



City of Fair Oaks Ranch, TX



**Water/Wastewater/Reuse
Rate Study Council
Presentation**

July 7, 2022

Agenda

- **Opening Questions**
- **Focus on Fixing Wastewater**
 - Current rates & structure
 - Cost of Service
 - Proposed Rate Scenarios
 - Comparison to other Utilities
- **Discussion and Way Ahead**
 - Additional analysis, presentations, timeline, etc.
 - Proposed timeline
 - WWTP Feasibility Study update

Opening Questions

Water

- Although we run a combined utility, should water customers subsidize wastewater?
- Do we want to maintain or change current water tiers/rates?
- Are we okay with water surplus going towards Water Capital Reserve?

Wastewater

- Although we run a combined utility, should wastewater customers be subsidized by water?
- Should wastewater revenue cover its own cost of service?
- Are we okay with increasing wastewater rates?

Current Wastewater Rates & Structure

Service Availability Charge

Meter Size	Monthly Charge \$ per bill
All Meters	\$40.86



Wastewater Service Fees

Fee	\$ per bill
TCEQ Fee	\$0.05
Debt Service Fee	\$2.30
Capital Reserve Fund	\$4.12
Total	\$6.47



Monthly
Wastewater Bill
\$47.33



Wastewater Cost of Service

In total, existing rates are insufficient to cover costs therefore revenue from each class is insufficient to cover costs with the residential class having the greatest shortfall

Class	Current Revenue	Cost of Service	Variance
Residential	\$1,177,670	\$1,944,342	\$766,672
Commercial	<u>\$6,332</u>	<u>\$20,100</u>	<u>\$13,769</u>
Total	\$1,184,002	\$1,964,442	\$780,441



