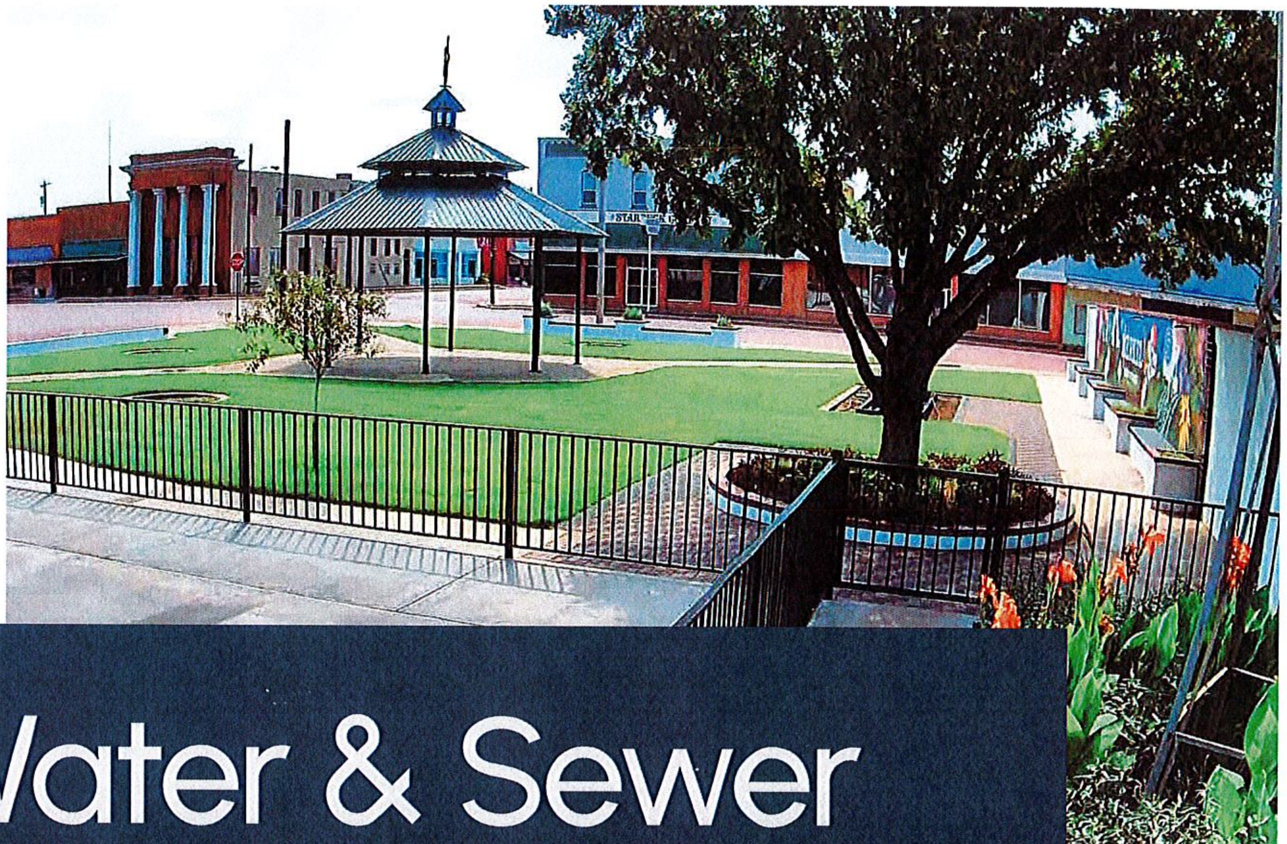

Water & Sewer Rate Study

2027-2031

Project Team:
Robert Hanna, ZacTax
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zactax

Key Findings

Key Cost Drivers:

- New Water Debt Service: $298,636 annually (Year 1-4), doubling to $597,272 in Year 5
- New Sewer Debt Service: $304,483 annually (Year 1-4), doubling to $608,966 in Year 5
- Purchased Water Costs: $815,000 annually (approximately 50% of water O&M)
- Inflation: 3.0% annually on operating costs

Water Fund Metrics

	Values
Current Annual Revenue	$1,529,308
Year 1 (FY2027) Revenue Requirement	$1,884,805
Revenue Shortfall	$355,498
Required Rate Increase (Year 1)	**23.25%**

Sewer Fund Metrics

	Values
Current Annual Revenue	$695,961
Year 1 (FY2027) Revenue Requirement	$1,081,036
Revenue Shortfall	$385,201
Required Rate Increase (Year 1)	**55.33%**

Typical Residential Bill Impact

	Current	Proposed	Monthly Increase
Water	$112.10	$147.65	$35.55 (23.25%)
Sewer	$59.50	$92.5	$33 (53.33%)
Total Monthly Bill	**$171.60**	**$240.15**	**$68.55 (40.0%)**

AWWA & Texas Requirements

The AWWA M1 Manual, "Principles of Water Rates, Fees, and Charges," is the industry standard for water utility rate design. The 8th Edition (2025) provides updated guidance on cost-of-service principles that form the foundation of this rate study.

AWWA M1 Manual Compliance:

M1 Principle	Application in Model
Revenue Sufficiency	Cash-basis revenue requirements ensure all costs are recovered
Cost Causation	Base-Extra Capacity method allocates costs based on system demands
Equity	Customer classes pay proportional share without cross-subsidization
Rate Structure	Inclining block rates promote conservation; two-part sewer rates

Texas Regulatory Requirements:

The Texas PUC regulates water and sewer utilities under Texas Water Code Chapter 13 and Texas Administrative Code Title 30, Part 1, Chapter 24. This rate study addresses the following requirements:

01 - Just and Reasonable Rates (TAC 24.21):

Rates are based on demonstrated cost of providing service

02 - Customer Class Differentiation (TAC 24.23):

ICL/OCL rate differentials reflect actual cost differences

03 - Conservation Rates (TWC 13.144):

Inclining block structure encourages water conservation

Texas Commission on Environmental Quality (TCEQ)

TCEQ oversees water quality, system operations, and financial capability. The model addresses TCEQ requirements under 30 TAC Chapter 290 by ensuring adequate revenue for system maintenance, capital reserves for infrastructure replacement, and water loss reduction programs.

Rate Structure for FY 2027

Proposed Water Rates	Base	Tier 1	Tier 2	Tier 3	%Change
Residential ICL	$46.03	$18.43	$19.04	$19.66	23%
Residential OCL	$55.24	$22.12	$22.85	$23.59	23%
Commercial ICL	$52.50	$20.89	$21.51	$22.12	23%
Commercial OCL	$63.00	$25.07	$25.81	$26.54	25%

Note: Volumetric rates are per 1,000 gallons. Tier 1 = 0-5,000 gal; Tier 2 = 5,001-10,000 gal; Tier 3 = 10,001+ gal

Proposed Sewer Rates	Base	Per 1,000 Gal	%Change
Residential ICL	$65.24	$5.44	55.33%
Residential OCL	$78.29	$6.53	28.76%
Commercial ICL	$67.57	$5.82	55.33%
Commercial OCL	$81.08	$6.98	59.00%

Outside City Limits (OCL) Rate Premium Justification

OCL customers pay a 20% premium over Inside City Limits (ICL) rates. This differential is justified by:

- Extended distribution infrastructure and maintenance costs
- Higher peaking factors requiring additional system capacity
- No City property tax contribution to utility operations
- Increased service complexity (travel time, emergency response)

City Water Rate Comparison

The rates used to build the graphs reflect the City of Merkel's proposed rates for the upcoming fiscal year, not the current or prior rates.

