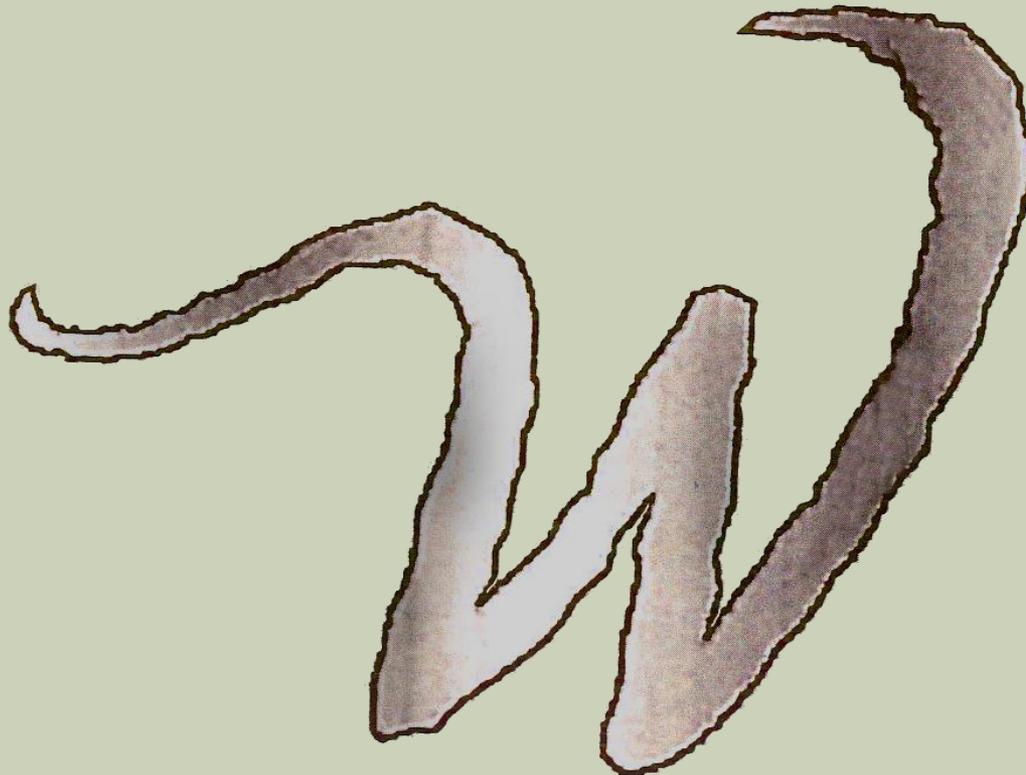


WESTLAKE UTILITY RATE WORKSHOP

January 23, 2017



WESTLAKE UTILITY RATE WORKSHOP

Water and Sewer Fund Status

Current Water and Sewer Revenues are underperforming (revenues < expenditures) by approximately 19% and 17% respectively.

WESTLAKE UTILITY RATE WORKSHOP

Water and Sewer Rate Considerations

- **Current Water and Sewer Revenues are underperforming (revenues < expenditures) by approximately 19% and 17% respectively.**
- **Phase 2 Fort Worth Waterline project \$4M over a four year period (\$1M/year)**
- **Southlake sewer payment increase of \$410,000 for N-1 flows**
- **The Town's wholesale wastewater provider, Trinity River Authority, treatment cost**

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PROPOSED RATE IMPACT

- The average residential water charges will be increased by approximately **8.5%**.
- The average residential sewer charges will be increased by approximately **13.8%**.
- The average commercial water charges will be increased by approximately **8.5%**.
- The average commercial sewer charges will be increased by approximately **13.9%**

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Westlake Community Values

CAPITAL INVESTMENT – Ensure the infrastructure and capital investments of the Town are maintained to sustain the community's quality of life.

FISCAL STEWARDSHIP AND ORGANIZATIONAL EFFECTIVENESS — Maintain a balanced approach to revenue forecasting and expenditure allocation to ensure the necessary resources for long-term sustainability.

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Council's Financial Policy

Utility rates and rate structures for water and sewer services will be constructed to target full cost of service recovery. Annually the Town will review and adopt water and sewer utility rates and a rate structure that generates revenue sufficient to fully cover operating expenses, meet the legal restrictions of all applicable bond covenants, provide for an adequate level of working capital, and recover applicable general/administrative costs.

