

**STATE OF TEXAS  
COUNTY OF DENTON  
CITY OF CORINTH**

On this the 4<sup>th</sup> day of April 2019 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:45 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

**Members Present:**

Mayor Heidemann  
Sam Burke, Mayor Pro-Tem  
Don Glockel, Council Member  
Tina Henderson, Council Member  
Scott Garber, Council Member

**Members Absent:**

Lowell Johnson, Council Member

**Others Present**

Carolyn Marshall, CPA

**Staff Members Present**

Bob Hart, City Manager  
Kim Pence, City Secretary  
Patricia Adams, Messer, Rockefeller, & Fort  
Helen-Eve Liebman, Planning and Development Director  
Ben Rodriguez, Planning and Development Manager  
George Marshall, City Engineer  
Lee Ann Bunselmeyer, Finance and Communications Director  
Shea Rodgers, Technology Services Manager  
Jerry, Garner, Police Chief  
Chris Rodriquez, Finance Manager  
Angie Watson, Utility Billing Supervisor  
Stephanie Constant, Senior Utility Billing Tech  
Jason Alexander, Economic Development Director

**CALL TO ORDER:**

Mayor Heidemann called the meeting to order at 5:45 p.m.

**WORKSHOP BUSINESS AGENDA:**

**1. Hold a discussion and provide staff direction on a City Logo.**

**Lee Ann Bunselmeyer, Finance and Communications Director** – reminded Council of their discussions from the last council meeting on this item and presented the updated options based on those discussions. The idea from Slate Communications is that if Council chooses one of the column logos and they choose one with more than one color, then they suggest keeping the single color for publications due to there are presentations that multicolor logos do not look presentable on and a solid is needed. Slate Communications will provide the files for all of them. A summary

of the different logos were presented and how they look on shirts and vehicles for comparison.

**Councilmember Burke** – does not like the solid colors. He likes them both with the colors and is comfortable with the Star logo.

**Councilmember Garber** – likes the bottom left the most and believes the top right has opportunity on certain colored backgrounds. He agrees with Councilmember Burke and does not like the solid colors, but likes the color of the Star.

**Councilmember Henderson** – loves the single color, and agrees it does not look as good on the truck as the red, but thinks it is bold and speaks to you. She likes the columns better than the star.

**Councilmember Glockel** – would prefer to keep the current logo. If that is not an option, Lake Dallas has a Star and thinks that disqualifies the Star. He likes the multicolor and thinks they look good on the door, but not the back of the truck and looks pretty good on the shirt.

**Mayor Heidemann** – is there a reason it is on the back of the truck?

**Lee Ann Bunselmeyer, Finance and Communications Director** - that is what Slate Communications did as part of their design. We would keep it on the door like it currently is. This is what the quote included, just the doors and not the back end.

**Bob Hart, City Manager** – likes the bottom on the left with two colors and thinks a lot of Cities have Stars. The columns is a chance to capture the name Corinth with the Corinthian architecture. It would be a one of a kind and it makes it very distinct.

**Mayor Heidemann** – likes the multicolor column; either 1 or 2. He does not like the Star or the solid color.

**Lee Ann Bunselmeyer, Finance and Communications Director** – we will incorporate the new logo in the new web design that launches the first week of June, so staff would wait until then to promote and get the logos installed on the trucks the last week of May, or first of June. Fire and Police would have their own and this would only be on our print material and uniforms right now. We will not change the water tower until we repaint the tower and will put it on the new water when it is built.

**Mayor Heidemann** – confirmed with Council their consensus to go with the lower left logo as presented.

**2. Receive a report, hold a discussion, and give staff direction on the Water and Wastewater Rates.**

**Bob Hart, City Manager** - introduced Carolyn Marshall, she has done a lot of rate work throughout the Metroplex. She will leave the rate model she developed for the City to use. This means the City can begin doing a lot of this work in house. She is also always available for reminders and training. Staff will bring this back on the April 18<sup>th</sup> Council Agenda with whatever modifications Council decides to do.

