

# **CITY COUNCIL AGENDA**

**A Special Meeting of the City Council of the City of Pearsall, Texas will be held on Monday, July 27, 2020, at 7:00 PM at the Pearsall City Hall, 215 S. Ash Street, Pearsall, Texas.**

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/85185559718>

Or iPhone one-tap :

US: +13462487799,,85185559718# or +12532158782,,85185559718#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 253 215 8782 or +1 669 900 9128 or +1 312 626 6799 or +1 646 558 8656 or +1 301 715 8592

Webinar ID: 851 8555 9718

International numbers available: <https://us02web.zoom.us/j/85185559718>

## **COUNCIL MEMBERS**

**Mary Moore, Mayor**

**Julian Hernandez, Mayor Pro Tem**

**Richard Gandara, Council Member**

**Sonia Hernandez, Council Member**

**Brenda Treviño, Council Member**

**Abel Nieto, Council Member**

**Roland Segovia, Council Member**

**Davina Rodriguez, Council Member**

- 1. Call To Order**
- 2. Roll Call and Announcement of a Quorum**
- 3. Invocation and Pledge of Allegiance**
- 4. Presentation**
  - A. Presentation and discussion of Water, Wastewater, and Solid Waste rate recommendations for the 2020-21 fiscal year and beyond.**
- 5. New Business**
  - A. Update on the 2018-2019 audit for the City of Pearsall.**
  - B. Discuss proposals related to the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act for the City of Pearsall.**
  - C. Discuss the appointment of a Charter Review Commission in accordance with Article 21 of the City Charter.**
  - D. Discuss amending the Decorum Policy.**
- 6. Budget Workshop**
  - A. Budget Workshop – Utilities, Solid Waste, Fire and Hotel Occupancy Tax Fund**

7. **Executive Session - In Accordance with Texas Government Code Chapter 551, Subchapter D:**

The City Council of the City of Pearsall may at any time during the meeting close the meeting and hold an executive session pursuant to the Texas Open Meetings Act codified as Chapter 551, Texas Government Code which permits closed meetings pursuant to Section 551.071 for purpose of consulting with its attorneys; Section 551.072, deliberating about real property; Section 551.073, deliberating about gifts, and donations; Section 551.074, deliberating about personnel matters; Section 551.076, deliberating about security devices; Section 551.084, regarding exclusion of witness from witness in connection with an investigation; Section 551.086 deliberating, voting, and taking action as a power utility on a competitive matter; Section 551.087 deliberating about economic development negotiations; and Section 551.088, deliberating about test items to discuss and/or deliberate any of the posted matters to be considered during the open meeting. If it does go into Executive Session, the City Council may deliberate in executive session, then reconvene in open session, vote on the matter in open session, and announce it for the City Council minutes.

A. Discuss the status of the Johnson Controls matter.

B. Discuss the status of the Republic Services matter.

8. **Open Session**

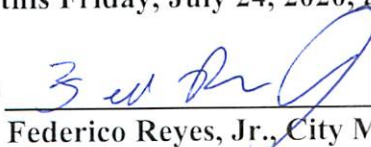
A. Discuss and Consider the status of the Johnson Controls matter. - **Action Item**

B. Discuss and Consider the status of the Republic Services matter. - **Action Item**

9. **General Announcements**

10. **Adjournment**

Posted for Public Inspection on this Friday, July 24, 2020, at 4:30 PM.

By:   
Federico Reyes, Jr., City Manager

I certify that the above notice of meeting was posted on the bulletin board of the Pearsall City Hall, 215 S. Ash Street, Pearsall, Texas, on July 24, 2020, at 4:30 PM.

By:   
Krystal Garcia, City Clerk

This meeting location is wheelchair-accessible. Parking for mobility-impaired persons is available. Any request for sign interpretive services must be made forty-eight hours in advance of the meeting. To make arrangements, call the City Clerk at (830) 334-3676.

# City of Pearsall, Texas

## Solid Waste Rate Study and Long-Term Financial Plan

Presented

July 22, 2020

Capex Consulting Group

Email: [jsnowden@capexconsulting.com](mailto:jsnowden@capexconsulting.com)

Web site: [www.capexconsulting.com](http://www.capexconsulting.com)



# History of Account Growth

CITY OF PEARSALL, TEXAS

Accounts by Customer Class

|                                 | ANNUAL AVERAGE |              |              |              |              |              |              | Avg Annual Growth Rate 2014-20 | Avg New Accts per Annum |
|---------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------------|-------------------------|
|                                 | FYE 2014       | FYE 2015     | FYE 2016     | FYE 2017     | FYE 2018     | FYE 2019     | FYE 2020     |                                |                         |
| <b>Solid Waste</b>              |                |              |              |              |              |              |              |                                |                         |
| Residential Cart Service - ICL  | 2,124          | 2,143        | 2,148        | 2,111        | 2,101        | 1,964        | 1,689        | -3.8%                          | -73                     |
| Residential Cart Service - OCL  | 246            | 254          | 269          | 307          | 263          | 262          | 259          | 0.8%                           | 2                       |
| Commercial Cart Service - ICL   | 130            | 129          | 128          | 147          | 125          | 119          | 123          | -0.9%                          | -1                      |
| Commercial Cart Service - OCL   | 12             | 11           | 10           | 13           | 10           | 11           | 13           | 1.2%                           | 0                       |
| Commercial Container - 2 CU ICL | 31             | 30           | 34           | 35           | 36           | 36           | 37           | 2.8%                           | 1                       |
| Commercial Container - 3 CU ICL | 33             | 34           | 32           | 35           | 27           | 27           | 28           | -3.2%                          | -1                      |
| Commercial Container - 4 CU ICL | 32             | 36           | 34           | 35           | 30           | 32           | 32           | 0.1%                           | 0                       |
| Commercial Container - 6 CU ICL | 27             | 26           | 26           | 33           | 27           | 28           | 29           | 1.3%                           | 0                       |
| Commercial Container - 8 CU ICL | 45             | 47           | 46           | 51           | 43           | 58           | 61           | 5.0%                           | 3                       |
| Commercial Container - 2 CU OCL | 3              | 4            | 7            | 8            | 8            | 9            | 9            | 20.1%                          | 1                       |
| Commercial Container - 3 CU OCL | 10             | 8            | 5            | 5            | 5            | 6            | 6            | -7.8%                          | -1                      |
| Commercial Container - 4 CU OCL | 6              | 6            | 8            | 7            | 6            | 7            | 9            | 7.3%                           | 1                       |
| Commercial Container - 6 CU OCL | 4              | 4            | 4            | 6            | 5            | 4            | 4            | -0.5%                          | 0                       |
| Commercial Container - 8 CU OCL | 4              | 4            | 5            | 5            | 5            | 5            | 5            | 3.8%                           | 0                       |
| Seniors                         | 0              | 0            | 0            | 0            | 0            | 451          | 457          |                                | 76                      |
| <b>Total</b>                    | <b>2,707</b>   | <b>2,734</b> | <b>2,754</b> | <b>2,796</b> | <b>2,693</b> | <b>3,017</b> | <b>2,759</b> | <b>0.3%</b>                    | <b>9</b>                |
| <b>Annual Rate of Increase</b>  |                | <b>1.0%</b>  | <b>0.7%</b>  | <b>1.5%</b>  | <b>-3.7%</b> | <b>12.1%</b> | <b>-8.6%</b> |                                |                         |

