



AGENDA
WATAUGA CITY COUNCIL
WORKSHOP MEETING
MONDAY, OCTOBER 28, 2024
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
5:30 PM

This notice is posted pursuant to the Texas Open Meetings Act. Notice is hereby given that a **City Council Workshop Meeting** of the City of Watauga, Texas will be held at which time the following subjects will be discussed and may be acted upon.

CALL TO ORDER (Council Members, City Staff, Members of the Public - when speaking during the meeting please speak directly into the microphones on the dais or podium)

ROLL CALL

ANNOUNCEMENTS

PUBLIC COMMENT This is an opportunity for citizens to address the Council on items not posted on the current meeting agenda. Only those who have submitted a proper "Request to Speak Form" shall be permitted to speak. Citizens should provide their name and address for the record and will have no more than 3 minutes to speak. If representing an organization or group, the speaker should identify who they represent. Those wishing to speak are reminded 1). All comments are to be directed to the Council. 2) Be respectful of others. 3) No profanity permitted. 4) Violators will be removed from the premises. No discussion by the Council or Staff is allowed except to correct factual inaccuracies or request that the item be placed on a future agenda.

PUBLIC TESTIMONY FOR ACTION ITEMS This is an opportunity for citizens to address the Council on current agenda action items (excludes presentations and reports). Only those persons who have submitted a proper "Request to Speak Form" will be allowed to speak. Citizens will be required to state their name and address for the record. They have up to 3 minutes to speak, and their comments must be germane to the item. If speaking for an organization or group, the speaker should identify the group represented. Council members may ask questions or discuss the item with the citizens directly.

PRESENTATIONS

1. Utility Rate Model Update and Proposed Water and Sewer Rate Increase
Sandra Gibson, Interim City Manager and Director of Finance
2. Presentation of proposed policy changes for the City of Watauga Personnel, Administration and Financial Policies and Procedures Manual
Juliet Rodriguez, Human Resources and Civil Service Director

ADJOURNMENT

Meeting Notices and Reservation of Rights

The City Council may retire to executive session any time between the meeting's opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code; discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code if the requisite information is otherwise posted; deliberation regarding real property pursuant to Chapter 551.072 of the Texas Government Code; deliberation regarding economic development negotiations pursuant to Chapter 551.087 of the Texas Government Code; and/or deliberation regarding the deployment, or specific occasions for implementation of security personnel or devices pursuant to Chapter 551.076 of the Texas Government Code (as applicable) when determined necessary by the [City Council/Board/Commission/Committee] to address a subject matter on the agenda. Action, if any, will be taken in open session.

Attendance by Other Elected or Appointed Officials: It is anticipated that members of other governmental bodies, and/or city council, boards, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the body, board, commission and/or committee. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a possible meeting of the other body, board, commission and/or committee, whose members may be in attendance, if such numbers constitute a quorum. The members of the city council, boards, commissions and/or committees may be permitted to participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that city council, body, board, commission or committee subject to the Texas Open Meetings Act.

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Linda Proskey, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on October 25, 2024, before 5:00 p.m., in accordance with Chapter 551 of the Texas Government Code.

/S/ Linda Proskey
City Secretary





AGENDA MEMORANDUM

DATE: October 2, 2024
TO: Honorable City Council Members
FROM: Sandra Gibson, Interim City Manager and Director of Finance
THROUGH:
SUBJECT: Utility Rate Model Update and Proposed Water and Sewer Rate Increase

BACKGROUND/INFORMATION:

Naya Jamieson from Waterworth will present the Long-Term Utility Rate Model and staff will proposed water and sewer rate increases.

FINANCIAL IMPLICATIONS:

Increased revenues in water revenue of \$250,000 to cover AMI debt service and estimated increase of \$350,000 in Wastewater revenue to cover pass through rate increases from Ft. Worth and general cost increases.

RECOMMENDATION/ACTION DESIRED:

This item does not require a recommendation as it is a presentation/report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Utility Rate Review 2024
2. Long Term Rate Modeling Report - Watauga 2024

REVIEWED BY:

Sandra Gibson, Interim City Manager and Director of Finance

Linda Proskey, City Secretary

Approved - 10/25/2024

Final Approval -
10/25/2024

Approved as to form for inclusion on Agenda



LONG-TERM UTILITY RATE MODEL REVIEW AND RATE RECOMMENDATIONS

OCTOBER 28, 2024



UTILITY RATE REVIEW STUDY



■ Why conduct a Rate Review Study?

Rate studies determine if current rates are sufficient to cover operational and capital project costs in a fair and equitable manner.

Regular review and adjustment of rates are necessary to avoid the need for large increases in rates.

- Last rate increase effective 4-1-2024 (wastewater pass-through increase from Ft. Worth)
- Last base rate increase effective 10-1-2021 for water and sewer

■ Chapter 12-42, Chapter 42

CITY IS CURRENTLY CONTRACTING WITH WATERWORTH, A WEB-BASED ANALYTICS PLATFORM THAT ALLOWS FOR LONG-RANGE FINANCIAL MODELING AND OPTIMIZATION OF RATES



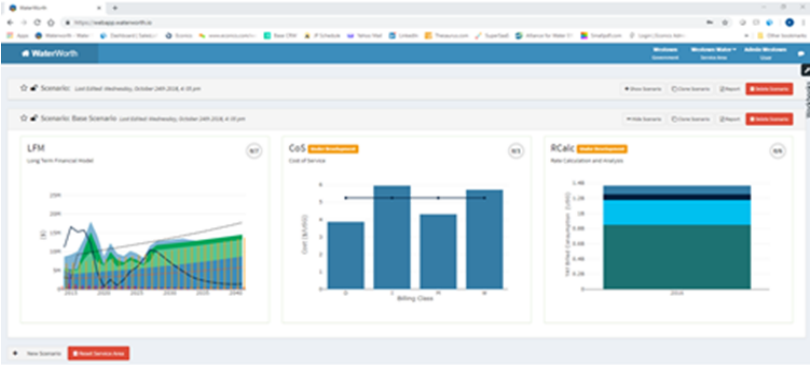
Tell a better story



See the big picture with operating and capital costs, revenue and reserves all in one interactive dashboard.

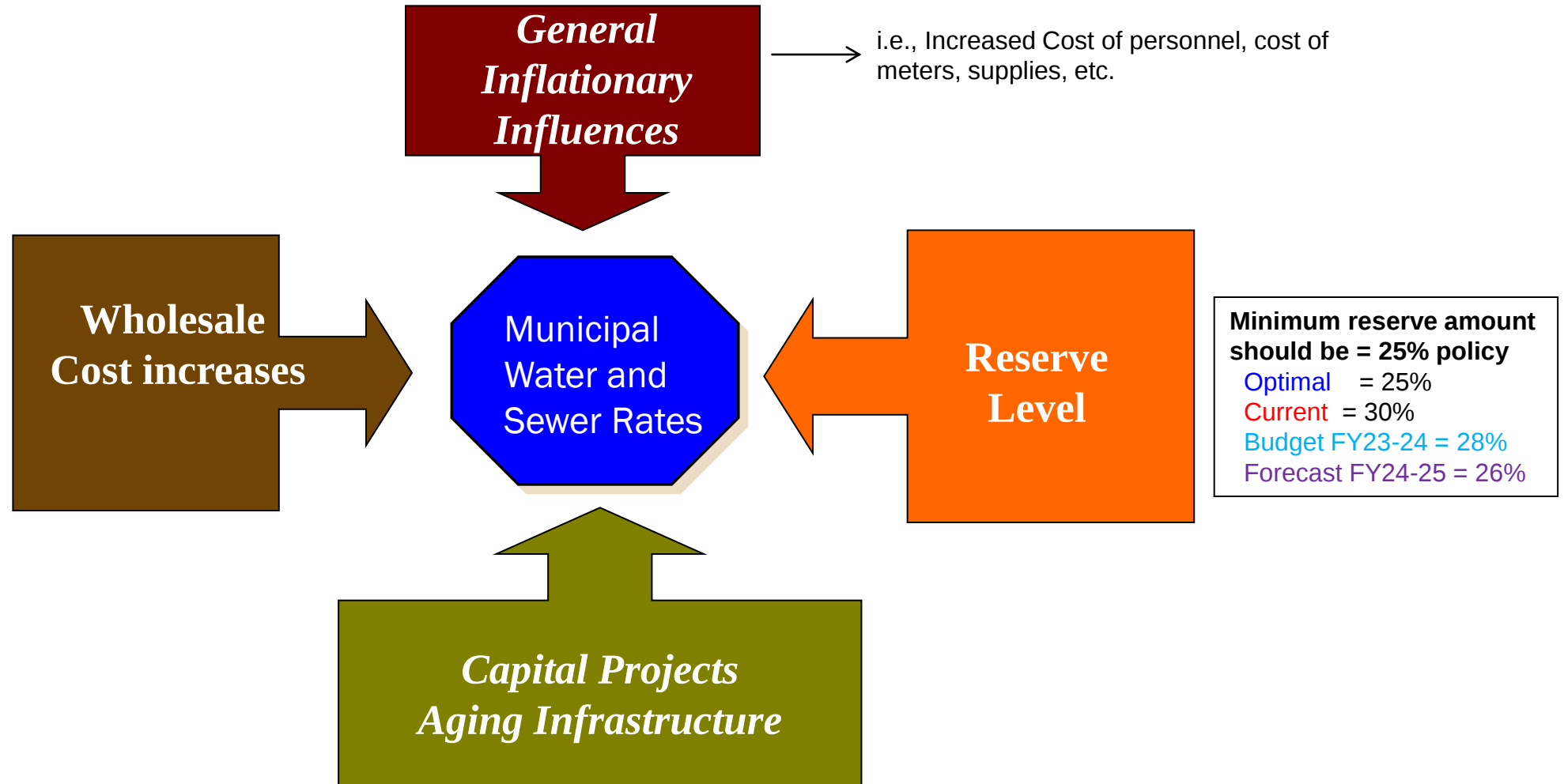


Explain with pictures



Have better conversations with elected officials and the public about capital spending, borrowing and setting rates.

