

For release: August 20, 2016

The City of Montgomery, Texas will be holding a Water and Sewer Rate Increase Forum for its residents on August 25th at both 4pm and 6pm. The meetings will be held at the old Community Center at 14420 Liberty St. in Montgomery. The purpose of these meetings is to explain the factors that were used in determining the cost of both water and sewer services and to provide individual calculations about the impact of the changes on residents.

The water and sewer systems in Montgomery have historically not been operated with a formal preventative maintenance plan, but with an unacknowledged “run to fail” philosophy. This lack of maintenance, combined with an aging system and capacity constraints, has caused the Water and Sewer Fund to require transfers from the City’s operating budget in order to continue to function.

The City requested a Rate Analysis, a Sanitary Sewer System Analysis, and a Water System Analysis from Jones & Carter to identify the current state of the systems, proposed capital projects to improve delivery and quality of services, and a rate structure that included both the cash cost of operating the system, as well as preventative maintenance and investment.

This analysis was concluded several months ago and since then, City Staff and Council have worked to identify the first rate adjustments that will be made to achieve fiscal stability in the Water & Sewer Fund. The result is a new rate structure which protects the smallest

residential users (2,000 gallons of water per month, which represents approximately 30% of the City's users).

The largest residential, institutional, and commercial users will be asked to make an adjustment over a period of several years to pay for the actual cost of the water that they consume. The impact of the proposed rates on the most common usage accounts is below:

<u>Usage</u>	<u>Impact on Bill</u>
2,000 gallons residential	\$0
7,000 gallons residential (avg bill)	\$6.00
10,000 gallons residential	\$14.95
12,000 gallons commercial (avg bill)	\$36.75

In addition to actions on the rate side, the City is planning to spend \$125,000 per year on preventative maintenance, perform a regular account audit to ensure that each user is paying the correct rate for all services used, improve the efficiency of current operations, and use internal billing to transfer money to the Water & Sewer Fund to pay for "free water" from the General Fund (Parks, Fire Department, City Buildings).

In June of this year the water and sewer tap fees for new connections were increased in order for the new customers to help pay for the recent and near future additions to the systems to serve the new residents. For the future, near-term and longer term commercial and residential growth is using up spare system capacity in both water and sewer. Investments will be required to keep pace with demand, but efforts are ongoing to implement an Impact Fee that will be paid by those creating demand for new capacity. Investments in items

such as a water tower and redundancies in lift stations will be needed to be made, which will be paid for by all customers.

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