

# Managing Our Water Supply

*Effective    Efficient    Accountable*

August 2, 2007

## Concerned Members for Accountability

*Copper Canyon*

*Double Oak*

*Flower Mound*

# Denton County Regional Water

- Denton County needs an adequate water supply
- Upper Trinity was created to be the regional water authority of Denton County
- Upper Trinity must be
  - ✓ cost effective
  - ✓ efficient
  - ✓ accountable

# The Cost of Denton County Regional Water

- Upper Trinity's water rates are higher than other regional water providers due to
- Excessive debt which is a result of
- Overbuilding ... too much ... too soon
- An independent management study would provide an objective evaluation of Upper Trinity's cost of providing water service

# Independent Management Study Required by Water Districts

- The Texas Commission on Environmental Quality requires a management audit to be performed every 5 years for 20 water districts and river authorities including:
  - Brazos River Authority
  - Lower Colorado River Authority
  - North Texas Municipal Water District
  - Tarrant Regional Water District
  - Trinity River Authority

# Upper Trinity Actual and Proposed Rates Compared to 2004 RGA Rate Study

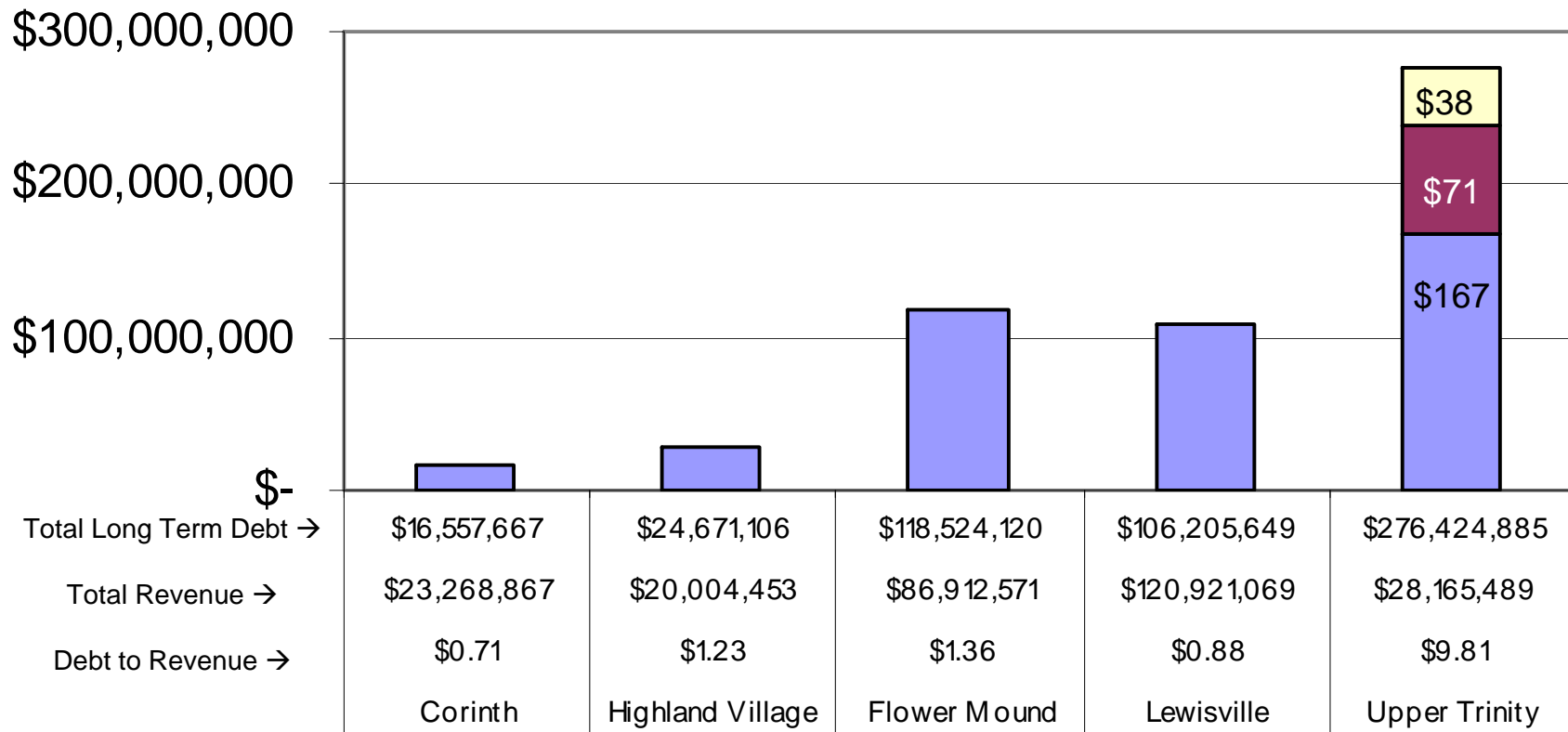
Fiscal Year	RGA Proposed Demand Charge	Phase In Adopted by Board	Actual 2004-2007 Proposed 2008 Demand Charge	RGA Proposed Volume Rate	Phase In Adopted by Board	Actual 2004-2007 Proposed 2008 Volume Rate
2004	\$190,000		\$190,000	\$0.80		\$0.80
2005	247,000	\$225,000	225,000	0.57	\$0.79	0.79
2006	271,000	259,000	259,000	0.59	0.72	0.72
2007	279,851	274,000	274,000	0.63	0.69	0.76
2008	279,851		290,000	0.65		0.81
2009	279,851			0.65		
2010	279,851			0.65		
2011	279,851			0.67		
2012	279,851			0.71		
2013	285,448			0.73		
2014	305,429			0.75		
2015	320,701			0.75		
2016	339,943			0.77		
2017	363,739			0.80		
2018	389,201			0.81		