# Budgeted Operating Revenue and Expense History

CITY OF PEARSALL, TEXAS

## SUMMARY OF REVENUES & EXPENDITURES

### SOLID WASTE

|                                     | FYE 13 Adj.<br>Budget | FYE 18 Adj.<br>Budget | FYE 19 Adj.<br>Budget | FYE 20 Adj.<br>Budget | AVG. ANNUAL<br>GROWTH 2013-<br>20 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|
| <b>OPERATING REVENUE</b>            |                       |                       |                       |                       |                                   |
| Total Service Revenues              | \$1,050,000           | \$1,455,158           | \$1,653,708           | \$1,518,000           | 5.4%                              |
| Total Other Charges for Services    | \$23,750              | \$13,058              | \$16,803              | \$0                   |                                   |
| Total Non-Operating Revenue         | \$0                   | \$130,467             | \$0                   | \$203,714             |                                   |
| <b>Total Operating Revenues</b>     | <b>\$1,073,750</b>    | <b>\$1,598,683</b>    | <b>\$1,670,511</b>    | <b>\$1,721,714</b>    | <b>7.0%</b>                       |
| <b>Personnel</b>                    |                       |                       |                       |                       |                                   |
| Employee Retirement                 | \$3,045               | \$0                   | \$1,050               | \$953                 | -15.3%                            |
| Major Medical Insurance             | \$5,657               | -\$110                | \$5,997               | \$6,828               | 2.7%                              |
| Workers Compensation Ins.           | \$2,384               | \$0                   | \$0                   | \$0                   |                                   |
| FICA/Medicare Expense               | \$2,341               | \$0                   | \$1,960               | \$2,000               | -2.2%                             |
| Overtime                            | \$362                 | \$0                   | \$509                 | \$1,000               | 15.6%                             |
| <b>Total</b>                        | <b>\$44,603</b>       | <b>-\$110</b>         | <b>\$33,466</b>       | <b>\$36,987</b>       | <b>-2.6%</b>                      |
| <b>Operations &amp; Maintenance</b> |                       |                       |                       |                       |                                   |
| Audit Services                      | \$5,000               | \$0                   | \$0                   | \$0                   |                                   |
| Clothing Supplies                   | \$750                 | \$0                   | \$0                   | \$0                   |                                   |
| Commercial Garbage Services         | \$925,542             | \$1,312,053           | \$1,261,016           | \$1,420,000           | 6.3%                              |
| Contingency Fund Expense            | \$29,382              | \$0                   | \$0                   | \$0                   |                                   |
| Instruments & Apparatus             | \$0                   | \$551                 | \$0                   | \$0                   |                                   |
| Liability Insurance                 | \$500                 | \$0                   | \$0                   | \$0                   |                                   |
| Machinery, Tools & Equip.           | \$0                   | \$0                   | \$0                   | \$4,000               |                                   |
| Meetings & Travel                   | \$500                 | \$0                   | \$0                   | \$0                   |                                   |
| Printing & Advertising              | \$700                 | \$575                 | \$0                   | \$500                 | -4.7%                             |
| Recycling Program                   | \$5,000               | \$0                   | \$0                   | \$0                   |                                   |
| Utilities & Telephone               | \$1,100               | \$268                 | \$5,675               | \$1,000               | -1.4%                             |
| <b>Total</b>                        | <b>\$1,027,047</b>    | <b>\$1,313,447</b>    | <b>\$1,266,690</b>    | <b>\$1,425,500</b>    | <b>4.8%</b>                       |
| <b>GRAND TOTAL</b>                  | <b>\$1,071,650</b>    | <b>\$1,313,337</b>    | <b>\$1,300,156</b>    | <b>\$1,462,487</b>    | <b>4.5%</b>                       |

# Debt Service Allocated to Solid Waste

|                                              |  |                   |                       |                |             |             |                    |                  |
|----------------------------------------------|--|-------------------|-----------------------|----------------|-------------|-------------|--------------------|------------------|
| CITY OF PEARSALL, TEXAS                      |  |                   |                       |                |             |             |                    |                  |
| EXISTING SOLID WASTE DEBT SUMMARY & FORECAST |  |                   |                       |                |             |             |                    |                  |
|                                              |  | TIC               | Total Outstanding FYE |                |             |             |                    |                  |
| ISSUE                                        |  |                   | 2019                  | 2020           | 2021        | 2022        | 2023               | 2024             |
| Srs 2016 Comb Tax & LTD Pledge Rev C/O - 25% |  | 2.36%             | \$0                   | \$1,646,250    | \$1,513,750 | \$1,377,500 | \$1,238,750        | \$1,096,250      |
| Total Debt Service                           |  |                   | \$0                   | \$170,386      | \$169,788   | \$170,367   | \$169,622          | \$170,053        |
| FYE                                          |  | Begin Period Debt | Less Refundings       | Plus Additions | Principal   | Interest    | Total Debt Service | Ending Principal |
| 2020                                         |  | \$1,776,250       | \$0                   | \$0            | \$130,000   | \$40,386    | \$170,386          | \$1,646,250      |
| 2021                                         |  | \$1,646,250       | \$0                   | \$0            | \$132,500   | \$37,288    | \$169,788          | \$1,513,750      |
| 2022                                         |  | \$1,513,750       | \$0                   | \$0            | \$136,250   | \$34,117    | \$170,367          | \$1,377,500      |
| 2023                                         |  | \$1,377,500       | \$0                   | \$0            | \$138,750   | \$30,872    | \$169,622          | \$1,238,750      |
| 2024                                         |  | \$1,238,750       | \$0                   | \$0            | \$142,500   | \$27,553    | \$170,053          | \$1,096,250      |
| 2025                                         |  | \$1,096,250       | \$0                   | \$0            | \$146,250   | \$24,146    | \$170,396          | \$950,000        |
| 2026                                         |  | \$950,000         | \$0                   | \$0            | \$150,000   | \$20,650    | \$170,650          | \$800,000        |
| 2027                                         |  | \$800,000         | \$0                   | \$0            | \$152,500   | \$17,081    | \$169,581          | \$647,500        |
| 2028                                         |  | \$647,500         | \$0                   | \$0            | \$156,250   | \$13,437    | \$169,687          | \$491,250        |
| 2029                                         |  | \$491,250         | \$0                   | \$0            | \$160,000   | \$9,706     | \$169,706          | \$331,250        |
| 2030                                         |  | \$331,250         | \$0                   | \$0            | \$163,750   | \$5,885     | \$169,635          | \$167,500        |
| 2031                                         |  | \$167,500         | \$0                   | \$0            | \$167,500   | \$1,977     | \$169,477          | \$0              |
|                                              |  |                   |                       |                |             |             |                    |                  |

# Pro Forma Cash Flow under Current Rates

## CITY OF PEARSALL, TEXAS

### CASH FLOW SUMMARY-SOLID WASTE

|                                                |                    | FYE                |                    |                    | FYE                |                    |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                | 2020               | 2021               | 2022               | 2023               | 2024               | 2025               |
| Rate Revenues                                  | \$1,427,203        | \$1,436,965        | \$1,451,008        | \$1,465,188        | \$1,479,507        | \$1,493,966        |
| Non-Rate Revenues                              | \$203,714          | \$206,770          | \$209,871          | \$213,019          | \$216,215          | \$219,458          |
| <b>TOTAL REVENUES</b>                          | <b>\$1,630,917</b> | <b>\$1,643,735</b> | <b>\$1,660,879</b> | <b>\$1,678,208</b> | <b>\$1,695,722</b> | <b>\$1,713,424</b> |
| <b>TOTAL EXPENSES</b>                          | <b>\$1,462,487</b> | <b>\$1,429,129</b> | <b>\$1,464,943</b> | <b>\$1,501,657</b> | <b>\$1,539,296</b> | <b>\$1,577,881</b> |
| <b>TOTAL ALL DEBT</b>                          | <b>\$170,386</b>   | <b>\$169,788</b>   | <b>\$170,367</b>   | <b>\$169,622</b>   | <b>\$170,053</b>   | <b>\$170,396</b>   |
| <b>Coverage Ratio on<br/>All Debt: Current</b> | <b>0.99</b>        | <b>1.26</b>        | <b>1.15</b>        | <b>1.04</b>        | <b>0.92</b>        | <b>0.80</b>        |
| <b>CASH FOR CAPITAL<br/>OUTLAYS</b>            | <b>-\$1,955</b>    | <b>\$44,818</b>    | <b>\$25,570</b>    | <b>\$6,929</b>     | <b>-\$13,627</b>   | <b>-\$34,853</b>   |
| Total Capital Outlays                          | \$0                | \$80,000           | \$28,000           | \$28,840           | \$29,705           | \$30,596           |
| <b>FY END BALANCE</b>                          | <b>(\$1,955)</b>   | <b>(\$35,182)</b>  | <b>(\$2,430)</b>   | <b>(\$21,911)</b>  | <b>(\$43,332)</b>  | <b>(\$65,449)</b>  |

