



FY22 Budget and Rates Fact Sheet

North Texas Municipal Water District

Administration Building
501 East Brown St.
P.O. Box 2408
Wylie, TX 75098

972.442.5405
www.ntmwd.com



SERVES
about
80
COMMUNITIES

Service area of 2,200 square miles in 10 counties

Serving 1.8 million people in one of the fastest-growing regions in the country

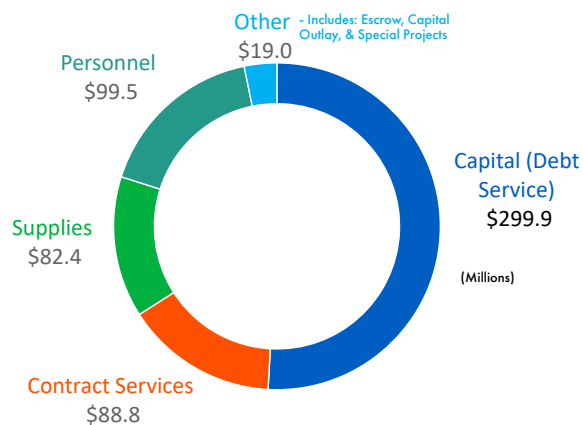


The beginning of FY21 saw the historic achievement of all thirteen Member Cities and the District come together to agree on a new water contract and path forward toward our commitment to providing high quality, essential services for the growing population in North Texas. As the FY22 budget process began, our entire region continued to face economic uncertainty associated with the ongoing Covid-19 pandemic and an unprecedented state-wide winter storm event. The District remains dedicated to understanding what each organization may face and continues all necessary steps to limit budget increases where possible.

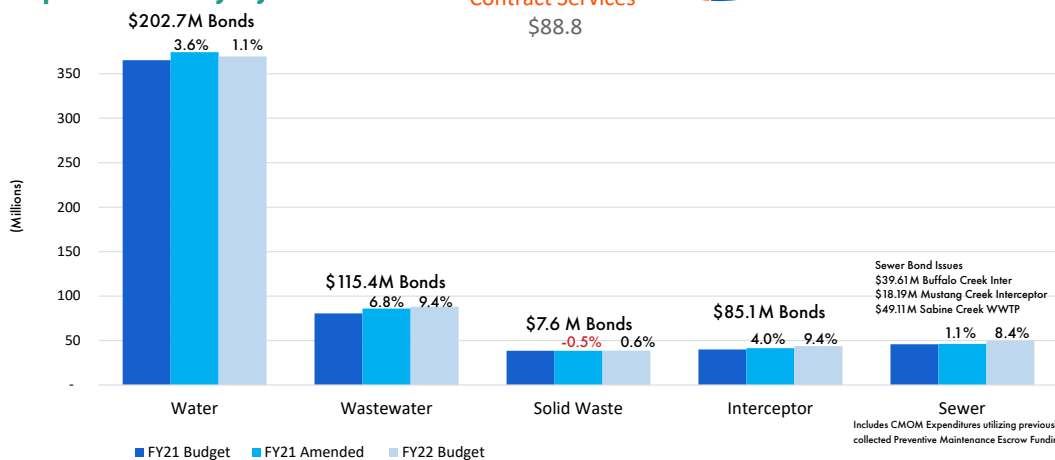
This summary provides an overview of the FY22 Budget and System Expenditures, key details and projects by service, and highlights of program efficiencies and managing costs.

FY22 Budget

All Systems Expenditures
\$589.6M



Expenditures By System



The District remains in strong financial condition

In addition to the ongoing COVID-19 pandemic and its disruptive effects on numerous supply chains, the issues associated with the near-collapse of the state's electric grid created exceptionally high price fluctuations in the electric power market and caused the District to incur abnormally large power bills. The winter storm also revealed some additional needs to protect our systems from future extreme weather events. Here are some key ways the District addressed these challenges to manage our overall budget:

Personnel

To meet our region's water and wastewater needs, new operating facilities are currently under construction such as Bois d'Arc Lake, the Leonard Water Treatment Plant and the Sister Grove Regional Water Resource Recovery Facility. The District is adding 22 new personnel in FY22, primarily for staffing the new operating facilities. In an effort to help control costs, the District is also evaluating organizational structures for potentially reallocating vacant positions as a result of recent retirements.

Operations

In addition to rising electric power costs, an increase in global demands and supply chain disruptions to the critical resources needed to operate our facilities caused the District to see significantly increased costs associated with chemicals. The District was able to partially offset these increases by reducing contract labor expenses and vehicle equipment purchases.

