

City of
.KENNEDALE.
Texas
EST. 1887

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Water and Sewer Rates



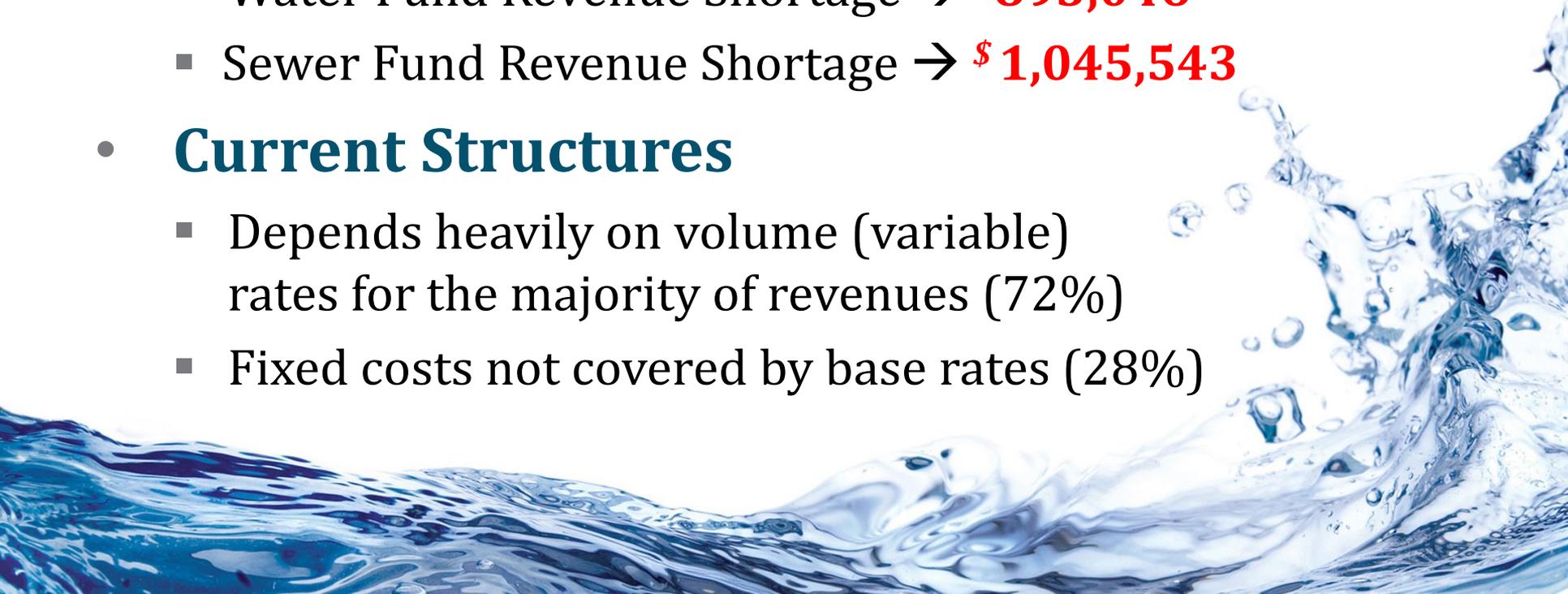
OVERVIEW

- Current Position
- Current Rates (*effective 04/2013*)
- Cost of Service
- Two Rate Increase Options
- Rate Comparison



