



CITY OF PLANO COUNCIL AGENDA ITEM

CITY SECRETARY'S USE ONLY				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		10/28/13		
Department:		Budget & Research		
Department Head		Karen Rhodes-Whitley		
Agenda Coordinator (include phone #): Ben Petty (7146)				
CAPTION				
<p>An Ordinance of the City of Plano, Texas, amending Ordinance No. 2013-1-4 codified as Section 21-147, of Article IV, Service Charges Generally, of Chapter 21, Utilities, of the Code of Ordinances of the City of Plano to increase the water rate schedules for residential and non-residential customers for services rendered on or after December 1, 2013, and providing a repealer clause, a severability clause, a savings clause, and an effective date.</p>				
FINANCIAL SUMMARY				
<input type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input checked="" type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: 2013-14	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget	0	72,352,183	0	72,352,183
Encumbered/Expended Amount	0	0	0	0
This Item	0	0	0	0
BALANCE	0	72,352,183	0	72,352,183
FUND(S): WATER & SEWER FUND				
<p>COMMENTS: Approval of this item will increase Water Revenues by an estimated \$4,809,566 for FY 2013-14. The water rate increase and a change to the consumption rate schedule is included in the FY 2013-14 Water & Sewer Budget.</p> <p>STRATEGIC PLAN GOAL: Changes to Water service rates relates to the City's Goal of Financially Strong City with Service Excellence.</p>				
SUMMARY OF ITEM				
<p>It is the recommendation of staff, in conjunction with McLain Decision Support Systems that water rates, as well as separately metered irrigation for both residential and non-residential customers should be increased, while keeping the minimum charges static for all services rendered on or after December 1, 2013.</p>				
List of Supporting Documents: Memorandum, Presentation, Ordinance			Other Departments, Boards, Commissions or Agencies	

MEMORANDUM

DATE: October 18, 2013
TO: Bruce Glasscock, City Manager
FROM: Karen Rhodes-Whitley, Director of Budget & Research
SUBJECT: WATER & SEWER RATE INCREASE

Scheduled for consideration on the October 28, 2013 City Council meeting is the ordinance outlining the proposed water and sewer rates to be implemented December 1, 2013. At the August Budget Worksession, an overall 8% water and a 3% sewer rate increase was included in the City Manager's Recommended Budget to cover increased costs passed on to the City by North Texas Municipal Water District (NTMWD). A recently completed Water & Sewer Rate Study by McLain Decision Support System has revealed that the sewer rate increase of 3% is no longer required; however, the water rate increase of 8% is still necessary in order to collect the additional \$4.8 million in increased water contract cost.

The City of Plano has always strived to have our water rates pay for water services and our sewer rates pay for sewer services. Currently, our sewer rates are subsidizing water services by approximately 5.1%. By forgoing the sewer rate increase, we will be able to eliminate the water subsidy by FY 2015-16. In addition, in order to pass along the 8% water rate increase beginning December 1st, all minimum bills will remain the same and the rate increase will be passed along through the volumetric rate structure. Currently, our water minimum bills are collecting all the fixed costs required to be paid through the rate.

The following presentation regarding the overall water rate increase will be presented to the City Council on Monday October 28th. In addition, our Rate Consultant, Bob McLain from McLain Decision Support Systems will also be in attendance to answer any questions.

Please let me know if you have any questions regarding the proposed water and sewer rate structure.

