



Georgetown City Council Workshop

June 26, 2018

# Georgetown Water, Wastewater and Reuse Rate Study Update



ECONOMICS

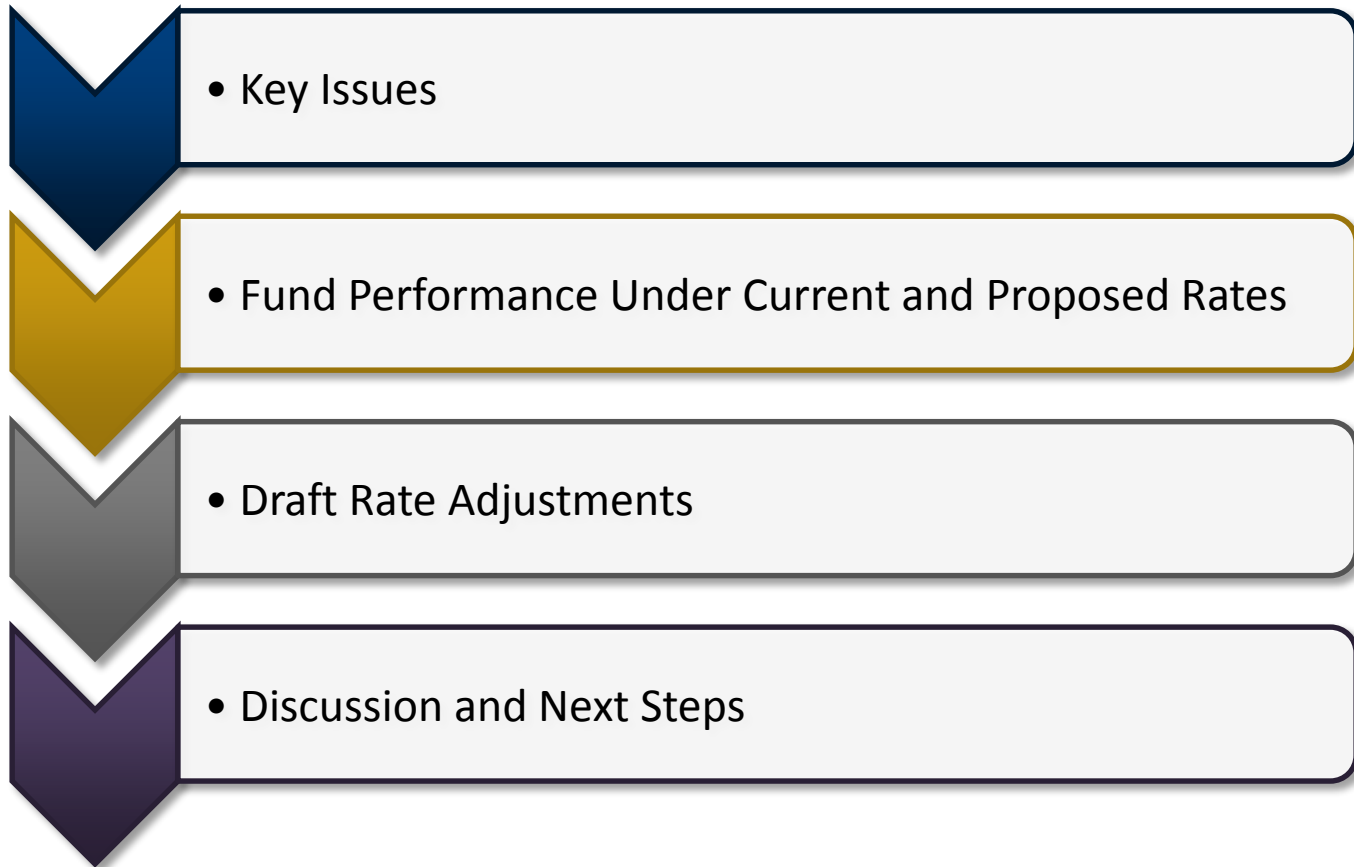
STRATEGY

STAKEHOLDERS

SUSTAINABILITY

[www.newgenstrategies.net](http://www.newgenstrategies.net)

