

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

On this the 6th day of July 2017 the City Council of the City of Corinth, Texas met in a Regular Session at the Corinth City Hall at 7:00 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:

Bill Heidemann, Mayor
Joe Harrison, Mayor Pro-Tem
Sam Burke, Council Member
Lowell Johnson, Council Member
Don Glockel, Council Member
Scott Garber, Council Member

Staff Members Present:

Bob Hart, City Manager
Fred Gibbs, Planning and Development Director
Lee Ann Bunselmeyer, Finance Director
Chris Rodriquez, Finance Manager
Cody Collier, Public Works Director
Jason Alexander, Economic Development Corporation Director
Debra Walthall, Chief of Police
Greg Wilkerson, Asst. Chief of Police
Kim Pence, City Secretary
Shea Rodgers, Technology Services Manager
Angie Watson, Utility Billing Supervisor
Mike Brownlee, City Engineer
Mack Reinwand, City Attorney

Others Present:

Tom Taylor, Upper Trinity Regional Water District
Larry Patterson, Upper Trinity Regional Water District
Anthony Samarripas, Kimley Horn & Associates
Leroy Grawunder, Bond Attorney, McCall, Parkhurst & Horton
Marti Shew, Financial Advisor, First Southwest

CALL TO ORDER, INVOCATION, PLEDGE OF ALLEGIANCE & TEXAS PLEDGE:

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

Mayor Heidemann called the meeting to order at 7:00 p.m., Councilmember Garber delivered the invocation and led in the Pledge of Allegiance and the Texas Pledge.

PROCLAMATION:

Mayor Heidemann read into the record the Proclamation proclaiming Bill Rider as Officer of the Year 2016.

CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine and will be enacted in one motion. Should the Mayor, a Councilmember, or any citizen desire discussion of any Item that Item will be removed from the Consent Agenda and will be considered separately.

1. Consider and act on minutes from the May 18, 2017 Regular Session.
2. Consider and act on minutes from the May 18, 2017 Workshop Session.
3. Consider and act on a Settlement Agreement with Level 3 for the replacement of sewer line near the southwest corner of the intersection of Lake Sharon Drive and Interstate 35.
4. Discuss and consider approval of Amendment No. 1 to the Interlocal Cooperation Agreement between the City of Corinth and Denton County, Texas.

MOTION made by Councilmember Johnson to approve items #1, #2, #3, and #4 of the Consent Agenda. Seconded by Councilmember Garber.

AYES: Burke, Garber, Johnson, Harrison, Glockel

NOES: None

ABSENT: None

MOTION CARRIED

5. Consider and approve a renewed Interlocal Agreement between the City of Corinth and Lake Dallas Independent School District to provide police services (one full time police officer position) to staff the school resource officer position at Lake Dallas High School in Corinth. This agreement provides for expenditures of general funds for 25% of the salary of the existing full time police officer.

Councilmember Glockel pulled item #5, #6 and #7 for discussion. All the contracts appear to be worded the same however I think that the school system obligation to pay the amounts described in this agreement are paying more than their fair share for these officers.

Bob Hart, City Manager - if you look at the number of work days in a complete year, you start with 260 days and you take out of that vacation time, training time and holiday time that would leave 240 days and so the school takes them to 187 and that is how we came up with that 75/25% cost allocation. We looked at the salary plus all the cost for each benefit of that position so they are paying 75% of that position.

Councilmember Glockel - if that individual is off on workers comp the school has to pay his salary for the first 5 days. If he is off on an emergency the school pays for the first 5 days if he takes his vacation the school pays for the time he is off. Even though he is assigned to 180 days to a school if he is off for any of these reasons the school pays the bill up to 5 days and then the department or the City shall replace that SRO, prorate the money back to the school, but for the first 5 days it is the schools responsibility to pay is that not correct?

Bob Hart, City Manager - that does give us flexibility within the scope of the contract. We have a very good working relationship with the school and we will make sure they have an officer there to meet their needs and that is the reason for having the program. I think what you see here is contract provisions that provide some flexibility from an operational standpoint.

