



City of Grand Prairie

Proposal to Provide a Utility Revenue Requirement Study and Long-Term Financial Plan

February 2019

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Introduction to Willdan



- ◆ Publicly traded corporation founded in 1964
- ◆ 4 divisions, 900+ employees in offices throughout USA
- ◆ Financial Services Division -- 1,200 clients throughout North America and International
- ◆ Nationwide leader in rate analysis and development of ratemaking methodology
- ◆ Dominant position in Texas with 2015 acquisition of Economists.com

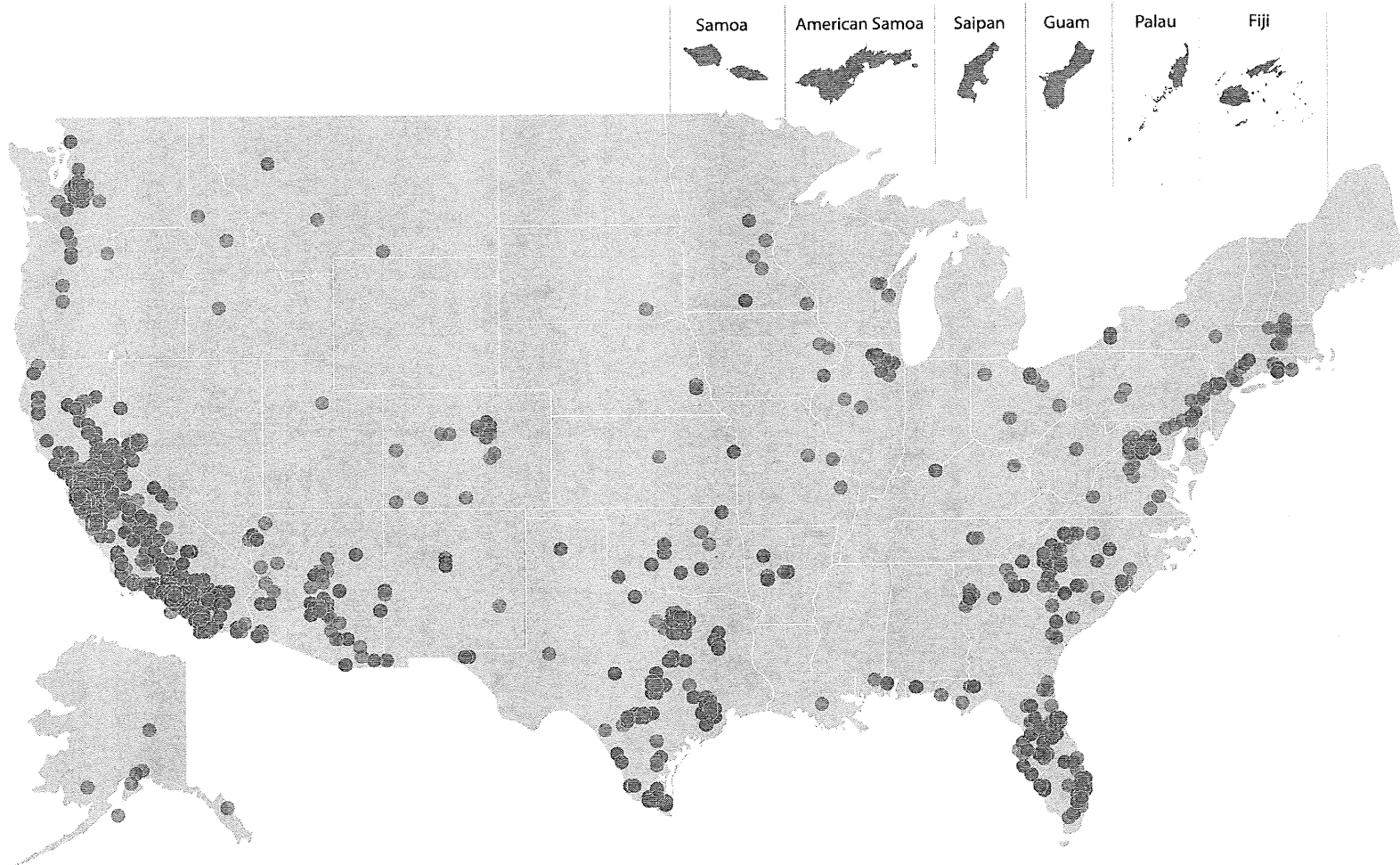


Willdan Financial Services Client Experience – USA and International



DOMESTIC EXPERIENCE

INTERNATIONAL EXPERIENCE



Willdan Client Rate Studies – State of Texas



- ◆ **30** clients in Dallas-Fort Worth Metroplex
- ◆ **80** clients in all regions of the state
- ◆ **200+** rate study projects in Texas in the past twenty years
- ◆ All projects listed on following pages were awarded to Willdan, many through competitive bids
 - ❖ Willdan managed project, was responsible for all aspects of engagement, and Project Manager Dan V. Jackson briefed Councils/Boards on results of every study

