

Dallas Water Utilities

**Transportation
& Infrastructure Committee
May 20, 2024**

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City of Dallas



City of Dallas

Purpose



- Provide an overview of Dallas Water Utilities operating budgets, capital budgets, and revenues for:
 - Water and Wastewater Enterprise Fund (DWU-W/WW)
 - Storm Drainage Management Enterprise Fund (DWU-SDM)
- Outline roles and responsibilities, performance measures and partnerships
- Highlight major programs
- Questions

- *Briefing reflects FY 2024-25 Planned Budget as developed Summer 2023*
- *The starting point of every Budget Development process (February – September) is the Planned Budget from prior year*
- *Revenue and expenditure assumptions will change prior to CMO recommendation on August 13, 2024*

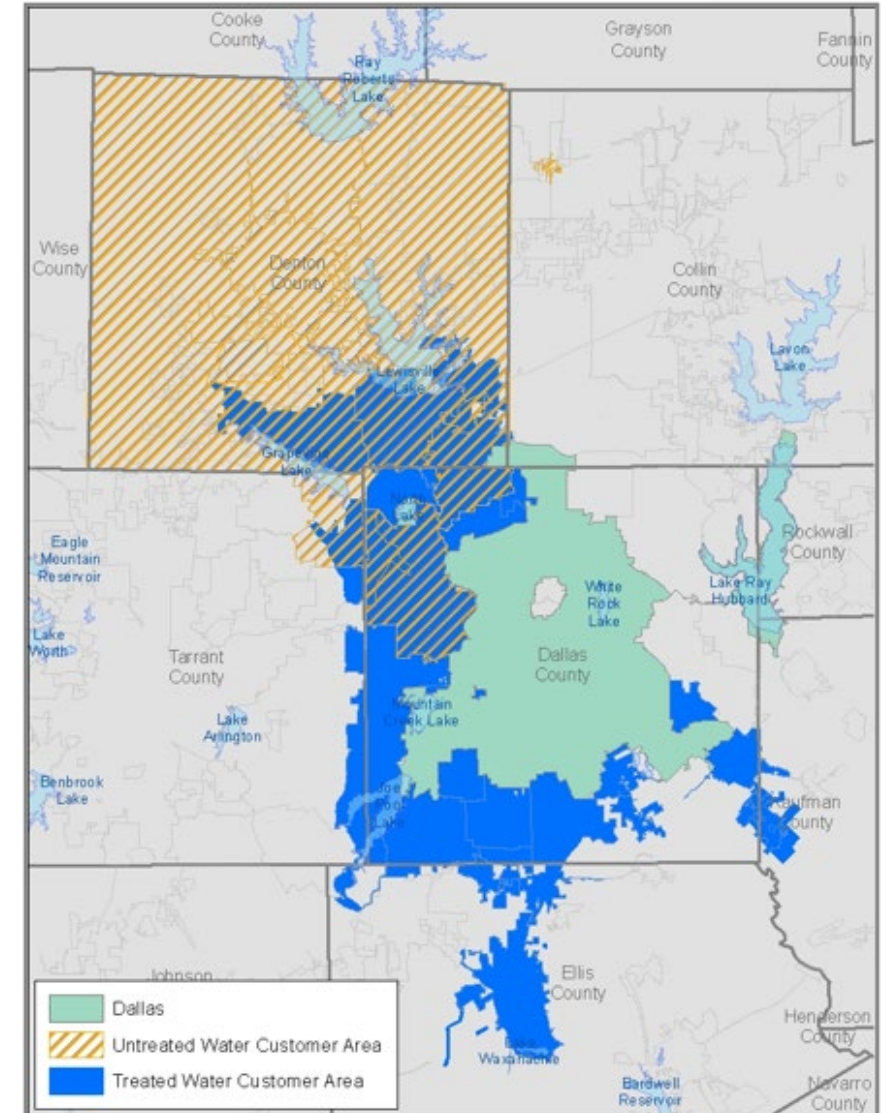


Role of the Department

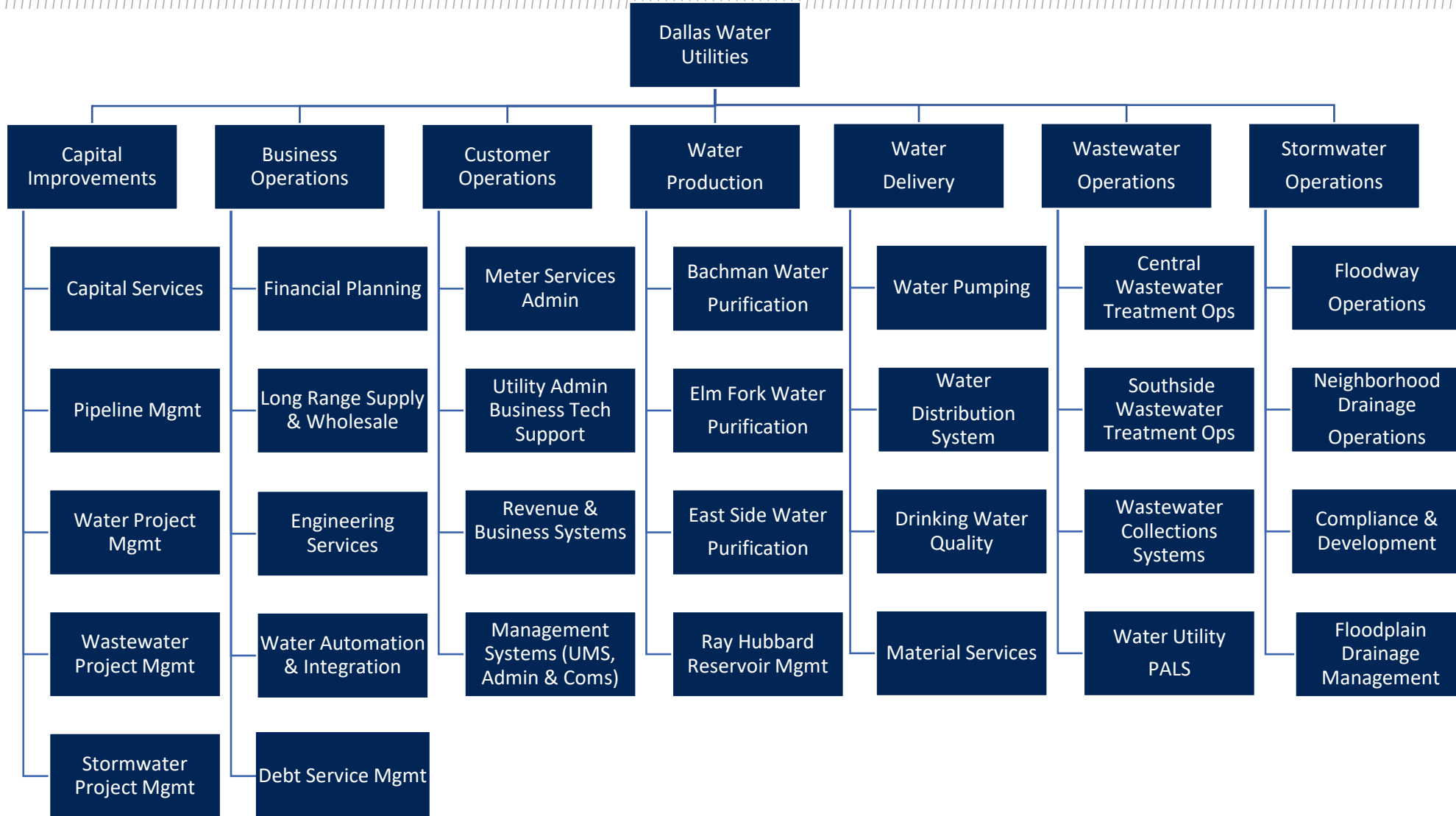


Mission: Provide water, wastewater, and stormwater services vital to the health and safety of City of Dallas residents and customers