# Billed Revenue by Customer Class

CITY OF PEARSALL, TEXAS

## REVENUE BILLED BY CUSTOMER CLASS

Solid Waste

| Customer Class                  | FYE 2019 Billed Revenue | % Billed Revenue to Total |
|---------------------------------|-------------------------|---------------------------|
| Residential Cart Service - ICL  | \$584,397               | 40.3%                     |
| Residential Cart Service - OCL  | \$112,487               | 7.7%                      |
| Commercial Cart Service - ICL   | \$56,027                | 3.9%                      |
| Commercial Cart Service - OCL   | \$5,788                 | 0.4%                      |
| Commercial Container - 2 CU ICL | \$58,536                | 4.0%                      |
| Commercial Container - 3 CU ICL | \$52,693                | 3.6%                      |
| Commercial Container - 4 CU ICL | \$84,599                | 5.8%                      |
| Commercial Container - 6 CU ICL | \$100,275               | 6.9%                      |
| Commercial Container - 8 CU ICL | \$300,674               | 20.7%                     |
| Commercial Container - 2 CU OCL | \$12,438                | 0.9%                      |
| Commercial Container - 3 CU OCL | \$8,746                 | 0.6%                      |
| Commercial Container - 4 CU OCL | \$18,708                | 1.3%                      |
| Commercial Container - 6 CU OCL | \$11,210                | 0.8%                      |
| Commercial Container - 8 CU OCL | \$16,272                | 1.1%                      |
| Seniors                         | \$28,766                | 2.0%                      |
| <b>Total</b>                    | <b>\$1,451,615</b>      | <b>100%</b>               |

# Bins: Trends in Revenue & Accounts

CITY OF PEARSALL, TEXAS

2020 COST OF SERVICE AND RATE DESIGN STUDY

KEY METRICS BY CUSTOMER CLASS

| Customer Class | Residential Cart Service - ICL |                   |                         | Residential Cart Service - OCL |                   |                         | Commercial Cart Service - ICL |                   |                         | Commercial Cart Service - OCL |                   |                         |
|----------------|--------------------------------|-------------------|-------------------------|--------------------------------|-------------------|-------------------------|-------------------------------|-------------------|-------------------------|-------------------------------|-------------------|-------------------------|
|                | Billed Revenue                 | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                 | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                | Avg. No. of Accts | Avg Revenue per Account |
| FYE 2015       | \$522,054                      | 2,143             | \$20.30                 | \$89,550                       | 254               | \$29.33                 | \$50,806                      | 129               | \$32.78                 | \$5,732                       | 11                | \$43.75                 |
| FYE 2016       | \$523,443                      | 2,148             | \$20.31                 | \$97,259                       | 269               | \$30.13                 | \$51,501                      | 128               | \$33.55                 | \$5,348                       | 10                | \$42.78                 |
| FYE 2017       | \$580,815                      | 2,111             | \$22.93                 | \$105,288                      | 307               | \$28.62                 | \$55,265                      | 147               | \$31.40                 | \$7,226                       | 13                | \$45.45                 |
| FYE 2018       | \$608,608                      | 2,101             | \$24.13                 | \$101,303                      | 263               | \$32.10                 | \$57,006                      | 125               | \$37.95                 | \$5,366                       | 10                | \$44.71                 |
| FYE 2019       | \$584,397                      | 1,964             | \$24.79                 | \$112,487                      | 262               | \$35.80                 | \$56,027                      | 119               | \$39.29                 | \$5,788                       | 11                | \$45.94                 |
| Avg Grth Rate  | 2.86%                          | -2.15%            | 5.12%                   | 5.87%                          | 0.72%             | 5.11%                   | 2.48%                         | -2.06%            | 4.63%                   | 0.24%                         | -0.97%            | 1.22%                   |

