



City of Rowlett
Special Work Session Minutes
City Council

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
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, March 29, 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 and Councilmember Miller

Absent: Councilmember Pankratz and Councilmember Gallops

Mayor Gottel arrived at the meeting at 6:05 p.m.

1. CALL TO ORDER

Mayor Pro Tem Phillips called the meeting to order at 5:30 p.m.

2. WORK SESSION ITEM

2A. Presentation regarding the status of the Utility Fund.

City Manager stated with the controlled management of the General Fund; the new focus must be directed to the Utility Fund. Stated this meeting will be the first of three meetings. The second meeting will be a tour of the utility facilities and the third meeting will include financial information regarding bonds.

Staff stated the Water Utilities Operations for water distribution and wastewater collection are funded out of the Utility Operations Funds. Stated the fund is derived by ratepayers; and ratepayers are not the same as taxpayers.

Spoke regarding the state of the infrastructure of the sewer system. Stated the wastewater infrastructure is aging with 51% of the sewer lines being 20 years or more in age; stated clay tile piping affects 10.5% of the piping and the amount of ductile iron piping has yet to be identified.

A member of Council asked about the age of the oldest wastewater lines in the City.

Staff stated approximately 45 years of age. Stated the conditions in Texas decrease the life expectancy of the lines; the useful life and depreciation schedule of the lines are written off at 30 years as a result of the soil.

Spoke regarding the approximate wastewater collection system value.

Stated the infrastructure of the water system is aging as well. Stated 57.7% of the City's water lines are 20 years or more in age.

Spoke regarding the approximate water distribution system value.

At this time, Council was taken into the lobby to view various pipes.

Staff spoke regarding the variety of materials and the failure rates of the products; staff demonstrated the Supervisory Control and Data Acquisition (SCADA) monitoring system.

A member of Council voiced concern regarding the security of the monitoring system; another member asked about the amount of water loss the City losing in the system.

Staff answered just below 10%; however, the low percentage number can be deceiving as the percentage relates to the volume of water used and the volume of water use last year was high.

Staff stated the City is currently in a crisis management mode and needs to be in a proactive management mode; which will be a multi-year process.

At this time, staff introduces the different Water and Wastewater employees.

Staff and Council continued their presentation outside of the building to view a cone of manhole showing catastrophic failure.

Mayor Gottel arrived at the meeting at 6:05 p.m.

Staff spoke regarding the deterioration of the cone of manhole. Stated the deterioration is a result of the hydrogen sulfide gases.

Staff and Council returned to the Conference Room at 6:10 p.m.

Staff spoke regarding the steps of the utilities evaluation.

- Initiated cursory evaluation of all divisions, conducted with a focus on utilities, inspections, overall safety and supervision techniques
- Completed observations by ride-alongs with all field staff, interviews of key staff and personal inspections of job sites and project sites
- Analyzed processes, budget, resources, staff, and organizational structure and stability
- Initiated strategic planning actions, employee surveys, identified basic core values regarding expectations and customer service values
- Initiated Self Assessment process in pursuit of American Public Works Association (APWA) Accreditation, provided training and identified team
- Reviewed master plans, studies, engineering recommendations and work towards implementation of action plans
- Reorganize the utility operations; focus on the implementation of improvement plans
- Identify current issues (ongoing) addressing immediate and urgent needs
- Initiate the complete review of all safety and security practices
- Development of training program, safety program, vulnerability assessment, continuity of operations plan, foster professional development and acknowledge succession planning needs
- Develop department specific strategic plan
 - Survey staff
 - Identify core services
 - Develop action plans
 - Identify and revise core values
 - Challenge current culture

Spoke regarding specific challenges identified in the Wastewater Collection System including:

- Aging infrastructure
- Lift stations that need to be rehabilitated and upgraded
- Maintenance plan funding
- Capital improvement funding
- Main breaks/failures are epidemic
- Clay tile pipe in ground subject to failure in heaving soils and requires replacement
- Infiltration from runoff, ground water, irrigation and damaged infrastructure
- Reliance on contractors for emergency repairs
- Reliance on consultants
- SCADA system outdated
- Security system upgrades

Spoke regarding specific challenges identified in the Water Distribution System including:

- Drought impacts - water restrictions result in revenue shortfalls and soil movement
- Aging infrastructure
- Low water pressure
- Maintenance plan funding
- Capital improvement funding

- Increasing water loss for unbilled quantities
- No method of recovery of flushed water for secondary use
- Reliance on contractors for emergency repairs
- Reliance on consultants
- Main breaks/failures are epidemic
- Water sampling process need to be modernized
- SCADA system outdated
- Security system upgrades needed
- No work recording system is in place

Spoke regarding SWAT Analysis and Action Plan including:

- Establish Performance Metrics
- Perform Rate Equity Analysis
- Emergency Communications Strategy
- Create Safety Task Force
- Acquire Work Order System
- Replace SCADA System
- Develop Infrastructure Rating System
- Push System Accreditation (3 year process)
- Develop Business Plan
- Perform Vulnerability Assessment
- Develop Continuity of Operations Plan
- Improve Administrative Oversight and Processes