Source:  
Rick Giardina  
Associates, Inc.  
Rate Study Final  
Report dated  
September 2004

# High Water Rates

	Proposed FY 2007-08 Average Wholesale Rate	FY 2006-07 Average Retail Monthly Bill by Water Provider
Upper Trinity Regional Water District	\$3.60	\$64.06
Ft. Worth Water Utilities	\$2.42	\$56.20
Dallas Water Utilities	\$1.90	\$51.98
North Texas Municipal Water District	\$1.08	\$48.71
	Upper Trinity Rate Increases	<b>Apple to Apple Comparison</b>
2005	12%	
2006	8%	
2007	7%	
Proposed 2008	6%	<b>Cumulative Increase 37%</b>

# Debt Comparison Upper Trinity and Largest Members



■ Traditional Debt  
 ■ State Participation  
 ■ Commercial Paper

Source: Comprehensive Annual Financial Report (CAFR) for each entity as of September 30, 2006



# Upside Down on Capital Assets

	Net Assets invested in capital assets – net of related debt	
	Positive	Negative
City of Dallas	\$3,613,210,000	
City of Ft. Worth	\$1,838,779,000	
North Texas Municipal Water District	\$454,831,976	
Lewisville	\$376,371,887	
Flower Mound	\$249,102,259	
Corinth	\$58,904,113	
Highland Village	\$39,631,081	
Upper Trinity Regional Water District		<b>(\$14,752,435)</b>

Source: Most recently published Comprehensive Annual Financial Report (CAFR) for each entity

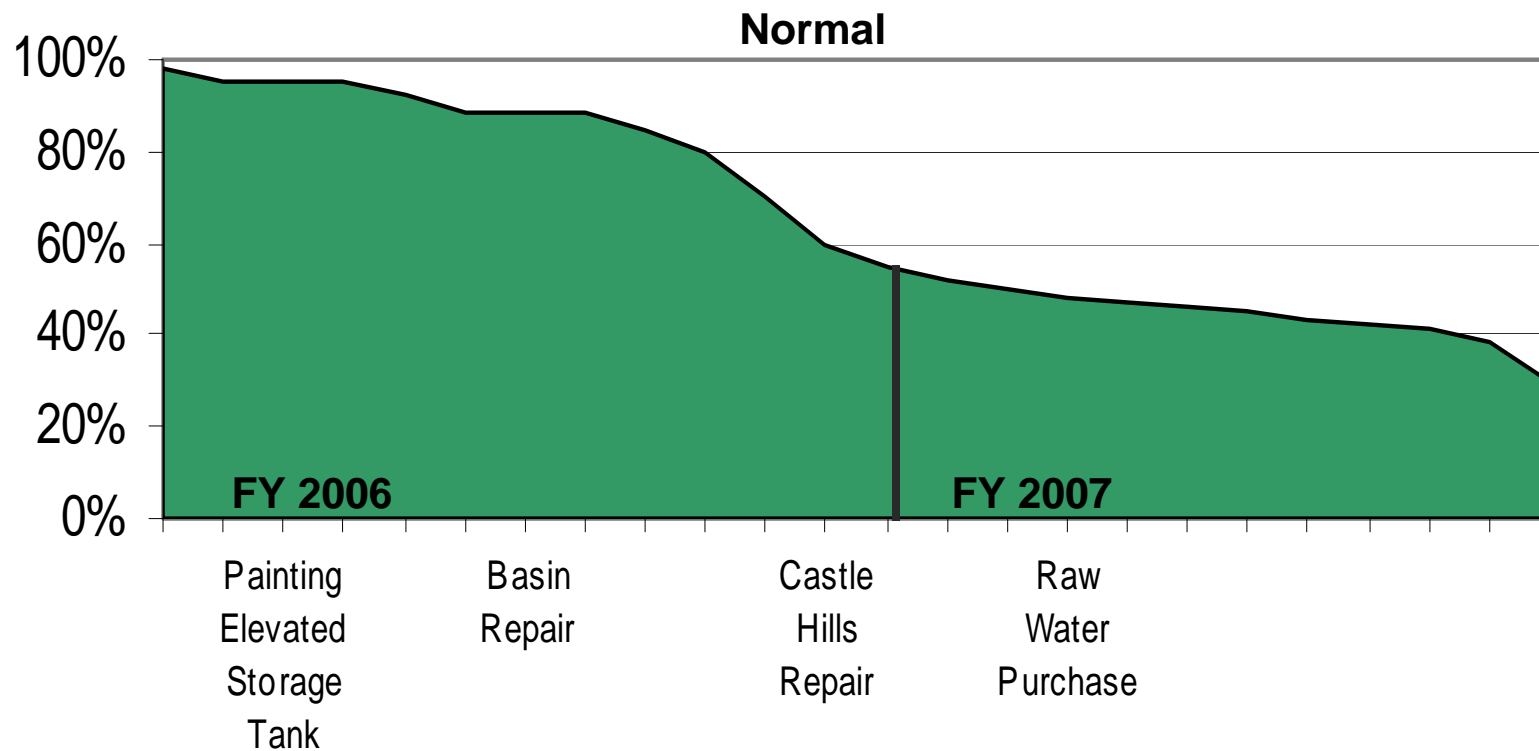
# Member Entities Proportional Share of Upper Trinity's Debt

