

CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

JULY 11, 2016

Council Chamber	Regular Session	7:00 PM
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7008 S. RICE AVENUE
BELLAIRE, TX 77401



Mayor

Andrew S. Friedberg

Mayor Pro Tem

Roman F. Reed

Council Member

Gus E. Pappas

Council Member

Michael Fife

Council Member

Trisha S. Pollard

Council Member

Pat B. McLaughlan

Council Member

David R. Montague

Mission Statement:

The City of Bellaire is dedicated to outstanding quality service and facilities to ensure an open, progressive, and secure community.

REGULAR SESSION - 7:00 P.M.

A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.

B. Inspirational Reading and/or Invocation - Andrew S. Friedberg, Mayor.

C. Pledges of Allegiance - Andrew S. Friedberg, Mayor.

1. U.S. Pledge of Allegiance:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

2. Pledge to the Texas Flag:

Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

I. TOWN HALL MEETING (WATER AND SEWER RATES)

A. Introduction - Andrew S. Friedberg, Mayor.

B. Summary of Procedure - Paul A. Hofmann, City Manager.

C. Presentation:

Presentation regarding proposed water and sewer rates.

D. Public Comment.

The Mayor will recognize speakers who have completed a sign-up sheet prior to the commencement of the town hall meeting. Each speaker shall have a time limit of up to three (3) minutes, with no extension, and with notice after two (2) minutes that one (1) minute is left.

E. Questions from the Mayor and City Council.

F. Adjourn.

II. REGULAR MEETING

A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.

B. Personal/Audience Comments.

In order to address the City Council, please complete a sign-up sheet (located at the entrance to the Council Chamber), and submit it to City Clerk Tracy L. Dutton prior to the time for personal/audience comments. Each speaker shall have a time limit of up to five (5) minutes, with no extension, and with notice after four (4) minutes that one (1) minute is left. In the event of pressing business before the City Council or matters requiring its immediate attention or action, the City Council may, prior to the opening of audience comments, set a different maximum time limit for each speaker by a vote of four (4) members of the City Council.

The purpose of this item is to allow the residents of Bellaire and other interested persons an opportunity to address the City Council on agenda issues and on non-agenda issues that are a matter of the jurisdiction of the City Council (i.e., City policy and legislative issues). Non-agenda

issues regarding daily operational or administrative matters should be first dealt with at the administrative level by calling City Hall at (713) 662-8222 during business hours.

[Note: The Texas Open Meetings Act, Texas Government Code, Chapter 551, prohibits the City Council from fully discussing, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the City Staff for action may be placed on the agenda of a future City Council Session.]

C. Reports:

1. City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.
2. Presentation by Jeff Gerber, President and CEO, Pierce, Goodwin, Alexander, and Linville, concerning floor plan development of the Municipal Facilities Project; and consideration of and possible action to provide direction as appropriate - Submitted by Michelle Jordan, Project Manager.

D. New Business:

1. Consideration of and possible direction to the City Manager regarding proposed water and sewer rates to be considered in the development of the City of Bellaire's FY 2017 budget - Submitted by Brant Gary, Director of Public Works.
2. Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, appointing one (1) member to the Planning and Zoning Commission of the City of Bellaire, Texas, for the purpose of filling an unexpired term commencing on July 11, 2016, and ending on June 30, 2017 - Submitted by Tracy L. Dutton, City Clerk.

E. Community Interest Items from the Mayor and City Council.

It is the intent of this item to provide members of the City Council the opportunity to make a report about items of community interest, which may include expressions of thanks, congratulations, or condolence; information regarding holiday schedules; honorary recognition of City officials, employees, or other citizens or entities; reminders of upcoming events sponsored by the City or another entity that is scheduled to be attended by a City official or City employee; and announcements involving an imminent threat to the public health and safety of people in Bellaire that has arisen after the posting of the agenda.

No action may be taken on a reported item of community interest, and no possible action discussed except a proposal to place the subject on the agenda for a subsequent meeting.

See Texas Government Code, Chapter 551, Open Meetings Act.

F. Adjourn.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 07/11/16 07:00 PM
Department: City Manager's Office
Category: Discussion
Department Head: Paul A. Hofmann
DOC ID: 1954

**SCHEDULED
INFORMATION ITEM (ID
1954)**

Item Title:

Presentation regarding proposed water and sewer rates.

Background/Summary:

On April 25, Council was presented with the results of a rate study conducted by Superior Water Management, LLC in conjunction with Public Works and Finance staff. The driving principles behind the study were to:

1. cover cost of service,
2. support capital projects,
3. provide incentive for conservation,
4. provide for contingencies, and
5. react to changes in what the City of Houston charges for surface water

The presentation described the current financial condition of the water and wastewater system, listed what is to be accomplished with the new rate model, outlined the new rates, and compared the new rates to current rates and the rates of other cities.

The proposed rates, presented in April, were developed using FY 2016 expense projections and assumptions. Since the presentation development of the FY 2017 budget has begun. Anticipated expenses were used to quantify the proposed rates. It is the goal of these proposed rates to cover FY 2017 expenses while still maintaining a sixty (60) day fund balance in the Enterprise Fund. Excess revenues are not expected from this rate increase.

Previous Council Action Summary:

Council set the current water and sewer rates in November of 2006.

Fiscal Impact:

The proposed rates would generate 25% additional revenue in FY 2017 compared to FY 2016, to cover anticipated expenses in the Enterprise Fund
There was no cost, other than staff time, to develop the recommended model.

Recommendation:

The Council is not asked to take action on the rates at this time.

ATTACHMENTS:

- Water Rates - July - Updated and SortedI2b (PPTX)

City of Bellaire Review of Proposed Utility Rates for FY 2017



JULY 11, 2016



Recap of Water Rate Study Activities



- Last rate study and increase was in 2006
- Fiscal Forecast shows a decreasing fund balance
 - FY17 is the first year where the 60 day reserve requirement is not projected to be sustained
- Worked with Superior Water Management to review rates and help to develop rate model
- Provided findings to Council in April 2016
- In order to meet estimated budget needs, a 25% increase in revenues is projected from FY16 Budget

Guiding Principles of the Rate Study



- Cover cost of service
- Support the Capital Plan
- Incentivize conservation
- Provide for operational contingencies
- React to surface water rate changes

What We Hope to Accomplish



- Create a rate structure that works for the next several years.
 - Base and volumetric rates
 - Establish relationship between meter size, flow rates, cost of service, and system capacity
 - Tiered volumetric rates to incent conservation
- Create a rate model that works for the next several years.
 - Cost assumptions (O/M, transfers, debt, current revenue to CIP)
 - Revenue Assumptions (consumption scenarios)
 - Create a rational relationship between costs and revenues

Council Priorities



- Ensuring that the existing public infrastructure and facilities are reviewed, evaluated, and maintained to the highest possible standard...
 - ┆ Ensure that streets, sanitary and storm sewers, and water lines are constructed and maintained using state of the art methods...
 - ┆ Systematically replace failing waterlines
- Ensuring the continued development of sound fiscal policies and effective budget oversight.
 - ┆ Evaluate costs vs. benefits of all City services and programs
 - ┆ Proactively protect City's asset value

Current Meter Inventory



Meter Type/Size	Flow Factor	Residential	Commercial	Irrigation	TOTAL
5/8 & 3/4	1	4,610	135	657	5,401
1	2.5	1,614	87	250	1,951
1 1/2	5	4	9	13	26
2	8	5	51	16	72
2 1/2	12				0
3	15		3	1	4
4	25		12	1	13
6	50		6		6
8	80		3		3
10	115				0
Govt	N/A		64	26	90
TOTAL		6,233	369	963	7,565

*City use is captured through Govt meters and does not generate revenue or interfund transfers

Current Rates (FY2006 Adopted)

Per 1,000 gallons



Base Type	Residential	Commercial	Irrigation*	Sewer
5/8 & 3/4	\$4.48	\$4.48	\$4.48	\$6.03
1	\$11.20	\$11.20	\$11.20	\$6.03
1 1/2	\$22.40	\$22.40	\$22.40	\$6.03
2	\$35.84	\$35.84	\$35.84	\$6.03
3	\$71.69	\$71.69	\$71.69	\$6.03
4	\$123.21	\$123.21	\$123.21	\$6.03
6	\$252.25	\$252.25	\$252.25	\$6.03
8	\$380.80	\$380.80	\$380.80	\$6.03
Govt	\$0.00	\$0.00	\$0.00	\$0.00

* - Irrigation only meters are not assessed the sewer base rate

Vol. Rate Cat.	Cat. Amt	Residential	Commercial	Irrigation
Res 1	0 - 2000	\$1.50		
Res 2	2001 - 9000	\$2.50		
Res 3	9000+	\$3.50		
C-I 1	0 - 75000		\$2.75	\$3.50
C-I 2	75000+		\$3.50	\$4.00
Sew 1	Any	\$2.40	\$2.40	

