



February 6, 2024

TOWN OF LITTLE ELM, TEXAS – COUNCIL WORKSESSION WATER AND WASTEWATER RATE STUDY FINDINGS & RECOMMENDATIONS

Preliminary and confidential

NewGen
Strategies & Solutions

PRESENTATION AGENDA

Introduction and Overview

Development of a Five-Year Forecast

Current Water and Wastewater Rates

Rate Comparisons and Proposed Plan

Questions and Next Steps



TOWN OF LITTLE ELM BACKGROUND ON WATER AND WASTEWATER RATES

- History of long-term rate plan adoption
- 4-year rate plan adopted May 2016;
- 5-year rate plan adopted in 2020;
- Annual “check-up”; assure assumptions and projections are still valid; stay on track with minor adjustments
- 2020 plan has sufficed for four years; annual rate adjustments occur each October
- Some variables cannot be controlled;
 - NTMWD, weather, inflation

RATE STUDY PROCESS AND OBJECTIVES

ENTERPRISE FUND COST RECOVERY

- Assess historical and projected account growth, consumption and revenues
- Update 5-year financial plan; Operating and Maintenance, Capital, Debt Service, Transfers
- Meet key performance metrics, including reserve requirements, debt coverage
- Avoid rate shock with multi-year forecast & rate plan
 - Conservative due to volatility
 - Regular, moderate adjustments with monitoring
- Financially sustain reliable, quality service

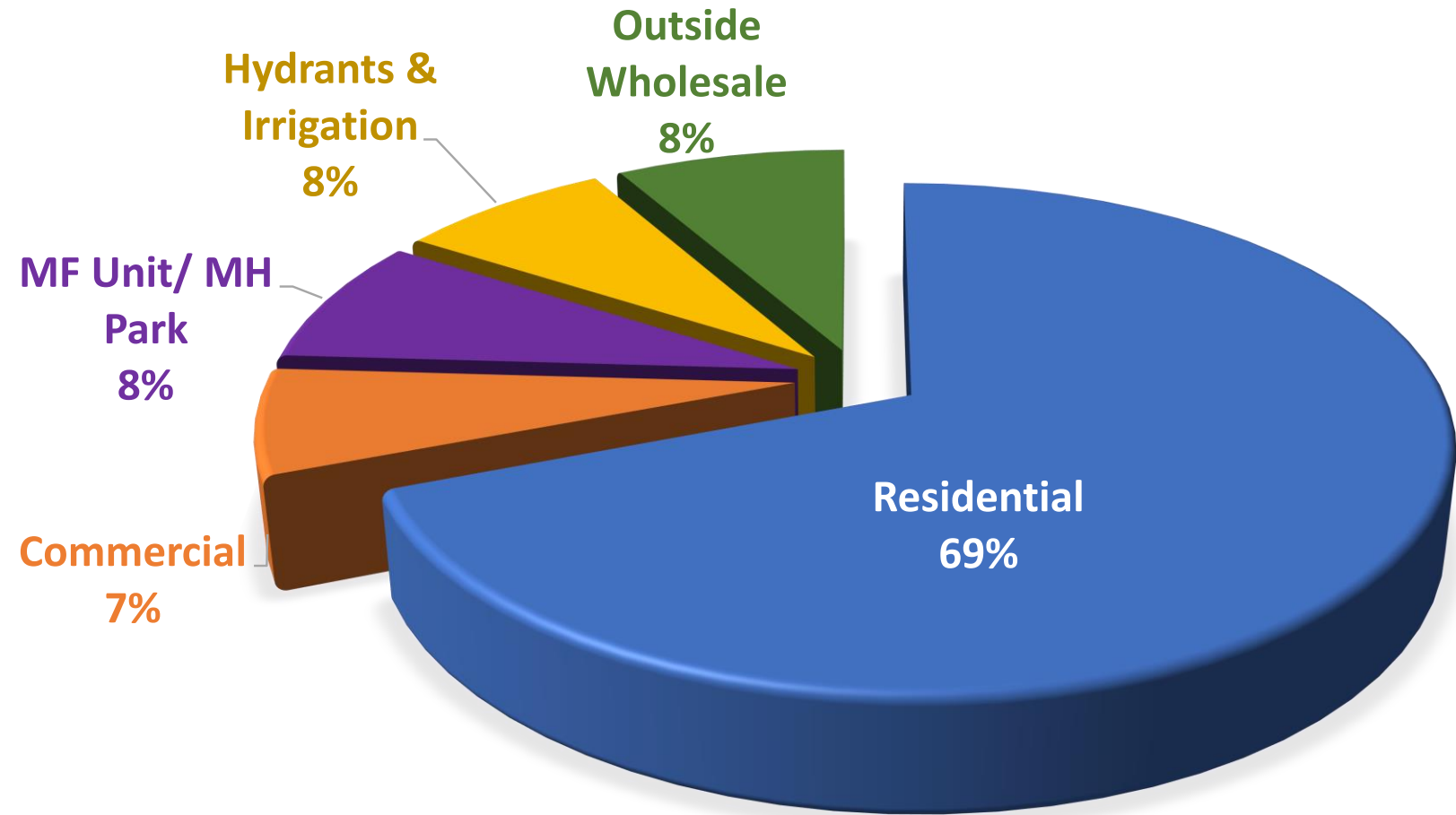
FY 2024 – FY 2029 ACCOUNT GROWTH FORECAST ASSUMPTIONS AND BASIS FOR CONSUMPTION FORECAST

