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**CITY OF PORT LAVACA**

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**COUNCIL MEETING: MAY 13, 2024**

**DATE:** 05.06.2024  
**TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS  
**FROM:** JODY WEAVER, INTERIM CITY MANAGER  
**SUBJECT:** **Increase to Water Base Rates – Second Reading**

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**BACKGROUND:**

When we last increased the Water Base Rate in early 2023, the rate had been increased by \$0.38 to account for the then planned 2022 Series Bond funding of \$393,688.79 to supplement ARPA funds to pay for the Water Systems Improvement project (GST and HSPS). As you recall, the bids came in about \$2M over budget and as a result, we have committed a total amount of \$2,436,108.99 of the 2022 Series Bond funds to go towards this project (an increase of \$2,042,420.20).

Therefore to collect adequate revenue from the water customers to pay for the proportional share of the 2022 Series debt service payments, we are proposing to increase the Base Water Rate by \$1.97 as follows:

Water Bond Series 2022 Funding	+ 5% interest rate on the Bonds	Divided by 20 years	Divided by 12 mo	Divided by 4545 customers	Less \$0.38 already added in 2023
\$2,436,108.99	\$2,557,914.44	\$127,895.72	\$10,657.98	\$2.34	<b>\$1.97</b>

This \$1.97 increase does NOT generate any additional revenue for the annual operations and maintenance of the water system, but rather generates revenue only to pay debt service payments for the underway water system improvement project to restore the Ground Storage Tank at George Street and add a High Serve Pump Station.

It is worth noting that the last time the water rate was increased for operations and maintenance was in 2019 with a 50-cent increase to the base rate. All increases since that time have been to cover **pass-through costs** due to raw water and treatment costs and capital improvement costs. The new meters installed last year more accurately measure the true amount of water used and therefore we are able to pay for the meters and realize some additional revenue for operations and maintenance in that way.

**RECOMMENDATIONS:**

Approve the second reading of an ordinance to increase the monthly Water Use Base Rate by \$1.97, which amounts to 6.6 cents a day. This will result in a new residential Base Water rate of \$26.65.

**ORDINANCE #G-3-24**

AN ORDINANCE AMENDING THE ORDINANCE CODIFIED AND DESCRIBED IN THE CITY OF PORT LAVACA CODE OF ORDINANCES AS PART II, APPENDIX A – FEES, RATES AND CHARGES; AND PROVIDING AN EFFECTIVE DATE

ARTICLE I. GENERAL

WHEREAS, the City Council on March 12, 2012 approved and adopted Ordinance Number G-1-12 which is codified and described in the City of Port Lavaca Code of Ordinances as Part II, Appendix A – Fees, Rates and Charges; and

WHEREAS, the City of Port Lavaca staff has evaluated current fees, rates and charges and find the need to make some amendments and changes.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

ARTICLE II. FEES TO BE AMENDED

The fees, rates and charges to be amended are in the Chapters listed below and described in full in the attached Exhibit “A”. Text that remains unchanged will be in black-colored letters, text that is new will be identified by bold red-colored letters and all text to be deleted, if any, will be identified as blue-colored letters with strikethroughs, and both highlighted in yellow:

- Chapter 50: Utilities
  - Sec. 50-67 Water User Rates – Basic Charge
    - Residential
    - Small Commercial
    - Large Commercial

ARTICLE III.- EFFECTIVE DATE

This ordinance shall become effective upon adoption by City Council.

FIRST READING this 8<sup>th</sup> day of April, 2024.

\_\_\_\_\_  
Jack Whitlow, Mayor

SECOND AND FINAL READING this 13<sup>th</sup> day of May, 2024.

\_\_\_\_\_  
Jack Whitlow, Mayor

APPROVED AND ADOPTED this 13th day of May, 2024.

\_\_\_\_\_  
Jack Whitlow, Mayor

ATTEST:

\_\_\_\_\_  
Mandy Grant, City Secretary

APPROVED AS TO FORM:

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Anne Marie Odefey, City Attorney

RECORD OF VOTE

	First Reading	Second and Final	Passed and Approved
Councilman Aguirre	Aye		
Councilman Dent	Aye		
Councilman Tippit	Aye		
Councilwoman Padron	Aye		
Councilman Ward	Aye		
Councilman Barr	Aye		
Councilman Burke	Not in Office		

Record of approval by City Council: City Council Minute Records, Volume 3-I, Page \_\_\_\_\_.

CITY OF PORT LAVACA - PART II - CODE OF ORDINANCES  
APPENDIX A - FEES, RATES AND CHARGES

**EXHIBIT A**

**CHAPTER 50 - UTILITIES**

Section No.	Subject:	Fee Amount
<b>Water table</b>		
<u>50-67</u>	<i>Water user rates:</i>	
<u>50-67</u>	<i>Residential:</i>	
	Base charge 0—2,000 gallons	<del>\$24.68 per month</del> <b>\$26.65 per month</b>
<u>50-67</u>	<i>Small Commercial:</i>	
	Base charge 0—2,000 gallons 5/8 - 1½-inch meter	<del>\$27.18 per month</del> <b>\$29.15 per month</b>
<u>50-67</u>	<i>Large commercial:</i>	
	Base charge 2 - 6-inch water meter	<del>\$44.68 per month</del> <b>\$46.65 per month</b>

(Ord. No. G-3-85, § 6, 7-8-1985; Ord. No. G-4-85, §§ 15, 17, 18, 7-8-1985; Ord. No. G-2-08, §§ I(18, 19), 9-8-2008; Ord. No. G-4-08, § 29, 9-22-2008; Ord. No. G-1-12, art. II, 3-12-2012; Ord. No. G-3-13, art. II, 9-9-2013; Ord. No. G-10-16, art. II, 9-12-2016; Ord. No. G-2-17, art. II, 9-11-2017; Ord. No. G-4-18, art. II, 5-14-2018; Ord. No. G-5-18, art. II, 9-10-2018; Ord. No. G-12-19, 9-9-2019; Ord. No. G-4-20, art. II, 9-14-2020; Ord. No. G-8-20, 12-14-2020; Ord. No. G-4-21, art. II, 9-20-2021; Ord. No. G-7-22, art. II, (exh. A), 9-12-2022; Ord. No. G-12-22, art. II, (exh. A), 1-9-2023)

End of Exhibit A