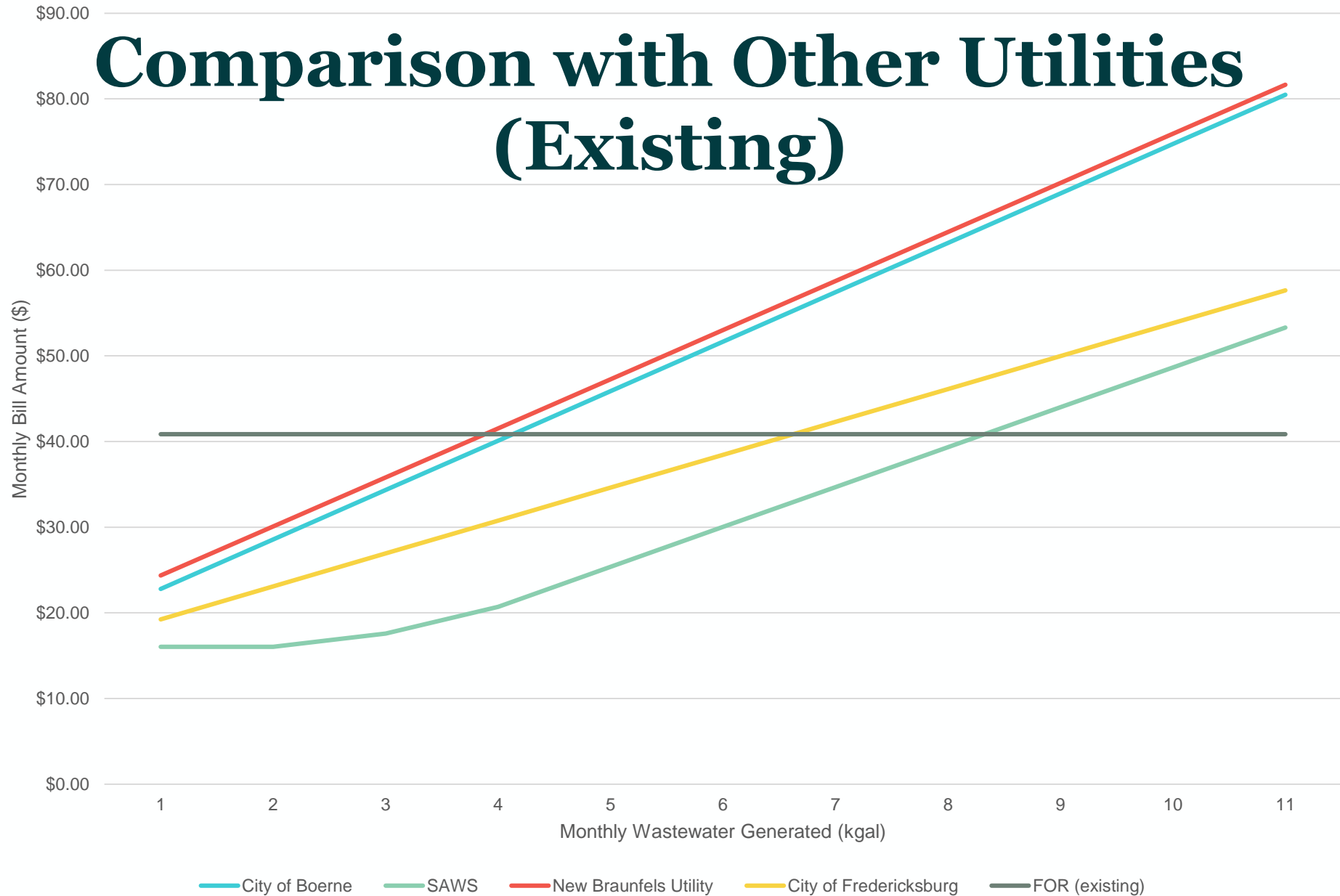
Target for Rate Design

Wastewater Rate Scenarios

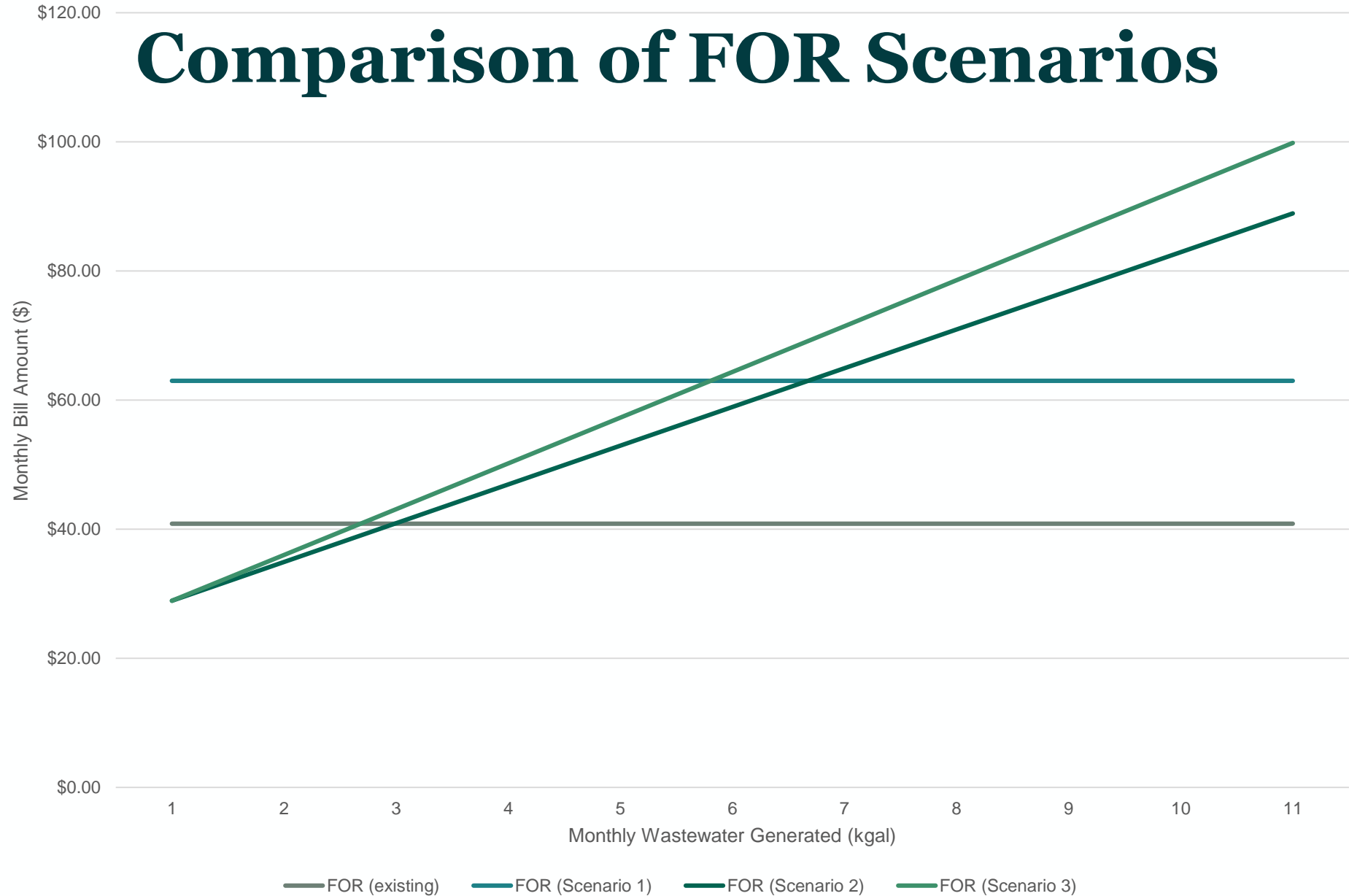
Wastewater Rates				
Scenarios	Existing	Scenario 1	Scenario 2	Scenario 3
Service Availability	\$ 40.86	\$ 62.99	\$ 28.94	\$ 28.94
Fees	\$ 6.47	\$ 6.47	\$ 6.47	\$ 0.05
Volumetric (Per Kgal)	\$ -	\$ -	\$ 6.00	\$ 7.09

- Fees Include TCEQ Fee, Debt Service Fee and Capital Reserve Fund Fee
- Volume based on Average Winter Consumption of December, January and February
- Rate Increase considers O&M reduction of \$350,000 for Sludge Handling
- Average customer generates 5-6 kgal of wastewater each month

Comparison with Other Utilities (Existing)



Comparison of FOR Scenarios



Discussion & Way Ahead

- Information needed for future decision making
 - Additional analysis, presentations, etc.
 - Consideration of other rate scenarios
 - Rate Advisory Panel engagement
 - Ensure any changes and bill impacts are reasonable, understandable and explainable
- Way Ahead
 - Original plan was to implement rate changes on Oct 1st
 - Mid-year implementation possible (i.e. Jan 1st)
 - Community outreach still on hold pending further guidance
 - Amendment to Fee Schedule ordinance required
 - WWTP Feasibility Study presentations planned for Sept and Oct