

FARMERSVILLE CITY COUNCIL
MEETING MINUTES
February 11, 2014

The Farmersville City Council met in regular session on February 11, 2014 at 6:00pm in the Council Chambers at City Hall with the following members present: Mayor Helmberger, John Klostermann, Michael Carr, Michael Hesse, Russell Chandler and Jim Foy. Staff members present were City Manager Ben White, City Attorney Alan Lathrom, Police Chief Mike Sullivan, Fire Chief Kim Morris, Assistant to the City Manager Paula Jackson, Main Street Director Adah Leah Wolf, Court Clerk Christi Dowdy, Warrant Officer Rick Ranspot, Public Works Employees Mike Rosa and Edgar Martinez, and City Secretary Edie Sims.

Item I) CALL MEETING TO ORDER, ROLL CALL

Mayor Helmberger called the meeting to order. Edie Sims called the roll and announced a quorum was present. Mayor Helmberger welcomed all guests and visitors. Paul Kelly offered the invocation with Mayor Helmberger leading the audience in the Pledge of Allegiance to the American Flag and Pledge to the Texas Flag.

Mayor Helmberger announced Farmersville Main Street has been awarded their 14th year of being accredited as a National Main Street Program. This is the 14th year to have this accreditation.

City Manager Ben White acknowledged Public Works Mike Rosa and Edgar Martinez for their life saving efforts to a citizen in need. A resident called for assistance on Super Bowl Sunday regarding their sewer. Mr. Rosa and Mr. Martinez heard the sounds of distress and helped a resident in the neighborhood who had fallen and could not get up. The resident who called for maintenance of the sewer reported the good deed and expressed gratitude to the Public Works employees.

Item II) CONSENT AGENDA

Mayor Helmberger asked the Council if any items were needed to be pulled for discussion. Russell Chandler requested to pull Item E. Items remaining A, B, C, D, F, G, H, I and J were motioned to be approved by Russell Chandler and seconded by Jim Foy. A poll of the Council was taken as follows: John Klostermann yes, Michael Carr yes, Michael Hesse yes, Russell Chandler yes and Jim Foy yes. Motion passed with full Council approval.

Item E – Fire Department Report. Russell Chandler requested a roster of all Volunteer Firemen with their certifications and training for the next three months. No other discussion was had on this topic. Russell Chandler motioned to approve Item E with Michael Carr seconding the motion. A poll of the Council was taken as follows: John Klostermann yes, Michael Carr yes, Michael Hesse yes, Russell Chandler yes and Jim Foy yes. Motion passed with full Council approval.

Item III) INFORMATIONAL ITEMS

Council did not request further information or clarification regarding Informational Items.

ITEM IV – A) FIRST READING – CONSIDER, DISCUSS AND ACT UPON AN ORDINANCE TO AMEND THE MASTER FEE SCHEDULE TO INCREASE THE WATER AND SEWER RATES EFFECTIVE MARCH 1, 2014

Mayor Helmberger stated three years ago a rate study was conducted for the water and sewer rates. The proposed ordinance for a rate increase is the last step for finalizing the ordinance completing the rate study set in 2011. Mayor Helmberger proposed a review of the rate study and ensure the City is on track with the progress from the rate study. Per the City

revenue figures, the water rates are not providing the necessary revenue as expected. Due to the water rate increases, our residents have been conserving their water use. The sewer rates were to offset expenses for infrastructure needs and include expenditures for a future Regional Wastewater Treatment Facility. The pass thru rates from North Texas Municipal Water District did not affect the rate study, but it did affect the price citizens pay for water use. Those pass thru rates were not anticipated when the rate study was being performed.

Jim Foy questioned the cost to have the rate study reviewed with Mayor Helmberger presenting a cost of \$6,500 with an option to review the next 3 years in advance for an additional \$2,000.

When the rate study ordinance was presented in 2011, five steps were to be taken to bring the rates up to a level which paid for both water and sewer utilities. City Attorney Alan Lathrom indicated the original ordinance can be modified if the Council chose to not take action on the presented ordinance to approve the fifth rate increase. The Council would also need a separate agenda item on a future agenda to go into an agreement with the consultant.