**Carolyn Marshall, CPA** – gave a presentation on the City of Corinth Utility Cost of Service and Rate Design. The rate study guidelines come from the American Water Works Association (AWWA), they are the ones who actually give guidance on how to set up rates. Cities have a lot of

leeway on the rates, but there are some things that you can and cannot do based on State law. Using the cash basis, the goal is to determine if the expected revenues are sufficient to cover your expected expenditures. This happens at budget time. I review the revenue requirements, look at the current rate structures and then recommend alternate structures, if appropriate, to achieve the cities goals. However; you really want to set rates for each service, so you allocate the costs between the services; some are easy and some can only be done by a consensus. If the current rates bring in sufficient revenue the city is in a great position. If it does not, then the city will need to determine the appropriate rates to recover the revenues to meet the expenses.

**Lee Ann Bunselmeyer, Finance and Communications Director** - discussed the expenditures for the water and wastewater fund stating approximately 70 percent of the expenses are fixed costs. This gives 30 percent that Council can increase or decrease with 15 percent being salaries. Since 2015, the Upper Trinity Regional Water District (UTRWD) expense has increased by 6.65 percent or 1.3 percent annually. The water and wastewater charges have increased at about 3.26 percent annually and since 2015 have increased approximately 16 percent.

The projections for the next three years have been estimated by 3 percent due to some historical information showing UTRWD has charged up to 3 percent a year. If UTRWD does increase their debt or charges, the city will need to increase the projection to 5 percent. In total with the debt, UTRWD purchase costs, and transfers out, there is \$8 million worth of expenditures in the budget.

The revenue requirements for water is \$7.6 million and wastewater is \$4 million. We are looking to collect \$11.6 million total. This will serve as the benchmark for setting the rates. Currently, the city is collecting enough revenue to meet the expenditures or demands. Based on these projections of revenue and expenditures, the city expects to have an overage for 2020, but will experience a shortage from 2021 forward. The staff recommendation is to keep the current rates as they are.

**Mayor Heidemann** – If this is based on last year, was weather conditions and needs based on weather included in the forecasts?

**Lee Ann Bunselmeyer, Finance and Communications Director** – Yes, since the rate structures were changed last year and with the changes Council made last year, by raising the minimum rates, this eliminated the volatility in the rate and made them more consistent. We are estimating a collection this year that is less than last year.

**Councilmember Garber** - these calculations assume the new water tower is financed through the water bond sell?

**Lee Ann Bunselmeyer, Finance and Communications Director** – Yes.

**Councilmember Garber** - I thought the UTRWD costs was a pass through, so if it went up every year by 3% we are passing that through, does this include these pass-through? So those increases in costs, the 30% that we can control is salaries, benefits, gasoline, correct?

**Lee Ann Bunselmeyer, Finance and Communications Director** – If I understand your questions correctly, the costs that we show increasing are fixed and variable costs. We did do rates as an UTRWD rate and a City rate that way if UTRWD went up we would raise the cost only by the same amount.

**Councilmember Henderson** – questioned why the wastewater increase was significantly higher than the water increase.

**Lee Ann Bunselmeyer, Finance and Communications Director** – explained the UTRWD has been putting more infrastructure in on the wastewater side at UTRWD and you have pipeline fees and other fees that showed up.

**Bob Hart, City Manager** – yes, you have some plant expansions, but the treatment costs are climbing rapidly.

**Carolyn Marshall, CPA** – the state is mandating a lot of those costs, you have TCEQ involved and they sample the wastewater every month and a lot of this is mandated by the State.

**Lee Ann Bunselmeyer, Finance and Communications Director** – discussed the current rates comparing them to the previous structure and other municipalities around Denton County showing Corinth is in the middle for residential customers and the commercial customers. For now staff is recommending no changes to the water or wastewater rates, but they do recommend adding a Utility Stabilization Fund and a Utility Asset Management Reserve Fund.

We would like to revise the Fund Balance policy, which states we have to maintain a 25% operating expenditures in the fund balance for the utilities. We want to leave this in place but add a Utility Rate Stabilization Fund. This allows Council to set money aside so that when the revenues are short Council can pull from this fund to stabilize the rates. This assists in offsetting temporary increases to the budget; as well as increases from the UTRWD and City of Denton, by removing the volatility and stabilizing the rates.

