






October 13, 2020

City Council Meeting, Georgetown, TX

PROPOSED RATES WATER AND WASTEWATER COST OF SERVICE AND RATE DESIGN STUDY



SUMMARY INTRODUCTION

- FY 2020 Study Goals and Objectives:
 -  Fiscal Policy Compliance
 -  Equitable Cost of Service
 -  Conservation
- Presentations on Draft Results and Rate Setting Options
 - August 13 - Georgetown Water Utility Advisory Board
 - August 25 - City Council
 - September 10 - Georgetown Water Utility Advisory Board
 - September 22 - City Council
 - October 8 - Georgetown Water Utility Advisory Board

BOARD RECOMMENDED RATES

BOARD WAS UNANIMOUS ON PROPOSED RATES

SUMMARY OF PROPOSED RATES - *COMPLETE SCHEDULES IN ORDINANCE*

- Water

- Increasing minimum charges based on \$1.50 on 3/4" meters achieves the 75% target.
- Residential revenues are below Cost of Service and are the primary focus this year.

Current Tiers	Rates
0 – 10,000 gals	\$1.75
10,001 – 20,000 gals	2.40
20,001 – 40,000 gals	4.00
40,001 – 60,000 gals	6.50
60,001+ gals	8.50

Proposed Tiers	Rates
0 – 7,000 gals	\$1.85
7,001 – 15,000 gals	2.75
15,001 – 25,000 gals	4.80
25,001+ gals	8.40

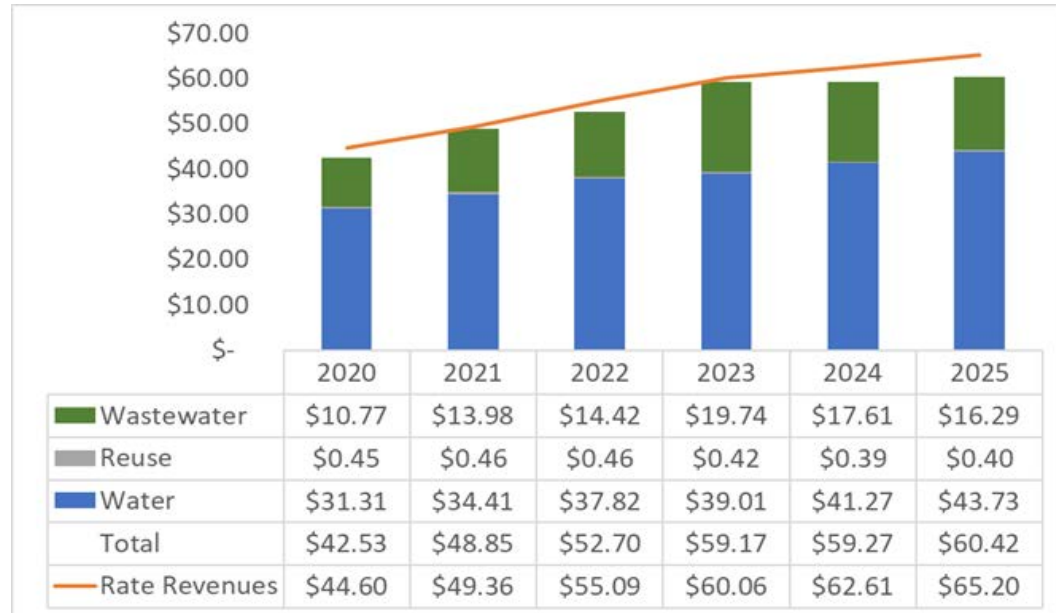
→ Revising the first tier down to median (rounded to 7,000)

↔ Setting top 2 tier differentials at 75%

→ Bringing top tier down to 25,000 gallons impacts fewer than 10% of customer bills, will improve residential conservation, and is common in the market.

- Setting Builder rates to Residential rates reflects majority of Builder account uses
- Wastewater rates increasing 8.89% across all rate types
- Reuse rates stay the same
- Outside City rate differential remains the same at 20%

PROJECTED COMBINED UTILITY PERFORMANCE UNDER PROPOSED RATE REVENUES



- Revenue adjustments driven by first debt payment for San Gabriel Interceptor (\$32.5M) in **FY 2023**; wastewater increases smoothed out over 3 years.
- Water Base rate adjustments targeting Fixed COS metric and volumetric adjustments to residential to achieve cost of service and conservation objectives.
- 75% Tier Differential between top two revised Residential rate tiers**

FY (Targets)	2021	2022	2023	2024	2025
DSC (1.50x)	4.34	4.07	3.56	3.34	3.10
Days Cash (90 Days)*	220	224	224	245	274
Fixed COS (75%)	75%	77%	83%	82%	81%

Rate Adjustments	2021	2022	2023	2024	2025
Water (Base \$ Only)	\$1.50	\$1.50	\$1.50	-	-
Water (Volumetric)	Varies	-	-	-	-
Wastewater (All %)	8.89%	8.89%	8.89%	-	-

**Excludes \$10M Annual Non-Operating Contingency*

PROPOSED ORDINANCE

- Includes Board's Proposed Rates
- Proposed rates fully meet the City Council's requested objectives.
 - ✅ Financial Policy Compliance
 - ✅ Equitable Cost of Service
 - ✅ Conservation Plan
- Rates Scheduled to Be Effective January 1, 2021

NEXT STEPS

City Council Regular Agenda
for Possible Action

Today

Public Engagement and
Customer Education

From Approval to
Effective Date

Water and Wastewater Rates
Are Effective

Fri. 1 Jan. 2021

COUNCIL DISCUSSION & ACTION



THANK YOU! ANY QUESTIONS?

NEWGEN STRATEGIES AND SOLUTIONS
275 W. CAMPBELL ROAD, SUITE 440
RICHARDSON, TEXAS 75080

MATTHEW GARRETT, DIRECTOR

(972) 675-7699

MGARRETT@NEWGENSTRATEGIES.NET

MICHAEL SOMMERDORF, SENIOR CONSULTANT

(972) 704-1655

MSOMMERDORF@NEWGENSTRATEGIES.NET