



AGENDA MEMO

Business of the City Council

City of Sweeny, Texas

Meeting Date	04.25.2023	Agenda Item	
Approved by City Manager	Yes	Presenter(s)	John Rambo, City Council Member Position 4
Reviewed by City Attorney	No	Department	Utilities
Subject	Agenda Request from Council Member John Rambo: Discussion and possible action on utility fee rate adjustment and / or credit.		
Attachments	Agenda request form submitted 22 MAR 2023		
Financial Information	Expenditure Required:	N/A	
	Amount Budgeted:	N/A	
	Account Number:		
	Additional Appropriation Required:		
	Additional Account Number:		

Executive Summary

This agenda item is a request for discussion and possible action from Council Member, John Rambo, concerning an adjustment to the City's utility fees and / or a credit for utility fees.

Typically, cities that charge for services never reduce rates, however, this agenda request is in response to the coloration in the water observed by water account holders. Several city water users have reported damage to clothing and other household items because of the observed coloration of the manganese in the water.

While considering this item, the Council is encouraged to think about how a reduction in utility rates would affect the city. Currently, the City's revenue earnings from water, sewer, and gas are down for the year. Revenue from proprietary funds, such as utility sales, impact the City's ability to pay for debt and other infrastructure needs. Further reducing the amount of potential revenue could adversely affect the city's ability to make debt payments and provide services. Reducing rates could also adversely affect the City's credit rating.

The current credit rating for the City of Sweeny is A+, which equates to an upper mid-grade municipal credit rating. The lower the credit rating, the higher the interest rate the city has to pay for debt. The City issued \$4,000,000 in certificates and pledged a portion of repayment from enterprise fund revenues.

As of April 21, 2023, approximately 58% of the fiscal year, utility service revenues are as follows:

UTILITY SALES AS OF 21 APRIL 2023

ACCOUNT NUMBER	ACCOUNT NAME	FYTD	FY23 BUDGET	REVENUE TO BUDGET	TARGET TO MEET BUDGET	VARIANCE TO REVENUE
40-00-5810	WATER SALES	\$ 349,187.80	\$ 704,000.00	49.6005%	58%	-8.3995%
40-00-5830	SEWER SALES	\$ 305,664.47	\$ 602,500.00	50.7327%	58%	-7.2673%
40-00-5910	GAS SALES	\$ 263,661.84	\$ 552,738.00	47.7011%	58%	-10.2989%

ENTERPRISE FUND



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	Moody's	S&P Global	Fitch
Best Quality	Aaa	AAA	AAA
High Quality	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-

Recommended Action

Staff does not recommend reducing the utility rates.