Challenges Facing the City



Water and Sewer Fund water and sewer rates should be set to provide for total cost recovery

WATER RATES – BASE AND VOLUME

WATER RATES – BASE AND VOLUME

Volume Category* cf	Meter Size	Base Rate Current/Proposed	Volume Rates Per 100cf
0-267	3/4"	\$18.23/\$20.73	\$5.16
0-345	1"	\$24.68/\$27.18	\$5.16
0-460	1.25"	\$32.89/\$35.39	\$5.16
0-937	1.5"	\$67.05/\$69.55	\$5.16
0-1300	2"	\$87.10/\$89.60	\$5.16
0-2400	3"	\$159.22/\$161.72	\$5.16
0-4000	4"	\$264.18/\$266.68	\$5.16
0-10,000	6"&8"	\$673.26/\$675.76	\$5.16
*volume included in base rate charged			

Recommendation:

FY2025 - Add \$2.50 to base rate to cover debt service for AMI project approved in FY2025 budget

Increased Revenue = \$250,000/year

WASTEWATER RATES – BASE AND VOLUME

WASTEWATER RATES – BASE AND VOLUME

Volume Category* cf	Meter Size	Base Rate Current/Proposed	Volume Rates Per 100cf
Resident*\	All	\$20.52/\$22.16	\$3.57/\$3.86
Commercial	All	\$20.52/\$22.16	\$3.57/\$3.86
*Residential customers water billed consumption on December, January and February billings are used to calculate the sewer average for residential customers.			
		Increased revenue: \$350,000/year	

Recommendation:

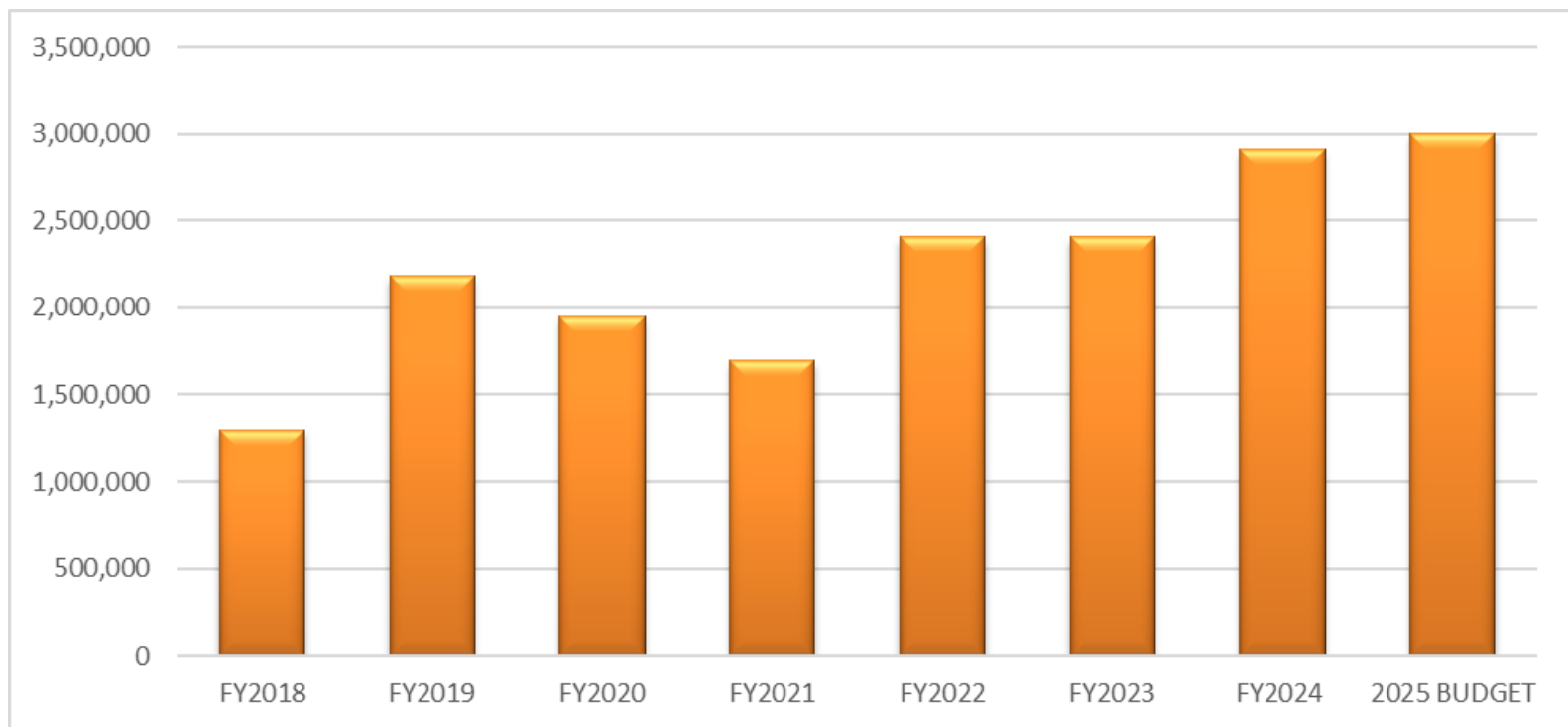
Increase
8% FY2025
8% FY2026
8% FY2027

*Recovering a certain percentage from the fixed monthly charge reduces the dependence on more volatile, volume-sales revenues.

SAMPLE RESIDENTIAL BILL

Consumption - Residential:		6000 GALLONS	802 CUFT
	Current		BASE RATE INCREASE IN WATER, 8% INCREASE SEWER
	Current Rate	Residential Current Bill	Rate Proposed Rate x volume
	Water Base - Residential	18.23 18.23	Water Base (all) 20.73 20.73
	Water Consumption - Residential	5.16 27.61	Per 100 cu ft 5.16 27.61
	Sewer Base - Residential	20.52 20.52	Base 22.16 22.16
	Sewer Usage - Residential	3.57 28.63	Per 100 cuft 3.86 30.92
Total Due:	94.99		Residential Total: 101.42
		PROPOSED RATE VS CURRENT RATE	
		Residential Difference: 6.43	
		4.5% increase	

WASTEWATER TREATMENT COSTS PAID TO CITY OF FT. WORTH



Increase in volume rates from Ft. Worth = 40% over last 3 years

3 components

Volume rate
BOD rate
TSS rate

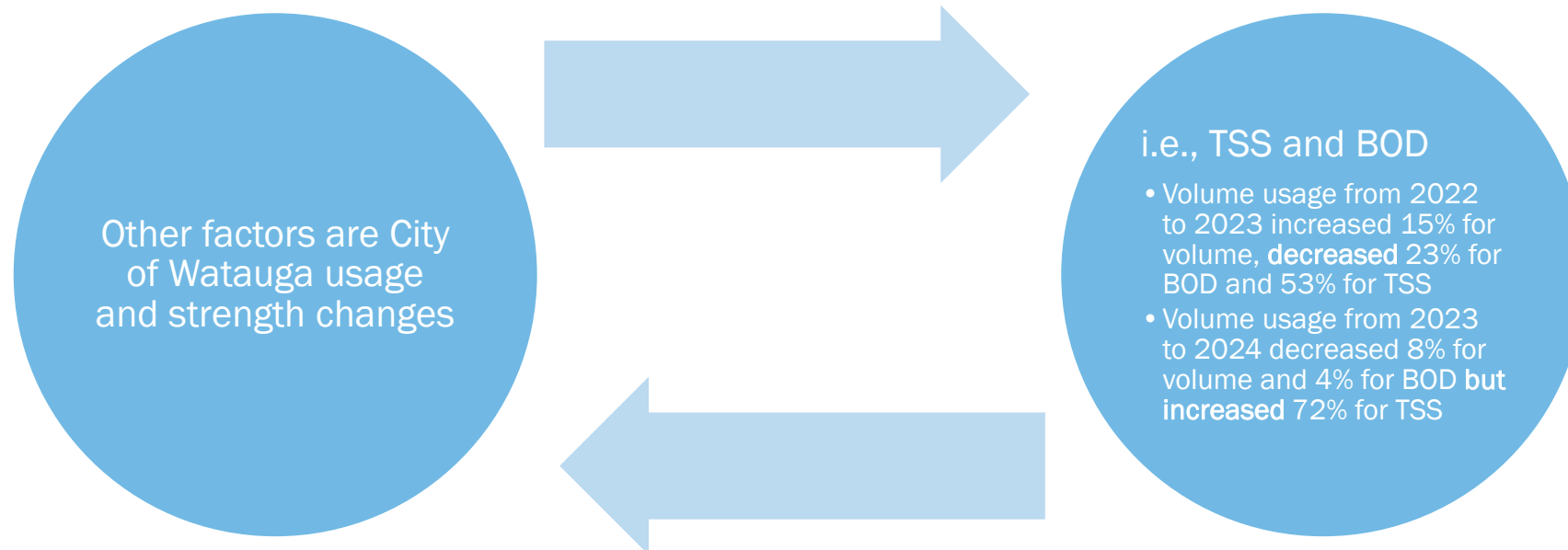
CITY OF FT. WORTH COST INCREASES

2023 to 2024

- Increased 15.7% primarily from volume changes and cost increases
 - Cost of services increases O&M – people, chemical, TRA Denton Creek expansion costs
 - Increase in plant assets & depreciation

2024 to 2025

- Increased 3.47% primarily from cost increases (same as prior year)





UTILITY SENIOR DISCOUNTS

- *The City currently provides a \$5.00 discount for both water and wastewater services per Over 65 resident accounts (owner and rental properties)*
- *The City currently has 1,451 customer accounts that receive the discount of \$10.00/month*
- *Discounts provided to Over 65 customers total approximately \$175,000 annually*

■ Chapter 12-42, (a)(1)(b), & Chapter 12-42, (b)(1)



DIRECTION NEEDED

- Provide for discussion and direction on providing senior discounts



RECOMMENDATION FROM STAFF

- Continue to review long term utility rate model (Waterworth)
- Public Hearing November 2024
- Rate increase effective January 2025



STATUTES RELATED TO SENIOR UTILITY RATE DISCOUNTS

In 1975, The Texas Legislature enacted the Public Utility Regulatory Act (PURA) and created the Public Utility Commission of Texas (PUC) to provide statewide regulation of the rates and services of electric and telecommunications utilities. The PUC regulates electric, telecommunication, and water and sewer utilities, implements respective legislation, and offers customer assistance in resolving consumer complaints in Texas

Per the Texas Water Code, the regulatory authority shall ensure that every rate made, demanded, or received by any utility or by any two or more utilities jointly shall be just and reasonable. In establishing a utility's rates, the regulatory authority may authorize the utility to establish reduced rates for a minimal level of service to be provided solely to a class of elderly customers 65 years of age or older to ensure that these customers receive that level of service at more affordable rates.(Texas Water Code 13.182(b-1), However, while the regulatory authority shall allow the Utility to establish a fund to receive donations to recover the costs of providing the reduced rates, *a utility may not recover these costs through charges to the utility's other customer classes.*

Per Texas Government Code section 1502.057, the rates charged for services provided by a utility system must be equal and uniform.



