

WORKSHOP/SPECIAL MEETING  
TUESDAY, JULY 5, 2011  
6:00 P.M.

A Workshop/Special Meeting of the Anahuac City Council was held in the Council Chambers of Anahuac City Hall located at 501 Miller Street, Anahuac, Texas on Tuesday, July 5, 2011 at the above noted time.

There were present:

Sue Hawthorne	Mayor
Linda Palmer	Councilwoman
Cheryl Sanders	Mayor Pro Tem
Danny Thompson	Councilman
Hall Whitley	Councilman
Lance Nauman	City Administrator
Kimberly Upston	City Secretary
Richard Baker	City Attorney
Dan Irby	Public Works Director

Those not present:

Sharon Brown  
Councilwoman

Guests:

Dana Evans	Citizen
Ben Tinsley	Baytown Sun
Jake Tinsley	Guest

At 6:00 p.m. Mayor Hawthorne called the workshop to order. Councilman Whitley led the invocation and Councilman Thompson led the pledges to the American and Texas flags.

There were no comments from the audience.

Discussion was held on the Drought Contingency Plan. Lance Nauman started by saying that the City had received a letter from the Texas Commission on Environmental Quality (TCEQ) stating that there is a need for the City to start voluntary water rationing. This is not a mandatory directive as of yet but, they did strongly suggest that the City take these measures to be proactive.

He said he had contacted other cities in the area and they had already enacted their plan and others would be following suit at a later date. Mr. Nauman said TCEQ has asked that he report back when the Council makes a decision.

Mayor Hawthorne said notifications would go out to the citizens about the plan and the City would follow the plan. Councilman Thompson asked what the reasons were for putting the plan into action. Lance Nauman said the reasons were that TCEQ has strongly suggested that the plan be initiated as soon as possible. Councilman Thompson asked if it was to preserve public health, safety and welfare. Mr. Nauman said it will also help conserve water.

Discussion was held on who can enable the plan. Mayor Hawthorne asked Mr. Nauman where it said that Council needed to approve to put the plan into place. Mr. Nauman said it was from a previous ordinance that was listed.

Richard Baker asked if anyone in the water business had reviewed the plan to make sure it was adequate. Lance Nauman said he had researched other surrounding cities plans and it follows form with the others. Mr. Baker asked if stage one of the plan was voluntary. Mr. Nauman said it is.

Councilman Thompson said he believes that clarification was needed to make sure the Mayor or the City Administrator could enable the plan. Richard Baker

said it is stated that the Mayor can have a designee and she could name the City Administrator.

Council then had discussion about the reasons that the Mayor and the designee could enable the plan. Richard Baker talked about how the plan says it is only mandatory if certain criteria have been met. He said it was right to bring it before Council because right now it is a discretionary thing and not a mandatory thing as outlined in the policy.

Mayor Hawthorne asked if the water usage and the falling levels in Lake Anahuac were different. Mr. Baker said he see those as different triggers for the policy. There was discussion about what would cause the plan to go in effect now. It was pointed out that the water department has repaired many leaks and the levels of the lake were low.

The next item discussed was the Trinity Bay Conservation District (TBCD) contract. Lance Nauman presented an overview of the contract proposal. He started by saying that we are buying water from them now. He said we are currently buying water from them at \$1.50 per 1000 gallons. He said they have proposed that the rate be increased to \$3.00 per 1000 gallons with a 10 percent increase per year. He pointed out that between year four and year five of the contract the revenue of the City starts to lower and become negative.

Mayor Hawthorne asked if the numbers were based on not increasing water service costs to the citizens. Mr. Nauman said it is based on a 1.5 percent increase over then next years. Mayor Hawthorne asked if 10 percent was normal for an increase in contracts. Mr. Nauman said he has never seen that big of a number for an increase. Councilwoman Palmer asked if TBCD had given a reason for the 10 percent increase. Mr. Nauman said no did not that this was just the number that they countered with. He said we do need to be aware of our loss of water.

He said right now we lose around 38 percent of water. He said 38 percent comes to around \$244,000 in revenue a year. Mr. Nauman said the reasons for some of the loss is our old water lines that continuously break, old water meters, and flushing of lines.

He said in order to be profitable we need to invest in new meters. He said if we replaced the meters and only captured 16 percent of the lost revenue that would be around \$60,000. He said he has spoken to water meter experts and they say replacing the meters would capture 80 to 90 percent of the lost revenue.

Mr. Nauman said there is a downside to putting in new meters. The water bills of the citizens will increase because the meter will capture everything going through it and will not have the sediment build up like the old ones that make it stick. He also explained the advantages of a new meter system. Some examples are it will eliminate misreads and crews driving around town testing meters.

