

Mayor and Council Communication

DATE: 08/27/24

M&C FILE NUMBER: M&C 24-0724

LOG NAME: 60WHOLESALE RATES 2025

SUBJECT

(ALL) Adopt Ordinance Revising Wholesale Water, Wastewater, Standby and Raw Water Service Rates and Amend Chapter 35 - Water and Sewers, Article III - Charges, Division 1 – Generally, Sections 35-56(g) and (h) of the City Code with an Effective Date of Billing on or after November 1, 2024 for Usage and Flows from and after October 1, 2024 for Water and Wastewater Service

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance revising wholesale water, wastewater, standby and raw water service rates and amend Chapter 35 - Water and Sewers, Article III - Charges, Division 1 – Generally, Sections 35-56(g) and (h) of the City Code, with an effective date of billing on or after November 1, 2024, for usage and flows from and after October 1, 2024 for water and wastewater service.

DISCUSSION:

Each year, wholesale water and wastewater rate studies are prepared in accordance with the terms of the uniform wholesale customer contracts.

For Fiscal Year (FY) 2025, the wholesale water and wastewater cost of service and rate studies were performed by water utility staff, per the uniform contract requirements. The results of these studies indicate the need for a decrease of 3.11 percent in wholesale water revenue requirements and an increase of 3.47 percent in wholesale wastewater revenue requirements. The rates as proposed in the table below will recover the cost of providing wholesale water and wastewater service.

The rate setting methodology set forth in the uniform contract requires that test year data serve as the basis for establishing costs and the volumes used in calculating the future rates. The test year for FY 2025 is FY 2023. Costs are adjusted to include known and measurable changes impacting the rate period. Unlike retail rates, which are based on projected volumes, wholesale rates are calculated using test year actual volumes. This can cause rates to go up in a year with low volumes or down when the test year has high volumes.

A joint meeting of the Wholesale Water Advisory Committee and the Wholesale Wastewater Advisory Committee was held on June 20, 2024, to present the studies and the rates.

WHOLESALE WATER RATES

| | Current | Proposed |
|----------------------------------------------------------|--------------|--------------|
| Volume (\$ per 1,000 gallons) | \$0.8436 | \$0.8351 |
| Maximum Day (\$ per Millions of Gallons per Day excess) | \$128,609.00 | \$100,817.00 |
| Maximum Hour (\$ per Millions of Gallons per Day excess) | \$45,949.00 | \$27,923.00 |
| Monthly Customer Charge per meter | \$25.00 | \$25.00 |

RAW WATER RATES

The cost of untreated water supplied by the Tarrant Regional Water District is \$1.40014 per 1,000 gallons. Adjusted for street rental and system loss, the raw water charge to customers is \$1.52615 as a direct "pass through" cost to wholesale water customers.

WHOLESALE WASTEWATER RATES

| | Current | Proposed |
|------------------------------|----------|----------|
| Volume (\$ per 1000 gallons) | \$1.8419 | \$1.8278 |
| | | |

| | | |
|---------------------------------------|----------|----------|
| Biochemical Oxygen Demand (per pound) | \$0.5467 | \$0.6135 |
| Total Suspended Solids (per pound) | \$0.3169 | \$0.3222 |
| Monthly Customer Change | \$75.00 | \$75.00 |

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and adoption of the attached ordinance, funds will be deposited into the Water and Sewer Fund. The Water Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

Submitted for City Manager's Office by: Fernando Costa 6122

Originating Business Unit Head: Chris Harder 5020

Additional Information Contact: Kristen Nutter 8252