# Agenda





## Current Fund Performance

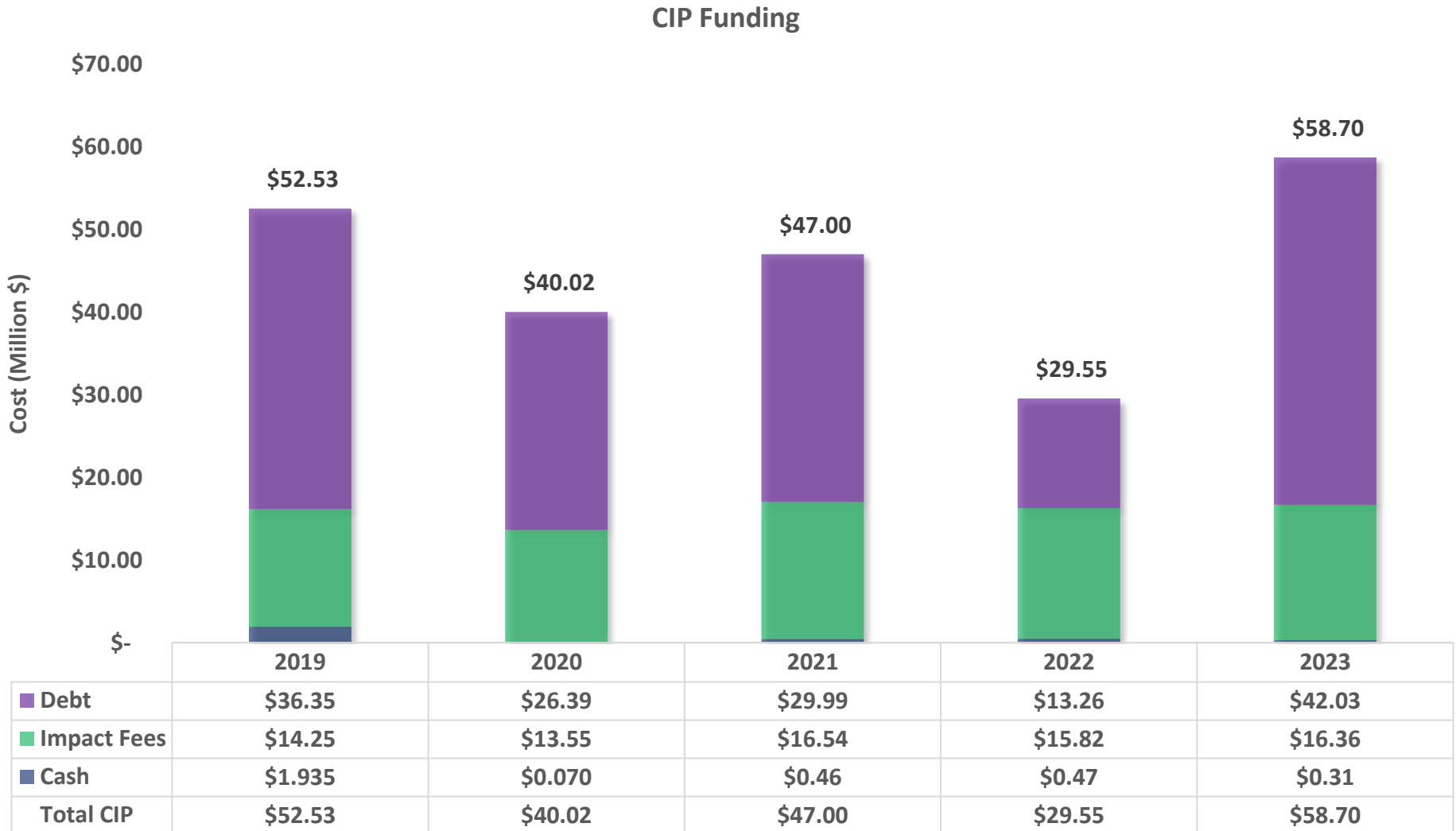
NewGen  
Strategies & Solutions

# Key Issues

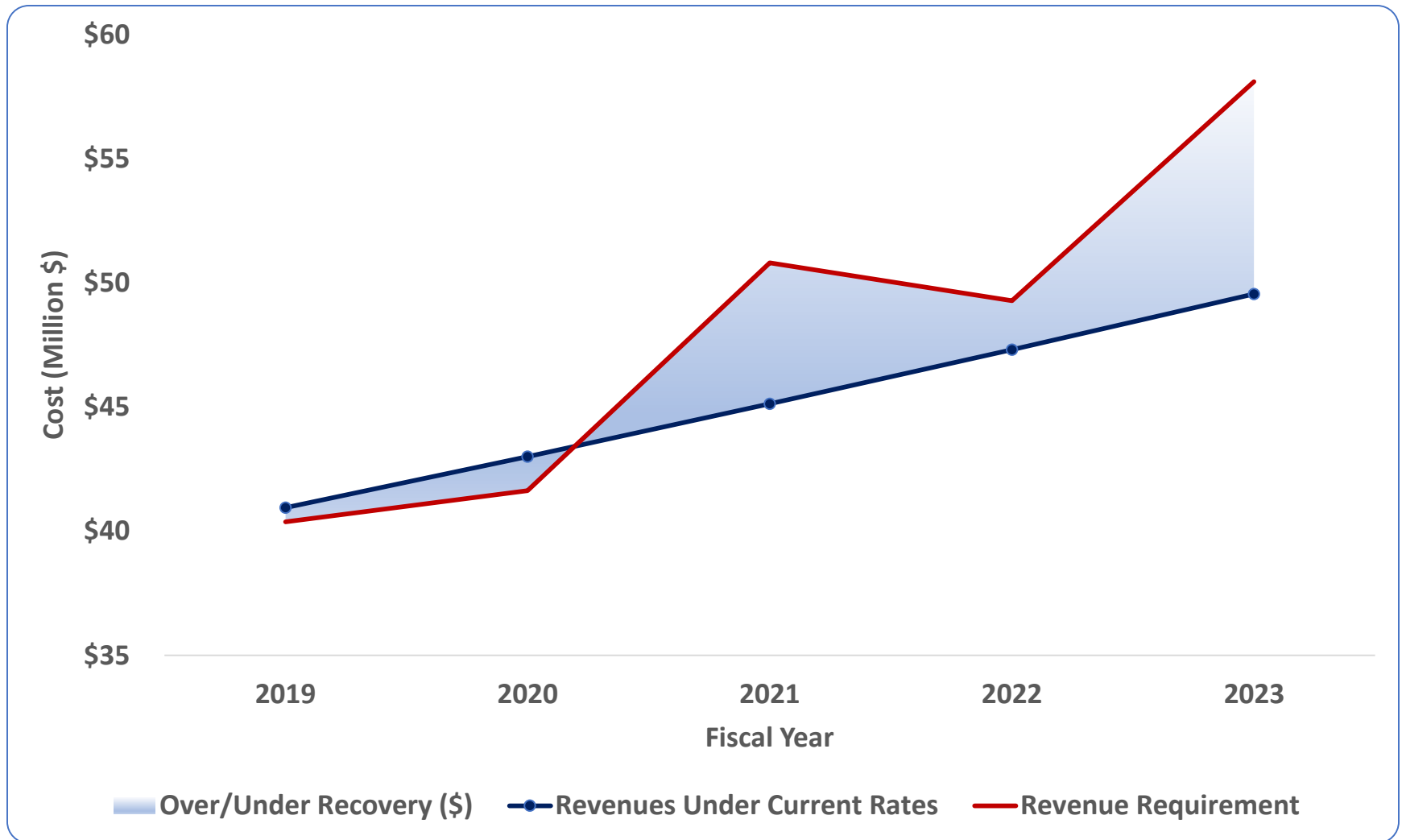
- Descending Financial Performance
  - Rates will not keep up with costs without adjustments
- Wholesale Supplier Cost Increases
- Rapid Growth, Capital Projects and New Debt Service
  - \$195M in Capital Project needs between FY 2019 and FY 2023

