

NOTICE OF WORKSHOP MEETING

February 16, 2016

MONTGOMERY CITY COUNCIL

STATE OF TEXAS

AGENDA

COUNTY OF MONTGOMERY

CITY OF MONTGOMERY

NOTICE IS HEREBY GIVEN that a Workshop Meeting of the Montgomery City Council will be held on Tuesday, February 16, 2016 at 6:00 p.m. at the City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas for the purpose of considering the following:

CALL TO ORDER

WORKSHOP:

1. Presentation and discussion of the Water/Sewer Analysis Reports by the City Engineer.
2. Presentation and discussion regarding the Water/Sewer Rate Review by the City Engineer.
3. Presentation and discussion related to an ordinance regarding connection charges to the City to reflect cost to the City.

ADJOURNMENT



A handwritten signature in blue ink, which appears to read "Susan Hensley", is written over a horizontal line. Below the line, the name "Susan Hensley, City Secretary" is printed.

Susan Hensley, City Secretary

I certify that the attached notice of meeting was posted on the bulletin board at City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas, on the 12th day of February 2016 at 11:00 o'clock a.m. I further certify that the following news media was notified of this meeting as stated above: The Courier

This facility is wheelchair accessible and accessible parking spaces are available. Please contact the City Secretary's office at 936-597-6434 for further information or for special accommodations.

To: Mayor and City Council members
From: Jack Yates
Subject: February 16th Council Workshop
Date: February 12, 2016

Item #1 Water and Sewer analysis report from City Engineer-- This will give you in these new city engineer an opportunity to fully explain and review both of these lengthy reports. If you do not have your report to bring let me know and I'll get you one.

Item #2 discussion regarding water/sewer rate review— Attached is the "Yates" version of what to do with the rates and the "Pure" version. The "Yates" version has the expectation of approximately \$2 million coming into the utility fund from tap and capacity fees which reduces the need for as much of a fee increase to citizens.

The "Pure" version includes almost all of the increases needed to be put onto the fees and increased to citizens. No decision is required at this meeting, I am thinking that your decision will come in April when we consider what city borrowing would be for this year.

Again if you do not have your water and sewer rate review report let me know and I'll get you one that.

Item #3 Regarding connection charges to the city to reflect cost to the city— This is intended to be a discussion regarding the "impact" fee calculation that the engineer is preparing -- however I think that the engineer is prepared to present little or no information on this subject.

"PURE"

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The goal is to have all customers move toward paying the full cost of their water and sewer usage. There are no categories of users that are exempt from this goal.

The water and sewer fund is an enterprise fund and is required by law to be a stand alone business that can support itself, remain solvent, and incur (and repay) debt to meet current and future needs

Because the increase in rates is acute, the adjustment in rates will be made over three years in order to mitigate the impact on the smallest individuals and businesses (who are, in any event, only a small part of the shortfall)

Irrigation and Commercial water rates (and the adjustment schedule) will be the same as that of the residential sewer rate

Commercial sewer rates and adjustment schedule will be the same as that of the residential sewer rate

This schedule is separate from any additional expenses that may need to be added to reflect inflation of labor, supplies, or energy required to supply the services

The large adjustment in residential sewer rates may make it economical for a large number of residential customers to establish irrigation accounts.

The city will encourage this by providing information in the newsletter (including usage/cost examples), tap fees at cost (?), and other tactics deemed necessary to help residents adjust to the new cost structure

RESIDENTIAL WATER

Usage Tiers	Current rate per thousand	Cost per thousand	Additional cost per bill per month			Additional Revenue Raised		
			Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
0-2,000 gallons	8	6.84	8.00	8.00	8.00	1,624	3,248	7,048
2,001-4,000 gallons	2.5	6.84	3.50	4.50	5.00	3,400	6,120	11,905
4,001-6,000 gallons	2.5	6.84	4.00	5.00	5.00	2,848	5,340	9,270
6,001-8,000 gallons	2.5	6.84	4.00	5.50	6.84	2,758	4,334	6,840
8,001-10,000 gallons	2.5	6.84	5.50	6.00	6.84	2,775	4,245	7,517
10,001-15,000 gallons	2.75	6.84	6.00	6.84	6.84	44.00	62.90	75.62
15,001-20,000 gallons	2.75	6.84	6.00	6.84	6.84	61.95	80.85	93.57
20,000+ gallons	3.25	6.84	6.84	6.84	6.84	30,642	47,456	69,776