MOTION made by Councilmember Johnson to approve the Interlocal Agreement between the City of Corinth and Lake Dallas Independent School District to provide police services (one full time police officer position) to staff the school resource officer position at Lake Dallas High School in Corinth.. Seconded by Councilmember Harrison.

AYES: Burke, Garber, Johnson, Harrison
NOES: Glockel
ABSENT: None

MOTION CARRIED

6. Consider and approve a renewed Interlocal Agreement between the City of Corinth and Denton Independent School District to provide police services (one full time police officer position) to staff the school resource officer position at Myers Middle School in Shady Shores. This agreement provides for expenditures of general funds for 25% of the salary of the existing full time police officer.

MOTION made by Councilmember Johnson to approve the Interlocal Agreement between the City of Corinth and Denton Independent School District to provide police services (one full time police officer position) to staff the school resource officer position at Myers Middle School in Shady Shores subject to the Town of Shady Shores approving the Police Service Contract. Seconded by Councilmember Burke.

AYES: Burke, Garber, Johnson, Harrison
NOES: Glockel
ABSENT: None

MOTION CARRIED

7. Consider and approve a renewed Interlocal Agreement between the City of Corinth and Denton Independent School District to provide police services (one full time police officer position) to staff the school resource officer position at Crownover Middle School in Corinth. This agreement provides for expenditures of general funds for 25% of the salary of the existing full time police officer.

MOTION made by Councilmember Burke to approve the Interlocal Agreement between the City of Corinth and Denton Independent School District to provide police services (one full time police officer position) to staff the school resource officer position at Crownover Middle School in Corinth. Seconded by Councilmember Harrison.

AYES: Burke, Garber, Johnson, Harrison
NOES: Glockel
ABSENT: None

MOTION CARRIED

CITIZENS COMMENTS

In accordance with the Open Meetings Act, Council is prohibited from acting on or discussing (other than factual responses to specific questions) any items brought before them at this time. Citizen's comments will be limited to 3 minutes. Comments about any of the Council agenda items are appreciated by the Council and may be taken into consideration at this time or during that agenda item. Please complete a Public Input form if you desire to address the City Council. All remarks and questions addressed to the Council shall be addressed to the Council as a whole and not to any individual member thereof. Section 30.041B Code of Ordinance of the City of Corinth.

There were no Citizen Comments made.

PUBLIC HEARING

8. Hold a public hearing and receive citizen input on the proposed water and wastewater rates for FYE 2018 - 2020.

Mayor Heidemann opened the Public Hearing at 7:20 p.m.

Bob Hart, City Manager - what does it cost to capture the water, to put it in the pipe, treat it, and distribute it to the homes. When we look at the water rates, the City of Corinth has historically done is review water rates every 3 years. When we look at the revenue requirements in 2018, 2019 and 2020 those are the projected revenue requirements that are needed to operate. The water requirements in 2018, 2019 and 2020 runs about \$7.9 million to about \$8.7 million during that three year period. The wastewater side you are looking at about \$3.3 million and go up to about \$3.5 million between now and 2020 based on annual projections.

Revenue requirements and what we look at you will see about 74% of the cost of the water system is based upon the charges that we receive from the Upper Trinity Regional Water District for buying water from them and also includes the Chemicals/Electricity and Annual Debt Service. The other 26% includes the salaries for the 26 employees that work within the water system and that includes both the billing component and the men and women that work out in the field working on water lines and wastewater lines. The repairs that are required for the system and the transfers is the allocated overhead cost that are charged to the water and wastewater system and that would include legal representation with the attorney, payroll offices, the finance department and so forth.

The City's water purchase rates from Upper Trinity have increased by 16.81% since 2011. Since 2011 the City's wastewater purchase rates have increased by 14% from Upper Trinity and the City of Denton. The projected annual increase for FY 2018-2020 is 5%.

