

July 10, 2018

City of Murphy, Texas Water and Wastewater Rate Study Update



ECONOMICS

STRATEGY

STAKEHOLDERS

SUSTAINABILITY

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Financial Performance Under Current Rates

	FY19	FY20	FY21	FY22	FY23
Total Revenues	\$10,352,723	\$10,417,211	\$10,461,864	\$10,508,876	\$10,557,729
Total Expenditures	10,700,283	12,074,609	13,113,148	13,962,112	14,999,979
Over/(Under) Recovery	(\$347,560)	(\$1,657,399)	(\$2,651,284)	(\$3,453,236)	(\$4,442,250)
Over/(Under) Recovery (%)	-3.36%	-15.91%	-25.34%	-32.86%	-42.08%
Beginning Fund Balance	\$3,518,423	\$3,170,863	\$1,513,464	(\$1,137,820)	(\$4,591,056)
Change in Fund Balance	(347,560)	(1,657,399)	(2,651,284)	(3,453,236)	(4,442,250)
Ending Fund Balance	\$3,170,863	\$1,513,464	(\$1,137,820)	(\$4,591,056)	(\$9,033,306)
Fund Balance Req. (20%)	\$2,140,057	\$2,414,922	\$2,622,630	\$2,792,422	\$2,999,996
Over/(Short) Requirement	\$1,030,806	(\$901,458)	(\$3,760,449)	(\$7,383,478)	(\$12,033,302)

Rate Design

- Rates designed to minimize the impact on customers by increasing rates more evenly
- Levelized Rates for FY19 to FY23
- Maintain Reserve – 20% of Total Expenditures

Rate Design (cont'd)

- Use of Fund Balance

FY19	FY20	FY21	FY22	FY23
\$0	(\$168,108)	(\$311,717)	(\$196,856)	(\$191,908)

- Rate Increase %s

- Current

RATE INCREASES	FY19	FY20	FY21	FY22	FY23
WATER	8.46%	8.46%	8.46%	8.46%	8.46%
SEWER	4.68%	4.68%	4.68%	4.68%	4.68%

- 2018 Study

RATE INCREASES	FY 18	FY19	FY20	FY21	FY22
WATER	12.13%	12.13%	12.13%	4.14%	4.14%
WASTEWATER	10.40%	10.40%	10.40%	5.98%	5.98%

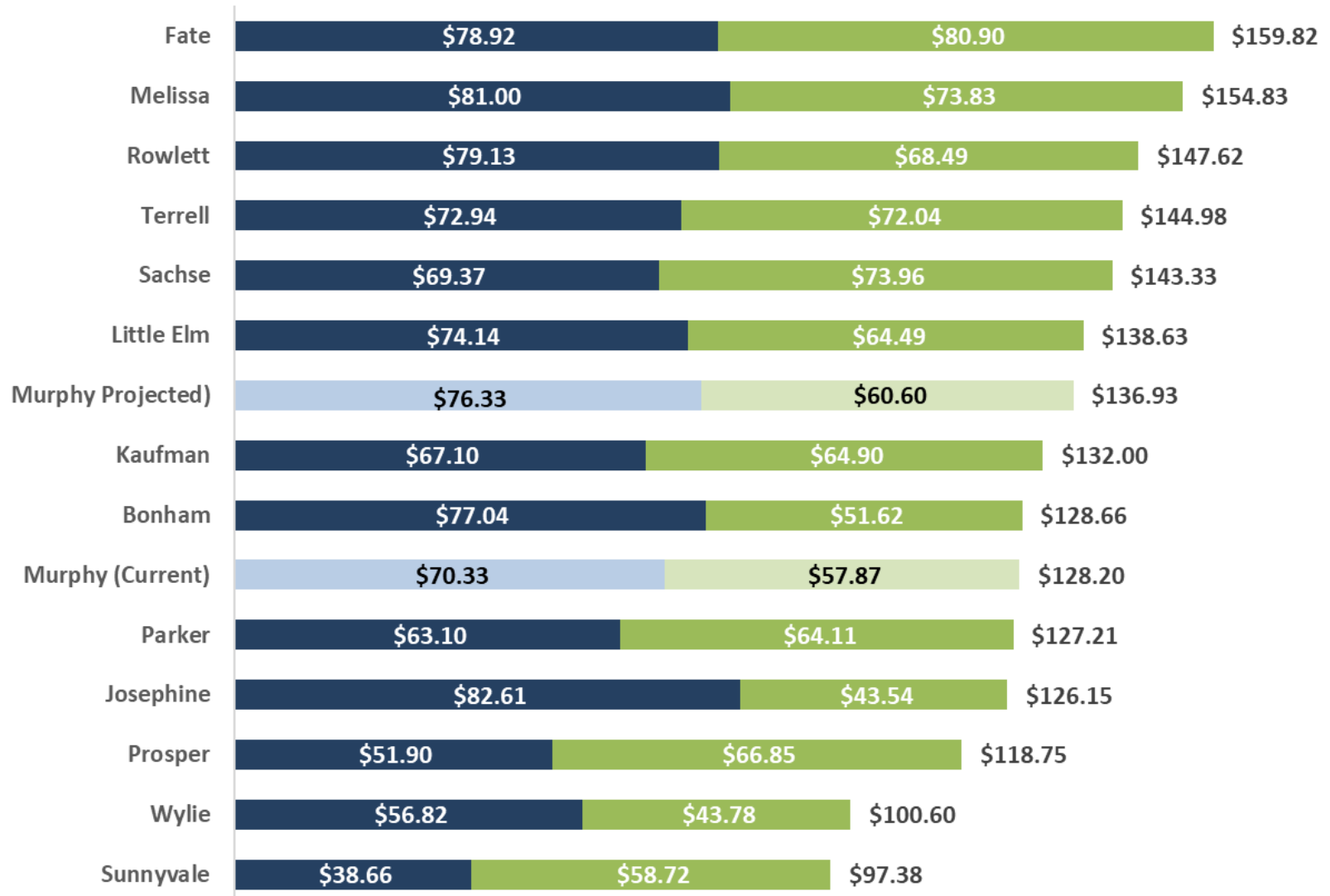
Financial Performance Under Projected Rates