Members with Step-Up Provisions in Contracts	Subscribed Capacities per 2007 Budget	Proportional Percent	Upper Trinity Current Debt	Projected Debt for Upper Trinity's Region C Strategies	Total Possible Debt
Aubrey	0.10	0.17%	\$ 483,683	\$ 1,500,786	\$ 1,984,469
Celina	2.50	4.37%	12,092,077	37,519,641	49,611,718
Corinth	7.50	13.12%	36,276,232	112,558,924	148,835,156
DCFWSO 1A – Castle Hills	2.70	4.72%	13,059,443	40,521,213	53,580,656
DCFWSO 7 – Lantana	3.00	5.25%	14,510,493	45,023,570	59,534,063
Flower Mound	30.00	52.49%	145,104,927	450,235,696	595,340,623
Highland Village	3.00	5.25%	14,510,493	45,023,570	59,534,063
Justin	0.75	1.31%	3,627,623	11,255,892	14,883,515
Krum	0.40	0.70%	1,934,732	6,003,143	7,937,875
LCMUA	3.80	6.65%	18,379,957	57,029,855	75,409,812
Lincoln Park	0.10	0.17%	483,683	1,500,786	1,984,469
Mustang SUD	2.80	4.90%	13,543,126	42,021,998	55,565,124
Sanger	0.50	0.87%	2,418,416	7,503,926	9,922,342
<b>Total</b>	<b>57.15</b>	<b>100.00%</b>	<b>\$ 276,424,885</b>	<b>\$ 857,699,000</b>	<b>\$ 1,134,123,885</b>

