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### Turning on tap costs more *MICHAEL E. YOUNG*

With water costs jumping 14 percent on Oct. 1 for the customers of the North Texas Municipal Water District, the cities and small water companies that buy from the district are in the final stages of sorting out how they'll pay the increase.

Much of the rate increase is from the cost of a 46-mile pipeline extension from Lake Texoma at Sister Grove Creek in Grayson County to the district's treatment plant in Wylie. The \$300 million project was needed after the proliferation of zebra mussels in Texoma. It will restore the 28 percent of the district's water supply that was wiped out when the district stopped pumping from the lake because of the infestation.

There are about as many approaches to paying the hefty tab as there are wholesale customers.

Rowlett plans a flat \$11.95-a-month increase to water and sewer bills, which city officials say will cover the higher water costs and increased sewage treatment rates from neighboring Garland and will provide money for critical utility maintenance needs. Roughly \$3 of the increase is attributable to zebra mussels.

Richardson, where residents just began paying a 9 percent increase on their water bills a few months ago, will pass along an additional 13 percent increase in costs, raising a typical bill about \$8 a month, City Manager Dan Johnson said. The city had absorbed several water rate increases over recent years, but this year's rate hikes mean a twin hit for Richardson residents.

Plano is opting for a 10 percent increase in water rates, said Karen Rhodes, the city's budget director.

The water district "is charging us 14 percent more," she said, "but due to the fact that we have a healthy fund balance, we were able to offset some of increase."

McKinney is considering a process of annual steps - increases of 2.5 percent for both water and sewer, city spokeswoman Anna Clark said.

"The planning at this point is to do the same for the next five years," she said. "But we'll monitor and adjust that as needed."

Allen is also planning a multiyear approach, on a slightly different schedule.

"We're looking at a rate increase, which we'll do in the winter - probably in January - because we think it's less impactful then," said City Manager Peter Vargas. "For the typical residential unit, using basically 10,000 gallons of water a month, the bill will be going up about \$4.66 a month, around 6.8 percent.

"We'll do a five-year plan, and it does appear we'll have to increase rates over that time for water and capital costs," he said.

A number of cities, including Allen and Frisco, and Richardson until this summer, have used reserve funds to absorb past increases in water costs. But this year's increase - coinciding with the water

district's sale of \$350 million in bonds - is simply too large to accommodate.

"The increases are necessary in part because we've been drawing down on our reserve fund," Vargas said.

And residents will notice the difference, he said. "I think people forget that we haven't had a rate increase in years and years."

Frisco won't approve its municipal budget until Tuesday, Assistant City Manager Nell Lange said. But officials expect a water bill increase of up to 5 percent.

Garland will absorb some of the 14 percent increase, said John Baker, managing director of water and wastewater facilities. Water rates will rise by about 9 percent, he said, meaning about a \$3.30 a month increase to an average Garland customer who uses about 8,000 gallons of water a month.

But based on water district projections, Baker said, more rate increases are possible.

The district will begin charging its 13 member cities \$1.49 per 1,000 gallons of water on Oct. 1, and customer cities \$1.54 per 1,000 gallons. But in his presentation to the City Council, Baker cited district projections that put the wholesale price of water at \$2.97 by 2021.

"In nine years," he said, "the price could double."

Expected water rate increases

Allen 6.8 percent

Frisco 3-5 percent\*

Garland 9 percent

McKinney 2.5 percent\*\*

Plano 10 percent

Richardson 13 percent

Rowlett \$11.95 a month

\*Final rate expected to be about 5 percent

\*\*Similar increases expected for five years

SOURCE: Dallas Morning News research

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