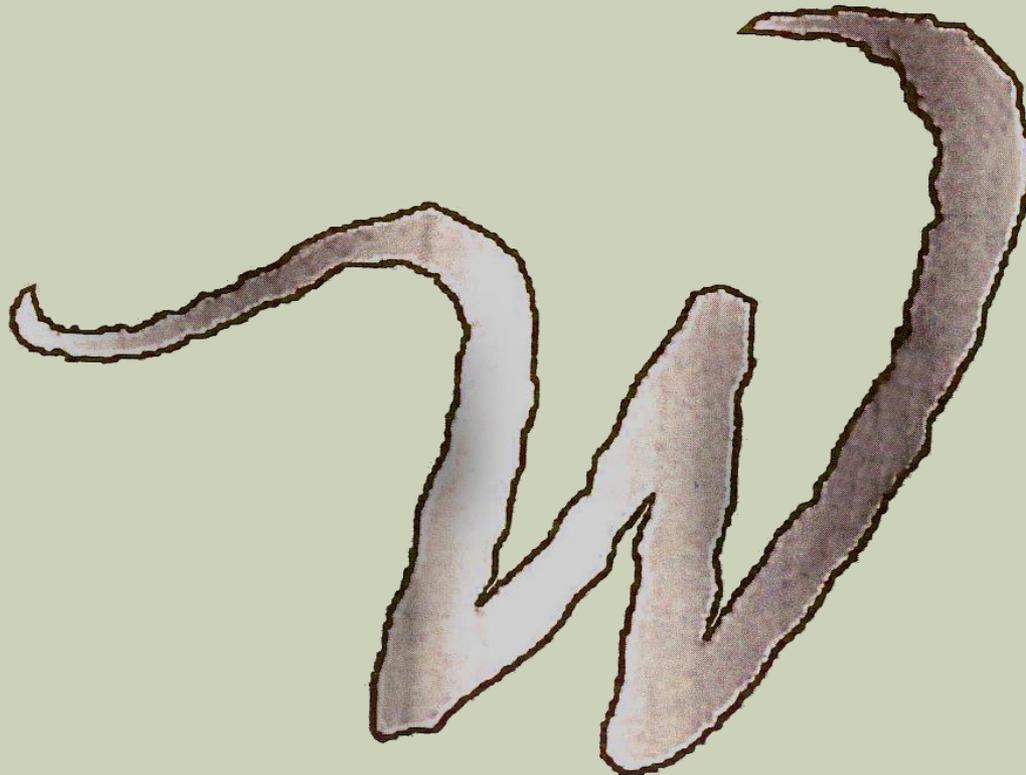


# WESTLAKE UTILITY RATE WORKSHOP

**November 16, 2015**



# WESTLAKE UTILITY RATE WORKSHOP

## Water and Sewer Fund Status

**Current Water and Sewer Revenues are underperforming (revenues < expenditures) by approximately 30% and 20% respectively.**

# WESTLAKE UTILITY RATE WORKSHOP

## Water and Sewer Rate Considerations

- The Town's wholesale water provider, Fort Worth, increased treatment costs approximately 7%, (\$2.1001 to \$2.2542).
- The Town's wholesale wastewater provider, Trinity River Authority, increased treatment costs approximately 9.26% (\$6.805 to \$7.435).
- Utility Fund Balance will be used for some one time capital expenditures. This will eliminate any spike in rates.

# WESTLAKE UTILITY RATE WORKSHOP

## PROPOSED RATE IMPACT

- The average residential water charge will be increased by approximately **18%**.
- The average residential sewer charge will remain unchanged.
- The average commercial water charge will be increased by approximately **21%**.
- The average commercial sewer charge will remain unchanged.

# WESTLAKE UTILITY RATE WORKSHOP

## 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.

# WESTLAKE UTILITY RATE WORKSHOP

## 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.*

*FY 15/16 Adopted budget*

# 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.
- There should be a plan for informing the public of any rate study and subsequent adjustments.