Rates were discussed with water rates increasing approximately 78¢ per 1,000 gallons with the proposed fifth water rate increase. Sewer rates however were at a 23% increase over current rates which calculate to approximately \$18 more for sewer per month. Water sales are slightly under last year's sales comparatively with expenses in line with budgeted projections. City Manager Ben White indicated the monthly City Financials have shown the wastewater revenues increasing and extending beyond expectations. However, with water rates increasing, people are conserving water usage. It has been quite a struggle to cover the expenses with the shortfall from the water revenues. The rates are increasing faster on the wastewater side than the water side. Mayor Helmberger added the major impact of the increased sewer rates was to cover the Regional Wastewater Treatment Facility along with other improvements including interceptor lines.

Jim Foy motioned to table this agenda item with Russell Chandler seconding the motion. A poll of the Council was taken as follows: John Klostermann yes, Michael Carr yes, Michael Hesse yes, Russell Chandler yes and Jim Foy yes. Motion passed with full Council approval.

ITEM V – A) CONSIDER, DISCUSS AND ACT UPON ACCEPTING A RESIGNATION FROM DAVID REYNOLDS FROM THE FARMERSVILLE COMMUNITY DEVELOPMENT CORPORATION BOARD

Michael Carr motioned to accept David Reynold's resignation with John Klostermann seconding the motion. A poll of the Council was taken as follows: John Klostermann yes, Michael Carr yes, Michael Hesse yes, Russell Chandler yes and Jim Foy yes. Motion passed with full Council approval.

ITEM V – B) UPDATE ON STREET GENERAL OBLIGATION BOND PROJECTS

City Manager Ben White reported curb work for Street Bond Projects has begun on Westgate. Questions have been asked why the curb construction area is so wide. Mr. White replied the stabilizing of the soil is being accomplished so the curb will not raise above its designated position. The construction progress is slow as temperatures have been below 40°. When temperatures stay above 50°, concrete work can begin. Jim Foy questioned if the curb construction work will rectify seepage on the north side of Westgate. Mr. White stated he will request the engineers to review this area.

ITEM V – C) UPDATE ON WATER/WASTEWATER GENERAL OBLIGATION BOND PROJECTS

City Manager Ben White reported a bid opening for the 12" water line project on Sycamore Street was held today by the bonding agent. As the Council may recall, the original bidding contractor defaulted on the project. The bonding agent quickly took the project back to the bidding process. The winning bid came in with a difference of \$80,000-\$90,000 from the original bid. The bonding company is paying the cost difference of the bid from the original bid. Mr. White indicated the City has purchased all the material and it is being stored at our Maintenance Facility. Mr. White has also requested the contract be direct between the City and the contractor in conjunction with the bonding company. The bonding company does not wish to be between the contractor and the City for construction. Mr. White will be requesting all contracts be prepared and ready to present to the Council at the next meeting thereby not delaying the project any further. The Safe Routes to School project has been delayed awaiting the 12" water line project to cross where the sidewalks will be installed.

The bonding company is supporting the City of Farmersville and will be instrumental through the completion of this project.

ITEM V – D) UPDATE ON SAFE ROUTES TO SCHOOL PROJECT

The Safe Routes to School project is moving forward in Phase 1. Sidewalks have been installed around Windom Street and mid way along Main Street. The project has halted at the Sycamore Street intersection due to the 12" water line project. The water line will need to be installed first before sidewalks are installed. This portion of the project will be completed during Phase 5 allowing time for the water line to be installed.

Retaining walls will be installed on Washington Street; however the concrete portion has been delayed due to cold weather. Mayor Helmberger questioned if the dumpsters along the sidewalk route have been moved. City Manager Ben White confirmed the dumpsters will be permanently moved out of the right-of-way away from the sidewalk route.

