



# City of Rowlett

## Meeting Minutes

### City Council

4000 Main Street  
Rowlett, TX 75088  
www.rowlett.com

*City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6115 or write 4000 Main Street, Rowlett, Texas, 75088, at least 48 hours in advance of the meeting.*

Thursday, February 2, 2012

5:30 P.M.

Municipal Building - 4000 Main Street

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

**Present: Mayor Gottel, Mayor Pro Tem Phillips, Deputy Mayor Pro Tem Kilgore, Councilmember Davis, Councilmember Pankratz, Councilmember Miller and Councilmember Gallops**

#### 1. CALL TO ORDER

Mayor Gottel called the meeting to order at 5:30 p.m.

#### 2. EXECUTIVE SESSION (5:30 P.M.)

Convened into Executive Session at 5:30 p.m.

- 2A. The City Council shall convene into Executive Session pursuant to the TEXAS GOVERNMENT CODE, §551.071 (Consultation with City Attorney) to consult with the City Attorney regarding the Garland Public Shooting Range.

#### TAKE ANY NECESSARY OR APPROPRIATE ACTION ON CLOSED/EXECUTIVE SESSION MATTERS

Reconvened into open session at 6:31 p.m.

No action was taken on the Executive Session item.

#### 3. INDIVIDUAL CONSIDERATION

- 3A. Consider an action to approve an ordinance amending the City of Rowlett's Code of Ordinances regarding discharge of firearms.

Mayor Gottel read the item into the record.

City Attorney stated the substance of the ordinance was not altered; only a new subsection was added that created an offense for any person that may discharge a firearm, regardless of where the discharge occurs, where the effects of the discharge would be felt within the City's limits.

**A motion was made by Mayor Pro Tem Phillips, seconded by Councilmember Miller, to approve the item as read. This item was adopted as ORD-006-12. The motion carried by the following vote:**

**Ayes: 7 Mayor Gottel, Mayor Pro Tem Phillips, Deputy Mayor Pro Tem Kilgore, Councilmember Davis, Councilmember Pankratz, Councilmember Miller and Councilmember Gallops**

#### 4. WORK SESSION ITEM

- 4A. Hear presentation and discuss the impact of the drought.

Staff gave a brief history of the City's contract with the North Texas Municipal Water District (NTMWD); stated the current contract expires in 2024. Stated there is a key provision in the contract referred to as 'Take or Pay'. The provision requires members and customers cities to annually pay for the most water they have ever used. Stated for Rowlett, that is 3.2 billion gallons which was used in the 2006 drought. Rowlett typically uses closer to 2.6 billion gallons which costs ratepayers approximately \$1.0 million extra per year.

Comments were made regarding the contract length; paying for water that we have not used; paying for infrastructure; and City access to well water.

Staff spoke as to why the City does not buy its water from some other source. Stated the City is locked into a contract with the NTMWD until 2024 and the City would still be responsible for annual payments of \$5.9 million, even if we do not use a drop of water. Stated Rowlett does not have the infrastructure to get water from anyone else. Stated NTMWD uses a city's maximum usage in any one year to set the minimum allotment. The City of Dallas, however, uses a city's maximum usage on a daily basis to set the minimum allotment.

A member of Council stated the thought of going somewhere else for cheaper rates is a fallacy.

Staff spoke regarding two key factors that makes this water shortage very bad:

- Lack of rain/excessive heat
- Zebra mussels

Staff specifically spoke regarding zebra mussels. Stated the mussels upset the ecological system in the water by removing food sources for other water species; and the mussels clog pipelines, intakes, and screens.

Staff stated seven of the NTMWD's eight water pumps are found in the State of Oklahoma. Stated the Lacey Act prohibits the transfer of invasive species across state lines; therefore, it would be a federal offense to pump the mussels from Oklahoma into Lake Lavon.

Staff publically thanked Mike Rickman with NTMWD as he has treated the City well by answering questions and making resources available.