Staff asked the question as to "Why is the infrastructure so tired?" Stated utilities were not a priority; there was a fast growth period; new installations required little attention; felt there was plenty of time to catch up; had a small town mentality; and habits did not evolve to a larger city needs. Also stated there were complications due to environmental, geographical and economic challenges. Experts state systems should last 50 to 100 years with proper materials in place, proper maintenance programs, proper environmental conditions and proper installation techniques. Staff stated there are issues with the infrastructure because of heaving soil stress; construction errors; lack of proper installation methods; high environmental issues; lack of maintenance and the wrong type of pipes used for the conditions. Spoke regarding the various types of pipes and their expected life expectancies and break data.

A member of Council asked if the high collection rate of hydrogen sulfide accelerates the failure rate of the infrastructure.

Staff answered in the affirmative.

Staff spoke concerning asbestos cement pipes and clay tile pipes within the City.

Spoke concerning manholes; stated there are approximately 2,600 manholes throughout the City; at least 1,000 of these manholes have not been inspected.

A member of Council questioned staff regarding the percentage of sewer lines that are PVC.

Staff stated approximately 60% of the sewer lines are PVC.

Spoke regarding the conditions of several lift stations, overhead cranes and obsolescent technology.

Spoke regarding aging infrastructure including:

- Maintenance Plan funding is lacking
 - Spend \$550,000
 - Should be \$2.8M
- Capital Improvement funding is lacking
 - What is available remains unspent
 - Focus on implementation of existing SSES data available
- Low water pressure
 - Elevated water tank
 - Pressure plan
- Water Loss Management
 - No urgency of water loss concerning water loss management
 - Our culture should be: Our water is our blood; Our blood is our life; Our life is our water
 - North Texas Municipal Water District model is 12%; efforts to reduce and recover are being focused
- Repeating and constant main breaks and system failures
 - Staff knows where the problem exists
 - Focus on hot spots and repeat failures
- Asset Management
 - No system in place to manage assets
 - Focus on fragmented GIS data
 - CUPPS/EUM software is needed
- Vulnerability assessment and continuity of operations
 - Outdated plan and no contingency plans
 - Emergency management needs upgrading
 - VSAT software is needed

A member of Council asked for the cost of maintenance in a good working system.

Staff stated if the City had the right system with the correct maintenance the cost would be approximately \$11M. Stated for the system as it is today, the maintenance cost needs to be \$2M to make forward progress. Stated this is a reasonable expectation for our system and ability today. Stated staff will build a strategy and will determine the organizational capacity.

A member of Council asked what the impact of the \$2M will be to the ratepayers.

Staff stated \$7 per month per paying customer will generate \$2M.

Staff spoke regarding operational upgrades and concerns including:

- Facilities
 - Initiated securing policy
 - Protection of water supply
 - Initiate surveillance camera acquisitions
- Assets
 - Established need for Asset Management Plan
 - Acquisition of asset software (EPA supplied)
- Inventories
 - Initiated inventory analysis
 - Developing storage decentralization
 - Develop reorder process
 - Reallocation of current space

Staff spoke concerning reinvesting in capital maintenance. Stated the City's system is valued at \$342M and the City currently allocates \$550K or 0.16% for annual maintenance. Stated a study conducted in 2003 by Freese & Nichols suggested the City allocate \$2.4 annually; with CPI increases, that would amount to \$2.8M annually today. Stated \$2.8M is the foundation for a recovery plan; stated no overnight results are anticipated as it took decades for the problem to occur; stated the \$2.8M will stop the hemorrhaging and begin to repair not only the infrastructure but the culture.

A member of Council stated there is a fiduciary responsibility to the citizens of Rowlett to make sure the system is maintained.

Spoke regarding operational deficiencies including unacceptable level of care for a sustainable system, increase standard of care throughout the organization and cultural deficiencies must be avoided. Spoke concerning operational adjustments including:

- Uncontrolled overtime expenses
- Implement scheduling changes to reduce overtime expenses
- Inventories need to be analyzed, improved and eventually automated
- Operational planning
- Performance measurements
- Review of all operational processes
- Re-appropriation of current operating budgets

Spoke concerning seven challenges that still remain:

- Public acceptance for rate adjustments
- Continued unexpected failures
- Media/marketing plan
- Funding shortfalls
- Balancing organizational capacity without large amount of additional staffing

- Performance measurement and records management
- Accreditation as a culture; self assessment and continuous improvement

Members of Council thanked the utilities team; stated they appreciate their dedication; it is critical to educate the ratepayers; and the conversation is not pleasant, but necessary.

3. ADJOURNMENT

Mayor Gottel adjourned the meeting at 7:43 p.m.



Todd W. Gottel, Mayor



Stacey Chadwick, Interim City Secretary

Date Approved: April 17, 2012