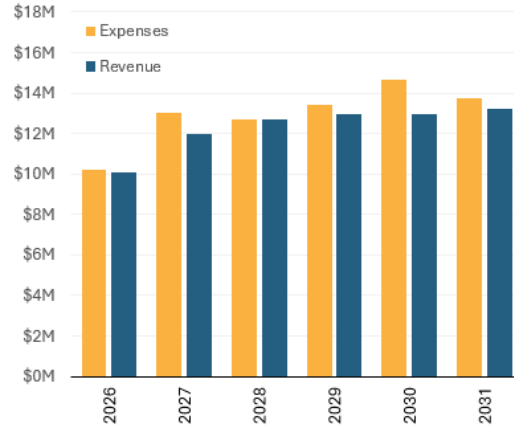


	2026	2027	2028	2029	2030	2031
Wastewater	\$341.68	\$468.02	\$486.73	\$506.10	\$526.44	\$547.47
Water	\$304.56	\$419.66	\$436.40	\$453.76	\$472.02	\$490.92
Total Bill	\$646.24	\$887.68	\$923.13	\$959.86	\$998.46	\$1,038.39
Change in Bill (\$)		\$241.44	\$35.45	\$36.73	\$38.60	\$39.93
Change in Bill (%)		37.4%	4.0%	4.0%	4.0%	4.0%

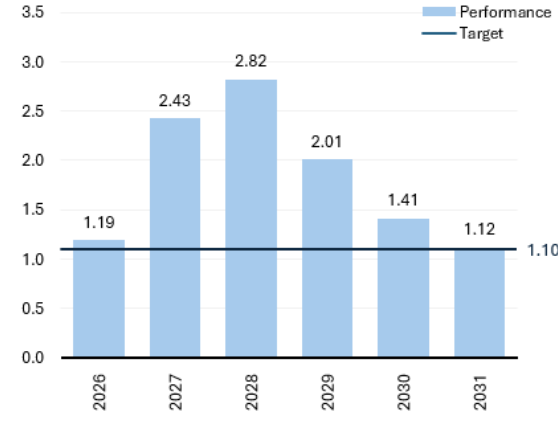
# Scenario 3

- Commercial and Residential customers charged for **all volumes**
- Other rate increases of 2.25% per year
- Larger increases in FY 2027 for all customers; smaller annual increases thereafter

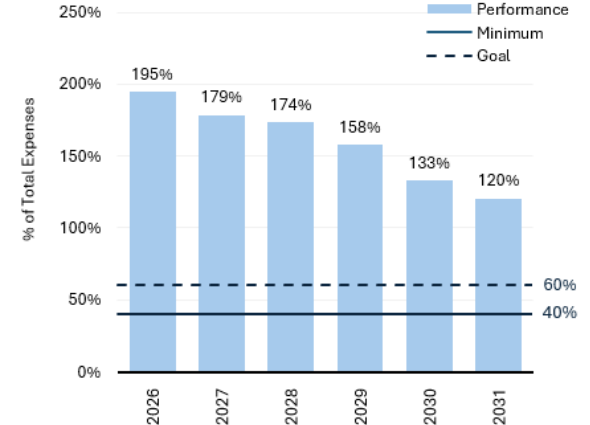
Expenses vs Revenue (\$ Millions)



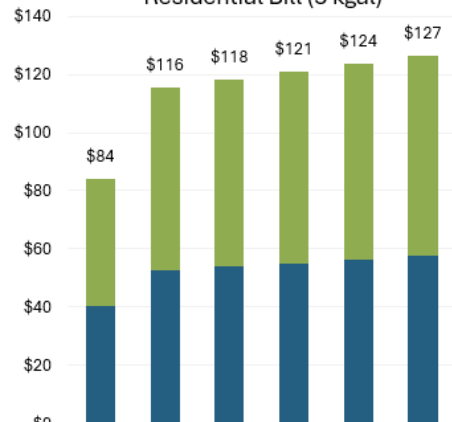
Debt Service Coverage Ratio



Working Capital

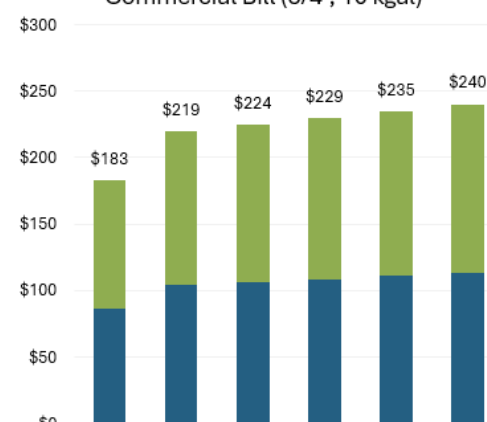


Residential Bill (5 kgal)



