

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 09/19/23M&C FILE NUMBER: M&C 23-0785

LOG NAME: 60RETAIL RATE 2024

SUBJECT

(ALL) Adopt Ordinance Revising Retail Water and Wastewater Rates and Charges by Amending Sections 35-56(b), (c) and (d), Article III - Charges, of Chapter 35 - Water and Sewers of the City Code, Effective January 1, 2024

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance revising retail water and wastewater rates and charges by amending Sections 35-56(b), (c) and (d), Article III - Charges, of Chapter 35 - Water and Sewers of the City Code, to be effective January 1, 2024.

DISCUSSION:

Each year the Water Utility staff conducts cost of service studies to establish annual operating revenue requirements for retail water and wastewater services. As part of the cost of service studies, staff prepares the budget for the ensuing fiscal year and determines the cost responsibility and revenue requirements to recover the costs of providing service to each of the five water and three wastewater customer classes. Staff also reviews volume usage and sewer flows contributed by class and makes adjustments based on both recent and long-term trends. This process provides cost of service rates.

The 2024 cost of service studies identify a need for an increase in retail revenue requirements of 3.50 percent for the water system and 2.90 percent for the wastewater system. The primary drivers of the system revenue requirement increases are additional pay-go cash financing and debt service payments to support the Capital Improvement Plan and keep pace with growth; increased payments to the Trinity River Authority for wastewater treatment services; increased payments to the Tarrant Regional Water District for raw water purchases; and an increase in required transfers to the General Fund.

The recommended rate adjustments impact consumption and flow rates as well as monthly service fees, applied based on meter size. The small increase in the base service charge maintains the balance between the fixed and variable charges, allowing the utility to reduce its reliance on more volatile, volume-based revenues impacted by weather variations. This is a best practice to promote stability in revenue collection and cash flow.

For water volume rates, staff recommends increasing all Residential tier rates, with an emphasis on increases in tiers 3 and 4 to lessen the impact on tier 1 usage, which is primarily used for domestic purposes such as bathing, cleaning, and cooking. For the Commercial and Industrial classes, the cost of service for 2024 results in small increases in the volume rates. Staff recommends no changes in the rates for the Irrigation and Gas Well classes, which are already at their cost of service.

Staff recommends increasing the sewer volume rates for all classes to maintain their cost of service. This results in a small increase for the Residential class. Monitored customers are assessed a separate surcharge based on their wastewater strengths and staff recommends a small decrease in the Biochemical Oxygen Demand (BOD) surcharge and a small increase in the Total Suspended Solids (TSS) surcharge.

These water and sewer rate adjustments result in an increase of \$2.18 on the average monthly residential bill based on Fiscal Year 2022 average usage of 7,750 gallons (10.37 Centum Cubic Feet (CCF) of water and 4,550 gallons (6.13 CCF) of sewer flow per month.

RETAIL WATER RATES

Meter Size	Current	Proposed
5/8" & 3/4"	\$12.10	\$12.90
3/4" x 3/4"	\$12.35	\$13.15
1"	\$25.55	\$27.25
1 1/2"	\$48.00	\$51.15
2"	\$75.00	\$79.90

3"	\$198.40	\$211.35
4"	\$339.80	\$362.00
6"	\$721.45	\$768.50
8"	\$1,260.20	\$1,342.40
10"	\$1,888.75	\$2,012.00

Customer	Per 100 Cubic Feet	Current	Proposed
Residential	First 600 Cubic Feet (CF)	\$2.19	\$2.27
	600 to 1,800 CF	\$3.07	\$3.18
	1,800 to 3,000 CF	\$3.92	\$4.07
	Over 3,000 CF	\$4.73	\$4.95
Commercial	All Usage	\$2.69	\$2.70
Industrial	All Usage	\$2.61	\$2.67
Irrigation	0 to 10,000 CF	\$3.01	\$3.01
	Over 10,000 CF	\$3.90	\$3.90
Gas Wells	All Usage	\$5.85	\$5.85

RETAIL WASTEWATER RATES

Meter Size	Current	Proposed
5/8" & 3/4"	\$6.85	\$7.15
3/4" x 3/4"	\$7.15	\$7.44
1"	\$12.60	\$13.16
1 1/2"	\$22.25	\$35.75

2"	\$33.75	\$57.20
3"	\$86.65	\$107.25
4"	\$147.20	\$178.75
6"	\$310.60	\$357.50
8"	\$541.30	\$572.00
10"	\$810.40	\$822.25
12"	\$1,013.00	\$1,537.25

Residential	Current	Proposed
Volume Charge (per 100 Cubic Feet)	\$4.17	\$4.19
Non-Monitored	Current	Proposed
Volume Charge (per 100 Cubic Feet)	\$4.06	\$4.17
Monitored Group	Current	Proposed
Volume Charge (per 100 Cubic Feet)	\$2.36	\$2.49
BOD Charge (per Pound)	\$0.2738	\$0.2593
TSS Charge (per Pound)	\$0.1841	\$0.1871
Total Dissolved Solids Charge (per Pound) for Gas Well Drillers	\$0.0420	\$0.0420

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 recommendations and adoption of the ordinance, funds will be deposited into the Water & 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:**    Dana Burghdoff    8018

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