W A T E R W O R T H TM





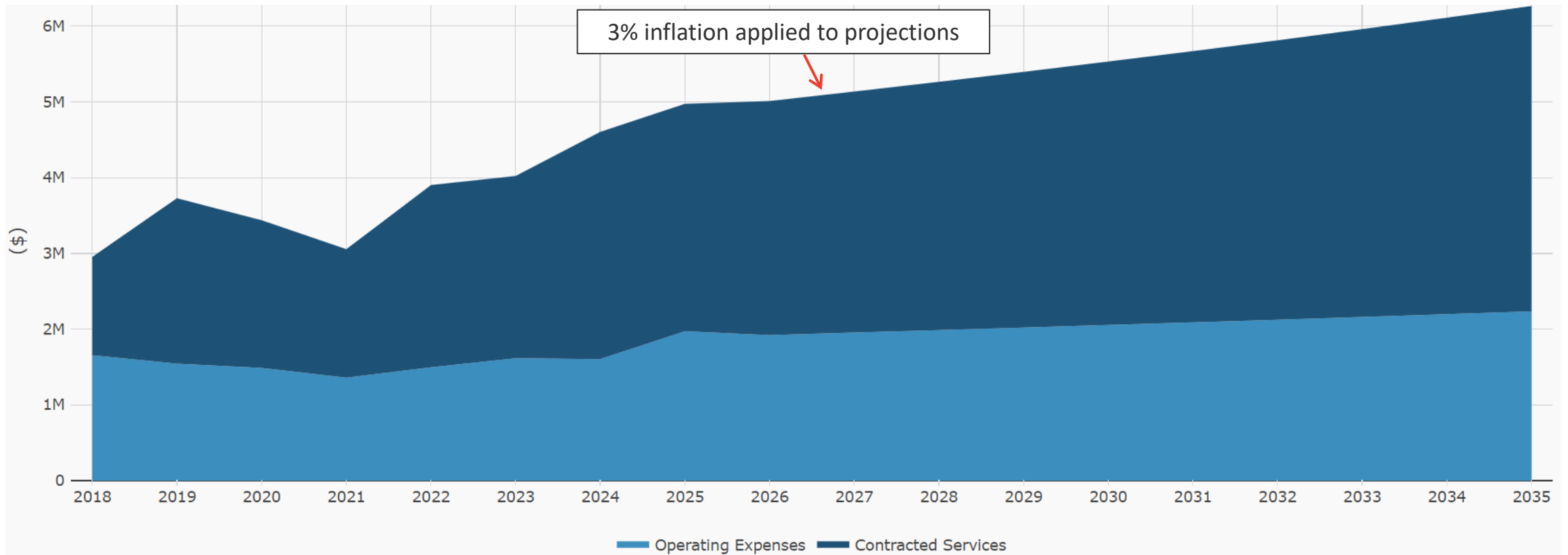
WATAUGA, TX WATER AND WASTEWATER FINANCIAL MODELS

Wastewater System

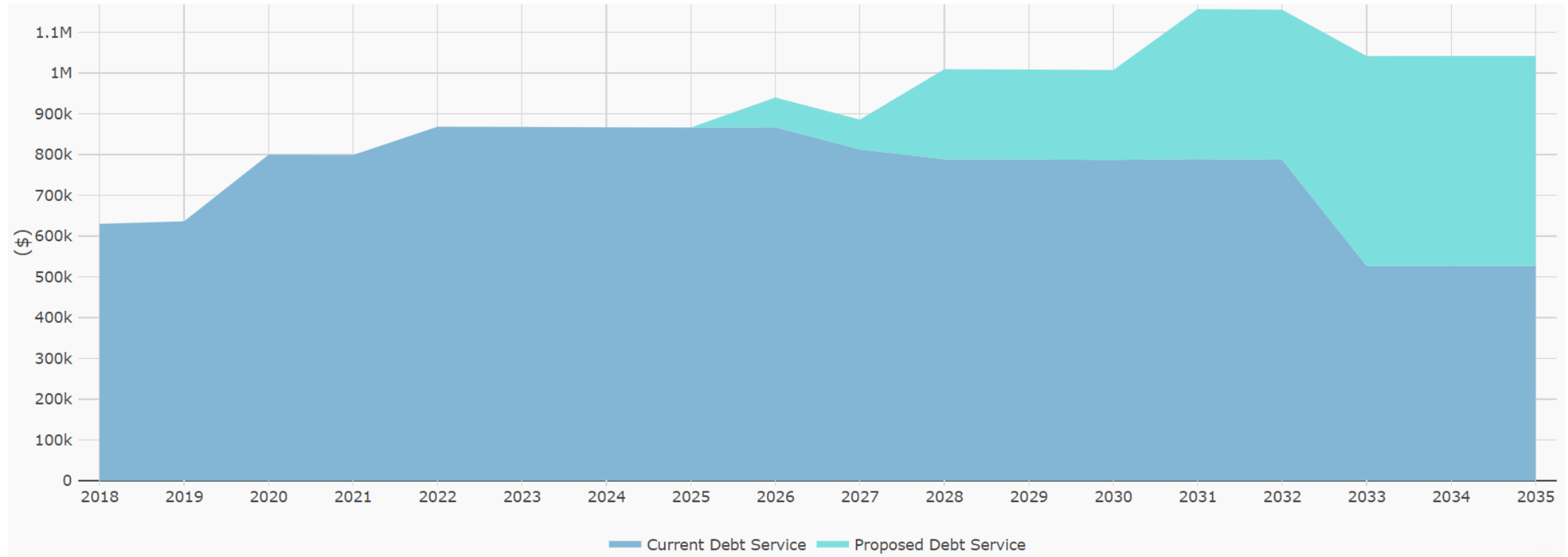


Baseline Model

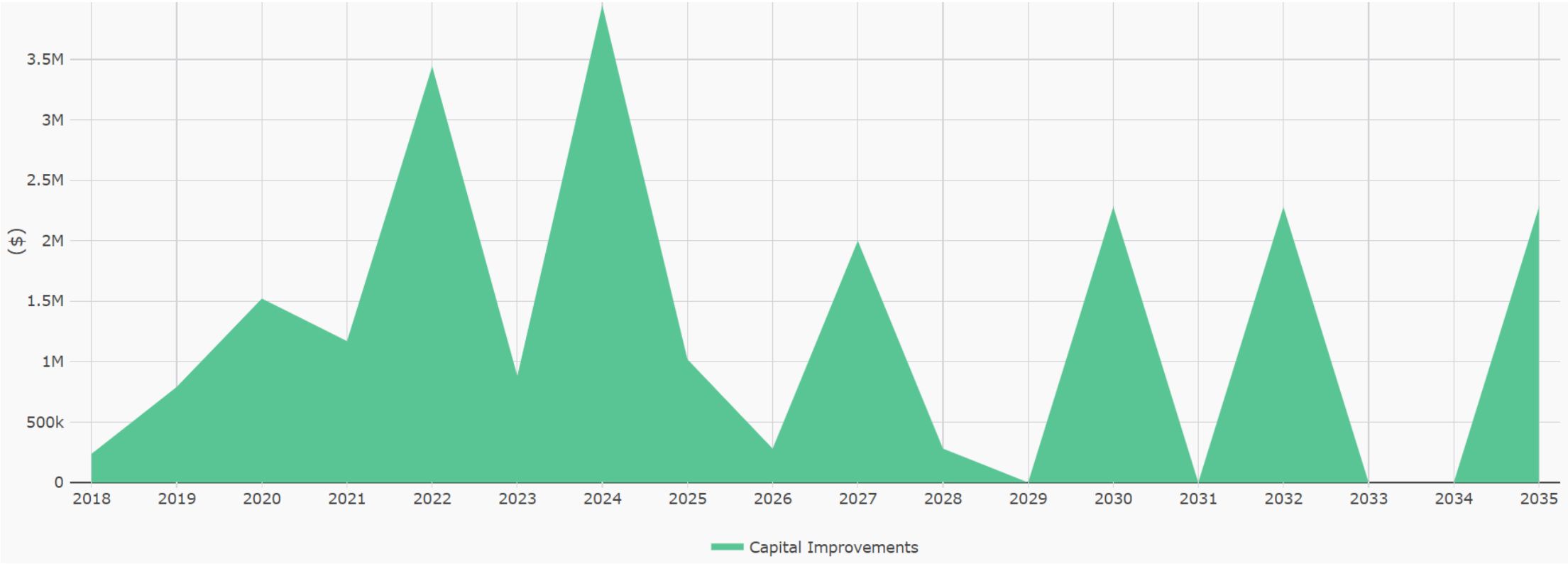
Current and Projected Operating Expenses