- Residential growth (within Service Area) 200 new homes annually; decreasing in 2027 to 130; further reductions in 2029
- Residential average monthly water consumption = 7,700 gallons (up from 6,600 4 years ago)
- Residential average monthly wastewater billed volume = 5,200 gallons



FORECAST FY 2024 WATER USAGE BY CUSTOMER CLASS

Increases in usage
have outpaced
account growth in
recent years

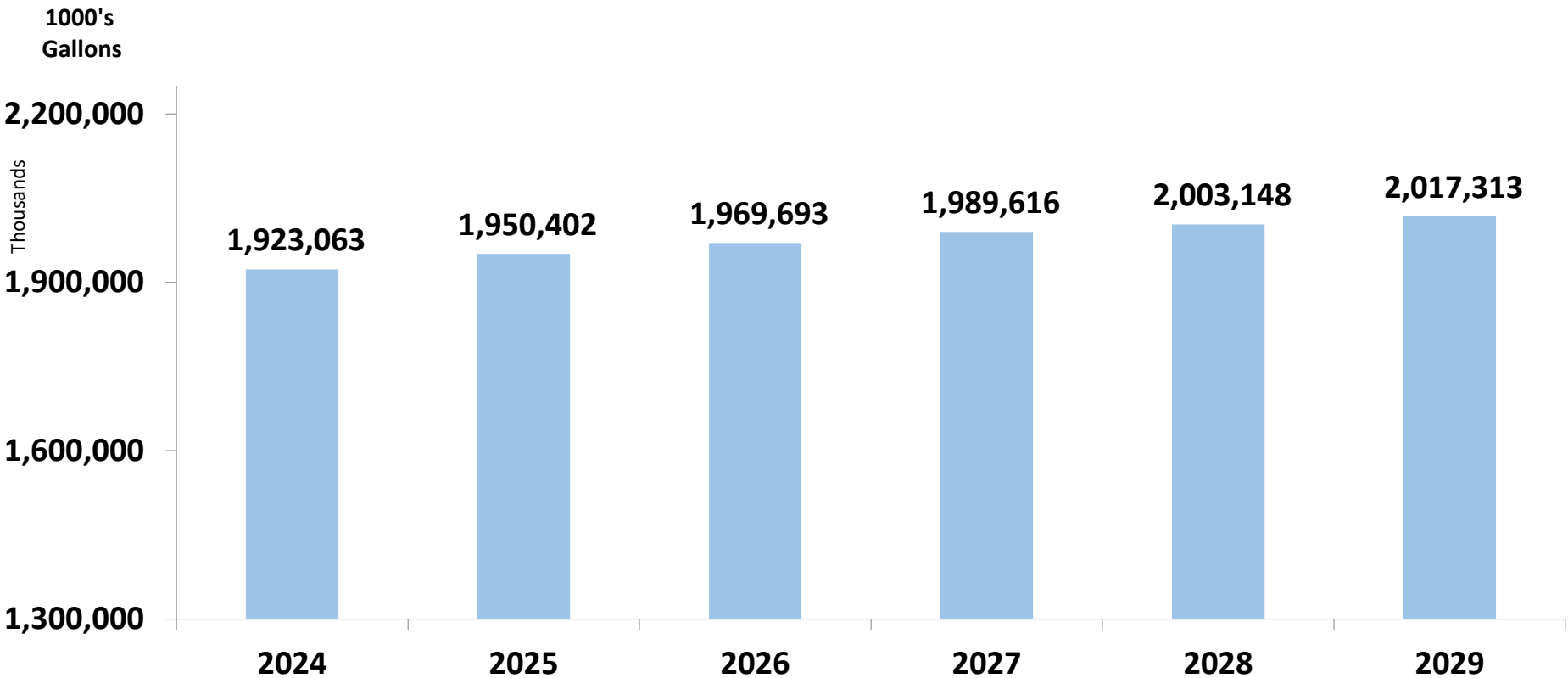


TOWN OF
LITTLE ELM
PROJECTED
NTMWD
WATER
PURCHASES

Current Minimum
Annual Demand =
1,804,752,000
Gallons

MAD is based on
highest annual
amount taken
from NTMWD (in
a water year); Set
in 2022