Merkel Proposed Water Rates

	Base Charge	Charge /1,000 Gallons
Residential	$46.03	$18.43
Commercial	$52.50	$ 20.89

City Comparison

	Res Base Charge	Res Charge /1,000 Gallons	Com Base Charge	Com Charge /1,000 Gallons
Blair WSC	$30.00	$20.00	n/a	n/a
City of Ballinger	$44.49	$8.93	$44.49	$8.93
City of Buffalo Gap	$34.60	$13.85	$34.60	$13.85
City of Clyde	$60.50	$8.50	$72.50	$9.50
City of Hamlin	$25.00	$8.00	$25.00	$8.00
City of TYE	$24.08	$11.29	$27.00	$11.29
S.U.N. WSC	$70.00	$14.85	n/a	n/a
Steamboat WSC	$27.50	$13.57	n/a	n/a

Five Year Financial Projections

Assumptions

Inflation Rate	Customer Growth (TWDB)	Usage Growth (TWDB)	OCL Rate Premium
3.0% Annually	-0.57% annually (declining)	-0.42% annually (declining)	20%

Annual Rate Adjustments Required

To meet the City's projected revenue requirements, our team is recommending phased rate increases over the study period. Year 1 (FY 2027) and Year 5 (FY 2031) reflect the most significant adjustments. The Year 1 increase is driven by the need to bring rates in line with the current cost of service. Many systems experience this initial step-up when rates have not kept pace with rising operational demands. The Year 5 increase is largely attributable to anticipated new debt issuance associated with planned capital improvements.

Year	Water	Sewer
Year 1 - 2027	23.35%	55.33%
Year 2 - 2028	2.3%	1.5%
Year 3 - 2029	2.3%	1.5%
Year 4 - 2030	2.3%	1.55%
Year 5 - 2031	17.13%	28.5%

Revenue Requirements Projections:

Water Fund

- $1.88M Year 1
- $1.93M Year 2
- $1.97M Year 3
- $2.02M Year 4
- $2.36M Year 5

Sewer Fund

- $1.08M Year 1
- $1.1M Year 2
- $1.114M Year 3
- $1.13M Year 4
- $1.45M Year 5

New Debt Impact

Alternative Rate Structure

The model includes a scenario analysis comparing rates with and without proposed new debt service. This demonstrates the portion of rate increases attributable to capital financing.

Although this is an alternative scenario without new debt calculated in the rate structure, it's important to note that even without new debt, significant rate increases would still be required due to:

- Current revenue shortfall (rates have not kept pace with costs)
- Ongoing inflation on operating costs
- Declining customer base spreading fixed costs across fewer customers

Detailed New Debt and No New Debt Scenario comparison can be seen in **Appendix B** at the end of the report.

Alternative Rate Structure for FY 2027

Proposed Water Rates	Base	Tier 1	Tier 2	Tier 3	%Change
Residential ICL	$38.74	$15.51	$16.03	$16.54	3.7%
Residential OCL	$46.49	$18.61	$19.24	$19.85	3.7%
Commercial ICL	$44.19	$17.58	$18.10	$18.62	3.7%
Commercial OCL	$53.03	$21.10	$21.72	$22.34	5.85%

Note: Volumetric rates are per 1,000 gallons. Tier 1 = 0-5,000 gal; Tier 2 = 5,001-10,000 gal; Tier 3 = 10,001+ gal

Proposed Sewer Rates	Base	Per 1,000 Gal	%Change
Residential ICL	$46.86	$3.91	11.6%
Residential OCL	$56.23	$4.69	-7.5%
Commercial ICL	$48.54	$4.18	11.6%
Commercial OCL	$58.25	$5.02	14.2%

Rate Increase Comparison

	With New Debt	Without Debt	Debt Impact
Water	23.25%	3.7%	19.5%
Sewer	55.33%	11.6%	43.75%

Note: "Debt Impact" shows the additional rate increase required solely to fund proposed capital projects

5-year Bond Issuance + Inflation

As part of the ongoing analysis to support the recommended water and sewer capital replacement needs, we modeled three funding scenarios: a $5 million issuance, a $7.5 million issuance, and a $9.7 million issuance. The purpose of this analysis was to evaluate how each issuance level would perform in meeting the City's projected capital requirements over time.

The results indicate that neither the $5 million nor the $7.5 million issuance cycle provided sufficient funding to address capital needs in a timely or sustainable manner. A $5 million issuance every five years was unable to fully meet capital requirements due to anticipated inflationary increases in the cost of goods and services, which eroded the purchasing power of each issuance. Similarly, a $7.5 million issuance every five years failed to generate adequate funding within a reasonable timeframe, resulting in deferred projects and increased long-term costs.

By comparison, the $9.7 million issuance provided the most effective and timely approach, fully funding the necessary projects within a 33-year period. This higher issuance amount allowed for more consistent reinvestment in infrastructure and helped mitigate the effects of inflation and deferred maintenance.

Accordingly, rate models have not been developed for the $5 million and $7.5 million issuance scenarios. **Appendix A** at the end of the report provides additional detail on the performance of the lower issuance amounts and illustrates their limitations in meeting long-term capital funding needs.