# Containers: Trends in Revenue & Accounts

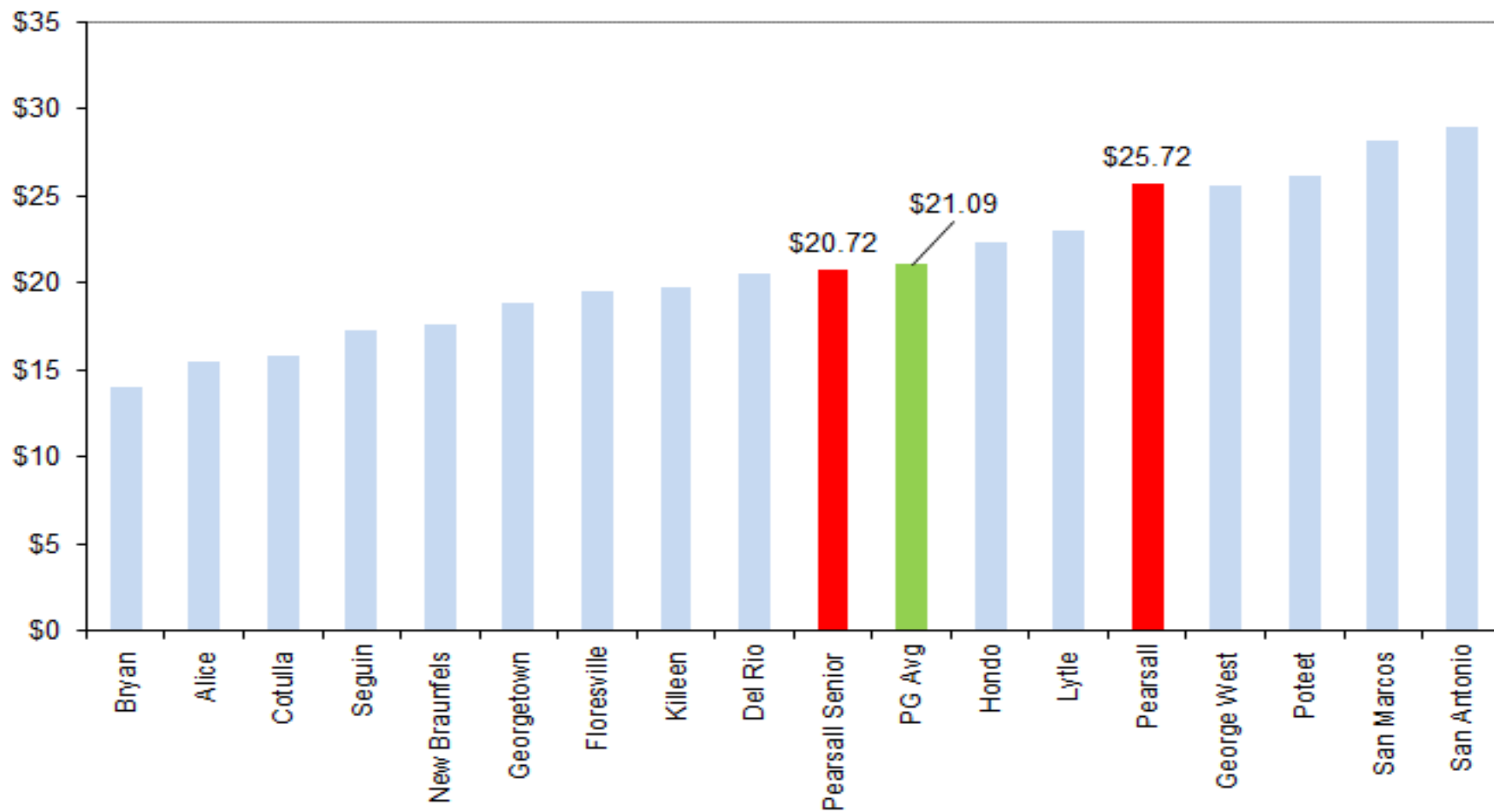
CITY OF PEARSALL, TEXAS

2020 COST OF SERVICE AND RATE DESIGN STUDY

KEY METRICS BY CUSTOMER CLASS

| Customer Class       | Commercial Container - 2 CU ICL |                   |                         | Commercial Container - 3 CU ICL |                   |                         | Commercial Container - 4 CU ICL |                   |                         | Commercial Container - 6 CU ICL |                   |                         |
|----------------------|---------------------------------|-------------------|-------------------------|---------------------------------|-------------------|-------------------------|---------------------------------|-------------------|-------------------------|---------------------------------|-------------------|-------------------------|
|                      | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account |
| FYE 2015             | \$44,985                        | 30                | \$125                   | \$58,611                        | 34                | \$146                   | \$84,950                        | 36                | \$196                   | \$89,395                        | 26                | \$287                   |
| FYE 2016             | \$49,273                        | 34                | \$122                   | \$54,978                        | 32                | \$145                   | \$82,669                        | 34                | \$201                   | \$91,038                        | 26                | \$294                   |
| FYE 2017             | \$53,029                        | 35                | \$125                   | \$53,694                        | 35                | \$128                   | \$74,260                        | 35                | \$179                   | \$95,921                        | 33                | \$246                   |
| FYE 2018             | \$54,928                        | 36                | \$128                   | \$49,884                        | 27                | \$153                   | \$79,528                        | 30                | \$218                   | \$97,335                        | 27                | \$296                   |
| FYE 2019             | \$58,536                        | 36                | \$134                   | \$52,693                        | 27                | \$161                   | \$84,599                        | 32                | \$223                   | \$100,275                       | 28                | \$304                   |
| <b>Avg Grth Rate</b> | <b>6.80%</b>                    | <b>4.83%</b>      | <b>1.88%</b>            | <b>-2.63%</b>                   | <b>-5.03%</b>     | <b>2.53%</b>            | <b>-0.10%</b>                   | <b>-3.33%</b>     | <b>3.34%</b>            | <b>2.91%</b>                    | <b>1.49%</b>      | <b>1.40%</b>            |
| Customer Class       | Commercial Container - 8 CU ICL |                   |                         | Commercial Container - 2 CU OCL |                   |                         | Commercial Container - 3 CU OCL |                   |                         | Commercial Container - 4 CU OCL |                   |                         |
|                      | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account | Billed Revenue                  | Avg. No. of Accts | Avg Revenue per Account |
| FYE 2015             | \$293,323                       | 47                | \$524                   | \$4,525                         | 4                 | \$108                   | \$10,763                        | 8                 | \$116                   | \$14,434                        | 6                 | \$215                   |
| FYE 2016             | \$297,789                       | 46                | \$537                   | \$8,657                         | 7                 | \$110                   | \$7,092                         | 5                 | \$118                   | \$19,886                        | 8                 | \$219                   |
| FYE 2017             | \$285,577                       | 51                | \$468                   | \$9,698                         | 8                 | \$101                   | \$6,541                         | 5                 | \$121                   | \$18,936                        | 7                 | \$218                   |
| FYE 2018             | \$287,781                       | 43                | \$557                   | \$11,222                        | 8                 | \$116                   | \$7,337                         | 5                 | \$124                   | \$17,093                        | 6                 | \$234                   |
| FYE 2019             | \$300,674                       | 58                | \$434                   | \$12,438                        | 9                 | \$120                   | \$8,746                         | 6                 | \$129                   | \$18,708                        | 7                 | \$234                   |
| <b>Avg Grth Rate</b> | <b>0.62%</b>                    | <b>5.48%</b>      | <b>-4.61%</b>           | <b>28.76%</b>                   | <b>25.44%</b>     | <b>2.65%</b>            | <b>-5.06%</b>                   | <b>-7.53%</b>     | <b>2.67%</b>            | <b>6.70%</b>                    | <b>4.53%</b>      | <b>2.07%</b>            |

## Current Residential Solid Waste Monthly Bill Comparison



# Proposed Solid Waste Rates: Residential

## CITY OF PEARSALL, TEXAS

### PROPOSED SOLID WASTE RATES:

### Residential Cart Service - ICL

NO. ACCOUNTS

1,964

| Service Charge         | 10/1/2019 | 10/01/20 | 10/01/21 | 10/01/22 | 10/01/23 | 10/01/24 | Avg Annual Increase |
|------------------------|-----------|----------|----------|----------|----------|----------|---------------------|
| Regular Service - RI   | \$25.72   | \$26.03  | \$26.33  | \$26.64  | \$26.94  | \$27.25  | 1.5%                |
| Standby - SBI          | \$11.55   | \$11.73  | \$11.91  | \$12.09  | \$12.27  | \$12.45  | 1.5%                |
| 60 - RI                | \$14.47   | \$14.70  | \$14.92  | \$15.15  | \$15.37  | \$15.60  | 1.5%                |
| Weighted Average       | \$24.89   | \$25.19  | \$25.49  | \$25.79  | \$26.09  | \$26.39  |                     |
| Impact on Monthly Bill |           |          |          |          |          |          |                     |
| Bill                   | \$24.65   | \$25.19  | \$25.49  | \$25.79  | \$26.09  | \$26.39  | 1.4%                |
| Cost Increase          |           | \$0.54   | \$0.30   | \$0.30   | \$0.30   | \$0.30   | \$0.35              |

