



Garland Water Utilities

2009 Water and Wastewater Rate Study and Financial Forecast Council Presentation

economists.com



Page: 1

May 18, 2009

Facts about Water and Wastewater Rates in Texas and USA



- ◆ Average utility has been increasing rates 5-6% per year; trend expected to continue
- ◆ 30-40% of utilities currently charge rates that do not cover their costs
- ◆ Cities that jointly share facilities can have lower unit costs
- ◆ General rule: a utility can have low rates or high quality service but NOT both!
- ◆ Conclusion: higher rates are an unfortunate but inevitable fact of life

Water Utility Cost Analysis and Rate Plan

Current Water Rate Structure



All Accounts - Minimum Charge

5/8" Meter	\$6.40
3/4" Meter	8.15
1" Meter	8.70
1 1/2" Meter	9.80

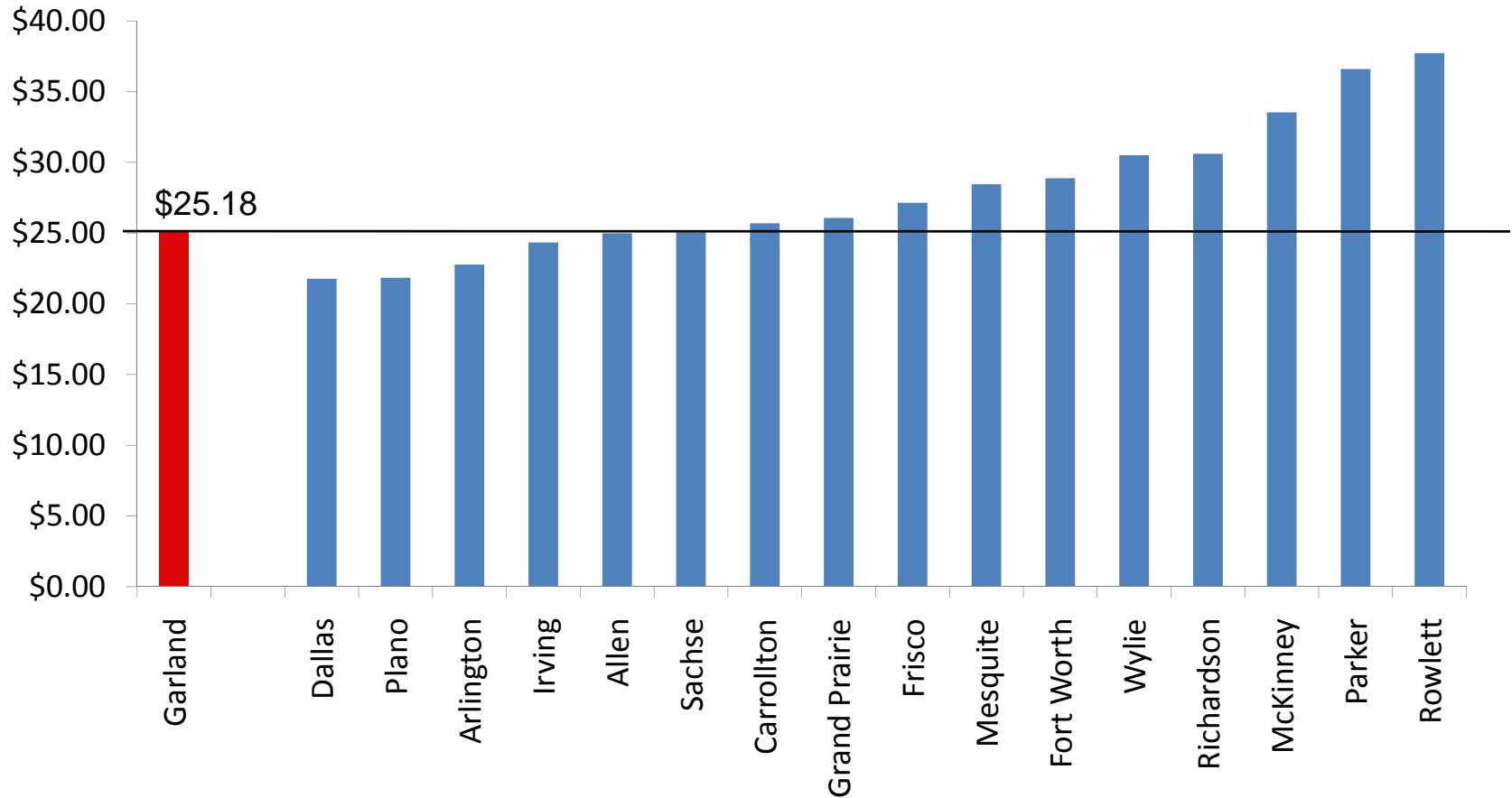
Residential Volume Rate Per 1,000 Gal

0 to 3,000 gal.	\$1.96
3,001 to 15,000 gal.	2.58
over 15,000 gal.	4.00

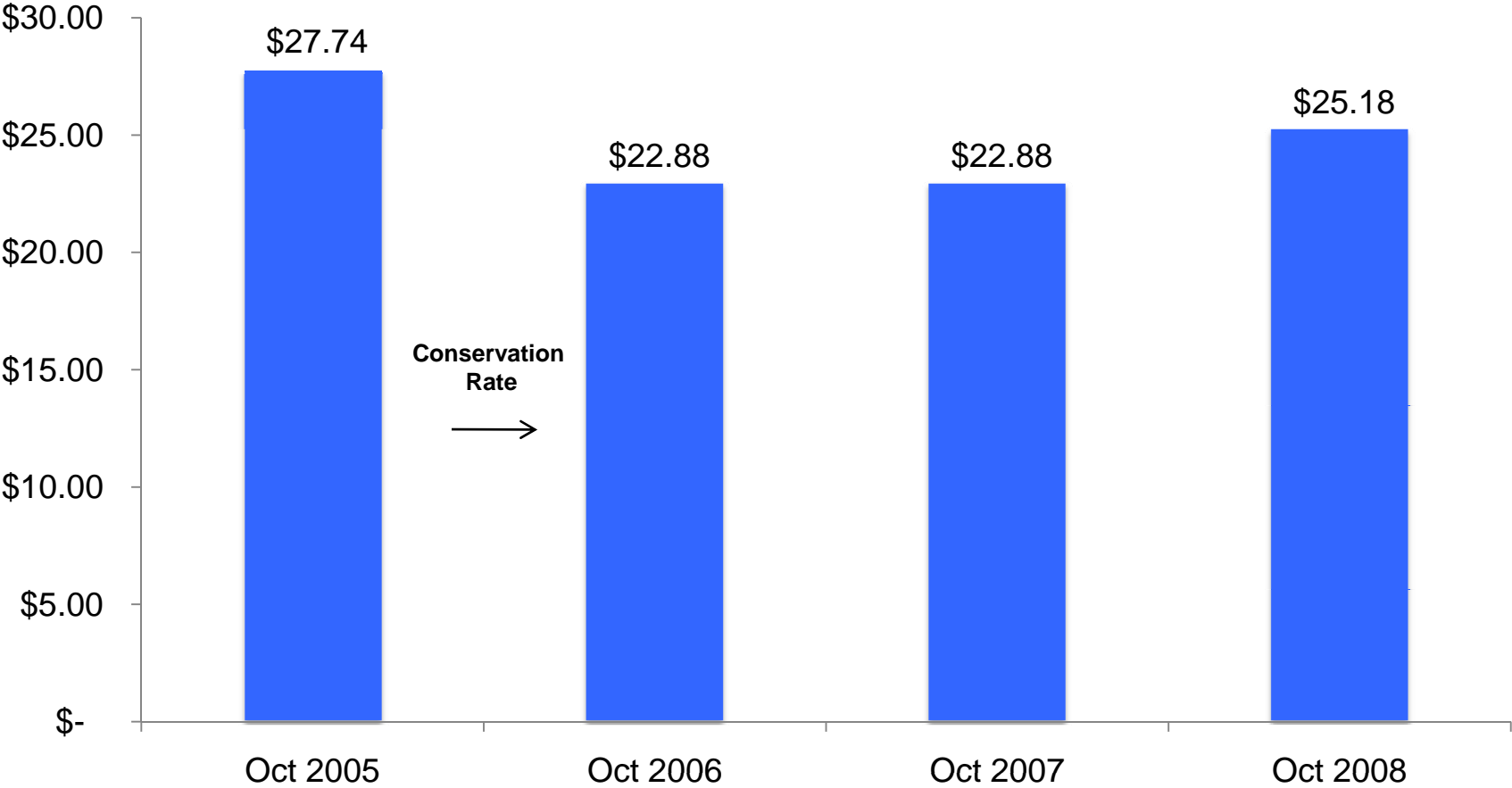
Non-Residential Volume Rate Per 1,000 Gal

All usage	\$2.61
-----------	--------

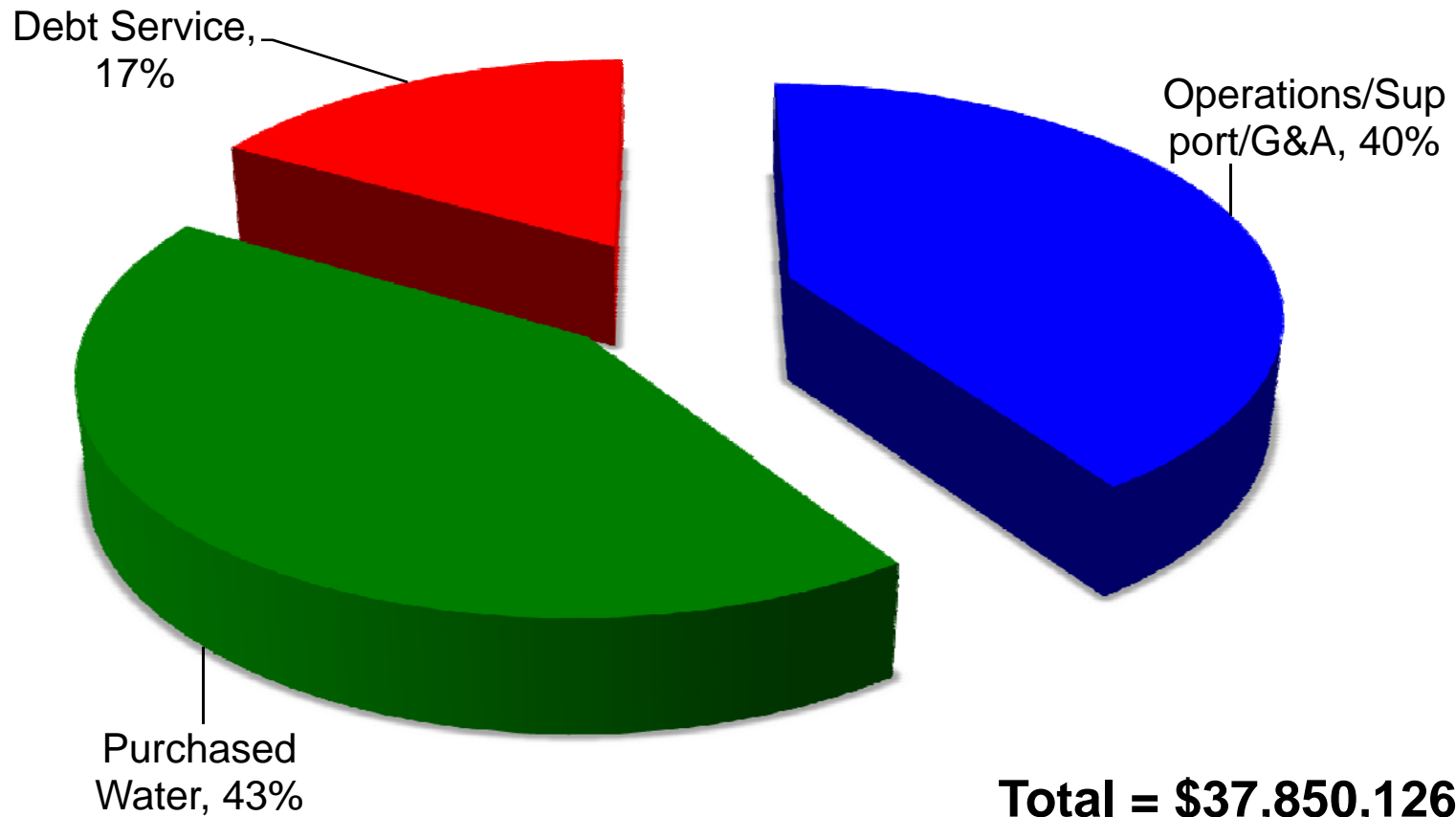
Water Monthly Residential Charges 8,000 Gallons