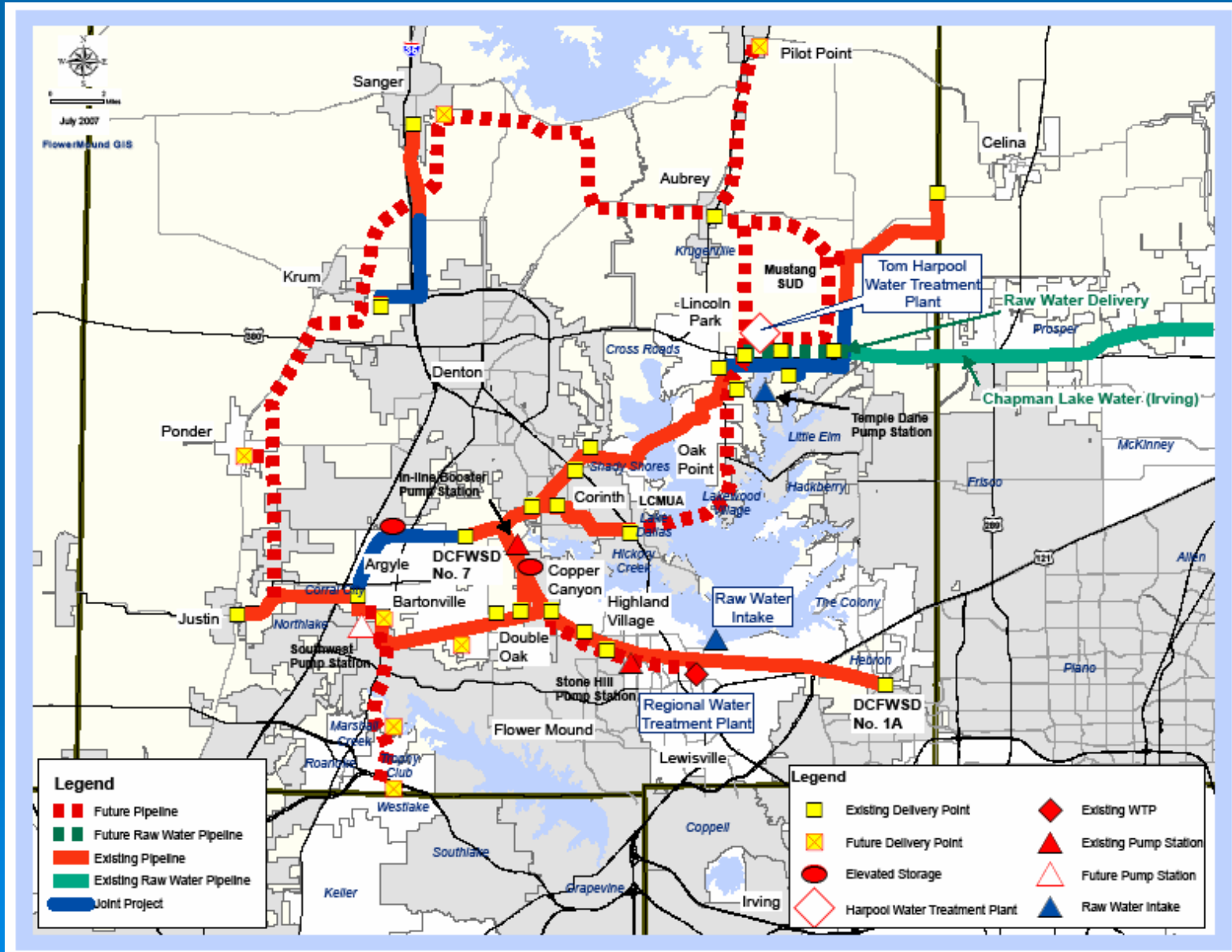
Source: Upper Trinity Comprehensive Annual Financial Report for the year ended September 30, 2006 and Fiscal Year 2006-2007 Budget