What the NTMWD is doing:

- Currently in negotiations with the City of Dallas to purchase 60mgd in a three-year contract.
  - This will add approximately 82% of the capacity lost by Lake Texoma.
  - This will cost NTMWD approximately \$8 - \$16 million per year.
  - This will cost Rowlett ratepayers 16¢ - 20¢ per 1,000 gallons beginning in October 2012.
- NTMWD is working with the Corp of Engineers to build a pipeline from Lake Texoma to the Wylie Treatment Plant (will take approximately 20 months).
  - The Treatment Plant will provide a means to filter out the Zebra mussels.
  - This will cost NTMWD approximately \$270 million financed over 20 years.
  - This will cost Rowlett ratepayers 21¢ - 26¢ per 1,000 gallons beginning October 2012.
- NTMWD will accelerate the pipeline from the Main Stem of Trinity (temporary pumps).
  - This will cost NTMWD approximately \$75 million financed over 20 years.
  - This will cost Rowlett ratepayers 6¢ - 7¢ per 1,000 gallons beginning October 2012.
- The NTMWD will pursue restoration of Texoma pumping during the Winter; however, they can only pump when the water temperature is at or below 54 degrees.
- The NTMWD will enforce water restrictions.
  - The Target is 10%; however, NTMWD's Plan requires landscape irrigation can only occur once every two weeks.

It was stressed that the residents of Rowlett would be able to protect their investments (foundations and yards). Staff stated the City will communicate a watering strategy to its citizens.

Staff spoke regarding three important caveats to this situation.

Caveat 1: No more is known than is known; the situation is fluid.

- 2011 was the driest year on record and the 2<sup>nd</sup> hottest ever.
- Lake Texoma is not available as a water source today due to zebra mussels and Lake Chapman's water supply has been exhausted.

- Lake Texoma requires a long-term solution to become available again.
- NTMWD relies on rainfall to refill reservoirs – Lake Lavon was down 12-feet; now it is down six-feet as of January 31, 2012.
- NTMWD currently is in negotiations with the City of Dallas to acquire additional water.
- The water restrictions could stay in Stage 3 if:
  - La Nina' dissipates
  - Weather patterns return to normal
  - The contract with the City of Dallas is approved; and
  - Cities meet water restrictions target
- The water restrictions could go to Stage 4 if:
  - La Nina' does not dissipate and/or we miss normal spring rain patterns
  - The contract with the City of Dallas is not approved
  - Lake levels fall below 475-feet; and/or
  - Cities fail to meet restrictions target

Caveat 2: Member and Customer Cities are not treated alike.

- Member Cities
  - Only have to meet 10% reduction target under Stage 3.
- Customer Cities (including Rowlett)
  - Rowlett's current water management plan does not meet NTMWD's Plan.
  - By contract, the City must "...adopt and enforce any and all ordinances generally related to water conservation as...may be adopted or recommended by the Board of Directors of the NTMWD".
  - On January 26, 2012, the NTMWD Board approved the plan to allow outdoor watering only once every 2 weeks and soakers hoses for 2 hours a day.

This means that it is possible that under Stage 3, Rowlett may achieve a reduction in water use by 25% - 30% when the district goal is only 10%.

Caveat 3: There is no accounting for human behavior in this situation.

- Irrigation is easy
  - How many customers will use soaker hoses for two hours a week?
  - How many customers will use handheld hoses for two hours a week?
- Must assume the worst case scenario
  - The City cannot financially afford to be wrong.
  - The City may need to establish a surcharge to cover revenue shortfall in FY2012 and/or FY2013.

What is it going to cost Rowlett customers?

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**Impact to Rowlett Ratepayers**

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12-18 month surcharge for revenue shortfall water restrictions	FY2012: Unknown FY2013: Will have better data. May need to collect any shortfalls from FY2012 also.
3-year short-term water purchase contract with City of Dallas	FY2013: \$0.16 to \$0.20 per 1,000 gallons
Capital Infrastructure to Build Pipeline <u>and</u> Main Stem Projects	FY2013: \$0.27 to \$0.33 per 1,000 gallons
Projected Annual Increase to NTMWD already identified for system upgrades	FY2013 and beyond: 10% annually (approximately \$0.15 to \$0.20 per 1,000 gallons per year)
Capital Maintenance for City of Rowlett System (increase \$2.0 million annually)	<i>Will return on February 28<sup>th</sup> to discuss with Council</i>

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Staff spoke regarding the current NTMWD Stage 3 restrictions:

- Limits landscape watering to once every two weeks
- Allows the use of soaker hoses and handheld watering to up to two hours any day
- Existing pools may not be drained and refilled (except for normal loss)
- Prohibits hydro seeding, hydro mulching, over seeding and sprigging
- Prohibits use of water that creates waste

Staff stated the City of Rowlett's Water Management Plan does not match the NTMWD's Plan. Stated there are key differences between the requirements from NTMWD and Rowlett that will need to be revised on February 21, 2012.