Customer Rate Increase Annual Total 441,010 489,241 323,784

RESIDENTIAL SEWER

Usage Tiers	Current rate per thousand	Cost per thousand	Additional cost per bill per month			Additional Revenue Raised		
			Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
0-2,000 gallons	6.25	11.99	8.25	10.25	11.99	4,900	9,800	14,063
2,001-4,000 gallons	1.6	11.99	9.00	9.50	11.99	15,266	19,326	26,195
4,001-6,000 gallons	1.6	11.99	9.50	10.50	11.99	23,528	28,288	36,067
6,001-8,000 gallons	1.6	11.99	9.50	10.50	11.99	19,082	22,286	27,419
8,001-10,000 gallons	1.6	11.99	10.00	11.00	11.99	14,499	16,666	19,897
10,001-15,000 gallons	1.6	11.99	10.00	11.99	11.99	32,507	38,017	42,330
15,001-20,000 gallons	1.6	11.99	10.50	11.99	11.99	20,172	23,580	25,548
20,000+ gallons	1.6	11.99	11.99	11.99	11.99	156,359	187,776	31,782

1" PURE

p-202

INSTITUTIONAL WATER

Usage Tiers	Current rate per thousand			Cost per thousand			Additional cost per bill per month			Additional Revenue Raised		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
0-30,000 gallons	13.20	13.20	13.20	6.84	6.84	6.84	43.40	43.40	43.40	1,849	1,849	1,849
30,001-40,000	2.50	6.84	6.84	6.84	8.2%	8.2%	86.80	86.80	86.80	208	208	208
40,001-50,000	2.50	6.84	6.84	6.84	0.7%	0.7%	108.50	108.50	108.50	239	239	239
50,001-55,000	2.50	6.84	6.84	6.84	0.7%	0.7%	281.30	281.30	281.30	5,829	5,829	5,829
55,001-100,000	3.00	6.84	6.84	6.84	12.7%	12.7%	454.10	454.10	454.10	76,044	76,044	76,044
100,001+ gallons	3.00	6.84	6.84	6.84	46.9%	46.9%				84,169	84,169	84,169

INSTITUTIONAL SEWER

Usage Tiers	Current rate per thousand			Cost per thousand			Additional cost per bill per month			Additional Revenue Raised		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
0-30,000 gallons	2.00	11.99	11.99	11.99	11.99	11.99	299.70	299.70	299.70	5,634	5,634	5,634
30,001-40,000	2.00	11.99	11.99	11.99	8.2%	8.2%	399.60	399.60	399.60	3,117	3,117	3,117
40,001-50,000	2.00	11.99	11.99	11.99	0.7%	0.7%	499.50	499.50	499.50	-	-	-
50,001-55,000	2.00	11.99	11.99	11.99	0.7%	0.7%	549.45	549.45	549.45	549	549	549
55,001-100,000	2.00	11.99	11.99	11.99	12.2%	12.2%	999.00	999.00	999.00	12,458	12,458	12,458
100,001+ gallons	2.00	11.99	11.99	11.99	45.9%	45.9%	1,448.55	1,448.55	1,448.55	148,082	148,082	148,082
										169,840	169,840	169,840

"YATES"

P-102-2

The goal is to have all customers move toward paying the full cost of their water and sewer usage. There are no categories of users that are exempt from this goal.

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The city will encourage this by providing information in the newsletter (including usage/cost examples), tap fees at cost (?), and other tactics deemed necessary to help residents adjust to the new cost structure

RESIDENTIAL WATER

Usage Tiers	Current rate per thousand	Cost per thousand	% accounts			Additional cost per bill per month			Additional Revenue Raised			
			Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	
0-2,000 gallons	8.00	8.00	31.5%	8.00	8.00	3.50	812	2,436	2,842	-	-	
2,001-4,000 gallons	3.00	4.00	20.9%	4.25	4.25	7.50	1,700	4,420	5,100	-	-	
4,001-6,000 gallons	3.25	4.25	17.5%	4.50	4.50	10.50	4,500	11,025	12,600	-	-	
6,001-8,000 gallons	3.50	4.50	9.2%	4.75	4.75	15.00	1,379	2,955	3,349	-	-	
8,001-10,000 gallons	3.75	4.75	5.1%	5.00	5.00	26.25	13,250	33,875	38,067	-	-	
10,001-15,000 gallons	4.00	5.00	6.8%	5.50	5.50	20.75	46,700	118,525	134,444	-	-	
15,001-20,000 gallons	4.25	5.25	3.1%	6.25	6.25	38.70	64,650	161,112	182,831	-	-	
20,000+ gallons	6.84	6.84	5.9%	6.84	6.84	69.15	33,815	83,092	94,298	-	-	
										109,064	150,856	162,831
										200,000	200,000	200,000
										309,064	350,656	362,831