Current and Proposed Debt Service

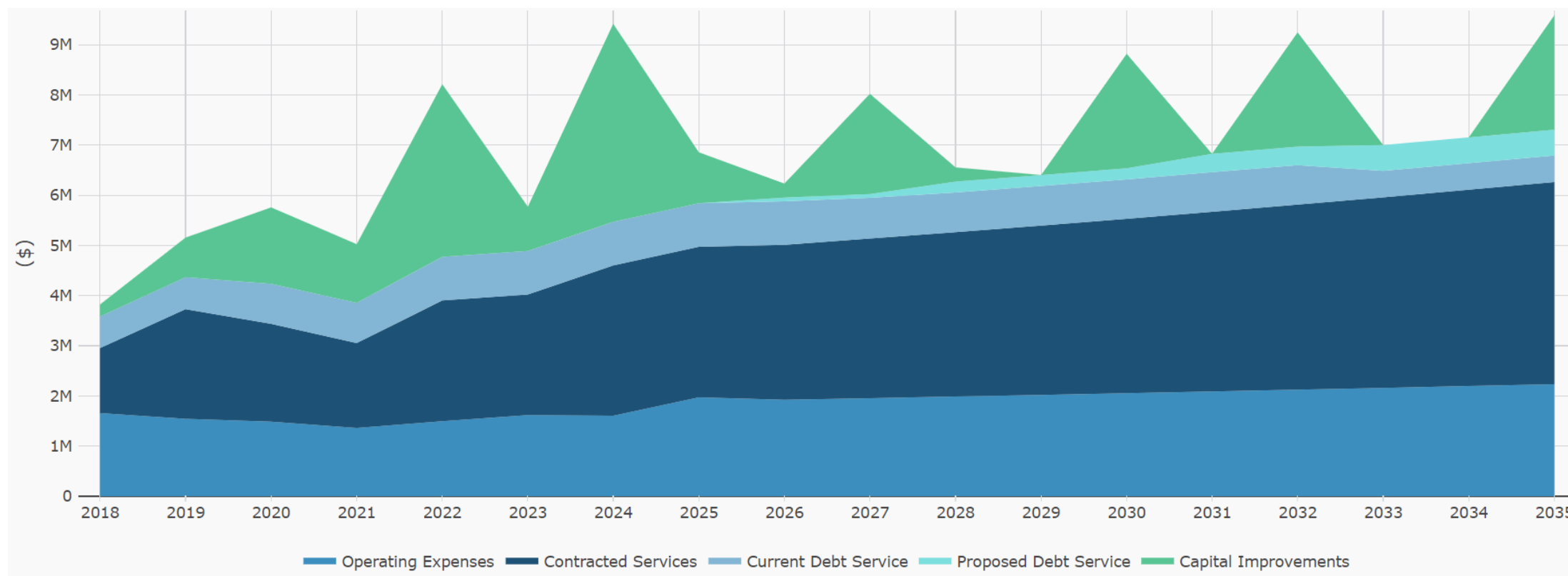


Projected Capital Improvements

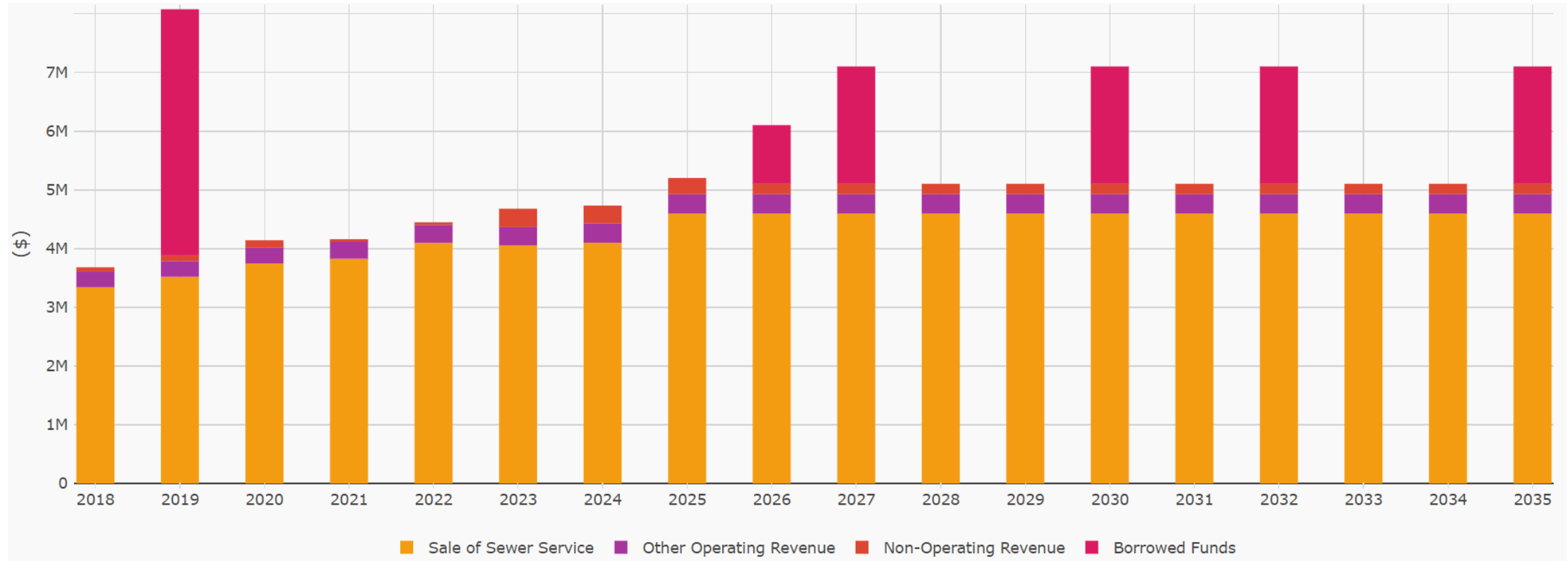


Item Descriptor	▲ Inflation	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Sewer improvements	0.00%	237,649	790,397	1,521,639	1,168,948	3,442,601	880,946	0	0	0	0	0	0	0	0	0	0	0	0
Engineering	0.00%	0	0	0	0	0	0	0	0	280,000	0	280,000	0	280,000	0	280,000	0	0	280,000
Sample Work Schedule	0.00%	0	0	0	0	0	0	0	1,018,500	0	2,000,000	0	0	2,000,000	0	2,000,000	0	0	2,000,000
2024 total	0.00%	0	0	0	0	0	0	3,949,225	0	0	0	0	0	0	0	0	0	0	0

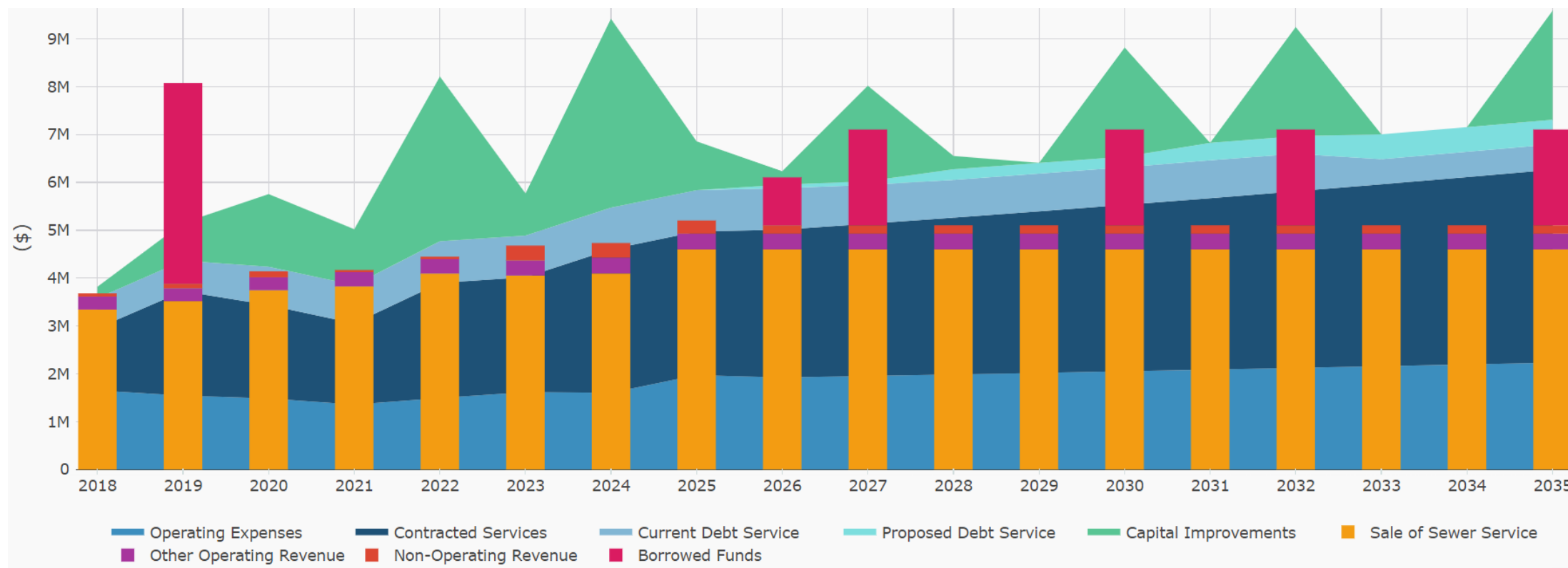
Projected Total Expenses/Revenue Requirements



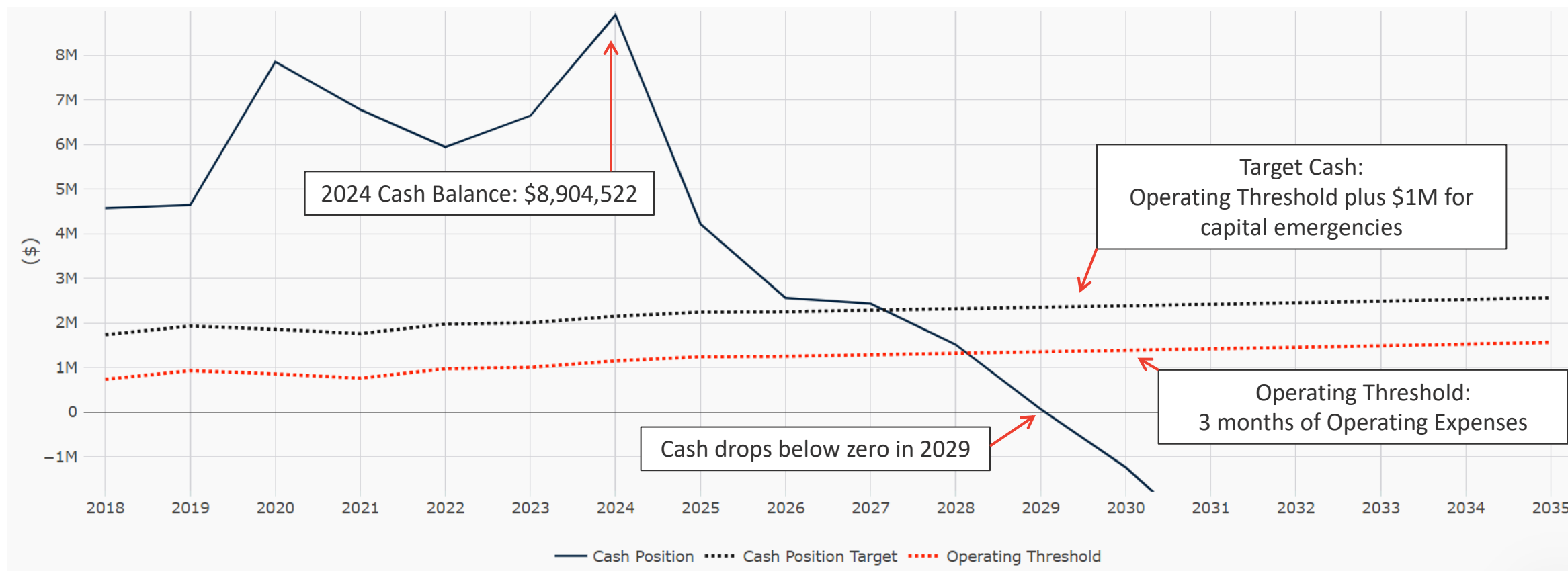
Current Revenues and Projected Borrowing