Historical Monthly Residential Charges 8,000 Gal Water



FY 2009 Water Utility Cost of Service

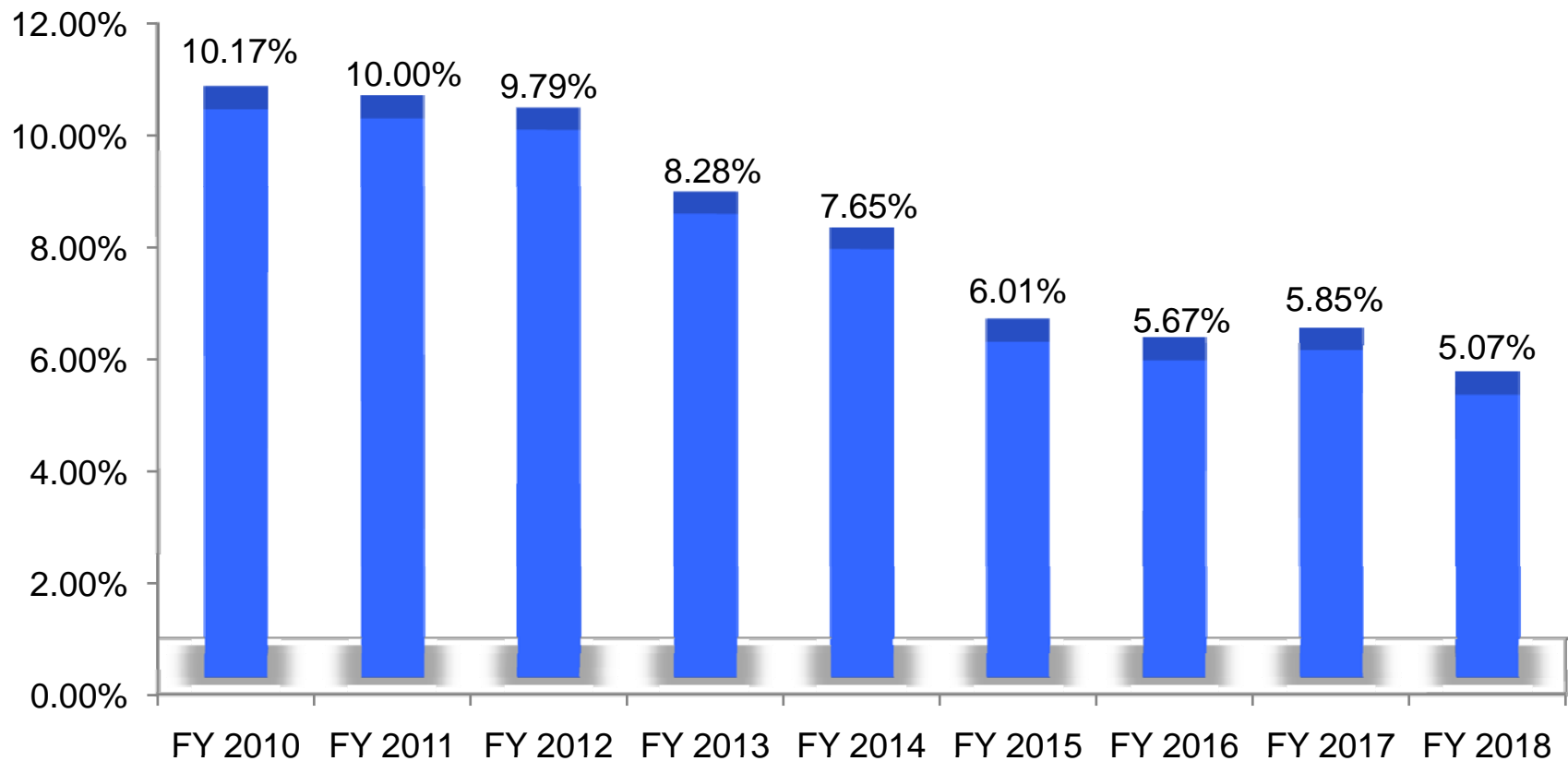


What are the Primary Factors Causing the Cost of Service to Increase in Next 5 Years?