ITEM V – E) UPDATE ON CHAPARRAL TRAIL PROJECTS

City Manager Ben White informed the Council the Chaparral Trail projects have not changed since the last reporting. The City is awaiting a bid package by the end of the month from Daniel & Brown, Inc. for the upcoming grant through the Collin County Open Space for Phase 3. The project will be delayed until the end of our fiscal year to be able to cross fiscal years to meet funding requirements for the match.

ITEM V – F) CONSIDER, DISCUSS AND ACT UPON THE REFUSE RATE REVIEW FOR INDUSTRIAL CUSTOMERS

Dick Demien, representative for Progressive Waste Solutions, was present to answer questions. Commercial rates have been an issue and the City staff has questioned Progressive if they will bill the customer's roll-off billing directly. One of the major customers who complained about the roll-off billing is Advanced Fixtures, Inc. (AFI). Another major customer having issues with the roll-off billing is JD Russell, who is now delivering their own roll-off container. Progressive charges a rental fee plus a dump fee plus the cost for daily open top rental of \$4.66 per day.

Mr. Demien stated the rates being charged to AFI and JD Russell were billed in error. The past charges were at Progressive's lower rate and the Farmersville customers were not being billed according to the City of Farmersville's rate ordinance which included a 15% franchise fee. The error has since been corrected and the correct rates will be charged. The problem started with AFI and JD Russell, among others, being billed at the lower Progressive

rate. AFI and JD Russell realized the rate increase as the end result was going to affect an increase to each company \$35,000 per year respectively.

AFI has a large quantity of sawdust which had been previously used for roads at the dumpsite. The sawdust helped make the travel areas more passable and the savings was passed back to AFI. The sawdust has not been used for this purpose for quite some time, but the billing was not adjusted.

City Manager Ben White indicated that Progressive is reviewing all the roll-off customer's billing including permanent customers as well as temporary customers. Mr. White offered four possible options: 1) The City could remove the 15% franchise fee, as it has not been collected recently; 2) reallocate between residential and commercial customers; 3) have open competition as Princeton has done for roll-off customers; 4) keep Progressive as the sole provider and allow them to do all the billing at the City's rates per ordinance.

Jim Foy agreed that with only 4 permanent customers, option 4 would best suit the City of Farmersville. Dick Demien stated Progressive would consider these options but also offered that two rates could be standardized. A reduced rate for permanent roll-off customers and a higher rate for temporary customers would be proposed. If this rate structure would be considered by the Council, Progressive would ask for a five (5) year extension to the contract.

Mr. White brought up information of the four permanent roll-off customers as being along or close to Highway 380 and therefore heavy traffic is not prevalent. A 5th option by Mr. White would have Progressive bill all roll-off customers not to exceed a maximum charge which is the City's rates per ordinance with no franchise fees. Mayor Helmberger noted this could be a loss of \$5,000 to the City. Jim Foy expressed he is not comfortable with a five year extension to the contract with Progressive.

Roll-offs are on an irregular schedule according to the number of pulls and weight. Consensus of the Council was to look at the rates and come back with the 5th recommendation.

ITEM V – G) UPDATE ON HIGHWAY 380 PROJECT

City Manager Ben White included a Highway 380 Project Status with the Council packet. The Main Street Bridge's completion date has been moved to April 2014 due to low temperatures. All other items surrounding the 380 project have not changed. The passing track for the first railroad bridge has been moved to August 2014 per Mayor Helmberger. Per Mr. White, the Main Street Bridge is done but we are now awaiting the connection to our street before the area can be opened for thru traffic. No further discussion was held by the Council.

ITEM V – H) STATUS AND PROGRESS TO DATE REGARDING FARMERSVILLE ELECTRIC

City Manager Ben White informed the Council of the recent hiring of the Electric Distribution Foreman Brad Price. Mr. Price is already working on hiring the remainder of the Farmersville Electric crew and attaining leads for equipment. Mr. Price will also be reviewing the electric standards and will make recommendations to the Council at a future Council meeting.