Expenses Exceeding Revenues

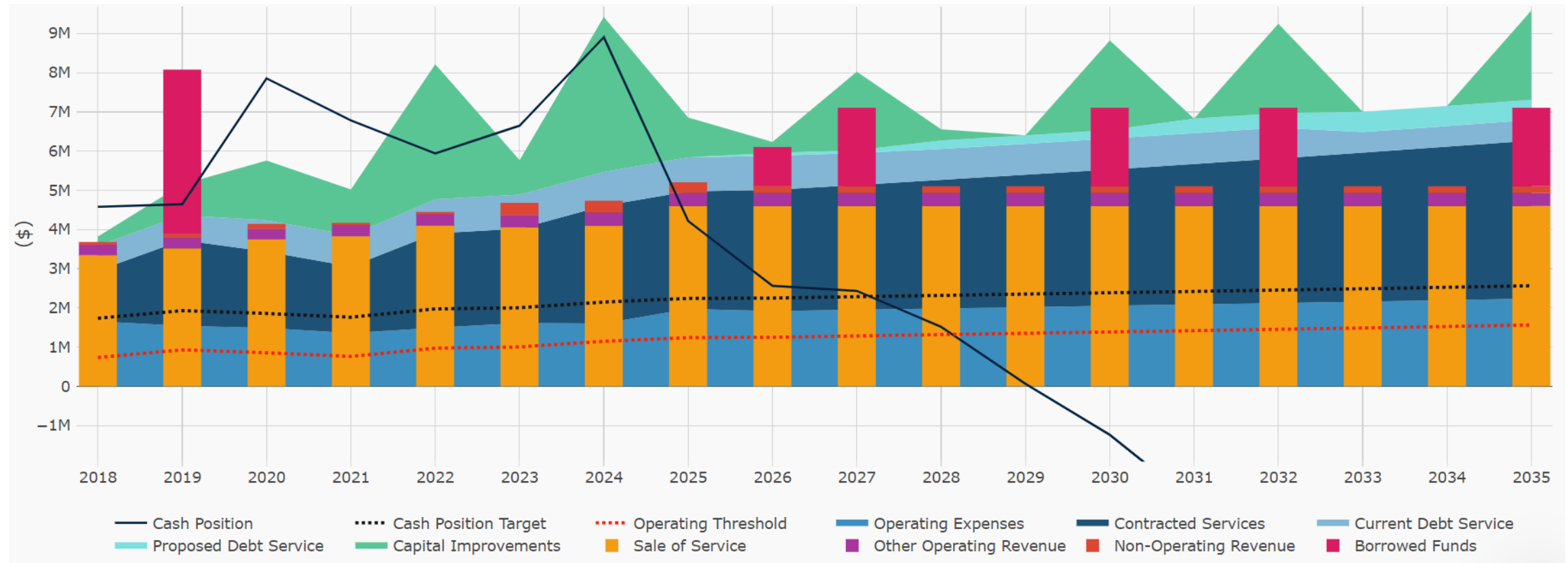


Cash Position



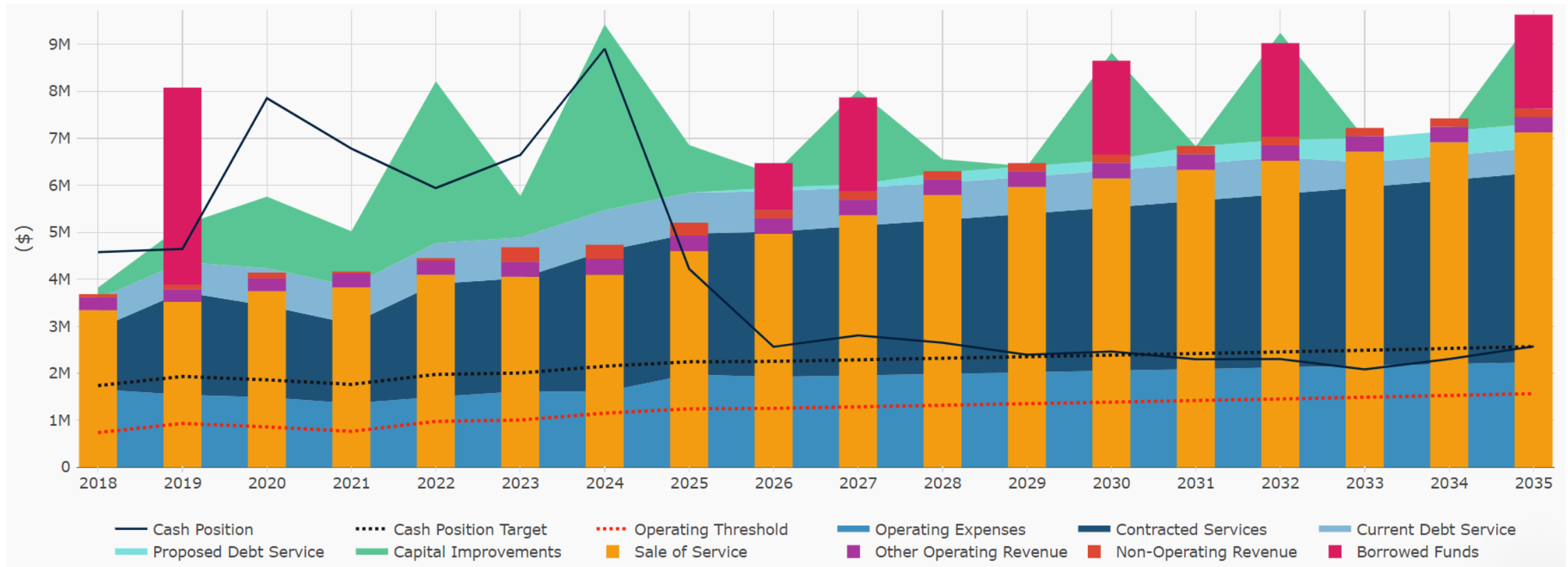
Current Financial Model

Wastewater



Proposed Solution

Proposed Solution



	2025	2026	2027	2028	2029 onward