WESTLAKE UTILITY RATE WORKSHOP

POLICY GOALS FOR RATE STUDY

- The rate study should address both current and future system needs.
- The Council should have a clear understanding of the rate study.

WESTLAKE UTILITY RATE WORKSHOP

What is Ratemaking?

- Ratemaking is the process of allocating revenue requirements to customers via the price of water
- Water systems, regulators, courts, and policy analysts follow several accepted ratemaking principles (AWWA)

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AWWA Policy

- 1. Every water utility should receive sufficient revenues from water service and user charges to enable it to finance all operating and maintenance expenses and all capital costs.***
- 2. Water utilities should maintain their funds in separate accounts. Such funds should not be diverted to uses unrelated to water utilities...**
- 3. Every water utility should adopt a uniform system of accounts ...**
- 4. Water rate schedules should distribute the cost of water service equitably...**

WESTLAKE UTILITY RATE WORKSHOP

Key Issues When Evaluating Rates:

- **Revenue Requirement Projections**
 - How much money is needed?
- **Cost of Service Analysis**
 - From whom should the money be collected?
- **Design of recommended rates**
 - How should services be priced?

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Utility's Perspective of Rates

- Does the rate meet revenue requirements?
- Is the rate sound for planning and management purposes?
- Is the process in accordance with accepted industry standards?

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Customer's Perspective of Rates

- Are the existing or proposed rates fair and equitable?
- Are the existing or proposed rates affordable?
- Are the existing or proposed rates easy to understand?
- Are they competitive with neighboring communities?

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Base Service Charges

Existing

Meter Size	Residential		Commercial	
	Water	Sewer	Water	Sewer
3/4"	\$48.00	\$35.00	\$52.00	\$42.00
1"	\$80.16	\$65.00	\$86.84	\$78.00
1 1/2"	\$159.84	\$120.00	\$173.16	\$144.00
2"	\$255.84	\$190.00	\$277.16	\$228.00
3"	\$560.16	\$410.00	\$606.84	\$492.00
4"	\$1,008.00	\$700.00	\$1,092.00	\$840.00
6"	\$1,653.00	\$1,450.00	\$3,853.00	\$1,610.00
8"	\$2,403.00	\$2,100.00	\$4,843.00	\$2,320.00

Proposed

Meter Size	Residential		Commercial	
	Water	Sewer	Water	Sewer
3/4"	\$50.40	\$39.00	\$54.60	\$46.00
1"	\$84.17	\$72.00	\$91.18	\$86.00
1 1/2"	\$167.83	\$132.00	\$181.82	\$158.00
2"	\$268.63	\$209.00	\$291.02	\$251.00
3"	\$588.17	\$451.00	\$637.18	\$541.00
4"	\$1,058.40	\$770.00	\$1,146.6	\$924.00
6"	\$1,735.65	\$1,595.00	\$4,045.65	\$1,771.00
8"	\$2,523.15	\$2,310.00	\$5,085.15	\$2,552.00

WESTLAKE UTILITY RATE WORKSHOP

Volume Charge Rate per 1,000 gallons

Existing

Volume (gallons)	Residential		Commercial	
	Water	Sewer	Water	Sewer
0 - 2,000	\$3.74	\$0.00	\$4.11	\$6.85
2,001 - 20,000	\$3.74	\$5.85	\$4.11	\$6.85
20,001 - 40,000	\$4.90	\$5.85	\$5.39	\$6.85
40,001 - 400,000	\$6.05	\$5.85	\$6.70	\$6.85
over 400,000	\$7.82	\$5.85	\$8.60	\$6.85