Water & Sewer Rate Discussion

City Council Worksession
October 28, 2013

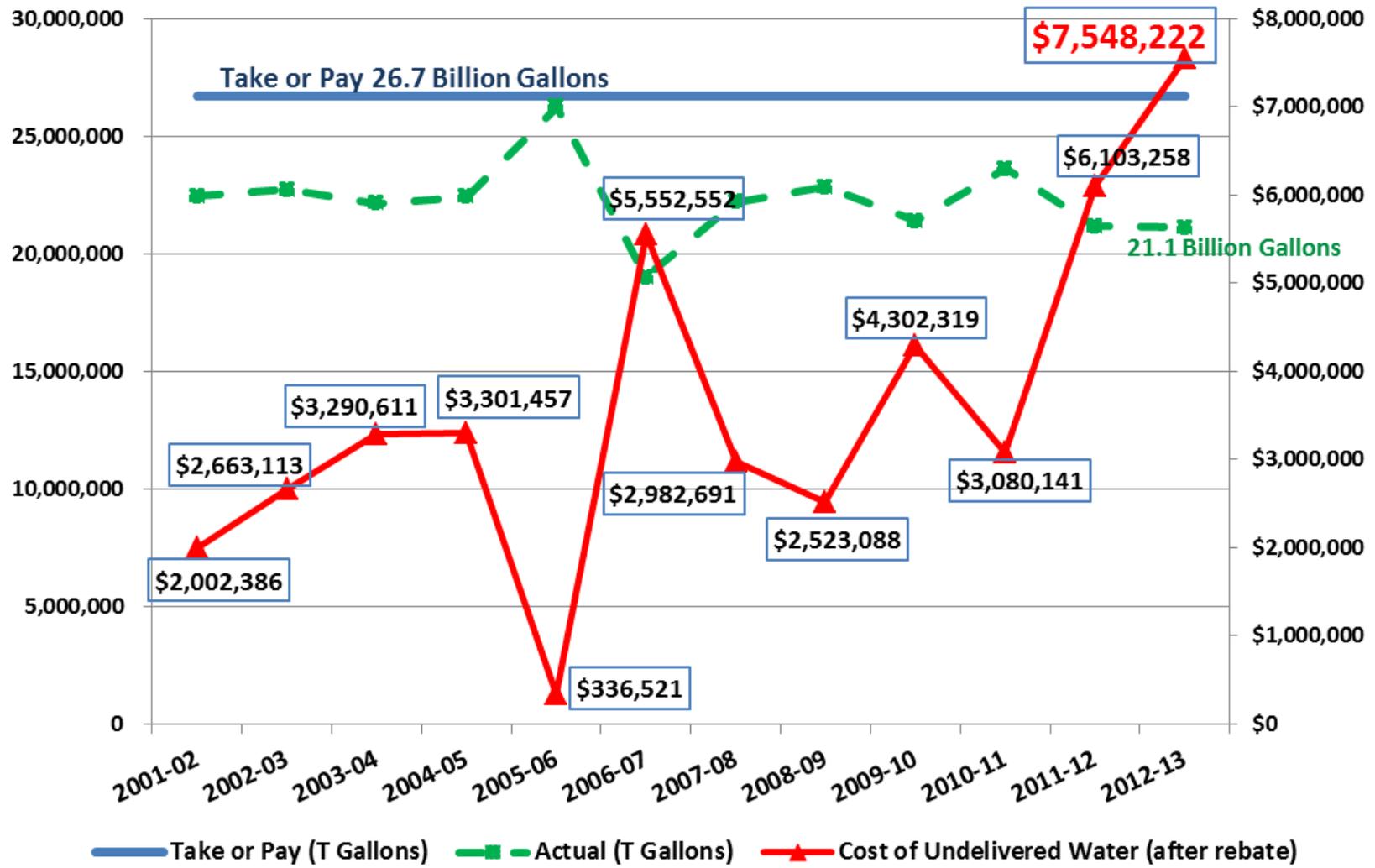


Water & Sewer Fund Overview

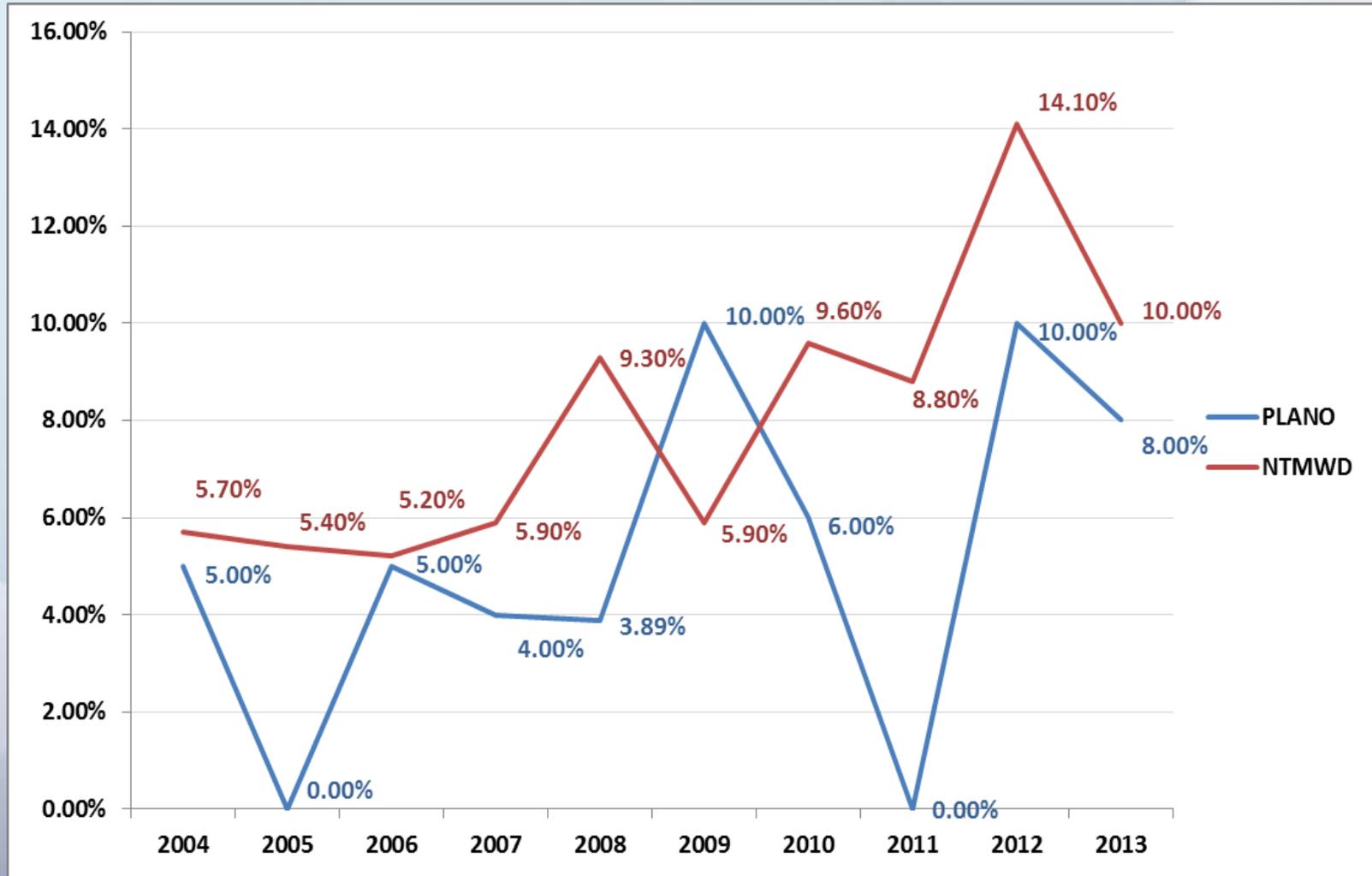
- ❖ Final numbers received from North Texas Municipal Water District (NTMWD) project wholesale water rates will increase 10.0% and wastewater treatment costs by 2.0%. Total increase of 12.0%.
- ❖ As of 7/31/13, Plano ended the water year using 21.2 billion gallons, resulting in a loss of revenue of approximately \$9.5 million in the 2012-13 water year under the NTMWD Take or Pay Agreement. We received a credit from the district for unused O&M expenditures of \$1.96 million making the net loss in revenue equal to \$7.5 million.
- ❖ Significant NTMWD increase is directly tied to pay for the debt service cost associated with the \$300 million pipeline that will run from Lake Texoma to the Wylie Plant in order to address the zebra mussel infestation.
- ❖ Based on a rate analysis developed by McLain Decision Support Systems, the City of Plano plans to pass through an overall 8% rate increase in order to offset the increase in contract cost effective December 1st. No wastewater increase is necessary at this time. Currently, wastewater is subsidizing water by 5.1%.
- ❖ The budget assumes Stage III Water restrictions through FY 2013-14.