- DWU was established in 1881 by City Charter and Stormwater established by City Ordinance in 1991
- DWU operates under multiple local, state & federal regulations
- DWU has a service area of approximately 700 square miles
- Collects revenue for services and maintains separate financial accounting to ensure appropriate use of funds for compliance with local and state laws
- DWU provides direct reimbursements to city departments supporting water, wastewater & stormwater operations



Organizational Chart





Budget Development & Rate Overview

Dallas Water Utilities



- FY24 Operating Budgets for water, wastewater and stormwater total \$871.4M
- Budget focus to address regulatory requirements, maintain infrastructure and conserve resources
 - Costs are driven by:
 - Infrastructure requirements for growth, renewal and regulatory
 - Personnel
 - Contractual obligations
 - Chemical and power costs
 - Dallas is responsible for meeting future water requirements for service area
- FY24 Capital Budgets for water, wastewater and stormwater total \$355.1M

DWU-W/WW Total Budget



Service	FY 2023-24 Budget	FY 2024-25 Planned
Enterprise Fund	\$791,275,376	\$814,782,871
Grants, Trust, & Other Funds	0	0
Total	\$791,275,376	\$814,782,871

- Budget increase justifications
 - Increase in personnel costs
 - Ongoing Integrated Pipeline (IPL) construction & maintenance
 - Price increase of chemicals
 - Increases to capital construction and debt service funding



DWU-W/WW - Operating Expense and Revenue



Service/Division	FY 2022-23 Actual	FY 2023-24 Adopted Budget	FY 2023-24 Forecast*	FY 2024-25 Planned Budget
Personnel Services	\$116,797,755	\$128,017,852	\$128,162,970	\$131,788,293
Supplies - Materials	\$123,483,491	\$115,568,032	\$117,076,080	\$115,769,829
Contractual – Other Services	\$597,569,096	\$544,969,079	\$543,315,914	\$564,407,475
Capital Outlay	\$4,451,059	\$12,269,851	\$12,269,851	\$12,629,851
Reimbursements	-\$8,821,873	-\$9,549,438	-\$9,549,439	-\$9,812,577
Department Expense Total	\$833,479,529	\$791,275,376	\$791,275,376	\$814,782,871
Department Revenue Total	\$833,824,224	\$791,276,133	\$791,276,133	\$814,434,320

*January 2024 Forecast



DWU-W/WW Budget Summary by Service



Service	FY 2022-23 Actual	FY 2023-24 Adopted Budget	FY 2023-24 Forecast*	FY 2024-25 Planned Budget
Water Capital Funding	\$415,832,006	\$362,951,915	\$362,951,915	\$374,019,166
Water Production and Delivery	\$143,350,223	\$135,959,774	\$135,959,775	\$143,474,573
Water Utilities Capital Program Management	\$19,775,925	\$18,031,003	\$18,031,003	\$18,945,266
Wastewater Collection	\$22,292,659	\$26,423,293	\$26,423,293	\$27,054,368
Wastewater Treatment	\$60,181,359	\$59,587,288	\$59,587,288	\$60,152,482
DWU General Expense	\$139,068,108	\$149,740,066	\$149,740,065	\$151,154,411
Water Planning, Financial and Rate Services	\$2,914,923	\$4,831,663	\$4,831,663	\$4,949,845
Water Utilities Customer Account Services	\$29,727,404	\$33,750,374	\$33,750,373	\$35,032,760

*January 2024 Forecast



DWU-W/WW Position Overview



Positions	FY 2023-24 Budget	FY 2024-25 Planned	Change
Enterprise Fund	1,561	1,561	0
Grant, Trust, and Other Funds	0	0	0
Total	1,561	1,561	0