CURRENT POSITION

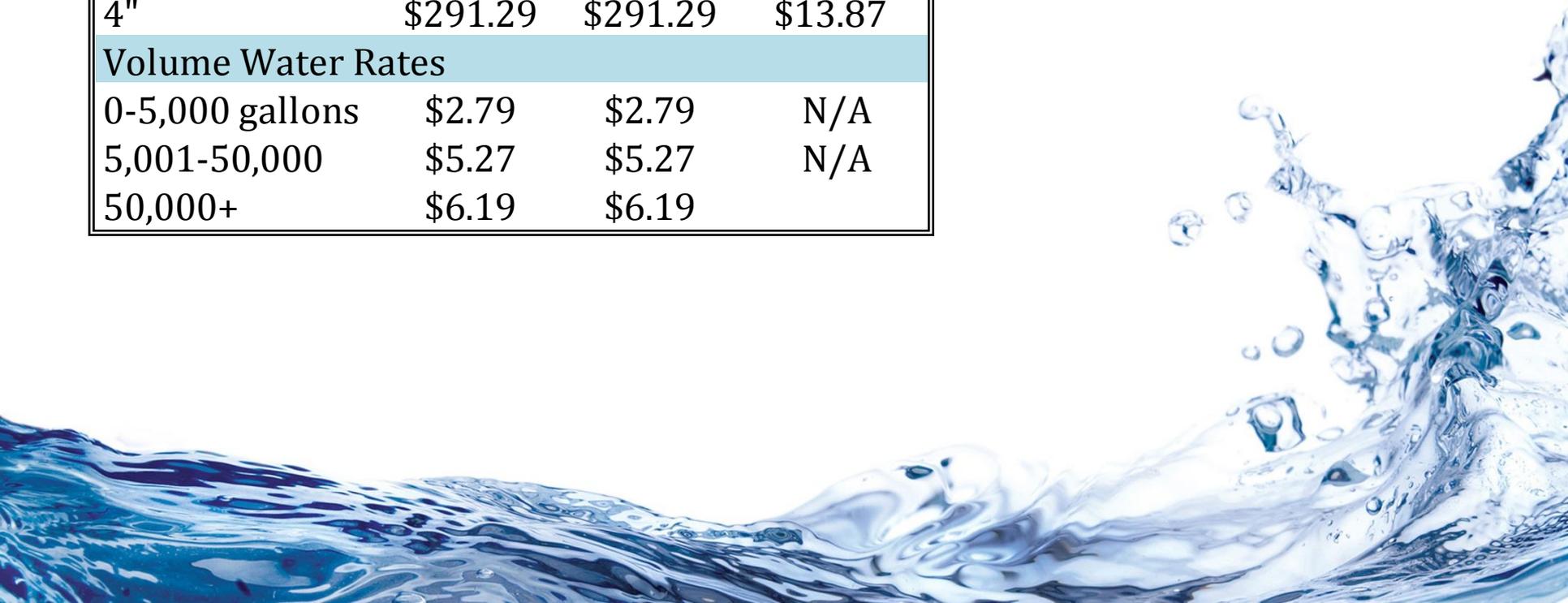
- **Based On FY2015-16 Adopted Budget**
 - Water Fund Revenue Requirement → \$2,880,841
 - Sewer Fund Revenue Requirement → \$ 2,179,346
- **Current Rates Yield**
 - Water Fund Revenue Shortage → **\$893,046**
 - Sewer Fund Revenue Shortage → **\$ 1,045,543**
- **Current Structures**
 - Depends heavily on volume (variable) rates for the majority of revenues (72%)
 - Fixed costs not covered by base rates (28%)



CURRENT RATES

Base Water Rates			
METER	RES	COMM	MULTIPLE
¾"	\$13.87	\$13.87	\$13.87
1"	\$23.17	\$23.17	\$13.87
1½"	\$46.19	\$46.19	\$13.87
2"	\$73.92	\$73.92	\$13.87
3"	\$161.87	\$161.87	\$13.87
4"	\$291.29	\$291.29	\$13.87
Volume Water Rates			
0-5,000 gallons	\$2.79	\$2.79	N/A
5,001-50,000	\$5.27	\$5.27	N/A
50,000+	\$6.19	\$6.19	