Rate Model Components



- The model uses the following variables:
 - ┆ Meter Inventory
 - ┆ Anticipated Usage By Meter Size
 - ÷ Billed Usage
 - ÷ Non-Billable Usage
 - ┆ Includes Contingency
 - ÷ Based on Historical Usage
 - ┆ Tiered Pricing For Base Rate By Size
 - ÷ Uses 5/8 & 3/4" residential standard as starting point
 - ┆ Combined Revenue Projections
 - ÷ Base Rates
 - ÷ Volumetric Rates

Current vs. Proposed Base Rates



Meter Type/ Size	Factor	Current		Proposed	
		Water & Irr	Sewer	W&I-Prop	S-Prop
5/8 & 3/4	1	\$4.48	\$6.03	\$17.42	\$7.89
1	2.5	\$11.20	\$6.03	\$43.56	\$19.74
1 1/2	5	\$22.40	\$6.03	\$87.12	\$39.47
2	8	\$35.84	\$6.03	\$139.40	\$63.15
2 1/2 (None)	12	N/A	\$6.03	\$209.09	\$94.73
3	15	\$71.69	\$6.03	\$261.37	\$118.41
4	25	\$123.21	\$6.03	\$435.61	\$197.35
6	50	\$252.25	\$6.03	\$871.22	\$394.71
8	80	\$380.80	\$6.03	\$1,393.95	\$631.53
10 (None)	115	N/A	\$6.03	\$2,003.80	\$907.83
Govt	N/A	\$0.00	\$0.00	\$0.00	\$0.00

* - Irrigation only meters are not assessed the sewer base rate

Proposed Volumetric Rates (Per 1,000 Gallons)



Consumption		Current (Res. Only)		Proposed	
Category	Volumes	Water Vol	Sewer Vol	Water Vol	Sewer Vol
1	0-2000	\$1.50	\$2.40	\$2.00	\$2.00
2	2001-4000	\$2.50	\$2.40	\$2.00	\$2.00
3	4001-6000	\$2.50	\$2.40	\$2.25	\$2.00
4	6001-8000	\$2.50	\$2.40	\$2.50	\$2.00
5	8001-10000*	\$2.50	\$2.40	\$3.00	\$2.00
6	10001-15000	\$3.50	\$2.40	\$3.50	\$2.00
7	15001-20000	\$3.50	\$2.40	\$4.00	\$2.00
8	20001+	\$3.50	\$2.40	\$4.50	\$2.00

*Current Volumetric Rates Start at \$3.50 for 9,000 gallons

Practical Effects of the Proposed Changes



- 3/4" & 5/8" meters account for 71% of the meter inventory and just over 50% of total water usage
 - ÷ Average use for a residential meter is 8,000 gpm
 - ÷ Average use for an irrigation meter is 9,500 gpm

Service Type	Billed Volume	Meter Size	Current Rates-Base	Current Rates-Vol.	TOTAL CURRENT BILL	Proposed Rates-Base	Proposed Rates-Vol.	TOTAL PROPOSED BILL
Water	8,000	5/8"	\$4.48	\$18.00	\$40.51	\$17.42	\$17.50	\$57.21
Sewer*	6,000	5/8"	\$6.03	\$12.00		\$7.89	\$14.40	
			\$10.51	\$30.00		\$25.31	\$31.90	
Service Type	Billed Volume	Meter Size	Current Rates-Base	Current Rates-Vol.	TOTAL CURRENT BILL	Proposed Rates-Base	Proposed Rates-Vol.	TOTAL PROPOSED BILL
Water	8,000	5/8"	\$4.48	\$18.00	\$67.24	\$17.42	\$17.50	\$96.63
Irrigation	9,500	5/8"	\$4.48	\$22.25		\$17.42	\$22.00	
Sewer*	6,000	5/8"	\$6.03	\$12.00		\$7.89	\$14.40	
			\$14.99	\$52.25		\$42.73	\$53.90	

*Winter averaging for residential sewer use is estimated at 75% of the monthly average (6,000 gallons) in these scenarios

Bellaire Bill Comparisons

Current to Proposed Rates

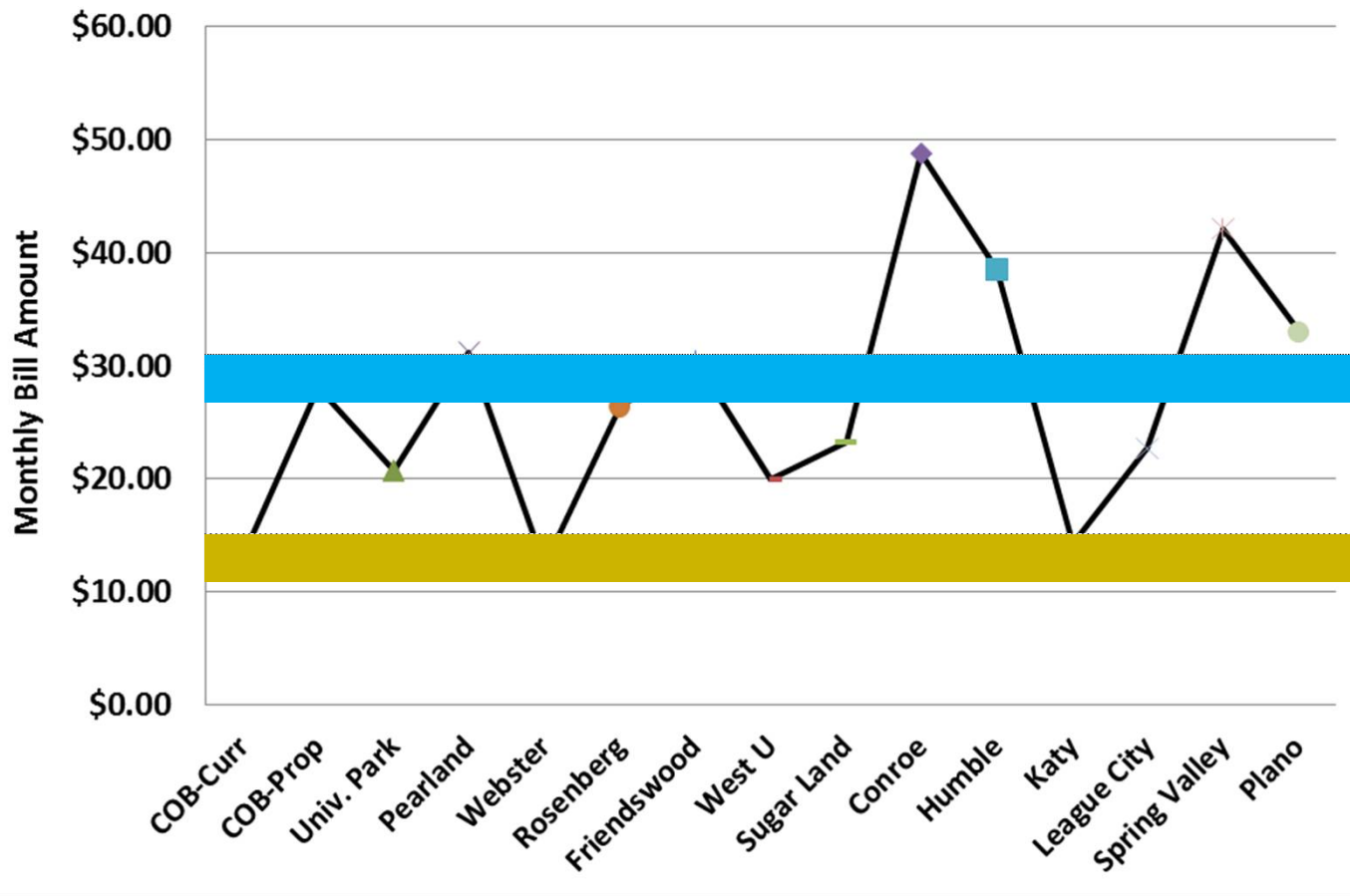


Residential			Bellaire		Monthly Increase
Meter Type(s)	Meter Size(s)	Gallons Billed	Current	Proposed	
Water Only	5/8-3/4"	500	\$12.94	\$27.71	\$14.77
	1"	3800	\$34.57	\$79.10	\$44.53
	5/8-3/4"	4900	\$32.28	\$44.94	\$12.66
	1"	12800	\$78.39	\$114.50	\$36.11
Water & Irrigation	2 - 5/8-3/4"	4600 /0	\$41.77	\$66.48	\$24.71
	2 - 1"	7100 /2000	\$69.18	\$141.11	\$71.93
	2 - 5/8-3/4"	7400 /20200	\$123.07	\$117.78	-\$5.29
	2 - 1"	18300 /14000	\$155.20	\$193.81	\$38.61
Commercial			Bellaire		Monthly Increase
Meter Type(s)	Meter Size(s)	Gallons Billed	Current	Proposed	
Water Only	1"	1100	\$16.18	\$29.71	\$13.53
	1"	6200	\$49.16	\$88.70	\$39.54
	1"	9700	\$67.19	\$105.30	\$38.11
Water & Irrigation	5/8-3/4" & 1"	1900 /8800	\$62.30	\$96.37	\$34.07
	4" & 2"	208K /34.7K	\$1,457.48	\$2,185.01	\$727.53
	4" & 2"	224K /9700	\$1,464.38	\$2,203.21	\$738.83