When we look at what we call the peaking nature of the system and the trend that we have is just under about three million gallons of water a day. In July and August the water we use in the system is almost 7 1/2 million gallons. The other element that we have to do is make sure the water pipes are sized in a way to meet that kind of demand in the summer. We allocate the cost when the demand is placed on the city is based on the meter size. When we allocate those costs we do that based on the formula of the amount of water that comes through a meter based on the American Water Waste Association (AWWA) has created.

The current base fee for water is based on meter size so as an example a 5/8X3/4 meter current base fee is \$23.27 and almost 6,900 customers has that size meter. Using the AWWA Standards for their allocated cost of that size meter we are recommending an increase of \$23.27 to \$31.23. The 3/4 meter recommended change from \$32.24 to \$34.36 and a 1 inch meter recommended change from \$32.25 to \$43.73. The rest of the size meters are customer class meters. One of the reasons why you don't see an increase in some of these areas is because when the rates were set in 2008 the City separates so that the first 3 classes of meters paid less than their full share of the recommended charge and anybody with a 1 1/2 meter and above paid more than what was recommended by the AWWA standards.

The Volumetric charge for water 0-10,000 gallons of water is at \$2.77 and we recommended to be increased to \$4.95 and about 4,000 customers use between 0-10,000 gallons a month and 10,001 - 25,000 current rate is \$4.77 and the recommended charge is \$6.95. 25,001 - 50,000

current rate is \$6.77 and the recommended charge is \$8.95 and 5000 gallons and up the current rate is \$8.77 and the recommended charge is \$10.95.

The current base fee on the wastewater is \$21.39 and the recommendation is to stay at the same fee. The volumetric fee is currently at \$5.60 and is recommended to be reduced to \$3.67 per 1,000 gallons.

In 2008, the City raised water rates and then in 2011 the City Council reviewed those rates and they were reduced at that time and those rates have stayed in place since 2011. When we went through the review in 2014 and we are at 2017. We looked at the operational cost of the system this past year and the system actually ran in a deficit of about \$1.4 million dollars and it is projected to have a deficit in 2017/2018 fiscal year of about \$1.8 million dollars. The existing deficit and the projected deficit is the bases for a recommendation to increase those water rates.

At the same time in looking at the wastewater charges, those charges have been recommended to be reduced.

In 2018, the wastewater utility rate was adjusted and we set a rate of \$21.39 with the volumetric charge of \$4.98. That was reviewed again in 2011, the base rate stayed the same and the volumetric fee was increased to \$5.60. The recommendation is to maintain the base rate of \$21.39 and reduce the volumetric charge to \$3.67.

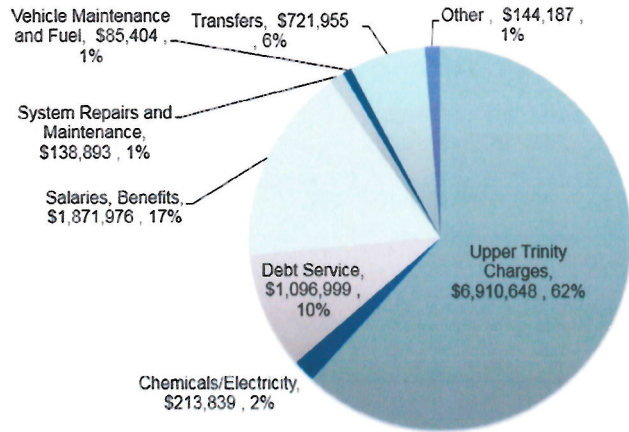
Step 1: Revenue Requirements

	2018	2019	2020
Water Utility Revenue Requirement	\$7,895,691	\$8,281,077	\$8,663,100

	2018	2019	2020
Wastewater Utility Revenue Requirement	\$3,288,209	\$3,403,212	\$3,478,787