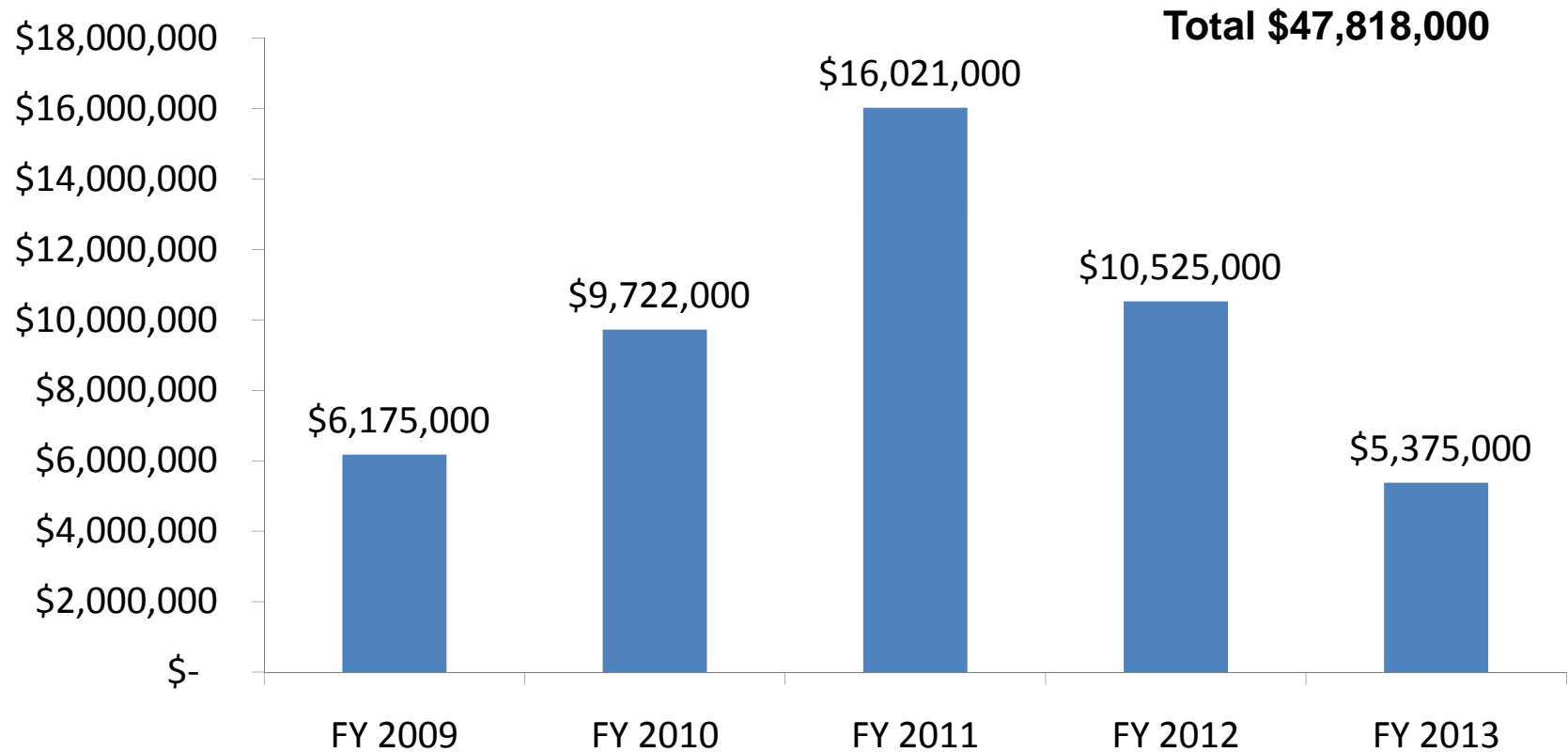
- ◆ Inflation
- ◆ **North Texas Municipal Water District** rate increases
- ◆ Funding requirements of City's **Capital Improvement Plan**
- ◆ Need to ensure that City's water fund remains solvent



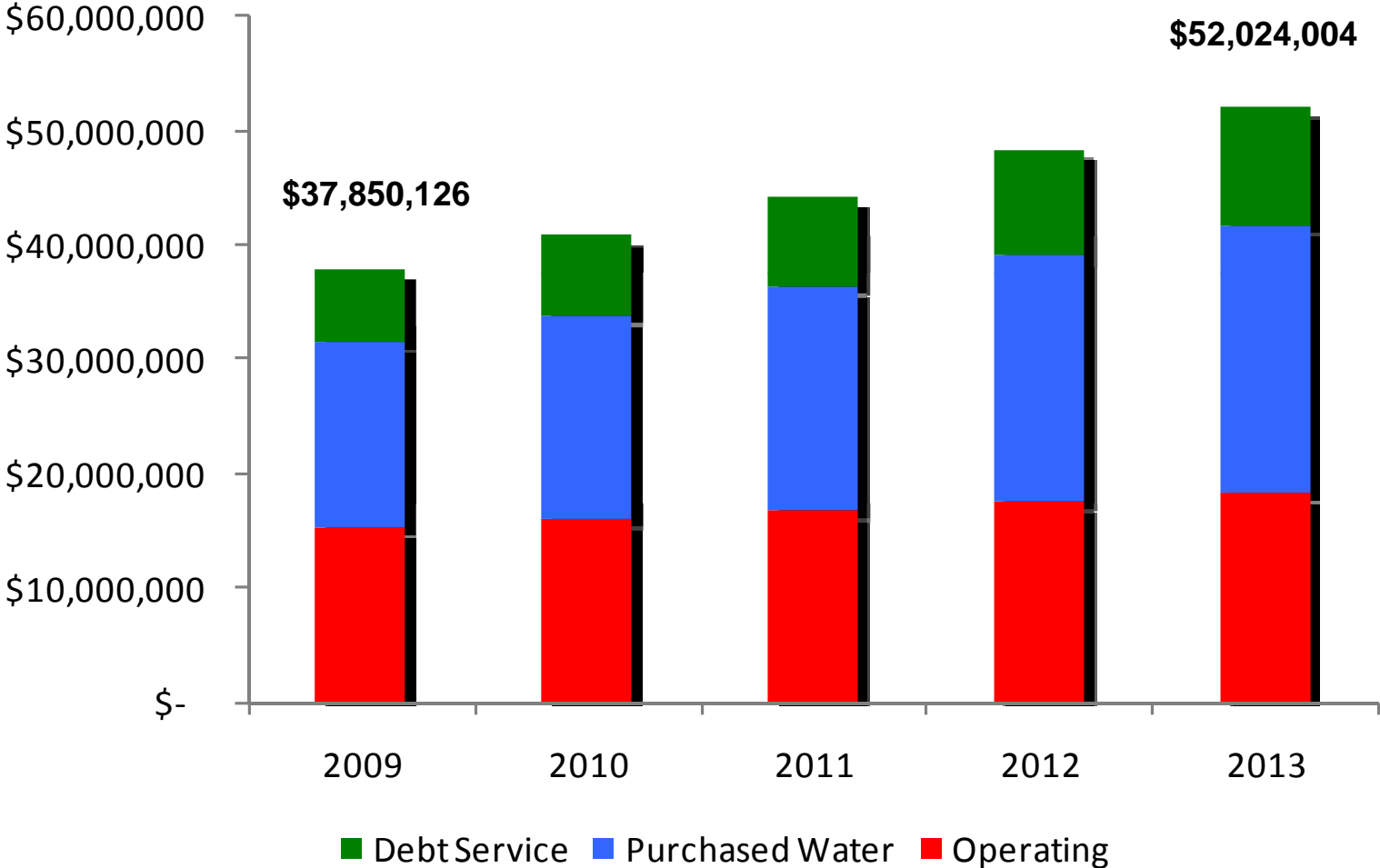
North Texas Municipal Water District Projected Rate Increases 2010-2018