# 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)

# WESTLAKE UTILITY RATE WORKSHOP

## 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?

# WESTLAKE UTILITY RATE WORKSHOP

## 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?

# WESTLAKE UTILITY RATE WORKSHOP

## 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?

# WESTLAKE UTILITY RATE WORKSHOP

## Base Service Charges

### Existing

| Meter Size | Residential |            | Commercial |            |
|------------|-------------|------------|------------|------------|
|            | Water       | Sewer      | Water      | Sewer      |
| 3/4"       | \$45.00     | \$35.00    | \$49.00    | \$42.00    |
| 1"         | \$73.00     | \$65.00    | \$80.00    | \$78.00    |
| 1 1/2"     | \$143.00    | \$120.00   | \$157.00   | \$144.00   |
| 2"         | \$227.00    | \$190.00   | \$249.00   | \$228.00   |
| 3"         | \$493.00    | \$410.00   | \$542.00   | \$492.00   |
| 4"         | \$885.00    | \$700.00   | \$973.00   | \$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"       | \$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 |

# WESTLAKE UTILITY RATE WORKSHOP

## Volume Charge Rate per 1,000 gallons

### Existing

| Volume<br>(gallons)  | Residential |        | Commercial |        |
|----------------------|-------------|--------|------------|--------|
|                      | Water       | Sewer  | Water      | Sewer  |
| 0 - 2,000            | \$3.40      | \$0.00 | \$3.74     | \$6.85 |
| 2,001 -<br>20,000    | \$3.40      | \$5.85 | \$3.74     | \$6.85 |
| 20,001 -<br>100,000  | \$4.45      | \$5.85 | \$4.90     | \$6.85 |
| 100,001 -<br>400,000 | \$5.50      | \$5.85 | \$6.05     | \$6.85 |
| over<br>400,000      | \$6.80      | \$5.85 | \$7.48     | \$6.85 |

### Proposed

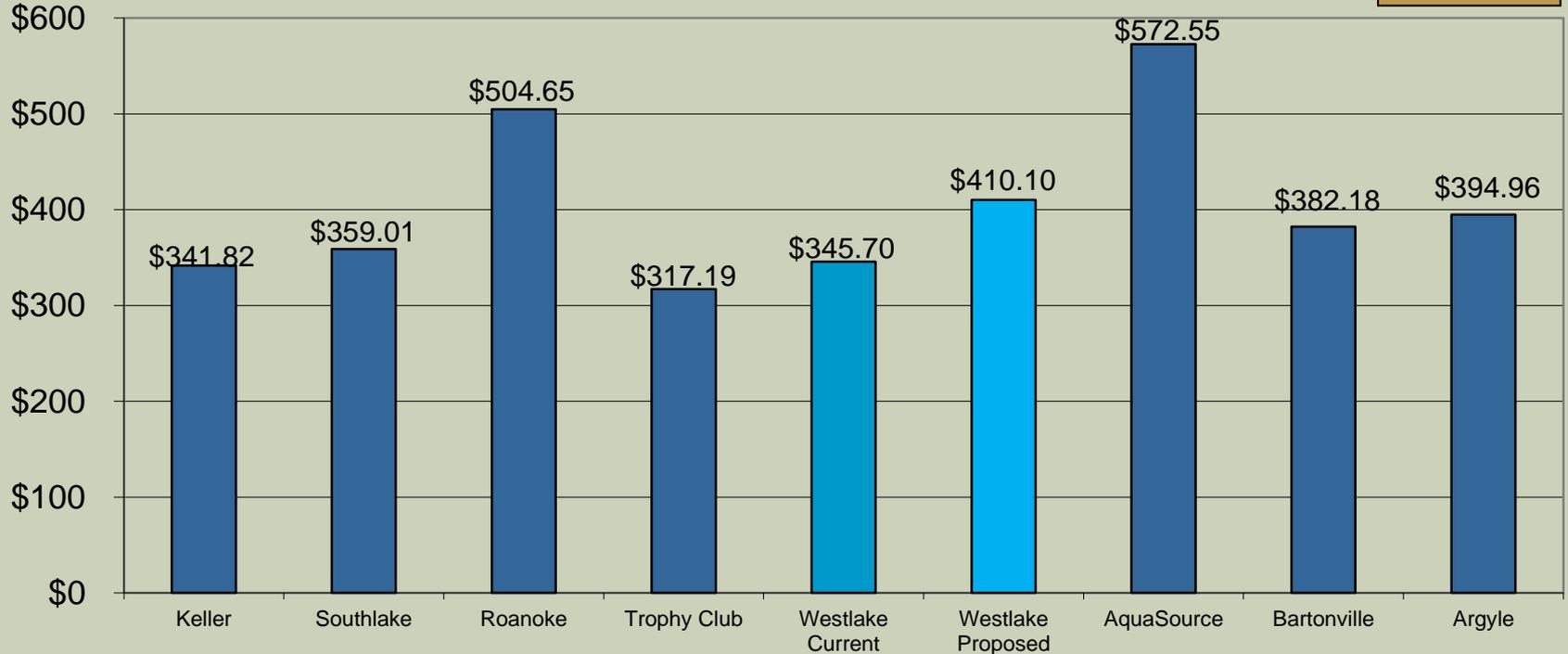
| Volume<br>(gallons) | Residential |        | Commercial |        |
|---------------------|-------------|--------|------------|--------|
|                     | Water       | Sewer  | Water      | Sewer  |
| 0 - 2,000           | \$3.74      | \$0.00 | \$4.11     | \$6.85 |
| 2,001 -<br>20,000   | \$3.74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