Appendix A.1

$5 Million Scenario Schedule

Row #	Fiscal Year	Bond Issued This Year	Cum Bonds Issued	Remaining Balance (Inflated	Total Funding Required
0	2026	$0.00	$0.00	$39,979,520.80	$39,979,520.80
1	2027	$0.00	$0.00	$41,178,906.42	$41,178,906.42
2	2028	$5,000,000.00	$5,000,000.00	$37,414,273.62	$42,414,273.62
3	2029	$0.00	$5,000,000.00	$38,536,701.83	$43,536,701.83
4	2030	$0.00	$5,000,000.00	$39,692,802.88	$44,692,802.88
5	2031	$0.00	$5,000,000.00	$40,883,586.97	$45,883,586.97
6	2032	$0.00	$5,000,000.00	$42,110,094.58	$47,110,094.58
7	2033	$5,000,000.00	$10,000,000.00	$38,373,397.41	$48,373,397.41
8	2034	$0.00	$10,000,000.00	$39,524,599.34	$49,524,599.34
9	2035	$0.00	$10,000,000.00	$40,710,337.32	$50,710,337.32
10	2036	$0.00	$10,000,000.00	$41,931,647.43	$51,931,647.43
11	2037	$0.00	$10,000,000.00	$43,189,596.86	$53,189,596.86
12	2038	$5,000,000.00	$15,000,000.00	$39,485,284.76	$54,485,284.76
13	2039	$0.00	$15,000,000.00	$40,669,843.31	$55,669,843.31
14	2040	$0.00	$15,000,000.00	$41,889,938.61	$56,889,938.61
15	2041	$0.00	$15,000,000.00	$43,146,636.76	$58,146,636.76
16	2042	$0.00	$15,000,000.00	$44,441,035.87	$59,441,035.87
17	2043	$5,000,000.00	$20,000,000.00	$40,774,266.94	$60,774,266.94
18	2044	$0.00	$20,000,000.00	$41,997,494.95	$61,997,494.95
19	2045	$0.00	$20,000,000.00	$43,257,419.80	$63,257,419.80
20	2046	$0.00	$20,000,000.00	$44,555,142.39	$64,555,142.39
21	2047	$0.00	$20,000,000.00	$45,891,796.66	$65,891,796.66
22	2048	$5,000,000.00	$25,000,000.00	$42,268,550.56	$67,268,550.56
23	2049	$0.00	$25,000,000.00	$43,536,607.08	$68,536,607.08
24	2050	$0.00	$25,000,000.00	$44,842,705.29	$69,842,705.29
25	2051	$0.00	$25,000,000.00	$46,187,986.45	$71,187,986.45
26	2052	$0.00	$25,000,000.00	$47,573,626.05	$72,573,626.05
27	2053	$5,000,000.00	$30,000,000.00	$44,000,834.83	$74,000,834.83
28	2054	$0.00	$30,000,000.00	$45,320,859.87	$75,320,859.87
29	2055	$0.00	$30,000,000.00	$46,680,485.67	$76,680,485.67
30	2056	$0.00	$30,000,000.00	$48,080,900.24	$78,080,900.24
31	2057	$0.00	$30,000,000.00	$49,523,327.25	$79,523,327.25
32	2058	$5,000,000.00	$35,000,000.00	$46,009,027.06	$81,009,027.06
33	2059	$0.00	$35,000,000.00	$47,389,297.88	$82,389,297.88
34	2060	$0.00	$35,000,000.00	$48,810,976.81	$83,810,976.81
35	2061	$0.00	$35,000,000.00	$50,275,306.12	$85,275,306.12
36	2062	$0.00	$35,000,000.00	$51,783,565.30	$86,783,565.30
37	2063	$5,000,000.00	$40,000,000.00	$48,337,072.26	$88,337,072.26
38	2064	$0.00	$40,000,000.00	$49,787,184.43	$89,787,184.43
39	2065	$0.00	$40,000,000.00	$51,280,799.96	$91,280,799.96
40	2066	$0.00	$40,000,000.00	$52,819,223.96	$92,819,223.96
41	2067	$0.00	$40,000,000.00	$54,403,800.68	$94,403,800.68
42	2068	$5,000,000.00	$45,000,000.00	$51,035,914.70	$96,035,914.70
43	2069	$0.00	$45,000,000.00	$52,566,992.14	$97,566,992.14
44	2070	$0.00	$45,000,000.00	$54,144,001.90	$99,144,001.90
45	2071	$0.00	$45,000,000.00	$55,768,321.96	$100,768,321.96
46	2072	$0.00	$45,000,000.00	$57,441,371.62	$102,441,371.62
47	2073	$5,000,000.00	$50,000,000.00	$54,164,612.77	$104,164,612.77
48	2074	$0.00	$50,000,000.00	$55,789,551.15	$105,789,551.15
49	2075	$0.00	$50,000,000.00	$57,463,237.68	$107,463,237.68
50	2076	$0.00	$50,000,000.00	$59,187,134.81	$109,187,134.81
51	2077	$0.00	$50,000,000.00	$60,962,748.86	$110,962,748.86
52	2078	$5,000,000.00	$55,000,000.00	$57,791,631.32	$112,791,631.32
53	2079	$0.00	$55,000,000.00	$59,525,380.26	$114,525,380.26
54	2080	$0.00	$55,000,000.00	$61,311,141.67	$116,311,141.67
55	2081	$0.00	$55,000,000.00	$63,150,475.92	$118,150,475.92
56	2082	$0.00	$55,000,000.00	$65,044,990.20	$120,044,990.20
57	2083	$5,000,000.00	$60,000,000.00	$61,996,339.91	$121,996,339.91
58	2084	$0.00	$60,000,000.00	$63,856,230.10	$123,856,230.10
59	2085	$0.00	$60,000,000.00	$65,771,917.01	$125,771,917.01

Appendix A.2

$7.5 Million Scenario Schedule

Row #	Fiscal Year	Bond Issued This Year	Cum Bonds Issued	Remaining Balance (Inflated)	Total Funding Required
0	2026	$0.00	$0.00	$39,979,520.80	$39,979,520.80
1	2027	$0.00	$0.00	$41,178,906.42	$41,178,906.42
2	2028	$7,500,000.00	$7,500,000.00	$34,914,273.62	$42,414,273.62
3	2029	$0.00	$7,500,000.00	$35,961,701.83	$43,461,701.83
4	2030	$0.00	$7,500,000.00	$37,040,552.88	$44,540,552.88
5	2031	$0.00	$7,500,000.00	$38,151,769.47	$45,651,769.47
6	2032	$0.00	$7,500,000.00	$39,296,322.55	$46,796,322.55
7	2033	$7,500,000.00	$15,000,000.00	$32,975,212.23	$47,975,212.23
8	2034	$0.00	$15,000,000.00	$33,964,468.59	$48,964,468.59
9	2035	$0.00	$15,000,000.00	$34,983,402.65	$49,983,402.65
10	2036	$0.00	$15,000,000.00	$36,032,904.73	$51,032,904.73
11	2037	$0.00	$15,000,000.00	$37,113,891.87	$52,113,891.87
12	2038	$7,500,000.00	$22,500,000.00	$30,727,308.63	$53,227,308.63
13	2039	$0.00	$22,500,000.00	$31,649,127.89	$54,149,127.89
14	2040	$0.00	$22,500,000.00	$32,598,601.72	$55,098,601.72
15	2041	$0.00	$22,500,000.00	$33,576,559.78	$56,076,559.78
16	2042	$0.00	$22,500,000.00	$34,583,856.57	$57,083,856.57
17	2043	$7,500,000.00	$30,000,000.00	$28,121,372.27	$58,121,372.27
18	2044	$0.00	$30,000,000.00	$28,965,013.43	$58,965,013.43
19	2045	$0.00	$30,000,000.00	$29,833,963.84	$59,833,963.84
20	2046	$0.00	$30,000,000.00	$30,728,982.75	$60,728,982.75
21	2047	$0.00	$30,000,000.00	$31,650,852.24	$61,650,852.24
22	2048	$7,500,000.00	$37,500,000.00	$25,100,377.80	$62,600,377.80
23	2049	$0.00	$37,500,000.00	$25,853,389.14	$63,353,389.14
24	2050	$0.00	$37,500,000.00	$26,628,990.81	$64,128,990.81
25	2051	$0.00	$37,500,000.00	$27,427,860.54	$64,927,860.54
26	2052	$0.00	$37,500,000.00	$28,250,696.35	$65,750,696.35
27	2053	$7,500,000.00	$45,000,000.00	$21,598,217.24	$66,598,217.24
28	2054	$0.00	$45,000,000.00	$22,246,163.76	$67,246,163.76
29	2055	$0.00	$45,000,000.00	$22,913,548.67	$67,913,548.67
30	2056	$0.00	$45,000,000.00	$23,600,955.13	$68,600,955.13
31	2057	$0.00	$45,000,000.00	$24,308,983.79	$69,308,983.79
32	2058	$7,500,000.00	$52,500,000.00	$17,538,253.30	$70,038,253.30
33	2059	$0.00	$52,500,000.00	$18,064,400.90	$70,564,400.90
34	2060	$0.00	$52,500,000.00	$18,606,332.93	$71,106,332.93
35	2061	$0.00	$52,500,000.00	$19,164,522.91	$71,664,522.91
36	2062	$0.00	$52,500,000.00	$19,739,458.60	$72,239,458.60
37	2063	$7,500,000.00	$60,000,000.00	$12,831,642.36	$72,831,642.36
38	2064	$0.00	$60,000,000.00	$13,216,591.63	$73,216,591.63
39	2065	$0.00	$60,000,000.00	$13,613,089.38	$73,613,089.38
40	2066	$0.00	$60,000,000.00	$14,021,482.06	$74,021,482.06
41	2067	$0.00	$60,000,000.00	$14,442,126.52	$74,442,126.52
42	2068	$7,500,000.00	$67,500,000.00	$7,375,390.32	$74,875,390.32
43	2069	$0.00	$67,500,000.00	$7,596,652.03	$75,096,652.03
44	2070	$0.00	$67,500,000.00	$7,824,551.59	$75,324,551.59
45	2071	$0.00	$67,500,000.00	$8,059,288.13	$75,559,288.13
46	2072	$0.00	$67,500,000.00	$8,301,066.78	$75,801,066.78
47	2073	$7,500,000.00	$75,000,000.00	$1,050,098.78	$76,050,098.78
48	2074	$0.00	$75,000,000.00	$1,081,601.75	$76,081,601.75
49	2075	$0.00	$75,000,000.00	$1,114,049.80	$76,114,049.80
50	2076	$0.00	$75,000,000.00	$1,147,471.29	$76,147,471.29
51	2077	$0.00	$75,000,000.00	$1,181,895.43	$76,181,895.43
52	2078	$1,217,352.29	$76,217,352.29	$0.00	$76,217,352.29
53	2079	$0.00	$76,217,352.29	$0.00	$76,217,352.29