# CIP Funding Forecast

## Water & Wastewater Combined

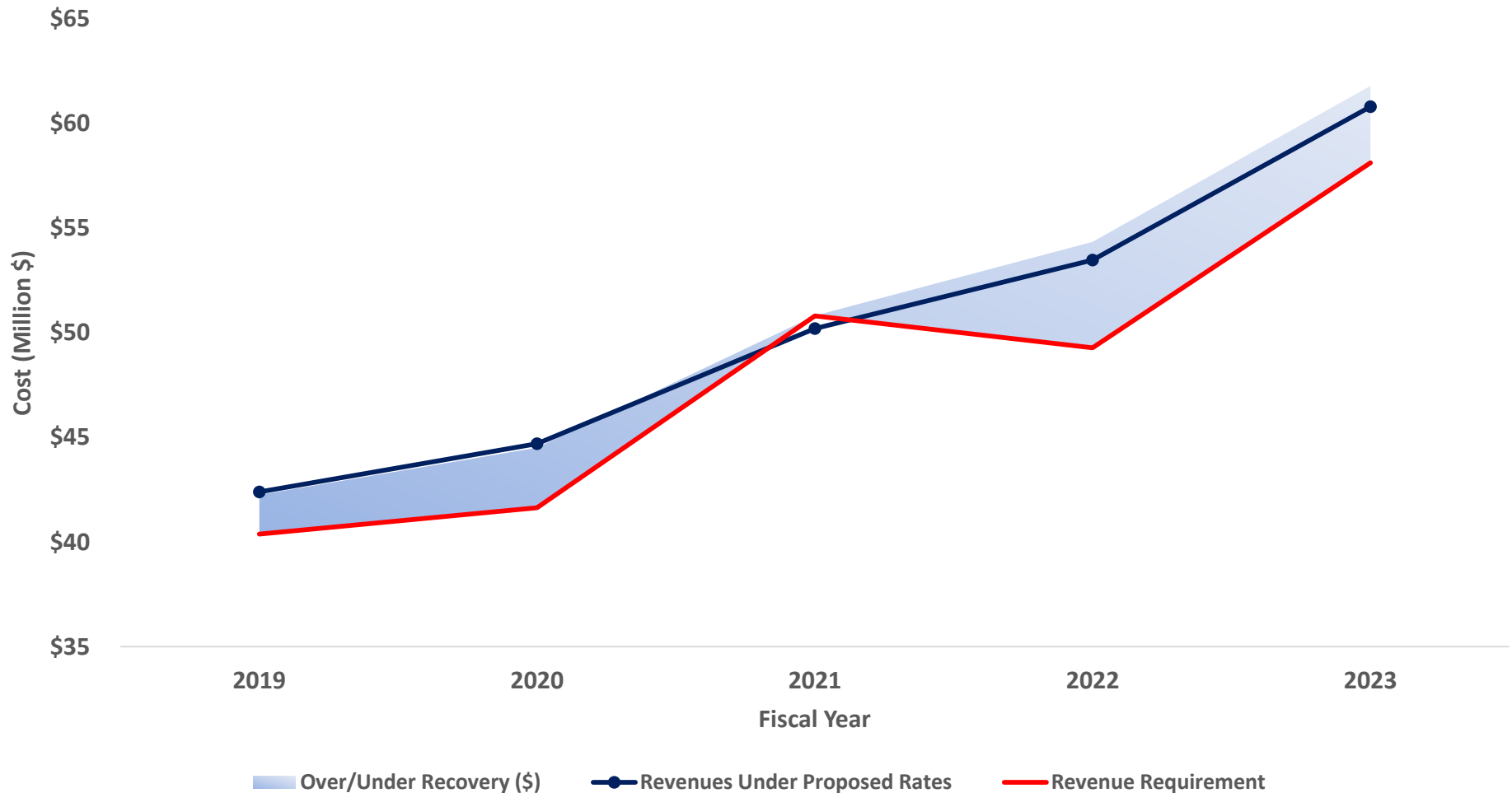


# Combined Revenue Performance – Current Rates



# Combined Revenue Performance – Proposed Rates

Combined Utility Revenue Performance Under Proposed Rates



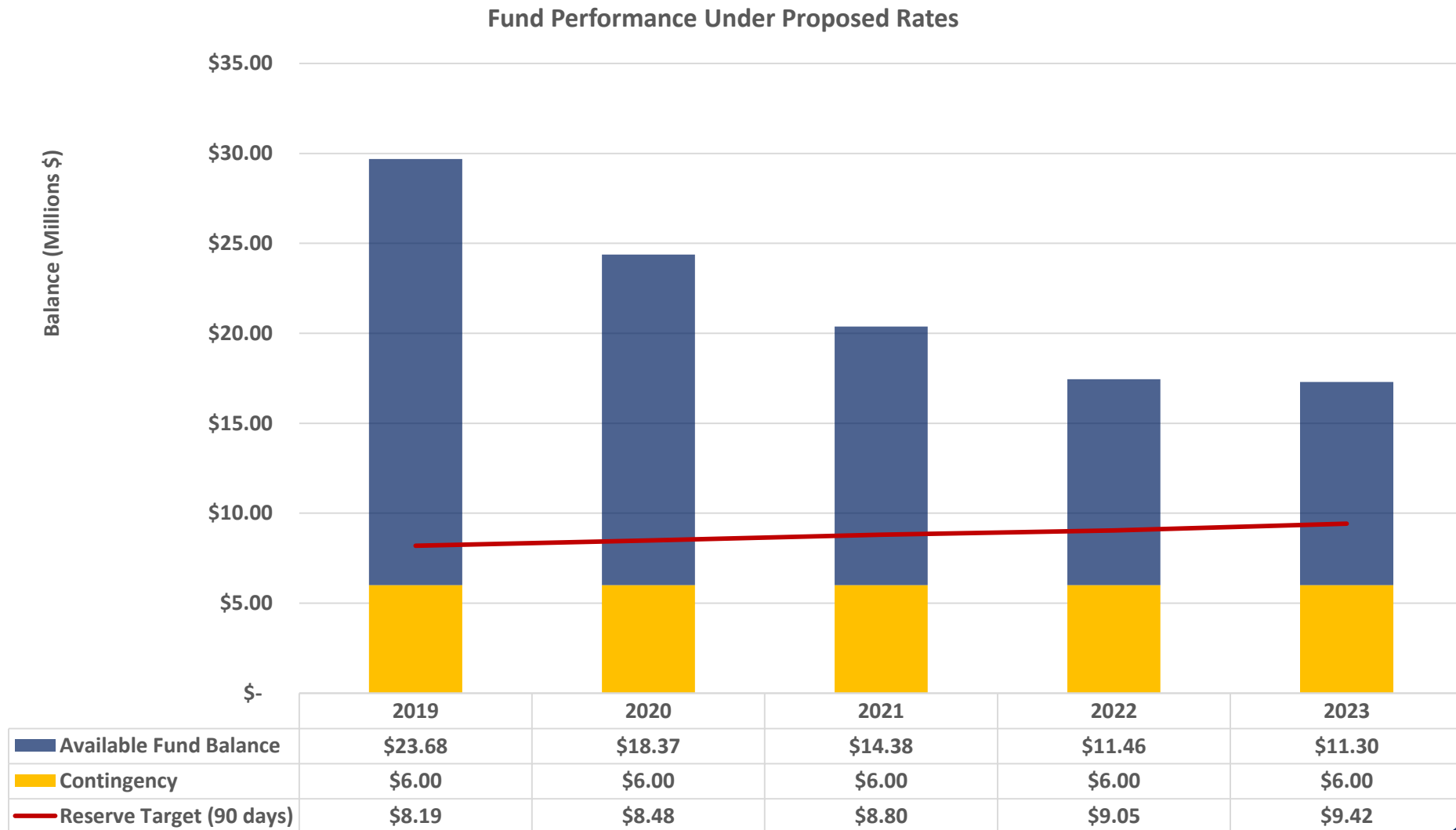


# Combined Fund Performance (Ending Balance) – Current Rates





# Combined Fund Performance (Ending Balance) – Proposed Rates





## Overview of Recommendations

# Revenue and Rate-Setting Objectives

1. Revenue sufficiency
2. Minimize rate shock to customers by phasing in rates and utilizing combined fund performance
3. Potential rate design alternatives

# Proposed Rate Increases

	2019	2020	2021	2022	2023
Water	-	-	13.00%	-	15.38%
Wastewater	4.40%	-	12.50%	-	16.67%

- **Water**

- Rate increases adjust both minimum and volumetric rates across all customer classes by the % above
- ***Proposed Rate Design changes effective FY 2019 yields an estimated 17% increase in rate revenues***
  - *Irrigation Block*
  - *Base Rate multipliers*
  - *Possibly offset with behavior changes*

- **Wastewater**

- Rate increases adjust both minimum and volumetric rates across all customer classes by the % above

# Water Proposed Fixed Rate Design

## Meter Equivalencies

Meter Size	Current	Proposed Charge	Turbine Factors