	FY19	FY20	FY21	FY22	FY23
Total Revenues	\$11,060,130	\$11,906,501	\$12,801,431	\$13,765,256	\$14,808,071
Total Expenditures	10,700,283	12,074,609	13,113,148	13,962,112	14,999,979
Over/(Under) Recovery	\$359,847	(\$168,108)	(\$311,717)	(\$196,856)	(\$191,908)
Over/(Under) Recovery (%)	3.25%	-1.41%	-2.44%	-1.43%	-1.30%
Beginning Fund Balance	\$3,518,423	\$3,878,270	\$3,710,162	\$3,398,445	\$3,201,589
Change in Fund Balance	359,847	(168,108)	(311,717)	(196,856)	(191,908)
Ending Fund Balance	\$3,878,270	\$3,710,162	\$3,398,445	\$3,201,589	\$3,009,681
Fund Balance Req. (20%)	\$2,140,057	\$2,414,922	\$2,622,630	\$2,792,422	\$2,999,996
Over/(Short) Requirement	\$1,738,214	\$1,295,240	\$775,816	\$409,167	\$9,685

Residential Customer Bill Impact – Combined Water and Wastewater

	Current	FY19	FY20	FY21	FY22	FY23
2,000 gallons	\$59.48	\$63.49	\$67.78	\$72.39	\$77.32	\$82.61
Variance		4.01	4.29	4.61	4.93	5.29
5,000 gallons	\$85.25	\$91.03	\$97.21	\$103.86	\$110.95	\$118.55
Variance		5.78	6.18	6.65	7.09	7.60
7,000 gallons	\$102.43	\$109.39	\$116.83	\$124.84	\$133.37	\$142.51
Variance		6.96	7.44	8.01	8.53	9.14
10,000 gallons	\$128.20	\$136.93	\$146.26	\$156.31	\$167.00	\$178.45
Variance		8.73	9.33	10.05	10.69	11.45
15,000 gallons	\$171.15	\$182.83	\$195.31	\$208.76	\$223.05	\$238.35
Variance		11.68	12.48	13.45	14.29	15.30

Regional Bill Comparison 10,000 gallons





Addendums

Projected Water Rates – Residential and Commercial

Rates	Current	FY19	FY20	FY21	FY22	FY23
Minimum Charge						
¾"	\$ 22.43	\$ 24.33	\$ 26.39	\$ 28.62	\$ 31.04	\$ 33.67
1"	37.00	40.13	43.52	47.20	51.19	55.52
1.5"	75.13	81.49	88.38	95.86	103.97	112.77
2"	119.98	130.13	141.14	153.08	166.03	180.08
3"	224.26	243.23	263.81	286.13	310.34	336.59
4"	373.39	404.98	439.24	476.40	516.70	560.41
Volumetric Rates						
0 – 15,000 gallons	\$4.79	\$5.20	\$5.64	\$6.12	\$6.64	\$7.20
15,001 – 30,000 gallons	5.08	5.51	5.98	6.49	7.04	7.64
30,001 – 45,000 gallons	5.40	5.86	6.36	6.90	7.48	8.11
45,001 – 60,000 gallons	5.78	6.27	6.80	7.38	8.00	8.68
60,000 + gallons	6.21	6.74	7.31	7.93	8.60	9.33

Projected Water Rates – Sprinkler

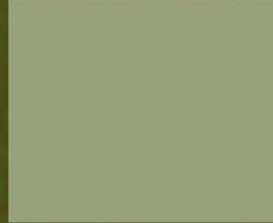
Rates	Current	FY19	FY20	FY21	FY22	FY23
Minimum Charge						
¾"	\$ 22.43	\$ 24.33	\$ 26.39	\$ 28.62	\$ 31.04	\$ 33.67
1"	37.00	40.13	43.52	47.20	51.19	55.52
1.5"	75.13	81.49	88.38	95.86	103.97	112.77
2"	119.98	130.13	141.14	153.08	166.03	180.08
3"	224.26	243.23	263.81	286.13	310.34	336.59
4"	373.39	404.98	439.24	476.40	516.70	560.41
Volumetric Rates						
0 – 15,000 gallons	\$5.16	\$5.60	\$6.07	\$6.58	\$7.14	\$7.74
15,001 – 30,000 gallons	5.49	5.95	6.45	7.00	7.59	8.23
30,001 – 45,000 gallons	5.88	6.38	6.92	7.51	8.15	8.84
45,001 – 60,000 gallons	6.33	6.87	7.45	8.08	8.76	9.50
60,000 + gallons	6.85	7.43	8.06	8.74	9.48	10.28

Projected Water Rates – Hydrant Meters

	Current	FY19	FY20	FY21	FY22	FY23
Demand Charge	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Volumetric Rates	\$ 3.00	\$ 3.25	\$ 3.52	\$ 3.82	\$ 4.14	\$ 4.49

Projected Wastewater Rates – All Customer Classes

	Current	FY19	FY20	FY21	FY22	FY23
Demand Charge	\$19.87	\$20.80	\$21.77	\$22.79	\$23.86	\$24.98
Volumetric Rates	\$3.80	\$3.98	\$4.17	\$4.37	\$4.57	\$4.78



Questions and Discussion

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