Take or Pay - Undelivered Water



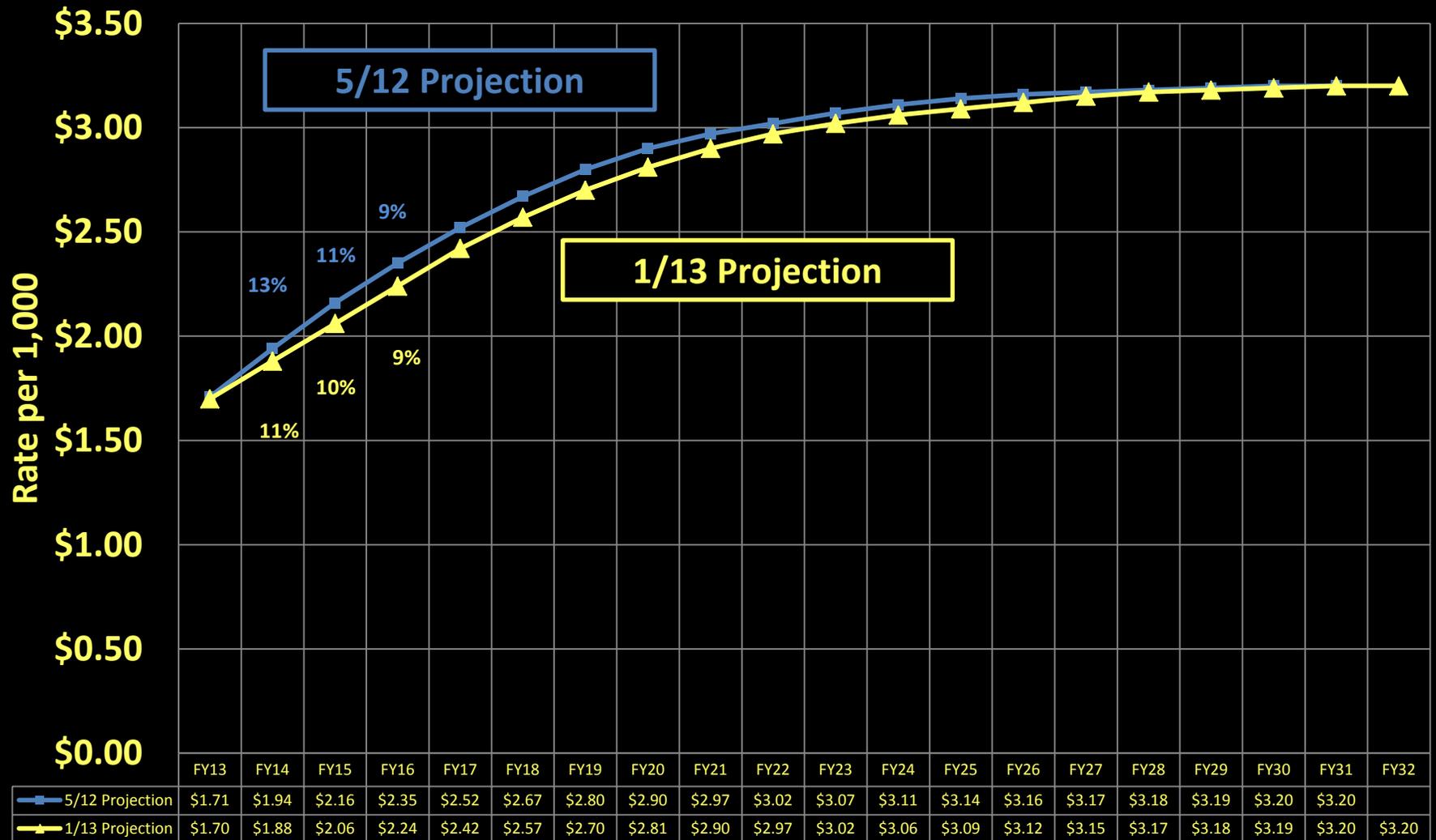
WATER RATE HISTORY PLANO VS. NTMWD





MEMBER WATER RATE PROJECTION

Preliminary – Rates are adopted by the Board Annually in September



Note: Rates are calculated based on Estimated Total Costs less Interest and Other Income.