5/8"	\$15.50	\$15.50	0.674
3/4"	\$23.00	\$23.00	1.000
1"	\$38.50	\$38.50	1.674
1 1/2"	\$76.50	\$76.50	3.326
2"	\$122.50	\$153.34	6.667
3"	\$245.50	\$368.00	16.000
4"	\$383.50	\$644.00	28.000
6"	\$766.50	\$1,410.00	61.304
8"	\$1226.50	\$2,450.00	106.522

*\*Residential Volumetric Rates remain unchanged\**

# Water Proposed Volumetric Rate Design Commercial (less than 3")

<b>Small Commercial (&lt;2" Meter)</b>	<b>Current</b>	<b>Proposed (FY 2019)</b>
0 – 300,000 gallons	\$2.40	\$2.40
300,001 + gallons	\$2.40	\$6.50
<b>Large Commercial (2" Meter)</b>	<b>Current</b>	<b>Proposed (FY 2019)</b>
0 – 600,000 gallons	\$2.40	\$2.40
600,001 + gallons	\$2.40	\$6.50
<b>Large Commercial (3" Meter)</b>	<b>Current</b>	<b>Proposed (FY 2019)</b>
0 – 900,000 gallons	\$2.40	\$2.40
900,001 + gallons	\$2.40	\$6.50

# Water Proposed Volumetric Rate Design Commercial (4", 6", 8")

Commercial (4" Meter)	Current	Proposed (FY 2019)
0 – 4,000,000 gallons	\$2.40	\$2.40
4,000,001 + gallons	\$2.40	\$6.50
Commercial (6" Meter)	Current	Proposed (FY 2019)
0 – 6,000,000 gallons	\$2.40	\$2.40
6,000,001 + gallons	\$2.40	\$6.50
Commercial (8" Meter)	Current	Proposed (FY 2019)
0 – 8,000,000 gallons	\$2.40	\$2.40
8,000,001 + gallons	\$2.40	\$6.50
Industrial**	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$2.40