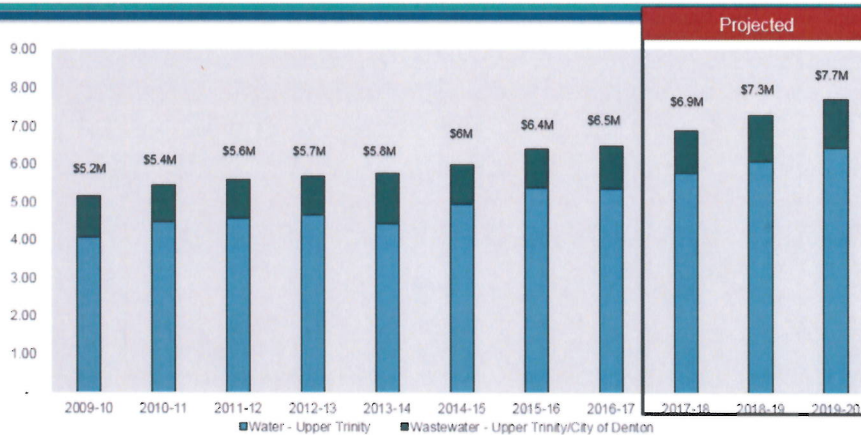
Step 1: Revenue Requirements



**74% of Total Revenue Requirements are for Upper Trinity, Chemicals/Electricity and Annual Debt Service*



Water/Wastewater Purchase Costs



The City's water purchase rates from Upper Trinity have increased by 16.81% since 2011.

Since 2011, the City's wastewater purchase rates have increased by 14% from Upper Trinity and the City of Denton.

The projected annual increase for FYE 2018-2020 is 5%.



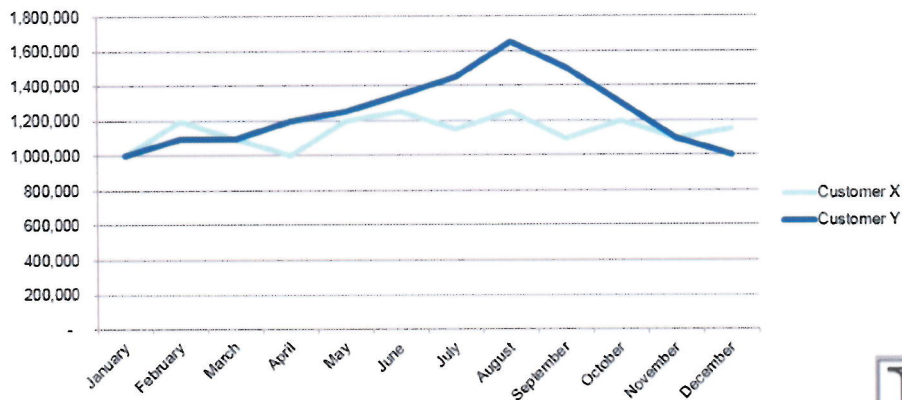
Step 2: Functionalization

- Recognizes Peaking Nature of Utility Systems
- Based Upon AWWA Described Methodology – Base/Extra Capacity
 - Base Costs of Service
 - Extra Capacity Costs of Service
 - Customer Costs of Service



Step 3: Cost Allocation

- Recognizes different usage patterns of customer classes



Step 4: Rate Design

- Recovers Cost of Service from Each Class of Customers
- Packaged to Mitigate Financial Impact to Customers



Step 4: Rate Design

- Water Utility
 - Base Fee

Base Fees	Current Rate	Recommended Rate	Customer Count
5/8 x 3/4	\$23.27	\$31.23	6,873
full 3/4	\$32.24	\$34.36	16
1 inch	\$32.25	\$43.73	95
1 1/2 inch	\$65.15	\$65.15	55
2 inch	\$100.70	\$100.70	78
3 inch	\$210.25	\$343.56	13
4 inch	\$330.10	\$437.26	2
6 inch	\$660.95	\$660.95	1
10 inch	\$1,510.65	\$1,510.65	1



Step 4: Rate Design

- Water Utility
 - Volumetric Charge – Residential

Volumetric Charges - Residential	Current Rate	Recommended Rate	Customer Count
0-10000	\$2.77	\$4.95	4,022
10001-25000	\$4.77	\$6.95	2,297
25001-50000	\$6.77	\$8.95	448
50000 up	\$8.77	\$10.95	33