# Loss of Reserves

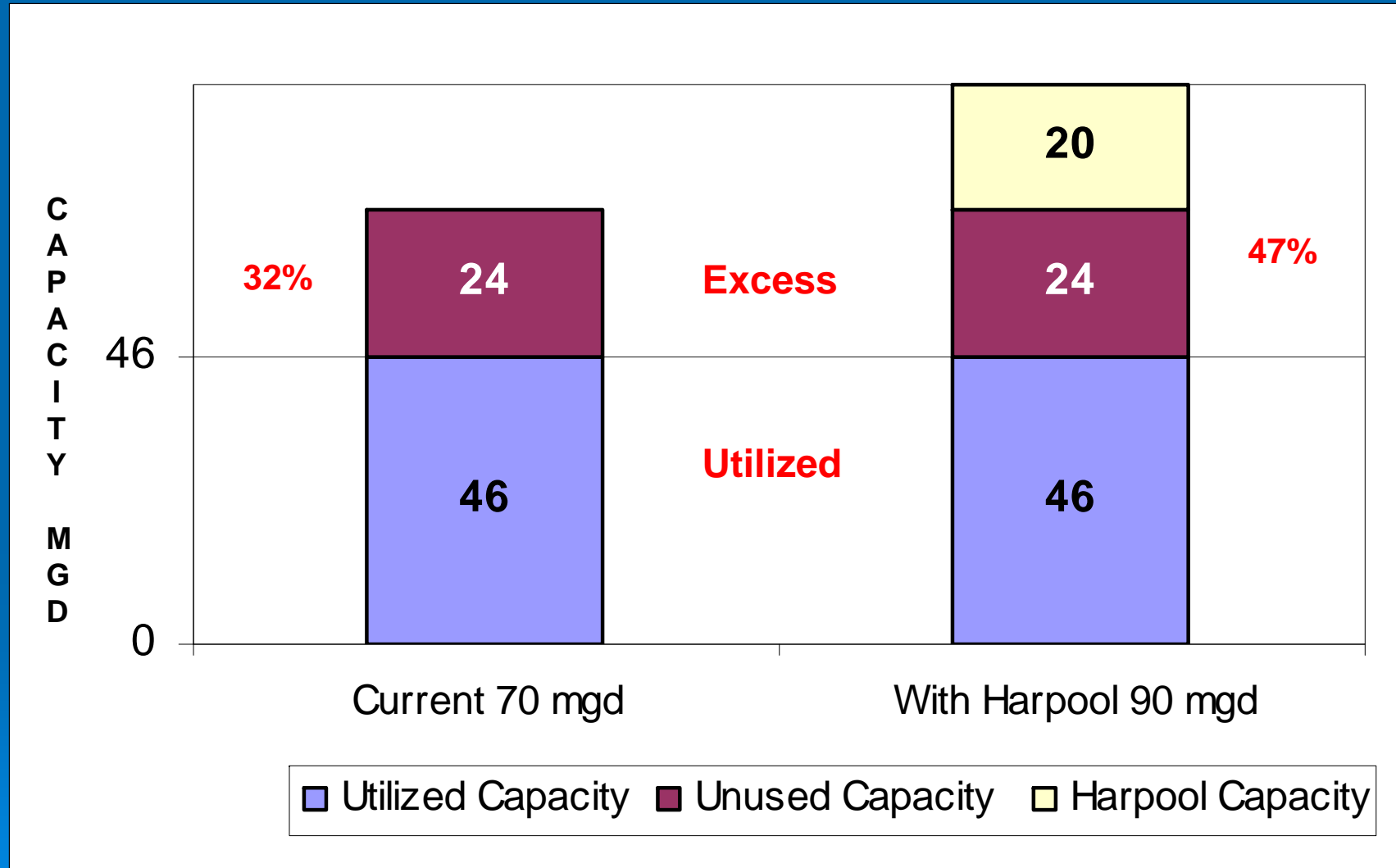
## Regional Treated Water System Operation & Maintenance Reserve Fund



# Upper Trinity Infrastructure



# Excess Pumping Capacity



## Tom Harpool Water Treatment Plant (WTP)

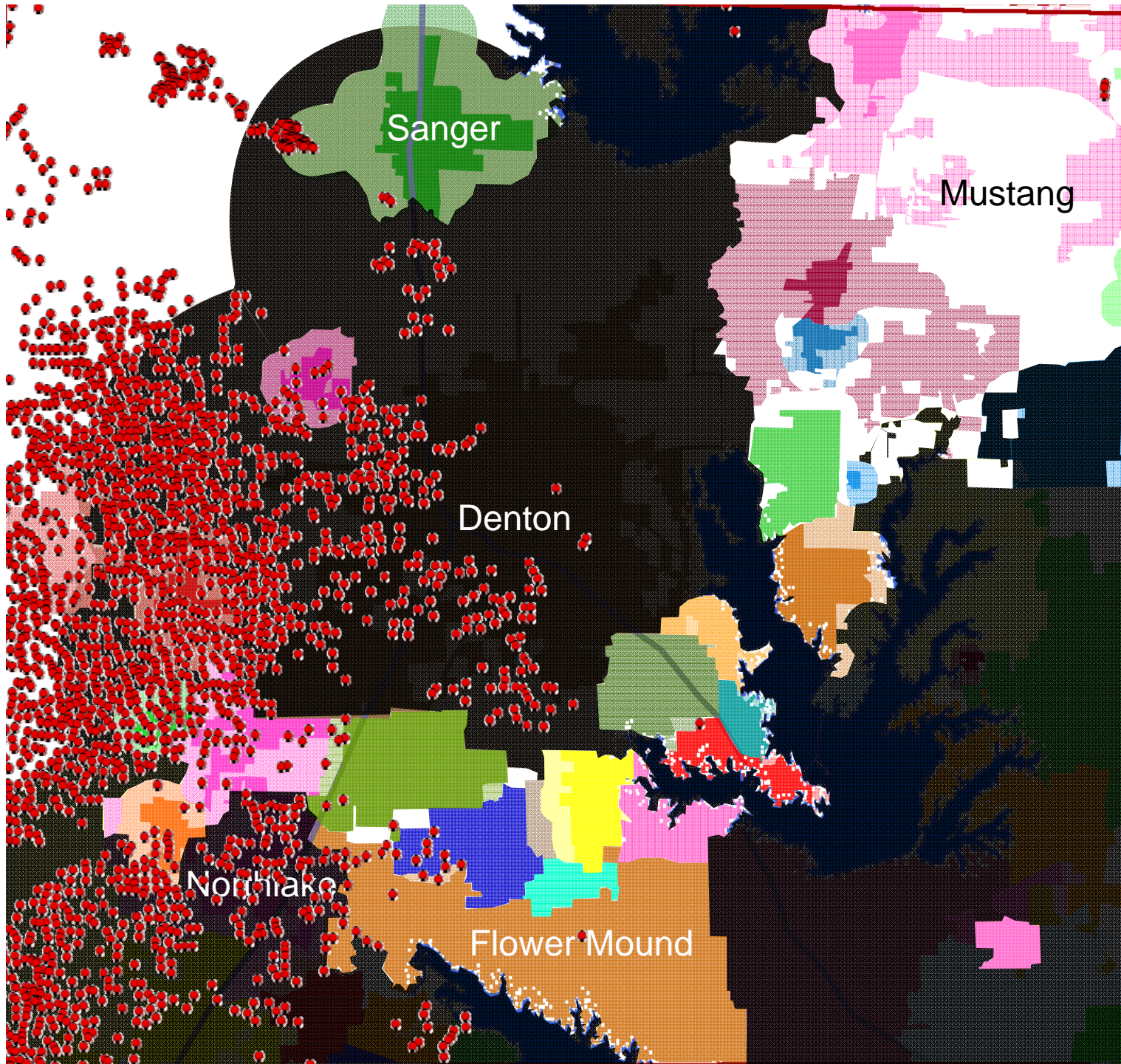
	Projected Completion Date
7-18-02 Tom Harpool WTP Preliminary Design Final Report	June 2006
4-1-04 UTRWD Board Retreat Presentation	April 2006
4-10-07 Lump sum settlement of \$1.378 million was awarded to Oscar Renda for substantial completion date as indicated →	June 2007