Water Capital Improvement Plan 2009 -- 2013



Water Forecast Cost of Service

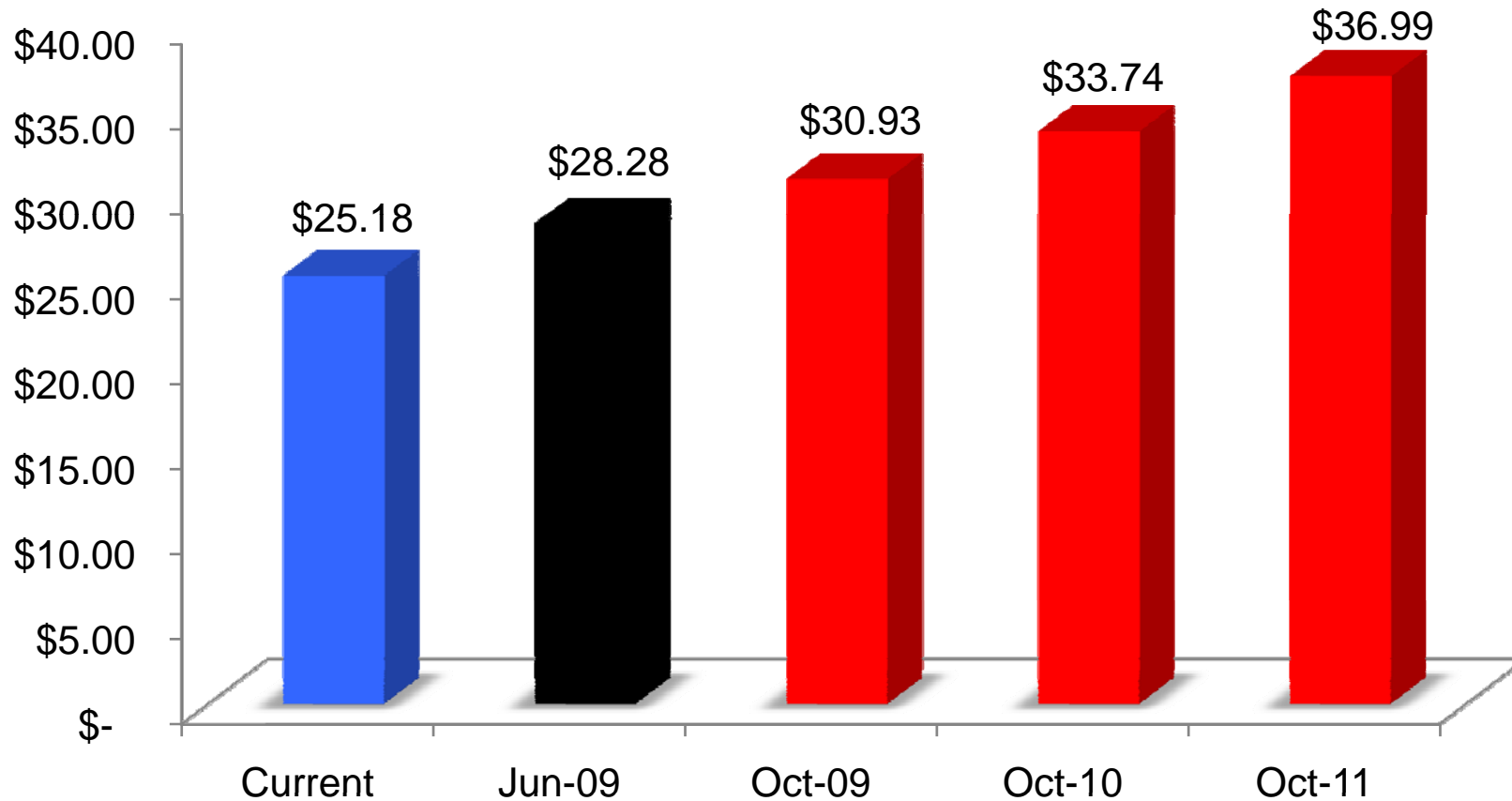


Interim Water Rate Plan Residential



		Interim
		Effective
		Jun-09
		Current
Monthly Rate		
Base Charge -- 5/8"		
		\$6.40
		7.25
Usage Charge		
-	3,000	1.96
3,001	15,000	2.58
15,001	Above	4.00
4.48		
Impact on Average User		
8,000 Gallons Water		25.18
Difference		28.28
		3.10

Forecast Long-Term Water Rate Plan Residential Monthly Charges – 8,000 Gallons



Interim and Long-Term Water Rate Plan Non-Residential



	Current	Interim	Long-Term Rate Plan			
		Effective Jun-09	Effective Oct-09	Effective Oct-10	Effective Oct-11	Effective Oct-12
Monthly Rate						
Base Charge -- 5/8"	\$6.40	7.25	8.00	8.75	9.75	10.50
Usage Charge Per 1,000 Gal	2.61	2.92	3.19	3.47	3.79	4.05
Impact on Average User						
25,000 Gallons Water	71.65	80.33	87.66	95.58	104.39	111.77
Difference		8.68	7.33	7.92	8.81	7.37