Step 4: Rate Design

- Water Utility
 - Volumetric Charge – Commercial

Volumetric Charges - Commercial	Current Rate	Recommended Rate	Customer Count
0-10000	\$3.68	\$4.75	113
10001-25000	\$4.68	\$5.75	52
25001-50000	\$5.68	\$6.75	59
50000 up	\$6.68	\$7.75	110



Step 4: Rate Design

- Wastewater Utility

	Current Rate	Recommended Rate
Base Fee	\$21.39	\$21.39
Volumetric Fee	\$5.60	\$3.67

Customer Class	Wastewater (Gallons)	Customer Count	Average Gallons
Residential	32,593,733	6,589	4,947
Commercial	7,765,808	148	52,472



Residential Water Rate History

- Volumetric Charge – Residential

Volumetric Charges - Residential	2008 -2010	2011 -2017	Recommended Rate
0-10000	\$3.20	\$2.77	\$4.95
10001-25000	\$5.20	\$4.77	\$6.95
25001-50000	\$7.20	\$6.77	\$8.95
50000 up	\$9.20	\$8.77	\$10.95

- No Changes in Base Rate since 2008



Commercial Water Rate History

– Volumetric Charge – Commercial

Volumetric Charges - Commercial	2008-2010	2011-2017	Recommended Rate
0-10000	\$4.51	\$3.68	\$4.75
10001-25000	\$4.51	\$4.68	\$5.75
25001-50000	\$4.51	\$5.68	\$6.75
50000 up	\$5.51	\$6.68	\$7.75

– No change in base rate since 2008



Wastewater Rate History

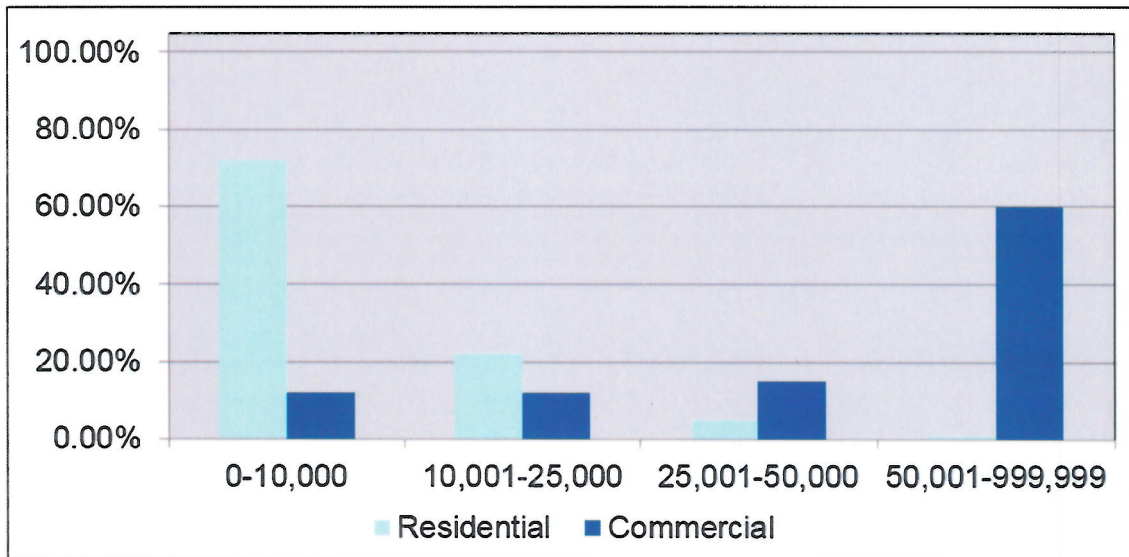
	2008-2010	2011-2017	Recommended Rate
Base Fee	\$21.39	\$21.39	\$21.39
Volumetric Fee	\$4.89	\$5.60	\$3.67