For example:

1. Stage 3 (NTMWD) allows landscape irrigation once every two weeks while Rowlett allows once per week.
2. When irrigation restrictions are in place, NTMWD prohibits watering from 10am-6pm; Rowlett also prohibits watering from 5am to 8am.
3. In several stages, Rowlett includes more stringent restrictions not found in NTMWD requirements until the next stage.

Staff stated every city's water usage is different and every city's solution to meet the restriction will be different. Staff showed a chart with the breakdown by customer type (residential and commercial) for Rowlett and other NTMWD cities. It was shown that Rowlett's water users are 95% residential and 5% commercial.

Spoke regarding NTMWD and its member cities. Stated the primary mission of NTMWD is to meet the needs of its member and customer cities, either by providing drinking water, wastewater treatment, and/or solid waste disposal. NTMWD acts as a regional wholesaler of water. Rates for service are set at cost. No profits are included in the rates. No taxes are

collected by NTMWD. NTMWD has 13 member and 32 customer cities. The City of Rowlett is the largest customer city of NTMWD.

Staff stated bond covenants restrict the City's options without jeopardizing the City's bond rating. Spoke regarding Bond Reserve Covenant; Bond Sinking Fund Covenant; and Rate Maintenance Covenant.

Staff spoke regarding four possible scenarios. The point with the scenarios shows that it is difficult to predict what will happen, what restrictions will be added then perhaps rescinded, and when. Therefore, it is extremely difficult to know "what" to communicate to our customers.

#### Scenario 1: Go to Stage 4

- Although now unlikely, Stage 4 could be triggered by June 1<sup>st</sup> causing the City to need implement a very high surcharge in the current fiscal year.
- Assumes no O/S watering
- Revenue shortfall could range between \$2.0M-\$3.0M
- Cost to ratepayers - \$25-\$40 per month per customer spread over four months (June 1<sup>st</sup> thru September 30<sup>th</sup>)

#### Scenario 2: Stay in Stage 3a

- Could be wetter than normal if La Nina' dissipates
- Assumes O/S watering allowed but customers wouldn't need to water as much
- Revenue shortfall could range between \$1.0M-\$2.0M
- Cost to ratepayers - \$13-\$25 per month per customer spread over four months (June 1<sup>st</sup> thru September 30<sup>th</sup>)

#### Scenario 3: Stay in Stage 3b

- Could be drier in the Spring causing us to remain in Stage 3 for the rest of the year
- Irrigation most likely allowed once every week after June 1<sup>st</sup>
- Revenue shortfall could range between \$0.5M-\$1.0M
- Cost to ratepayers - \$6-\$13 per month per customer spread over four months (June 1<sup>st</sup> thru September 30<sup>th</sup>). Could possibly "float" this shortfall with a loan from the General Fund or Cash CIP and add surcharge in FY2013 to repay (gives customers more months to repay)

#### Scenario 4: Return to Stage 2

- Could receive enough moisture in Spring to refill lakes and have a normal summer
- People would irrigate normally
- Little to no revenue shortfall
- Cost to ratepayers – zero impact

Staff has developed a comprehensive communication strategy and remain ready to implement when needed. The following are the different avenues of communication:

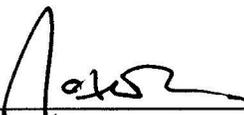
- City's website

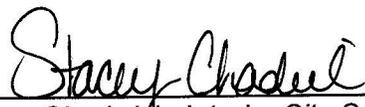
- Direct mail
- Flyers/Utility Billing inserts
- Infomercials
- Signage
- Public meetings
- Press releases
- Social media
- Focus Group meetings
- Email blasts

Staff stated capital maintenance will be discussed at the February 28<sup>th</sup> meeting.

5. **ADJOURNMENT**

Mayor Gottel adjourned the meeting at 7:58 p.m.

  
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Todd W. Gottel, Mayor

  
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Stacey Chadwick, Interim City Secretary

Date Approved: February 21, 2012