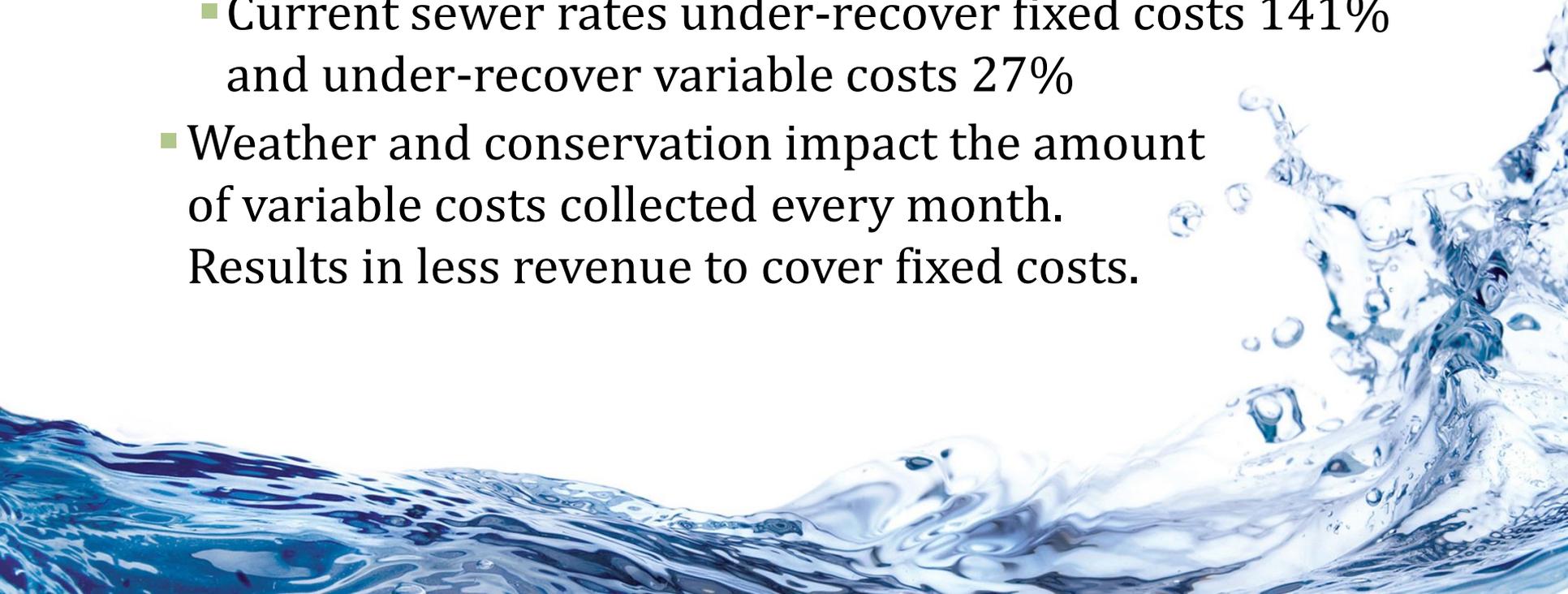
Base Sewer Rates		
	RES	COMM
	\$17.19	\$28.64
Volume Sewer Rates		
1,000 gallons	\$4.09	\$4.48



COST OF SERVICE

The majority of costs are fixed

- Water → 68% fixed + 32% variable
- Sewer → 72% fixed + 28% variable
 - Current water rates under-recover fixed costs 71% and over-recover variable costs 56%
 - Current sewer rates under-recover fixed costs 141% and under-recover variable costs 27%
- Weather and conservation impact the amount of variable costs collected every month. Results in less revenue to cover fixed costs.