- No planned change in positions



DWU-SDM Operating Expense and Revenue



Service/Division	FY 2022-23 Actual	FY 2023-24 Adopted Budget	FY 2023-24 Forecast*	FY 2024-25 Planned Budget
Personnel Services	\$18,535,361	\$23,434,607	\$22,140,691	\$24,099,734
Supplies - Materials	\$3,345,530	\$4,269,857	\$4,449,474	\$4,368,362
Contractual – Other Services	\$53,247,096	\$52,257,839	\$53,362,782	\$57,265,149
Capital Outlay	\$200,085	\$314,000	\$323,356	\$301,200
Reimbursements	\$-150,921	\$-182,331	\$-182,331	\$-182,331
Department Expense Total	\$75,177,151	\$80,093,972	\$80,093,972	\$85,852,114
Department Revenue Total	\$76,246,093	\$80,093,972	\$80,093,972	\$85,852,114

*January 2024 Forecast



DWU-SDM Total Budget



Service	FY 2023-24 Budget	FY 2024-25 Planned
Enterprise Fund	\$80,093,972	\$85,852,114
Grants, Trust, & Other Funds	0	0
Total	\$80,093,972	\$85,852,114

- Budget increase justifications
 - Increase in personnel costs
 - Increases to capital construction and debt service funding



DWU-SDM Budget Summary by Service



Service	FY 2022-23 Actual	FY 2023-24 Adopted Budget	FY 2023-24 Forecast*	FY 2024-25 Planned Budget
Floodplain and Drainage Management	\$3,643,048	\$5,190,325	\$5,003,845	\$5,382,574
SDM General Expense	\$49,420,293	\$47,535,930	\$47,947,038	\$52,495,883
Neighborhood Operations	\$10,508,034	\$12,588,964	\$12,364,336	\$12,489,831
Floodway Operations	\$11,605,776	\$14,778,753	\$14,778,753	\$15,483,826



*January 2024 Forecast

DWU-SDM Position Overview



Positions	FY 2023-24 Budget	FY 2024-25 Planned	Change
Enterprise Fund	281	281	0
Grant, Trust, and Other Funds	0	0	0
Total	281	281	0