Residential Bill Comparison #1 (5/8" or 3/4" Meter)



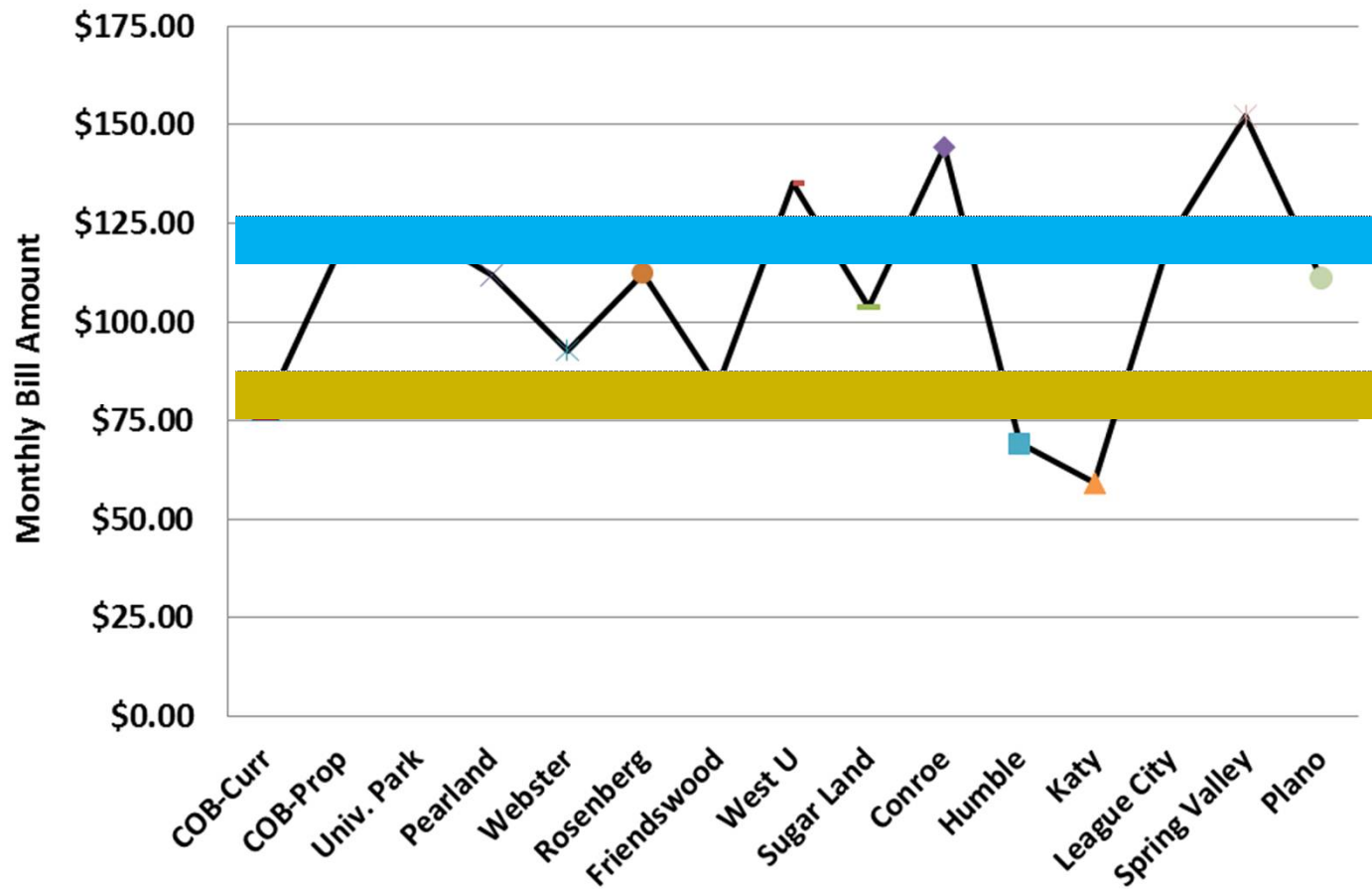
Water Only - 500 Gallons



Residential Bill Comparison #2 (1" Meter)