## CITY OF PEARSALL, TEXAS

### PROPOSED SOLID WASTE RATES:

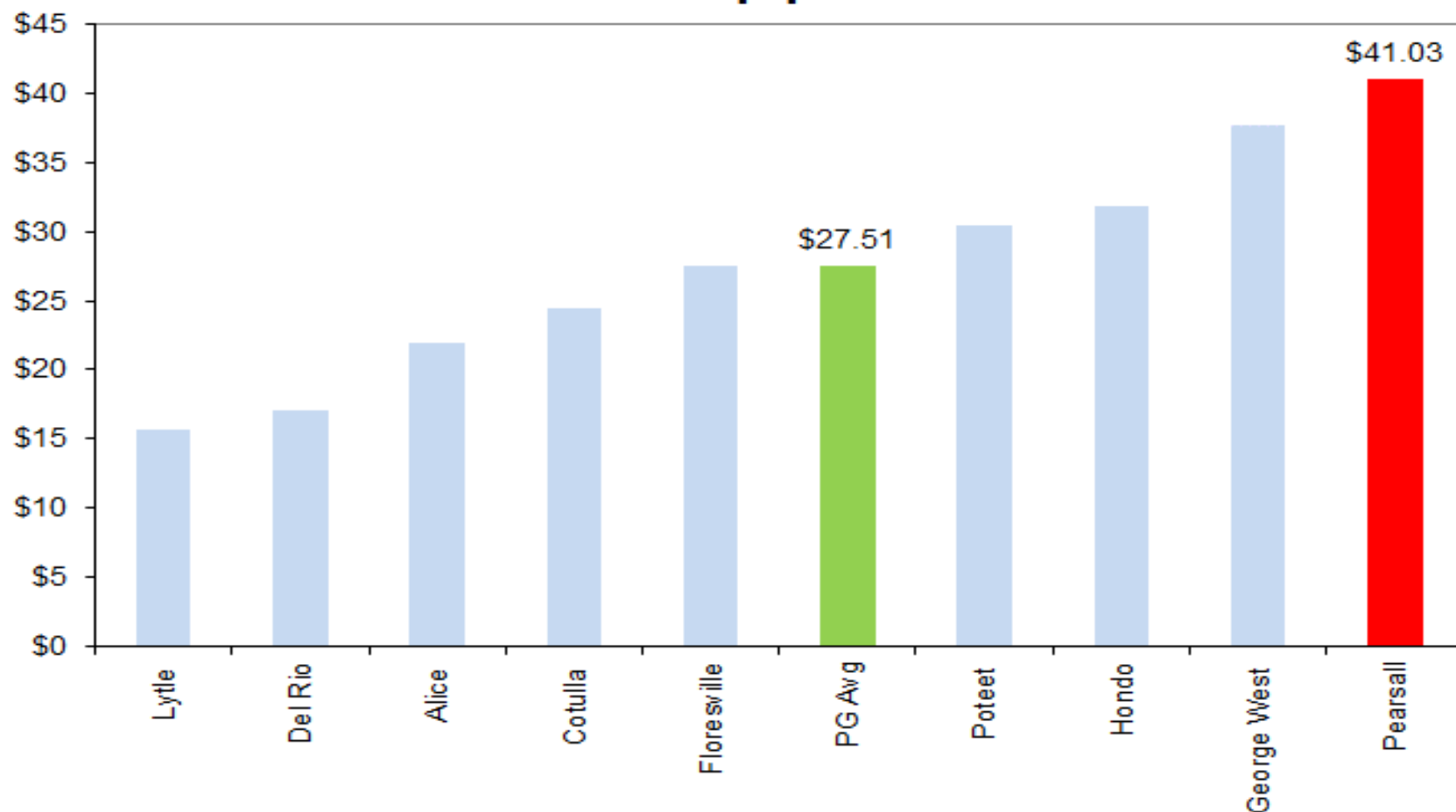
### Residential Cart Service - OCL

NO. ACCOUNTS

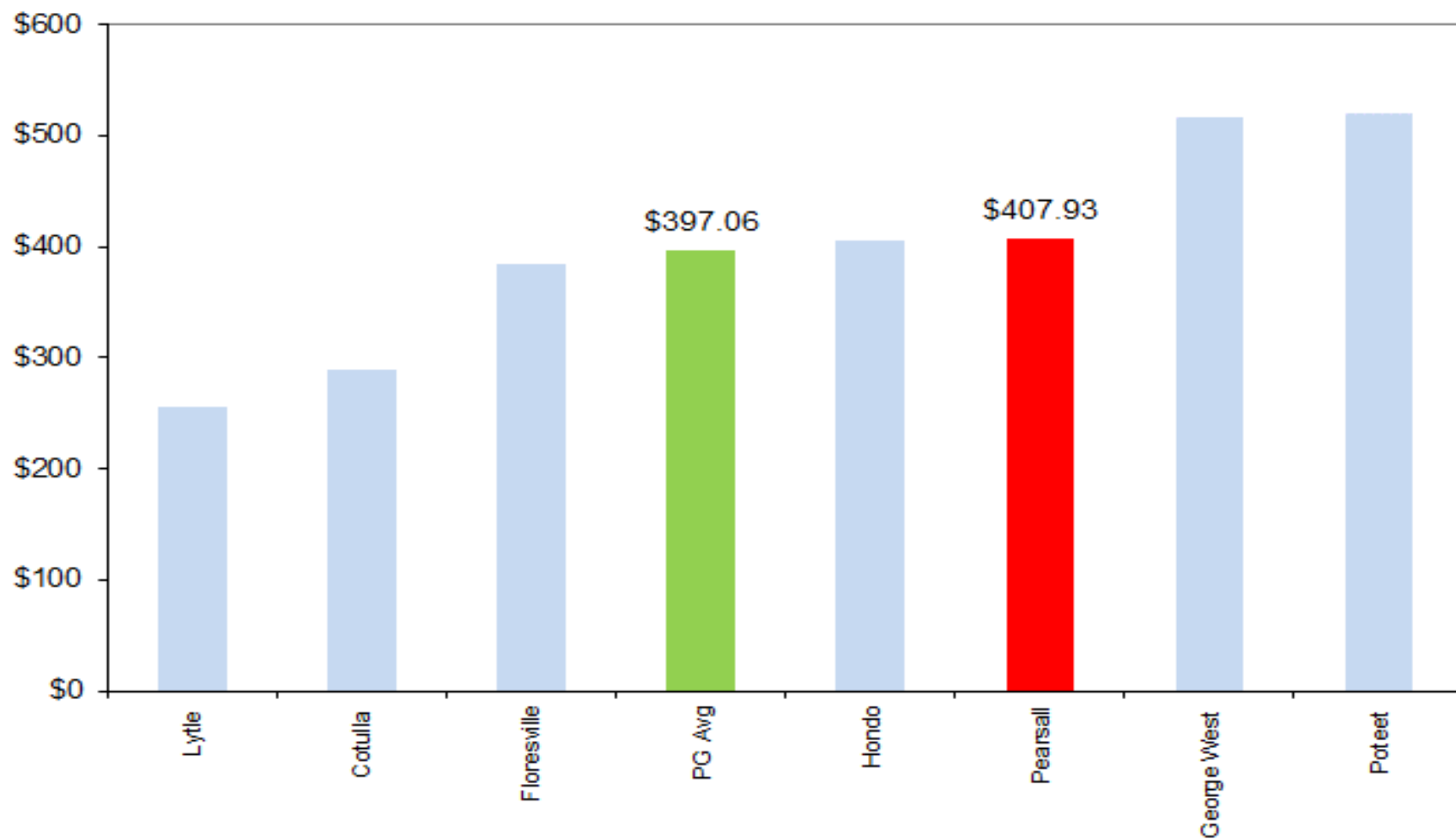
262

| Service Charge         | 10/1/2019 | 10/01/20 | 10/01/21 | 10/01/22 | 10/01/23 | 10/01/24 | Avg Annual Increase |
|------------------------|-----------|----------|----------|----------|----------|----------|---------------------|
| Regular Service - RO   | \$37.86   | \$38.32  | \$38.78  | \$39.23  | \$39.69  | \$40.15  | 1.5%                |
| Standby - SBO          | \$11.55   | \$11.73  | \$11.91  | \$12.09  | \$12.27  | \$12.45  | 1.5%                |
| 60 Com - RO            | \$14.35   | \$14.58  | \$14.81  | \$15.04  | \$15.27  | \$15.50  | 1.6%                |
| 60 Res - RO            | \$14.35   | \$14.58  | \$14.81  | \$15.04  | \$15.27  | \$15.50  | 1.6%                |
| Weighted Average       | \$35.55   | \$35.99  | \$36.42  | \$36.86  | \$37.29  | \$37.73  |                     |
| Impact on Monthly Bill |           |          |          |          |          |          |                     |
| Bill                   | \$35.30   | \$35.99  | \$36.42  | \$36.86  | \$37.29  | \$37.73  | 1.3%                |
| Cost Increase          |           | \$0.68   | \$0.44   | \$0.44   | \$0.44   | \$0.44   | \$0.49              |

## Current Commercial Solid Waste Monthly Bill Comparison 1 Bin Pickup per Week



## Current Commercial Solid Waste Monthly Bill Comparison 8 Cubic Yard, 2 Pick Ups per Week



# Proposed Solid Waste Rates: Commercial

CITY OF PEARSALL, TEXAS

PROPOSED SOLID WASTE RATES:

Commercial Cart Service - ICL

NO. ACCOUNTS

119

| Service Charge         | 10/1/2019 | 10/01/20 | 10/01/21 | 10/01/22 | 10/01/23 | 10/01/24 | Avg Annual Increase |
|------------------------|-----------|----------|----------|----------|----------|----------|---------------------|
| Regular Service - CI   | \$41.03   | \$41.69  | \$42.36  | \$43.02  | \$43.69  | \$44.35  | 1.8%                |
| Extra Cart - CI        | \$20.47   | \$20.83  | \$21.18  | \$21.54  | \$21.89  | \$22.25  | 1.9%                |
| Regular Service - CI   | \$41.03   | \$41.75  | \$42.48  | \$43.20  | \$43.93  | \$44.65  | 1.9%                |
| 60 - CI                | \$20.47   | \$20.83  | \$21.18  | \$21.54  | \$21.89  | \$22.25  | 1.9%                |
| Weighted Average       | \$40.34   | \$40.99  | \$41.65  | \$42.30  | \$42.96  | \$43.61  |                     |
| Impact on Monthly Bill |           |          |          |          |          |          |                     |
| Bill                   | \$40.34   | \$40.99  | \$41.65  | \$42.30  | \$42.96  | \$43.61  |                     |
| Cost Increase          |           | \$0.65   | \$0.65   | \$0.65   | \$0.65   | \$0.65   | \$0.65              |

CITY OF PEARSALL, TEXAS

PROPOSED SOLID WASTE RATES:

Commercial Cart Service - OCL

NO. ACCOUNTS

11

| Service Charge         | 10/1/2019 | 10/01/20 | 10/01/21 | 10/01/22 | 10/01/23 | 10/01/24 | Avg Annual Increase |
|------------------------|-----------|----------|----------|----------|----------|----------|---------------------|
| Regular Service - CO   | \$49.52   | \$50.52  | \$51.51  | \$52.51  | \$53.50  | \$54.50  | 1.9%                |
| Extra Cart - CO        | \$20.47   | \$20.88  | \$21.28  | \$21.69  | \$22.09  | \$22.50  | 1.9%                |
| Weighted Average       | \$41.41   | \$42.25  | \$43.08  | \$43.91  | \$44.74  | \$45.58  | 1.9%                |
| Impact on Monthly Bill |           |          |          |          |          |          |                     |
| Bill                   | \$41.41   | \$42.25  | \$43.08  | \$43.91  | \$44.74  | \$45.58  |                     |
| Cost Increase          |           | \$0.83   | \$0.83   | \$0.83   | \$0.83   | \$0.83   | \$0.83              |