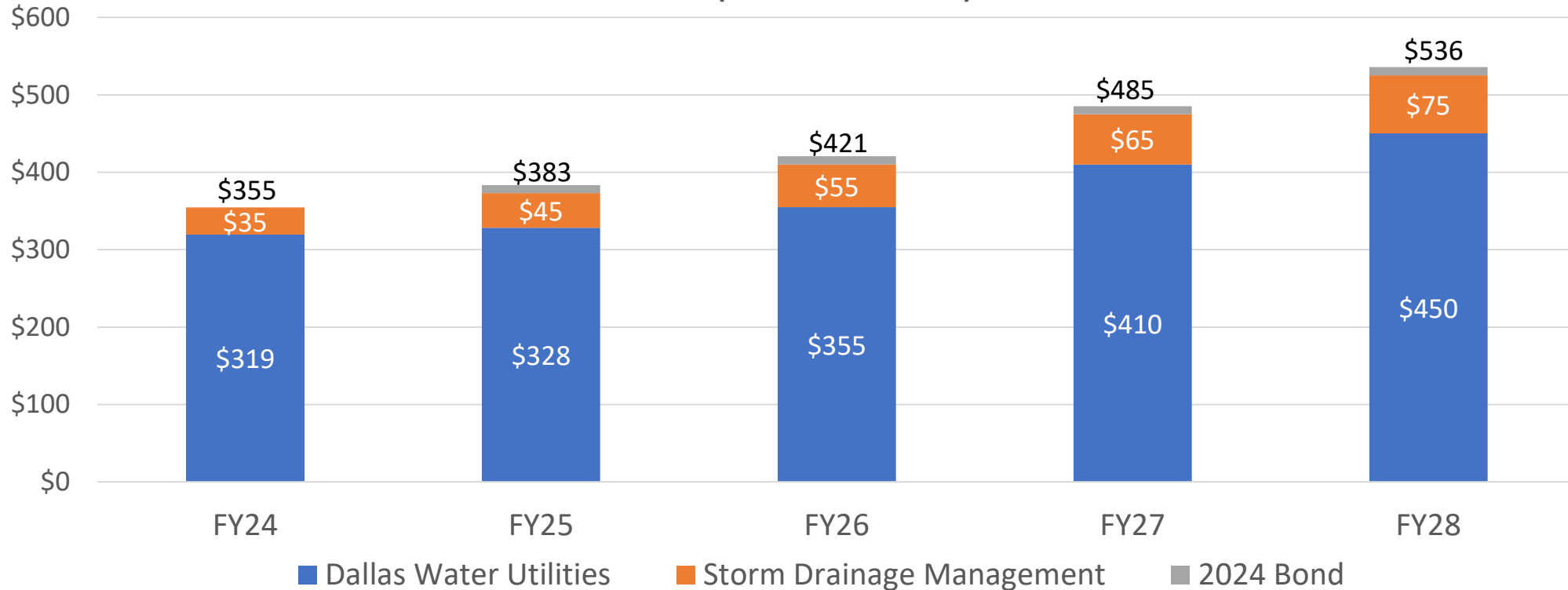
- No planned change in positions



DWU Five Year Capital Funding Plan



(In Million Dollars)



- Focus on rehabilitation/replacement of infrastructure, increasing regulatory (PFAS), some growth
- PFAS related construction funding starting in FY 27
- 2024 Bond Program Proposed Allocation (assumes \$10-11M for 5 years starting FY 25)
- Includes debt issuance to ramp up stormwater CIP to \$65-75M by FY27 and 28



DWU Revenue Overview



- Revenue requirements are reviewed annually against cost of services, projected expenditures and cost recovery
- DWU-W/WW Rates are based on consumption
 - Retail rates
 - Wholesale customer rates
 - Rates are compared against benchmark agencies, CDC and EPA affordability guidelines, and projected short and long term needs
- DWU-SDM Rates are based on impervious surface cover
 - Residential
 - Non-residential
 - Vacant parcel
- Revenue projections are reviewed annually by the City Auditor's Office



Total DWU Budget and Revenue – All Funds



Service	FY 2023-24 Budget	FY 2024-25 Planned
DWU-W/WW Enterprise Fund	\$791,275,376	\$814,782,871
DWU-SDM Enterprise Fund	\$80,093,972	\$85,852,114
Total	\$871,369,348	\$900,634,985

- Budget increase justifications
 - Increase in personnel costs
 - Contractual agreements with partner agencies for water supply ongoing construction and maintenance
 - Price increase of chemicals
 - Increases to capital construction and debt service funding





Budget Goals & Performance Measures

DWU Budget Goals



DWU-W/WW Budget Goals:

- Continue the Integrated Pipeline Project (IPL) to connect Lake Palestine
- Continue addressing water and wastewater needs within the City of Dallas through the design and construction of infrastructure improvements for all occupied, unserved areas
- Provide a high-quality supply of safe, clean drinking water to retail and wholesale customers that is compliant with local, state, and federal requirements and regulations as outlined in the Safe Drinking Water Act, while simultaneously ensuring adequate pressure for fire protection
- Provide wastewater collection and treatment services for retail and wholesale customers while meeting U.S. Environmental Protection Agency (EPA) and Texas Commission on Environmental Quality (TCEQ) treatment plant discharge requirements and Trinity River Stream Standards as required by the Clean Water Act
- Continue enhancing the customer service experience and improving water conservation with the development of the Advanced Metering Infrastructure project
- Provide planning, design, and construction of capital projects



DWU Budget Goals (cont'd)



DWU-SDM Budget Goals:

- Meet state and federal storm water regulations
- Ensure public/private infrastructure and development are designed to minimize flooding
- Plan and implement drainage infrastructure projects to improve drainage system efficiency and function
- Monitor and respond to floodway and neighborhood drainage issues during rainfall events
- Maintain pump station uptime at 92 percent or greater