# WESTLAKE UTILITY RATE WORKSHOP

2015 Water rate study

## Average Westlake House (66,000 gallons/month - 1" meter)

+ \$64.40



# WESTLAKE UTILITY RATE WORKSHOP

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

2015 Water rate study

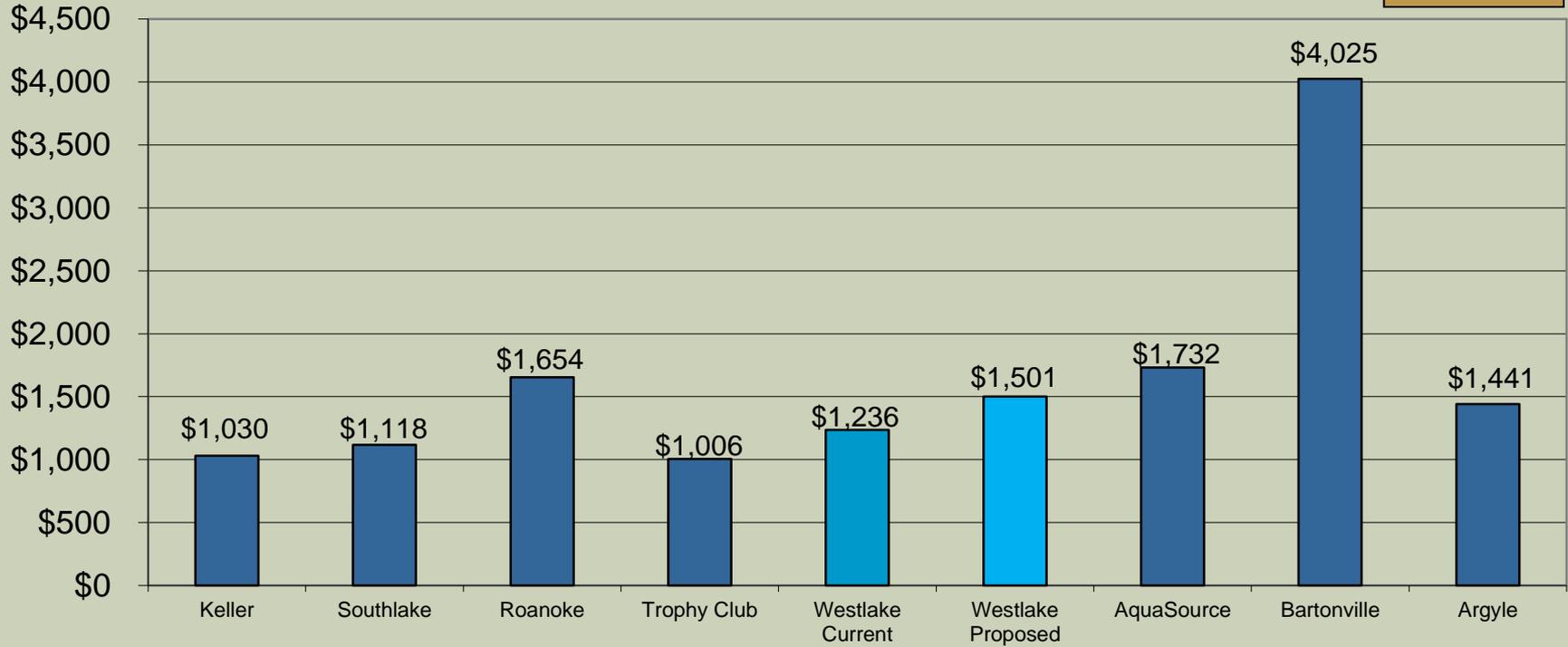


