



Water and Wastewater Rate Advisory Committee AGENDA

City Hall
100 Main Street
Colleyville, Texas 76034
817.503.1000
www.colleyville.com

Tuesday, August 22, 2017
6:00 p.m.

Executive Conference Room
Third Floor – City Hall

1. CALL TO ORDER

2. REGULAR AGENDA ITEMS

- 2a** Introductions, overview of Committee charge, and discussion of water and wastewater rates
- 2b** Discussion of future Committee meeting dates

3. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards Friday, August 18, 2017 by 5:00 p.m.

Adrienne Lothery
Strategic Services Manager

A quorum of the City Council or any Colleyville Board, Commission, or Committee may be in attendance at this meeting.

Any matter on this agenda may, at the discretion of the governing body, be opened for public comment and discussion.

If you plan to attend this public meeting and have a disability that requires special accommodations, please advise the City Secretary at least 48 hours in advance at 817.503.1130, and reasonable accommodations will be made to assist you.



Water and Wastewater Rate Advisory Committee Agenda Briefing

City Hall
100 Main Street
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Agenda Number**Agenda Date** 08/22/2017**Type** Presentation and Discussion**Department** City Manager

Title

Introductions, overview of Committee charge, and discussion of water and wastewater rates

Strategic Plan

3.2 Ensure regular repair and replacement of water and wastewater facilities

Explanation

A the July 18, 2017 City Council meeting, Resolution R-17-4156 (attached) was approved, re-establishing the Water and Wastewater Rate Advisory Committee. This agenda item provides for introductions of Committee members and staff, a review of Committee accomplishments to-date, an overview of the Committee's new charge, and a discussion of water and wastewater rates in fiscal year 2018 and beyond. In particular, funding for utility capital projects will be discussed. To aid in this discussion, a simplified 5-Year Capital Improvement Plan (CIP) reflecting only projects with utility work is also attached. For each funding source in the CIP, estimated beginning balances, anticipated revenue, projected expenditures, and estimated ending balances are included. Staff will present the attached presentation and seeks discussion and input from the Committee.

Attachments

1. Resolution R-17-4156
2. Presentation
3. FY 2018-2022 Capital Improvement Plan (utility projects)

RESOLUTION R-17-4156

A RESOLUTION RE-ESTABLISHING THE WATER AND WASTEWATER RATE ADVISORY COMMITTEE, AND ESTABLISHING A DATE FOR THE FINAL REPORT SUBMITTAL

WHEREAS, the City Council approved Resolution R-16-4038 on September 20, 2016, and established the Water and Wastewater Rate Advisory Committee to review water and wastewater rates as provided in an analysis performed by NewGen Strategies & Solutions; and

WHEREAS, the City Council approved the committee's final report that recommended providing an immediate water rate relief by adopting a temporary flat volumetric rate of \$4.36 per 1,000 gallons; and

WHEREAS, by approving the final report, the committee's charge was complete.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEYVILLE, TEXAS:

Sec. 1. THAT the City Council approves the re-establishment of the Water and Wastewater Rate Advisory Committee.

Sec. 2. THAT the following citizens are appointed to the Water and Wastewater Rate Advisory Committee:

- Susan Mathisen
- Gerald Gibson
- Raymond Allee
- Tom Bauch
- James Dove
- Jeff Gilstrap
- Jeff Pistor
- Tim Raine
- Samuel van Bever

Sec. 3. THAT Susan Mathisen is appointed as Chair, and Gerald Gibson is appointed as Vice Chair.

Sec. 4. THAT the city manager shall provide administrative support services to the Water and Wastewater Rate Advisory Committee.

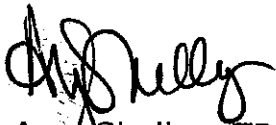
- Sec. 5. THAT the Committee shall use its best efforts to issue a final report to the City Council by December 31, 2017.
- Sec. 6. Upon issuance of the final report, the work of the Committee will be completed, and the terms of the Committee members will be concluded.
- Sec. 7. THAT the Water and Wastewater Rate Advisory Committee's responsibilities may include:
- a. Review capital funding needs for the utility.
 - b. Identify capital funding options per the funding plan.
 - c. Develop a Five Year Capital funding mechanism for the implementation of the capital funding plan.
- Sec. 8. THAT this resolution shall take effect immediately upon passage.