Wastewater Cost Analysis and Rate Plan

Current Wastewater Rate Structure



Minimum Charge **\$5.47**

Volume Rate Per 1,000 Gallons:

Residential -- to 17,000 Gal 4.07

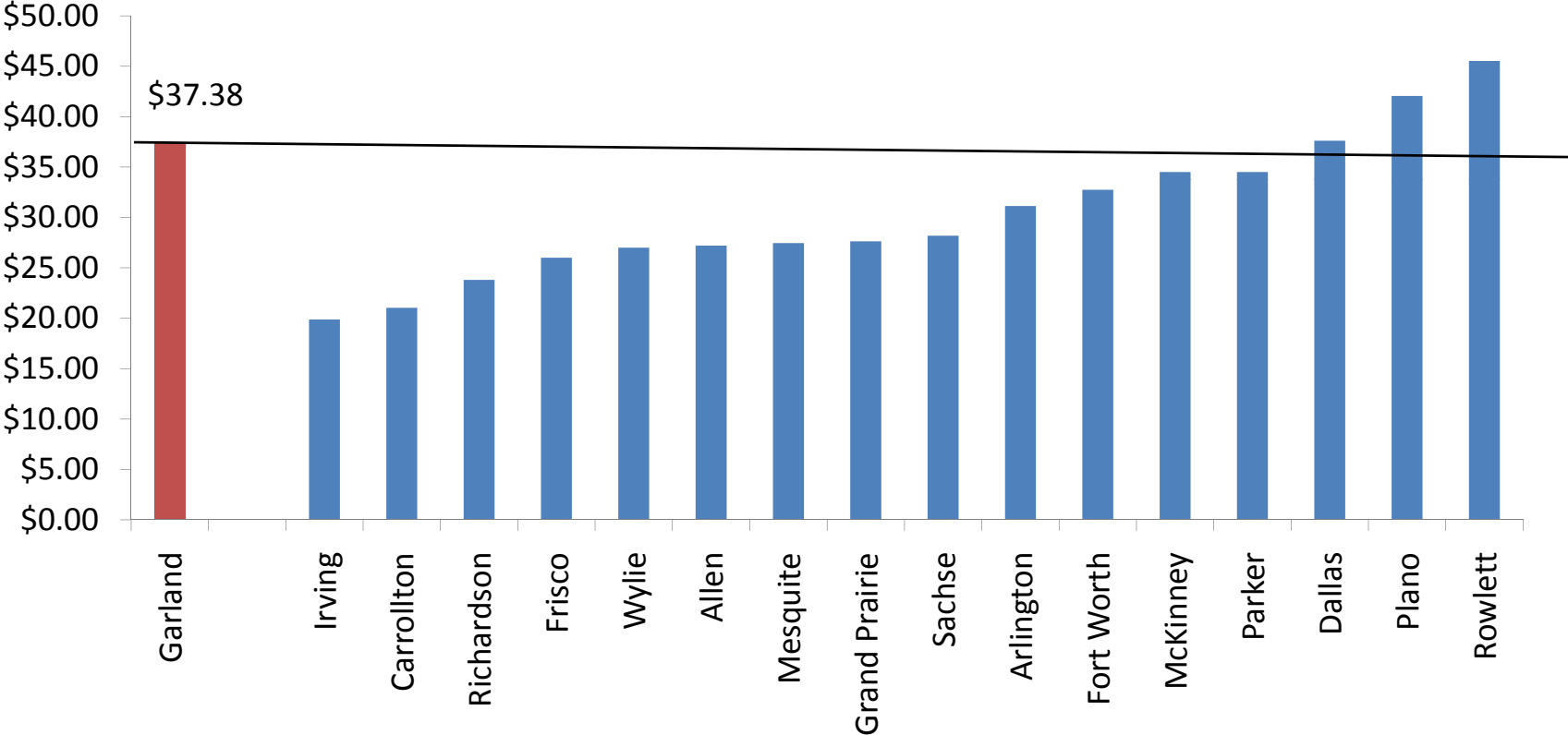
Duplex -- to 34,000 Gal

Apartment -- All Usage

