

# WHITE OAK CITY COUNCIL SPECIAL MEETING MINUTES

July 7, 2023

5:30 P.M.

MEMBERS PRESENT: Mayor Kyle Kutch, Joe Stephens, Thomas Cash, John Frazier, Dana Mizell, Kevin Hood

MEMBERS ABSENT:

STAFF PRESENT: Kristine Toon, Jimmy Purcell, Blane Palmer, Beaux Huey, Colton Apple, Tracey Fears, Terry Roach, Cameron Kizzia

GUESTS PRESENT: Selina Tabor, Randy Williams, Karmenn Williams, Jim Meyers, Kevin Phillips, Aaron Combs, Jennifer Hearn, Derek Zivney, Adelyn Zivney, Colton Zivney, John Toon, Vince Edmondson, Rickey Maxwell, Amelia Maxwell

1. CALL TO ORDER – 5:30 p.m.

- a) Invocation
- b) Pledge of Allegiance

2. CONSIDERATION OF CONSENT AGENDA

- a) City Council meeting minutes for June 13, 2023

Councilmember Cash moved to approve, seconded by Frazier. Carried 6-0

3. CONSIDER AND DISCUSS an increase in water rates.

City Manager, Jimmy Purcell presented a Power Point Presentation. The City Council has tried to keep the rates low. The city council has a responsibility (Texas water code 13.042) to set the water rates, keep things running as well as look to the future. The city council does not want to raise the rates but looks like the city will have to. The city wants to hear the citizens' concerns.

Power Point Presentation begins:

- To run the water plant, it has cost the city \$3,000,000 this year.
- Our water comes from the Big Sandy Creek. The water intake point is sixteen miles away from the water plant. The pipe that transports the water was put into use in 1936. It is our responsibility to do the maintenance and repairs on this line. We rent the line from Longview. The rent for the water line is roughly \$70,000 per year not including the maintenance.
- The city council has the responsibility (Texas water code) to set the water rates for operations, maintenance, reserve funds and to pay back any debt.
- We have \$9,590,000 in debt. Yearly debt payments are around \$800,000 per year. The city currently has a General Obligation Bond (refinancing bond) and two SIB loans. In 2013 the city was required by the TCEQ to upgrade the water plant. In doing so the Certificate of Obligation was taken out, in 2021 the city was able to refinance the CO to a GO to get a better interest rate. TxDot required the city to

move the utility lines under George Richey as well as Hwy 42. So the city had to take out two different SIB loans to pay for the costs.

- After the loans are paid for in September it will leave \$38,000 in the Texas Class account.
- Please don't focus on the water rates of the city around us. The rates are influenced by population and the amount of debt the city has. Right now, for cities that are similar to our population range from \$56.89 to \$26.25. White Oak's current rate is \$24.60. TML sends out a survey and the average for a city of a population of 5,000 to 10,000 is \$40.75 per 5,000 gallons of water.
- The city has about 2,700 meters. Our base rate is \$24.60 for 3,000 gallons of water. Then we have a tier system. We have a choice between a tier system or a flat rate per 1,000 gallons. As it stands now a citizen get 3,000 gallons of water for \$24.60. After the 3,000 the city begins to charge per 1,000 gallons.
- The Texas Rural Water Board (non-profit) came out and did a rate study for the city. They are telling us that to break even with costs of running the plant and debt owed, the city needs to charge a minimum of \$35 per meter and a new tier system or a flat rate per \$1,000 gallons. This would not build a reserve as the city is required to have. They recommended that a good number for us would be \$50.
- Right now, the average that would be paid for 5,000 is \$87.10 (including sewer and trash)  
With the new tier system to break even for 5,000 gallons would be \$113.00.  
This is a \$26 increase.
- Mr. Kutch was going through some of the numbers. Could be \$35 and \$6 after 2,000 gallons instead of 3,000 gallons. The average household is 5,000 gallons.
- Kristine Toon explained that the water account is only funded by water rates.
- Selina Tabor said that the chemicals for Longview water dept have gone up also. In the last few years Chlorine has gone up from \$692 to \$1,400 in one year, now is at \$2,017 per ton. And that is just one chemical. Beaux is just trying to keep the water safe to drink.
- Beaux said that every aspect of the operation has gone up.
- Longview is having to watch billing due to the chemical companies now adding a fuel charge to deliver the chemicals.
- Mr. Purcell told the citizens that if they would like any information that we have we would be happy to print it out and to give it to them.
- Mr. Kutch now opens the floor up for citizens' comments and questions.
- Mr. Cash reminded the council that we need to focus on what White Oak needs and not other cities' prices.
- Mr. Purcell also reminded the council that the increase would not support any future projects. As of right now if we were to move our water intake line to the Sabine River, it would cost us 8 to 9 million dollars. If we were to sleeve the pipe from here to Big Sandy, it would cost us \$19,000,000. So that is not an option.

4. **CITIZENS COMMENTS** *(Any citizen wishing to address the Council on an agenda item may do so during the citizen comment section of the meeting, or when the item is being considered by the Council.)*

- Kevin Phillips asked if we have looked into any available funds to help with George Richey (for example), since the expansion has been forced upon the city.

Mr. Fears replied to this question: TXDot does not provide the funds they charge us.

Mrs. Toon explained that we use a company called Specialized Public Finance Inc to look at all of our funding options that we have as a city. This is one of the first steps the city takes. Mr. Purcell said that we also use Traylor and Associates to look for funding. We apply for all grants possible. Mrs. Toon then said that the funding for Old Hwy 80 is mostly coming from a grant. Mr. Purcell also explained that what hurts the city the most is our city's median household income. Mr. Cash clarified by saying that the average White Oak citizen makes too much for the city to receive grants.