AND IT IS SO RESOLVED.

APPROVED BY A VOTE OF 7 AYES, 0 NAYS, AND 0 ABSTENTIONS
ON THIS THE 18TH DAY OF JULY 2017.

Mayor Richard Newton	<u>Aye</u>	Mayor Pro Tem Bobby Lindamood	<u>Aye</u>
Place 1, Tammy Nakamura	<u>Aye</u>	Place 3, Kathy Wheat	<u>Aye</u>
Place 4, George Dodson	<u>Aye</u>	Place 5, Nancy Coplen	<u>Aye</u>
Place 6, Mike Taylor	<u>Aye</u>		

ATTEST:



Amy Shelley, TRMC
City Secretary

CITY OF COLLEYVILLE



Richard Newton
Mayor

Colleyville Water & Wastewater Rate Advisory Committee

August 22, 2017

Agenda



- Introductions of Committee members and staff
- Review of accomplishments to-date
- Overview of Committee's new charge
- Update on proposed:
 - FY 2018 Utility Fund expenditures
 - Water & wastewater base rates based on City expenditures
 - Volumetric rates based on preliminary information from TRA
 - FY 2018 – 2022 Capital Improvement Plan

Accomplishments to-date



- Created a rate structure that separates the City's distribution/delivery costs (recovered in base rate) from the TRA charges (recovered in volumetric rate) → provides revenue stability in periods of low water usage, mitigating the Utility Fund's financial risk.
- Provided an equitable rate structure and transparency in charges to all users
- Each base rate & volumetric charge now displayed on bills
- Provided all customers with better control of their water and wastewater bill through water usage
- New policy: General Fund pays the Utility Fund for City water usage; Utility Fund pays the General Fund for its portion of support personnel

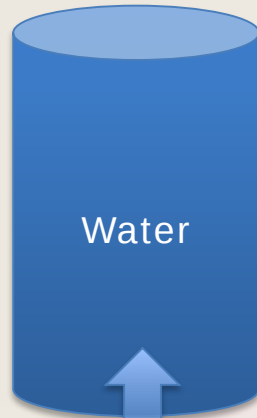
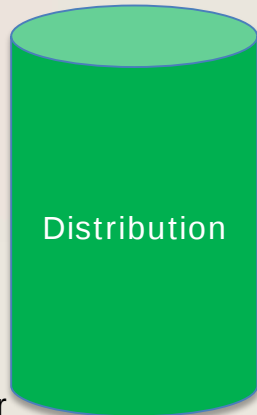
2017 Rates



2017 Water Rates

Base Charge
(no water)

Volumetric Charge
(no distribution)



* Meter
Equival

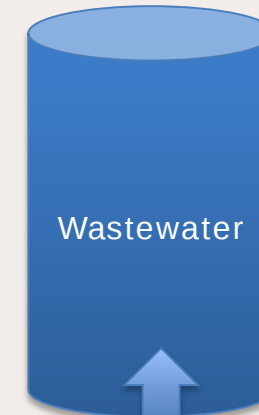
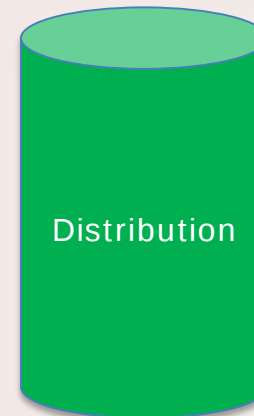
1.0	\$14.01 up to 1"
2.0	\$28.01 1 ½ "
3.2	\$44.82 2"
6.0	\$84.04 3"
10.0	\$140.06 4"

\$4.17/1K Gal

2017 Wastewater Rates

Base Charge
(no WW)

Volumetric Charge
(no Distribution)



* Residential
Rate \$12.54

\$2.31/1K Gal

* Residential Example, Commercial Rate of \$18.54 per existing Ordinance differential of \$6.00, Volume Charge is Water Volume

*** Residential Volumetric Rate set for Dec – Feb Avg. Water Use

Committee's New Charge



1. Review capital funding needs for the utility
2. Identify capital funding options per the funding plan.
3. Develop a Five Year Capital funding mechanism for the implementation of the capital funding plan.