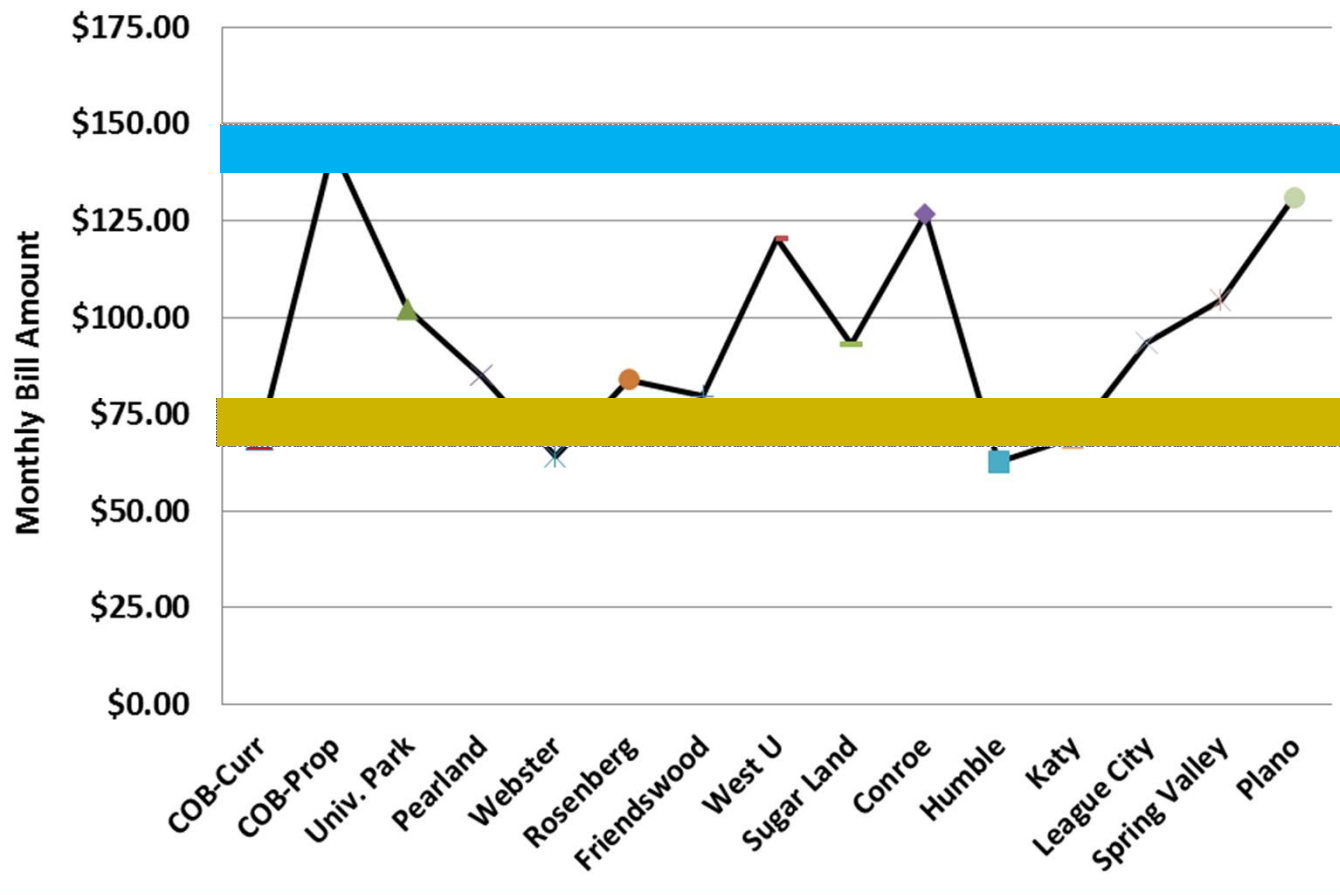
Water Only - 12,800 Gallons



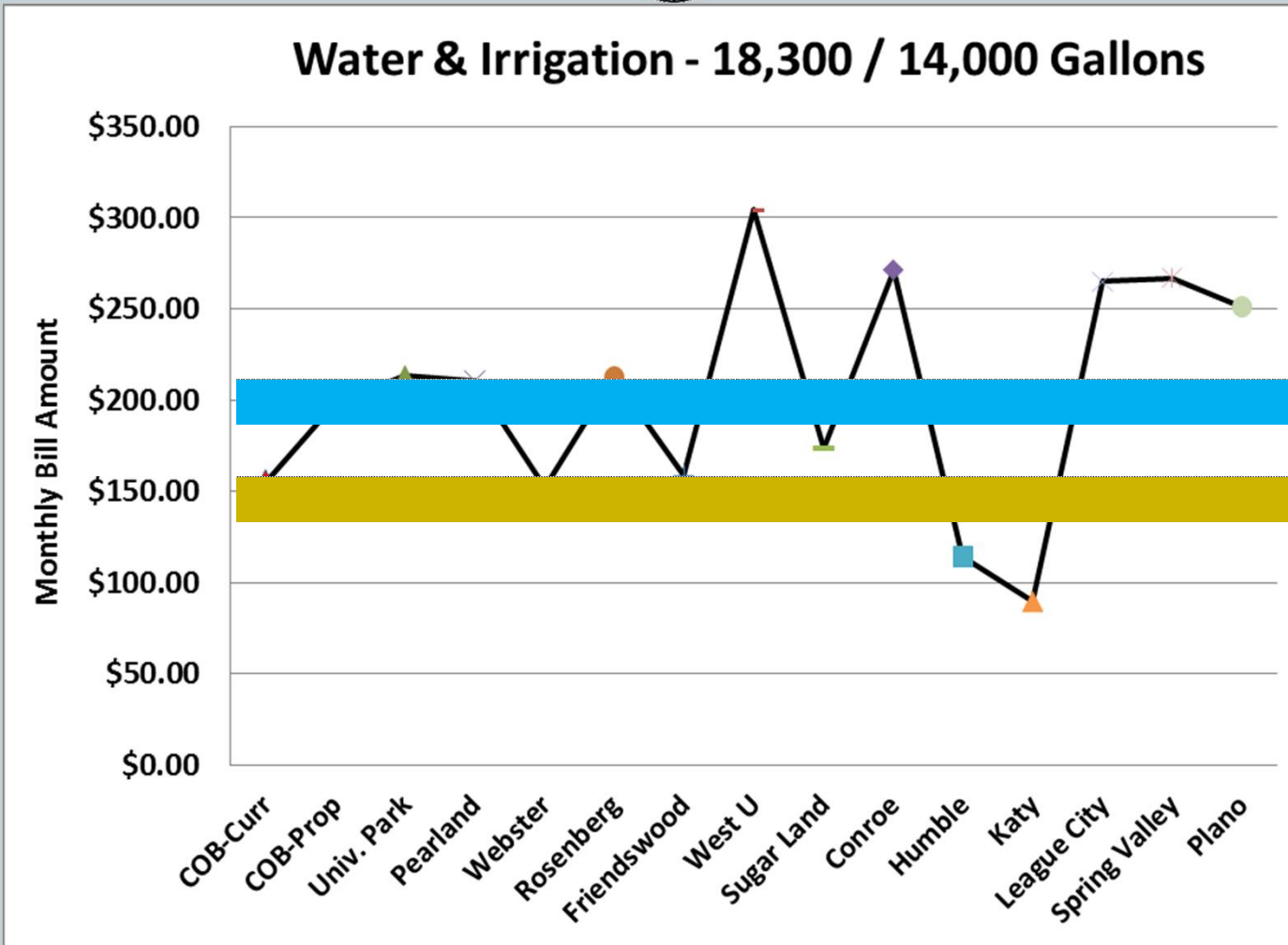
Residential Bill Comparison #3 (1" Meters)



Water & Irrigation - 7,100 / 2,000 Gallons

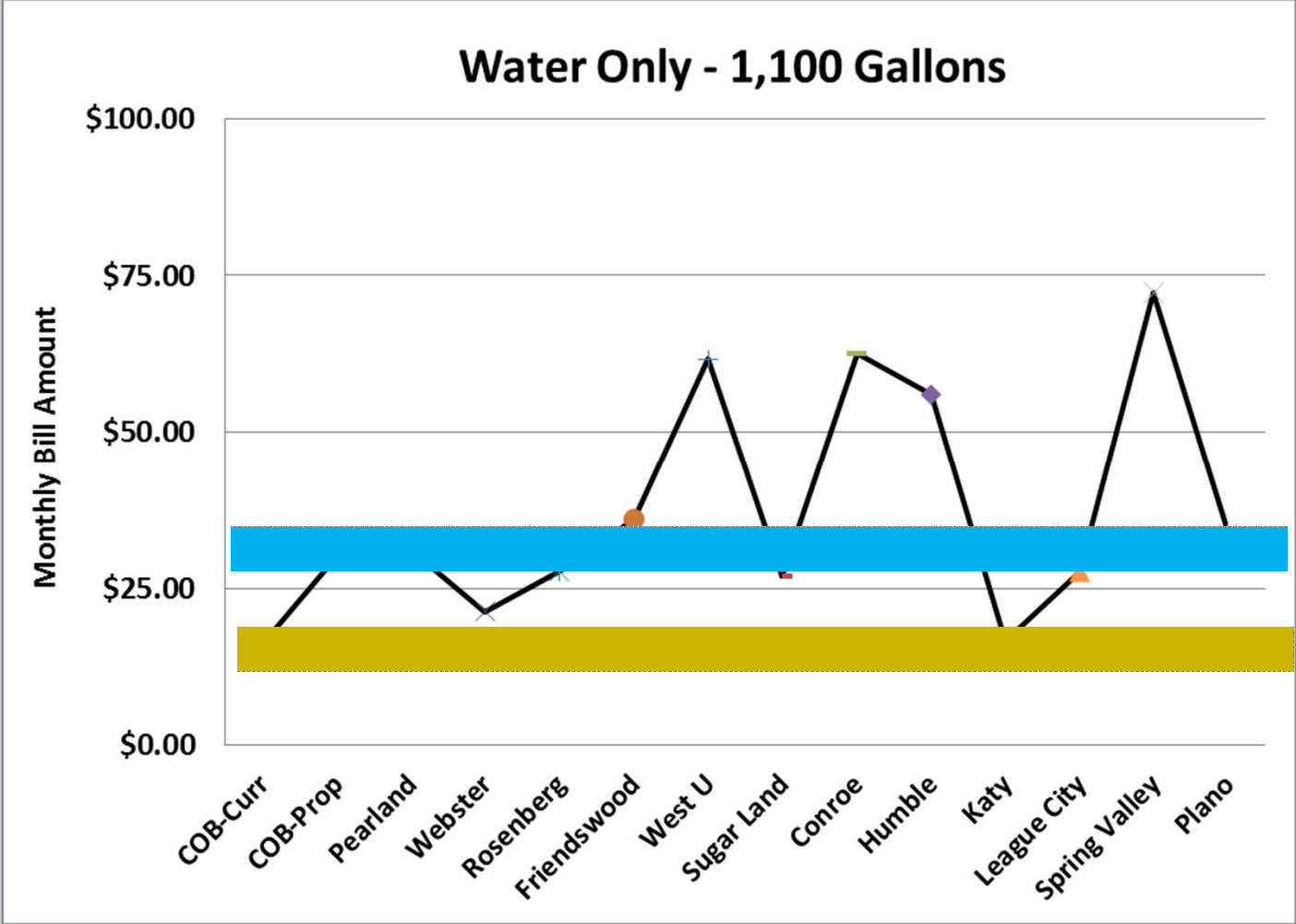


Residential Bill Comparison #4 (1" Meters)