Mr. Phillips wanted to know if we get treated water from Longview. Mr. Purcell told him that we get raw and some treated water from Longview. Mr. Phillips asked has the city talked with Longview about other options for water? He said that sixteen miles is not ideal, but we just keep talking about it. What can be done? Did this blindside the city? Mrs. Toon: The city council was hoping the water rate increase six months ago would have been enough, but then we had the rate study come back and we were told that it would not be enough to sustain. Mr. Purcell said that we are in a contract with Longview to rent the water line. Right now, we have a water lawyer looking over the Longview contract to amend it. Mr. Purcell has also been speaking with the City Manager in Longview to find a solution. Everyone around us has water rights, the City of White Oak does not. The city would like to get away from renting the line, but also keep a relationship with Longview for emergencies. Getting water rights is not a quick process.

- Jim Meyer: Do you foresee any requirements that the water system may need? For example, the city building more neighborhoods. Can our water system handle and increase, or are we at capacity?

Mr. Beaux Huey: No sir, our plant is not at capacity. Right now, the plant is processing 1,500,000 gallons a day, but is capable of producing 3,300,000 gallons per day. The lines that would go into the subdivision are put in by the developers. The city is not responsible for laying the lines.

- Ricky Maxwell: What is the average amount of leaks (breaks) per year on the sixteen-mile line?

Mr. Fears says about two a year, sometimes more. One year we had nine breaks. With each break averaging \$5,000 to repair. A lot of the breaks depends on the weather (if we are wet or dry)

Mr. Maxwell: is it a clay line?

Mr. Fears: It is a cast-iron line.

Mr. Cash: We did talk about sleeving it at one time, but that would cost \$18,000,000.

Mr. Kutch: The best option looks like the river but that is expensive.

If we went with Longview's treated water, they are able to raise the rates at any time without our consent.

Mr. Purcell: We are looking at all options. That is why we have hired a city attorney to help us navigate these questions and options. The city does have a good relationship with Longview. The Longview City Manager is willing to work with us.

Mr. Maxwell: Do we know why the Texas Rural Water Board is suggesting the tiered system?

Mr. Purcell: Paul King with TRWB looks at all revenue and expenses. All water must be treated when it leaves the plant. He says the with the fixed rate the starting amount is just to be able to turn the faucet on, that would not give you any water.

- Mrs. Jennifer Hearron: is concerned about charging people more on a tiered system. That each tier jumps up for using more water. Would we be raising the base rate as well as the tiered rate?

Mrs. Toon: the first recommendation from TRWB was a \$50 base rate then a flat rate of \$7.81 per 1,000 gallons. We think we can do it for less.

Mrs. Jennifer Hearron: The flat rate would be more reasonable for some people and a higher bill for others.

Mrs. Toon: We would say that it would be less for the citizen who uses an average of 5,000 gallons but not for the consumer that uses a large amount of water.

Mrs. Jennifer Hearron: Would the city consider looking into a flat rate? It doesn't cost more for the water to be treated if you use more? So please look into a flat rate also.

Mr. Purcell: So you all have an idea of what the usage is with meters in the ground: 0-2,000 gallons is 23.81%; 2,001-6,000 gallons is 31.33%; 6,001-10,000 gallons is 12.03%. We are open to any ideas or suggestions you all may have. Please contact us or come see us. But don't forget that each year we will need to come back and look at it to re-evaluate prices.

- Arron Combs: He is concerned that the rate increase would cost the average citizen too much money, as well as senior citizens. Mr. Combs wanted to know if commercial businesses have a different rate than individuals.

Mrs. Toon said that as of now the businesses have a different rate.

Mr. Purcell explained that discount for seniors is not off the table.

Mrs. Toon: we are not opposed to suggestions, as of right now we have a year's worth of reserve to pay our debit. The city just needs to get ahead of it.

- Mr. Phillips: Why is this coming up now? What has happened for it to be seen all of a sudden?

Mr. Purcell: This has been worked on for many months, before the last increase six months ago. The city council has not wanted to increase the water bills to help the citizens. But now that the studies have come back, we just can't continue a little at a time.

- Mr. Maxwell: Wanted to know if we have thought about having a Bond election to ask for \$10,000,000 to build a three-mile pipeline to the Sabine River?

Mrs. Toon: That is a good idea, we have not talked about that yet, but can be discussed.

- Mr. Phillips: Do we have any other options for water:

Mr. Kutch: In the past we have looked at wells, but that was not feasible. Also have looked into purchasing Lake Harris, but it is not for sale.

- Mrs. Hearron: When will we hear the results from our discussion?

Mr. Purcell: Tonight, was the first step. We will not be voting on it at the City Council meeting July 11<sup>th</sup>. We hope to have a town meeting before the City Council meeting in August.

5. CITY COORDINATOR REPORT

a) Update on capital improvement projects

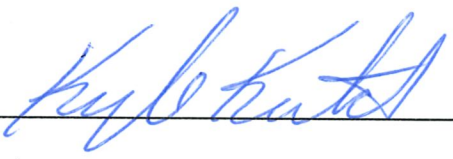
- Old Hwy 80 Rd construction is to begin in two weeks. The project is to take about three weeks to complete.

b) administrative updates

None

11. ADJOURNMENT

Councilmember Frazier moved to adjourn at 6:34 p.m., seconded by Councilmember Mizell. Adjourned by consensus.

  
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Kyle Kutch, Mayor

Attest:

  
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Kristine Toon  
City Secretary/Finance Director