Forecast Total Water Purchases from NTMWD

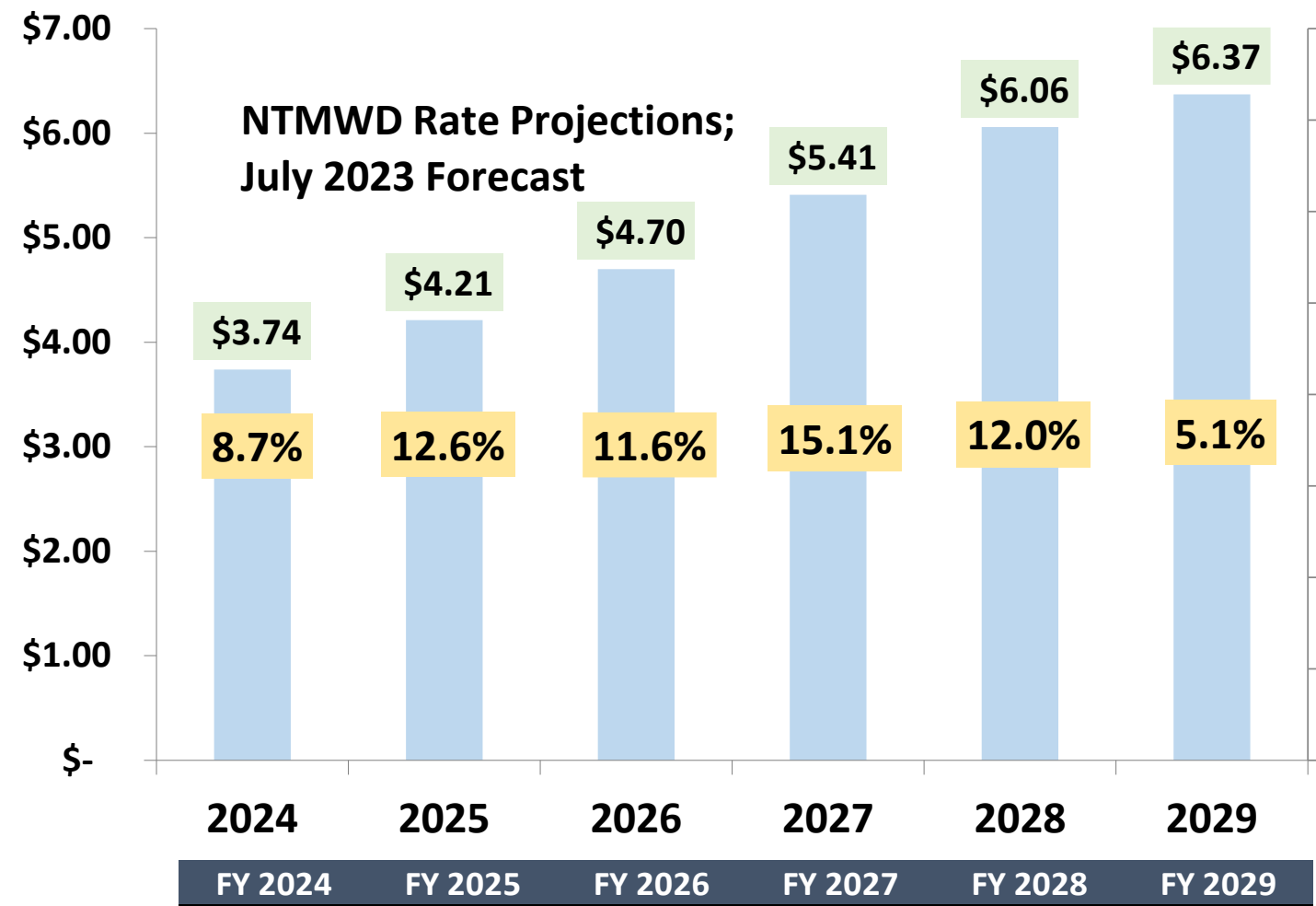


NTMWD JULY 2023 FORECAST WHOLESALE CONTRACT WATER RATE INCREASES

Cost per 1,000 gallons

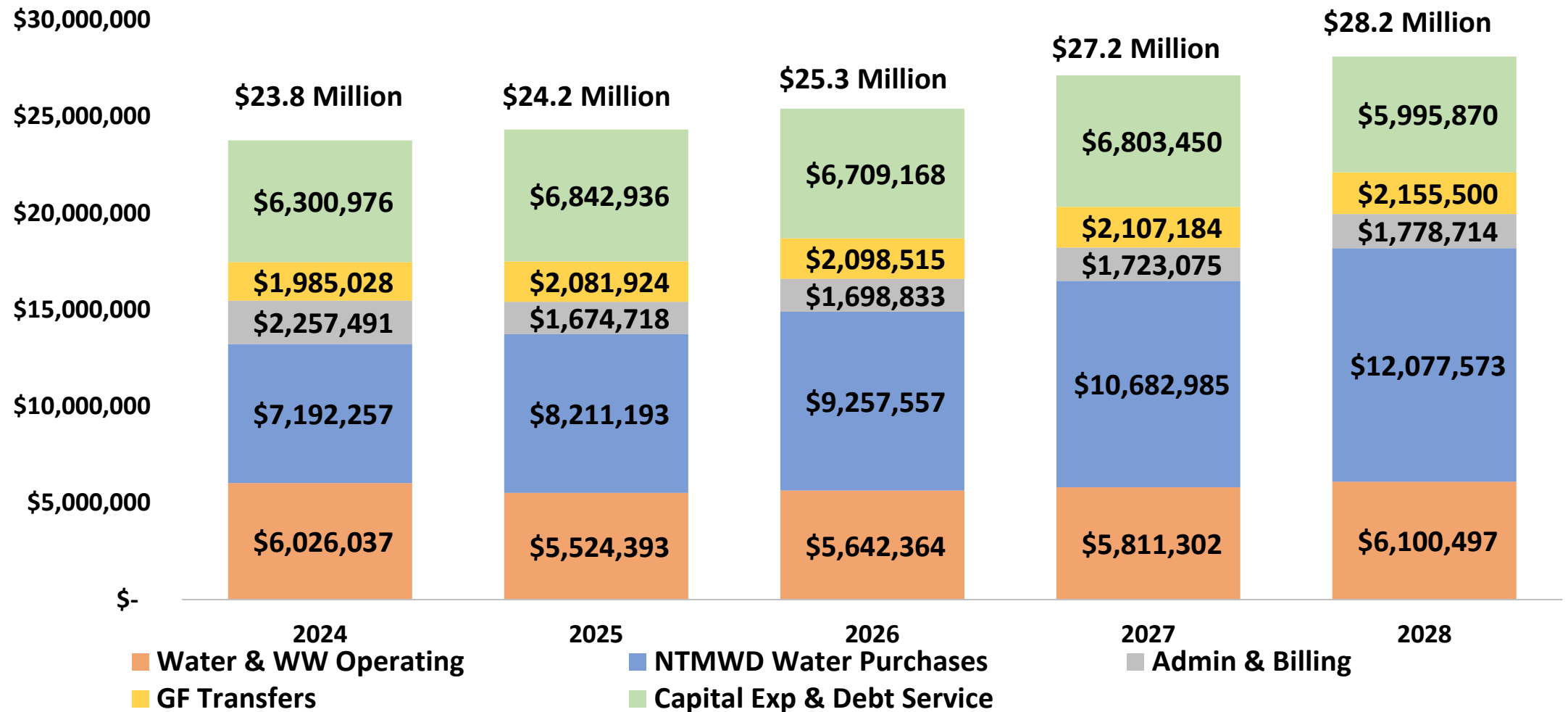
Annual % increases

Unknown: Changes to Customer City rate differential and to NTMWD forecast



NTMWD						
Purchases as % of Water Operating Costs	75%	78%	80%	82%	83%	84%

WATER & WASTEWATER FORECAST COST OF SERVICE



CURRENT RETAIL RATES AND RECOMMENDED RETAIL RATE PLAN

FY 2024 – FY 2029

TOWN OF LITTLE ELM CURRENT WATER RATES