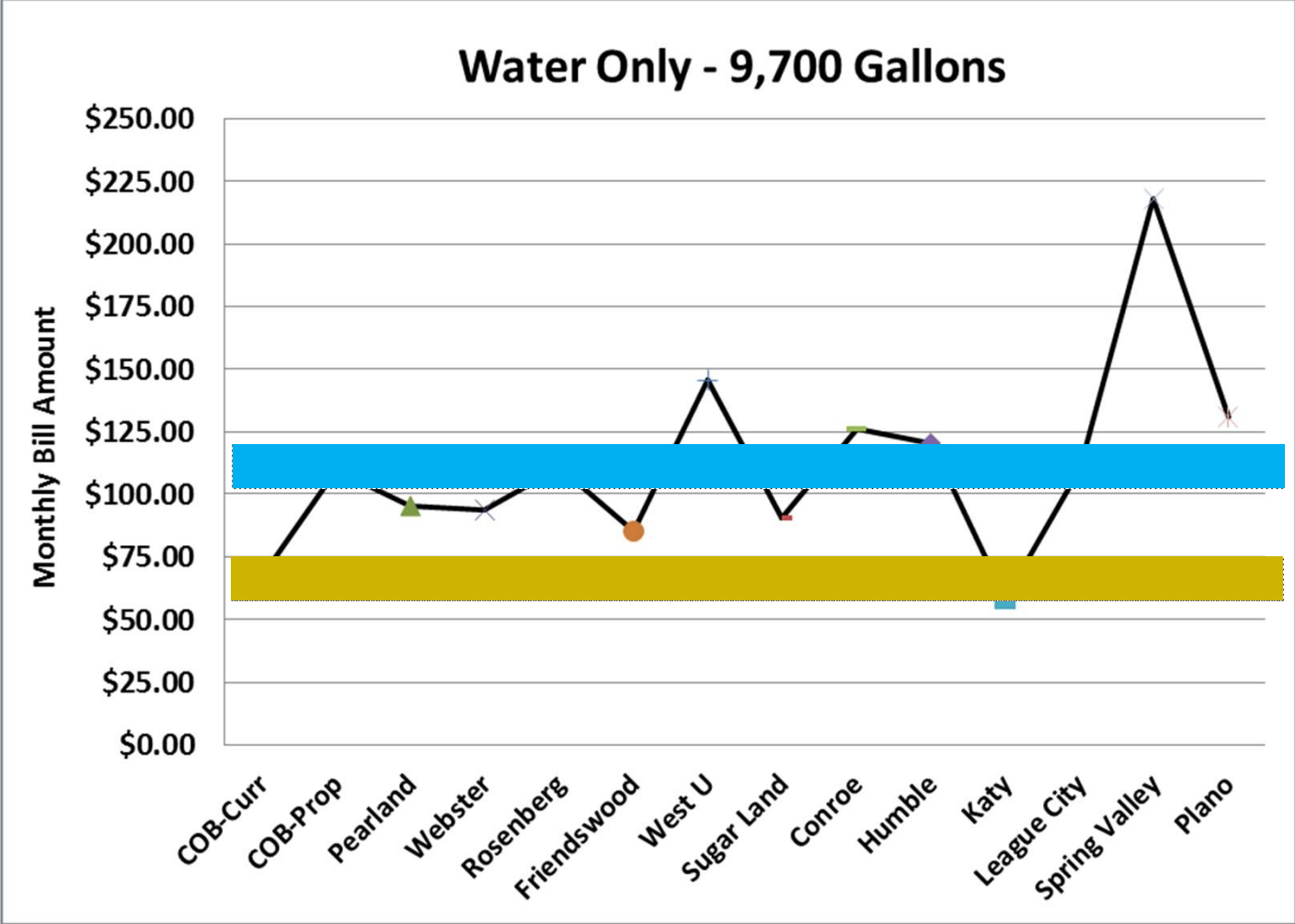


Commercial Bill Comparison #1

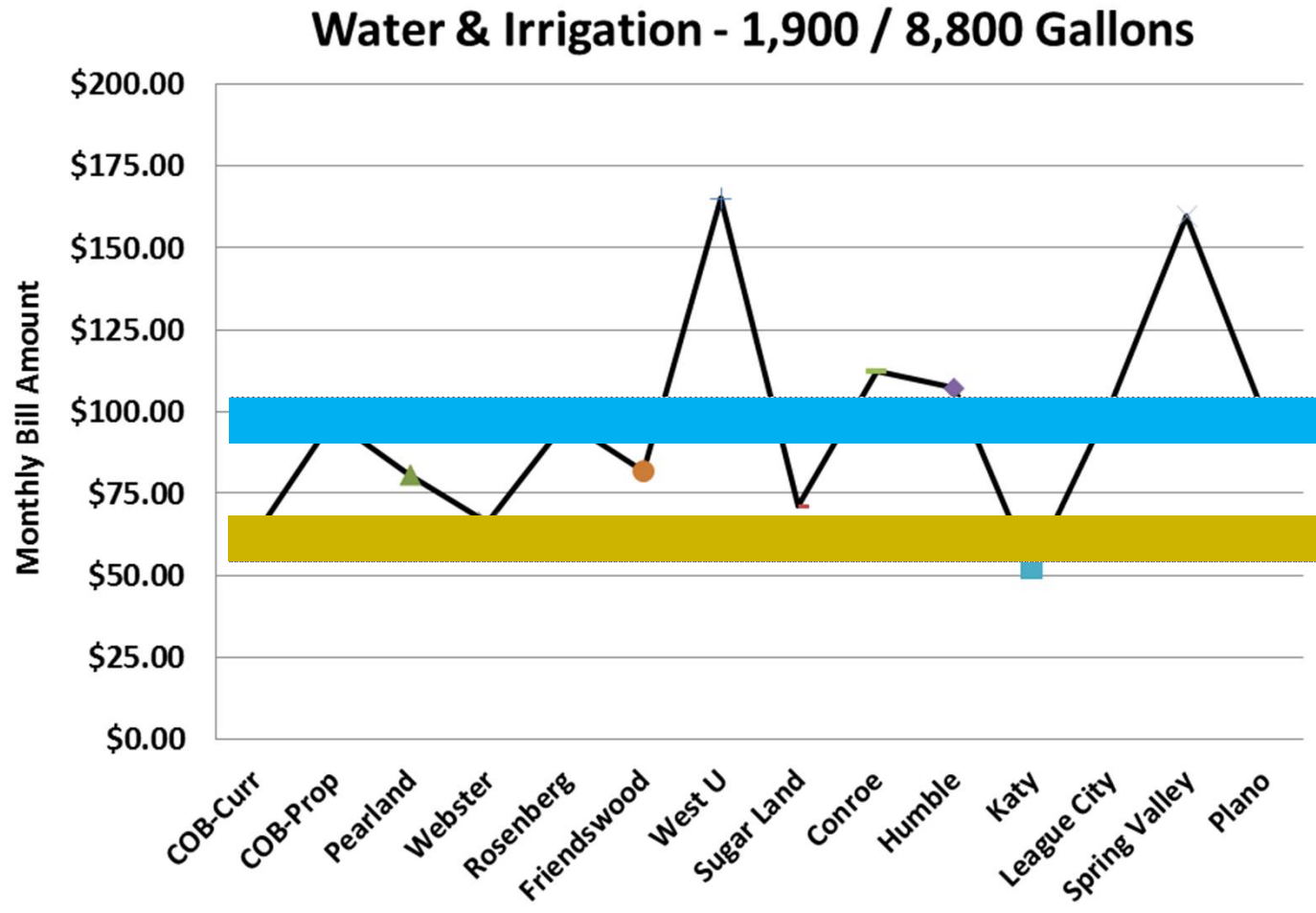
(5/8" or 3/4" Meter)



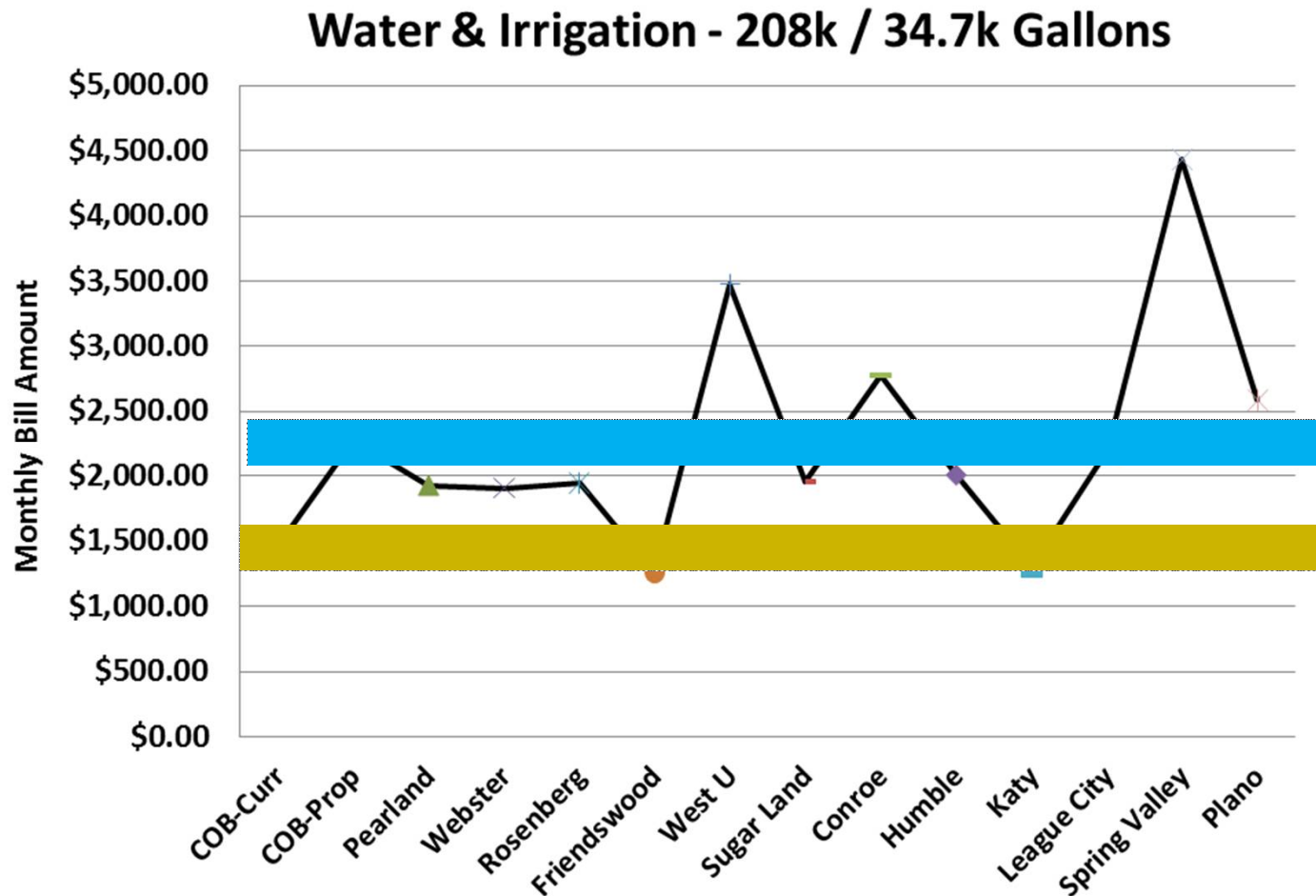
Commercial Bill Comparison #2 (1" Meter)