Client Rate Studies – D/FW Metroplex 2014 -- 2019



Willdan Financial Services DFW Rate Studies 2014 - 2019

Neighbors	Large Cities	Mid-Size Cities/Districts
Balch Springs	Allen	Aubrey
Cedar Hill	Coppell	Celina
DeSoto	Frisco	Crandall
Duncanville	Garland	Denton County FWSD 1A
Hutchins	McKinney	Denton County FWSD 8C
Midlothian	Mesquite	Fairview
Waxahachie	Plano	Little Elm
	Richardson	Oak Point
	Rockwall	Parker
	Rowlett	Princeton
	Sachse	Prosper
		Royse City
		Venus

NOTE: project team members worked on every engagement listed

Willdan

Client List – State of Texas



Large	Medium	Small	WSCs/Authorities
Allen	Alamo Heights	Aubrey	Aqua Water Supply Corporation
Amarillo	Balch Springs	Beeville	Brazos River Authority
Arlington	Bellmead	Brady	Cibolo Creek Municipal Authority
Cedar Hill	Celina	Crandall	Denton County FWSD 1A
Coppell	Eagle Pass	Donna	Denton County FWSD 8C
Denton	Harker Heights	Groesbeck	East Medina County SUD
DeSoto	Hempstead	Hackberry	El Paso County WCID #4
Duncanville	Hewitt	Hutchins	Jonah Water SUD
Frisco	Leander	La Villa	Kempner WSC
Garland	Little Elm	Liberty Hill	Laguna Madre Water District
Harlingen	Mercedes	Los Fresnos	North Fort Bend Water Authority
Laredo	Midlothian	New Summerfield	Port of Houston Authority
McKinney	Prosper	Oak Point	Schertz Seguin LGC
Mesquite	Raymondville	Parker	Southmost Regional Water Authority
Plano	Robstown	Princeton	Tornillo Water Improvement District
Richardson	Rowlett	Selma	Webb County
Rockwall	Royse City	Sonora	West Harris County RWA
Waco	San Benito	Taylor	Yancey Water Supply Corporation
	Schertz	Troup	
	Seguin	Venus	
	Tomball	Whitehouse	
	Waxahachie	Winona	
	Woodway		

NOTE: represents experience of project team members only

Proposed Project Team



Mayor, Council and Citizens Of Grand Prairie

Dan V. Jackson
Principal in Charge
Project Manager



Jeffrey J. McGarvey
Project Advisor



Daniel Lanning
Senior Analyst



Dennis Goral
Project Analyst



What Sets Willdan Apart?



- ◆ We combine international firm's qualifications with a small firm's billing rates and client service
- ◆ Our experience preparing similar rate studies is unparalleled
- ◆ Our project team presents decades of experience and technical expertise that is second to none
- ◆ But we also understand something more basic about ratemaking – that it is as much a **social**, **community** and **political** decision as an economic decision
- ◆ We set as our outcome the **successful** design and implementation of a rate plan that will meet all of the City's objectives