Capital

The District was able to decrease its capital budget due to lower capital improvement fund transfers in the Regional Water System which is partially offset by additional required debt service payments from new debt. For FY22, bond issues and Extendable Commercial Paper (ECP) of approximately \$520 million worth of capital projects are planned. ECP is a short-term financing instrument which performs as a revolving line of credit that will be repaid with long-term bonds at a later date.

Despite the challenges encountered, the District remains in a sound financial condition. The Board's goal of meeting our obligations for those we serve while protecting the environment continues to be accomplished with reasonable cost across all systems.

Wholesale Water Rate to remain the same

Through strategic planning and limiting of cost increases unless related to new or expanding facilities and shifting capital project funding, **the District's total revenue requirement for FY22 results in no change to the proposed FY22 wholesale water rate.**

FY21 MEMBER CITY APPROVED WHOLESALE WATER RATE			
	FY21 Actual	FY22 Proposed	Change
Variable O&M <small>(i.e., chemicals, power, etc.)</small>	\$.49	\$.60	\$ 0.12
Fixed O&M <small>(i.e., personnel, maintenance, etc.)</small>	\$.70	\$.73	\$ 0.03
Capital	\$ 1.80	\$ 1.66	\$ -0.14
Total (per 1,000 gal.)	\$ 2.99*	\$ 2.99*	\$ 0.00

*Customer Cities/Entities rate + \$.05

WATER SYSTEM



Who Benefits

Allen
Farmersville
Forney
Frisco
Garland
McKinney
Mesquite
Plano
Princeton
Richardson
Rockwall
Royse City
Wylie

plus 34 Customer Cities/Entities



Major Projects Needed

Wylie Water Treatment Plant (WTP) (\$30M)

- Wylie WTP Ammonia System Improvements
- Wylie WTP II Structural and Mechanical Improvements, Phase II BAF

Bois d'Arc Lake Phase II (\$35M)

- Raw Water Pump Station - Additional Pumps to 144 MGD
- Leonard WTP 140 MGD Site, Phase II
- Leonard WTP Terminal Storage Reservoir, Phase II
- Leonard HSPS Expansion 90 MGD to 180 MGD

Regional System

- Maintenance Facilities Central Region, Phase II (\$16M)
- North Garland System Ground Storage Tank (\$20M)
- 36" Plano West Side Pipeline (Plano No. 3 to Richardson No. 2) (\$18M)



Staff Required*

136

↑ 9



FY22 Budget

\$ 205.5M Capital/Debt

\$ 163.9M O&M





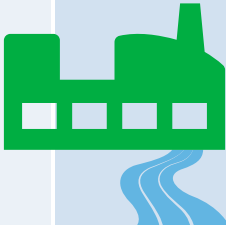
\$ 369.5M Total

Wholesale water rate:





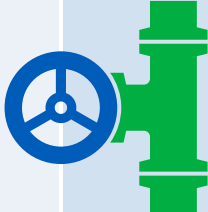
0 % increase
per 1,000 gallons

*does not include support staff






REGIONAL WASTEWATER SYSTEM** (treatment)

 Who Benefits	 Major Projects Needed	 Staff Required*	 FY22 Budget
Allen Forney Frisco Heath McKinney Melissa Mesquite Plano Princeton Prosper Richardson Rockwall Seagoville <small>plus 4 Customer Cities/Entities</small>	<ul style="list-style-type: none"> Sister Grove Regional Water Resource Recovery Facility (RWWTP) (\$7M) South Mesquite RWWTP Peak Flow Management & Expansion (\$89M) Rowlett Creek RWWTP Peak Flow Management Phase II (\$34M) Rowlett Creek RWWTP Operations Building Construction (\$6M) 	145 ↑5 	\$ 39.1M Capital/Debt \$ 48.9M O&M \$ 88.1M Total Estimated wholesale Member wastewater cost per 1,000 gallons: ↑ 4.87 %

UPPER EAST FORK INTERCEPTOR SYSTEM** (wastewater collection system)

 Who Benefits	 Major Projects Needed	 Staff Required*	 FY22 Budget
Allen Frisco McKinney Melissa Plano Princeton Prosper Richardson <small>plus 4 Customer Cities/Entities</small>	<ul style="list-style-type: none"> Wilson Creek Transfer Forcemain Construction (\$25M) Sloan Creek Lift Station Construction (\$8M) Sloan Creek Forcemain Construction (\$9M) McKinney-Prosper Transfer Sewer Phase I Construction (\$18M) North McKinney Parallel Interceptor Construction (\$15M) Plano McKinney Water Transmission System/ Relocation of 60" Rowlett Cottonwood Transfer Sewer Parallel Construction (\$9M) McKinney East Side Extension Improvements Construction (\$25M) 	23 ↑1 	\$ 26.3M Capital/Debt \$ 17.4M O&M \$ 43.7M Total Estimated wholesale Member wastewater cost per 1,000 gallons: ↑ 6.08 %

