

**FORT WORTH WATER DEPARTMENT
WHOLESALE WATER AND WASTEWATER
ADVISORY COMMITTEE MEETING
TCC South Campus
Thursday, June 09, 2022**

The following cities' representatives were present:			
City	Attendee	City	Attendee
Aledo	Kristian Sugrim	Lake Worth	absent
Benbrook Water Authority	Rhett Clark/David Smith	Northlake	Dillon Luna
Bethesda Water Supply Corp	Steve Sievers	North Richland Hills	Karen Manila/Caroline Waggoner
Blue Mound	Joey Alvarez	Pantego	Absent
Burleson	Kevin North	Richland Hills	Scott Mitchell
Crowley	absent	River Oaks	Gordon Smith
Dalworthington Gardens	Kay Day/Doreen Summerall	Roanoke	Robby Wallace
DFW Airport	Tommy Uptmore	Saginaw	absent
Edgecliff Village	absent	Sansom Park	Matt Douglas
Everman	absent	Southlake	Jack Thompson/Lauren LaNeave
Forest Hill	absent	TRA	Kim Probasco/John Bennett/Matthew Jalbert
Grand Prairie	Cora Snyder	Trophy Club MUD #1	Alan Fourmentin
Haltom City	Greg Van Nieuwenhuize/David Cummings	Watauga	Paul Hackleman/Taylor Alvarez
Haslet	absent	Westlake	Troy Meyer
Hudson Oaks	absent	Westover Hills	Scotty Wilson
Hurst	Greg Dickens	Westworth Village	Cody Cooke-Morse/Cesar Martinez
Keller	Larry Jones	White Settlement	Larry Hoover/Krystal Crump
Kennedale	Joe Walsh	Willow Park	absent

1. **Call to Order**
Greg Dickens (Chair) called the meeting to order.
2. **Roll Call**
Greg Dickens (Chair) conducted the roll call.

3. Introduction of Water Department Staff and Guests

Chris Harder (FW Water Director) introduced Steve Nutter (FW Biosolids Manager) and identified other staff present.

4. Approval of Minutes

Gordon Smith moved for approval of the meeting minutes from December 09, 2021. Greg Dickens seconded the motion. The meeting minutes were unanimously approved.

5. Operational Reports

a. Plant Operations – Water Operations

Presenter: **Shannon Dunne (FW Asst. Water Director)**

- Update on recent water demands
- Update on plant operation and tank cleaning status

b. Plant Operations – Wastewater Operations

Presenter: **Shannon Dunne (FW Asst. Water Director)**

- Update on the biosolids dryer
- All projects are moving along on the wastewater side. The digester project is almost ready to be bid.
- Design work commencing on the primary clarifiers.

c. Field Operations: **Roy Teal (FW Asst. Water Director)**

- Leak detection program:
 - Proactive for the water distribution system.
 - The City was broken up into four quadrants to split up efforts between in-house staff and a contractor.
 - In-house staff has been able to survey approximately 137 miles of pipe.
 - There were 59 leaks discovered mostly on the valves.
 - Two leaks were discovered on the larger pipes which consist of the 16” and above as well as two leaks on the 30” and 36” pipes at the joints.
 - Approximately 60 million gallons of water loss were attributed to these leaks.
 - The effort has been beneficial with a huge return on investment.
 - In the past 3 months there was 35 main breaks.
 - During the summer months there is usually an increase in main breaks with an average of about 47.
- Collection System:
 - Total of 102 SSO’s for the entire year.
 - In the year 1998 there were 1415 SSO’s.
 - Investments into the collection system were made for the improvement and reduction in SSO’s.
- Overall operations:
 - Supply chain issues with availability and longer wait time for orders.
 - An assessment of materials is being conducted to identify critical materials needed to keep up with the work demand.
 - Vacancies are at 14% and is being managed with the use of contracts.

6. MyH2O Update

Presenter: **Chris Harder (FW Water Director)**

- Remote meter installs are complete. There are some retrofits for meters that were installed in the last few years.
- About 280,000 meters have been installed for the existing account base.
- The customer portal has been live for about 3 weeks and can be used to view water use in hourly increments as well as payment information.
- Overall it provides the ability to communicate with our customers.
- MyH2O program is in the state water plan as a water supply strategy.
- The portal will help customers understand their water usage and see the usage patterns in hourly increments to be more efficient with their use and be aware of the rate tier they are in.
- FW is in the process of transitioning the program to the customers so that it may be widely adopted. Assessments are being conducted to see how effective the program has been during the initial installation of the meters and ensure the goals have been achieved.