Deadline: Final report to the City Council by December 31, 2017

Update: Utility Finances



To increase clarity between utility operations and utility capital resources, the Utility Fund has been split into two funds:

1. Utility Operating Fund

- A part of the City's annual adopted operating budget
- Must maintain a reserve of 90 days of expenditures (\$3.83 Million)

2. Utility Capital Projects Fund

- Utility Capital Projects Fund "unrestricted" money, that has accumulated from:
 - operational surpluses set aside at year-end
 - liquidating investments to make funding available for capital projects
 - Drawing down the Utility Operating Fund fund balance to 90 days
- Water impact fees
- Wastewater impact fees
- Funds set aside for approved FY 2016 and FY 2017 CIP projects

FY 2018 Utility Fund Expenditures



PROPOSED
FY 2018

FUND EXPENSES

City Manager's Office	47,412
Utility Billing	433,425
IS GIS	63,316
Utility Support	1,124,497
Utility Operations - Water	677,952
TRA Water (volumetric)*	6,313,042
TRA Water (debt)*	3,052,783
Utility Operations - Wastewater	283,930
TRA Wastewater	2,798,735
Non-Departmental	222,108
Transfer to General Fund	196,920
Transfer to Colleyville Tomorrow Fund (Repayment)	44,286
Transfer to Utility CIP Fund for future vehicle replacement	81,100
Compensation Adjustment	29,711
Debt Service	157,325



City expenditures that
determine base rates



Amounts paid to TRA that
determine volumetric rates

TOTAL EXPENDITURES

15,526,542

Water & Wastewater Base Rates



Water Monthly Base Rates for in-city customers

Meter Size	Current rate	Calculated rate	Difference
1" Meter	\$14.01	\$13.76	\$0.25
1.5" Meter	\$28.01	\$27.52	\$0.49
2" Meter	\$44.82	\$44.04	\$0.78
3" Meter	\$84.04	\$82.57	\$1.47
4" Meter	\$140.06	\$137.61	\$2.45
Projected FY18 Revenues	\$1,804,923	\$1,781,855	\$23,067

Wastewater Monthly Base Rates for in-city customers

Customer Type	Current rate	Calculated rate	Difference
Residential	\$12.54	\$11.22	\$1.32
Non-residential*	\$18.54	\$17.22	\$1.32
Projected FY18 Revenues	\$1,447,373	\$1,299,007	\$148,366

Base rates: fixed monthly charges that are calculated based on the amount of revenue necessary to recover the City's operating costs

Base rates are driven by:

- The Utility Fund's budget (excluding projected payments to TRA)
- The number of customers

Opportunity: Consider maintaining the current base rates (in total) and use the difference to establish the CIP funding component in the rate structure

* Continues \$6 differential between residential and non-residential customer rate, consistent with current Ordinance

Volumetric Rates



- Volumetric rates are pass through charges for the water and wastewater treatment services provided by TRA (i.e. the City calculates rates to only bring in what is anticipated to be paid out to TRA)
- The volumetric rate is driven by:
 1. TRA's operating budget (including purchase of raw water from TRWD)
 2. TRA's debt service requirements
 3. Usage - the number of Colleyville's water and wastewater gallons treated by TRA

Preliminary Water Volumetric Rates



Volumetric water rate per thousand gallons for in-city customers:

Current Rate	Preliminary New Rate	Difference
\$4.17	\$3.86	-\$0.31

<i>New volumetric water rate calculation:</i>	Rate per 1,000 Gallons
TRWD Raw water costs	\$1.262
Colleyville's portion of TRA's Operating Budget	\$0.889
<u>Add:</u> 20% of O&M rate (Billed by TRA to ensure liquidity)	\$0.430
Subtotal O&M Rate	\$2.581
Colleyville's portion of TRA's Debt Budget	\$1.208
<u>Add:</u> 5% of Debt service (Based on the City's historical experience)	\$0.060
Subtotal Debt Rate	\$1.269
TOTAL PROJECTED VOLUMETRIC WATER RATE	\$3.859

Preliminary Wastewater Volumetric Rates



Volumetric wastewater rate per thousand gallons for in-city customers:

Current Rate	Preliminary New Rate	Difference
\$2.31	\$2.81	\$0.50

<i>New volumetric wastewater rate calculation:</i>	Rate per 1,000 Gallons
Colleyville's portion of TRA's Operating Budget	\$0.972
<u>Add:</u> 2% of O&M rate (Based on the City's historical experience)	\$0.020
Subtotal O&M Rate	\$0.992
Colleyville's portion of TRA's Debt Budget	\$1.727
<u>Add:</u> 5% of Debt service rate (Based on the City's historical experience)	\$0.086
Subtotal Debt Rate	\$1.813
TOTAL PROJECTED VOLUMETRIC WASTEWATER RATE	\$2.805

Note: Residential properties are charged based on the winter average

FY 2018 – 2022 CIP



- Utility CIP projects for FY 2018 – 2022 have multiple funding sources
 - Unrestricted Utility Capital Projects funds
 - Water impact fees
 - TIF
- All five years of utility CIP projects are fully funded, through
 - Use of available funds, including liquidating investments
 - More aggressive use of restricted funds, such as water impact fees and the TIF
 - Transfer of operating reserves above the 90 day requirement over to the Utility Capital Projects Fund
 - Addition of revenue generated by maintaining base rates
- NEW: 5-Year CIP document now includes beginning balances for each funding source, projected revenues and expenditures, and estimated ending balances, for each year

Questions for the Committee



1. Should base rates be maintained in total for FY 2018, to create the CIP base rate, or should base rates be lowered?
-

If FY 2018 base rates are maintained and a CIP base is established...

2. What is the desired amount of annual revenue that should be generated from a CIP base rate going forward?
3. What is the desired amount of reserves that should be on hand in the Utility Capital Projects Fund?

Based on the answers to question #2 and 3, we can look at different CIP base rate amounts and potential phase-in options over a several year time-frame (if desired).