Councilwoman Palmer asked about the water lines. Mr. Nauman said through the water meter project he has found that other cities have charged customers line maintenance fees. He said there are 17.5 miles of lines of various sizes throughout the city. He said we would look to see what the cost would be to do the work ourselves.

Councilwoman Palmer asked how much it would cost to replace the meters and the lines. Mr. Nauman said he has received two proposals so far and the cost is about \$250,000 to replace the meters and for the software plus the cost of installation. The installation time would be around 60 to 90 days.

Mayor Hawthorne asked about the cost of replacing the water lines. Mr. Nauman said there would be extra money from the Texas Water Development

Board money. He said we would be replacing them ourselves. He said we would need to develop a plan for the financing.

Councilwoman Palmer asked where the replacement would start. Dan Irby said they would probably start on South Main Street and then Lee Street.

Councilman Whitley asked how the water bills are figured. Lance Nauman said it was a combination of how much it costs to produce the water and the maintenance on the water lines. It also takes into consideration our debt service and labor costs.

Mr. Nauman said there are options on what to bring back to TBCD for the contract. He said the first option is to mirror the existing contract that we have with them for their sewer treatment plant. The contract states that they have to pay for maintenance on their plant based on the flow of sewer that the plant treats. The second option is to give them the \$3.00 per thousand with a 1.5 percent increase per year with an increase to our customers at the same time.

Mr. Nauman said that the extra revenue that would be brought in could be used for water line replacement. Councilman Thompson said the problem with replacing the lines is that no one knows where they are and we would have to dig up every line in town. Mayor Hawthorne said there are lines that have been identified as already needing replacing and those would be the first ones replaced.

Lance Nauman said the Texas Water Development Board needs the City to make a decision on these things pretty quickly. Councilwoman Palmer said by Mr. Nauman's figures we would have to do a 10 percent water rate increase to the customer each year when TBCD went up.

Councilwoman Palmer asked why the City was considering a 20 year contract with TBCD for water. Dan Irby said Jerry Shadden, General Manager of TBCD, said it would take 20 years for them to recoup the cost of the transmission line that they would be cost sharing with the City. Mayor Hawthorne said part of the contract was that the City and TBCD would half the cost of the transmission line that would need to be run from them to our ground storage tank.

Mr. Nauman said the city could do a four or five-year options with a kicker at year five to raise the raise a certain amount. He said locking into a long term fixed agreement is good from a stability stand point but, having to increase the rates to our citizens at 10 percent is not a favorable contract for us or our citizens. Councilman Thompson said the point of long term contracts is to lock in price savings and this contract does not do that.

Councilwoman Palmer suggested that we ask for a short term contract to compare to the long term contract to see if we could work on the pricing. Councilman Thompson would like to structure the length of the contract with how long it would take to replace the waterlines in the City.

Councilwoman Palmer said the worse case scenario would be that TBCD would supply water instead of the City. Lance Nauman said he believes that there are different ways that we can negotiate the contract.

Councilwoman Palmer asked what the term was on the sewer plant contract. Mr. Nauman said it was for 99 years.

After more discussion, Councilwoman Sanders joined the meeting and the Workshop Session ended at 7:25 p.m.

Mayor Hawthorne called the Special Meeting of the City Council of the City of Anahuac, Texas to order at 7:25 p.m. Councilwoman Sanders was then brought up to speed on all of the discussion that had transpired. There was a


motion made by Councilman Thompson to authorize Lance Nauman, City Administrator, to negotiate the contract with TBCD. Councilman Whitley seconded the motion. All in favor and motion carried.

Mayor Hawthorne then explained the discussion that was held on the Drought Contingency Plan to Councilwoman Sanders. Richard Baker reiterated his earlier points. Mayor Hawthorne called a recess at 7:34 p.m. to allow Councilman Whitley time to attend to personal business.

The meeting was called back into order at 7:48 p.m. by Mayor Hawthorne. Councilwoman Palmer made a motion to go into Stage One of the city's Drought Contingency Plan. Councilman Thompson seconded the motion. All in favor and motion carried.


Mayor Hawthorne designated the City Administrator as the designee as lined out in the Drought Contingency Plan.

Councilwoman Palmer made a motion to adjourn. Councilwoman Sanders seconded the motion. At 7:50 p.m. the Special Meeting of the City of Anahuac City Council was adjourned.



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**Kimberly Upston, City Secretary**  
City of Anahuac



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**Sue Hawthorne, Mayor**  
City of Anahuac