Appendix A.3

$9.7 Million Scenario Schedule

Row #	Fiscal Year	Bond Issued This Year	Cum Bonds Issued	Remaining Balance (inflated)	Total Funding Required
0	2026	$0.00	$0.00	$39,979,520.80	$39,979,520.80
1	2027	$0.00	$0.00	$41,178,906.42	$41,178,906.42
2	2028	$9,700,000.00	$9,700,000.00	$32,714,273.62	$42,414,273.62
3	2029	$0.00	$9,700,000.00	$33,695,701.83	$43,395,701.83
4	2030	$0.00	$9,700,000.00	$34,706,572.88	$44,406,572.88
5	2031	$0.00	$9,700,000.00	$35,747,770.07	$45,447,770.07
6	2032	$0.00	$9,700,000.00	$36,820,203.17	$46,520,203.17
7	2033	$9,700,000.00	$19,400,000.00	$28,224,809.26	$47,624,809.26
8	2034	$0.00	$19,400,000.00	$29,071,553.54	$48,471,553.54
9	2035	$0.00	$19,400,000.00	$29,943,700.15	$49,343,700.15
10	2036	$0.00	$19,400,000.00	$30,842,011.15	$50,242,011.15
11	2037	$0.00	$19,400,000.00	$31,767,271.49	$51,167,271.49
12	2038	$9,700,000.00	$29,100,000.00	$23,020,289.63	$52,120,289.63
13	2039	$0.00	$29,100,000.00	$23,710,898.32	$52,810,898.32
14	2040	$0.00	$29,100,000.00	$24,422,225.27	$53,522,225.27
15	2041	$0.00	$29,100,000.00	$25,154,892.03	$54,254,892.03
16	2042	$0.00	$29,100,000.00	$25,909,538.79	$55,009,538.79
17	2043	$9,700,000.00	$38,800,000.00	$16,986,824.95	$55,786,824.95
18	2044	$0.00	$38,800,000.00	$17,496,429.70	$56,296,429.70
19	2045	$0.00	$38,800,000.00	$18,021,322.59	$56,821,322.59
20	2046	$0.00	$38,800,000.00	$18,561,962.27	$57,361,962.27
21	2047	$0.00	$38,800,000.00	$19,118,821.14	$57,918,821.14
22	2048	$9,700,000.00	$48,500,000.00	$9,992,385.77	$58,492,385.77
23	2049	$0.00	$48,500,000.00	$10,292,157.34	$58,792,157.34
24	2050	$0.00	$48,500,000.00	$10,600,922.07	$59,100,922.07
25	2051	$0.00	$48,500,000.00	$10,918,949.73	$59,418,949.73
26	2052	$0.00	$48,500,000.00	$11,246,518.22	$59,746,518.22
27	2053	$9,700,000.00	$58,200,000.00	$1,883,913.77	$60,083,913.77
28	2054	$0.00	$58,200,000.00	$1,940,431.18	$60,140,431.18
29	2055	$0.00	$58,200,000.00	$1,998,644.11	$60,198,644.11
30	2056	$0.00	$58,200,000.00	$2,058,603.44	$60,258,603.44
31	2057	$0.00	$58,200,000.00	$2,120,361.54	$60,320,361.54
32	2058	$2,183,972.39	$60,383,972.39	$0.00	$60,383,972.39
33	2059	$0.00	$60,383,972.39	$0.00	$60,383,972.39

Appendix B.1

Scenario 1: New Debt

WATER Revenue Projection with 40% OCL Premium				
Customer Class	% Increase from prev. year	Revenue Required	Revenue Generated	% of Total Revenue Generated
Residential - In City Limits	19%	$1,222,779	$1,217,692	65%
Residential - Outside City Limits	44%	$276,601	$275,450	15%
Commercial - In City Limits	19%	$269,034	$267,914	14%
Commercial - Outside City Limits	47%	$116,453	$115,969	6%
Total Revenues		**$1,884,867**	**$1,877,025**	

SEWER Revenue Projection with 40% OCL Premium				
Customer Class	% Increase from prev. year	Revenue Required	Revenue Generated	% of Total Revenue Generated
Residential - In City Limits	55%	$964,450	$958,504.0	89.2%
Residential - Outside City Limits (WT & SW)	85%	$2,652	$2,636.0	0.2%
Residential - Outside City Limits (Flat)	66%	$0	$0.0	0%
Commercial - In City Limits	55%	$113,933	$113,231.0	10.5%
Total Revenues		**$1,081,036**	**$1,074,371**	