Commercial Bill Comparison #3 (5/8" or 3/4" Meter & 1" Meter)



Commercial Bill Comparison #4 (4" Meter & 2" Meter)



Impact on Customer Decision Making



- There are some instances where customers should examine their water meter needs:
 - Flow requirements
 - Size of meter needed for irrigation
- Based on a review of typical irrigation meter scenarios, the new rates do not provide a disincentive for existing irrigation meters
- City staff can assist with any questions/scenarios

Residential Scenarios With & Without Irrigation Meters



Category	Gallons	Meter Size	Base	Volume	Total
Water	7,100	1	\$43.56	\$15.25	
Irr	2,000	1	\$43.56	\$4.00	
Sewer*	7,500	1	\$19.74	\$15.00	
			\$106.86	\$34.25	\$141.11

Category	Gallons	Meter Size	Base	Volume	Total
Water	7,400	5/8 - 3/4	\$17.42	\$16.00	
Irr	20,200	5/8 - 3/4	\$17.42	\$41.65	
Sewer*	8,700	5/8 - 3/5	\$7.89	\$17.40	
			\$42.73	\$75.05	\$117.78

Category	Gallons	Meter Size	Base	Volume	Total
Water	18,300	1	\$43.56	\$37.35	
Irr	14,000	1	\$43.56	\$29.00	
Sewer*	10,300	1	\$19.74	\$20.60	
			\$106.86	\$86.95	\$193.81

Category	Gallons	Meter Size	Base	Volume	Total
Water	9,100	1	\$43.56	\$20.80	
Irr					
Sewer*	9,100	1	\$19.74	\$18.20	
			\$63.30	\$39.00	\$102.30

Category	Gallons	Meter Size	Base	Volume	Total
Water	27,600	5/8 - 3/4	\$17.42	\$95.20	
Irr					
Sewer*	27,600	5/8 - 3/5	\$7.89	\$55.20	
			\$25.31	\$150.40	\$175.71

Category	Gallons	Meter Size	Base	Volume	Total
Water	32,300	1	\$43.56	\$116.35	
Irr					
Sewer*	32,300	1	\$19.74	\$64.60	
			\$63.30	\$180.95	\$244.25

Commercial Scenarios With & Without Irrigation Meters



Category	Gallons	Meter Size	Base	Volume	Total
Water	1900	5/8 - 3/4	\$17.42	\$3.80	
Irr	8800	1	\$43.56	\$19.90	
Sewer*	1900	5/8 - 3/4	\$7.89	\$3.80	
			\$68.87	\$27.50	\$96.37

Category	Gallons	Meter Size	Base	Volume	Total
Water	208000	4	\$435.61	\$888.25	
Irr	34700	2	\$139.40	\$108.40	
Sewer*	208000	4	\$197.35	\$416.00	
			\$772.36	\$1,412.65	\$2,185.01

Category	Gallons	Meter Size	Base	Volume	Total
Water	224000	4	\$435.61	\$960.25	
Irr	9700	2	\$139.40	\$22.60	
Sewer*	224000	4	\$197.35	\$448.00	
			\$772.36	\$1,430.85	\$2,203.21

Category	Gallons	Meter Size	Base	Volume	Total
Water	10700	5/8 - 3/4	\$17.42	\$25.95	
Irr					
Sewer*	10700	5/8 - 3/4	\$7.89	\$21.40	
			\$25.31	\$47.35	\$72.66

Category	Gallons	Meter Size	Base	Volume	Total
Water	242700	4	\$435.61	\$1,063.15	
Irr					
Sewer*	242700	4	\$197.35	\$485.40	
			\$632.96	\$1,548.55	\$2,181.51

Category	Gallons	Meter Size	Base	Volume	Total
Water	233700	4	\$435.61	\$1,022.65	
Irr					
Sewer*	233700	4	\$197.35	\$467.40	
			\$632.96	\$1,490.05	\$2,123.01

Enterprise Fund Fiscal Forecast FY15-FY16 (Includes Solid Waste)

\$Millions	FY15P	FY16	FY17	FY18	FY19	FY20
Beginning Fund Balance	\$3.2	\$2.1	\$1.1	(\$0.2)	(\$1.2)	(\$2.8)
Recurring Revenue	\$7.1	\$7.7	\$7.8	\$7.8	\$7.9	\$8.0
Recurring Expense	\$5.7	\$6.1	\$6.3	\$6.5	\$6.9	\$7.1
Vehicle/ Equip Replacement	\$0.2	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Transfer to General	\$0.5	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
Transfer to Debt Service	\$1.0	\$1.0	\$1.0	\$1.0	\$1.2	\$1.4
Transfer to CIP	\$0.8	\$0.5	\$0.7	\$0.2	\$0.3	\$0.9
Ending Fund Balance	\$2.1	\$1.1	(\$0.2)	(\$1.2)	(\$2.8)	(\$5.4)
Over/(Under) 60 day fund balance requirement	\$1.1	\$0.0	(\$1.4)	(\$2.4)	(\$4.0)	(\$6.7)

Enterprise Fund Fiscal Forecast FY16-FY17 (Includes Solid Waste)

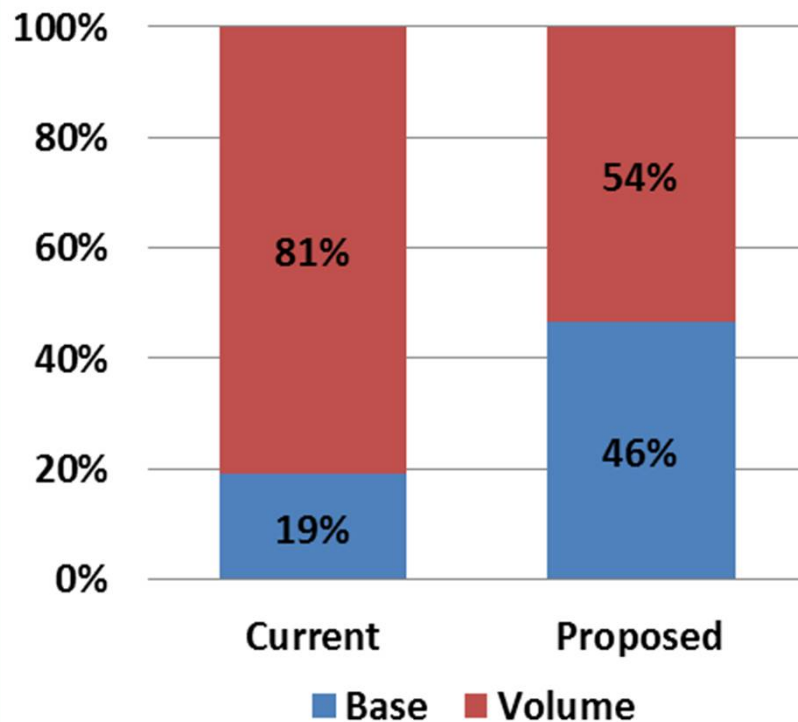
\$Millions	FY16P	FY17	FY18	FY19	FY20	FY21
Beginning Fund Balance	\$2.57	\$1.35	\$1.33	\$1.67	\$1.57	\$0.35
Recurring Revenue	\$7.38	\$9.25	\$9.22	\$9.22	\$9.22	\$9.23
Recurring Expense	\$5.95	\$6.35	\$6.52	\$6.70	\$6.89	\$7.09
Vehicle/Equip Replacement	\$0.54	\$0.52	\$0.51	\$0.51	\$0.52	\$0.52
Transfer to General	\$0.62	\$0.62	\$0.62	\$0.62	\$0.62	\$0.62
Transfer to Debt Service	\$0.95	\$0.95	\$0.95	\$1.06	\$1.34	\$1.45
Transfer to CIP	\$0.53	\$0.83	\$0.28	\$0.41	\$1.07	\$0.13
Ending Fund Balance	\$1.35	\$1.33	\$1.67	\$1.57	\$0.35	(\$0.23)
60 day Fund Balance Requirement	\$1.09	\$1.16	\$1.19	\$1.22	\$1.25	\$1.29
Over/(Under) 60 day fund balance requirement	\$0.26	\$0.17	\$0.48	\$0.35	(\$0.91)	(\$1.52)