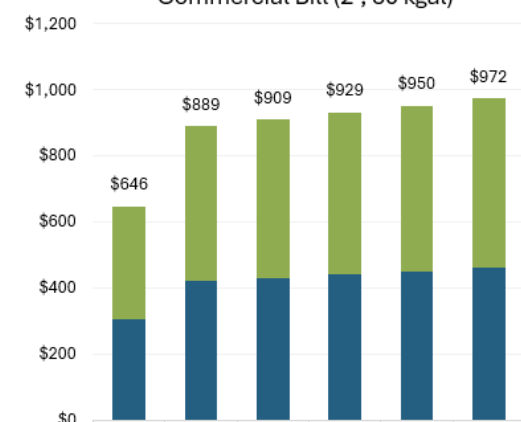
	2026	2027	2028	2029	2030	2031
Wastewater	\$43.86	\$63.05	\$64.49	\$65.94	\$67.41	\$68.93
Water	\$40.34	\$52.68	\$53.85	\$55.09	\$56.34	\$57.60
Total Bill	\$84.20	\$115.73	\$118.35	\$121.03	\$123.75	\$126.54
Change in Bill (\$)		\$31.53	\$2.61	\$2.69	\$2.72	\$2.78
Change in Bill (%)		37.4%	2.3%	2.3%	2.2%	2.2%

Commercial Bill (3/4", 10 kgal)



	2026	2027	2028	2029	2030	2031
Wastewater	\$96.42	\$115.64	\$118.21	\$120.91	\$123.62	\$126.45
Water	\$86.33	\$103.80	\$106.18	\$108.56	\$110.95	\$113.47
Total Bill	\$182.75	\$219.44	\$224.39	\$229.47	\$234.57	\$239.93
Change in Bill (\$)		\$36.69	\$4.95	\$5.08	\$5.10	\$5.35
Change in Bill (%)		20.1%	2.3%	2.3%	2.2%	2.3%

Commercial Bill (2", 30 kgal)



	2026	2027	2028	2029	2030	2031
Wastewater	\$341.68	\$468.62	\$479.08	\$489.97	\$500.98	\$512.40
Water	\$304.56	\$420.29	\$429.85	\$439.50	\$449.25	\$459.42
Total Bill	\$646.24	\$888.91	\$908.93	\$929.47	\$950.23	\$971.82
Change in Bill (\$)		\$242.67	\$20.02	\$20.54	\$20.76	\$21.59
Change in Bill (%)		37.6%	2.3%	2.3%	2.2%	2.3%

# BILL COMPARISON

## Residential customers

- 3/4" meter
- 5,000 gal. water
- 4,000 gal. sewer (reflecting winter average)

Bills are inclusive of White Settlement's 5% franchise fee.

Bill comparisons are based on publicly available data and NewGen's understanding and interpretation of this data (compiled in April 2026).