	Total Project Cost	Utility Capital Projects Fund	Water Impact Fees
Estimated 9/30/17 Available Balances	\$	1,835,184	\$ 2,238,827
(+) Estimated Transfer from Operating Fund (draw down amount above 90 day reserve)	\$	3,165,000	\$ -
(+) Year-end surplus/draw down	\$	800,000	\$ -
(+) FY18 Budgeted Contribution	\$	170,000	\$ -
Estimated 10/1/17 Available Balances	\$	5,970,184	\$ 2,238,827
2018			
Bransford Water Tank Rehabilitation - DESIGN	\$80,000.00	\$80,000.00	\$0.00
* Glade Road (Phase 2 - Manning to Pool) - CONSTRUCTION	\$5,484,000.00	\$0.00	\$417,000.00
Supervisory Control and Data Acquisition (SCADA) Replacement	\$250,000.00	\$250,000.00	\$0.00
Water Project 10: Apple Valley/Rustic Oaks/Bills Lane Water Lines and Road Rehabilitation on Black Drive	\$935,000.00	\$935,000.00	\$0.00
Water Project 8: Install Pressure Relief and Flow Control Valves - CONSTRUCTION	\$348,000.00	\$348,000.00	\$0.00
WW Project 3 (Completion): Replacement of 6" and 8" Pipelines on Manning Drive and in the Vicinity of	\$300,000.00	\$300,000.00	\$0.00
	\$14,005,092.00	\$1,913,000.00	\$417,000.00
(+) Year-end surplus/draw down	\$	500,000	\$ 192,000
(+) FY19 Budgeted Contribution	\$	170,000	\$ -
Estimated 10/1/18 Available Balances	\$	4,727,184	\$ 2,013,827
2019			
Bransford Water Tank Rehabilitation - CONSTRUCTION	\$500,000.00	\$500,000.00	\$0.00
Water Project 11: Tinker Road Water Lines - DESIGN	\$123,000.00	\$123,000.00	\$0.00
* Water Project 5: Upsize and Replace Water Lines in Brighton Oaks Subdivision and Rehab. Streets - CONS	\$2,550,000.00	\$0.00	\$1,900,000.00
WW Project 5: Quails Path and Chestnut Bend Sewer Line Replacement - DESIGN	\$91,000.00	\$91,000.00	\$0.00
	\$9,457,995.00	\$714,000.00	\$1,900,000.00
(+) Year-end surplus/draw down	\$	500,000	\$ 192,000
(+) FY20 Budgeted Contribution	\$	170,000	\$ -
Estimated 10/1/19 Available Balances	\$	4,683,184	\$ 305,827
2020			
* Water Project 11 (Partial): Tinker Road Water Lines - CONSTRUCTION	\$1,110,000.00	\$660,000.00	\$0.00
Water Project 12 (Partial): Woodbriar Estate Water Lines Replacement - DESIGN	\$70,020.00	\$70,020.00	\$0.00
Water Project 6: Upsize and Replace Water Lines in Woodbriar Estates and Quail Crest Subdivisions - DE	\$145,000.00	\$145,000.00	\$0.00
WW Project 1: Replace Sewer Lines in Woodbriar Estates and Quail Crest Subdivisions - DESIGN	\$361,700.00	\$361,700.00	\$0.00
* WW Project 5: Quails Path and Chestnut Bend Sewer Line Replacement and Road Rehabilitation - CONS	\$829,000.00	\$719,000.00	\$0.00
	\$3,482,920.00	\$1,955,720.00	\$0.00
(+) Year-end surplus/draw down	\$	500,000	\$ 192,000
(+) FY21 Budgeted Contribution	\$	170,000	\$ -
Estimated 10/1/20 Available Balances	\$	3,397,464	\$ 497,827
2021			
Water Project 12/Partial Woodbriar Estate Water Lines Replacement - CONSTRUCTION	\$433,000.00	\$433,000.00	\$0.00
Water Project 3: New Elevated Water Storage Tank & Distribution Lines - DESIGN	\$545,000.00	\$0.00	\$545,000.00
Water Project 6: Upsize and Replace Water Lines in Woodbriar Estates and Quail Crest Subdivisions - CO	\$745,000.00	\$745,000.00	\$0.00
WW Project 1: Replace Sewer Lines in Woodbriar Estates and Quail Crest Subdivisions - CONSTRUCTION	\$1,900,000.00	\$1,900,000.00	\$0.00
	\$8,803,860.00	\$3,078,000.00	\$545,000.00
(+) Year-end surplus/draw down	\$	500,000	\$ 192,000
(+) FY22 Budgeted Contribution	\$	170,000	\$ -
Estimated 10/1/21 Available Balances	\$	989,464	\$ 144,827
2022			
* Water Project 3: New Elevated Water Storage Tank and Distribution Lines - CONSTRUCTION	\$4,500,000.00	\$0.00	\$0.00
	\$5,395,210.00	\$0.00	\$0.00
(+) Year-end surplus/draw down	\$	500,000	\$ 192,000
(+) FY23 Budgeted Contribution	\$	-	\$ -
Estimated 10/1/22 Available Balances	\$	1,489,464	\$ 336,827

* Projects partially or completely funded by other funding sources



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Agenda Number
Type Presentation and Discussion
Department City Manager

Agenda Date 08/22/2017

Title

Discussion of future Committee meeting dates

Strategic Plan

1.1 Actively involve and engage stakeholders

Explanation

In order to accomplish the Committee's charge, it is anticipated that several additional meetings will be necessary. The following dates have been reserved for Committee meetings:

Monday, October 2, 2017

Monday, October 16, 2017

Monday, October 30, 2017

Attachments