**\*\*Potential Industrial class for one customer**



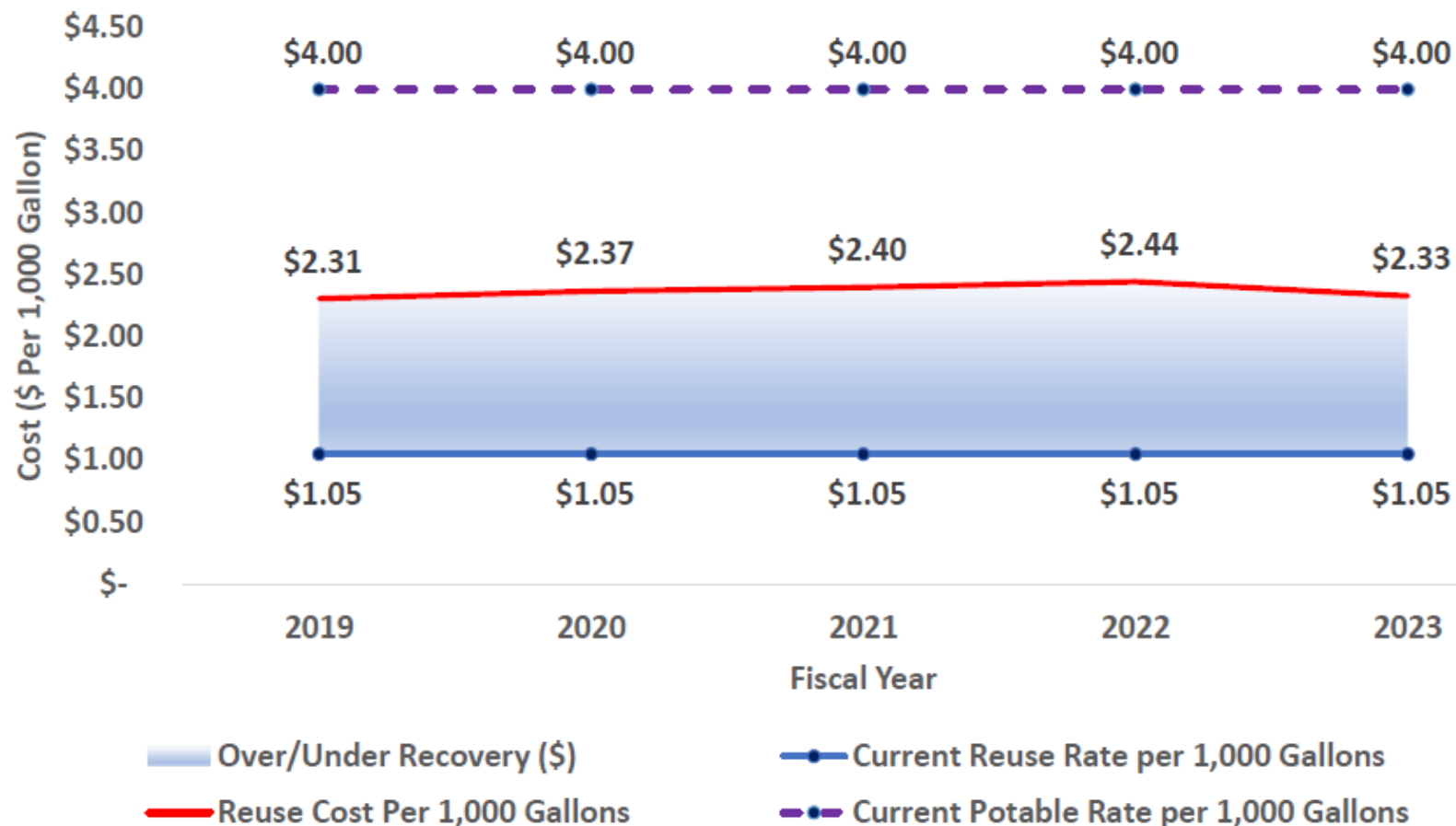
# Water Proposed Volumetric Rate Design

## Commercial Irrigation Meters

Commercial Irrigation	Current	Proposed (FY 2019)
0 – 500,000 gallons	\$4.00	\$4.00
500,001 + gallons	\$4.00	\$8.50

Reuse Irrigation	Current	Proposed (FY 2019)
0+	1.05	1.25

# Reuse Revenue Requirement - Current Rates (per 1,000 Gallons)



\* Based on normal consumption patterns and estimated usage

\*\* Revenue shortfall made up by Wastewater utility

# Water Proposed Volumetric Rate Design

## Parks/Restaurants/Fire Hydrants

Municipal Interruptible (Parks)	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$2.40

\*Parks department has multiple agreements with commercial customers to subsidize their water use. Expected impact to Parks from commercial rate changes is \$7K-\$8K per year

Restaurants	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$2.40

Fire Hydrants	Current	Proposed (FY 2019)
0+ gallons	\$2.40	\$8.50

# Wastewater Proposed Fixed Rates

	Current	2019	2020	2021	2022	2023
Residential	\$30.65	\$32.00	\$32.00	\$36.00	\$36.00	\$42.00
Small Commercial	\$30.65	\$32.00	\$32.00	\$36.00	\$36.00	\$42.00

\*No Volumetric rates on these customers

# Wastewater Proposed Fixed and Volumetric Rates

		Current	2019	2020	2021	2022	2023
Commercial	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
Large Commercial	Fixed	\$82.30	\$85.92	\$85.92	\$96.67	\$96.67	\$112.78
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
High Strength Commercial	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$3.70	\$4.46	\$4.46	\$5.02	\$5.02	\$5.86
Multi-Family	Fixed	\$110.10	\$114.95	\$114.95	\$129.32	\$129.32	\$150.87
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61
Evaporation Cooler	Fixed	\$46.35	\$48.39	\$48.39	\$54.44	\$54.44	\$63.51
	Volumetric	\$2.35	\$2.75	\$2.75	\$3.10	\$3.10	\$3.61