Average Customer Rate Comparison



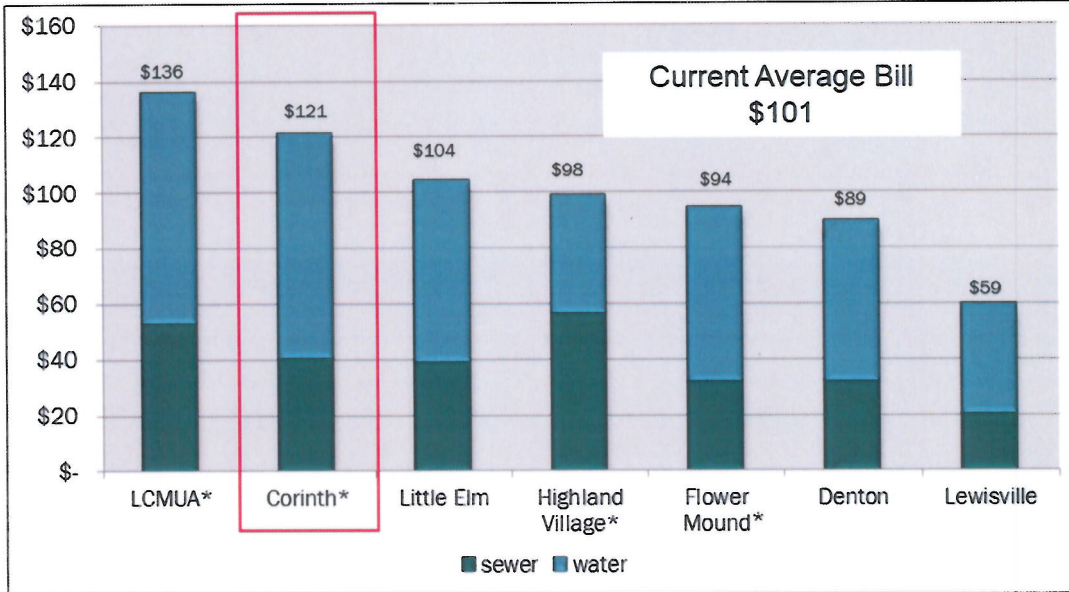
Utility Customers Based on Usage



Residential Customers (95.3%)	6,800
Commercial Customers (4.7%)	<u>334</u>
Total Customers	7,134

Average Residential Customer Impact

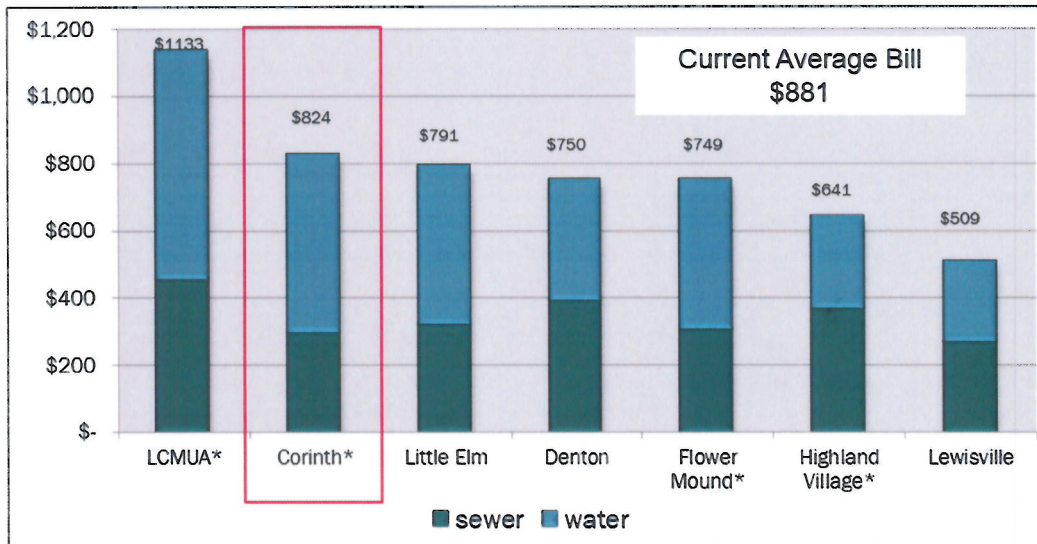
Based on 10,000 gallons water and 5,045 gallons sewer per month



* Cities serviced by Upper Trinity. Note, Flower Mound only subscribes for Water services, they do not subscribe for Wastewater Services.