Proposed

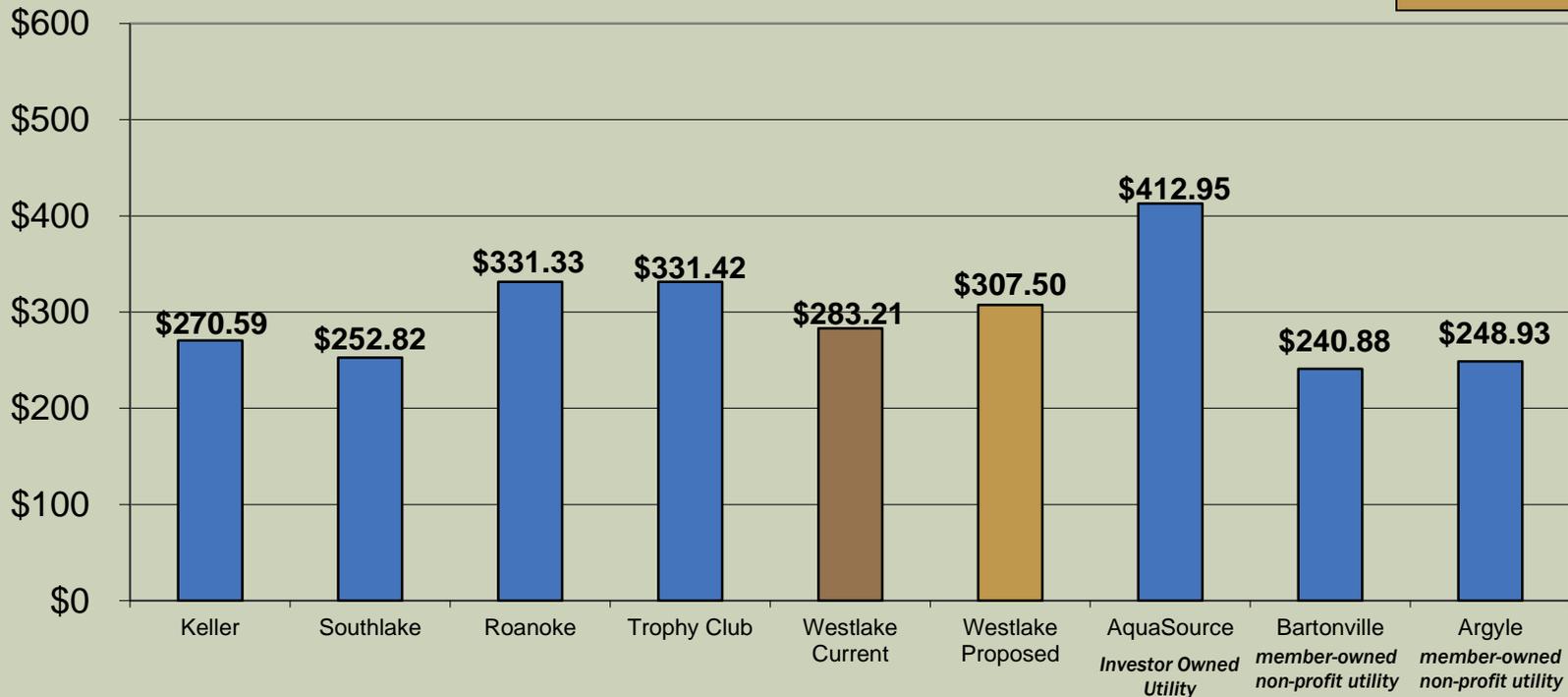
Volume (gallons)	Residential		Commercial	
	Water	Sewer	Water	Sewer
0 - 2,000	\$4.11	\$0.00	\$4.53	\$7.85
2,001 - 20,000	\$4.11	\$6.85	\$4.53	\$7.85
20,001 - 40,000	\$5.39	\$6.85	\$5.93	\$7.85
40,001 - 400,000	\$6.65	\$6.85	\$7.32	\$7.85
over 400,000	\$8.60	\$6.85	\$9.46	\$7.85

WESTLAKE UTILITY RATE WORKSHOP

Water Charges
(45,000 gallons/month - 1" meter)