# Pro Forma Cash Flow under Proposed Solid Waste Rates

**CITY OF PEARSALL, TEXAS**

## CASH FLOW SUMMARY-SOLID WASTE

|                                                |                    | FYE                |                    |                    | FYE                |                    |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                | 2020               | 2021               | 2022               | 2023               | 2024               | 2025               |
| Rate Revenues                                  | \$1,427,203        | \$1,474,719        | \$1,515,457        | \$1,555,449        | \$1,596,078        | \$1,637,353        |
| Non-Rate Revenues                              | \$203,714          | \$206,770          | \$209,871          | \$213,019          | \$216,215          | \$219,458          |
| <b>TOTAL REVENUES</b>                          | <b>\$1,630,917</b> | <b>\$1,681,488</b> | <b>\$1,725,328</b> | <b>\$1,768,468</b> | <b>\$1,812,293</b> | <b>\$1,856,811</b> |
| <b>TOTAL EXPENSES</b>                          | <b>\$1,462,487</b> | <b>\$1,429,129</b> | <b>\$1,464,943</b> | <b>\$1,501,657</b> | <b>\$1,539,296</b> | <b>\$1,577,881</b> |
| <b>TOTAL ALL DEBT</b>                          | <b>\$170,386</b>   | <b>\$169,788</b>   | <b>\$170,367</b>   | <b>\$169,622</b>   | <b>\$170,053</b>   | <b>\$170,396</b>   |
| <b>Coverage Ratio on<br/>All Debt: Current</b> | <b>0.99</b>        | <b>1.49</b>        | <b>1.53</b>        | <b>1.57</b>        | <b>1.61</b>        | <b>1.64</b>        |
| <b>CASH FOR CAPITAL<br/>OUTLAYS</b>            | <b>-\$1,955</b>    | <b>\$82,571</b>    | <b>\$90,019</b>    | <b>\$97,189</b>    | <b>\$102,944</b>   | <b>\$108,534</b>   |
| <b>Total Capital Outlays</b>                   | <b>\$0</b>         | <b>\$80,000</b>    | <b>\$28,000</b>    | <b>\$28,840</b>    | <b>\$29,705</b>    | <b>\$30,596</b>    |
| <b>FY END BALANCE</b>                          | <b>(\$1,955)</b>   | <b>\$2,571</b>     | <b>\$62,019</b>    | <b>\$68,349</b>    | <b>\$73,239</b>    | <b>\$77,938</b>    |

## Recommended Next Steps

- Complete reconciliation with Republic Services billing and customer counts
- Incorporate Staff and City Council's comments into study
- Advise ratepayers of proposed increases
- Draft rate ordinance

# City of Pearsall, Texas

## Water and Wastewater Rate Study and Long-Term Financial Plan

Presented

July 23, 2020

Capex Consulting Group

Email: [jsnowden@capexconsulting.com](mailto:jsnowden@capexconsulting.com)

Web site: [www.capexconsulting.com](http://www.capexconsulting.com)



# Study Objectives

- **Review operating history, debt obligations, and prepare forecasts**
  - Review billing system data and identify issues
  - Evaluate existing debt
- **Evaluate current rate structure**
  - Does each customer class contribute an equitable share of revenue based on demand?
  - Are revenues generated at appropriate levels of consumption for each customer class
  - Do rates generate revenue sufficient to pay current and forecast operating and capital costs?
- **Develop and assist with implementation of an improved rate structure**
  - Eliminate cross customer-class subsidies
  - Reduce revenue declines related to weather events
  - Compare current & recommended rates to relevant peer group
  - Provide multi-year rate restructuring option
  - Generate revenue sufficient to fund operating and capital costs in a variety of consumption scenarios

# Macro Water and Wastewater Flow Data

## Treated Water Out

CITY OF PEARSALL, TEXAS

### WATER & WW SYSTEM FLOWS

|                            | Treated Water<br>Pumped - MG | Metered Water<br>Consumpt - MG | Percent of<br>Treated Water<br>Sold | Influent to<br>WWTP(s) - MG | Percent of<br>Metered Water<br>Treated at<br>WWTP(s) |
|----------------------------|------------------------------|--------------------------------|-------------------------------------|-----------------------------|------------------------------------------------------|
| FYE 2008                   | 412.8                        | 531.6                          | 129%                                | 255.3                       | 48%                                                  |
| FYE 2009                   | 554.8                        | 497.8                          | 90%                                 | 308.9                       | 62%                                                  |
| FYE 2010                   | 467.2                        | 414.3                          | 89%                                 | 382.2                       | 92%                                                  |
| FYE 2011                   | 540.8                        | 547.6                          | 101%                                | 370.5                       | 68%                                                  |
| FYE 2015                   | 466.5                        | 378.9                          | 81%                                 | 408.4                       | 108%                                                 |
| FYE 2016                   | 590.5                        | 471.6                          | 80%                                 | 413.7                       | 88%                                                  |
| FYE 2017                   | 604.7                        | 466.9                          | 77%                                 | 352.4                       | 75%                                                  |
| FYE 2018                   | 360.5                        | 405.7                          | 113%                                | 343.8                       | 85%                                                  |
| FYE 2019                   | 427.5                        | 369.1                          | 86%                                 | 371.6                       | 101%                                                 |
| 2008-2011 Average          | 493.9                        | 497.8                          | 102%                                | 329.2                       | 67%                                                  |
| 2015-2019 Average          | 490.0                        | 418.4                          | 87%                                 | 378.0                       | 91%                                                  |
| AVG. ANNUAL GROWTH<br>RATE | 0.4%                         | -4.5%                          |                                     | 4.8%                        |                                                      |

# History of Account Growth

CITY OF PEARSALL, TEXAS

Accounts by Customer Class

|                                | ANNUAL AVERAGE |              |              |              |              |              |              |               |              | Avg Annual Growth Rate 2008-19 | Avg New Accts per Annum |
|--------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------------------------|-------------------------|
|                                | FYE 2008       | FYE 2009     | FYE 2010     | FYE 2011     | FYE 2015     | FYE 2016     | FYE 2017     | FYE 2018      | FYE 2019     |                                |                         |
| <b>Water and Wastewater</b>    |                |              |              |              |              |              |              |               |              |                                |                         |
| Residential ICL                | 2,095          | 2,090        | 1,655        | 1,634        | 1,782        | 1,782        | 1,723        | 1,745         | 1,712        | -1.8%                          | -35                     |
| Residential OCL                | 331            | 332          | 309          | 310          | 310          | 325          | 329          | 327           | 325          | -0.2%                          | -1                      |
| Senior Citizen ICL             | 0              | 0            | 459          | 467          | 432          | 426          | 495          | 428           | 462          | #NUM!                          | 42                      |
| Senior Citizen OCL             | 0              | 0            | 12           | 22           | 24           | 23           | 25           | 22            | 31           | #NUM!                          | 3                       |
| Commercial ICL                 | 244            | 277          | 232          | 233          | 393          | 387          | 436          | 372           | 361          | 3.6%                           | 11                      |
| Commercial OCL                 | 29             | 29           | 30           | 33           | 54           | 54           | 53           | 52            | 52           | 5.5%                           | 2                       |
| <b>Total Water</b>             | <b>2,702</b>   | <b>2,727</b> | <b>2,699</b> | <b>2,699</b> | <b>2,994</b> | <b>2,998</b> | <b>3,061</b> | <b>2,945</b>  | <b>2,942</b> | <b>0.8%</b>                    | <b>22</b>               |
| <b>Annual Rate of Increase</b> | <b>-1.9%</b>   | <b>1.0%</b>  | <b>-1.0%</b> | <b>0.0%</b>  | <b>34.0%</b> | <b>0.1%</b>  | <b>2.1%</b>  | <b>-3.8%</b>  | <b>-0.1%</b> |                                |                         |
| <b>WASTEWATER</b>              |                |              |              |              |              |              |              |               |              |                                |                         |
| Residential ICL                | 1,870          | 1,858        | 1,464        | 1,451        | 1,592        | 1,611        | 1,824        | 1,575         | 1,543        | -1.7%                          | -30                     |
| Residential OCL                | 24             | 24           | 21           | 26           | 32           | 57           | 59           | 51            | 47           | 6.5%                           | 2                       |
| Senior Citizen ICL             | 0              | 0            | 383          | 422          | 393          | 387          | 453          | 394           | 426          | #NUM!                          | 39                      |
| Senior Citizen OCL             | 0              | 0            | 1            | 1            | 2            | 5            | 6            | 6             | 8            | #NUM!                          | 1                       |
| Commercial ICL                 | 238            | 242          | 243          | 245          | 280          | 276          | 312          | 264           | 259          | 0.8%                           | 2                       |
| Commercial OCL                 | 0              | 0            | 0            | 0            | 7            | 8            | 9            | 9             | 11           | #NUM!                          | 1                       |
| <b>Total Wastewater</b>        | <b>2,131</b>   | <b>2,124</b> | <b>2,111</b> | <b>2,146</b> | <b>2,306</b> | <b>2,344</b> | <b>2,664</b> | <b>2,299</b>  | <b>2,293</b> | <b>0.7%</b>                    | <b>15</b>               |
| <b>Annual Rate of Increase</b> | <b>-1.6%</b>   |              | <b>-0.6%</b> | <b>1.6%</b>  | <b>35.8%</b> | <b>1.7%</b>  | <b>13.6%</b> | <b>-13.7%</b> | <b>-0.3%</b> |                                |                         |
| <b>SYSTEM TOTAL</b>            | <b>4,833</b>   | <b>4,851</b> | <b>4,810</b> | <b>4,845</b> | <b>5,300</b> | <b>5,341</b> | <b>5,725</b> | <b>5,244</b>  | <b>5,235</b> | <b>0.7%</b>                    | <b>37</b>               |
| <b>Annual Rate of Increase</b> | <b>-1.7%</b>   | <b>0.4%</b>  | <b>-0.8%</b> | <b>0.7%</b>  | <b>34.8%</b> | <b>0.8%</b>  | <b>7.2%</b>  | <b>-8.4%</b>  | <b>-0.2%</b> |                                |                         |