## Next Steps, Bill and Rate Design Impact, and Rate Comparisons

# Customer Bill Impact - Residential

Residential	Current	2019	2020	2021	2022	2023
Water (3/4")	\$40.50	\$40.50	\$40.50	\$45.77	\$45.77	\$52.81
Wastewater	<u>\$30.65</u>	<u>\$32.00</u>	<u>\$32.00</u>	<u>\$36.00</u>	<u>\$36.00</u>	<u>\$42.00</u>
Total	\$71.15	\$72.50	\$72.50	\$81.77	\$81.77	\$94.81
Variance(\$)		\$1.35	-	\$9.27	-	\$13.04
Variance (%)		1.90%	-	12.78%	-	15.95%

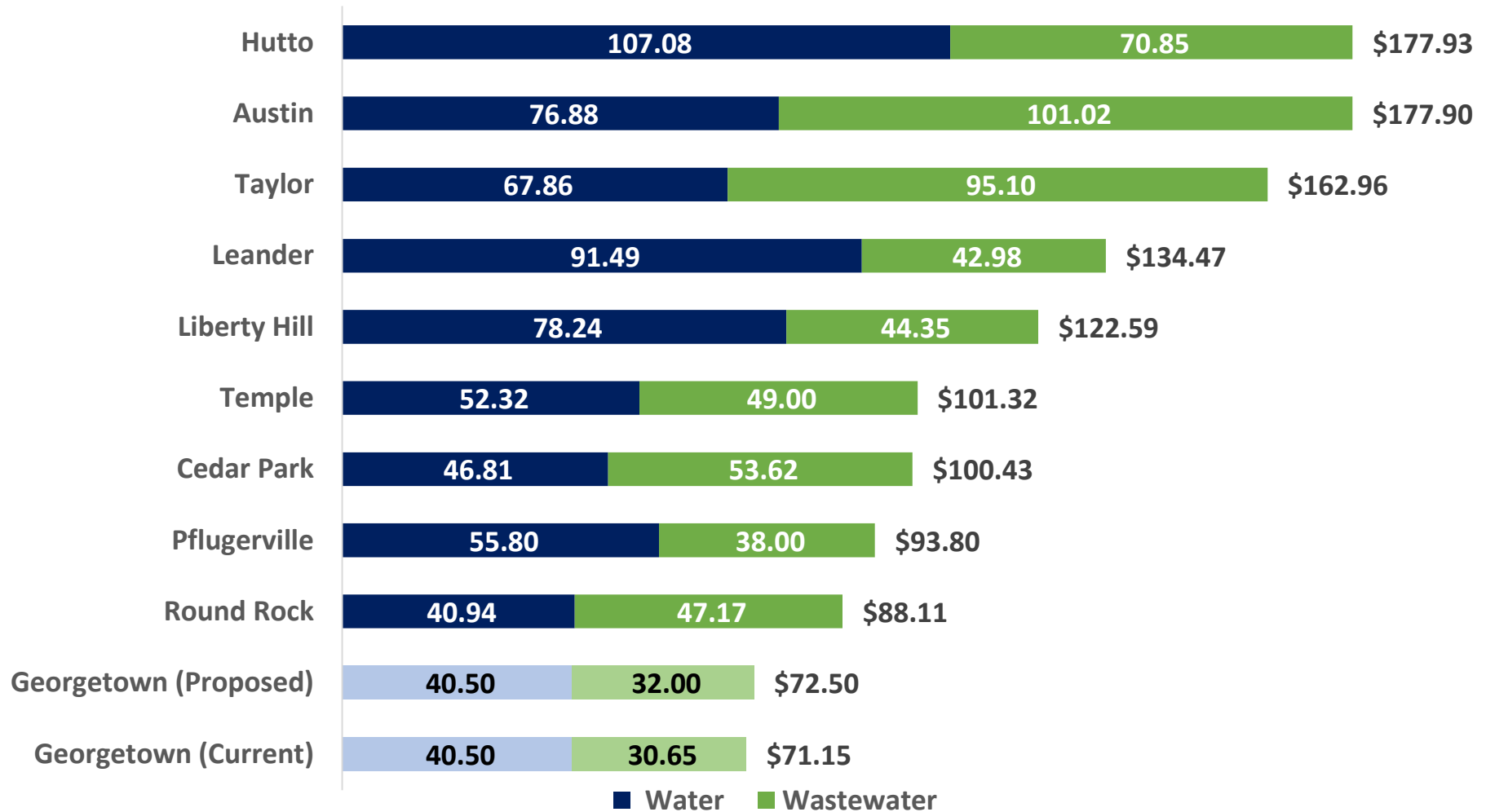
\*10,000 Gallons

Residential	Current	2019	2020	2021	2022	2023
Water (3/4")	\$64.50	\$64.50	\$64.50	\$72.89	\$72.89	\$84.10
Wastewater	<u>\$30.65</u>	<u>\$32.00</u>	<u>\$32.00</u>	<u>\$36.00</u>	<u>\$36.00</u>	<u>\$42.00</u>
Total	\$95.15	\$96.50	\$96.50	\$108.89	\$108.89	\$126.10
Variance(\$)		\$1.35	-	\$12.39	-	\$17.21
Variance (%)		1.42%	-	12.83%	-	15.81%