Other City – Proposed Water Rate Increase Phone Survey

- Plano
 - Overall 8%
 - » 0% on minimum on both Residential and Non-residential
 - » 1,001-5,000 gallons \$0.43 to \$0.49 per 1,000 gallons (13.95%)
 - » 5,001-20,000 gallons - \$2.21 to \$2.52 per 1,000 gallons (14.03%)
 - » Over 20,000 gallons – \$4.42 to \$5.03 per 1,000 gallons (13.80%)
- Richardson
- Arlington
- Allen
 - 10.9% across 5 Tiers
 - 8%
 - 5.5% on Minimum
 - 7.0% on Volumetric Rate
- McKinney
- Garland
- Frisco



Water & Sewer Fund – Monthly Increase

❖ Residential ¾” Customer – 10,000 gallons

Water - \$31.39 to \$33.18

Sewer - \$50.58 to \$50.58 (No increase proposed at this time)

Total - \$81.97 to \$83.76 = \$1.79 increase

❖ Commercial 1” Customer – 50,000 gallons

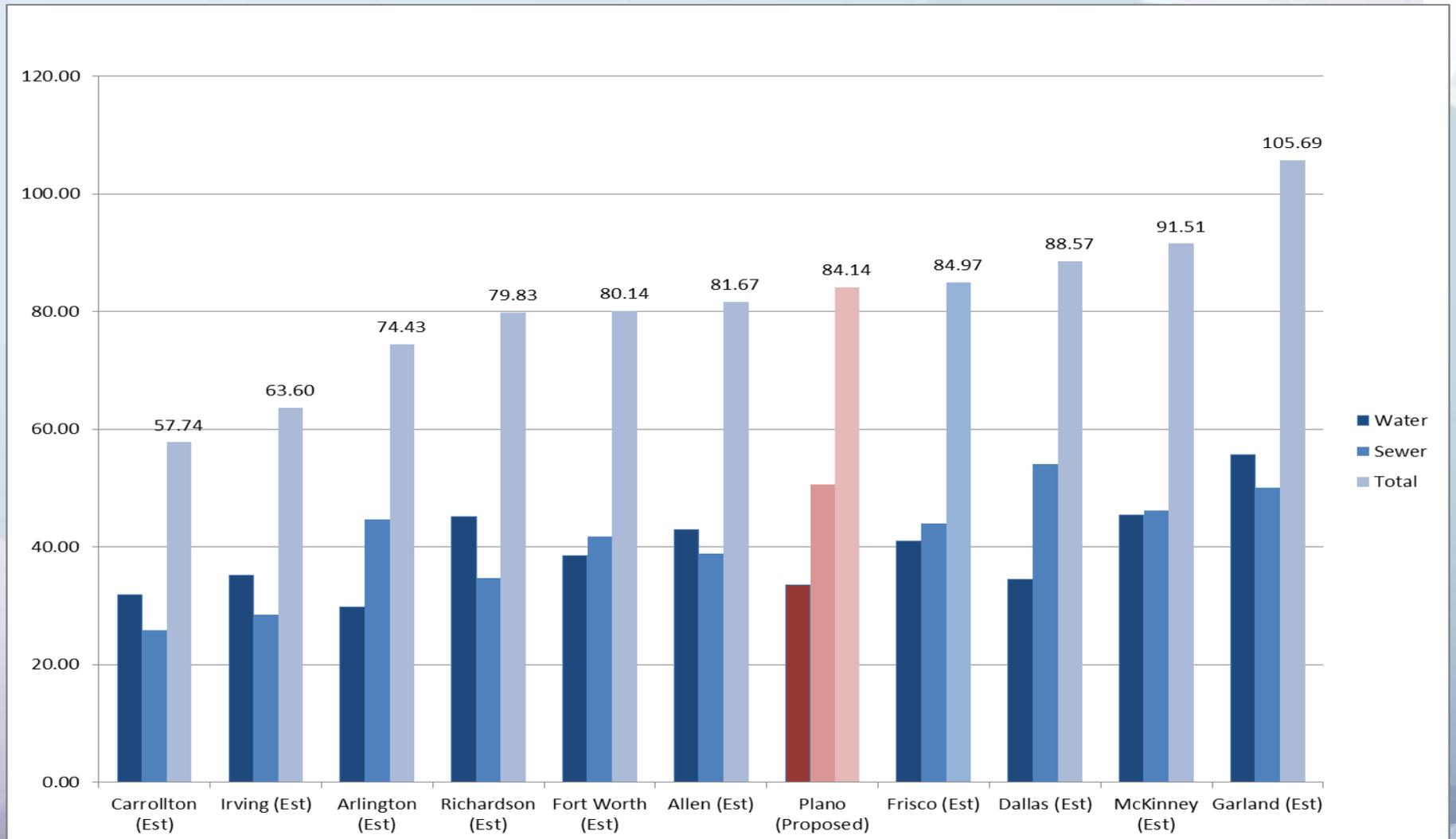
Water - \$143.23 to \$157.42

Sewer - \$232.62 to \$232.62 (No increase proposed at this time)