City of Grand Prairie Revenue/Expense Challenges and Benefits



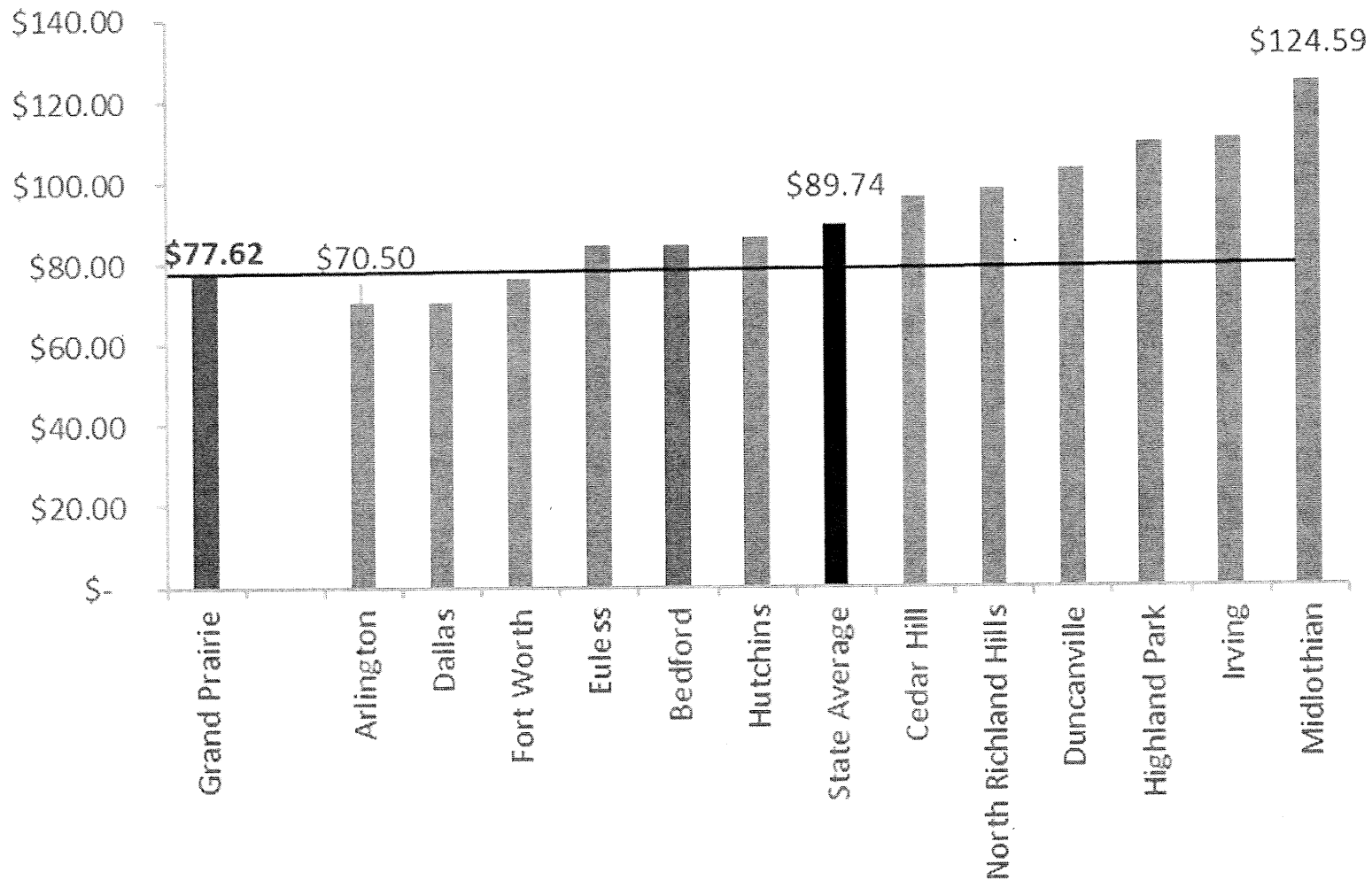
Challenges

- ◆ Revenues at or below costs
- ◆ \$200m CIP; \$128.7m new debt
- ◆ DWU/TRA – 50% of COS and will continue to increase
- ◆ Strong financial management goals:
 - ❖ Debt Coverage – 2.0
 - ❖ 1% annual contribution to repair/replacement fund
 - ❖ Use of cash to fund CIP

Benefits

- ◆ Current debt service declines from \$6m to \$2m by 2028
- ◆ Account growth – 1.5-2.0% per year
- ◆ Rates compare favorably to neighbors

Residential Monthly Charge Comparison 10,000 Gal Water; 5,000 Gal WW



Willdan Rate Analysis Meeting The City's Needs



- ◆ Willdan's combination of analysis and tools (i.e. internationally-recognized financial model) makes us unequalled in the development of water and wastewater revenue requirements
- ◆ Our model's dashboard closely tracks fund balance, coverage and other critical indicators on a single page
- ◆ Our analysis and model analyzes and forecasts City's budget on a line by line basis
- ◆ Our model can project for 5, 10 and even 20 year periods
- ◆ Model can use alternative capital financing assumptions to conduct "what if" scenarios



City of Grand Prairie

Ten Year Rate Analysis and Pro Forma

Fiscal Years 2018 -- 2027



Future Debt Term

20

Water Future Bond Issues

	Alternative	Proposed
2018	<	>
2019	<	>
2020	<	>
2021	<	>
2022	<	>
2023	<	>
2024	<	>
2025	<	>
2026	<	>
2027	<	>

Sewer Future Bond Issues

	Alternative	Proposed
2018	<	>
2019	<	>
2020	<	>
2021	<	>
2022	<	>
2023	<	>
2024	<	>
2025	<	>
2026	<	>
2027	<	>