FY 2024

Current FY 2024 Water Rates		
Monthly Minimum Charge All Accounts (Includes 2,000 Gallons)		
5/8" Meter	\$	25.55
1" Meter		41.77
1.5" Meter		76.48
2" Meter		127.76
3" Meter		255.57
4" Meter		835.56
6" Meter		1,673.33
8" Meter		2,024.82
Residential & Irrigation Accounts - Volume Rate Per 1,000 Above 2,000		
2,001 - 10,000 gallons	\$	6.78
10,001 - 20,000 gallons		7.09
20,001+ gallons		7.40
Commercial (incl. Schools, MF Master Meters) - Volume Rate Per 1,000 Gallons Above 2,000		
2,001+ gallons	\$	7.51
Multi-Family & Mobile Home Park by Unit - Volume Rate Per 1,000 Gallons Above 2,000		
2,001+ gallons	\$	8.66

TOWN OF LITTLE ELM CURRENT WASTEWATER RATES

FY 2024

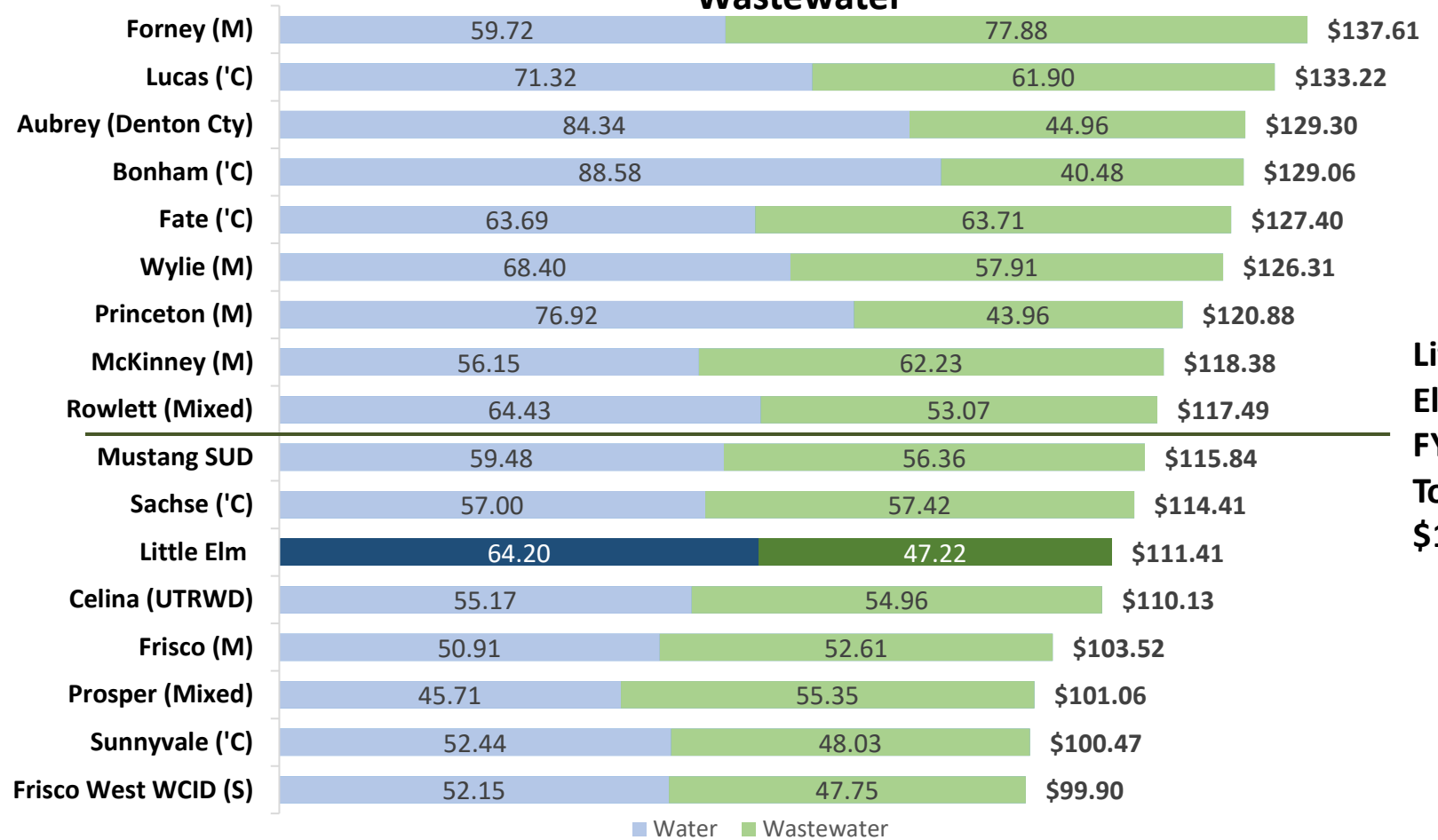
Current FY 2024 Wastewater Rates		Current
Wastewater Rates - Residential		
Monthly Minimum Charge - Includes 2,000 Gallons	\$	30.73
Volume Rate Per 1,000 Gallons Above 2,000	\$	4.71
Wastewater Rates - Non-Residential (Commercial, Multi-Family, Schools)		
Monthly Minimum Charge - Includes 2,000 Gallons	\$	30.73
Volume Rate Per 1,000 Gallons Above 2,000	\$	4.71