# Excess Pipeline Capacity

<u>Pipeline</u> Completion Date	Size	Capacity	Peak Day Demand as of September 30, 2006	Projected 2022 High Demand	Utilized Capacity High Demand	Line Size for 2022 High Demand
<u>Celina</u> September 9, 2004	30"	22.01 mgd	1.27 mgd	11.5 mgd	<b>52%</b>	22"
<u>Castle Hills</u> Mid 1990's	24"	14.2 mgd	2.68 mgd	5 mgd	<b>35%</b>	16"
<u>Southwest Regional - Section 2</u> May 1, 2003	48"	56.8 mgd	0 mgd	19.9 mgd	<b>35%</b>	30"

Capacity Calculated based on pipe diameter and maximum velocity of 7 fps (Source: Southwest Regional Pipeline Sizing Study, CH2M Hill)

Demand taken from projections included in Rate Study by Rick Giardina Associates, Inc. dated September 2004



**Denton  
County**

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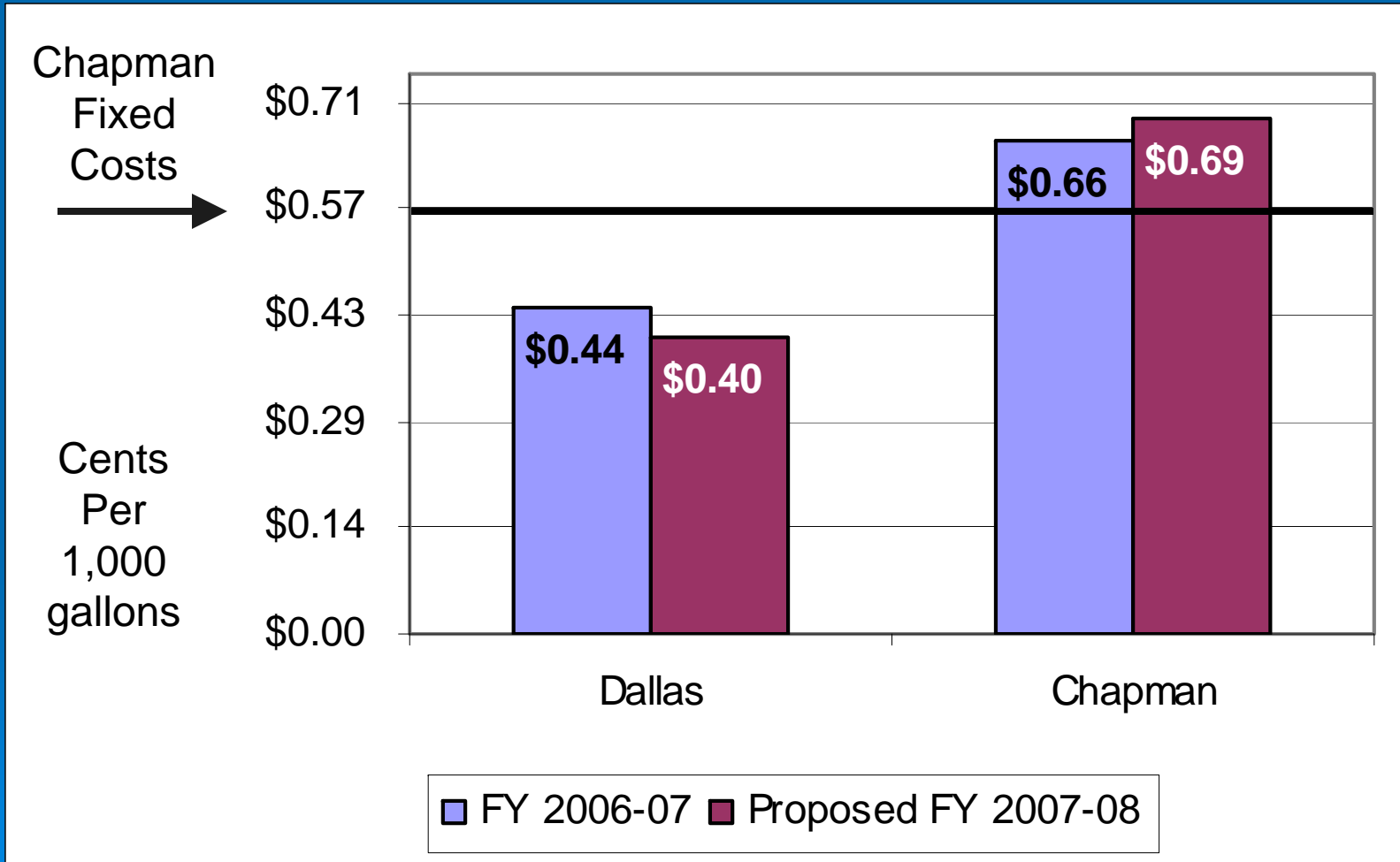
# Where is the Growth?

	2005 Subscribed Capacity	2006 Subscribed Capacity	2007 Subscribed Capacity		2007 Projected per RGA	2008 Projected per RGA	2009 Projected per RGA
Argyle WSC	1.50	1.50	1.50		1.50	1.50	1.50
Bartonville WSC	2.50	2.50	2.50		2.50	2.50	2.50
Corinth	7.50	7.50	7.50		7.50	7.50	7.50
DCFWSD 1A	2.70	2.70	2.70		2.70	2.70	2.70
DCFWSD 7	3.00	3.00	3.00		3.00	3.00	5.80
Flower Mound	30.00	30.00	30.00		30.00	30.00	30.00
Highland Village	3.00	3.00	3.00		4.00	4.00	4.00
Justin	.75	.75	.75		.75	.75	.75
Krum	.40	.40	.40		.40	.40	.40
LCMUA	3.80	3.80	3.80		3.80	3.80	3.80
Sanger	.50	.50	.50		.50	.50	.50
Subtotal South	55.65	55.65	55.65		56.65	56.65	59.45