2017 Utility Rate Study

+ \$24.29



WESTLAKE UTILITY RATE WORKSHOP

2017 Utility Rate Study

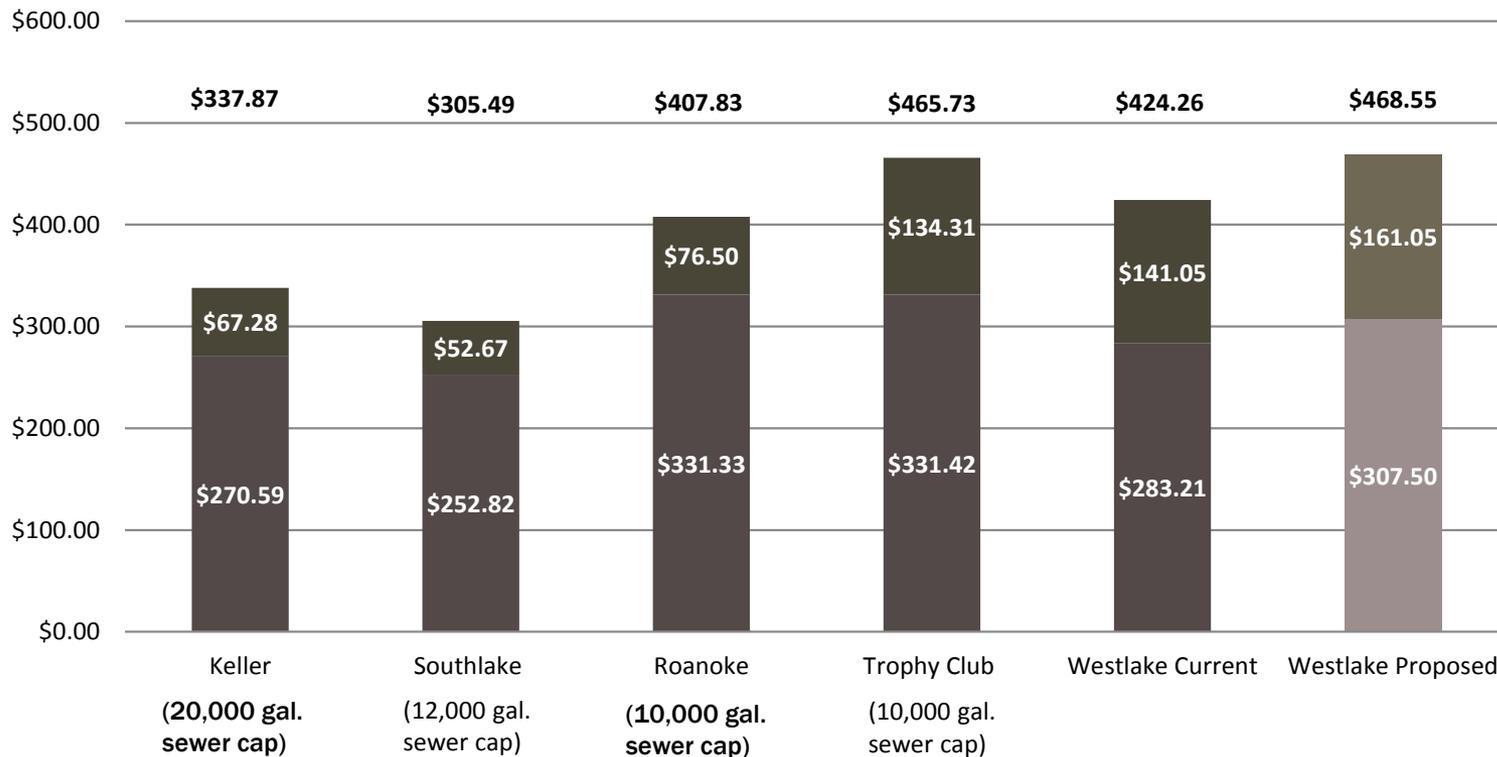
Average Westlake Residential Sewer (15,000 gallons/month - 1" meter)