Average Commercial Customer Impact

Based on 75,000 gallons water and sewer per month



* Cities serviced by Upper Trinity. Note, Flower Mound only subscribes for Water services, they do not subscribe for Wastewater Services.

Lisa Clawson, 1411 Park Place - against the proposed water rate increase.

Patrick Hamilton, 1305 Corinth Bend - against the proposed water rate increase.

Greg Shappa, 2713 Skyview - against the proposed water rate increase.

Penny Ringener, 3909 Park Wood Drive - against the proposed water rate increase.

Brian Pickens, 3012 Blake Street - against the proposed water rate increase.

Larry Cleveland, 1607 Creekside Drive - against the proposed water rate increase.

Daniel Martinez, 3303 Windridge Lane - against the proposed water rate increase.

Barbara Osborne, 1902 Twin Brook Turn - in favor of the proposed water rate increase.

Dennis Dotson, 4408 Grassy Glen - against the proposed water rate increase.

Mica Davis, 1901 Wickersham Lane - against the proposed water rate increase.

Robert Novinsky, 2212 Redrock Drive - against the proposed water rate increase.

Ruth Brosnan, 3647 Fairview Drive - against the proposed water rate increase.

Connie Prendergast, 2004 Fair Oaks Circle - against the proposed water rate increase.

Ron and Phyllis Taylor - 1731 Timber Ridge Circle - against the proposed water rate increase.

Mayor Heidemann closed the Public Hearing at 8:06 p.m.

BUSINESS AGENDA

9. Consider and act on an ordinance approving the Water and Wastewater Rates in the master fee schedule for the Fiscal Year ending 2018-2020, as presented by Nelisa Heddin Consulting, LLC.

Bob Hart, City Manager - tonight we brought you the recommended increases for your consideration.

MOTION made by Councilmember Garber to table until Budget Season begins. Seconded by Councilmember Glockel.

AYES: Burke, Garber, Johnson, Harrison, Glockel

NOES: None

ABSENT: None

MOTION CARRIED

10. Consider and act on a request from the applicant Don Paschal, authorized representative for the property owner, Huffines Children's Trust for a Major Subdivision Waiver to the City of Corinth Ordinance No. 13-05-08-20, Unified Development Code (UDC) to allow grading, fill dirt and the removal of trees that are protected under the Landscape and Tree Preservation Ordinance prior to release of Construction Plans on a site being 13.773 acres out of the E.A. Garrison Survey, Abstract No. 511 in the City of Corinth, Denton County, Texas. (This site is located on the west side

of I-35E and the east side of Tower Ridge Drive, south of Lake Sharon Drive.)

Mayor Heidemann recused himself from discussion on item #10.

Mayor Pro-Tem Harrison recessed the meeting at 8:10 p.m. and reconvened the meeting at 8:16 p.m.

Fred Gibbs, Planning and Development Director - what is being requested tonight is a major subdivision waiver to allow early grading on the site prior to the full construction release of the civil. We are very close at having all the civil addressed. I think we are within weeks of having it completed, but just in case of not getting there we are running this waiver with the applicant to endure them the ability to start some early grading and tree removal as part of the development process.

The Planning and Zoning Commission and staff both recommend approval of the major waiver. We would ask the City Council to add the condition of meeting the City's engineer's comments.

Don Paschel, Representative for Huffines - this request is to mainly allow us to get moving on the dirt work. The objective is to move us as rapidly as we can to be able to have the project coming out of the ground quickly.

MOTION made by Councilmember Johnson to approve the request for the major subdivision waiver as presented and subject to any recommendations from the engineering letters. Seconded by Councilmember Glockel.

AYES: Burke, Garber, Johnson, Harrison, Glockel

NOES: None

ABSENT: None

MOTION CARRIED

11. Consider adoption of an ordinance authorizing the issuance and sale of City of Corinth, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2017; levying an annual ad valorem tax and providing for the security for and payment of said certificates; approving the official statement; providing an effective date; and enacting other provisions relating to the subject.

