

City Council
November 10, 2008

A work session of the Mayor and City Council of the City of Waxahachie, Texas was held in the Council Conference Room at City Hall, 401 S. Rogers on Monday, November 10, 2008 at 6:00 p.m.

Council Members Present: Ron Wilkinson, Mayor
N.B. (Buck) Jordan, Mayor Pro Tem
Chuck Beatty, Councilman
Joe Jenkins, Councilman
John Wray, Councilman

Others Present: Paul Stevens, City Manager
Michael Scott, Assistant City Manager
Steve Chapman, City Attorney
Clyde Melick, Director of Planning
Charles Harris, Director of Finance
David Bailey, Director of Utilities
Joel Otts, Assistant Director of Utilities
Lori Saunders, City Secretary

Mayor Ron Wilkinson called the meeting to order.

City Manager Paul Stevens introduced Mr. Dan Jackson, economist.com, to present the 2008 Water and Wastewater Rate Study and Financial Forecast.

Mr. Jackson announced the rate study is complete and presented a slide show explaining water and wastewater rate increases are due to inflation, general increase in the cost of doing business, environmental and other regulations, and Capital Improvement Plan needed to repair and expand the system.

He noted the rate increases are now estimated higher than originally presented in May and presented the average annual growth rate from 2010 to 2018 equals 3.0% - 3.5%. Volatile economy has further limited growth expectations, wholesale customer usage is now expected to be significantly lower than previous estimates, transmission line is no longer being actively considered at this time, other capital improvement needs have increased to \$65 million over the next decade, and rate adjustments must be nominally higher to make up for lost revenues from lower growth.

Mr. Jackson presented a forecast for the Capital Improvement Plan for 2009 – 2018 noting the water equals \$33,060,767 and wastewater equals \$32,075,775 totaling \$65,136,542. He also noted forecast Bond issues required for the Capital Improvement Plan totals \$54,000,000.

Mr. Jackson presented two recovery rate alternatives for the City to decide which is most appropriate for rate payers. He explained both scenarios are inclining block rates. Scenario No. 1 is based on the City's block rates of 20,000 gallon increments. Scenario No. 2 is taking the block rates at 10,000 increments. He noted Scenario No. 2 will protect low income or fixed income ratepayers.

In summary, Mr. Jackson noted the average water and waste water rate will increase 5 – 6% per year. Lower growth rates have led to nominally higher rate adjustment recommendations.

There being no further business the meeting adjourned at 7:04 p.m.

Respectfully submitted,

Lori Saunders
City Secretary