FY17 Water & Wastewater Budget-In-Brief

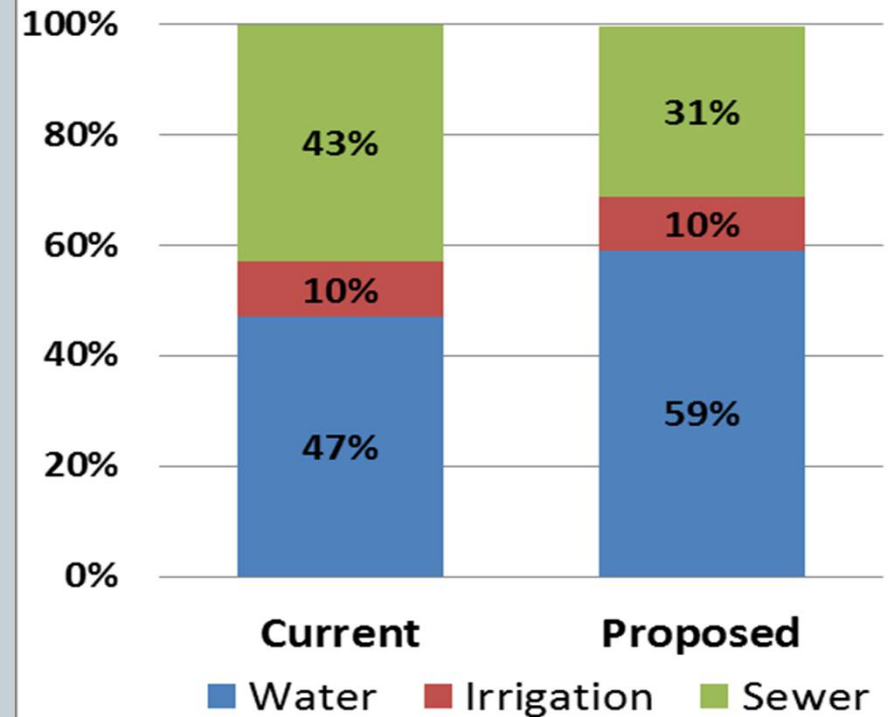


Expense Category	FY2017 (Proposed Budget)			
	Exp Bud	% of Total Exp	% of Exp-W	% of Exp-S
Water Production O/M-8061	\$518,463	6.89%	6.89%	0.00%
Water Distribution O/M-8062	\$609,261	8.10%	8.10%	0.00%
Wastewater Treatment O/M-8065	\$785,374	10.44%	0.00%	10.44%
Wastewater Collection O/M-8064	\$671,299	8.92%	0.00%	8.92%
Surface Water-8063	\$2,020,961	26.86%	26.86%	0.00%
Annual CIP Transfer	\$825,000	10.97%	7.14%	3.82%
Debt Service	\$950,000	12.63%	8.59%	4.03%
Administrative Transfer	\$624,000	8.29%	5.64%	2.65%
Utility Billing	\$267,470	3.55%	2.42%	1.14%
Vehicle Replacement Fund	\$252,000	3.35%	1.67%	1.67%
TOTAL EXPENDITURES	\$7,523,828	100.00%	67.32%	32.68%

Revenue Breakout by Category



Category	Current	Proposed
Base	19%	46%
Volume	81%	54%



Category	Current	%	Proposed	%
Water	\$2,714,932	47%	\$4,422,986	59%
Irrigation	\$574,090	10%	\$722,672	10%
Sewer	\$2,452,486	43%	\$2,341,334	31%
TOTAL	\$5,741,508	100%	\$7,486,992	100%

FY17 Water & Wastewater Budget-In-Brief (Proposed \$7.5m for FY17)



- Utility Operations –61% of the budget (\$4.6m)
 - | Does not include Utility Billing (\$267k)
 - | Surface Water Costs Included (\$2.02m)
 - ÷ Increase due to groundwater permit restrictions (600mg SW for FY17)
 - | Position count decrease due to transfer to the General Fund
- Debt Service (\$950k)
- Administrative Transfer Stays Constant (\$624k)
- Fully Funded Vehicle Replacement Fund Contribution (\$252k)
- Annual CIP Transfer (\$825k)
 - | Reduced by \$200k (Waterline Design to Bond Funds)
 - | \$400k – Renwick Well Rehab
 - | \$125k – Water & Wastewater System Heavy Maintenance Items
 - | \$150k – SCADA Project
 - | \$150k – Wastewater Line Replacement

Important Assumptions



- Average consumption per meter size is based on FY2015
- Revenues from base rates are set to more closely align with fixed costs
- Consumption Estimates & Contingency
 - Based on prior years, a total use of 1.1 billion gallons is estimated
 - Of that amount, 9% (100mg) is considered contingency
 - ÷ 9% = 2% City use, 3-4% Water loss, 3-4% Usage Changes
- Approximately 78% of all water consumption is generated by meters that are 1" or smaller
 - Around 97% of all meters in the City are 1" or smaller

FY17 Water & Wastewater Budget-In-Brief



- From FY16 Budget Revenue Estimates, a 25% increase is proposed
- From FY16 Year-End Revenue Projections, a 30% increase is proposed

Revenue Category	FY2016 (Current-Budget)		FY2016 (Current-Projected)		FY2017 (Proposed Rates)	
	Budget	% of Rev	Projected	% of Rev	Budget	% of Rev
Water-Base	\$567,899	9.54%	\$563,569	9.82%	\$2,173,600	29.03%
Irrigation-Base	\$82,248	1.38%	\$81,621	1.42%	\$316,686	4.23%
Sewer-Base	\$476,706	8.01%	\$473,072	8.24%	\$984,730	13.15%
Water-Volume	\$2,246,199	37.73%	\$2,151,363	37.47%	\$2,249,385	30.04%
Irrigation-Vol.	\$514,178	8.64%	\$492,469	8.58%	\$405,986	5.42%
Sewer-Volume	\$2,066,670	34.71%	\$1,979,414	34.48%	\$1,356,605	18.12%
EST. REVENUES	\$5,953,900	100.00%	\$5,741,508	100.00%	\$7,486,992	100.00%
TOTAL EXP.	\$7,037,024	118.19%	\$6,951,936	121.08%	\$7,523,828	100.49%
REV/EXP DIFF. *	-\$1,083,124	-18.19%	-\$1,210,428	-21.08%	-\$36,836	-0.49%

*Impacts Fund Balance

Assumptions in Proposed Rates



- Consumption Estimates & Contingency
 - 1.1 billion gallons
 - 9% (100mg) is unbilled contingency
- Surface Water Costs & Usage
 - 1.1bg – 500mg Groundwater & 600 mg Surface Water
 - Assumes a 4% increase from the City of Houston
- More Dependence on the Base Rate
 - Usage changes are less impactful to revenues
 - Per the rate study, over 90% of our system costs are fixed

Assumptions in Proposed Rates



- Revenues Received More Closely Aligned with Expense Categories:

Category	REVENUES		EXPENSES
	Current	Proposed	Prop FY17
Water & Irr	57%	69%	67%
Sewer	43%	31%	33%
TOTAL	100%	100%	100%

- Routine Re-evaluation of Rates with Capital Needs and Budget Changes Considered
 - Performance Contracting Project Impacts
 - Future Changes to Groundwater/Surface Water Use
 - Supporting Possible Debt Issuance for Infrastructure & Facilities

Possible Alternate Approach



- Based on the fiscal forecast and the proposed FY17 budget, a revenue increase of 25% over FY16 Budget will be needed.
- Changes to certain assumptions can allow for a different rate structure that produces the same amount of revenue
- More Risk
 - | Surface Water Estimates
 - ÷ Change cost escalation assumptions
 - | Consumption Estimates
 - ÷ 9% Contingency
- Budget/Fiscal Changes
 - | Capital Project Funding Assumptions
 - ÷ Annual CIP Transfer vs. Debt Financing
 - | Other Changes in Proposed Budget
 - | Revisit 60-day fund balance requirement

Possible Alternate Approach



- Shift Away From Original Assumptions
 - ! Not recommended as a long-term fix
 - ! Base rate revenue vs. Volumetric rate revenue

Category	Current	Proposed
Base	19%	46%
Volume	81%	54%
TOTAL	100%	100%

- ! Correlation of expenses to revenues for Water, Irrigation, and Sewer NOT fully realized

Category	REVENUES		EXPENSES
	Current	Proposed	Prop FY17
Water & Irr	57%	69%	67%
Sewer	43%	31%	33%
TOTAL	100%	100%	100%

- ÷ Review decrease of Sewer volumetric rates

Next Steps



- Schedule Adoption of New Rate Schedule
- OR
- Identify Changes for the New Rate Schedule
- Plan for Process of Informing Residents
- Assume Rates are Increased Beginning Oct 2016?

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 07/11/16 07:00 PM
Department: City Manager's Office
Category: Presentation
Department Head: Paul A. Hofmann
DOC ID: 1919

**SCHEDULED
ACTION ITEM (ID # 1919)**

Item Title:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation - Submitted by Paul A. Hofmann, City Manager.

Background/Summary:

City Manager's Report regarding communication, field and personnel updates, calendar reminders, and notes of appreciation.