DWU Budget Performance Measures



Measure	FY 2022-23 Actual	FY 2023-24 Target	FY 2023-24 Forecast*	FY 2024-25 Target
Value of capital projects awarded	\$422,723,232	\$319,450,000	\$346,026,424	\$328,000,000
Main breaks per 100 miles of main	21	25	20	25
Percentage decrease of unserved 47 areas for water and wastewater services	64%	100%	100%	N/A
Number of miles of small diameter pipelines replaced annually	81	72	73	72
Average response time to emergency sanitary sewer calls	57.4 min	60.0 min	59.2 min	60.0 min
Number of sanitary sewer overflows per 100 miles of main (cumulative rate number)	0.67	6.2	0.74	6.2
Compliance with state and federal standards and regulations for drinking water	100%	100%	100%	100%
Meter reading accuracy rate	99.8%	99%	99.9%	99%
Percentage of pump station uptime	100.0%	92.0%	100.0%	92.0%






*January 2024 Forecast



Summary of Services, Programs and Activities (FY25 Proposed)

Summary of Services, Programs and Activities



	ASSETS	CUSTOMERS
	<p>WATER</p> <ul style="list-style-type: none"> • 7 reservoirs, (6 connected) • 5,065 miles of water mains • 3 water treatment plants (900 MGD capacity) • 23 pump stations, 10 elevated and 13 ground storage tanks 	<p>2.6 million treated water customers</p> <ul style="list-style-type: none"> • 1.3 million – Retail (City of Dallas) • 1.3 million – Wholesale • 23 wholesale treated water • 4 wholesale untreated water
	<p>WASTEWATER</p> <ul style="list-style-type: none"> • 2 wastewater treatment plants (280 MGD capacity) • 4,075 miles of wastewater main • 15 wastewater lift stations 	<p>313,320+ retail customer accounts</p> <ul style="list-style-type: none"> • 11 wholesale wastewater
	<p>STORMWATER</p> <ul style="list-style-type: none"> • 8 major storm water pump stations (5.7 BGD capacity) • 1,963 miles of storm sewers • 30 miles of levees • 39,000 acres of floodplain 	<p>300,000 storm water accounts</p> <ul style="list-style-type: none"> • 265,979 Residential • 29,470 Commercial



Summary of Services, Programs and Activities



DWU provides direct and indirect support to internal services and programs that perform work on behalf of the water, wastewater and/or stormwater systems at approximately \$107M

- OEQS – Water Conservation Program
- OEQS – Stormwater Construction & Industrial Inspection Program
- City Marshal – Floodplain and Floodway Environmental Enforcement
- 311 – Water Customer Service
- Code Compliance – Water Conservation Enforcement, Mosquito Abatement, Nuisance Abatement
- Public Works – Limited drainage maintenance and construction inspection programs
- Street Rental (Franchise Fees)
- Pilot



Summary of Service, Programs and Activities



Regulatory Partners

Federal

- Environmental Protection Agency (EPA)
- United States Army Corps of Engineers (USACE)
- Department of Homeland Security (DHS)
- Federal Emergency Management Agency (FEMA)
- U.S. Department of Transportation (DOT)
- Federal Aviation Administration (FAA)
- Federal Deposit Insurance Corporation (FDIC)
- Federal Railroad Administration (FRA)
- United States Fish and Wildlife Service (USFWS)

State

- Public Utility Commission (PUC)
- Texas Water Development Board (TWDB)
- Texas Commission on Environmental Quality (TCEQ)
- Texas Department of Licensing and Regulation (TDLR)
- Texas Parks and Wildlife Department (TPWD)
- Texas Department of Health (TDH)