# WESTLAKE UTILITY RATE WORKSHOP

2015 Water rate study

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

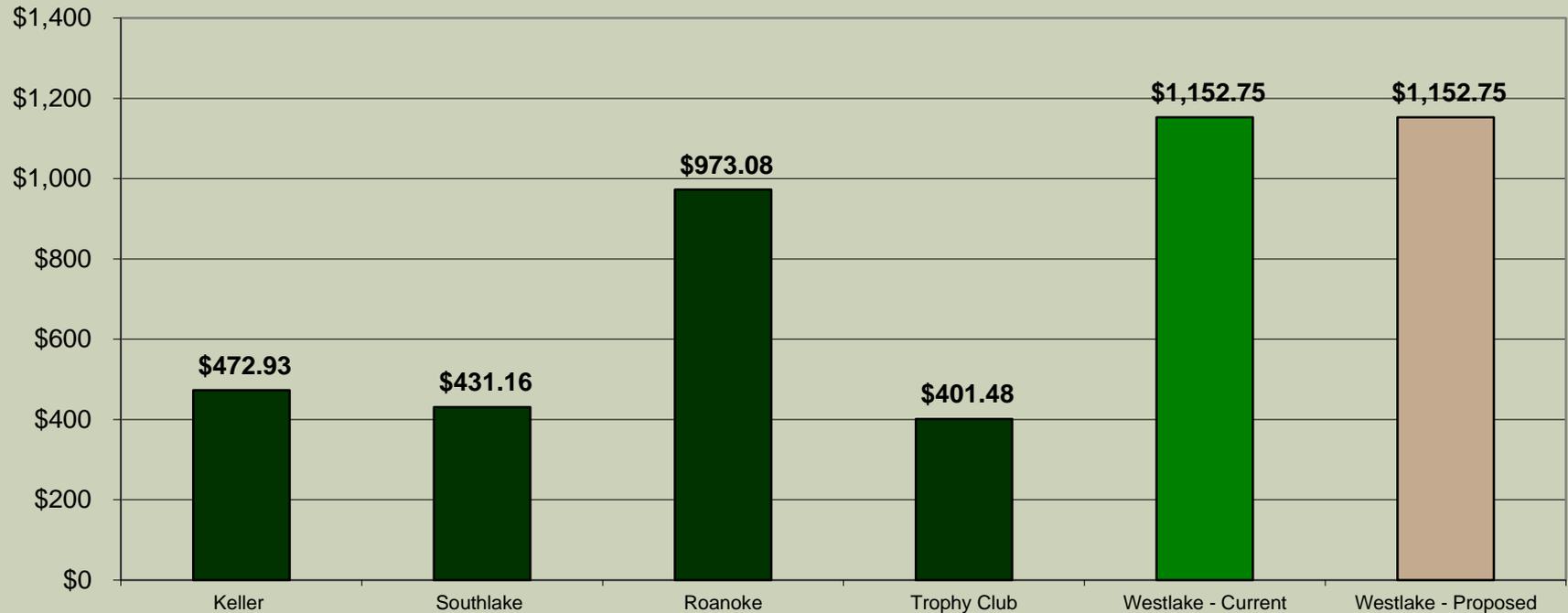
+ \$265.00



# WESTLAKE UTILITY RATE WORKSHOP

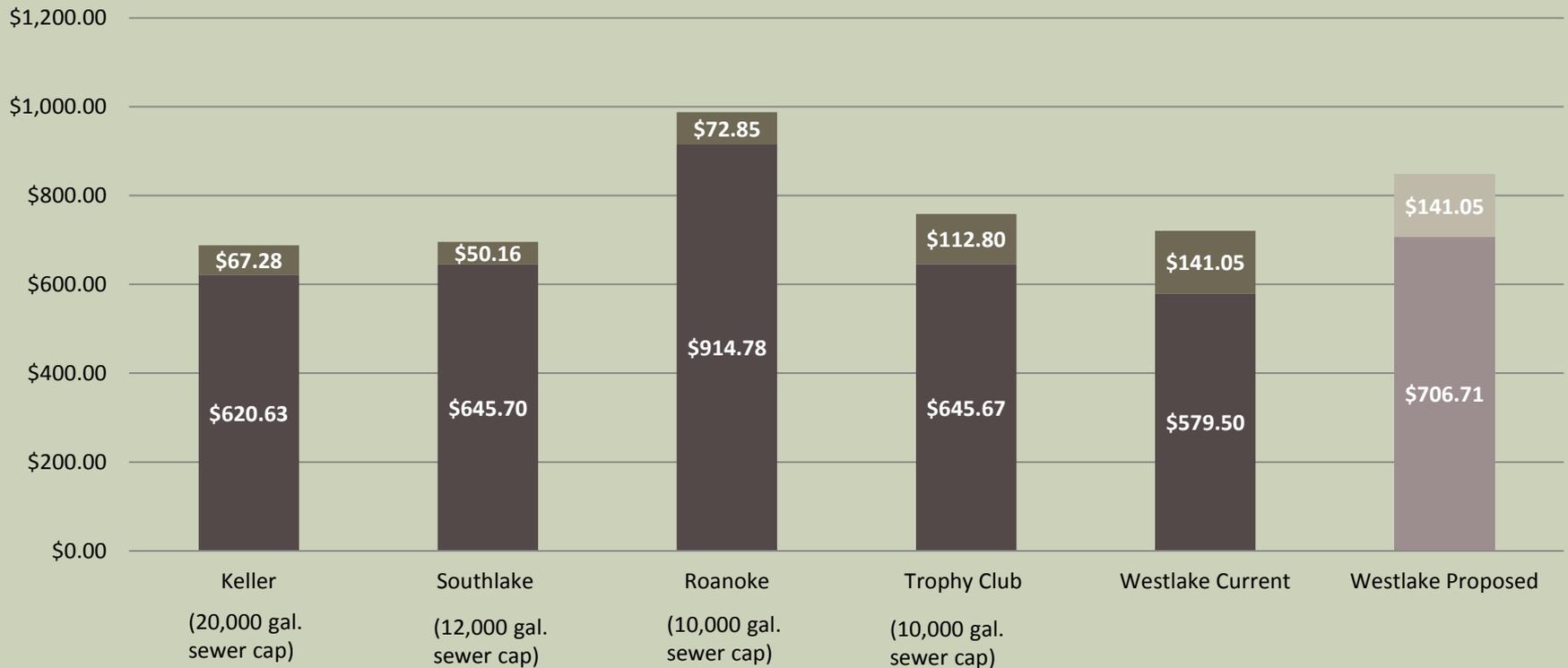
**Average Westlake Commercial Sewer  
(135,000 gallons/month - 2" meter)**

2015 Water rate study



# WESTLAKE UTILITY RATE WORKSHOP

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



# WESTLAKE UTILITY RATE WORKSHOP

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

