



# City of League City, TX

300 West Walker  
League City TX 77573

## Meeting Minutes City Council

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Tuesday, December 17, 2019

5:00 PM

Council Chambers  
200 West Walker Street

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### Council Work Session

The City Council of the City of League City, Texas, met in a work session in Council Chambers at 200 West Walker Street on the above date at 5:00 p.m.

**Mayor:**

**Pat Hallisey**

**City Council Members:**

**Andy Mann  
Hank Dugie  
Larry Millican  
Todd Kinsey  
Greg Gripon  
Chad Tressler  
Nick Long**

**City Manager:**

**John Baumgartner**

**Assistant City Manager**

**Bo Bass**

**Assistant City Manager**

**Michael Kramm**

**City Attorney:**

**Nghiem Doan**

**City Secretary:**

**Diana M. Stapp**

**Chief of Police:**

**Gary Ratliff**

**Executive Director of Development Services**

**David Hoover**

**Director of Budget/Project Management**

**Angie Steelman**

**Director of Engineering:**

**Christopher Sims**

**Director of Finance:**

**Kristine Polian**

**Director of Human Resources/Civil Service:**

**Janet Shirley**

**Director of Parks & Cultural Services:**

**Chien Wei**

**Director of Public Works:**

**Jody Hooks**

### 1. CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Hallisey called the meeting to order at 5:00 p.m. and called the roll. All members of Council were present except Mr. Long. Mr. Mann arrived at 5:19 pm.

Absent 1 - Mr. Nick Long

Present 7- Mayor Pat Hallisey, Mr. Andy Mann, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon and Mr. Chad Tressler

2. **PRESENTATION AND DISCUSSION REGARDING 2019 WATER AND WASTEWATER RATE STUDY AND FINANCIAL FORECAST - FOLLOW-UP**

Kristine Polian, Director of Finance, introduced Dan Jackson of Willdan Financial, who gave the presentation.

**Presentation Contents:**

- Background on Rates
- Customers and Volumes
- Current and Forecast Cost of Service
- Rate Plan Alternatives
- Summary

**BACKGROUND ON RATES: Facts about Water and Wastewater Rates in the 21st Century**  
Average utility has been increasing rates 5-6% per year; trend expected to continue  
AWWA forecasts that water and wastewater rates across the US will triple in the next 15 years

Rate adjustments are primarily due to reasons beyond a utility's control – inflation, Capital Improvement Plans, etc.

30-40% of utilities charge rates that do not cover their costs

Current Water / Wastewater Rate Structure (chart)

Monthly Residential Charge Comparison 10,000 Gallons Water and Wastewater (graph)

**CUSTOMERS AND VOLUMES – WATER AND WASTEWATER:**

Actual and Forecast Water Accounts – Annual Growth 800-900 per year (graph)

Actual and Forecast Water Billed Consumption (graph)

FY2016 3.3 billion gallons  
FY 2029 4.3 billion gallons

**CURRENT AND FORECAST COST OF SERVICE:**

Components of Cost of Service

- Operating Expenses
- Capital outlays
- Debt Principal and Interest
  - Current
  - Forecast
- Transfers

**KEY ASSUMPTIONS DRIVING FORECAST FINANCIAL AND RATE PLAN****Most personnel and operating expenses increase 3% per year****Certain expenses increase at higher rates and/or are tied increases in accounts/volumes****City will implement its current Capital Improvement Plan with \$501 million in water and wastewater system improvements over the next 10 years****Capital recovery fees projected to fund approximately 26% of CIP****Biggest impact on rate plan: New debt service required to fund CIP****Long-Term Financing Forecast Water and Wastewater Bond Issues: \$290,891,000 (chart)****Forecast Cost of Service: Water - Wastewater (graph)****RATE PLAN SCENARIOS:****Notes on Rate Proposal****Only moderate rate adjustments required for water and wastewater due to the following reason:****Overall financial health of utility****Continued strong account growth expectations****Prudent management of revenues and expenses****Retirement of some current debt****Favorable debt issuance terms****Recommend implement multi-year plan but review every 2-3 years****Water Rate Plan Scenario 1 – Status Quo FY2020-FY2024 (chart)****Wastewater Rate Plan Scenario 1 – Status Quo FY2020-FY2024 (chart)****Rate Plan Scenario 1 Impact on Ratepayers FY2020-FY2024 (chart)****Scenario II – Increase Water Base Charges by Meter Size (chart)****Phased in over next decade; no change to WW rates****Advantages****Lesser increases needed for residential and small meters****Incentive for customers to install only the size meter needed****Provides more stable revenue source (fixed charges)****Challenges****Larger increase on bigger meters****Scen II – Increase Water Base Charges by Meter Size – Original November 2017 Proposal (chart)****Scen II - Increase Water Base Charges by Meter Size – December 2019 Modified Proposal (chart)****Scen III – Increase Meter Charges by Meter Size – Wastewater Winter Average (chart)****Very popular and common form of wastewater rate design**

**Advantages - most closely tied to actual customer usage**

**Disadvantages**

**More difficult to understand/administer**

**Not as effective in warm weather climate**

**Large increase needed in first year**

**SUMMARY - BENEFITS OF PROPOSED RATE PLAN**

**Will enable utility to operate on a stand-alone basis and independent of general fund assistance**

**Will result in financially healthy utility that has ability to fund operations and capital needs**

**Will ensure that ratepayers paying only what it costs to provide water and wastewater service**

**Will allow capital investment into system to improve quality of service and provide a well-functioning system for future generations.**

**3. PUBLIC COMMENTS**

**4. ADJOURNMENT**

**At 5:53 p.m. Mayor Hallisey said, there being no further business this meeting is adjourned.**

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**PAT HALLISEY  
MAYOR**

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**DIANA M. STAPP  
CITY SECRETARY**

**(SEAL)**

**MINUTES APPROVED:**