**Residential Accounts are assessed Wastewater volumes based on their Averaged Water Usage over three winter months (Dec-Feb), commonly called the “Winter Average.”*

FY 2024 CURRENT RATES AND MONTHLY CHARGES

- 7,700 Gallons Water
- 5,500 Gallons Wastewater
- These are the Town's current Residential averages

Residential Monthly Bill for 7,700 Gallons of Water & 5,500 Gallons of Wastewater



**Little
Elm
FY 2025
Total
\$115.88**

Scenario:		Effective	Effective	Effective	Effective	Effective	Effective	Effective
Feb. 2024; 5 Year Plan		Current	Oct-25	Oct-26	Oct-27	Oct-28	Oct-29	Oct-30
Residential (5/8") Monthly Bill								
7,700 Gallons Water; 5,500 Gallons WW	Total	\$ 111.41	\$ 115.88	\$ 120.70	\$ 125.83	\$ 131.32	\$ 137.20	\$ 143.52
	Increase (\$)		\$ 4.47	\$ 4.82	\$ 5.13	\$ 5.50	\$ 5.87	\$ 6.33
	Increase (%)		4.0%	4.2%	4.2%	4.4%	4.5%	4.6%

PROPOSED RATE PLAN IMPACT ON MONTHLY BILLS

Scenario:
February 2024
5 Year Proposed Rate
Plan

Scenario:		Effective	Effective	Effective	Effective	Effective
Feb. 2024; 5 Year Plan		Current	Oct-25	Oct-26	Oct-27	Oct-28
Residential (5/8") Monthly Bill						
5,000 Water, 5,000 Wastewater	Total	\$ 90.75	\$ 93.95	\$ 97.39	\$ 101.06	\$ 104.99
	Increase (\$)		\$ 3.20	\$ 3.44	\$ 3.67	\$ 3.93
	Increase (%)		3.5%	3.7%	3.8%	3.9%
10,000 Water, 5,000 Wastewater	Total	\$ 124.65	\$ 130.20	\$ 136.19	\$ 142.56	\$ 149.39
	Increase (\$)		\$ 5.55	\$ 5.99	\$ 6.37	\$ 6.83
	Increase (%)		4.5%	4.6%	4.7%	4.8%
25,000 Water, 15,000 Wastewater	Total	\$ 279.65	\$ 292.80	\$ 306.84	\$ 321.86	\$ 337.94
	Increase (\$)		\$ 13.15	\$ 14.04	\$ 15.02	\$ 16.08
	Increase (%)		4.7%	4.8%	4.9%	5.0%
Commercial (2") Monthly Bill						
15,000 Water, 15,000 Wastewater	Total	\$ 317.35	\$ 333.18	\$ 350.03	\$ 368.07	\$ 387.35
	Increase (\$)		\$ 15.83	\$ 16.85	\$ 18.04	\$ 19.28
	Increase (%)		5.0%	5.1%	5.2%	5.2%
25,000 Water, 25,000 Wastewater	Total	\$ 317.35	\$ 333.18	\$ 350.03	\$ 368.07	\$ 387.35
	Increase (\$)		\$ 15.83	\$ 16.85	\$ 18.04	\$ 19.28
	Increase (%)		5.0%	5.1%	5.2%	5.2%

QUESTIONS ??? AND NEXT STEPS



- Present final rate plan ordinance to Council for approval on Feb. 20th
- Review the 5-year rate plan annually or as needed to verify and update projections, assumptions, and confirm or adjust rate plan as needed.