+ \$20.00

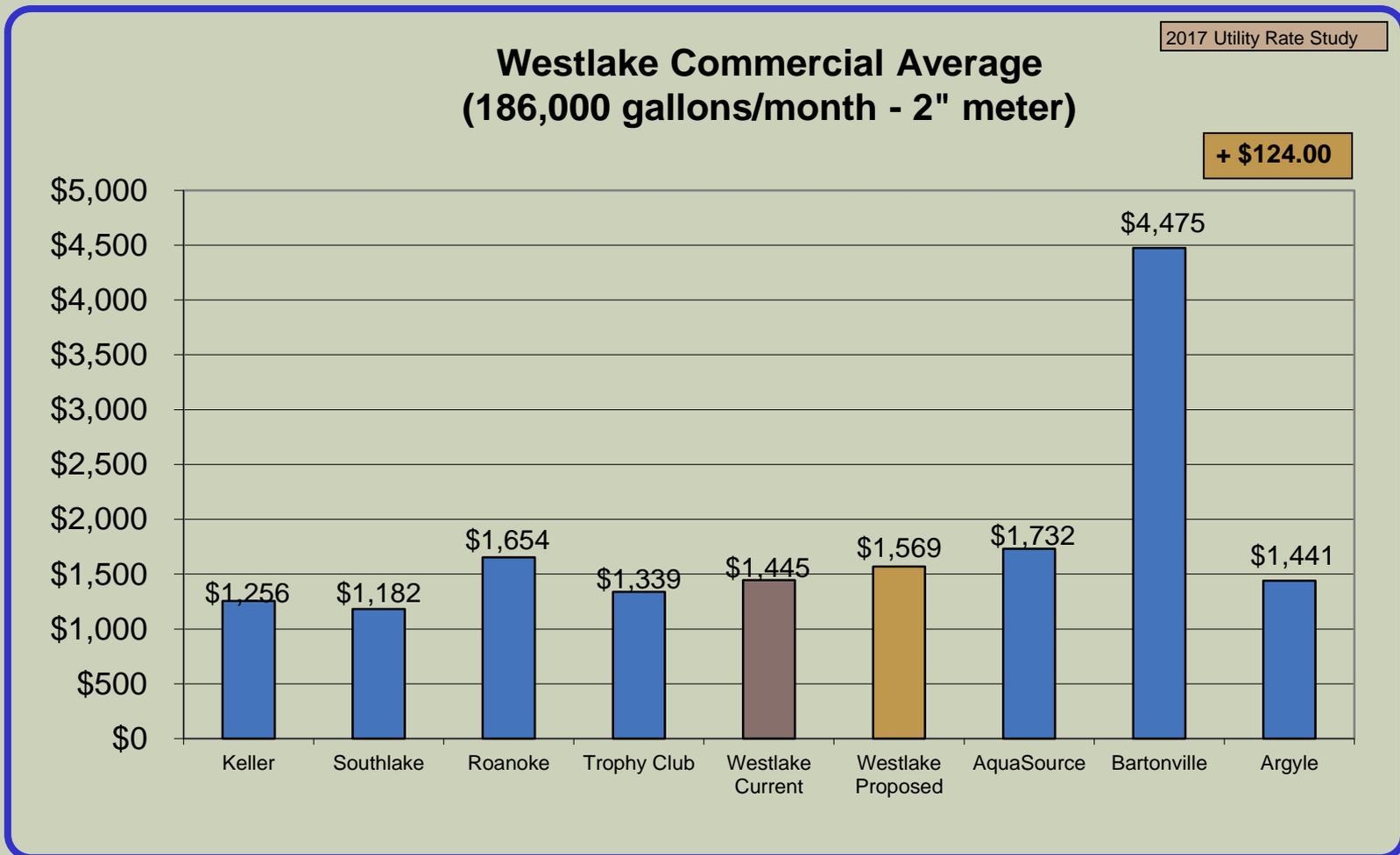


WESTLAKE UTILITY RATE WORKSHOP

**Average Westlake House
(45,000 gals water & 15,000 gals sewer)**



WESTLAKE UTILITY RATE WORKSHOP