Rate Increases	8%	8%	8%	8%	3%

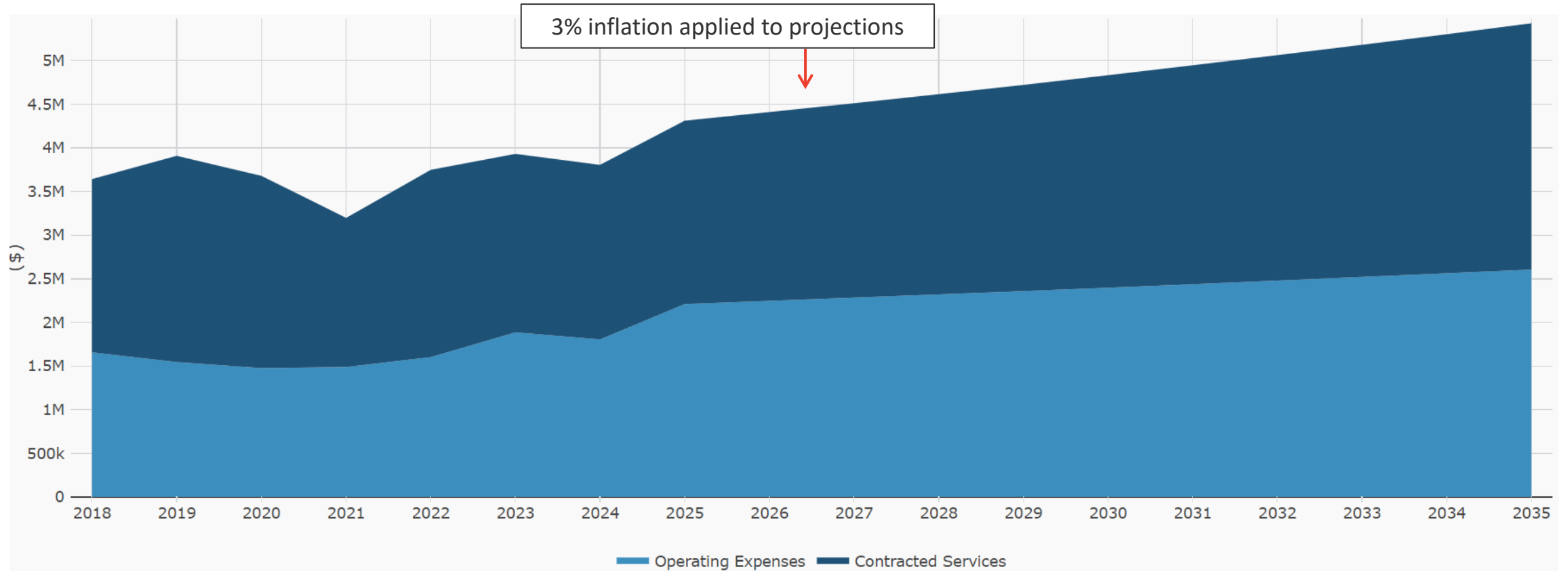
Water System



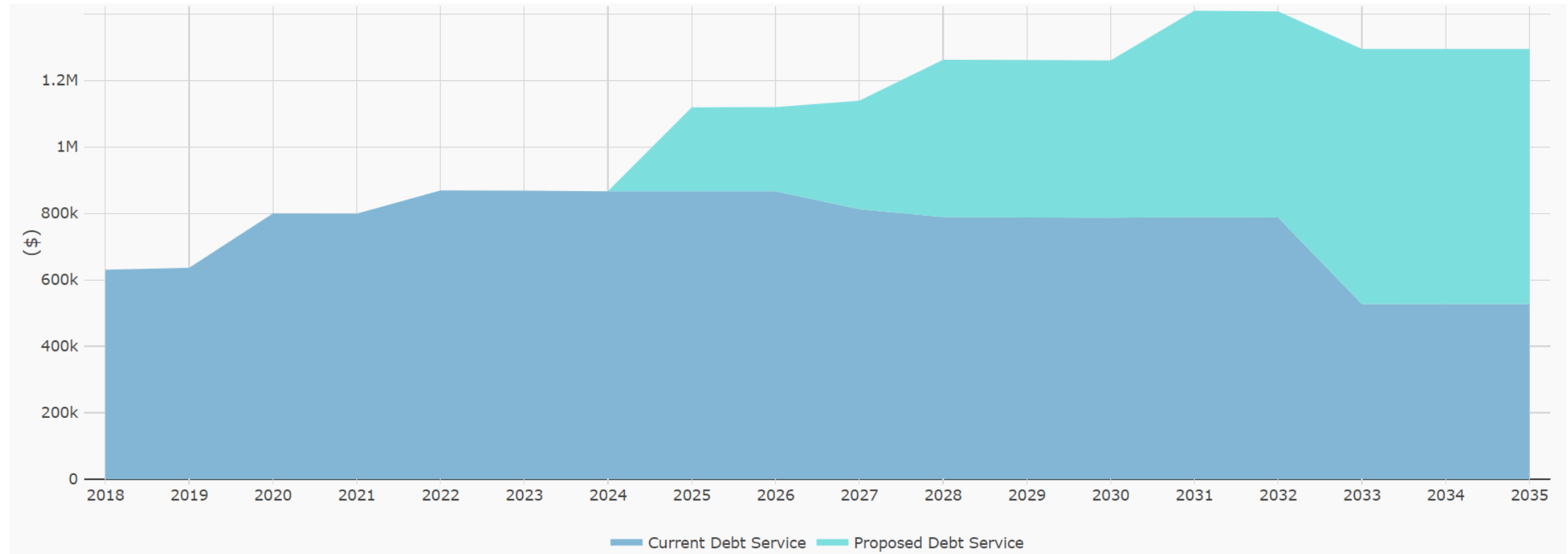
Baseline Model



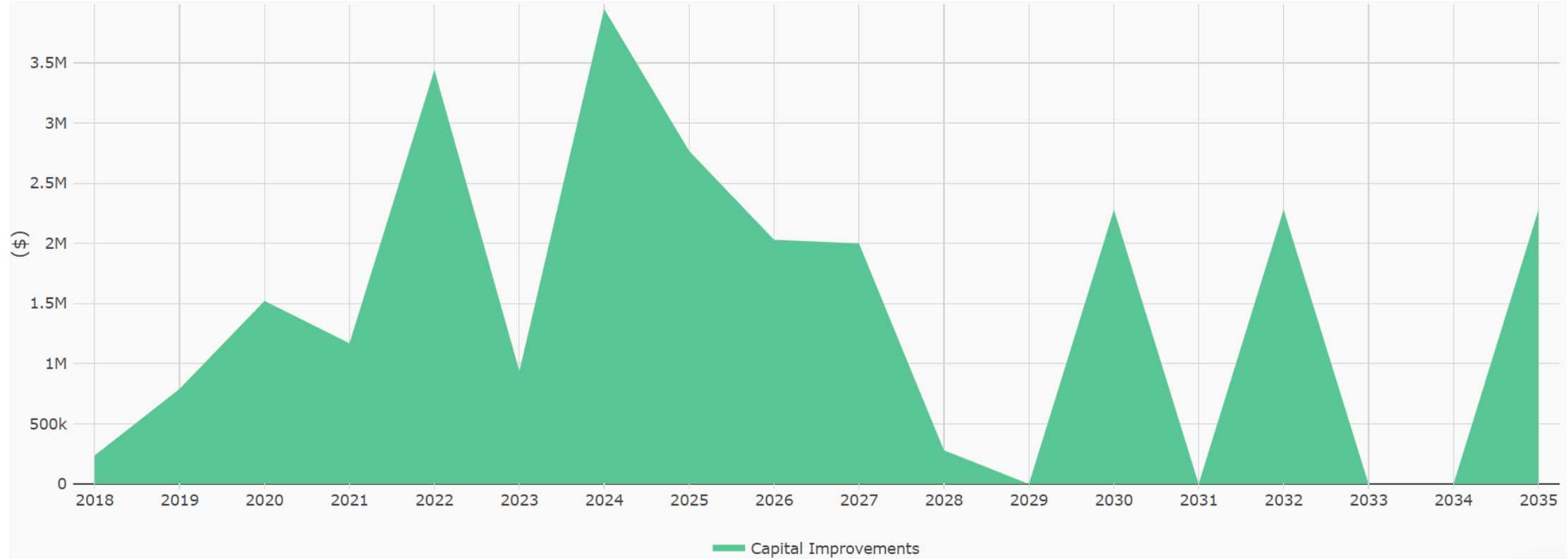
Current and Projected Operating Expenses



