CITY OF WIMBERLEY COMMUNITY MEETING

WASTEWATER & AD VALOREM TAX

CITY OF WIMBERLEY
FEBRUARY 20, 2013

WHAT IS THE PROBLEM?

- Bacteria levels in the Cypress Creek in central Wimberley are on the rise.

- Failing septic systems are believed to be a major source of the pollutants in the Cypress Creek.

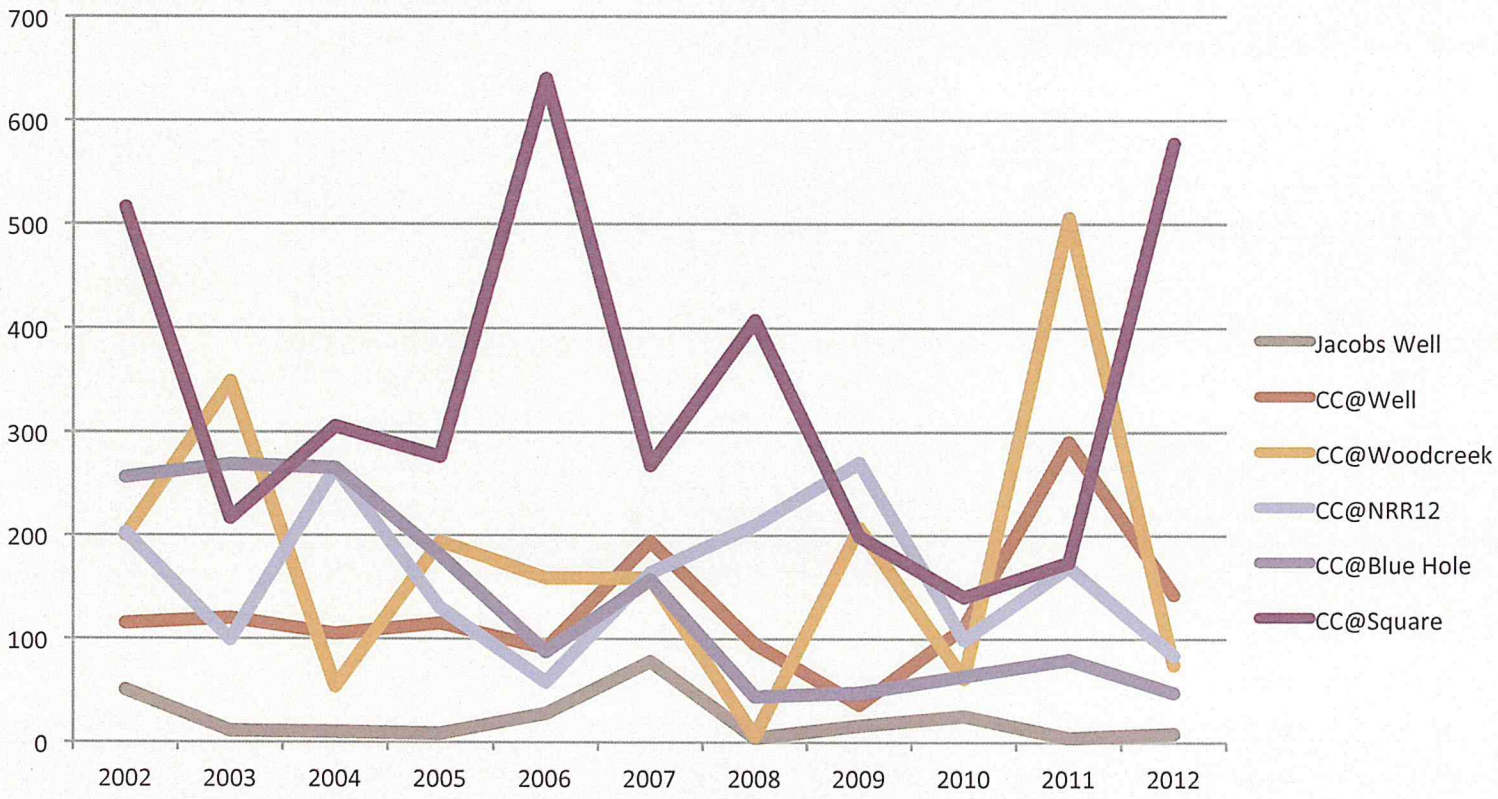
- The karst topography in central Wimberley makes it difficult, if not impossible, to identify exactly what septic systems are failing.

- Most central Wimberley septic systems are outdated, some have improperly covered drain fields, and a large number of the commercial systems are pumped on a regular basis because they can't meet wastewater demands.

- Many septic systems cannot be replaced because the open space needed to meet today's minimum size requirements for septic drain fields does not exist due to development that occurred prior to the City's incorporation.

Cypress Creek Water Quality Comparison

(Annual Average Bacteria Levels)



"Since 1971, the bacteria level in Cypress Creek in central Wimberley has exceeded the level considered to be off-limits for public contact recreation more than 30 times"

WHAT IS THE SOLUTION?

- A wastewater collection and treatment system is needed to serve properties in central Wimberley and eliminate their reliance on individual septic systems.

WHAT ARE THE BENEFITS?

-A central Wimberley wastewater system will help eliminate the growing public health and environmental threat on the Cypress Creek and the existing risk of groundwater contamination tied to failing septic systems.

-Wastewater service in central Wimberley will foster responsible future development in the business center of our community.

-The provision of wastewater service to central Wimberley will help preserve the unique character and quality of life in our community which fuel our local economy and enhance local property values.