Increase 5/8" w/s tap fee from \$1.100 to \$3.300 To Cover \$267,000 (0&C)/Annualized Capital Expense \$2,000 x 100 w/s house taps Annual total 109,064 150,856 162,831
Total Revenue 309,064 350,656 362,831

RESIDENTIAL SEWER

Usage Tiers	Current rate per thousand	Cost per thousand	% accounts			Additional cost per bill per month			Additional Revenue Raised		
			Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
0-2,000 gallons	6.25	11.99	31.5%	6.25	6.25	6.80	3,898	4,710	5,522	-	-
2,001-4,000 gallons	1.6	11.99	20.9%	4.50	5.00	14.10	6,868	8,228	9,588	-	-
4,001-6,000 gallons	1.6	11.99	17.5%	4.75	5.25	25.10	6,800	7,868	8,936	-	-
6,001-8,000 gallons	1.6	11.99	9.2%	5.00	5.50	32.60	5,634	6,422	7,210	-	-
8,001-10,000 gallons	1.6	11.99	5.1%	5.25	5.75	60.10	14,097	15,806	17,516	-	-
10,001-15,000 gallons	1.6	11.99	6.8%	5.50	6.00	80.85	8,622	9,702	10,782	-	-
15,001-20,000 gallons	1.6	11.99	3.1%	5.75	6.25	123.80	14,856	15,936	17,016	-	-
20,000+ gallons	1.6	11.99	5.9%	11.99	11.99	141.80	60,774	68,672	76,569	-	-

YATES

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INSTITUTIONAL WATER

Usage Tiers	Current rate per thousand			Cost per thousand			Year 1			Year 2			Year 3			Additional cost per bill per month			Additional Revenue Raised					
	13.20	6.84	6.84	13.20	13.20	13.20	4.25	6.84	6.84	4.25	6.84	6.84	4.25	6.84	6.84	17.50	43.40	43.40	746	1,849	1,849	Year 1	Year 2	Year 3
0-30,000 gallons	2.50	6.84	6.84	13.20	13.20	13.20	4.25	6.84	6.84	4.25	6.84	6.84	4.25	6.84	6.84	17.50	43.40	43.40	746	1,849	1,849	-	-	-
30,001-40,000	2.50	6.84	6.84	13.20	13.20	13.20	4.25	6.84	6.84	4.25	6.84	6.84	4.25	6.84	6.84	37.50	86.80	86.80	96	208	208	96	208	208
40,001-50,000	2.50	6.84	6.84	13.20	13.20	13.20	4.25	6.84	6.84	4.25	6.84	6.84	4.25	6.84	6.84	48.75	108.50	108.50	124	239	239	124	239	239
50,001-55,000	3.00	6.84	6.84	13.20	13.20	13.20	5.00	6.84	6.84	5.00	6.84	6.84	5.00	6.84	6.84	138.75	281.30	281.30	306	5,829	5,829	3,036	5,829	5,829
55,001-100,000	3.00	6.84	6.84	13.20	13.20	13.20	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84	311.55	454.10	454.10	9,830	13,954	13,954	9,830	13,954	13,954
100,001+ gallons																								

% months
31.3%
8.2%
0.7%
0.7%
12.2%
46.9%

INSTITUTIONAL SEWER

Usage Tiers	Current rate per thousand			Cost per thousand			Year 1			Year 2			Year 3			Additional cost per bill per month			Additional Revenue Raised					
	2.00	11.99	11.99	11.99	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	281.70	299.70	299.70	702	3,117	3,117	Year 1	Year 2	Year 3
0-30,000 gallons	2.00	11.99	11.99	11.99	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	281.70	299.70	299.70	702	3,117	3,117	702	3,117	3,117
30,001-40,000	2.00	11.99	11.99	11.99	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	304.20	399.60	399.60	329.20	499.50	499.50	329.20	499.50	499.50
40,001-50,000	2.00	11.99	11.99	11.99	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	4.25	11.99	11.99	329.20	499.50	499.50	342.95	549.45	549.45	342.95	549.45	549.45
50,001-55,000	2.00	11.99	11.99	11.99	11.99	11.99	5.00	11.99	11.99	5.00	11.99	11.99	5.00	11.99	11.99	477.95	999.00	999.00	477.95	999.00	999.00	477.95	999.00	999.00
55,001-100,000	2.00	11.99	11.99	11.99	11.99	11.99	11.99	11.99	11.99	11.99	11.99	11.99	11.99	11.99	11.99	927.50	1,448.55	1,448.55	927.50	1,448.55	1,448.55	927.50	1,448.55	1,448.55
100,001+ gallons																								

% months
31.3%
8.2%
0.7%
0.7%
12.2%
46.9%