PROPOSED WATER RATES - BY CUSTOMER CLASS					
Customer Class	Monthly Base	Tier 1 $/1000	Tier 2 $/1000	Tier 3 $/1000	% Increase
Residential - In City Limits	$44.45	$17.79	$18.39	$18.98	19.0%
Residential - Outside City Limits	$64.58	$23.33	$24.05	$24.77	44.0%
Commercial - In City Limits	$50.69	$20.17	$20.77	$21.36	19.0%
Commercial - Outside City Limits	$73.65	$30.06	$30.80	$31.53	47.0%
Bulk Water Only	$59.50	$29.75	$29.75	$29.75	19.0%

PROPOSED SEWER RATES - BY CUSTOMER CLASS			
Customer Class	Monthly Base	$/1000 gal	% Increase
Residential - In City Limits	$65.24	$5.44	55%
Residential - Outside City Limits (WT & SW)	$91.33	$7.61	85%
Residential - Outside City Limits (Flat)	$101.12		66%
Commercial - In City Limits	$67.57	$5.82	55%

Appendix B.2

Scenario 2: No New Debt

WATER Revenue Projection with 40% OCL Premium				
Customer Class	% Increase from prev. year	Revenue Required	Revenue Generated	% of Total Revenue Generated
Residential - In City Limits	3.7%	$1,034,527	$1,061,131	65%
Residential - Outside City Limits	20.9%	$225,968	$231,779	14%
Commercial - In City Limits	3.7%	$227,615	$233,468	14%
Commercial - Outside City Limits	23.5%	$98,122	$100,645	6%
Total Revenues		$1,586,231	$1,627,023	

SEWER Revenue Projection with 40% OCL Premium				
Customer Class	% Increase from prev. year	Revenue Required	Revenue Generated	% of Total Revenue Generated
Residential - In City Limits	11.6%	$692,812.73	$690,123.1	89%
Residential - Outside City Limits (WT & SW)	32.5%	$1,895	$1,888.0	0%
Residential - Outside City Limits (Flat)	19.5%	$0	$0.0	0%
Commercial - In City Limits	11.6%	$81,845	$81,527.3	11%
Total Revenues		$776,553	$773,538	

PROPOSED WATER RATES - BY CUSTOMER CLASS					
Customer Class	Monthly Base	Tier 1 $/1000	Tier 2 $/1000	Tier 3 $/1000	% Increase
Residential ICL	$38.74	$15.51	$16.03	$16.54	3.7%
Residential OCL	$54.24	$21.71	$22.44	$23.16	20.9%
Commercial ICL	$44.19	$17.58	$18.10	$18.62	3.7%
Commercial OCL	$61.87	$24.61	$25.34	$26.07	23.5%
Bulk Water Only	$51.86	$25.93	$25.93	$25.93	3.7%

PROPOSED SEWER RATES - BY CUSTOMER CLASS			
Customer Class	Monthly Base	$/1000 gal	% Increase
Residential - In City Limits	$46.86	$3.91	12%
Residential - Outside City Limits (WT & SW)	$56.24	$4.46	33%
Residential - Outside City Limits (Flat)	$62.26		19%
Commercial - In City Limits	$48.54	$4.18	12%

City of Abilene Water & Sewer Utility Rates

Residential Water Rates

Type of Rate / Charge / Fee	Rate / Charge / Fee Amount
First 6,000 Gallons	$4.50 per 1,000 gallons
7,000 to 15,000 Gallons	$7.70 per 1,000 gallons
Over 15,000 Gallons	$10.80 per 1,000 gallons
Customer Service Charge	Based on meter size (listed in "Monthly Fees" section)

Residential Sewer Rates

Type of Rate / Charge / Fee	Rate / Charge / Fee Amount
First 10,000 Gallons	$3.95 per 1,000 gallons
Over 10,000 Gallons	No charge
Customer Service Charge	$16.00 minimum

Wholesale Water (Contract) All consumption per thousand gallons $9.15

Merkel Alternative Supply - Cost Comparison				
	Existing	Alternative 1 - Option 1	Alternative 1 - Option 2	Alternative 2
Base Water Rate: $/1000gal	$ 9.15	$ 2.30	$ 2.30	$ -
Capital Cost	$ -	$ 22,811,530.00	$ 15,585,313.00	$ 35,277,850.00
USDA Published Planning Rate (%)		3.75%	3.75%	3.75%
Loan Period (Years)		40	40	40
Annual Debit Service Payment	$ -	$1,109,996.65	$758,372.86	$1,716,601.00
Annual Operations and Maintainance Cost	$ -	$ 50,000.00	$ 50,000.00	$ 300,000.00
Total Annual Cost	$ -	$ 1,159,996.65	$ 808,372.86	$ 2,016,601.00
Gallons per year		77,671,000.00	77,671,000.00	77,671,000.00
Resulting $/1000gal from Alternative Cost	$ -	$ 14.93	$ 10.41	$ 25.96
Total $/1000gal	$ 9.15	$ 17.23	$ 12.71	$ 25.96