Commercial -- All Usage 4.23

Wholesale Individual

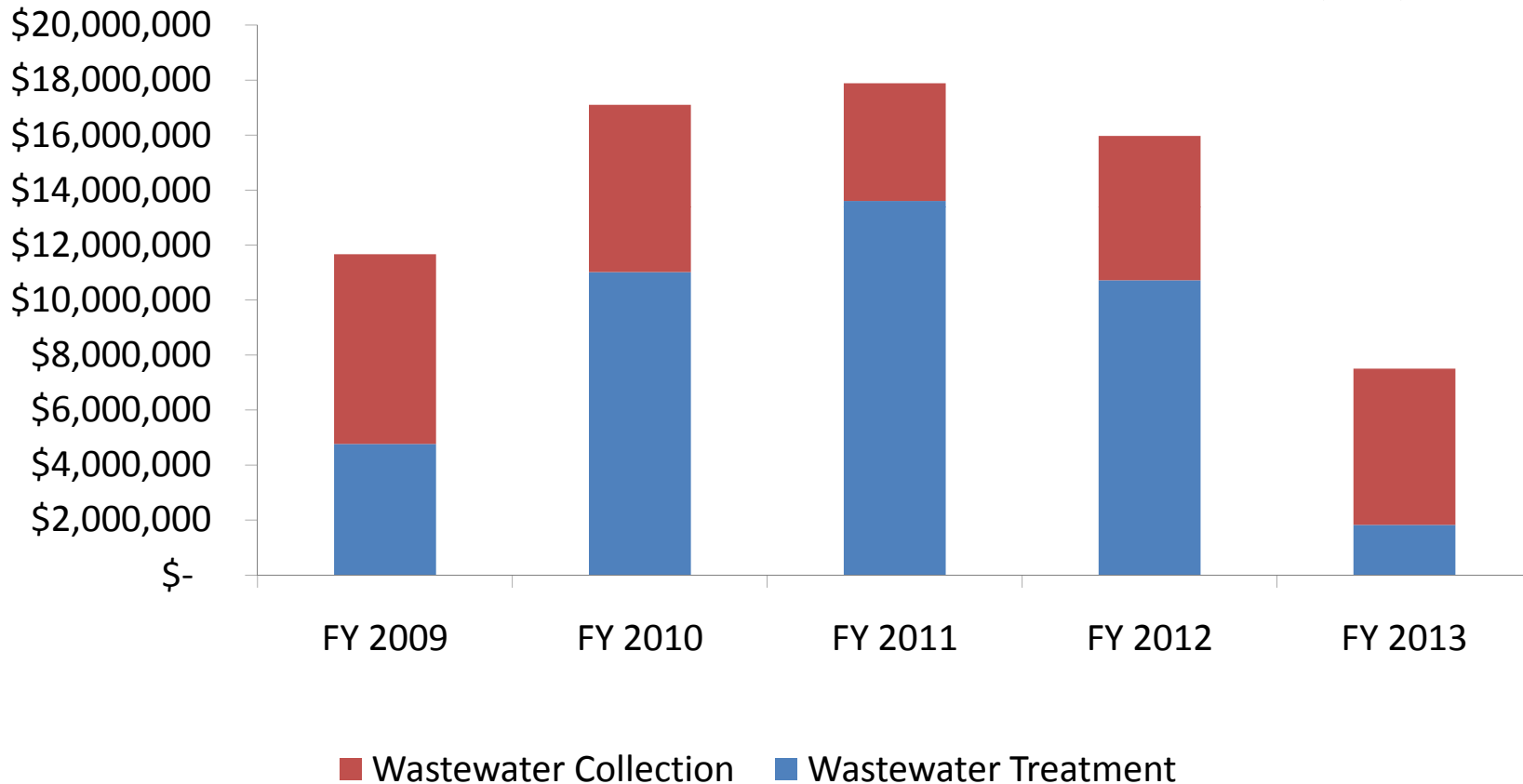
Historical Monthly Residential Charges 8,000 Gal Wastewater



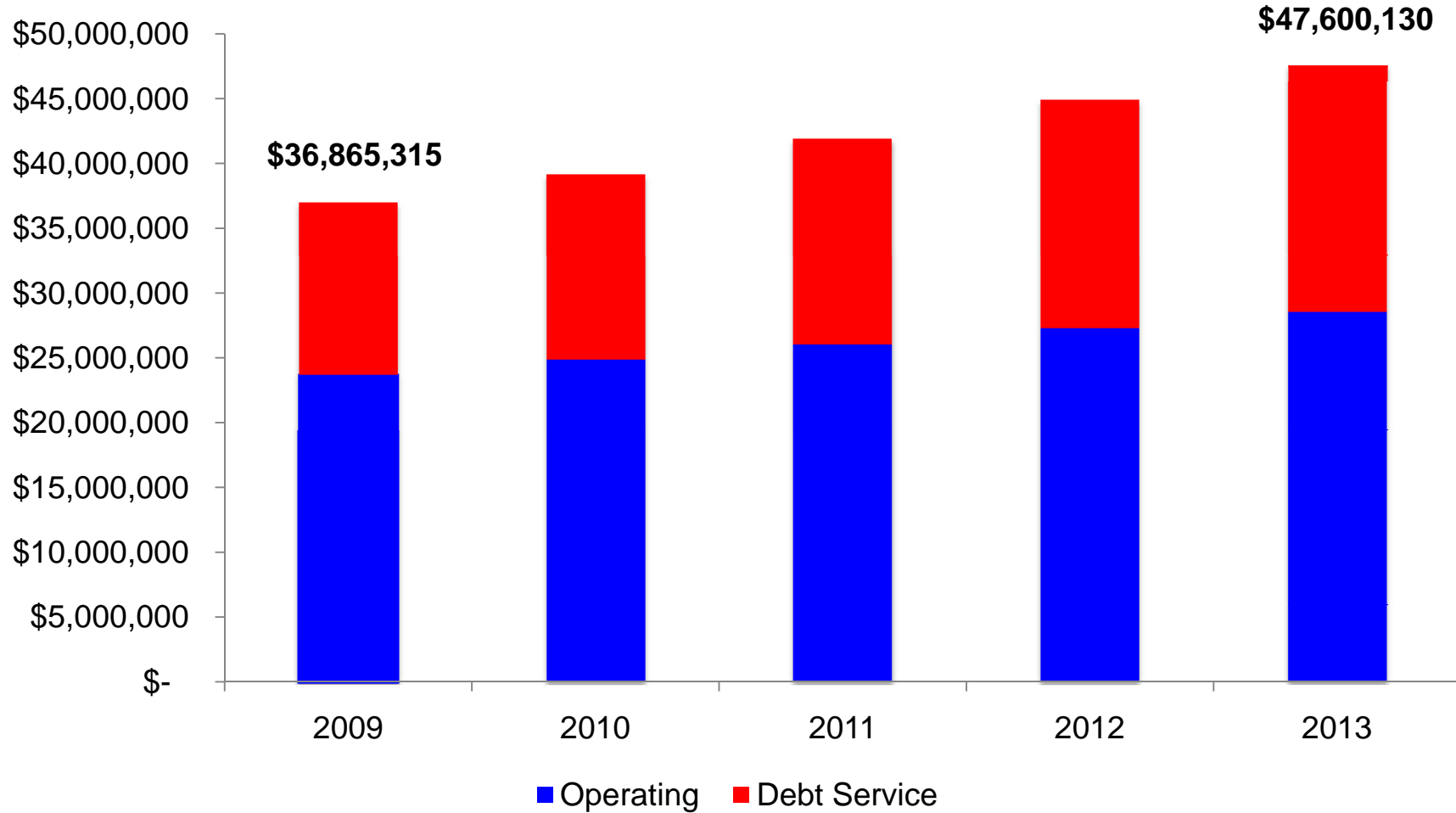
Wastewater Capital Improvement Plan 2009 -- 2013



