

May 2, 2017

The Graham City Council met in SPECIAL CALLED MEETING in the Council Chambers at the Graham Visitor and Business Center, 608 Elm Street, Graham, Texas, at 5:30 p.m. on Tuesday, May 2, 2017 with the following members present:

MEMBERS:	Mayor:	Jack Graham
	Mayor Pro-Tem:	Darby Brockway
	Council Member:	Brint Albritton
		Lee Boyd
		Kyle Peavy
	City Manager:	Brandon Anderson
	City Secretary:	Sharon McFadden
	Public Works Director:	Jason Cottongame

VISITORS: Kevin Taylor, Pam Terry, Thomas Wallner, Alex Heartfield, Roy Pitcock, Jr., Carrol Frie, Terry Bishop, Jimmy McLeroy, Tom Pierce, Sidney Stovall, Sandra Helvey, Jim Helvey, and Neal Blanton.

ORDER: Mayor Jack Graham called the meeting to order at 5:30 p.m. and opened with prayer.

Public Hearing on Proposed Water Rate Increase

Mayor Jack Graham stated the purpose of the meeting is to discuss the proposed water rate changes and allow people to speak if they choose to. The Mayor said he hoped everyone had the opportunity to see the study prior to the meeting and that copies of the study are available to review here at the meeting. The Mayor turned the meeting over to Brandon Anderson. Brandon stated the City is upon completion of our 14 million dollar water plant that is producing high quality water for the City of Graham. Brandon said the City is looking into new infrastructure and running an alternate line into town. A year and a half ago the City encountered a need for new water meters to replace the failing meters. Brandon and staff reviewed the available technology and the actual meters from various companies. Brandon said there were eight (8) months of accurate data from the new meters available for the water rate study. The City has been experiencing considerable amounts of reduced water usage due to the cooler weather and being wetter than average. Brandon said the water fund is one million dollars short on revenue for fiscal budget that ends on September 30, 2017. Brandon stressed that we have put it off as long as we can and hired LaCosta to conduct a water rate study. LaCosta has studied our system. Brandon said we have been blessed with a full lake and our ability to treat our own water. Brandon stated that the old water plant system was failing and there was no other option but to put in new water plant. The City has no reserves set aside and we must manage water responsibly. Brandon stated that Dennis Fellows, Water Plant Supervisor, reported the last three (3) months have been the lowest water usage ever recorded. Brandon mentioned that the rate study includes Option 1, 2, and a Comparison chart that compares our water rates to other communities water rates. Brandon emphasized that the Comparison chart does not include debt service of other communities, so it is more of a reference tool. Brandon said the rate study gets us where we need to be in order to pay our debt service. Brandon stated he is on board with LaCosta to review our rates over the next five (5) years. The annual rate reviews will ensure we have a consistent picture each year and to see what has changed.

Graham citizen Kevin Taylor said we are using less water and now citizens are having to pay more. Kevin questioned why the City did not ask the public for a Bond. He asked if the City Council knew this was coming, then why did they not inform the public then? Kevin said he disagrees with the spending of \$12,000 on the rate study just to tell the City it is in debt. Mayor Jack Graham explained the break-even method that was decided in prior years and was not designed to build a reserve. Brandon said we set a budget on a break-even process. Brandon said the water rate study tells us what we have to charge to meet our debt obligations.

Graham citizen Tom Pierce asked about the data used to determine the rates in the rate study. Brandon responded that the previous eight (8) months of accurate data were included. Tom inquired that the low usage months were used in the study and did not include high usage months. Tom said his opinion is that the Board (referring to the City Council) knows the community better than La Costa. Tom said the Council should have conducted their own research. Tom mentioned those on social security, poverty, and number of children on free lunches needs to be considered. His opinion is that the study was not done properly. He said a rate increase is okay but not at this magnitude. Tom continued that we are effecting the beauty of our community without being able to afford to water our yards. Tom said that a one million dollar deficit is not accurate. Tom asked the City Council to take a moderate approach.

Graham citizen Sidney Stovall made the comment that she has been told by others that attending Council meetings does no good and their voice does not matter. She agrees with Kevin and Tom that citizens were not properly informed. She expressed her opinion on the rate study and claimed the Council keeps jacking up the prices of water. She said people cannot afford higher prices. The Mayor explained the water plant fell apart and had to be replaced. She thinks \$12,000 was wasted on the rate study and continuing more studies for the next five years is not right. Kyle Peavy explained the debt service and there is no other option but to raise the rates in order to keep water flowing in the City. She does not care about the rate comparison for other cities.

Tom Pierce questioned what water subsidies. Mayor explained the General Fund and Water Fund along with how deficits in certain departments are handled. He said the Council does not know how their rate increase is going to turn out. Tom and Sidney suggested the City take out a loan or use money that is in the bank. Brandon Anderson explained what revenues are tied to the General Fund and the Water Fund. Kyle said the rate study explains the options the City needs to take in order to meet obligations.

Kevin Taylor said when customers get the new higher bill, it is going to shock them. Kyle said there is a limit to what people will pay for water and we are not intending to burden those on fixed income. Those effectively choosing to water their yards, which is not a necessity, should pay the higher usage. Kyle said the City is not out to make a large profit, we just need to meet our debt obligations.

Sidney said businesses are closing, people are eating at restaurants less, less people are in stores because there is less money to go around. Kyle said sales tax revenue she is referring to has nothing to do with the water issue. Brandon said the average household of four uses about 10,000 gallons of water a month and will see a \$12 to \$18 increase in their water bill. Sidney said the new meters were a waste. Kyle said that the old meters were not working properly and had to be replaced. Kyle said that people got used to paying an excessively low rate.

Kevin Taylor said we knew this was coming and Council should have acted sooner. All of a sudden we needed a 14 million dollar water plant. Lee Boyd said we could start charging even higher rates to set reserves aside for a new water plant we will have to build in the next 20 to 35 years. Kevin suggested a future contingency plan. The Mayor said we could overcharge and build a reserve for the future but former decisions were to just make sure we only meet our debt obligations.

Tom Pierce questioned if new meters are checked for accuracy. The Mayor and Jason Cottongame explained the process of randomly checking meters. Jason said there has only been one meter inaccurate and it was returned to the vendor for replacement.

Carroll Frie asked which option the Council was wanting to approve. The Mayor said option 2. The Mayor said the Comparison chart is only to show we are not out of line on our water rates in comparison to other communities. Brandon said if the new rates are approved, they will be on the next billing cycle for April 15 to May 15. Brandon said those bills will be mailed out on May 25.

Terry Bishop said on the 30,000 gallon consumption tier, he wants to know how much of that they consider discretionary and how much as commercial use. Terry said with the higher rates that businesses will try to conserve water. Kyle said typically a 10 percent increase in price causes a 3 percent decrease in use. Kyle said the weather and future usage is not predictable.

Kevin asked if water customers were losing 2,000 gallons. The Mayor confirmed the first 2,000 gallons will no longer be included in the meter charge and the rate study shows this should happen. Charges will start with the first 1,000 gallons of use.

Brint Albritton told Tom Pierce that he knew that the line of business he is in uses a high amount of water and appreciates Tom's input.

Tom Pierce told the Mayor and Council he appreciates their time and dedication to the community.

Carroll Frie compared our water system to Midland and said he is thankful for the quality of Graham's water system.

Mayor Jack Graham said he appreciated those attending the public hearing and providing their input.

Council then adjourned this meeting.



 John Chiles Graham, Mayor

ATTEST:



 Sharon McFadden, City Secretary