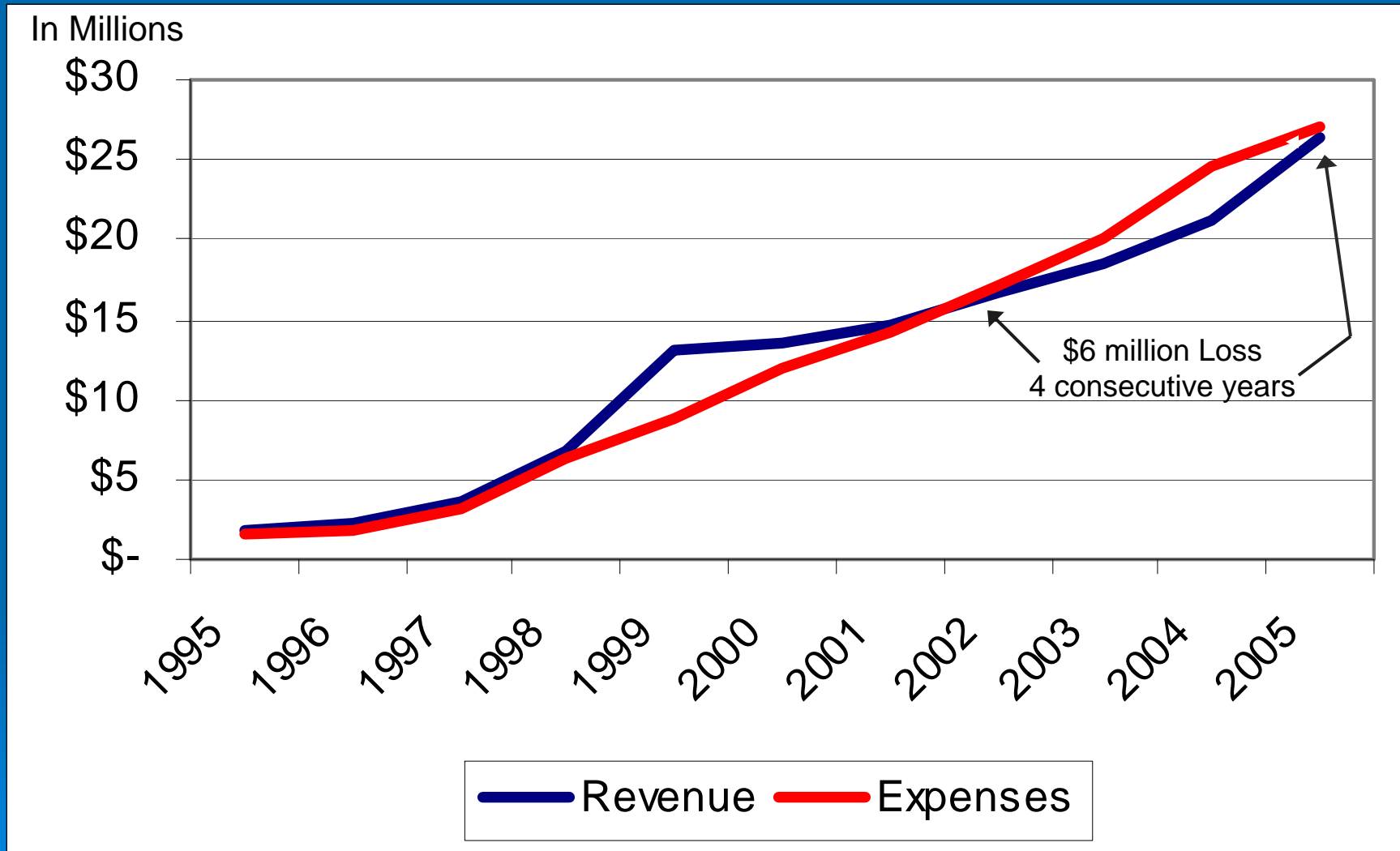
# Where is the Growth?

	2005 Subscribed Capacity	2006 Subscribed Capacity	2007 Subscribed Capacity		2007 Projected per RGA	2008 Projected per RGA	2009 Projected per RGA
Aubrey	.10	.10	.10		.30	.30	.50
Celina	1.50	2.50	2.50		2.50	2.50	5.00
Lincoln Park	.10	.10	.10		.10	.10	.20
Mustang	1.00	2.00	2.80		2.00	2.00	5.00
DCFWS 8A & 11	3.67	5.17	5.17		5.17	5.17	5.17
DCFWS 9	1.80	1.80	2.40		1.80	1.80	1.80
DCFWS 10	1.50	3.00	2.40		3.00	3.00	4.50
Other Future	0	0	0		1.00	1.00	1.00
Subtotal North	9.67	14.67	15.47		15.87	15.87	23.17
Total	65.32	70.32	71.12		72.52	72.52	82.52
Peak Demand	41.46	47.70					

# Upper Trinity is... Purchasing the Most Expensive Water



# Upper Trinity is... Operating in the Red



Source: Upper Trinity Comprehensive Annual Financial Report for the year ended September 30, 2006

# Upper Trinity History Repeating Itself Issues Divide Water District

**1993-94**

## ➤ Rates

- Demand \$52,000/mgd
- Average Cost per 1000 gallons \$1.82

## ➤ Debt

- Current \$4.1 million
- Projected \$34 million

## ➤ Overbuilding

## ➤ Population

**2007-08**

## ➤ Rates

- Demand \$290,000/mgd
- Average Cost per 1000 gallons \$3.60

## ➤ Debt

- Current \$276 million
- Projected \$1.134 billion

## ➤ Overbuilding

## ➤ Population

Source: Dallas Morning News article published March 2, 1993  
“Issues divide water district: Trinity agency Members clash over debt, power”

# Summary

- ✓ High Rates
- ✓ Excessive Debt
- ✓ Overbuilt Infrastructure
  
- ✓ An independent management study is commonly used and is required for most regional water districts and river authorities in Texas

- We welcome any questions you may have.
- We invite you to consider all the available information surrounding these issues in order to make the most informed decisions.
- We ask that you to consider supporting an independent management study of the Upper Trinity Regional Water District.

*~ Thank you ~*