Total - \$375.85 to \$390.04 = \$14.19 increase

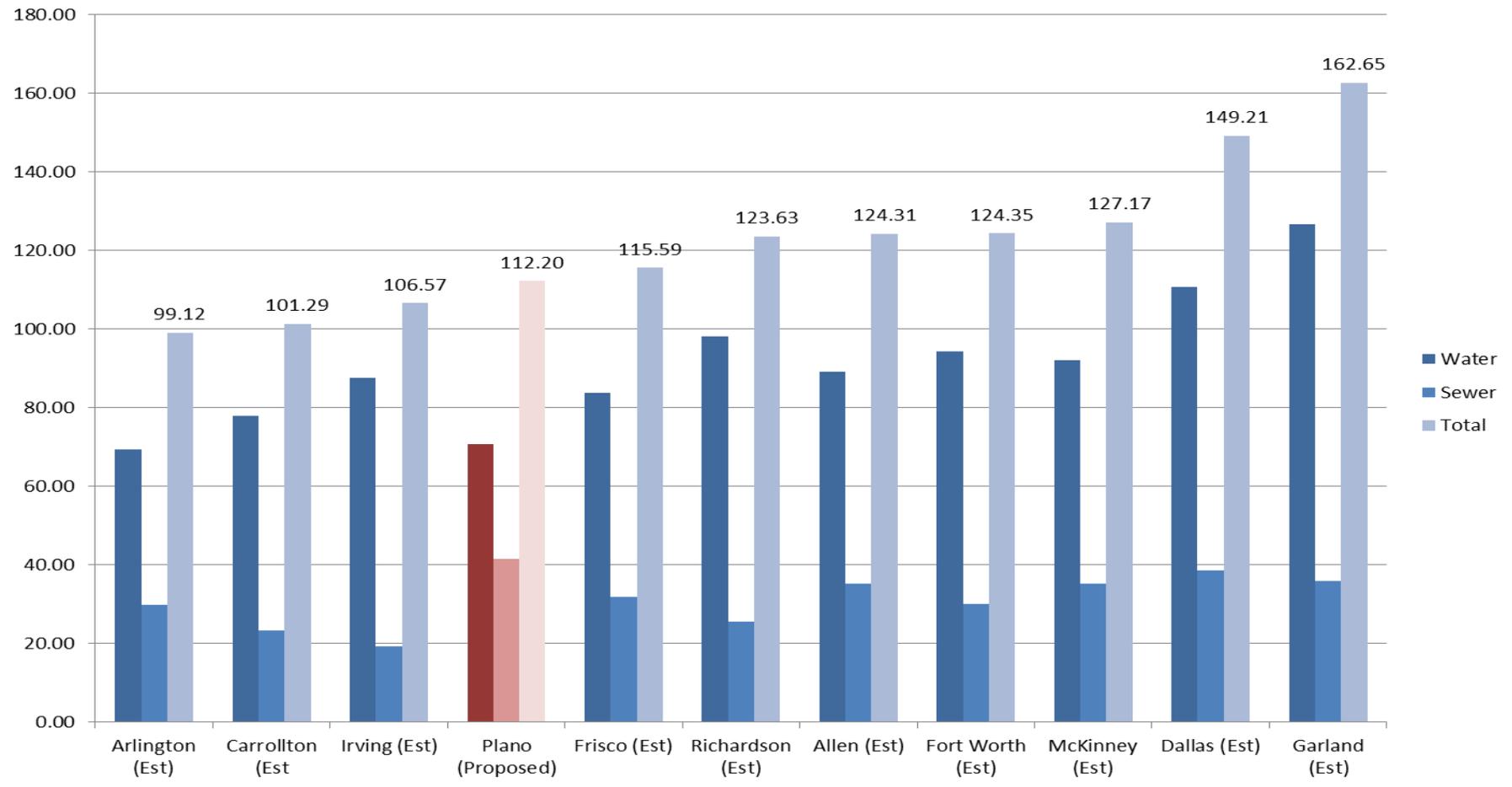


RESIDENTIAL $\frac{3}{4}$ " COMPARISON FOR 10,000 GALLONS

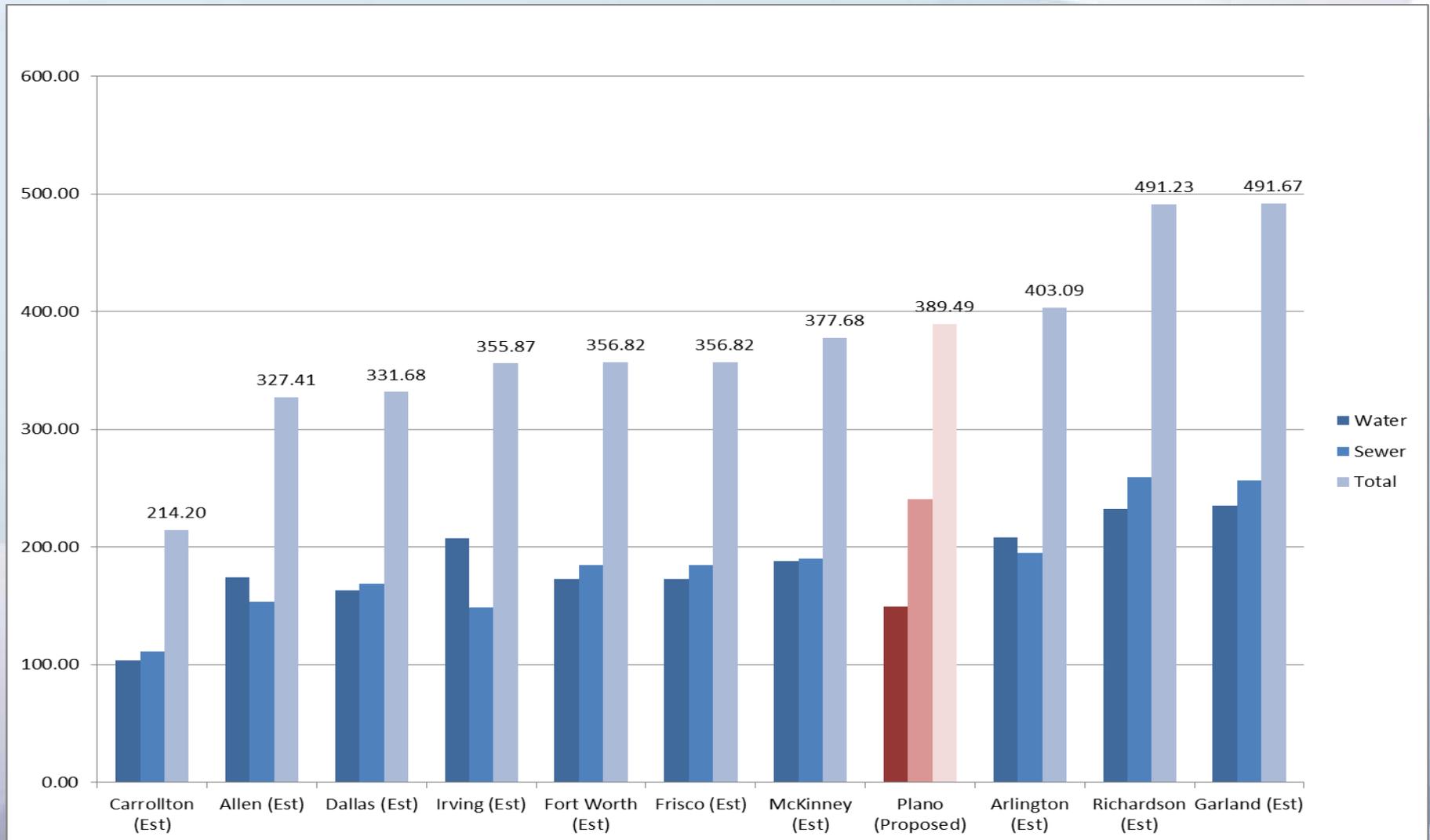


RESIDENTIAL 3/4" COMPARISON WITH PLANO HOUSEHOLD AVERAGE MONTHLY USAGE

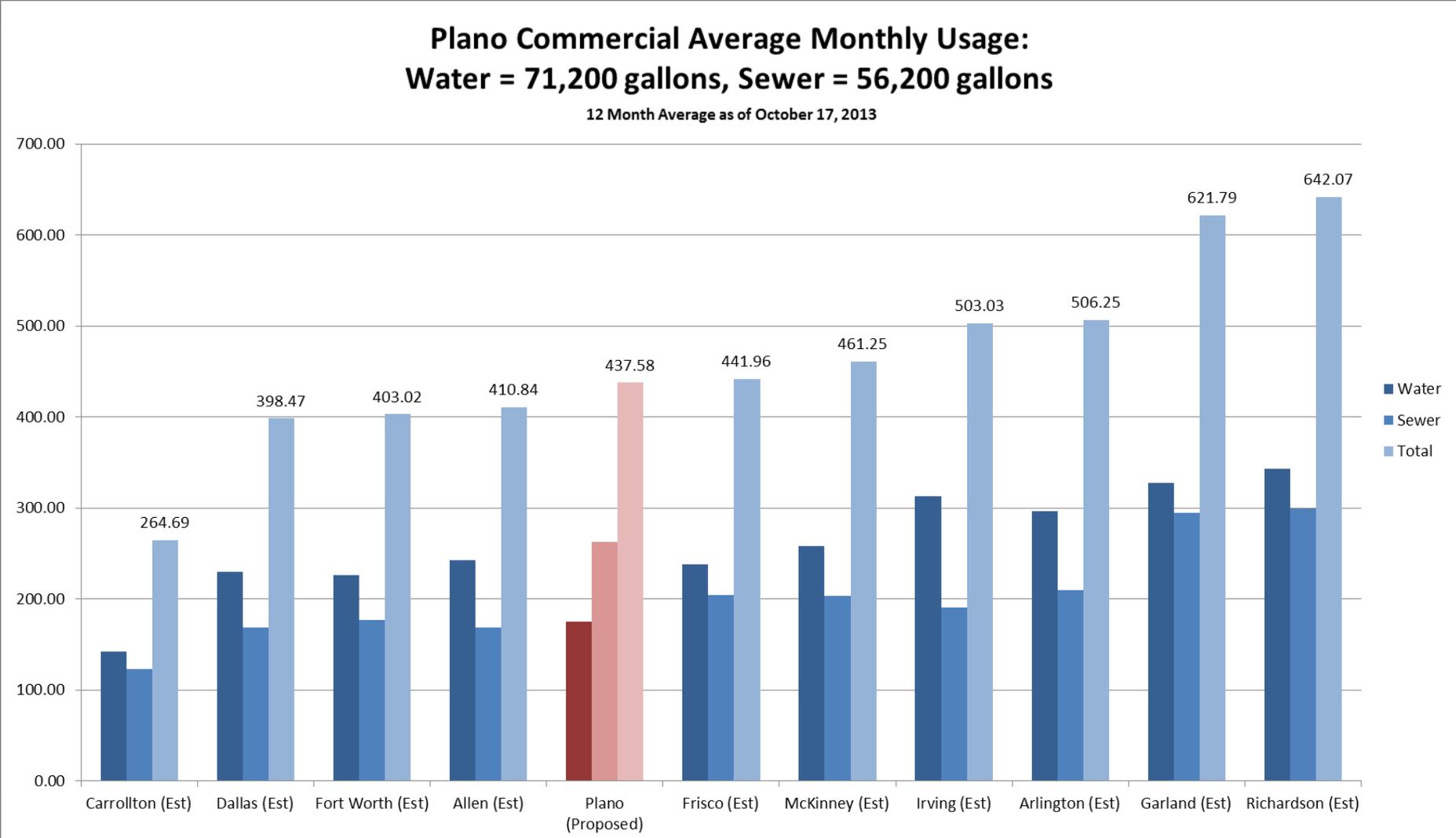
Plano Household Average Monthly Usage:
Water = 30,750 gallons, Sewer = 7,250 gallons
 12 Month Average as of October 17, 2013



COMMERCIAL 1" COMPARISON FOR 50,000 GALLONS



Commercial Average Monthly Usage



NTMWD Member Cities Residential Ranking

Table 1
Combined Water & Wastewater Average Monthly Bill
Residential 5/8 x 3/4 Inch Meter
Recap of Ranking, out of 13 Utilities
"The Lower The Rank, The Lower The Monthly Bill"

