CITY OF ENNIS COMMISSION WORKSHOP

AUGUST 4, 2014

6:00 P.M.

Mayor Thomas called the meeting to order at 6:01 p.m. on August 4, 2014, in the City Commission Chambers of the City of Ennis Municipal Building, 115 W. Brown Street, Ennis, Texas 75119.

PRESENT: Mayor Thomas, Commissioners Salik, Frazier, Hackney, Walker, and Holley, City Manager Ewings, Chief Erisman, City Attorney Wilson, Captain Anthony, City Secretary Batchler, Fred Werner, and ED Coordinator Nelson. Commissioner Searcy was not present.

Carolyn Marshal presented City of Ennis Water and Sewer Cost of Service and Rate Study dated August, 2014. The study was based on the American Water Works Association principles of ratemaking (M1). Using cash basis, the goal is to determine if your expected revenues are sufficient to cover your expected expenditures. This rate study is intended to determine revenue requirements, examine current rate structures and recommend alternate structures to achieve the city goals. The principles of ratemaking: Determine total revenue requirements for entire system. Allocate costs between services of water and sewer. Determine revenues that current rates will bring in, determine appropriate rate structures to recover needed revenues. Will your current rates bring in sufficient revenues to recover costs? Determine appropriate rates to recover revenues. Total Revenue Requirements: Total O&M for the entire system plus debt (principal, interest and coverage), plus capital (includes depreciation and working capital). Equal total revenue requirements, less other revenues (interest, tap fees, etc.). Equal revenues needed from rates. Ennis' specific revenue requirements: Used FY 15 proposed budget for current year revenue requirements. Used both revenue and expenditure information for FY 15. Ennis service cost allocations: Some costs are specific to water or sewer. Allocated administration and debt budget 68/32. Revenues from current water rates: Determined average monthly billed consumption. Used current number of billed accounts to calculate revenues from minimum rates. Revenues from current sewer rates: Determined average monthly volumes billed. Determined current number of accounts for minimum bill. Considered volume included in the minimum (1K gallons). Consider cap on residential volumes (5K gallons).

Ennis Water Revenue Requirements

$ 3,048,462 O&M

\+ 1,514,100 Debt

\+ 621,804 Capital*

$ 5,184,366 Per proposed 15 budget

= $ 5,184,366 Total Revenue requirements

Less: 144,723 Other Revenues

$ 5,039,643 Revenues needed from rates

*This includes unbudgeted working capital needs.

Ennis Sewer Revenue Requirements

$ 2,413,811 O&M

\+ 703,997 Debt

\+ 335,569 Capital*

$ 3,453,410 Per proposed 15 budget

= $ 3,340,659 Total revenue requirements

Less: 144,723 Other revenues

$ 3,308,687 Revenues needed from rates

*This includes unbudgeted working capital needs.

Ennis current rate structures. Uniform water Minimum Rates, Uniform Water Volume Rates, Uniform Sewer Minimum Rates; however, Commercial Rate is greater than Residential, also includes 1K gallons, Uniform Sewer Volume Rates; however, Commercial Rate is greater than Residential, Residential volume capped at 5K gallons; therefore, residential customers pay for a maximum of 4K gallons.

Revenues from current rates: At current rates and structures, water is projected to have a 0% deficit to be recovered over an entire fiscal year. At current rates and structures, sewer is projected to have a 34% deficit to be recovered over an entire fiscal year.

Minimum rate structures that can be considered: Meters charged based on meter size, using the AWWA recommended equivalent meters and charge each meter size based on the relationship to the smallest size meter. Fixed rates for sewer minimum: This is an appropriate way to charge for this service.

Water volume rate structure for consideration: Tiered block rates, the more water that is used, the higher the rate charged. This method encourages conservation. To encourage conservation, it is recommended that each tier volume rate be increased by 25%-30%. This provides a clear message as to the intent of this structure.

Sewer volume structures for consideration: charge for all volumes (do not include volumes in minimum rate). Use true average volume for cap (12K gallons for entire system, 8K gallons for residential) or use winter quarter averaging as the basis for calculating sewer volumes.

Billy McCord with Ameresco presented a water meter replacement program that can provide a turnkey program designed to install and arrange financing or grants. It was the consensus of the commission that Ameresco go forward with the assessment of the water meter situation.

Mayor Thomas adjourned the workshop at 6:50 p.m.

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Donna Batchler, City Secretary