Total = \$70,126,000



Wastewater Forecast Cost of Service



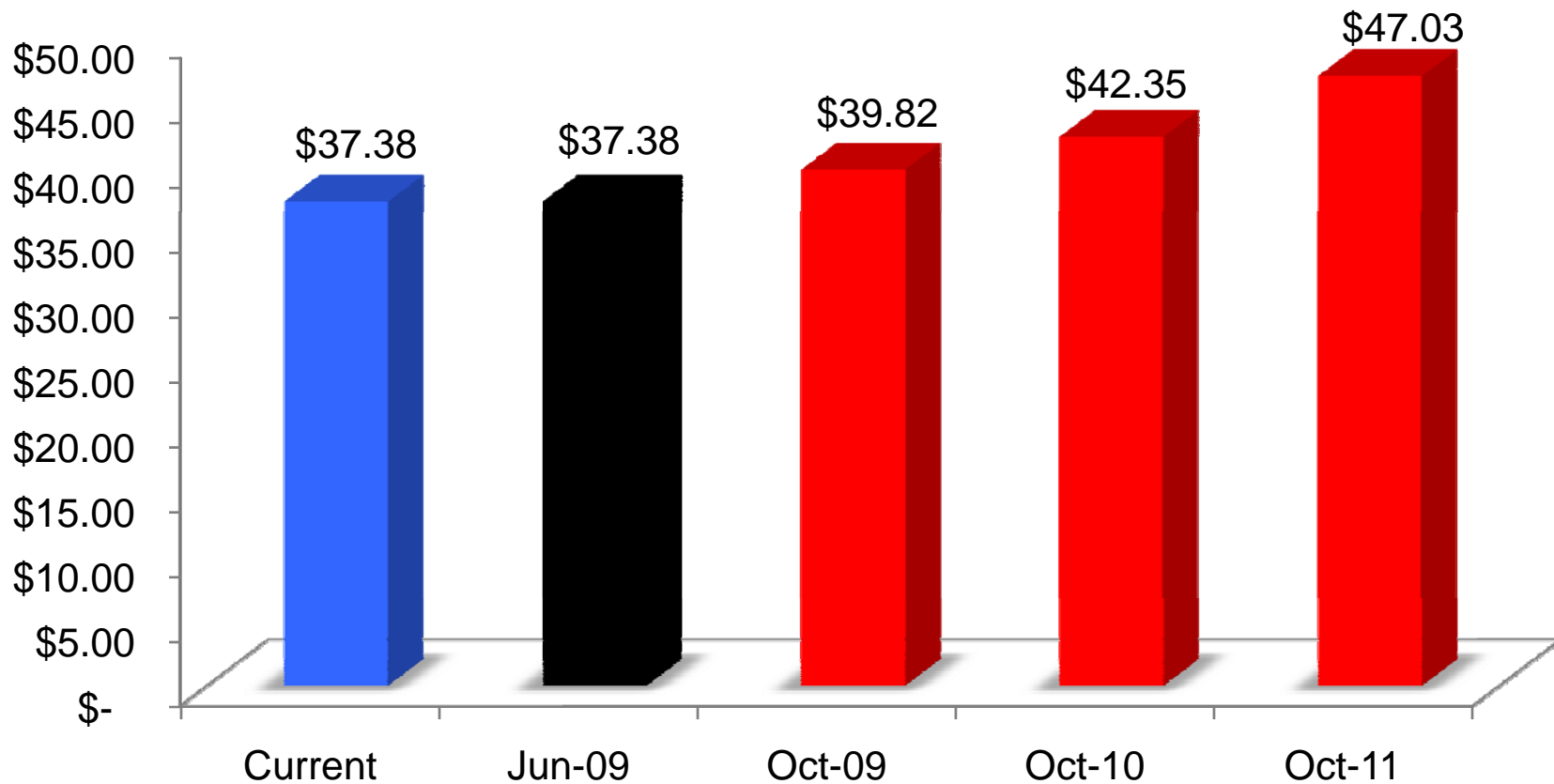
Preliminary Wastewater Rate Plan



	Interim		Long-Term Rate Plan			
	Current	Effective Jun-09	Effective Oct-09	Effective Oct-10	Effective Oct-11	Effective Oct-12
Base Charge	\$5.47	\$5.47	\$6.00	\$6.50	\$7.00	\$7.50
Volume Charge Per 1,000 Gal						
Residential	4.07	4.07	4.31	4.57	4.80	5.04
Commercial	4.23	4.23	4.48	4.75	4.99	5.24

NOTE: Wholesale rates to be revised each year under contract terms

Forecast Long-Term Wastewater Rate Plan Residential Monthly Charges – 8,000 Gallons



Summary of Long-Term Water and WW Rate Plan



	Interim		Long-Term Rate Plan			
	Current	Effective Jun-09	Effective Oct-09	Effective Oct-10	Effective Oct-11	Effective Oct-12
RESIDENTIAL User 8,000 Gallons Water and WW	\$62.56	\$65.66	\$70.75	\$76.09	\$81.63	\$86.67
Difference		3.10	5.09	5.34	5.54	5.04
COMMERCIAL User 25,000 Gallons Water and WW	\$161.72	\$170.40	\$183.33	\$197.13	\$211.20	\$224.07
Difference		8.68	12.93	13.80	14.07	12.87

Presentation Summary

- ◆ Average utility increasing rates 5-6% each year
- ◆ Factors such as inflation, NTMWD increases and CIP means that City's costs and rates will further increase in coming years
- ◆ Impact of interim water rate plan on average ratepayer: \$3 -- \$5 per month
- ◆ Annual rate adjustments will be required to ensure the continued provision of high-quality service

