

CITY OF SANGER, TEXAS

**MINUTES: CITY COUNCIL WORK SESSION
 May 21, 2018 - 6:00 PM
 502 Elm Street, Sanger, Texas**

**COUNCIL MEMBERS PRESENT: Mayor Thomas Muir, Councilman Bill Boutwell,
 Councilman Gary Bilyeu, Councilman Lee Allison, Councilman David Clark**

COUNCIL MEMBERS ABSENT: Councilman Allen Chick

The Mayor and four (4) Council Members were present constituting a quorum.

STAFF MEMBERS PRESENT: Alina Ciocan, Acting City Manager; Clayton Gray, Finance Director; Cheryl Price, City Secretary

1. **Call Meeting to Order.**
2. **Discuss Final Report Presented by NewGen Strategies & Solutions – Water, Wastewater and Electric Financial Plan and Rate Study Results.**

Finance Director Clayton Gray made the introduction. He advised that it was Chris Ekrut of NewGen Strategies & Solutions who presented a report in May 2017, and tha this is the final report that they are presenting tonight.

Mr. Chris Ekrut, NewGen Strategies & Solutions was recognized. He summarized the findings and recommendations of their analysis. They did a five year look at the water and wastewater rates. Based on their analysis they are recommending that the City make some adjustments to the Water, Wastewater Rates. He noted that one of the reasons they were looking to raise the rates was the capital outlay. He walked the Council through the adjustments. He noted to Council that what they are looking at is a one-time increase in rates - he noted that the water rate is a two part rate – 1) a fixed meter charge which all customers pay regardless of use, which does include 1000 gallons of use in the meter charge; and, 2) an inclining or conservation based rate structure – meaning the more you use, the more you pay. The following chart was presented and discussed regarding the Projected Water Rates.

APPENDIX A

FINAL



Projected Water Rates

	Current	2018	2019	2020	2021	2022	2023
Multi-Unit Residential							
Minimum Charge	\$ 21.74	\$ 24.32	\$ 24.32	\$ 24.32	\$ 24.32	\$ 24.32	\$ 24.32
Volumetric Charge							
1,001 - 4,999 gallons	\$ 3.86	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32
5,000 - 14,999 gallons	4.25	4.75	4.75	4.75	4.75	4.75	4.75
15,000 - 29,999 gallons	5.30	5.93	5.93	5.93	5.93	5.93	5.93
30,000 + gallons	7.68	8.59	8.59	8.59	8.59	8.59	8.59
RESIDENTIAL BILL IMPACT							
5,000 gallons	\$ 37.18	\$ 41.60	\$ 41.60	\$ 41.60	\$ 41.60	\$ 41.60	\$ 41.60
Year over year increase		4.42	-	-	-	-	-
6,400 gallons	\$ 43.13	\$ 48.25	\$ 48.25	\$ 48.25	\$ 48.25	\$ 48.25	\$ 48.25
Year over year increase		5.12	-	-	-	-	-
10,000 gallons	\$ 58.43	\$ 65.35	\$ 65.35	\$ 65.35	\$ 65.35	\$ 65.35	\$ 65.35
Year over year increase		6.92	-	-	-	-	-

He noted the one-time increase would be about 5 dollars a month. They presented a chart showing where the city stands in relation to other cities rates and he noted this was prepared in April last year. Sanger fell below mid-range before the rate adjustment and would fall above mid-range after the rate increase. Councilman Clark asked about the cost of water and the cost of water was what was driving the cost. Mr. Ekrut advised that it is capital that is driving the rates. Utilities moved on FM 455 FM 455. Councilman Clark questioned what the cost of the City's water loss is.

Mr. Ekrut summarized the wastewater rates noting there was a two-step process to get the City where we need to be to fund our capital – one now and one in 2022. This is being driven by the capital project funding in 2022. Alina advised that the City Council would be presented the updated Water and Wastewater Capital Improvement Plan at an upcoming meeting. It was finalized at the end of the year and needs to be presented to Council. The following charts show the projected wastewater fees.



Projected Wastewater Rates

	Current	2018	2019	2020	2021	2022	2023
Volumetric Charge							
1,001 - 9,999 gallons	\$ 3.90	\$ 4.22	\$ 4.22	\$ 4.22	\$ 4.22	\$ 5.01	\$ 5.05
10,000 + gallons	4.34	4.69	4.69	4.69	4.69	5.56	5.61
Multi-Unit Commercial							
Minimum Charge							
3/4"	\$ 27.50	\$ 29.75	\$ 29.75	\$ 29.75	\$ 29.75	\$ 35.29	\$ 35.59
1"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
1 1/2"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
2"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
3"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
4"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
6"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
8"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
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4"	27.50	29.75	29.75	29.75	29.75	35.29	35.59
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Councilman Boutwell began discussion asking if it would be better, instead of big jumps in the bills, to increase them gradually, or annually so it would not be such a big hit on the citizens. He provided comparisons where Sanger stands in rates to other cities for wastewater and noted that we are slightly under the middle range or just above in the different categories.

Chris Ekrut summarized Electric Rates and noted that there is some rate insufficiency, but not seeing insufficiency in the long-term trend. They anticipate in 2020 there is a decrease in the wholesale rate and there is some debt that falls off in 2020. There is anticipation that there may be some new debt coming on in 2023 associated with the relocation of utilities. He noted that he and Mike Brice had spoken and agreed to only very minor bumps in Electric. However, this is unsure right now and there is flexibility at this time so it is undetermined at this point. Mayor Muir noted that this is not included in the rate increase and we are not going to do anything on Electric at this time. Mr. Ekrut noted that they did note some minor insufficiencies and to keep an eye on it for the future and take action as it may be needed. There was miscellaneous discussion regarding Electric.

Councilman Allison noted he would in the future like to take a look at our rate structure noting that residents who water more in the summer to make their yards look nice, they are paying an unfair amount of wastewater fees based on our structure. Discussion ensued regarding the wastewater fees. Clayton Gray, Finance Director noted that there is a cap on the wastewater which is currently at \$65.00. The proposed ordinance will be moving it to \$70.00. He noted that as of the last billing, we had 2600 residential customers and approximately (260 customers) 10% of the customers have reached the cap. It was noted as the summer progress and depending on the weather this would more than likely increase. Staff noted that residents do have an option to have a separate meter for irrigation and are not billed for wastewater. There is a charge for the separate meter.

3. Overview of Items on Regular Agenda.

There was no discussion.

ADJOURN

There being no further business, Mayor Muir adjourned the work session at 6:51 PM.