7. Mary's Creek WRF Permit Settlement and Path Forward

Presenter: **Chris Harder (FW Water Director)**

- Mary's Creek Plant is a proposed water reclamation facility located on the westside of FW's service area.
- It has been in talks for the last 20 years.
- A permit application was submitted in 2018 and in 2020 FW received a draft permit with a final flow rate of 15 million gallons per day.
- TCEQ responded to public comments and validated the permit. FW went through a contested hearing process which was referred to a state office of administrative hearings.
- There were two affected parties that FW came to terms with via an executed settlement agreement.
- Settlement Agreement:
 - Total Nitrogen limit has been included and will not change the design or cost of the plant.
 - FW will market effluent as part of a direct reuse option to customers
 - A 210 permit is required from TCEQ to provide customers with direct reclaimed water.
 - FW would like to propose an industrial corridor on the west side.
 - Good reclaimed water use during the winter months is key for maintaining water quality.
- Tarrant Regional will take the lead on the indirect reuse project. Effluent will be discharged by the city into Mary's Creek. TRWD will construct an impoundment, pump station, and pipeline to connect to the existing Eagle Mountain connection pipeline, allowing it to move to Eagle Mountain Lake.
- This is a cost effective solution to indirect reuse for Fort Worth and Wholesale customers.
- The infrastructure and operating costs are minimal compared to the large wetland projects.
- FW has an RFP out to design the proposed Mary's Creek plant
- FW plans to get the best value for financing and will be making an application for a clean water SRF loan and looking into grant opportunities.
- FW anticipates the plant to be operational by summer of 2028.

8. Cost of Service and Rate Study FY 2023

Presenter: **Matt Thurber (FW Finance Manager)**

- In February an RFP was issued for the Cost of Service Study.
- FW met with the Rates Sub-Committee in March after evaluating the responses and selected Carollo Engineering who also conducted the study the prior year.
- FW met with the Rates Sub-Committee in May to present the first draft of the Cost of Service Study.
- FW will send the presentation to the Wholesale customers and then meet with the Rates Sub-Committee for a final report.

Presenter: **Matt Thurber (FW Finance Manager) introduced Cody Berg (Carollo Engineers Inc.)**

- The consultant reviewed the Cost of Service methodology for determining Wholesale rates in accordance with AWWA and WEF industry standards and the Wholesale uniform agreements in place.
- Per the contract, FW uses the utility basis to develop rates for Wholesale customers.
- The Utility Basis includes the components of O&M expenses, PILOT (Payment in Lieu of Taxes) and Street Rental fees, Depreciation Expense and Return on Rate Base.
- The total rate base has increased this year compared to last for both wastewater and water.
- FY21 is the test year for FY23 Wholesale rates.
- Wholesale Wastewater Rates:
 - The total revenue requirement for wastewater has increased by \$2.3 million from 2022 to 2023.
 - The revenue requirement is allocated across three cost components of Flow, BOD and TSS that determine the allocations attributable to the wastewater customers:
 - The Wholesale flow as a percentage of the system decreased, but the system as a whole decreased even more. As a result, the Wholesale percentage increased slightly from 26.06% to 26.08%.
 - BOD decreased from 30.34% to 30.28%.
 - TSS decreased from 27.89% to 25.91%.
 - In 2023, Wholesale O&M costs represent \$20.88 million in total. Of that, \$6.39 million is allocated to flow, and \$8.23 and \$4.94 million are allocated to BOD and TSS, respectively. Another \$1.31 million is allocated to Wholesale Only for wholesale metering and invoicing.
 - In 2023, the Wholesale Return on Rate Base totals \$7.47 million, with \$5.77 million allocated to flow, \$1.07 million allocated to BOD and \$0.56 million allocated to TSS. Another \$0.07 million is allocated to Wholesale Only for wholesale metering and invoicing.
 - In 2023, the Wholesale Depreciation totals \$5.07 million, with \$3.30 million allocated to flow, \$1.12 million allocated to BOD and \$0.59 million allocated to TSS. Another \$0.06 million is allocated to Wholesale Only.
 - To determine rates, the revenue requirement is divided by the Wholesale billing units for each component.
 - The proposed rates for FY23 are increasing for Flow, BOD and TSS, while the Wholesale Only portion is remaining flat at \$75.00 per customer monthly. The proposed rates result in an overall 11.48% system-wide increase.

- Wholesale Water Rates:
 - Total Revenue Requirement for Water is increasing by \$3.2 million primarily as a result of O&M and chemical costs.
 - The revenue requirement is allocated across three cost components of Base, Max Day and Max Hour that determine the allocations attributable to the water customers:
 - Wholesale's base usage as a percentage of the system decreased from 30.95% to 30.27%.
 - Wholesale's Max Day increased slightly from 36.23% to 37.20%
 - Wholesale's Max Hour increased from 16.92% to 24.12%.
 - Wholesale O&M costs represent \$17.08 million in total. Of that, \$11.19 million is allocated to Base, \$3.75 million is allocated to Max Day and \$0.26 million is allocated to Max Hour. An additional \$1.88 million is allocated to Wholesale Only for metering and invoicing.
 - The Wholesale Return on Rate Base totals \$7.73 million, with \$3.84 million allocated to Base, \$2.46 million allocated to Max Day and \$1.42 million allocated to Max Hour. Another \$0.01 million is allocated to Wholesale Only.
 - Wholesale Depreciation totals \$6.77 million, with \$3.71 million allocated to Base, \$2.39 million allocated to Max Day and \$0.67 million allocated to Max Hour.
 - The proposed rates for FY23 are increasing for Base and Max Hour, and are decreasing for Max Day. The Wholesale Only portion is remaining flat at \$25.00 per customer monthly.
 - The proposed rates result in an overall 4.10% system-wide increase.