Revenue	2023-2024 Budget	% as of September 30, 2024		2024-2025 Budget	% as of September 30, 2025		Amended 2025-2026 Budget	% as of June 30, 2026		2026-2027 Budget
Use of Approved Unused Fund Balance							14,400.00			
Water Sales	1,181,251.00	1,178,190.10	100%	1,243,855.00	1,189,677.95	96%	1,489,000.00	1,253,728.50	84%	2,113,000.00
Blair Pumping Fees	20,000.00	23,566.80	118%	20,000.00	21,582.00	108%	22,000.00	15,324.00	70%	20,000.00
Water Dept. Service Charges	8,500.00	7,050.00	83%	6,000.00	7,475.00	125%	6,000.00	9,495.00	158%	9,000.00
Water Taps	8,000.00	6,885.00	86%	6,000.00	29,775.00	496%	21,900.00	27,825.00	127%	30,000.00
Reconnect and Late Fees	33,000.00	33,610.60	102%	33,000.00	36,919.17	112%	35,000.00	32,455.72	93%	35,000.00
Interest Income	9,600.00	37,531.90	391%	20,000.00	54,318.75	272%	50,000.00	39,058.45	78%	45,000.00
Misc. Inc., Return Ch. Fees	5,000.00	6,361.95	127%	5,000.00	2,604.45	52%	3,000.00	17,016.37	567%	4,000.00
~~2021 CLFRF~~		168,035.06								
Total	1,265,351.00	1,461,231.41	115%	1,333,855.00	1,342,352.32	101%	1,641,300.00	1,394,903.04	85%	2,256,000.00
Expenditure from Water/Sewer Fund										
Expense										
Salaries										
Salaries (FTE 5.5)										310,111.98
Benefits/Taxes										163,550.90
Temporary Labor										12,000.00
~~Brian Weaver City Manager~~	40,000.00	39,999.96	100%	41,200.00	49,169.30	119%	57,500.00	44,085.08	77%	
~~Andy Garcia~~	23,870.86	27,143.99	114%	24,586.99	28,045.85	114%	25,078.73	23,468.43	94%	
~~Evelyn Morse~~	36,079.05	36,079.03	100%	37,161.42	43,966.56	118%	41,695.13	33,374.49	80%	
~~Delbert Russell~~							37,500.00	30,074.62	80%	
~~Tanner Hendricks~~	19,210.85	20,831.89	108%	20,106.42	6,769.75	34%				
~~Ashley Barnett~~	18,597.25	18,929.92	102%	19,155.17	19,534.61	102%	19,538.27	15,647.38	80%	
~~Carolyn Foss~~	17,460.85	16,591.67	95%	304.68	4,859.46	1595%				
~~Bridget Cochran~~				17,680.00	10,087.38	57%	20,800.00	16,688.85	80%	
~~Elizabeth Dosser~~	17,318.05	16,934.90	98%	17,837.59	17,859.19	100%				
~~Mike Perkins~~				15,600.00	4,578.75	29%	312.00			
~~Riley LeMay~~				15,600.00	5,152.50	33%				
~~Jonathon Seedig~~	15,600.00	4,458.25	29%	468.00						
~~Cayden Rhodes/ Gabriel DeLeon~~	15,600.00	8,413.88	54%	16,068.00	14,611.30	91%	16,389.36	3,870.00		
~~Malcolm Thompson~~		4,807.50		468.00	8,037.21	1717%				
~~Hugh Stockton~~							17,747.18	16,552.70	93%	
~~Roy L Deen~~							18,521.57	17,267.17	93%	
~~Nigel Nance~~					2,096.25		15,600.00	12,239.16	78%	
~~Joshua Adames~~								2,195.75		
	(2,638.80)	(1,813.77)	69%	(2,638.80)	(1,732.56)	66%	(2,583.60)	(5,233.84)	203%	(3,014.20)
~~P/R Taxes~~	16,910.70	14,944.43	88%	17,307.07	14,231.40	82%	20,898.44	16,979.52	81%	
~~Insurance~~	61,845.60	41,423.79	67%	55,563.54	40,045.49	72%	70,248.10	43,837.00	62%	
~~Retirement~~	31,036.12	26,975.12	87%	32,894.75	28,958.12	88%	50,210.90	39,131.45	78%	
Maint. & Supplies	100,000.00	202,920.24	203%	106,923.33	139,805.33	131%	124,400.00	74,672.47	60%	125,000.00
Vehicle Expense	15,000.00	16,820.56	112%	15,000.00	11,584.52	77%	15,000.00	12,571.05	84%	20,000.00
Conference & Schools	2,000.00	1,615.17	81%	2,000.00	2,230.46	112%	2,000.00	1,712.25	86%	5,000.00
Utilities	3,500.00	3,241.27	93%	3,500.00	3,455.33	99%	3,800.00	3,063.42	81%	4,100.00
Water Lab Fees	2,500.00	2,219.00	89%	2,500.00	3,290.00	132%	2,500.00	2,250.00	90%	3,000.00
Capital Outlay-	30,000.00	30,000.00	100%		64,585.95		30,000.00	8,000.00	27%	40,000.00
Uniforms	4,300.00	2,822.77	66%	4,000.00	2,325.85	58%	3,400.00	2,048.02	60%	2,950.00
TCEQ Permit Fees	11,000.00	11,373.82	103%	12,000.00	10,158.82	85%	12,000.00	10,158.82	85%	12,000.00
Water Purchase from Abilene	575,000.00	719,410.20	125%	659,000.00	722,771.29	110%	815,000.00	450,850.65	55%	879,000.00
Pumping Charges	20,000.00	21,841.00	109%	20,000.00	21,956.00	110%	21,000.00	15,719.00	75%	22,000.00
Demand Charges	5,000.00	3,206.70	64%	5,000.00	1,349.00	27%	5,000.00		0%	4,000.00
Cell Phones	1,500.00	1,404.45	94%	1,500.00	1,661.42	111%	1,750.00	1,522.84	87%	3,800.00
Postage	500.00	625.85	125%	500.00	511.00	102%	600.00	241.09	40%	1,000.00
Billing Cost	5,400.00	6,495.50	120%	6,500.00	7,015.13	108%	6,300.00	7,213.90	115%	7,000.00
Software Support	15,200.00	20,407.97	134%	16,500.00	27,851.68	169%	25,600.00	36,123.00	141%	31,000.00
Misc. Expense	1,000.00	893.92	89%	1,000.00	1,066.03	107%	1,000.00	2,310.32	231%	2,500.00
Computer Expense	4,080.00	4,982.47	122%	4,400.00	4,600.82	105%	5,000.00	3,277.00	66%	5,000.00
Legal/Professional Fees	2,500.00	3,046.92	122%	2,500.00	4,496.39	180%	20,600.00	12,932.60	63%	10,000.00
Grant Expense		168,035.06			3,351.54					
Restricted - Debt Service										
2020 GO Refunding Bond	142,000.00	141,175.00	99%	142,000.00	129,225.00	91%	142,000.00	36,287.50	26%	142,000.00
Total	1,228,688.58	1,600,319.17	130%	1,334,186.16	1,459,562.12	109%	1,646,406.08	991,131.69	60%	1,801,998.68
Profit/Loss	36,662.42	(139,087.76)	-379%	(331.16)	(117,209.80)	35394%	(5,106.08)	403,771.35	-7908%	454,001.32