RATE INCREASE OPTIONS

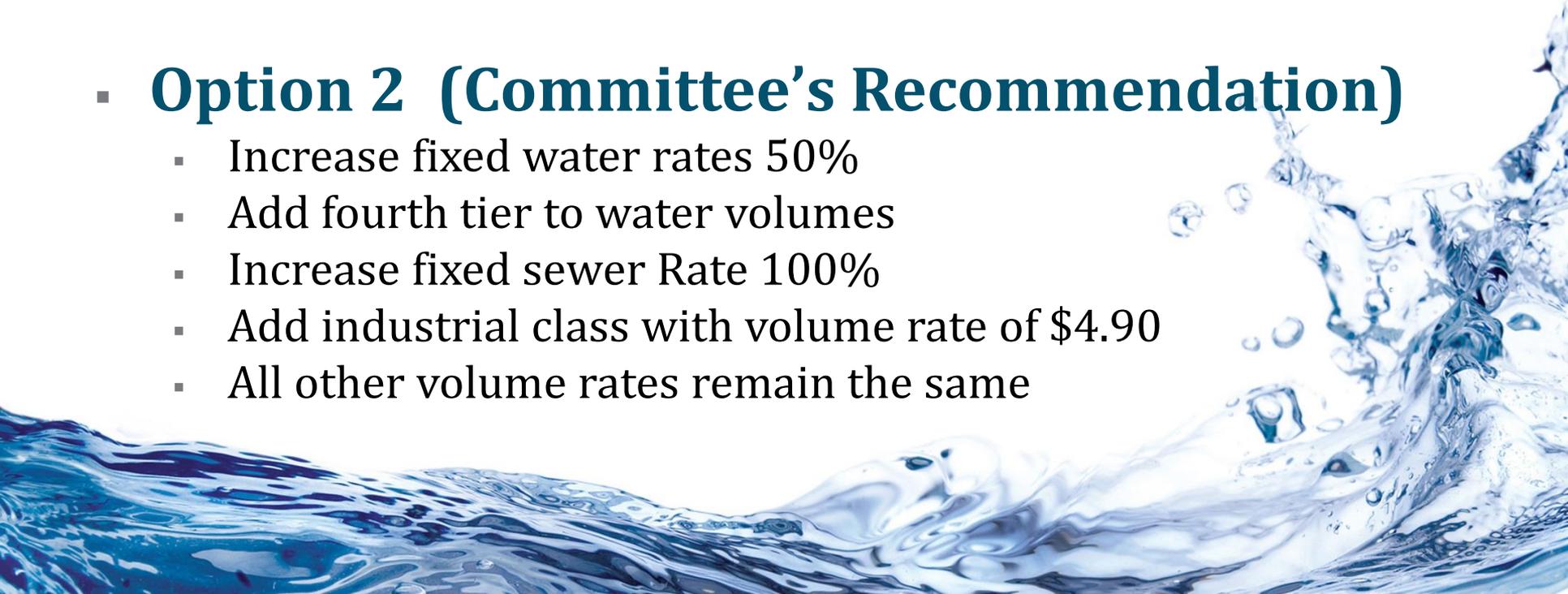
- **Option 1 (Cost of Service)**

Recover Fixed Costs in Base Rates and Variable Costs in Volume Rates

- Increase fixed water rates 300%
- Decrease variable (volume) rates 36%
- Increase fixed sewer rates 240%
- Increase variable (volume) rates 26%

- **Option 2 (Committee's Recommendation)**

- Increase fixed water rates 50%
- Add fourth tier to water volumes
- Increase fixed sewer Rate 100%
- Add industrial class with volume rate of \$4.90
- All other volume rates remain the same



OPTION 1 (COST OF SERVICE)

Water Rates

Base (Fixed) Rates

¾"	\$48.48
1"	\$60.98
1½"	\$161.43
2"	\$258.35
3"	\$565.74
4"	\$1,018.06

Volume (Variable) Rates (per 1,000 gallons)

	<u>Res/Sr.</u>	<u>Comm.</u>	<u>Industrial</u>
0-5,000 gallons	\$1.79	\$2.79	\$2.79
5,001-50,000	\$3.37	\$3.43	\$3.43
50,000+	\$3.96	\$3.43	\$3.43

Sewer Rates

	<u>Residential & Seniors</u>	<u>Commercial & Industrial</u>
Base Charge	\$41.43	\$69.02
Volume (per 1,000 gallons)	\$5.15	\$5.64

OPTION 2 (RECOMMENDED)

PHASE-IN COST OF SERVICE

Water Rates

Base (Fixed) Rates

¾"	\$34.50
1"	\$86.25
1½"	\$172.50
2"	\$276.00
3"	\$552.00
4"	\$862.50

Volume (Variable) Rates (per 1,000 gallons)

	Residential & Seniors	Commercial & Industrial
0-5,000 gallons	\$2.00	\$2.85
5,001-20,000	\$5.35	\$5.30
20,001-50,000	\$6.37	\$6.94
50,000+	\$8.06	\$6.94

Sewer Rates

	Residential & Seniors	Commercial & Industrial
Base Charge	\$45.00	\$60.72

Volume (per 1,000 gallons)

Residential & Seniors	Commercial	Industrial
\$2.90	\$6.72	\$4.50

RATE COMPARISON

¾" RESIDENTIAL METER WITH 8,000 GALLONS OF USAGE

CITY	WATER RATE	SEWER RATE	TOTAL RATE	MONTHLY INCREASE	ANNUAL INCREASE
Fort Worth	\$28.84	\$34.42	\$63.26		
DWG	\$37.43	\$28.16	\$65.59		
Arlington	\$27.32	\$38.50	\$65.82		
Mansfield	\$38.81	\$37.19	\$76.00		
Crowley	\$44.51	\$37.49	\$82.00		
Kennedale (Current)	\$43.63	\$49.91	\$93.54		
Burleson	\$49.00	\$51.05	\$100.05		
Forest Hill	\$43.29	\$57.82	\$101.11		
Haltom City	\$64.73	\$43.63	\$108.36		
Southlake	\$61.48	\$50.16	\$111.64		
Kennedale (Option 2)	\$60.55	\$68.20	\$128.75	\$35.21	\$422.52
Crandall	\$67.78	\$69.74	\$137.52		
Kennedale (Option 1)	\$67.54	\$82.63	\$150.17	\$56.63	\$679.56