# Water Revenue and Expense History

CITY OF PEARSALL, TEXAS

UTILITY COST OF SERVICE AND RATE DESIGN STUDY

SUMMARY OF REVENUES & EXPENDITURES

WATER

|                                    | FYE 13 Adj.<br>Budget | FYE 14 Adj.<br>Budget | FYE 18 Adj.<br>Budget | FYE 19 Adj.<br>Budget | FYE 20 Adj.<br>Budget | AVG.<br>ANNUAL<br>GROWTH<br>2013-20 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|
| <b>OPERATING REVENUE</b>           |                       |                       |                       |                       |                       |                                     |
| Total Service Revenues             | \$1,313,000           | \$1,425,000           | \$1,654,434           | \$1,611,979           | \$1,700,000           | 3.8%                                |
| Total Other Charges for Services   | \$67,386              | \$99,850              | \$20,786              | \$28,066              | \$27,500              | -12.0%                              |
| Total Non-Operating Revenue        | \$33,247              | \$36,385              | \$234,890             | \$236,205             | \$232,500             | 32.0%                               |
| <b>Total Operating Revenues</b>    | <b>\$1,413,633</b>    | <b>\$1,561,235</b>    | <b>\$1,910,110</b>    | <b>\$1,876,250</b>    | <b>\$1,960,000</b>    | <b>4.8%</b>                         |
| <b>Personnel</b>                   |                       |                       |                       |                       |                       |                                     |
| Salaries & Wages Supervision       | \$57,329              | \$92,465              | \$41,173              | \$69,035              | \$73,189              | 3.6%                                |
| Salaries & Wages Skilled           | \$182,188             | \$188,275             | \$174,782             | \$175,046             | \$235,168             | 3.7%                                |
| Salaries & Wages - Overtime        | \$291                 | \$250                 | \$1,327               | \$2,290               | \$13,200              | 72.4%                               |
| Employee Retirement                | \$21,197              | \$15,258              | \$11,016              | \$14,813              | \$22,302              | 0.7%                                |
| Extra Help                         | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   |                                     |
| Major Medical Insurance            | \$43,681              | \$49,783              | \$45,665              | \$71,805              | \$81,936              | 9.4%                                |
| Workers Compensation Ins.          | \$5,725               | \$6,673               | \$11,482              | \$9,417               | \$15,825              | 15.6%                               |
| FICA/Medicare Expense              | \$19,283              | \$18,718              | \$23,318              | \$26,403              | \$34,503              | 8.7%                                |
| Unemployment Insurance             | \$0                   | \$2,278               | \$0                   | \$0                   | \$12,500              |                                     |
| Overtime                           | \$13,545              | \$10,000              | \$0                   | \$0                   | \$0                   |                                     |
| Employee Incentive                 | \$1,798               | \$0                   | \$0                   | \$0                   | \$0                   |                                     |
| Salaries & Wages - City Manager    | \$0                   | \$0                   | \$52,885              | \$43,088              | \$60,000              |                                     |
| Salaries & Wages - Fiance Director | \$0                   | \$0                   | \$37,822              | \$33,544              | \$27,908              |                                     |
| Stipends                           | \$0                   | \$0                   | \$0                   | \$27,365              | \$39,200              |                                     |
| X-MAS Incintive                    | \$0                   | \$0                   | \$1,201               | \$1,277               | \$2,325               |                                     |
| Life Insurance                     | \$0                   | \$0                   | \$93                  | \$518                 | \$1,092               |                                     |
| <b>Total</b>                       | <b>\$345,037</b>      | <b>\$383,698</b>      | <b>\$400,764</b>      | <b>\$474,600</b>      | <b>\$679,148</b>      | <b>10.2%</b>                        |

# Wastewater Revenue and Expense History

| UTILITY COST OF SERVICE AND RATE DESIGN STUDY |  |  |                       |                       |                       |                       |                       |                                   |
|-----------------------------------------------|--|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|
| SUMMARY OF REVENUES & EXPENDITURES            |  |  |                       |                       |                       |                       |                       |                                   |
| WASTEWATER                                    |  |  |                       |                       |                       |                       |                       |                                   |
|                                               |  |  | FYE 13 Adj.<br>Budget | FYE 14 Adj.<br>Budget | FYE 18 Adj.<br>Budget | FYE 19 Adj.<br>Budget | FYE 20 Adj.<br>Budget | AVG. ANNUAL<br>GROWTH 2013-<br>20 |
| OPERATING REVENUE                             |  |  |                       |                       |                       |                       |                       |                                   |
| Total Service Revenues                        |  |  | \$358,813             | \$410,000             | \$662,550             | \$682,022             | \$675,000             | 9.4%                              |
| Total Other Charges for Services              |  |  | \$12,671              | \$20,600              | \$57,722              | \$69,971              | \$49,400              | 21.5%                             |
| Total Non-Operating Revenue                   |  |  | -\$1,551              | \$489                 | \$0                   | \$0                   | \$0                   |                                   |
| Total Operating Revenues                      |  |  | \$369,933             | \$431,089             | \$720,272             | \$751,993             | \$724,400             | 10.1%                             |
| Personnel                                     |  |  |                       |                       |                       |                       |                       |                                   |
| Salaries & Wages Supervision                  |  |  | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   |                                   |
| Salaries & Wages Skilled                      |  |  | \$76,560              | \$93,350              | \$104,234             | \$127,114             | \$141,690             | 9.2%                              |
| Salaries & Wages - Overtime                   |  |  | \$0                   | \$0                   | \$0                   | \$400                 | \$5,000               |                                   |
| Employee Retirement                           |  |  | \$6,210               | \$5,000               | \$4,651               | \$5,452               | \$6,530               | 0.7%                              |
| Extra Help                                    |  |  | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   |                                   |
| Major Medical Insurance                       |  |  | \$11,093              | \$17,460              | \$19,905              | \$29,706              | \$34,140              | 17.4%                             |
| Workers Compensation Ins.                     |  |  | \$1,325               | \$1,450               | \$1,977               | \$2,246               | \$9,380               | 32.3%                             |
| FICA/Medicare Expense                         |  |  | \$5,874               | \$6,200               | \$9,199               | \$9,691               | \$14,231              | 13.5%                             |
| Salaries & Wages - Public Works Director      |  |  | \$0                   | \$0                   | \$16,782              | \$0                   | \$38,625              |                                   |
| Stipends                                      |  |  | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   |                                   |
| X-MAS Incintive                               |  |  | \$0                   | \$0                   | \$515                 | \$746                 | \$684                 |                                   |
| Life Insurance                                |  |  | \$0                   | \$0                   | \$38                  | \$202                 | \$455                 |                                   |
| Salaries & Wages Labor oper.                  |  |  | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   |                                   |
| Total                                         |  |  | \$102,970             | \$125,960             | \$158,876             | \$175,557             | \$250,735             | 13.6%                             |