Gallons Monthly (Water) -> Gallons Monthly (Sewer) ->	Rank							Avg. Rank
	None From Table 3	5,000 From Table 4	12,000 From Table 5	15,000 From Table 6	20,000 From Table 7	25,000 From Table 8	50,000 From Table 9	
1 Allen	7	3	4	8	5	5	6	5
2 Farmersville	12	14	14	14	14	14	14	14
3 Forney	4	11	11	11	11	11	10	10
4 Frisco	10	8	7	6	6	6	3	7
5 Garland	1	9	10	10	10	10	11	9
6 McKinney	6	2	2	2	3	2	2	3
7 Mesquite	2	7	9	9	9	9	9	8
8 Plano	8	4	3	3	1	1	1	3
8 Plano - Proposed	8	5	5	4	2	3	5	5
9 Princeton	11	13	13	13	13	13	13	13
10 Richardson	3	6	8	7	7	7	8	7
11 Rockwall	5	1	1	1	4	4	4	3
12 Royse City	14	12	12	12	12	12	12	12
13 Wylie	13	10	6	5	8	8	7	8

Tables 1 and 2 recap the ranking of each city, based on the combined average monthly water and sewer bill.
 Note: The lower the rank, the lower the monthly bill.



NTMWD Member Cities Non-residential Ranking

Table 2
Combined Water & Wastewater Average Monthly Bill
Non-Residential

"The Lower The Rank, The Lower The Monthly Bill"

Meter Size -> Gallons Monthly From ->	Rank							Avg. Rank
	3/4" 17,000 From Table 10	1 Inch 21,000 From Table 11	1.5 Inch 45,000 From Table 12	2 Inch 100,000 From Table 13	3 Inch 85,000 From Table 14	4 Inch 57,000 From Table 15	6 Inch 867,000 From Table 16	
1 Allen	4	3	2	1	3	4	1	3
2 Farmersville	14	14	14	14	14	14	14	14
3 Forney	11	11	11	11	9	7	11	10
4 Frisco	8	6	5	4	5	8	5	6
5 Garland	10	10	8	8	7	6	9	8
6 McKinney	2	5	6	7	8	9	8	6
7 Mesquite	9	8	7	10	6	5	10	8
8 Plano	3	7	9	6	10	11	4	7
8 Plano - Proposed	5	9	10	9	11	12	6	9
9 Princeton	13	13	13	13	13	13	13	13
10 Richardson	6	2	4	5	4	3	7	4
11 Rockwall	1	1	1	2	2	2	3	2
12 Royse City	12	12	12	12	12	10	12	12
13 Wylie	7	4	3	3	1	1	2	3



NTMWD Member and Contract Cities Residential

Table 1
Combined Water & Wastewater Average Monthly Bill
Residential 5/8 x 3/4 Inch Meter
Recap of Ranking, out of 27 Utilities
"The Lower The Rank, The Lower The Monthly Bill"

Gallons Monthly (Water) -> Gallons Monthly (Sewer) ->	Rank							Avg. Rank
	None	5,000	12,000	15,000	20,000	25,000	50,000	
	None	5,000	8,000	8,000	8,000	8,000	8,000	
	From							
	Table 3	Table 4	Table 5	Table 6	Table 7	Table 8	Table 9	
1 Allen	11	4	7	11	8	8	10	8
2 Bonham	19	17	14	14	10	9	3	12
3 Fairview	9	2	2	2	2	2	7	4
4 Farmersville	18	27	28	28	28	28	28	26
5 Fate	25	22	21	21	20	21	19	21
6 Forney	5	16	17	17	18	18	18	16
7 Frisco	14	10	10	9	9	10	6	10
8 Garland	1	13	16	16	16	17	21	14
9 Heath	28	28	26	26	25	25	25	26
10 Josephine	20	12	13	13	15	15	17	15
11 Kaufman	7	18	19	19	17	16	14	16
12 Little Elm	22	19	18	18	19	20	22	20
13 McKinney	8	3	5	5	6	5	5	5
14 Melissa	21	26	25	25	26	27	27	25
15 Mesquite	3	9	15	15	14	14	13	12
16 Murphy	10	8	4	4	4	3	1	5
17 Plano	12	5	6	6	3	4	4	6
17 Plano - Proposed	12	6	8	7	5	6	9	8
18 Princeton	16	24	27	27	27	26	26	25
19 Prosper	15	21	20	20	21	23	23	20
20 Richardson	4	7	11	10	12	11	12	10
21 Rockwall	6	1	1	1	7	7	8	4
22 Royse City	27	20	22	22	24	24	24	23
23 Rowlett	23	25	24	24	22	19	15	22
24 Sachse	2	11	12	12	11	13	16	11
25 Sunnyvale	26	14	3	3	1	1	2	7
26 Terrell	17	23	23	23	23	22	20	22
27 Wylie	24	15	9	8	13	12	11	13

Tables 1 and 2 recap the ranking of each city, based on the combined average monthly water and sewer bill.
 Note: The lower the rank, the lower the monthly bill.



NTMWD Member and Contract Cities

Non - residential

Table 2
Combined Water & Wastewater Average Monthly Bill
Non-Residential
"The Lower The Rank, The Lower The Monthly Bill"