WATER DEPARTMENT

Transfers from Water Fund to GO 2020 $ 144,000.00

Revenue	2021-2022 Budget	% as of September 30, 2022		2022-2023 Budget	% as of September 30, 2023		2023-2024 Budget	% as of September 30, 2024		2024-2025 Budget	% as of September 30, 2025		Amended 2025-2026 Budget	% as of June 30, 2026		2026-2027 Budget
Sewer Sales	332,000.00	344,163.23	104%	332,000.00	343,919.95	104%	342,000.00	356,680.09	104%	451,306.00	395,596.44	88%	618,900.00	465,838.14	75%	767,000.00
Sewer Taps	500.00	1,610.00	322%	500.00	3,730.00	746%	2,000.00	6,510.00	326%	3,500.00	14,730.00	421%	13,670.00	14,575.00	107%	19,400.00
Misc. Inc								7,620.00						14,135.00		
Total	332,500.00	345,773.23	104%	332,500.00	586,640.87	176%	344,000.00	501,828.92	146%	454,806.00	410,326.44	90%	632,570.00	494,548.14	78%	786,400.00
Expenditure from Water/Sewer Fund																
Expense																
Salaries																
Salaries (FTE 3)																114,741.54
Benefits/Taxes																73,795.58
Andy Garcia	19,593.60	29,925.54	153%	21,552.96	22,493.95	104%	23,870.86	27,143.99	114%	24,586.99	28,045.85	114%	25,078.73	15,591.97	62%	
Tanner Hendricks	15,600.00	20,336.32	130%	17,491.76	18,917.29	108%	19,210.85	20,831.89	108%	20,106.42	6,769.75	34%				
Ashley Barnett	14,560.00	16,724.74	115%	16,874.00	17,340.23	103%	18,597.25	18,929.92	102%	19,155.17	19,534.61	102%	19,538.27	10,386.17	53%	
Carolyn Foss	14,289.60	18,006.17	126%	15,718.56	14,904.74	95%	17,460.85	16,591.67	95%	304.68	4,859.46	1595%				
Bridget Cochran										17,680.00	10,087.38	57%	20,800.00	11,088.85	53%	
Mike Perkins										15,600.00	4,578.75	29%	312.00			
Riley LeMay										15,600.00	5,152.50	33%				
Jonathon Seedig				15,600.00		0%	15,600.00	4,458.25	29%	468.00		0%				
Cayden Rhodes / Gabriel DeLeon				15,600.00		0%	15,600.00	8,413.88	54%	16,068.00	14,611.30	91%	16,389.36			
Malcolm Thompson								4,807.50		468.00	7,820.65	1671%				
Hugh Stockton													17,747.18	10,951.54	62%	
Roy L Deen													18,521.57	11,363.76	61%	
Nigel Nance											2,096.25		15,600.00	7,892.05	51%	
Joshua Adames														2,195.75		
Pymt in Lieu of O/T	(1,099.50)	(785.07)	71%	(1,539.30)	(866.28)	56%	(1,539.30)	(866.28)	56%	(1,539.30)	(1,299.40)	84%	(1,507.10)	(2,977.86)	198%	(1,291.80)
P/R Taxes	7,872.76	7,671.70	97%	11,784.51	6,354.18	54%	9,765.83	8,018.30	82%	9,947.85	7,920.85	80%	10,428.61	8,381.90	80%	
Insurance	19,509.65	18,016.00	92%	28,208.88	18,626.13	66%	43,291.92	28,742.24	66%	42,943.32	27,547.98	64%	49,173.67	27,627.80	56%	
Retirement	9,934.89	12,125.45	122%	15,527.13	11,120.91	72%	17,923.16	14,170.27	79%	18,907.42	15,647.11	83%	25,086.33	19,348.08	77%	
Maint. & Supplies	40,000.00	67,648.55	169%	62,000.00	73,116.05	118%	62,000.00	96,784.07	156%	68,923.33	126,599.18	184%	100,000.00	53,830.93	54%	100,000.00
Vehicle Expense	5,000.00	10,170.71	203%	8,000.00	12,015.35	150%	10,000.00	13,876.87	139%	14,000.00	10,615.51	76%	14,000.00	10,302.57	74%	15,000.00
Conference & Schools	1,500.00	435.82	29%	1,500.00	1,031.05	69%	1,500.00	1,802.80	120%	1,500.00	100.00	7%	1,500.00	919.21	61%	1,500.00
Utilities	7,100.00	5,801.42	82%	7,100.00	6,205.94	87%	6,000.00	8,499.70	142%	8,800.00	8,535.97	97%	8,000.00	8,354.22	104%	11,150.00
Sewer Lab Fees	5,000.00	5,360.00	107%	5,000.00	5,747.00	115%	5,000.00	6,786.00	136%	6,000.00	5,492.00	92%	6,000.00	4,110.00	69%	6,000.00
Capital Outlay -	12,000.00	12,000.00	100%	12,000.00	14,950.50	125%	10,000.00	10,749.48	107%		36,700.00		30,000.00	17,700.00	59%	40,000.00
Uniforms	1,000.00	1,000.92	100%	1,400.00	439.72	31%	2,285.00	1,695.08	74%	2,700.00	1,624.78	60%	2,600.00	1,254.76	48%	1,900.00
Cell Phones	1,000.00	975.43	98%	1,000.00	1,525.36	153%	1,500.00	1,393.49	93%	1,500.00	1,650.50	110%	1,500.00	1,510.87	101%	1,075.00
Computer Expense	1,260.00	1,591.19	126%	1,600.00	2,291.20	143%	2,000.00	3,455.99	173%	3,000.00	3,291.54	110%	3,200.00	2,676.99	84%	3,500.00
Legal/Professional Fees								6,000.00			6,000.00		6,000.00	7,342.50	122%	7,500.00
Special Project -													98,995.30		0%	99,000.00
Restriced - Debt Service																
CO2024 WWTP								58,848.71		93,500.00	93,383.75	100%	93,500.00	22,633.75	24%	93,500.00
2020 GO Refunding Bond	142,000.00	139,850.00	98%	142,000.00	39,025.00	27%	142,000.00	141,175.00	99%	142,000.00	129,225.00	91%	142,000.00	36,287.50	26%	142,000.00
Total	331,201.00	382,769.31	116%	414,018.50	673,141.82	163%	439,384.47	683,548.77	156%	542,219.88	576,591.27	106%	724,463.92	288,773.31	40%	709,370.32
Profit/Loss	1,299.00	(36,996.08)	-2848%	(81,518.50)	(86,500.95)	106%	(95,384.47)	(181,719.85)	191%	(87,413.88)	(166,264.83)	190%	(91,893.92)	205,774.83	-224%	77,029.68

SEWER DEPARTMENT

Transfers from Water Fund to GO 2020 — $ 144,000.00

Transfers from Water Fund to CO2024 — $ 93,600.00

JACOB MARTIN

City of Merkel
Water System Improvements

OPINION OF PROBABLE CONSTRUCTION COST

OCTOBER 1, 2025

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
CONSTRUCTION COSTS					
1	10" DR18 C-900 PVC Water Line	500	LF	$ 90.00	$45,000
2	8" DR18 C-900 PVC Water Line	12,000	LF	$ 80.00	$960,000
3	6" DR18 C-900 PVC Water Line	130,000	LF	$ 70.00	$9,100,000
4	Bore and Encasement	1,000	LF	$ 500.00	$500,000
5	10" DIMJ Gate Valve & Box	1	EA	$ 7,500.00	$7,500
6	8" DIMJ Gate Valve & Box	16	EA	$ 6,000.00	$96,000
7	6" DIMJ Gate Valve & Box	120	EA	$ 5,000.00	$600,000
8	Fire Hydrant Assembly	100	EA	$ 10,000	$1,000,000
9	Pavement Repair	71,250	LF	$ 50	$3,562,500
WATER LINE IMPROVEMENTS SUBTOTAL					**$15,871,000**

Contingencies (10%)	**$1,587,100**

NONCONSTRUCTION COSTS	
Preliminary Engineering	$50,000
Basic Engineering (8%)	$1,269,680
Environmental	$30,000
Surveying	$250,000
Inspection	$400,000
Financial/Legal	$100,000
Asset Management Plan	$50,000
Miscellaneous Engineering Expenses (Reproduction, shipping, etc.)	$5,000
TOTAL NONCONSTRUCTION COSTS:	**$2,154,680**

PROJECT TOTAL	**$19,612,780**

NOTES:

Cost estimates prepared by the engineer represent their best judgment as a design professional familiar with the construction industry. It is recognized, however, that the engineer has no control over the cost of labor, materials, or equipment; over the contractor's methods of determining bid prices; or over competitive bidding or market conditions. Accordingly, the engineer cannot and does not guarantee that bids will not vary from any cost estimate prepared by them.

