

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 08/26/25 M&C FILE NUMBER: M&C 25-0761

LOG NAME: 602026 RETAIL RATES

SUBJECT

(ALL) Adopt Ordinance Revising Retail Water and Wastewater Rates and Charges and Amending Sections 35-56(b), (c) and (d), Article III - Charges, of Chapter 35 - Water and Sewers of the City Code, Effective January 1, 2026

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance revising retail water and wastewater rates and charges and amending Sections 35-56(b), (c) and (d), Article III - Charges, of Chapter 35 - Water and Sewers of the City Code, effective January 1, 2026.

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 (FY) 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 meter growth, and volume usage and sewer flows contributed by class and adjusts based on both recent and long-term trends. This process provides cost-of-service rates.

The 2026 cost-of-service studies identify a need for an increase in retail revenue requirements of 2.01 percent for the water system and 2.14 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 Tarrant Regional Water District for raw water purchases and to the Trinity River Authority for outside wastewater treatment services; funding to meet new Per- and polyfluoroalkyl substances (PFAS) regulatory requirements; and increases in required transfers to the General Fund and allocations to other funds.

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 water and sewer monthly service charge for most meter sizes 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.

As part of the revenue requirement analysis, staff reviews water and wastewater usage trends for all retail customer classes. Over the last three years, the typical Residential customer was billed 10.09 CCF (7,545 gallons) monthly on average for water usage; and 6.00 CCF (4,485 gallons) monthly on average for sewer usage. Sewer usage is generally an indicator of indoor, domestic water used for cooking, cleaning and bathing, with no outdoor watering. Given these factors, and the desire to further encourage conservation in outdoor watering use, staff has determined that the residential water tiers can be restructured around these usage patterns while still recovering sufficient revenue to operate the utility. Adjustments in the volumes associated with the tiers allows for the rate by tier to remain flat. As a result, staff recommends a new tier structure for residential water usage as follows:

Current	Proposed
First 6.00 CCF	First 6.00 CCF (no change)
More than 6.00 to 18.00 CCF	More than 6.00 to 12.00 CCF
More than 18.00 to 30.00 CCF	More than 12.00 to 24.00 CCF
More than 30.00 CCF	More than 24.00 CCF

The monthly water meter service charges for the three smallest meter sizes, which include residential-sized meters, are also recommended to remain unchanged, resulting in no increase to the average monthly residential bill for water service. To the extent that usage differs from the average usage, bills may be more or less than the average.

To generate revenue required to meet the water revenue requirements of other water customer classes, staff recommends small increases in the variable volume-based rates for the Commercial and Industrial classes, with larger increases in the two Irrigation class tiers to encourage conservation. Staff recommends no changes in the rate for the Gas Well class, which is already at its cost of service.

Staff recommends small rate increases for sewer monthly service charges for all meter sizes as well as volume-based rates for all customer classes in line with their cost of service. Monitored customers are assessed a separate surcharge based on their wastewater strengths and staff recommends an increase in the volume charge, with no increase in the Biochemical Oxygen Demand (BOD), the Total Suspended Solids (TSS), or the Total Dissolved Solids (TDS) surcharges.

These water and sewer rate adjustments result in an increase of \$0.64 on the average monthly residential bill based on FY2024 average usage of 7,241 gallons (9.68 CCF) of water and 4,432 gallons (5.92 CCF) of sewer flow per month. This increase reflects the increase in sewer service only, with no increase for water service for the average resident.

RETAIL WATER RATES

Meter Size	Current	Proposed
5/8" & 3/4"	\$13.75	\$13.75
3/4" x 3/4"	\$14.00	\$14.00
1"	\$29.05	\$29.05
1 1/2"	\$54.50	\$57.25
2"	\$85.10	\$89.35
3"	\$225.10	\$236.35
4"	\$385.55	\$404.85
6"	\$818.45	\$859.35
8"	\$1,429.65	\$1,501.15
10"	\$2,142.80	\$2,249.95

Customer	Volume Charge Per 100 Cubic Feet (CCF)	Current	Proposed
Residential	First 6.00 CCF	\$2.28	\$2.28
	More than 6.00 to 12.00 CCF	N/A	\$3.19
	More than 12.00 to 24.00 CCF	N/A	\$4.29
	More than 24.00 CCF	N/A	\$5.37
	More than 6.00 to 18.00 CCF	\$3.19	N/A
	More than 18.00 to 30.00 CCF	\$4.29	N/A

	More than 30.00 CCF	\$5.37	N/A
Commercial	All Usage	\$2.74	\$2.78
Industrial	All Usage	\$2.74	\$2.80
Irrigation	0 to 100.00 CCF	\$3.01	\$3.08
	More than 100.00 CCF	\$4.03	\$4.13
Gas Wells	All Usage	\$5.85	\$5.85

RETAIL WASTEWATER RATES

Meter Size	Current	Proposed
5/8" & 3/4"	\$7.50	\$7.90
3/4" x 3/4"	\$7.80	\$8.20
1"	\$13.80	\$14.55
1 1/2"	\$37.50	\$39.50
2"	\$60.00	\$63.20
3"	\$112.50	\$118.50
4"	\$187.50	\$197.50
6"	\$375.00	\$395.00
8"	\$600.00	\$632.00
10"	\$862.50	\$908.50
12"	\$1,612.50	\$1,698.50

Residential	Current	Proposed
Volume Charge (per 100 Cubic Feet)	\$4.26	\$4.30

Non-Monitored	Current	Proposed
Volume Charge (per 100 Cubic Feet)	\$4.19	\$4.25

Monitored Group	Current	Proposed
Volume Charge (per 100 Cubic Feet)	\$2.65	\$2.78
BOD Charge (per Pound)	\$0.2697	\$0.2697
TSS Charge (per Pound)	\$0.1978	\$0.1978
TDS Charge (per Pound) for Gas Well Drillers	\$0.0420	\$0.0420

This project is located in ALL COUNCIL DISTRICTS.

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 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.

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Additional Information Contact: Kristen Nutter 8252