9. Master Plan Updates

Presenter: **Matt Kusnir (FW Engineering Manager)**

- Sewer Master Plan RFQ is due on July 8, 2022 and FW target month for kickoff in October 2022. Master Plan completion date expected in 2023.
- Water Master Plan has started focusing on the north side due to heavy growth and potentially taking on a couple new Wholesale.
- The contract officially started on April 18 2022.
- FW anticipates May 2023 completion.

10. Lead and Copper Rule Revisions

Presenter: **Stacy Walters (FW Regulatory and Environmental Administrator)**

- Lead and Copper Rule Update:
 - EPA went into effect on December 16, 2021.
 - FW is at 99.6% complete with inventory and expected to be completed this year.
 - Capital Delivery section has less than a dozen projects being completed with partial lead replacement.
 - FW is looking into funding opportunities from EPA grants and SRF funds through the Texas Water Development Board.
- FW is interested in collaborating and seeking input from the Wholesale customers along with coordinating meetings within the next few months.
- TCEQ is hosting a public drinking water conference which has not been held in-person since 2019, if interested.

11. Biosolids Update

Presenter: **Steve Nutter (FW Environmental Program Manager)**

- FW began a biosolids master plan in 2018 to look into the future of biosolids operations for FW with a direct dryer facility being the top choice amongst alternatives.
- RFP/RFQ phase complete in 2019.
- Synagro submitted the winning proposal and a contract was issued.
- Construction started July 2020 and the facility started to go vertical in March 2021. In March 2022, the building was completed.
- The heart of the facility is the rotary drum dryer where the final product is made.
- Currently natural gas is utilized as the fuel for the dryer system. However, the dryer will also be able to utilize digester gas from the Village Creek Water Reclamation Facility. Fort Worth is working to construct a biogas pipeline from Village Creek to the dryer facility – expected completion date is spring 2024.
- Seventy five percent of the hot air coming from the dryer can be recycled back into the process with reclaimed water being used for cooling.
- The non-spec material removed is fed back into the system as a seed to create more pellets. There is very little waste coming from the facility.
- The final product consists of pellets, a few millimeters in size, with very low moisture content.
- Improved odor performance and reduced regulatory risk are a big benefit for marketability.
- Acceptance Testing Phase:
 - Kicks off any day.
 - Verify equipment performance.
 - FW informed Synagro that the facility needs to be running at max capacity to ensure performance per the contract.
 - FW verifies the solids processing, air odor control system and wastewater system to make sure max flow is delivered and met per the contract.
- Overall this facility will result in revenue savings.

12. The Economy, Risk Factors & Mitigation

Presenter: **Chris Harder (FW Water Director)**

- As a utility FW needs to have purchasing agents that can work side by side with managers to craft strategies to optimize competition.
- FW restructured the chemical contracts to allow vendors to do price adjustments based on commodity indexes. Historically, this happened once a year and now it is allowed once per quarter.
- FW believes it is important to have purchasing agents know our business and are aligned with management to create strategies.
- FW is trying to do what it can to mitigate the high interest rates.
- FW is looking at using low interest state revolving fund loans and apply for grants.
- FW currently has a fixed electrical contract with 3 years remaining at a good rate.
- FW is vulnerable to market adjustments with natural gas:
 - A 5 megawatt natural gas turbine generator has being utilized at Village Creek, operating 24hrs a day for the last 10 years.
 - FW may be looking at turning off the natural gas turbine generator in order to minimize natural gas costs. However, prior to making that decision, additional training, operating procedures, and potential diesel generator repurposing must be in place to ensure quick response in the event of a cold start of the turbine.
- Workforce issues - FW began including sign on bonuses for staff and apprenticeship programs in hopes to recruit graduates to come into the workforce.

13. Officer Elections in December

Presenter: **Mary Gugliuzza (FW Media Relations/Communications Coordinator)**

- Officer Election By-Laws:
 - Officer elections occur every even numbered year.
 - Two-year terms.
 - Maximum of 3 successive terms in any single office. Greg Dickens and Gordon Smith are not eligible for re-election to their current office of chair and vice-chair, respectively.
 - Only authorized voting members can vote and be an officer. Paul Hackleman is eligible for re-election as secretary.
- Asked audience if anyone is interested in receiving a headshot photo during the December meeting. There was no interest voiced.

14. Future Agenda Items and Comments

Please forward any future agenda items to WaterWholesale@FortWorthTexas.gov

15. Adjourn