Bob Hart, City Manager - items #11 and #12 are inter-related. The first is dealing with issuance of Certificates of Obligation of the projects with the Public Safety building, fire station #3 and the Lake Sharon extension.

Marty Shew, Financial Advisor, First Southwest - you had two series of bonds that were sold separately today. The General Obligation Refunding Bonds, you received 8 bids and the lowest bid came in from J.P. Morgan Securities L.L.C. with a rate of 1.92%. The same thing for the Certificates of Obligation, five bids were received and the lowest bidder was Robert W. Baird & Co, Inc. with a 3.03% true interest cost.

This is the final step of the bond issuance process. By adopting the Ordinances under the two items before you, you are effectively accepting these terms of locking these interest rates in to place and then we will move towards closing which is scheduled for August 3, 2017.

Councilmember Glockel - is there anything due from the City in 2018?

Marty Shew, Financial Advisor, First Southwest - yes, there is an interest payment coming due in

2018. Your actual first payment will start February 15, 2018 and you will have interest only payments for the year 2018 and then the first principal payment hit on February 15, 2019.

MOTION made by Councilmember Johnson to approve the Ordinance authorizing the issuance and sale of City of Corinth, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2017; levying an annual ad valorem tax and providing for the security for and payment of said certificates; approving the official statement; providing an effective date; and enacting other provisions relating to the subject. Seconded by Councilmember Burke.

AYES: Burke, Garber, Johnson, Harrison, Glockel

NOES: None

ABSENT: None

MOTION CARRIED

12. Consider adoption of an ordinance authorizing the issuance and sale of City of Corinth, Texas General Obligation Refunding Bonds, Series 2017; levying an annual ad valorem tax and providing for the security for and payment of said bonds; approving the official statement; providing an effective date; and enacting other provisions relating to the subject.

Marty Shew, Financial Advisor, First Southwest - the refunding is being done strictly for savings of 2.4 million dollars in total gross savings averaging a gross savings of about \$240,000 for net present value of savings of 13.48%.

MOTION made by Councilmember Harrison to approve the ordinance authorizing the issuance and sale of City of Corinth, Texas General Obligation Refunding Bonds, Series 2017; levying an annual ad valorem tax and providing for the security for and payment of said bonds; approving the official statement; providing an effective date; and enacting other provisions relating to the subject. Seconded by Councilmember Burke.

AYES: Burke, Garber, Johnson, Harrison, Glockel

NOES: None

ABSENT: None

MOTION CARRIED

COUNCIL COMMENTS & FUTURE AGENDA ITEMS

The purpose of this section is to allow each councilmember the opportunity to provide general updates and/or comments to fellow councilmembers, the public, and/or staff on any issues or future events. Also, in accordance with Section 30.085 of the Code of Ordinances, at this time, any Councilmember may direct that an item be added as a business item to any future agenda.

Councilmember Johnson - July 15th at 8:00 a.m. is the 5K Police Foot Pursuit starting at the high school.

Bob Hart, City Manager - we had discussed previously about having a policy workshop on July 13th and that has been cancelled.

Mayor Heidemann recessed the Regular Session at 8:45 p.m. * See Closed Session

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of

the above listed agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with chapter 551.

Council met in Closed Session from 8:46 p.m. until 9:05 p.m.

Charles D. Simmons v. City of Corinth

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Council met in Closed Session from 8:46 p.m. until 9:05 p.m.

Lake Sharon Project - Right of Way Acquisition

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in executive session, any final action or vote taken will be in public by the City Council. City Council shall have the right at any time to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON EXECUTIVE SESSION ITEMS

There was no action taken from Closed Session.

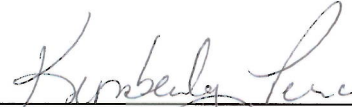
ADJOURN:

Mayor Heidemann adjourned the meeting at 9:06 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 24th day of August 2017.



Kimberly Pence, City Secretary
City of Corinth, Texas