SOLID WASTE SYSTEM

 Who Benefits	 Major Projects Needed	 Staff Required*	 FY22 Budget
Allen Frisco McKinney Plano Richardson <small>plus 4 Customer Cities/Entities</small>	<ul style="list-style-type: none"> 121 RDF Heavy Equipment Shop Addition (\$5M) 121 RDF South Slope Closure (\$4M) North Transfer Station Property and Permitting (\$2M) 	113 ↓1 	\$ 6.0M Capital/Debt \$ 20.8M O&M \$ 11.8M Personnel \$ 38.6M Total Wholesale Member solid waste service cost per ton: (no change)

**Does not include sewer system costs, projects and staffing as those vary by participants of each local system.

*does not include support staff



PROGRAM EFFICIENCIES & MANAGING COSTS

Financial Management

NTMWD has built on its commitment to strong stewardship and transparency providing greater online access to more detailed financial data. This qualified NTMWD to receive recognition under the Transparency Stars program through the Texas Comptroller of Public Accounts which recognizes local governments for going above and beyond in transparency efforts. **The District was awarded the Transparency Star for Traditional Finances.**

In 2021, NTMWD was recognized by the **Government Finance Officers Association (GFOA) with its second Distinguished Budget Presentation Award**, the highest honor a public sector organization can receive for its budget document.

The District refinanced bonds in the Regional Water System in FY21 which resulted in **total savings of \$1.484M between 2021-2051.**

The District has implemented **Extendable Commercial Paper Programs (ECP) in the Regional Water System, Regional Wastewater System and Upper East Fork Interceptor System.** ECP is a short-term financial instrument used to appropriate capital improvement projects. The ECP programs allows the District to appropriate capital projects without issuance of upfront debt and issue ECP notes as required for cash flow purposes. The ECP programs also provides liquidity to the District for funding unforeseen events within those systems.

The Purchasing Department continues its **Competitive Bid and Proposal process.** Cost savings is calculated by taking the original estimate from the department or their budget amount, and subtracting from the awarded amount - **Fiscal YTD Cost Savings \$2.56M.** Cost avoidance is calculated by taking the total amount of all bids received and dividing by the number of bids received, then subtracting that from the awarded amount. This shows the value of going through a competitive process - **Fiscal YTD Cost Avoidance \$4.45M.**

Operations

Solid Waste

Alternate Daily Cover – State and Federal regulations require landfilled waste to be covered with a minimum of six inches of clean soil at the end of each day. NTMWD received approval from the TCEQ to utilize a spray on alternate daily cover under certain conditions. This preserves a significant amount of airspace and dramatically reduces the labor, fuel, maintenance, and equipment wear and tear associated with hauling daily cover soil.

Wastewater

Ferric sulfate optimization at Rowlett Creek RWWTP and Panther Creek WWTP – Recently installed systems that allow improved monitoring and control of the chemical used to remove phosphorus which protects water quality and reduces costs. The system provides real time monitoring and automated control to optimize dose and reduce chemical consumption. Both Rowlett Creek RWWTP and Panther Creek WWTP have seen about a 40% reduction in daily ferric usage with the new systems. In addition to annual budgetary savings, the need for extra maintenance associated with excess chemical buildup is decreased.

Water

Water Treatment Plant IV South Expansion Re-Rating – During full scale pilot testing staff diligently controlled flows and chemical dosages to have the 70 MGD design capacity immediately re-rated to 78 MGD upon testing completion. This resulted in an 11.4% gain in treatment capacity without any costs incurred.

Water Conveyance System Water Quality Improvements – Implementation of operational changes to delivery point level management during lower summer demand periods has resulted in a significant reduction of field staff labor hours and total gallons of water discharged during water quality flushing efforts. Recently installed water quality testing stations in strategic locations throughout the water conveyance system have proven effective in collection of critical water quality data and supporting preemptive response to water quality maintenance activities in the water conveyance system. Blow Off Valve (BOV) upgrades/improvements in multiple locations in the water conveyance system provides field staff easier access and facilitates more efficient and safe flushing practices.

Energy

Energy strategies – Due to established energy strategies used throughout NTMWD systems, the District was able to avoid catastrophic financial impact associated with Winter storm Uri. Power costs as a result of the extended storm event were roughly equal to the entire annual power budget. With existing strategies in place, the District was able to avoid even greater costs that could have been as much as two to three times higher than actual.

Capital Program

Sabine Creek WWTP Expansion – Process modeling and alternative evaluation during preliminary design identified an expansion solution that removes the need to add peak flow basins now and defers the next expansion by two years to reduce long term costs, while adding flexibility to meet more stringent permit limits in the future.