Previous Council Action Summary:

N/A

Fiscal Impact:

N/A

Recommendation:

N/A

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 07/11/16 07:00 PM
Department: City Manager's Office
Category: Discussion
Department Head: Michelle Jordan
DOC ID: 1969

**SCHEDULED
INFORMATION ITEM (ID
1969)**

Item Title:

Presentation by Jeff Gerber, President and CEO, Pierce, Goodwin, Alexander, and Linville, concerning floor plan development of the Municipal Facilities Project; and consideration of and possible action to provide direction as appropriate - Submitted by Michelle Jordan, Project Manager.

Background/Summary:

Mr. Jeff Gerber, President and CEO of Pierce, Goodwin, Alexander and Linville (PGAL) will present and discuss with City Council the floor plan development, Council Chambers, and other associated items related to the development of the new City Hall/ Civic Center and the Police/Municipal Courts buildings.

Mr. Gerber will also provide an update on feedback received from City Council both at the June 20, 2016 Council Meeting and the June 28, 2016 tour of similar facilities.

Previous Council Action Summary:

Mr. Gerber presented a prior version of the floor plans to Council on June 20, 2016, and received feedback. Additionally, a facility tour was held on June 28, 2016 where multiple Council Members visited other city hall facilities, and provided feedback during the tour.

Fiscal Impact:

None

Recommendation:

Provide feedback and direction related to presentation.

ATTACHMENTS:

- 7-1-2016 City Hall Floor Plan - Level 2 (PDF)
- 7-1-2016 City Hall Floor Plan - Level 1 (PDF)
- 7-1-2016 Police - Courts Floor Plan - Level 2 (PDF)
- 7-1-2016 Police - Courts Floor Plan - Level 1 (PDF)

For Review
07/01/2016



FLOOR PLAN - LEVEL 2 16" = 1'-0" 1

For Review
07/01/2016



ALT. CONFERENCE ROOM

FLOOR PLAN - LEVEL 1 18" x 10" 1

FLOOR PLAN - LEVEL 2 18" x 12" 1

For Review
07/01/2016

CITY OF BELLAIRE
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PROJECT NAME
CITY OF BELLAIRE
POLICE AND COURTS
BUILDING

PROJECT LOCATION
5110 JESSAMINE ST.,
BELLAIRE, TEXAS,
77401

PROJECT NUMBER
102457

SHEET TITLE
OVERALL FLOOR
PLAN - LEVEL 1

2.C.2.d
2.01



FLOOR PLAN - LEVEL 1 1/8"=1'-0" 1

Attachment: 7-1-2016 Police - Courts Floor Plan - Level 1 (1969 : Municipal Facilities Update)

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 07/11/16 07:00 PM
Department: Public Works
Category: Policy
Department Head: Brant Gary
DOC ID: 1975

SCHEDULED**ACTION ITEM (ID # 1975)**

Item Title:

Consideration of and possible direction to the City Manager regarding proposed water and sewer rates to be considered in the development of the City of Bellaire's FY 2017 budget - Submitted by Brant Gary, Director of Public Works.

Background/Summary:

On April 25, Council was presented with the results of a rate study conducted by Superior Water Management, LLC in conjunction with Public Works and Finance staff. The driving principles behind the study were to:

1. cover cost of service,
2. support capital projects,
3. provide incentive for conservation,
4. provide for contingencies, and
5. react to changes in what the City of Houston charges for surface water

The presentation described the current financial condition of the water and wastewater system, listed what is to be accomplished with the new rate model, outlined the new rates, and compared the new rates to current rates and the rates of other cities.

The proposed rates, presented in April, were developed using FY 2016 expense projections and assumptions. Since the presentation development of the FY 2017 budget has begun. Anticipated expenses were used to quantify the proposed rates. It is the goal of these proposed rates to cover FY 2017 expenses while still maintaining a sixty (60) day fund balance in the Enterprise Fund. Excess revenues are not expected from this rate increase.

Previous Council Action Summary:

Council set the current water and sewer rates in November of 2006.

Fiscal Impact:

The proposed rates would generate 25% additional revenue in FY 2017 compared to FY 2016, to cover anticipated expenses in the Enterprise Fund
There was no cost, other than staff time, to develop the recommended model.

Recommendation:

Council is asked to provide feedback and direction on the proposed rate structure as appropriate. The Council is not asked to adopt the rates at this time.

Mayor and Council

7008 S. Rice Avenue
Bellaire, TX 77401



Meeting: 07/11/16 07:00 PM
Department: City Clerk
Category: Appointment
Department Head: Tracy L. Dutton
DOC ID: 1974

**SCHEDULED
ORDINANCE (ID # 1974)**

Item Title:

Consideration of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, appointing one (1) member to the Planning and Zoning Commission of the City of Bellaire, Texas, for the purpose of filling an unexpired term commencing on July 11, 2016, and ending on June 30, 2017 - Submitted by Tracy L. Dutton, City Clerk.

Background/Summary:

On June 19, 2016, the City received notice by email of the resignation of Christopher Butler from the Planning and Zoning Commission of the City of Bellaire, Texas ("PZC"), prior to the expiration of his term.

At its Regular Session of June 20, 2016, the City Council made four (4) appointments to the PZC for full, two-year terms. Despite having received Mr. Butler's resignation the day prior, the City Council was unable to fill his unexpired term that evening, along with the four (4) full-term appointments, because by the time his resignation was received the agenda for that meeting had already been noticed and published, as required by state law.

During the month of June 2016, members of the City Council interviewed various applicants interested in serving as a member of the PZC. Set forth below is a list (in alphabetical order) of the applicants that requested City Council consideration for an appointment to the PZC:

1. Michael D. Axelrad
2. Ayobamidele G. Bello
3. Joe Burris
4. Jed Mandel
5. Jonathan Saikin
6. S. Lynne Skinner
7. Marc Steinberg
8. Dirk Stiggins
9. Carmen Ulabarro

On June 20, 2016, the City Council appointed Mr. Axelrad, Ms. Skinner, Mr. Steinberg, and Mr. Stiggins to the PZC for full, two-year terms. Mr. Bello, Mr. Burris, Mr. Mandel, and Ms. Ulabarro were appointed to other City boards and commissions.

A ballot has been prepared for use during the July 11th Regular Session, as well as an ordinance that would allow for the appointment of one (1) member to fill Mr. Butler's unexpired term commencing on July 11, 2016, and ending on June 30, 2017.

Previous Council Action Summary:

As set forth above.

Fiscal Impact:

N/A

Recommendation:

The City Clerk recommends the appointment of one (1) member to the PZC to fill an unexpired term commencing on July 11, 2016, and ending on June 30, 2017.

ATTACHMENTS:

- Ballot - PZC - 2016 - Unexpired Term (DOCX)
- Appointment - Planning and Zoning Commission - Unexpired Term - 2016 (DOC)



BALLOT

PLANNING AND ZONING COMMISSION

Instructions:

Please indicate your choice by marking an "X" beside the name of **one (1)** applicant to serve as a member to fill an unexpired term commencing on July 11, 2016, and ending on June 30, 2018.

☐

Jonathan Saikin (1st Choice)

☐

Write-In _____

Signature: _____

Date: July 11, 2016



ORDINANCE NO. 16-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, APPOINTING ONE (1) MEMBER TO THE PLANNING AND ZONING COMMISSION OF THE CITY OF BELLAIRE, TEXAS (THE "PZC"), FOR THE PURPOSE OF FILLING AN UNEXPIRED TERM COMMENCING ON JULY 11, 2016, AND ENDING ON JUNE 30, 2017.

WHEREAS, pursuant to the *Code of Ordinances of the City of Bellaire, Texas, Chapter 2, Administration, Article VII, Boards and Commissions, Division 1, Generally, Section 2-93, Eligibility for membership on boards*, and *Chapter 2, Administration, Article VII, Boards and Commissions, Division 2, Boards and Commissions Governed by State Law, Section 2-114, Planning and zoning commission*, the City Council of the City of Bellaire, Texas, appoints the members of the PZC; and

WHEREAS, on June 19, 2016, Commissioner Christopher Butler submitted his resignation prior to the end of his term (June 30, 2017); and

WHEREAS, the City Council of the City of Bellaire, Texas, has determined that it is in the best interest of the City of Bellaire, Texas, to appoint the herein named person as a member of the PZC for the purpose of filling an unexpired term commencing on July 11, 2016, and ending on June 30, 2017; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

1. **THAT** the recitals contained herein are found to be true and correct.
2. **THAT** _____ is hereby appointed as a member of the PZC to fill an unexpired term commencing on July 11, 2016, and ending on June 30, 2017.

3. THAT the appointment as set forth herein shall be effective as of July 11, 2016, and such newly appointed member shall be installed at the first meeting of the PZC following the effective date of the appointment herein.

PASSED, APPROVED, and ADOPTED this 11th day of July, 2016.

(SEAL)

ATTEST:

Tracy L. Dutton, TRMC
City Clerk

SIGNED:

Andrew S. Friedberg
Mayor

APPROVED AS TO FORM:

Alan P. Petrov
City Attorney