How it is funded is that Council will add money to this fund from the General Fund balance and/or savings from expenditures; such as salary savings or excess money due to an overage collected over the years. This way when the fund sees a temporary shortfall money is pulled from the Rate Stabilization Fund instead of temporarily raising the rates for one year to cover the same shortfall. It will be set not to exceed a balance of 15% of budgeted expenditures.

The second revision to the Fund Balance policy we are recommending is to establish a Utility Asset Management Reserve Fund. The city does not have the capacity within the current rate structure to include transfers into the Asset Management Plan. This fund presents baby steps to fund the Asset Management Plan. How we would fund it is when the rates are good and we have capacity then through budget transfers we could move money into the Asset Management Plan, like we do the internal service funds now, or we could do the same as the Rate Stabilization fund for future replacement of water or wastewater lines, etc. There is not a cap on this.

There have been some residents that have come in to express their concerns and requests in regards to the utilities. The first one is to have the Council absorb or waive the credit card transaction fees that the city is charged from the credit card companies and then passes through to the citizens. The City has the authority to charge a fee, if offering a payment mode that makes it convenient for residents to pay their bills, and offset the cost of this fee. The city pays for website maintenance and the programs to allow the credit card charges. The City cannot charge this fee for face to face transactions.

In order to absorb the fees, staff budgets \$75,000 to pay for the credit card fees. Other municipalities saw an increase in credit card transactions at a very high volume, approximately 55%, when they stopped charging this fee. The utility billing staff created a comparison of other cities for these fees and it came back showing the larger cities absorb the fees and that Corinth is in line with other smaller cities on these charges. Staff will bring this policy back before you in the next 30-60 days

to get council's view on how to proceed; and to discuss credit card payments for the Planning & Development Department, those transactions can be up to \$20,000 or \$30,000 and a \$3.95 credit card transaction fee does not come close to covering the cost of those fees.

**Councilmember Burke** – What is the percentage of the credit card payments for the city?

**Lee Ann Bunselmeyer, Finance and Communications Director** – for utility payments it is 1.25 percent and all other transactions outside of utilities is about 2.5 percent that is how much the city is charged. We were able to make changes to the website processor to allow residents to have automatic pays from their credit card online with a \$3.95 charge.

**Councilmember Garber** – If we were charging 1.25 percent on an average water bill that would be more like a \$1.50?

**Lee Ann Bunselmeyer, Finance and Communications Director** – Angie, what is the average utility bill?

**Angie Watson, Utility Billing Supervisor** – in the winter it is \$125 and the summer it is \$250.

**Lee Ann Bunselmeyer, Finance and Communications Director** - so at \$250 you are looking at \$3.12. It does not cover all your costs because you have to pay some administrative fees, credit card processing fee, website, and portal to accept the payment. We set this rate in 2006 and it has not changed since.

**Councilmember Glockel** – have you looked at charging commercial only and not residential?

**Lee Ann Bunselmeyer, Finance and Communications Director** – most of our volume and expenditures comes from the residential side. The City of Denton in the past would charge for a few years and then not charge for a few years.

**Councilmember Burke**—inquired on the affects the transaction fees have on the general fund

**Lee Ann Bunselmeyer, Finance and Communications Director** – the \$75,000 is only on the utility side. The expenditure on the general fund side is not as much. Most of the individuals have to come in to go to court, so there is not a lot of internet charges from Court. However, when Planning and Development begin to charge online, there will be a lot of activity and we will have to address their charges at some point.

**Councilmember Burke** – the big picture is we either charge the person who uses the service or we charge all the tax payers.

**Lee Ann Bunselmeyer, Finance and Communications Director** – this policy has not been reviewed in thirteen years.

The next citizen item to discuss is the impact of the rate increases we did last year on our seniors. We focused in on 5,000 gallons a month usage because that was the new minimum water bill. It was brought to our attention that it was a 50 percent increase to our seniors instead of the seven or eight percent the city advertised. Today, we have approximately 300 seniors and they use less than 3,000 gallons a month. Under the old rate structure, they were paying \$22 a month and now it is \$44 a month for the same 3,000 gallons.