### Residential Monthly Bill

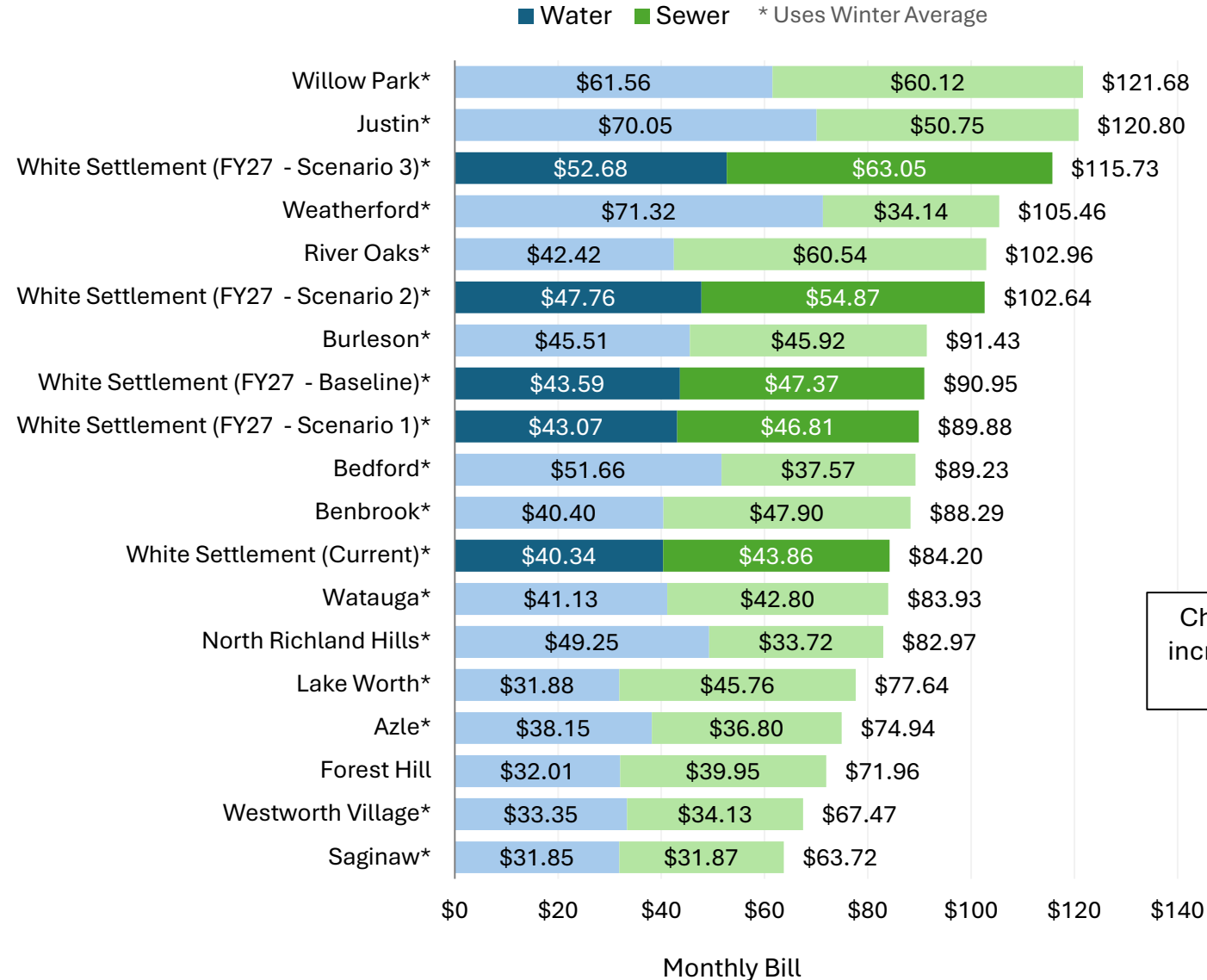


Chart assumes no rate increases for other cities in FY 2027

# VOLUMES IN MINIMUM

Residential comparison

## Volumes in Minimum – Residential

- For reference, half of White Settlement’s comparator cities include volumes in their minimum monthly water charge:

Volumes of Water Included in Minimum - Residential

City	Included in Minimum (gal)
River Oaks	2,992
Azle	2,057
White Settlement	2,000
Saginaw	2,000
Forest Hill	2,000
Watauga	1,997
Lake Worth	1,000
Justin	1,000
North Richland Hills	-
Benbrook	-
Burleson	-
Westworth Village	-
Weatherford	-
Willow Park	-
Bedford	-

# VOLUMES IN MINIMUM

## Commercial comparison

### Volumes in Minimum – Commercial

- Just over half include volumes in the Commercial minimum charge, and only two other cities vary this by meter size:

Volumes of Water Included in Minimum - Commercial

City	Included in Minimum (gal)
North Richland Hills	Varies by meter size (3,340 - 119,830)
White Settlement	Varies by meter size (2,000 - 130,000)
Watauga	Varies by meter size (1,997 - 74,805)
River Oaks	2,992
Azle	2,057
Saginaw	2,000
Forest Hill	2,000
Lake Worth	1,000
Justin	1,000
Benbrook	-
Burleson	-
Westworth Village	-
Weatherford	-
Willow Park	-
Bedford	-

# NEXT STEPS

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- Council to review rate increase scenarios and identify a preferred option
- It is assumed that rate changes would be implemented Jan 1<sup>st</sup>, 2027
- Future rate increases are expected but may differ from those projected here. Required rate increases are subject to weather, wholesale costs, capital plans, interest rates, inflation, and other variables
- It is recommended that rates be reviewed annually and adjusted based on updated assumptions



THANK YOU

**NEWGEN STRATEGIES AND SOLUTIONS**  
**275 W. CAMPBELL ROAD, SUITE 440**  
**RICHARDSON, TEXAS 75080**