JACOB MARTIN

CITY OF MERKEL
Wastewater Collection System Improvements
North Side

OPINION OF PROBABLE CONSTRUCTIOI   OCTOBER 1, 2025

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
CONSTRUCTION COSTS					
North Side Improvements					
1	6"/8" CIPP	45,000	LF	$ 120	$5,400,000
2	Camera/Clean 6"/8" Sewer Line	45,000	LF	$ 12	$540,000
3	Sewer Service Internal Reconnect	500	EA	$ 250	$125,000
4	Bypass Pumping	1	EA	$ 250,000	$250,000
5	Post-Construction Video	45,000	LF	$ 5	$225,000
6	Traffic Control	1	LS	$ 50,000	$50,000
	Water Line Improvements Subtotal				**$6,590,000**
	Contingencies				**$1,318,000**
TOTAL CONSTRUCTION COSTS					**$7,908,000**

NONCONSTRUCTION COSTS	
Preliminary Engineering	$50,000
Basic Engineering (8%)	$632,640
Environmental	$15,000
Surveying	$150,000
Inspection	$150,000
Financial/Legal	$150,000
Asset Management Plan	$50,000
Miscellaneous Engineering Expenses (Reproduction, shipping, etc.)	$5,000
TOTAL NONCONSTRUCTION COSTS:	**$1,202,640**

PROJECT TOTAL	**$9,110,640**
Loan Origination Fee (1.85%)	**$168,547**

NOTES:

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CITY OF MERKEL
Wastewater Collection System Improvements
South Side

OPINION OF PROBABLE CONSTRUCTIO OCTOBER 1, 2025

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
CONSTRUCTION COSTS					
South Side Improvements					
1	6"/8" CIPP	55,000	LF	$ 120	$6,600,000
2	Camera/Clean 6"/8" Sewer Line	55,000	LF	$ 12	$660,000
3	Sewer Service Internal Reconnect	500	EA	$ 250	$125,000
4	Bypass Pumping	1	EA	$ 250,000	$250,000
5	Post-Construction Video	55,000	LF	$ 5	$275,000
6	Traffic Control	1	LS	$ 50,000	$50,000
	Water Line Improvements Subtotal				**$7,960,000**
	Contingencies				**$1,592,000**
TOTAL CONSTRUCTION COSTS					**$9,552,000**

NONCONSTRUCTION COSTS	
Preliminary Engineering	$50,000
Basic Engineering (8%)	$764,160
Environmental	$15,000
Surveying	$150,000
Inspection	$150,000
Financial/Legal	$150,000
Asset Management Plan	$50,000
Miscellaneous Engineering Expenses (Reproduction, shipping, etc.)	$5,000
TOTAL NONCONSTRUCTION COSTS:	**$1,334,160**

PROJECT TOTAL	**$10,886,160**
Loan Origination Fee (1.85%)	**$201,394**

NOTES:

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JACOB MARTIN

OPINION OF PROBABLE COST

AUGUST 28, 2026

CONSTRUCTION COSTS

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
1	Mobilization, Bonds and Insurance	1	LS	$ 22,850.00	$22,850.00
2	10" Sewer Line	2,100	LF	$ 120.00	$252,000.00
3	Manhole	7	EA	$ 10,000.00	$70,000.00
4	Sewer Service Reconnects	10	ES	$ 3,000.00	$30,000.00
5	Pavement Repair	2,100	LF	$ 50.00	$105,000.00
	Construction Subtotal				**$479,850.00**
	Contingencies				**$47,985.00**
TOTAL CONSTRUCTION COSTS:					$527,835

NONCONSTRUCTION COSTS

Basic Engineering	$42,200
Surveying	$15,000
Materials Testing	$5,000
Inspection	$25,000
Miscellaneous Engineering Expenses (Reproduction, shipping, etc.)	$500
TOTAL NONCONSTRUCTION COSTS:	$87,700

PROJECT TOTAL **$615,535**

NOTES:

Cost estimates prepared by the engineer represent their best judgment as a design professional familiar with the construction industry. It is recognized, however, that the engineer has no control over the cost of labor, materials, or equipment; over the contractor's methods of determining bid prices; or over competitive bidding or market conditions. Accordingly, the engineer cannot and does not guarantee that bids will not vary from any cost estimate prepared by them.

Exhibit B *(Anexo B)*

VOTER INFORMATION DOCUMENT [not part of the contract with voters]

(DOCUMENTO DE INFORMATIVO PARA LOS VOTANTES[no forma parte del contrato con las votantes])

City of Merkel, Texas Proposition A:
(Propuesta A del la Ciudad de Merkel, Texas:)

□ For *(a favor)* □ Against *(en contra)*	The issuance of general obligation bonds in the amount of $5,100,000 for a fire station and the levy of taxes sufficient to pay the principal of and interest on the bonds.	Deberá el Concejo Municipal de la Ciudad de Merkel, Texas, recibir la autorización para emitir bonos de la Ciudad, en una o más series, por un monto de capital total de $5,100,000 para una estación de bomberos y la imposición de impuestos suficientes para pagar el capital y los intereses de los bonos.

principal of debt obligations to be authorized *(capital de obligaciones de deuda que se autorizará)*	$5,100,000
estimated interest for the debt obligations to be authorized presuming an interest rate of 5.00% *(interés estimado para las obligaciones de deuda que se autorizarán asumiendo una tasa de interés del 5.00%)*	$2,780,875
estimated combined principal and interest required to pay on time and in full the debt obligations to be authorized amortized over 20 years *(capital e intereses consolidados estimados necesarios para pagar a tiempo y en su totalidad las obligaciones de deuda que se autorizarán amortizar durante 20 años)*	$7,880,875
as of the date the election was ordered, principal of all outstanding debt obligations *(a partir de la fecha en que se ordenó la elección, el capital de todas las obligaciones de deuda pendientes)*	$5,700,000
as of the date the election was ordered, the estimated interest on all outstanding debt obligations *(a partir de la fecha en que se ordenó la elección, el interés estimado de todas las obligaciones de deuda pendientes)*	$2,723,007.50
as of the date the election was ordered, the ad valorem debt service tax rate per $100 of taxable assessed valuation *(a partir de la fecha en que se ordenó la elección, la tasa impositiva ad valorem de servicio de la deuda por cada $100 de valuación tasada gravable)*	$0.5568
estimated combined principal and interest required to pay on time and in full all outstanding debt obligations amortized over 24 years *(capital e intereses consolidados estimados necesarios para pagar a tiempo y en su totalidad las obligaciones de deuda pendientes amortizadas durante 24 años)*	$8,423,007.50
estimated maximum annual increase in the amount of taxes on a residence homestead with an appraised value of $100,000 to repay the debt obligations to be authorized, if approved *(aumento anual máximo estimado de la cantidad de impuestos sobre una residencia principal con un valor estimado de $100,000 para saldar las obligaciones de deuda que se autorizarán, si se aprueba).* This figure assumes application of a homestead exemption of $0.00. *(Esta cifra asume la aplicación de una exención de vivienda familiar de $0.00* As noted above, this figure makes conservative assumptions about the amortization period of the debt obligations and the estimated interest rate. *(Como se señaló anteriormente, esta cifra hace suposiciones conservadoras sobre el período de amortización de las obligaciones de deuda y la tasa de interés estimada.)* Estimated future appraised values in the City are not expected to change. *(No se espera que los valores tasados futuros estimados en la Ciudad cambien.)*	$287.00