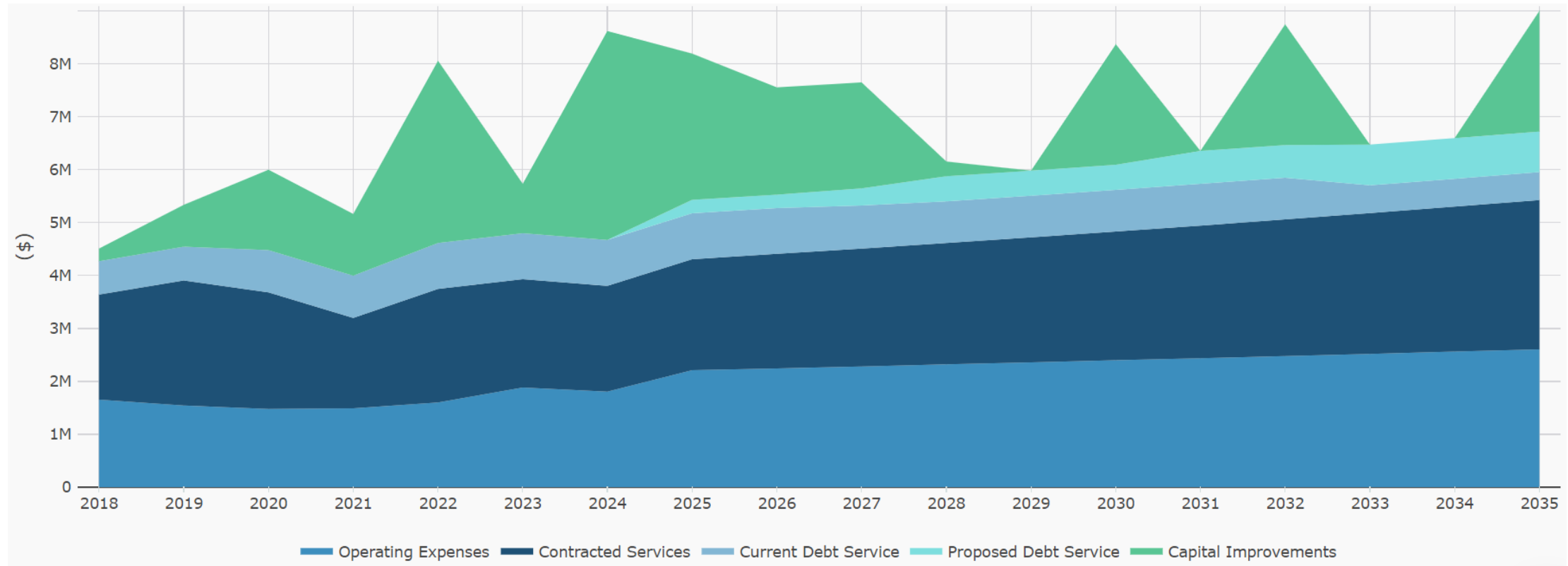
Current and Proposed Debt Service



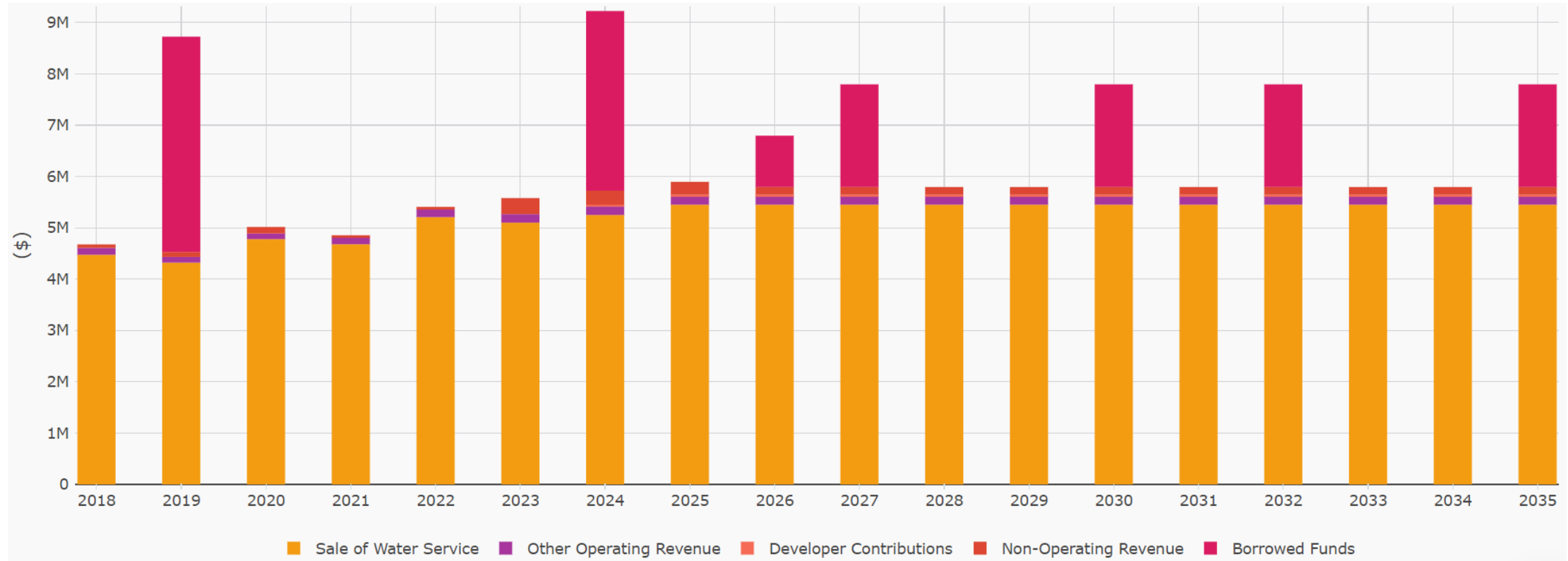
Projected Capital Improvements

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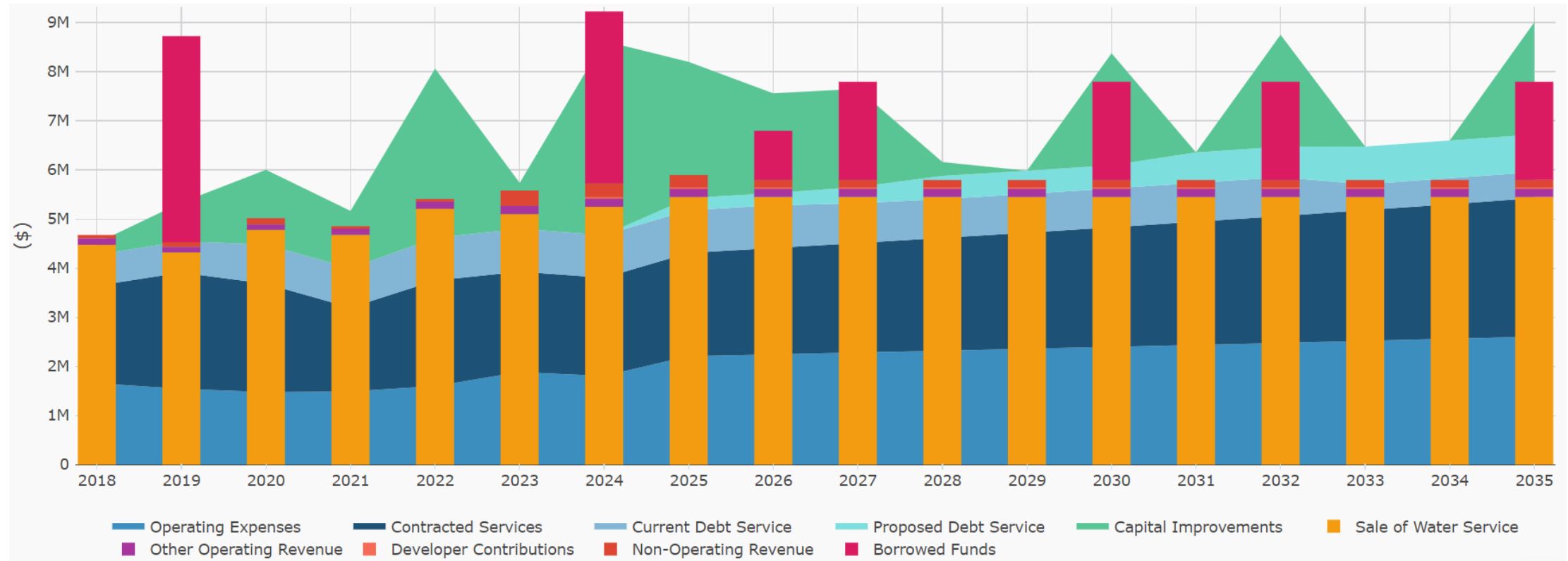
Projected Total Expenses/Revenue Requirements



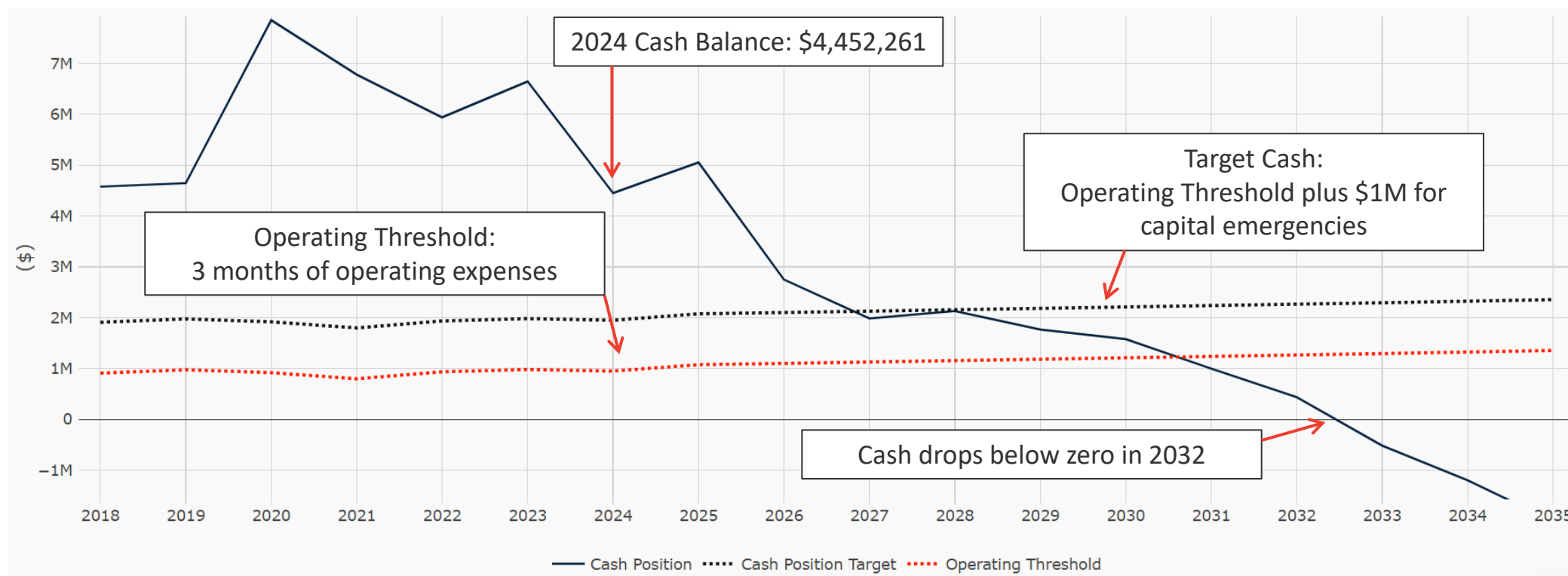
Current Revenues and Projected Borrowing