WASTEWATER SYSTEM OPTIONS

	OPTION #1	OPTION #2	OPTION #3	OPTION #4	OPTION #5
Plant Location	Blue Hole Regional Park	Blue Hole Regional Park	Blue Hole Regional Park	Blue Hole Regional Park	N/A
Treatment Plant	New Plant	Existing Plant Expansion	Existing Plant Expansion	Existing Plant Expansion	Treatment by Aqua Texas
Collection System	Yes	Yes	Yes	Yes	Yes
Plant Capacity (GPD)	100,000 GPD	75,000 GPD	75,000 GPD	75,000 GPD	N/A
Wetlands	No	No	Yes	No	N/A
Additional Effluent Storage	No	No	Yes	Yes	N/A
Method of Treatment	Activated Sludge	Tertiary	Tertiary	Tertiary	N/A
Effluent Produced	Type II	Type I *(High Quality)*	Type I *(High Quality)*	Type I *(High Quality)*	N/A
Primary Effluent Disposal	Subsurface irrigation of soccer fields & other areas in Park	Subsurface irrigation of soccer fields & other areas in Park	Spray irrigation of soccer fields & other areas in Park	Spray irrigation of soccer fields & other areas in Park	N/A
Effluent Stream Discharge	No	No	Effluent discharge to Deer Creek in extremely wet weather	Effluent discharge to Deer Creek in extremely wet weather	N/A
ESTIMATED PROJECT COST	***$8,531,766***	***$6,833,947***	***$4,778,445***	***$4,453,607***	***$4,062,453***

WASTEWATER SYSTEM OPTIONS *(COST BREAKDOWN)*

	OPTION #1 (New 100,000 GPD Plant/Subsurface Irrigation)	**OPTION #2** (Expand Existing Plant to 75,000 GPD/Subsurface Irrigation)	**OPTION #3** (Expand Existing Plant to 75,000 GPD/Wetlands/ Last Resort Discharge)	**OPTION #4** (Expand Existing Plant to 75,000 GPD/Last Resort Discharge)	**OPTION #5** (Connect to Aqua Texas except Deer Creek & Park)
Collection System	$2,140,000	$2,040,000	$2,040,000	$2,040,000	$1,885,250
Treatment Plant Cost	$1,050,000	$640,000	$640,000	$640,000	$0
Aqua Transmission Cost	$0	$0	$0	$0	$425,000
Irrigation Cost	$2,484,000	$1,863,000	$30,500	$30,500	$0
Storage Cost	$180,000	$135,000	$300,000	$300,000	$0
Wetland Cost	$0	$0	$225,000	$0	$0
Discharge Cost	$0	$0	$18,750	$18,750	$0
Subtotal Construction Cost	***$5,854,000***	***$4,678,000***	***$3,254,250***	***$3,029,250***	***$2,310,250***
Contingency (20%)	$1,170,800	$935,600	$650,850	$605,850	$462,050
Planning & Design (15%)	$878,100	$701,700	$488,138	$454,388	$346,538
Other Soft Costs (Legal, Financial, Permitting, TWDB)	$628,866	$518,647	$385,208	$364,119	$269,977
Aqua CIAC Impact Fee	$0	$0	$0	$0	$673,619
Total Project Cost	***$8,531,766***	***$6,833,947***	***$4,778,445***	***$4,453,607***	***$4,062,453***
Annual O&M of New System	$177,973	$153,275	$165,556	$164,056	$35,992
Annual O&M of Existing System	$0	$0	$0	$0	$60,000
Annual Aqua Charges	$0	$0	$0	$0	$276,408
Total Annual O & M Costs	***$177,973***	***$153,275***	***$165,556***	***$164,056***	***$372,400***
Net Present Value of Annual Costs	***$2,863,875***	***$2,466,446***	***$2,664,076***	***$2,639,939***	***$5,702,967***
Total Project Net Present Value	***$11,395,640***	***$9,300,393***	***$7,442,521***	***$7,093,546***	***$9,765,420***

Assumptions: Wimberley O&M escalates at 2% per year; Aqua annual charges hold constant for 5 years and then escalate 2% per year;

HOW DO WE FINANCE THE SOLUTION?

- Ad valorem or property tax revenues are needed to secure the financing required for the development of a wastewater system to serve central Wimberley.

- A property tax levied to secure financing for the development of a central Wimberley wastewater system would go away upon retirement of the system development debt.

-Faced with a growing public health and environmental threat on the Cypress Creek, City leaders are exploring the possible implementation of a city-wide property tax to help fund development of a badly needed central Wimberley wastewater system.

-Once approved, the collection of a city-wide property tax to help fund development of a wastewater system could begin as early as nine (9) months from now.

-Revenue from wastewater impact fees and monthly wastewater bills collected in central Wimberley could be used to lessen the burden on taxpayers city-wide.

PROJECTED IMPACT OF A CITY-WIDE AD VALOREM TAX

	Estimated Project Cost *(Project cost rounded to nearest $5,000)*	Average Annual Debt Service Payment *(Based on 4% interest over 20 years)*	Estimated Tax Rate Needed To Generate Debt Service Payment	Annual City Tax Bill On A $250,000 Home
Option # 1	$8,535,000	$627,950	$0.1431	$357.75
Option # 2	$6,835,000	$502,810	$0.1146	$286.50
Option # 3	$4,780,000	$351,770	$0.0802	$200.50
Option # 4	$4,455,000	$327,860	$0.0747	$186.75
Option # 5	$4,065,000	$299,110	$0.0682	$170.50

Notes:

1. *The above-mentioned ad valorem tax rates are based on a city-wide net taxable property value of $439,002,587.*
2. *The tax obligation shown above assumes the entire project cost is funded via ad valorem tax.*
3. *Revenue collected from wastewater impact fees and monthly wastewater service fees in central Wimberley could be used to reduce the tax obligation shown above.*