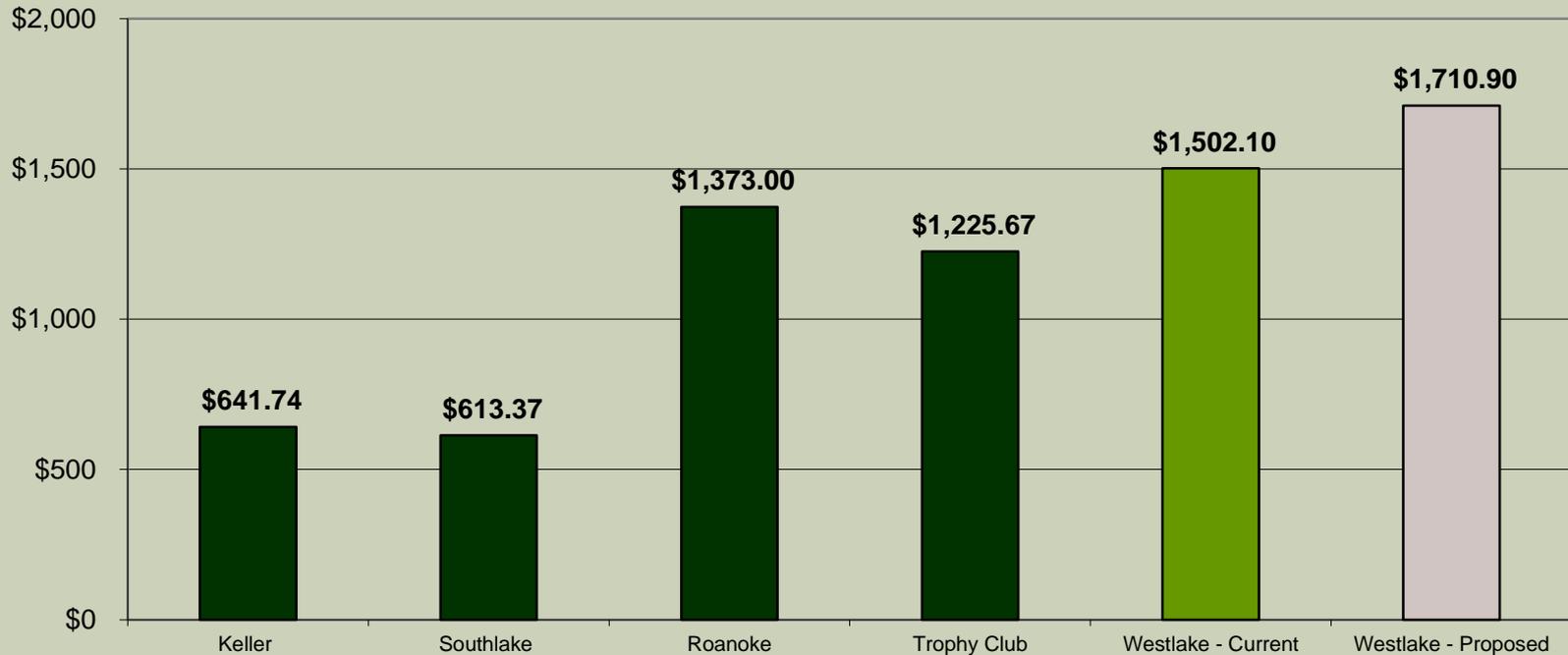


WESTLAKE UTILITY RATE WORKSHOP

2017 Utility Rate Study

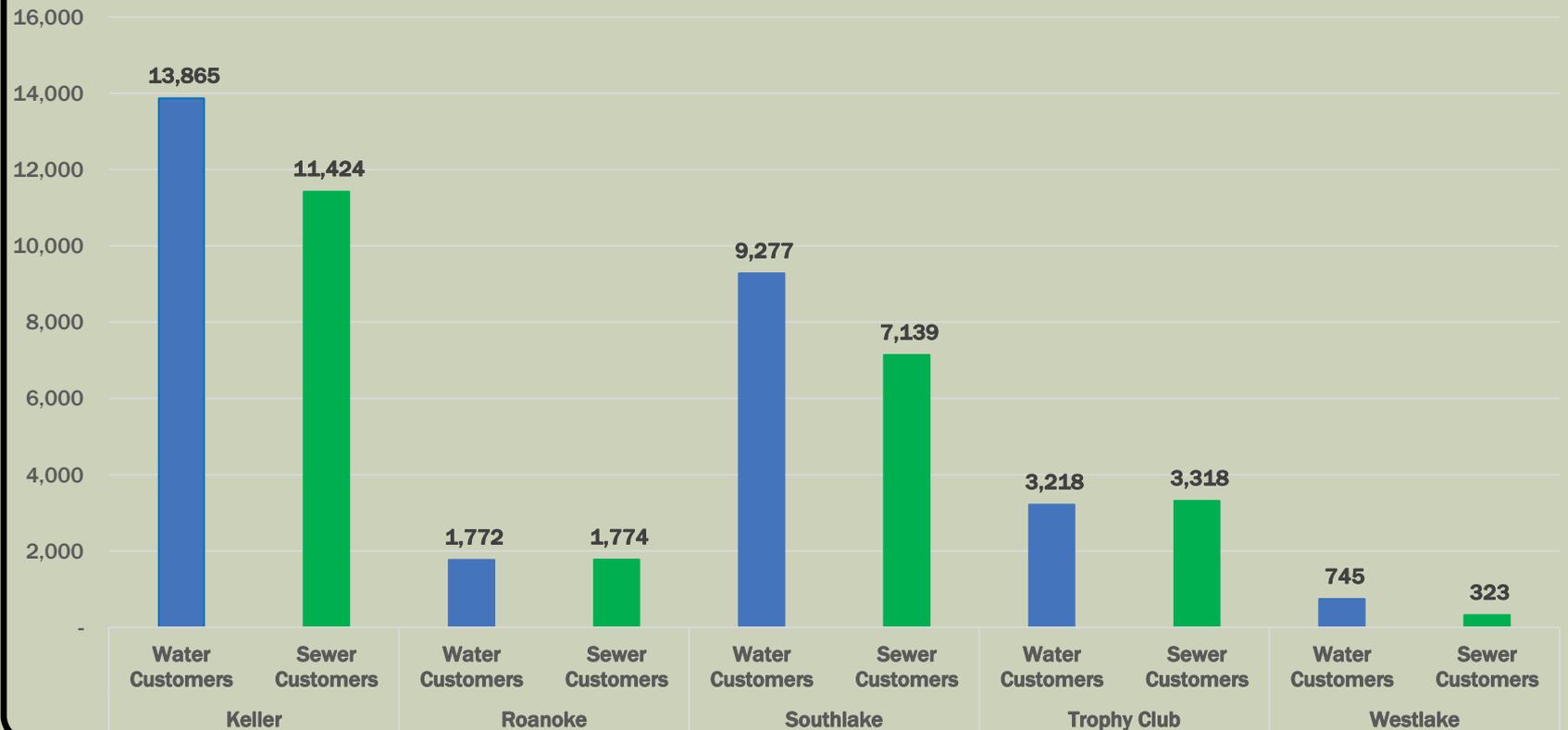
Average Westlake Commercial Sewer (186,000 gallons/month - 2" meter)