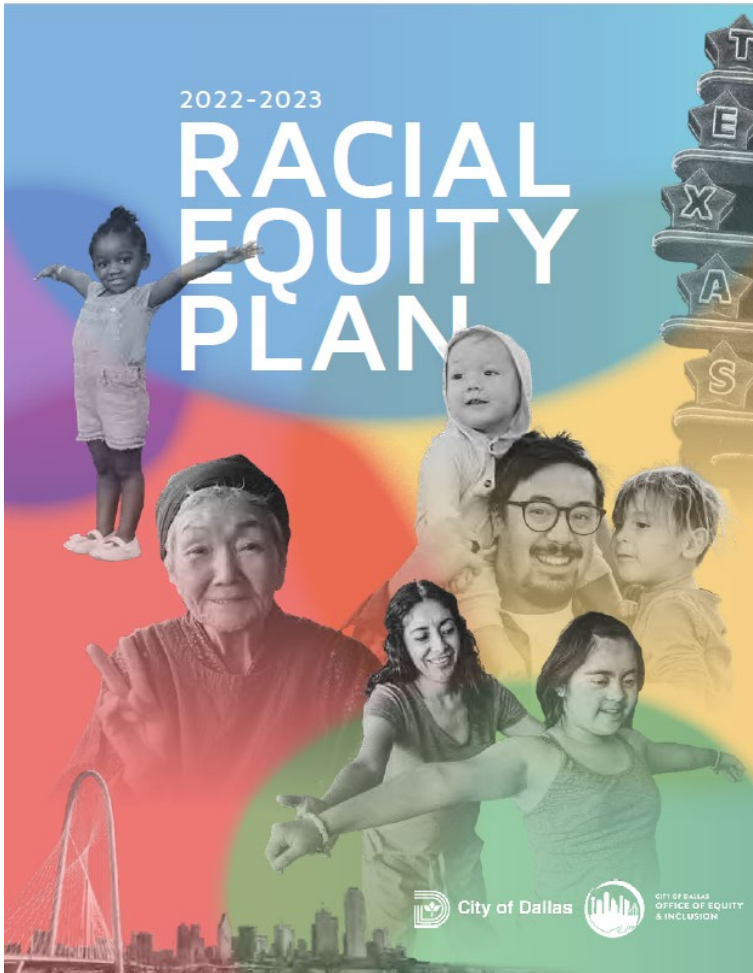
Summary of Services, Programs, and Activities



- TCEQ Superior Public Water System
- Standard & Poor's AAA Bond Rating
- Texas Optimization Program for water treatment
- National Environmental Laboratory Accreditation Program (NELAP) Certification
- National Flood Insurance Program Community Rating System Class 3
- Partnership for Safe Drinking Water
- National Association of Clean Water Agencies Awards



Summary of Services, Programs, and Activities



Memorial for Victims of Racial Violence public art project at Martyr's Park

- Contributed a total of \$812,000 for public art space
- Dedication for Memorial took place on March 26, 2024

Watershed Gates Project public arts funding of \$100,000 for two installations

- Locations identified in zip codes 75207 and 75215
- Arts and Culture Advisory Commission artist selection panel chose artist duo Calcium Projects for both installations in February 2024
- Scope of work and timeframe from artists still pending

Inventory all City-owned lines and provide outreach and free lead and copper testing programs at private schools in historically disadvantaged communities