**Councilmember Garber** – is there a recommendation on how to fix this?

**Carolyn Marshall, CPA** - there are a couple of options. One is you could introduce a Senior Rate that is completely different than everyone else. When this is implemented everyone that is not a senior will pick up the shortfall. The other thing is to reduce the base bill amount. Again, whatever you do the shortfall will fall to the rest of the customers.

**Councilmember Garber** – can we not drop the base rate back to where it was and move the volumetric discount back from 5,000 to 3,000 just for the Seniors? This way they are still getting free water, but not getting 5,000 gallons. Sounds like a lot of the issues are from folk who are not even using this much. This gets them back down to half the base rate and it seems that this should even out enough or close enough that we would not have to affect anybody else.

**Lee Ann Bunselmeyer, Finance and Communications Director** – we can definitely run the analysis and double check. It is just 300 accounts and when we looked at their use, it is very low water usage. We will bring this back to council.

The third issue, is a resident came to council about a month ago that wanted to be grandfathered back to his agreement with the City to not charge him the minimum bill and wanted a refund calculated back 8-9 years, which is a refund of \$981.00. The back story to this situation involves a previous city manager that recommended the installation of an irrigation meter to lower their water bill cost by forcing all of the water consumption to the lower tiers of the billing amounts. This was not a policy or an ordinance. Upon discovering this, the City Manager at that time came back and stated, if a resident has a meter, then by ordinance and policy they are charged the minimum bill to cover the cost of service for that meter. Notifications were sent out to all residents informing them if they have two meters they would be charged two minimum bills per month. This resident did come in to discuss this and it was explained to him. He has consistently paid this from 2012 to this year. We feel this came up again because of the minimum rate change from \$22 a month to \$44 a month causing a larger bill for him. The irrigation meter for eight months out of the year has zero consumption and in the summer he can irrigate up to 40,000 gallons a month before incurring additional charges. Staffs thought is, if you have two meters, than you should be paying the minimum bill due to there is a cost for meter service. If he wants to combine and go back to one meter, staff would waive all the fees to combine the meters. If he does combine, his water bill will be significantly higher than paying \$44 a month minimum bill and staff could do the calculation to show him the cost difference. Staff is currently consistent with the ordinance and policy, there was never an agreement or a policy this was just an agreement between a staff member and a resident. Our recommendation is to move forward with this gentleman.

**Councilmember Glockel** – I can see at a point, as water becomes more critical, the second meter should be higher than the first meter. The second meter is not charged for sewer, but that water is not recovered. The value of the water in the first meter is the fact that it is recovered and reused, but the second meter the water goes away. It seems eventually that the base water per gallon in the second meter needs to be higher.

**Lee Ann Bunselmeyer, Finance and Communications Director** – the water conservation program started last year and I believe we have a handful that went through and asked for a rebate on their program. Staff will begin launching and promoting this program more and hope to use some of the \$25,000 to get some traction on the program by maybe purchasing a smart meter or some other promotional idea. Staff is hoping to continue to grow this program.

**Bob Hart, City Manager** – the next item for discussion is a service line warranty program that has

been promoted through the National League of Cities (NLC). It is an insurance policy residents can purchase so that if they have a leak on a water or sewer line, they can call a plumber to repair, and have it covered through the insurance with the NLC. It is a fee of about \$3-4 a month for water and \$5-6 for sewer. The city does not bill, collect the money or manage this program. The city authorizes it to be offered. Staff needs to know if Council is interested in exploring this program and we will provide hard numbers to look at.

**Councilmember Garber** - How far down the service line does it cover?

**Bob Hart, City Manager** - From the meter to the house.

**Mayor Heidemann** – verified Council would like staff to bring this back for further discussion.

3. **Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.**

There was no discussion on these items.

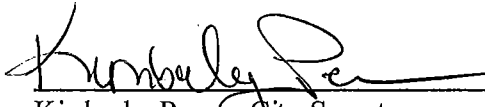
**ADJOURN:**

**Mayor Heidemann** adjourned the meeting at 7:05 p.m.

**AYES:** All

Meeting adjourned.

Approved by Council on the 9<sup>th</sup> day of May, 2019.

  
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Kimberly Pence, City Secretary  
City of Corinth, Texas