Utility System

Water
Sewer
Combined

Dashboard

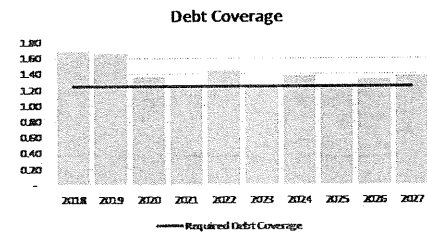
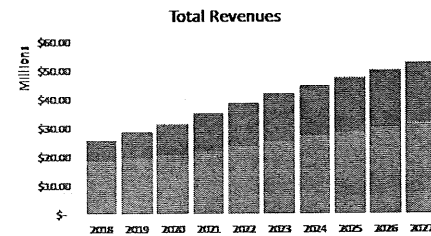
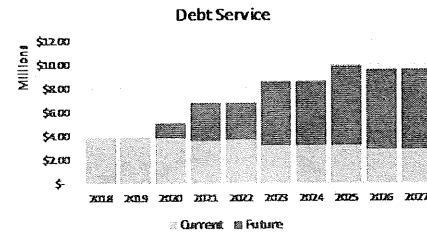
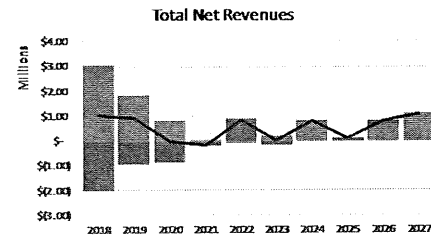
Projections
Bill Comparison
Comparable Utilities

Customer Class

All Classes

Years

10
5



Water Sewer

Combined Projections

Water Rate Adjustments

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Meter Charge	0.00%	2.00%	4.00%	3.00%	5.00%	5.00%	3.00%	3.00%	2.00%	2.00%
Volume Charge	0.00%	2.00%	4.00%	3.00%	5.00%	5.00%	3.00%	3.00%	2.00%	2.00%
	131	128	112	98	99	89	92	86	89	92

Sewer Rate Adjustments

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Base Charge	0.00%	22.00%	18.00%	18.00%	9.00%	5.00%	3.00%	2.00%	2.00%	2.00%
Volume Charge Residential	0.00%	22.00%	18.00%	18.00%	9.00%	5.00%	3.00%	2.00%	2.00%	2.00%
Non-Residential	0.00%	22.00%	18.00%	18.00%	9.00%	5.00%	3.00%	2.00%	2.00%	2.00%



Revenue Requirement Analysis/Study Project Timeline



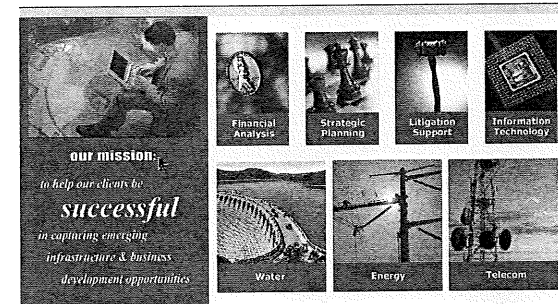
		Feb-19				Mar-19				Apr-19				May-19				
		8	15	22	1	8	15	22	29	5	12	19	26	3	10	17	24	31
Scope of Services																		
Phase 1:	Data Collection & Review; Project Initiation Workshop																	
Task 1.1:	Discussion, Data Gathering, Planning																	
Task 1.2:	Data Compilation, Evaluation and Analysis																	
Phase 2:	Revenue Requirement/Operating Data Review & Analysis																	
Task 2.1:	Review Utilities' Capital Improvement Program / Plan																	
Task 2.2:	Develop Capital Financing Plan																	
Task 2.3:	Develop Customized Revenue Requirements Model																	
Task 2.4:	Analysis of Fund Financial Position																	
Task 2.5:	Projected Operating Results Based on Proposed Wholesale and Retail Rates																	
Phase 3:	Revenue Requirement and Rate Study Review Report																	
Task 3.1:	Prep/Deliver Draft Utility Revenue Requirement Report																	
Task 3.2:	Incorporate Feedback on Recommendations & Report																	
Task 3.3:	Prep/Deliver Final Utility Revenue Requirement Report																	

NOTE: schedule assumes project begins in early February and data is received from City on a timely basis

Summary – Why Choose Our Team?



- ◆ Extensive experience in DFW and with similar cities across Texas and the USA
- ◆ We provide more than just a written report; we are a partner with the City in a process that results in the most successful and reasonable rate design
- ◆ Proven track record: We provide results within the time promised at a reasonable price. Check our references!
- ◆ Specialized firm means that we focus on our core competencies and provide personal attention to the unique needs of our clients





Questions?