Meter Size -> Gallons Monthly From ->	Rank							Avg. Rank
	3/4"	1 Inch	1.5 Inch	2 Inch	3 Inch	4 Inch	6 Inch	
	17,000	21,000	45,000	100,000	85,000	57,000	867,000	
	From							
	Table 10	Table 11	Table 12	Table 13	Table 14	Table 15	Table 16	
1 Allen	5	5	3	1	3	6	2	4
2 Bonham	10	14	14	11	24	24	6	15
3 Fairview	1	1	1	6	5	1	12	4
4 Farmersville	28	28	28	28	27	25	28	27
5 Fate	17	24	25	24	26	27	27	24
6 Forney	18	17	18	18	15	11	22	17
7 Frisco	12	9	8	7	8	14	7	9
8 Garland	15	13	12	13	10	9	14	12
9 Heath	16	16	10	9	14	18	10	13
10 Josephine	7	3	5	5	4	3	8	5
11 Kaufman	22	19	16	16	11	8	16	15
12 Little Elm	20	21	22	20	21	26	19	21
13 McKinney	3	7	9	12	12	15	13	10
14 Melissa	27	27	27	27	28	28	26	27
15 Mesquite	14	11	11	15	9	7	15	12
16 Murphy	9	8	7	4	7	19	1	8
17 Plano	4	10	13	10	18	21	5	12
17 Plano - Proposed	6	12	15	14	19	22	9	14
18 Princeton	26	26	26	26	25	23	25	25
19 Prosper	19	20	20	23	20	17	24	20
20 Richardson	8	4	6	8	6	5	11	7
21 Rockwall	2	2	2	2	2	4	4	3
22 Royse City	25	25	24	25	23	16	23	23
23 Rowlett	21	18	17	17	13	10	17	16
24 Sachse	13	15	19	21	17	12	21	17
25 Sunnyvale	24	22	21	19	16	13	20	19
26 Terrell	23	23	23	22	22	20	18	22
27 Wylie	11	6	4	3	1	2	3	4



Questions??



An Ordinance of the City of Plano, Texas, amending Ordinance No. 2013-1-4 codified as Section 21-147, of Article IV, Service Charges Generally, of Chapter 21, Utilities, of the Code of Ordinances of the City of Plano to increase the water rate schedules for residential and non-residential customers for services rendered on or after December 1, 2013, and providing a repealer clause, a severability clause, a savings clause, and an effective date.

WHEREAS, on January 14, 2013 the City Council of the City of Plano enacted Ordinance No. 2013-1-4 amending the fee schedules for water service provided in the City; and

WHEREAS, the City Council has been presented with a report which indicates that the revenues currently recovered under the existing water rate schedules are insufficient to cover the costs of providing such services to the City; and

WHEREAS, upon consideration of the report and the recommendations contained therein, the City Council is of the opinion that the water rates for both residential and non-residential customers should be increased; and

WHEREAS, the City Council further finds and determines that the fee increase is necessary and in the best interest of the City and its citizens.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:

Section I. *Section 21-147, Water Charges, of Article IV, Chapter 21, Utilities, of the Code of Ordinances of the City of Plano, is hereby amended to read in its entirety as follows:*

“For Services Rendered on or after December 1, 2013:

Sec. 21-147. Water charges.

(1) All **residential**. (Includes but is not limited to single family homes, and separately metered multi-family units, patio homes, town homes, condominiums and all other residential dwellings.)

a. Minimum charge.

1.	Up to 3/4 inch.....	\$18.62
2.	1 inch.....	18.62
3.	1 1/2 inch.....	82.41
4.	2 inch.....	130.06

b. Consumption charges.

1.	First 1,000 gallons included in meter charge (minimum bill).	
2.	1,001 - 5,000 gallons (per 1,000 gallons).....	\$0.49
3.	5,001 – 20,000gallons (per 1,000 gallons).....	2.52
4.	All over 20,000 gallons (per 1,000 gallons).....	5.03

(2) All **non-residential**. (Includes, but is not limited to commercial, schools, churches, homeowners associations, mobile home parks, industrial, apartment complexes, cooling towers and any other non-residential use.)

a. Minimum charge.

1.	Up to 3/4 inch.....	\$18.62
2.	1 inch.....	42.06
3.	1 1/2 inch.....	82.41
4.	2 inch.....	130.06
5.	3 inch.....	257.10
6.	4 inch.....	400.16
7.	6 inch.....	797.35
8.	8 inch.....	1,273.98
9.	10 inch.....	1,830.19

b. Consumption charges.

1.	First 1,000 gallons included in meter charge (minimum bill).	
2.	1,001- 5,000 gallons (per 1,000 gallons).....	\$0.49
3.	All over 5,000 gallons (per 1,000 gallons).....	2.52

(3) **Separately metered irrigation use.**

a. Minimum charge.

1.	Up to 3/4 inch.....	\$18.62
2.	1 inch (Residential).....	18.62
2.	1 inch (Commercial).....	42.06
3.	1 1/2 inch.....	82.41
4.	2 inch.....	130.06
5.	3 inch.....	257.10
6.	4 inch.....	400.16
7.	6 inch.....	797.35
8.	8 inch.....	1,273.98
9.	10 inch.....	1,830.19

b. Consumption charges.

1.	First 1,000 gallons included in meter charge (minimum bill).	
2.	1,001- 5,000 gallons (per 1,000 gallons).....	\$0.49
3.	5,001 – 20,000 gallons (per 1,000 gallons).....	2.52
4.	All over 20,000 gallons (per 1,000 gallons).....	5.03

Section II. Any provision of any Ordinance of the City of Plano, codified or uncodified, in conflict with the provisions of this Ordinance is hereby repealed, and all other provisions of the ordinances of the City of Plano, codified or uncodified, not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section III. It is the intention of the City Council that this Ordinance, and every provision hereof, shall be considered severable, and the invalidity or unconstitutionality of any section, clause, provision or portion of this Ordinance shall not affect the validity or constitutionality of any other portion of this Ordinance.

Section IV. The repeal of any Ordinance or part of Ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such Ordinance or as discontinuing, abating, modifying, or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions of any Ordinances at the time of passage of this Ordinance.

Section V. This Ordinance shall become effective December 1, 2013 upon its passage.

DULY PASSED AND APPROVED this the 28th day of October, 2013.

Harry LaRosiliere, MAYOR

ATTEST:

Diane Zucco, City Secretary

APPROVED AS TO FORM:

Diane C. Wetherbee, City Attorney