\*20,000 Gallons

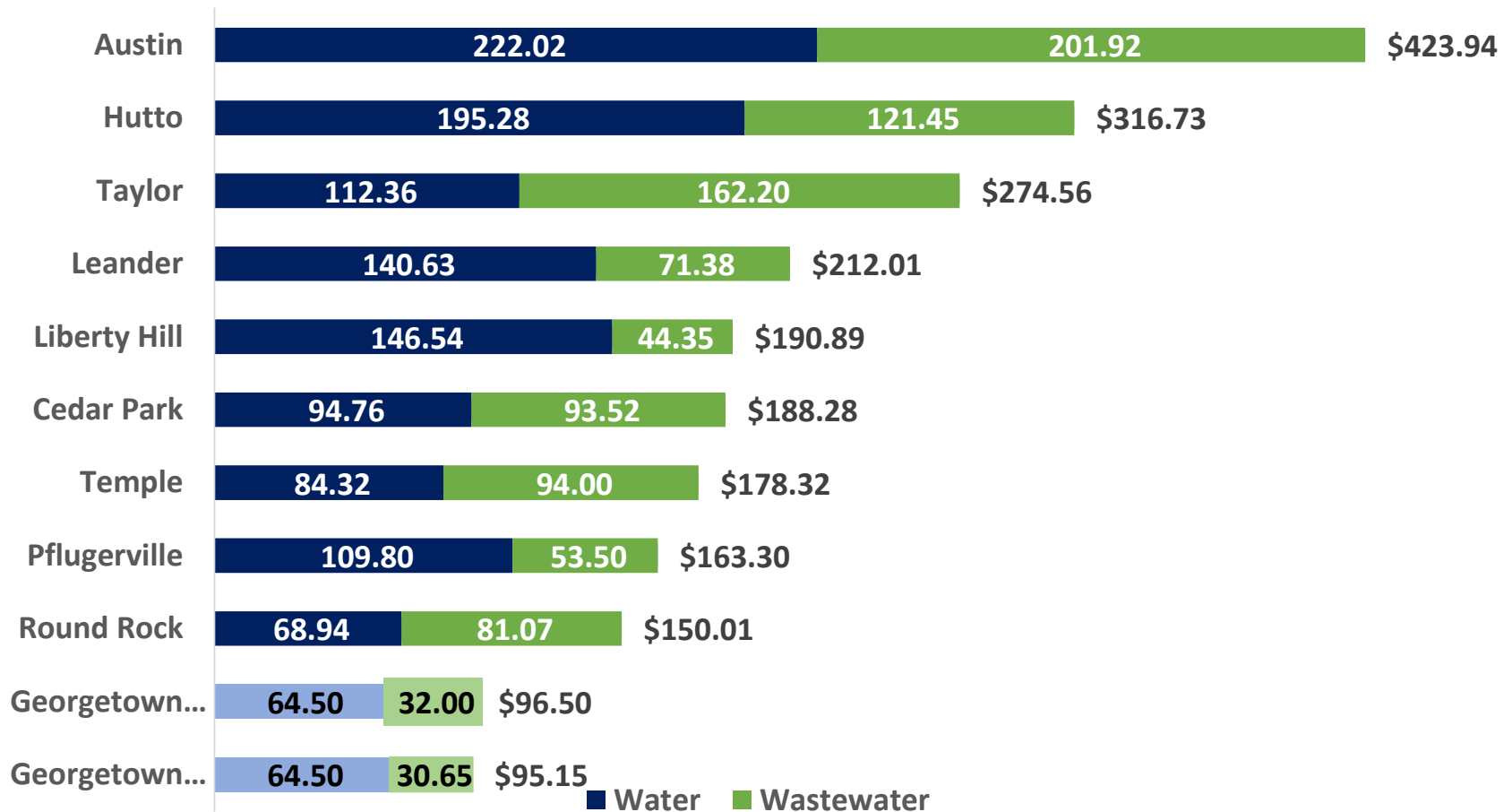


# Total Residential Monthly Bill Comparison (10,000 gallons)



\* Source: Bill calculated based on lowest meter size obtained from each entity's website as of 05/07/2018

# Total Residential Monthly Bill Comparison (20,000 gallons)



\* Source: Bill calculated based on lowest meter size obtained from each entity's website as of 05/07/2018

# Next Steps

- Need to Increase Revenues
  - Seeking Council direction on rate changes to be effective January 1, 2019
- Council will review proposed rate changes as part of the proposed budget, and during ordinance readings
- Rates Studies continued every 3 years



## Questions and Discussion

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