+ \$208.80



WESTLAKE UTILITY RATE WORKSHOP

COMPARISON OF UTILITY CUSTOMERS

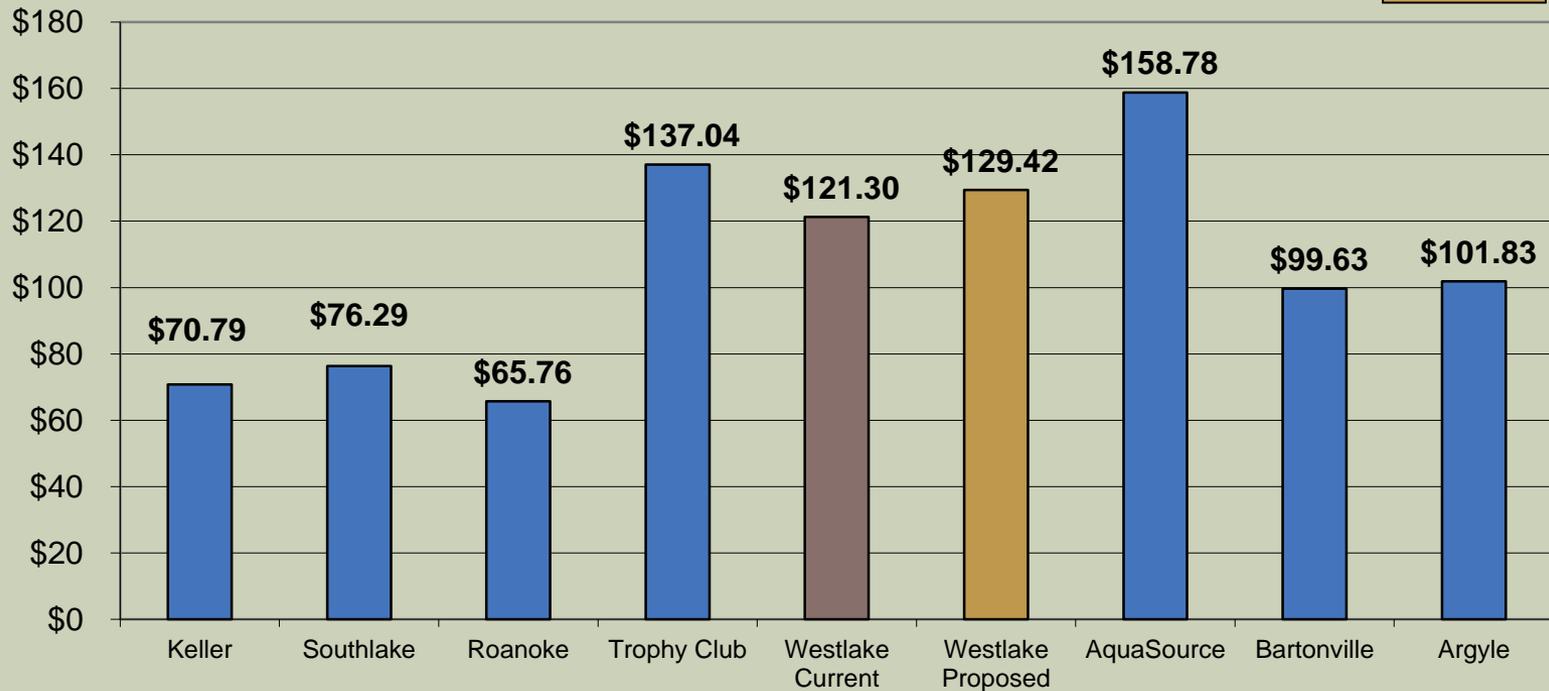


WESTLAKE UTILITY RATE WORKSHOP

2017 Utility Rate Study

Average JT Ottinger / Mahotea Boone House
(11,000 gallons/month - 1" meter)

+ \$8.12

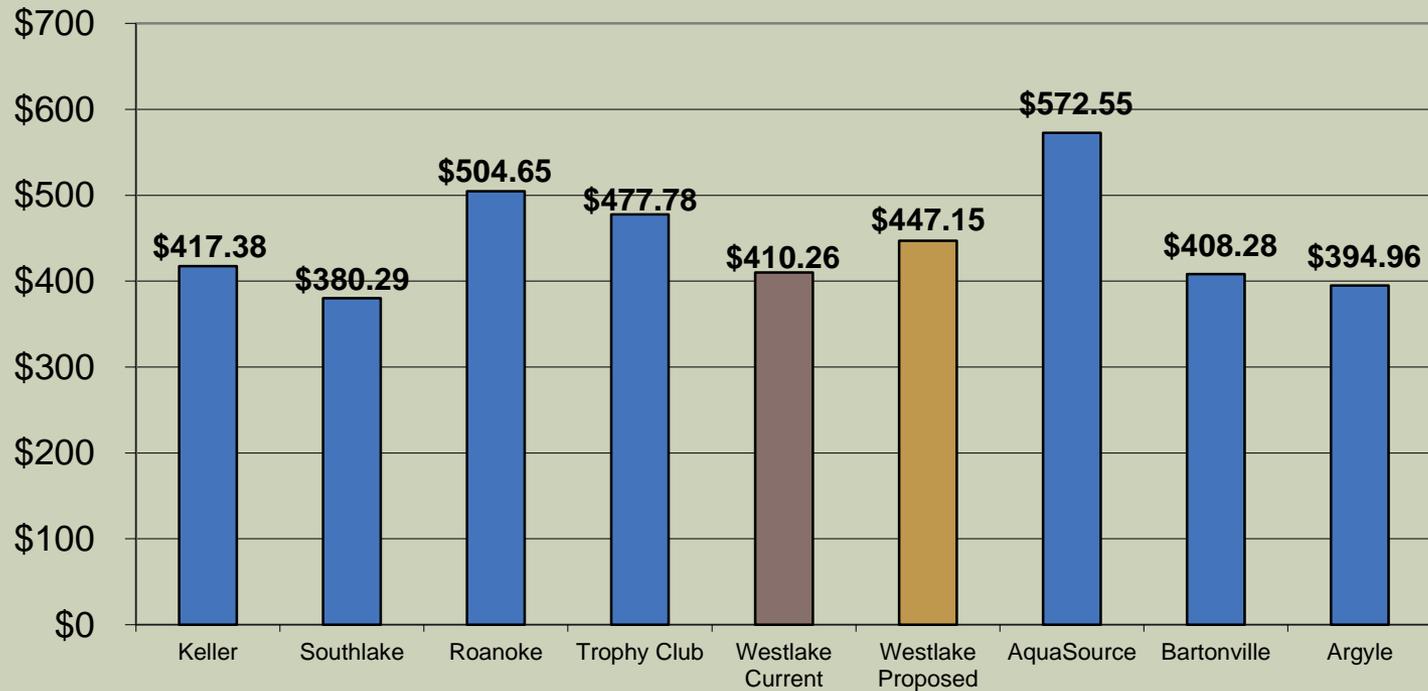


WESTLAKE UTILITY RATE WORKSHOP

2017 Utility Rate Study

Average Wyck Hill / Aspen Lane House
(66,000 gallons/month - 1" meter)

+ \$36.89



WESTLAKE UTILITY RATE WORKSHOP

**Average Glenwyck Farms House
(71,000 gals water & 15,000 gals sewer)**



WESTLAKE UTILITY RATE WORKSHOP

**Average Vaquero House
(115,000 gals water & 15,000 gals sewer)**