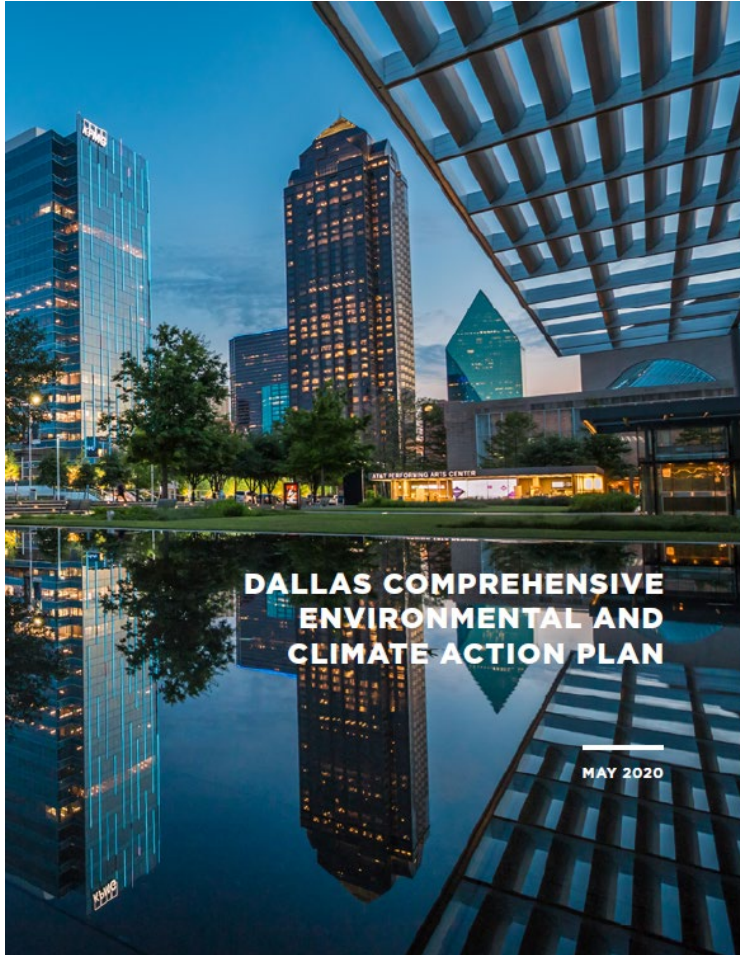
- 958 of 958 sites have been investigated for lead and copper

Extend water and sewer services to 47 identified occupied and unserved areas of the City.

- Through FY23, construction contracts were awarded and completed in 30 of the 47 areas.
- In FY24, 12 of 47 areas are expected to complete construction using remaining ARPA funds
- Project is expected to complete all 47 unserved areas in FY25



Summary of Services, Programs, and Activities



With the adoption of the Comprehensive Environmental and Climate Action Plan (CECAP), DWU strives to implement goals and milestones in collaboration with multiple City departments, focusing on the following goals:

GOAL 1: DALLAS' BUILDINGS ARE ENERGY-EFFICIENT AND CLIMATE RESILIENT

GOAL 5: DALLAS PROTECTS ITS WATER RESOURCES AND ITS COMMUNITIES FROM FLOODING AND DROUGHT.

GOAL 6: DALLAS PROTECTS AND ENHANCES ITS ECOSYSTEMS, TREES, AND GREENSPACES THAT IN TURN IMPROVE PUBLIC HEALTH.





Update on Budget Initiatives

DWU-W/WW Budget Initiative Tracker



- Initiative 5 – “Water Conservation Five-Year Work Plan”
 - The consultant has delivered the initial draft of the Work Plan to staff. City Council authorized the Five-Year Work Plan on April 10, 2024.
 - Work Plan updates population and water supply and demand data to re-evaluate strategies to meet the future needs of Dallas’ water system.
 - Work Plan will be incorporated into the 2024 Texas State required Water Conservation Plan and Long-Range Water Supply Plan.
- Initiative 35 – “Unserved Areas’ Water/Wastewater Service”
 - In FY23, DWU addressed 17 designated unserved areas, awarding 45,542 feet of water and wastewater mains for construction.
 - In December 2023, construction contracts were awarded for pipelines in 11 remaining unserved areas, totaling 28,415 feet in length. Construction started on March 11, 2024.
 - Additional locations ready for construction will be packaged for advertisement in Spring 2024 with planned construction awarded by Summer 2024 using the remaining \$8,900,000 in ARPA funds.



DWU-SDM Budget Initiative Tracker



- Initiative 30 - "Invest \$35.1 million in capital funding for stormwater and drainage management to minimize flooding in 31 areas."
 - As of March, SDM has spent \$11M Citywide
 - 1 project completed
 - 1 project that is under construction
 - 8 projects are under design
 - 21 are in development



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