

MINUTES OF THE WORK SESSION MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON AUGUST 15, 2016 AT 6:00 P.M. IN THE CIVIC CENTER MEETING ROOM, 16327 LAKEVIEW, JERSEY VILLAGE, TEXAS.

A. The meeting was called to order by Mayor Ray at 6:00 p.m. with the following present:

Mayor, Justin Ray
Council Member, Andrew Mitcham
Council Member, Greg Holden
Council Member, C. J. Harper
Council Member, Sheri Sheppard
Council Member, Gary Wubbenhorst

City Manager, Mike Castro, PhD
City Secretary, Lorri Coody

Staff in attendance: Mark Bitz, Fire Chief; Eric Foerster, Chief of Police; Isabel Kato, Finance Director; Kevin T. Hagerich, Public Works Director; and Kimberly Terrell, Director of Parks and Recreation.

City Manager, Jim Gray, also attended the meeting.

B. Receive and Discuss the Results of the Water and Wastewater Rate and Financial Planning Study.

Isabel Kato, Finance Director, introduced the item. Jennifer Ivey with ARCADIS US, Inc. was present and gave a presentation of the rate study findings using the cash flow projections for the five (5) year study period, the proposed rate schedules, and the bill impact tables.

Ms. Ivey explained her review of the historical usage and financial information gathered by Staff from the City's Utility Fund. Utilizing an advanced econometric model, she was able to forecast the financial position of the Utility Fund for each of the next five years. Taking into consideration the capital needs of the City (complete implementation of the city's utility CIP program), Ms. Ivey explained the rate adjustments that were calculated based upon answers to several policy-related questions.

She told City Council that the Utility Fund appears to be in sound shape, and will be able to meet operating and capital requirements for the next five years with modest changes to the rates currently charged to water and wastewater customers. Based on data provided by City staff and reasonable assumptions, the required adjustment to the water rate is four percent for the next three (3) years and the adjustment for the wastewater rate is four percent for the next four (4) years. Various scenarios were discussed during the meeting.

Ms. Ivey also told Council that commercial customers are paying more than residential customers. While this is not uncommon among Texas cities, it is recommended that the city continue to close this gap. Accordingly, the rate recommendations work toward this effort.

In closing the presentation, Council engaged in discussion about the customers that fall outside the City limits. Ms. Ivey told Council that these are few and have no bearing on the rate study numbers. Council also discussed the capital projects that were included in the rate study findings. Ms. Ivey explained that all projects listed on the City's CIP for the next

WORK SESSION MEETING OF THE CITY COUNCIL
CITY OF JERSEY VILLAGE, TEXAS – August 15, 2016

four years, including the capital projects for the Joint Powers Board, were included in the study.

Council also discussed the recommended increases and concluded that these increases are necessary to maintain a 90-day operating budget which is the industry standard.

Council engaged in discussion about:

1. Continuing to work toward parody of the commercial and residential accounts;
2. The Municipal Water Accounts; and
3. Rate increases will be considered at the September 19, 2016 meeting.

It was the consensus of Council that the rate recommendations are needed.

C. ADJOURN

With no further discussion, the meeting was adjourned at 6:28 p.m.

Lorri Coody, City Secretary