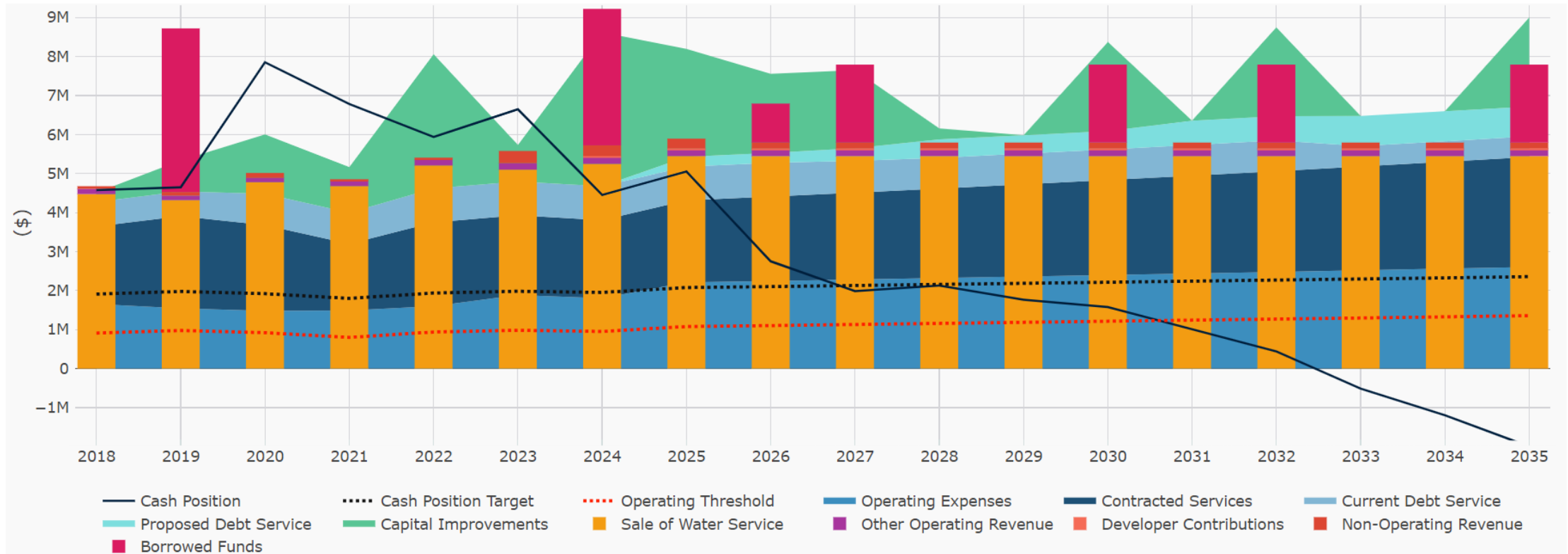
Expenses Exceeding Revenues



Cash Position

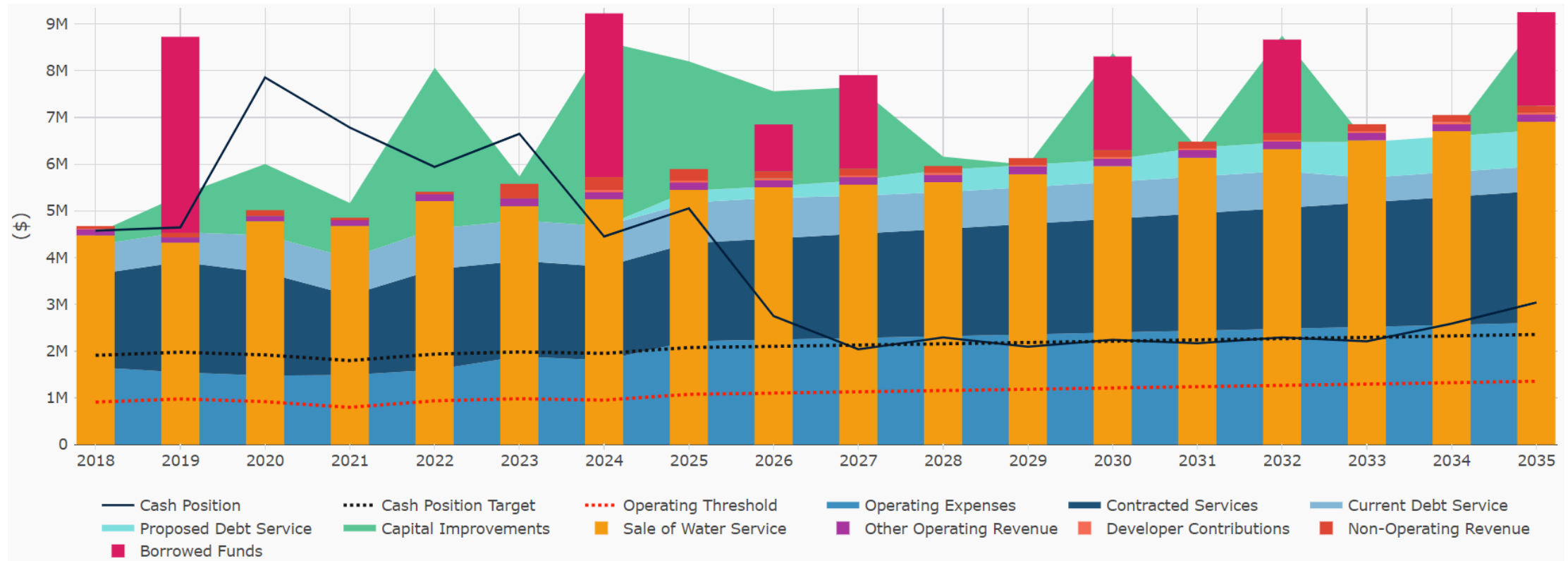


Current Financial Model



Proposed Solution

Proposed Solution

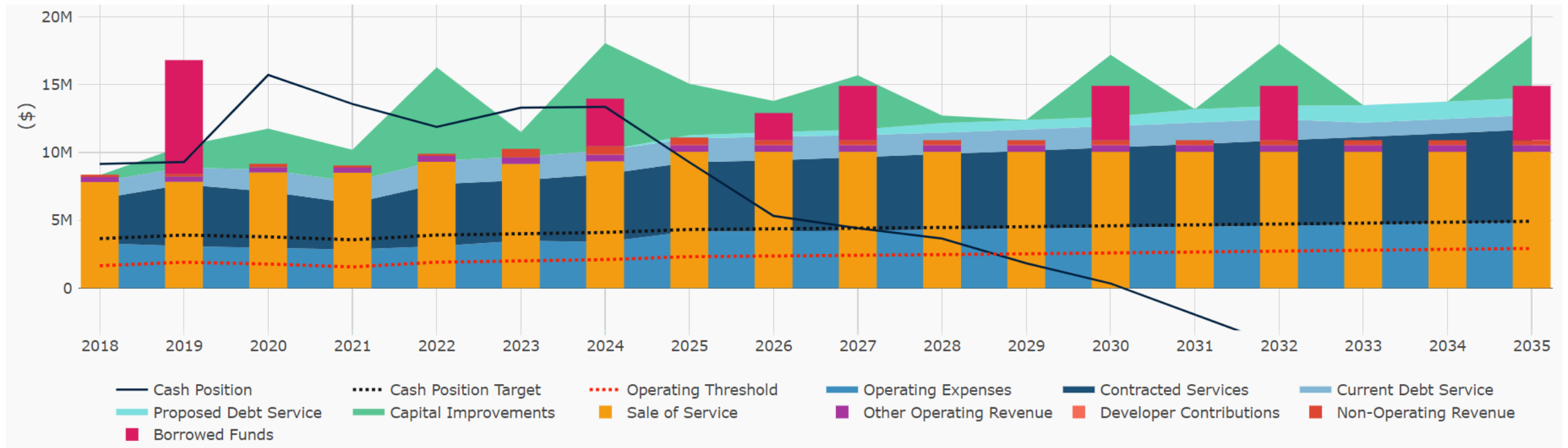


	2025	2026	2027	2028	2029 onward
Rate Increases	\$2.50	1%	1%	1%	3%

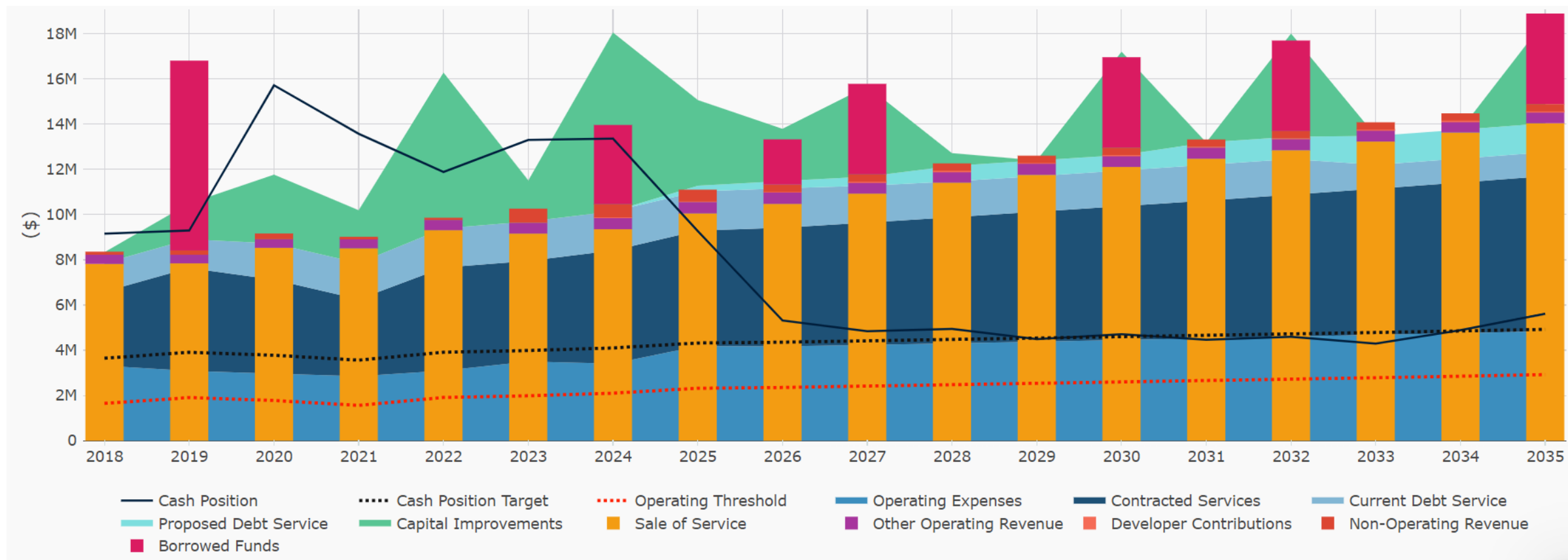
Water and Wastewater Combined



Current Combined Financial Model



Combined Proposed Solution



	2025	2026	2027	2028	2029 onward
Water Rate Increases	\$2.50	1%	1%	1%	3%
Wastewater Rate Increases	8%	8%	8%	8%	3%



W A T E R W O R T H TM





AGENDA MEMORANDUM

DATE: October 10, 2024
TO: Honorable City Council Members
FROM: Juliet Rodriguez, Human Resources and Civil Service Director
THROUGH: Sandra Gibson, Interim City Manager and Director of Finance
SUBJECT: Presentation of proposed policy changes for the City of Watauga Personnel, Administration and Financial Policies and Procedures Manual

BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

This item does not require a recommendation as it is a presentation/report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Workshop Presentation 10.28.24 revised

REVIEWED BY:

Juliet Rodriguez, Human Resources and Civil Service Director

Approved - 10/23/2024

Sandra Gibson, Interim City Manager and Director of Finance

Approved - 10/23/2024

Linda Proskey, City Secretary

Final Approval -
10/24/2024

Approved as to form for inclusion on Agenda



CITY OF WATAUGA POLICY REVISION WORKSHOP

6.02 OVERTIME AND COMPENSATORY TIME

- ❖ This policy revision clarifies the FLSA status, indicating that the Police Department now follows a 14-day work week instead of the previous 28-day work week.**

6.08 TIMEKEEPING POLICY

- ❖ This policy has been introduced to ensure compliance with the Department of Labor requirements.**
- ❖ It mandates that designated non-exempt employees must clock in and out using the newly acquired ExecuTime timeclocks from Tyler Technology.**
- ❖ Additionally, this policy will provide guidance for employees, supervisors, and managers on effectively managing the new timeclock system.**

9.01 MOBILE COMMUNICATION DEVICES

❖ This policy is revised to better align with its intent to assist with, rather than fully pay for, employees' cell phones. Key updates include:

- Elimination of the annual cell phone hardware stipend.**
- Reduction of the cell phone allowances from \$75 to \$50 for those with email set up and frequent business use.**
- Reduction of the cell phone allowance from \$40 to \$30 for employees who regularly use their personal phones for calls.**
- Updates to IT services for employee-owned devices.**

14.03 SOCIAL MEDIA

- ❖ **The City is incorporating language from the DIR/DPS model policy, which all cities must adopt by November 20, 2024.**
 - **Although, the City previously included a TIKTOK provision, the release of the DIR and DPS sample policy related to SB 1863 has prompted us to update our existing social media policy with this new verbiage.**
 - **This addition offers guidance for government entities to implement and maintain security measures.**

UPCOMING REVISIONS

❖ CALL BACK / ON CALL POLICY

- **Under research with benchmark cities for updates on call back hours, and which employees are eligible for On Call Pay.**

❖ EMERGENCY DECLARATION PLAN

- **Under review with Emergency Management Team**

❖ HOLIDAY POLICY

- **Under research with benchmark cities for ½ day New Years Eve, MLK Day, and Veterans Day. Also, pending feedback from employees on personal day preference or swapping out personal day for another holiday.**

QUESTIONS