Rex Woods, representative for McCord Engineering, Inc., came before the Council with a presentation for an electric rate ordinance review. McCord Engineering reviewed the existing electric rates and felt two goals needed to be performed prior to Farmersville Electric being implemented: 1) keep revenues the same and 2) simplify the working Power Cost Adjustment (PCA). In order to maintain revenues at past year levels, an average charge per kWh needs to be determined to cover the revenue difference.

Test models were created to estimate and verify the electric utility revenues are maintained by the proposed energy charge rate revisions and the rates remain approximately the same over the next year.

Proposed ordinance changes will include residential electric rate classes which will eliminate the PCA for residential customers, small commercial customers, medial commercial customers, and large commercial customers. Security light rates will remain the same.

To maintain the revenue rate structure after the transfer from Sharyland to Farmersville Electric will lower the Power Cost Adjustment (PCA) to near zero, increase existing rates by \$0.02425/kWh and all rate classes will remain at the current revenue levels.

A rate design goal for 2015-2016 has been suggested to perform cost-of-service study to determine if rates provide consistent margins throughout the rate classes. The rate design goals will also determine where rate class changes are needed to meet future revenue requirements. By having the cost-of-service study, this will allow a design for competitive rates for all rate classes and make changes based on revenue requirements to meet City goals for the electric utility.

ITEM VI – A) EXECUTIVE SESSION – SECTION 551.071, CONSULTATION WITH CITY ATTORNEY, AND SECTION 551.086, COMPETITIVE MATTERS OF A PUBLIC POWER UTILITY: CONSULTATION WITH CITY ATTORNEY REGARDING AND CONSIDERATION, DISCUSSION AND POSSIBLE ACTION REGARDING COMPETITIVE MATTERS OF THE CITY-OWNED PUBLIC POWER UTILITY AS ALLOWED BY SECTION 551.086 OF THE TEXAS GOVERNMENT CODE FOR PURPOSES OF MAINTAINING THE CONFIDENTIALITY OF CERTAIN INFORMATION RELATING TO COMPETITIVE ELECTRIC UTILITY MATTERS ENGAGED IN OR TO BE ENGAGED IN BY THE CITY OF FARMERSVILLE, AND CONSULTATION WITH CITY ATTORNEY REGARDING CONTRACT NEGOTIATIONS FOR THE OPERATION AND MAINTENANCE OF THE CITY-OWNED PUBLIC POWER UTILITY AS ALLOWED BY SECTION 551.071 OF THE TEXAS GOVERNMENT CODE

Council went into Executive Session at 8:01 p.m.

ITEM VI – B) EXECUTIVE SESSION – SECTION 551.074 DELIBERATION REGARDING PERSONNEL MATTERS: DISCUSSION REGARDING PERFORMANCE EVALUATION OF THE CITY MANAGER

Council went into Executive Session at 8:01 p.m.

ITEM VII) RECONVENE FROM EXECUTIVE SESSION

Council reconvened from Executive Session at 8:52 p.m.

ITEM VIII – A) MATTERS FROM EXECUTIVE SESSION – POSSIBLE ACTION REGARDING COMPETITIVE MATTERS OF THE CITY-OWNED PUBLIC POWER UTILITY

Council took no action during Executive Session.

ITEM VIII – B) MATTERS FROM EXECUTIVE SESSION – POSSIBLE ACTION REGARDING PERFORMANCE EVALUATION OF THE CITY MANAGER

Council took no action during Executive Session.

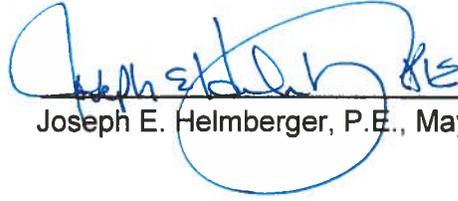
ITEM IX) REQUEST FOR CONSIDERATION OF PLACING ITEMS ON FUTURE AGENDAS

No one else requested items for future agendas.

ITEM X) ADJOURNMENT

Council adjourned at 8:52:40pm.

APPROVED



Joseph E. Helmberger, P.E., Mayor

ATTEST



Edie Sims, City Secretary