# Current & Proposed Debt Obligations

| CITY OF PEARSALL, TEXAS                          |  |  |                           |                            |                     |                         |                      |
|--------------------------------------------------|--|--|---------------------------|----------------------------|---------------------|-------------------------|----------------------|
| SUMMARY OF ALL WATER & WW DEBT                   |  |  |                           |                            |                     |                         |                      |
| ISSUE                                            |  |  | Original Amount<br>Issued | Range of<br>Interest Rates | Bal. End FY<br>2019 | % Allocated to<br>Water | % Allocated To<br>WW |
| Srs 1998 Water and Wastewater Revenue Bonds      |  |  | \$329,000                 | 4.5%                       | \$240,000           | 50%                     | 50%                  |
| Srs 2012A Comb Tax & LTD Pledge Rev C/O          |  |  | \$1,456,125               | 2.1%                       | \$1,456,125         | 50%                     | 50%                  |
| Srs 2016 Comb Tax & LTD Pledge Rev C/O - 35% WWW |  |  | \$2,486,750               | 2.4%                       | \$2,486,750         | 50%                     | 50%                  |
| PNC Equipment Finance                            |  |  | \$1,382,161               | 0.0%                       | \$1,039,061         | 50%                     | 50%                  |
| Series 2020 Gov Cap Equipment Purchase           |  |  | \$258,791                 | 3.0%                       | \$0                 | 75%                     | 25%                  |
| Series 2023 Utility Extension                    |  |  | \$2,553,494               | 2.0%                       | \$0                 | 25%                     | 75%                  |
| Series 2022 Water Wells                          |  |  | \$1,133,000               | 2.0%                       | \$0                 | 100%                    | 0%                   |
| Series 2021 Capital Projects                     |  |  | \$845,900                 | 2.5%                       | \$0                 | 66%                     | 34%                  |
| TOTAL                                            |  |  | \$10,445,221              |                            | \$5,221,936         | \$2,610,968             | \$2,610,968          |

# Annual Debt Service

## CITY OF PEARSALL, TEXAS

### SUMMARY OF ALL WATER & WW DEBT

| FYE  | Begin Period Debt | Less Refundings | Plus Additions | Principal | Interest  | Total Debt Service | Ending Principal |
|------|-------------------|-----------------|----------------|-----------|-----------|--------------------|------------------|
| 2020 | \$5,221,936       | \$0             | \$845,900      | \$332,561 | \$130,177 | <b>\$462,739</b>   | \$5,735,275      |
| 2021 | \$5,735,275       | \$0             | \$258,791      | \$441,034 | \$150,085 | <b>\$591,119</b>   | \$5,553,032      |
| 2022 | \$5,553,032       | \$0             | \$1,133,000    | \$489,773 | \$160,938 | <b>\$650,711</b>   | \$6,196,259      |
| 2028 | \$5,870,866       | \$0             | \$0            | \$530,673 | \$125,484 | <b>\$656,158</b>   | \$5,340,193      |
| 2029 | \$5,340,193       | \$0             | \$0            | \$466,251 | \$113,635 | <b>\$579,886</b>   | \$4,873,941      |
| 2032 | \$3,911,572       | \$0             | \$0            | \$256,545 | \$83,239  | <b>\$339,784</b>   | \$3,655,027      |
| 2050 | \$132,375         | \$0             | \$0            | \$44,125  | \$2,813   | <b>\$46,938</b>    | \$88,250         |
| 2051 | \$88,250          | \$0             | \$0            | \$44,125  | \$1,875   | <b>\$46,000</b>    | \$44,125         |
| 2052 | \$44,125          | \$0             | \$0            | \$44,125  | \$940     | <b>\$45,065</b>    | \$0              |
|      |                   |                 |                |           |           |                    |                  |

# Water Revenue: Distribution of Metered Water Consumption and Billed Revenue by Customer Class

CITY OF PEARSALL, TEXAS

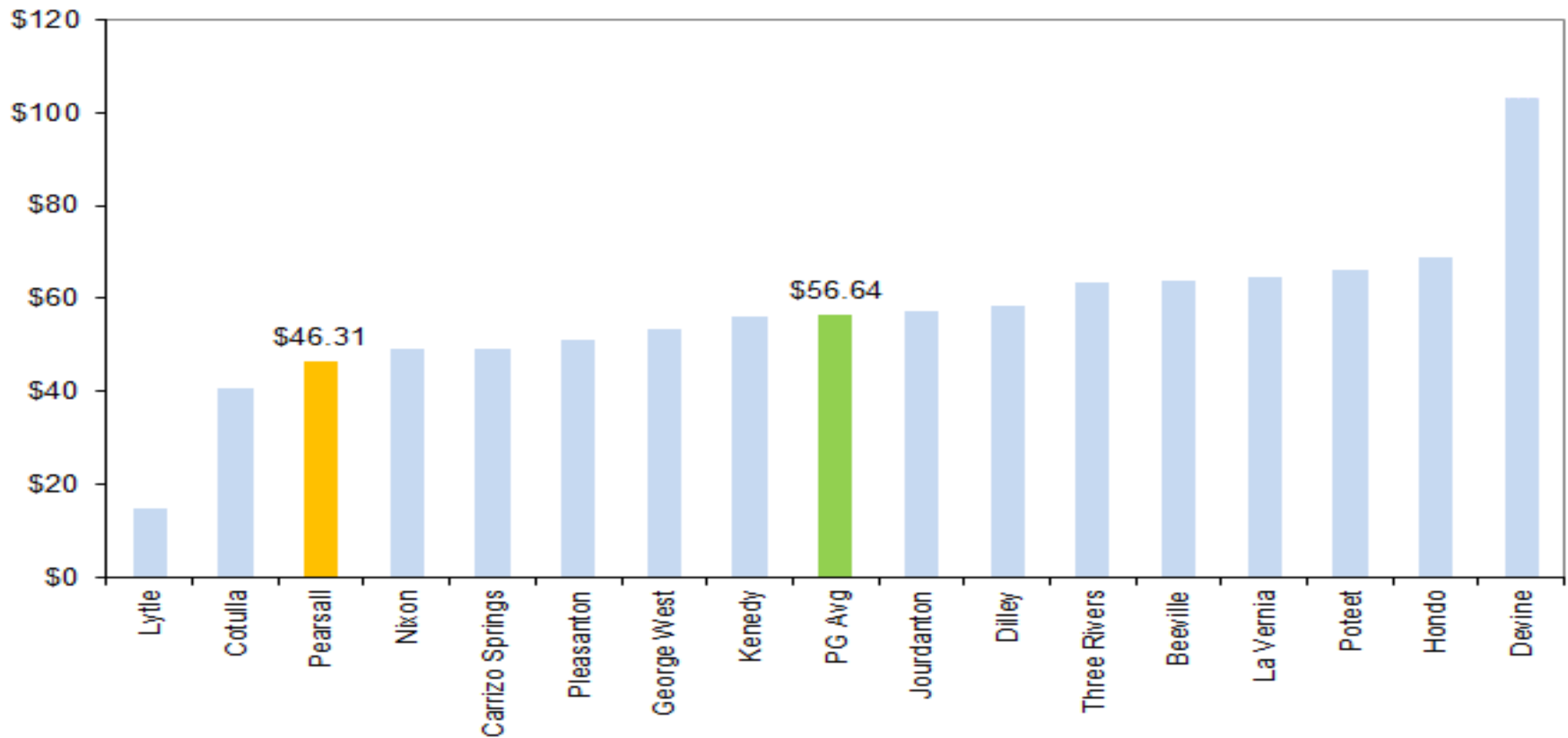
## REVENUE TO DEMAND COMPARISON BY CUSTOMER CLASS

### Water and Wastewater

| Customer Class     | FYE 2019 Billed Revenue | FYE 2019 Volume    | % Billed Revenue to Total | % Billed Usage to Total |
|--------------------|-------------------------|--------------------|---------------------------|-------------------------|
| Residential ICL    | \$652,436               | 161,740,000        | 39.9%                     | 43.8%                   |
| Residential OCL    | \$218,309               | 41,492,000         | 13.3%                     | 11.2%                   |
| Senior Citizen ICL | \$140,033               | 48,322,000         | 8.6%                      | 13.1%                   |
| Senior Citizen OCL | \$13,213                | 2,863,000          | 0.8%                      | 0.8%                    |
| Commercial ICL     | \$519,501               | 103,829,000        | 31.8%                     | 28.1%                   |
| Commercial OCL     | \$91,925                | 10,828,000         | 5.6%                      | 2.9%                    |
| <b>Total</b>       | <b>\$1,635,418</b>      | <b>369,074,000</b> | <b>100%</b>               | <b>100%</b>             |

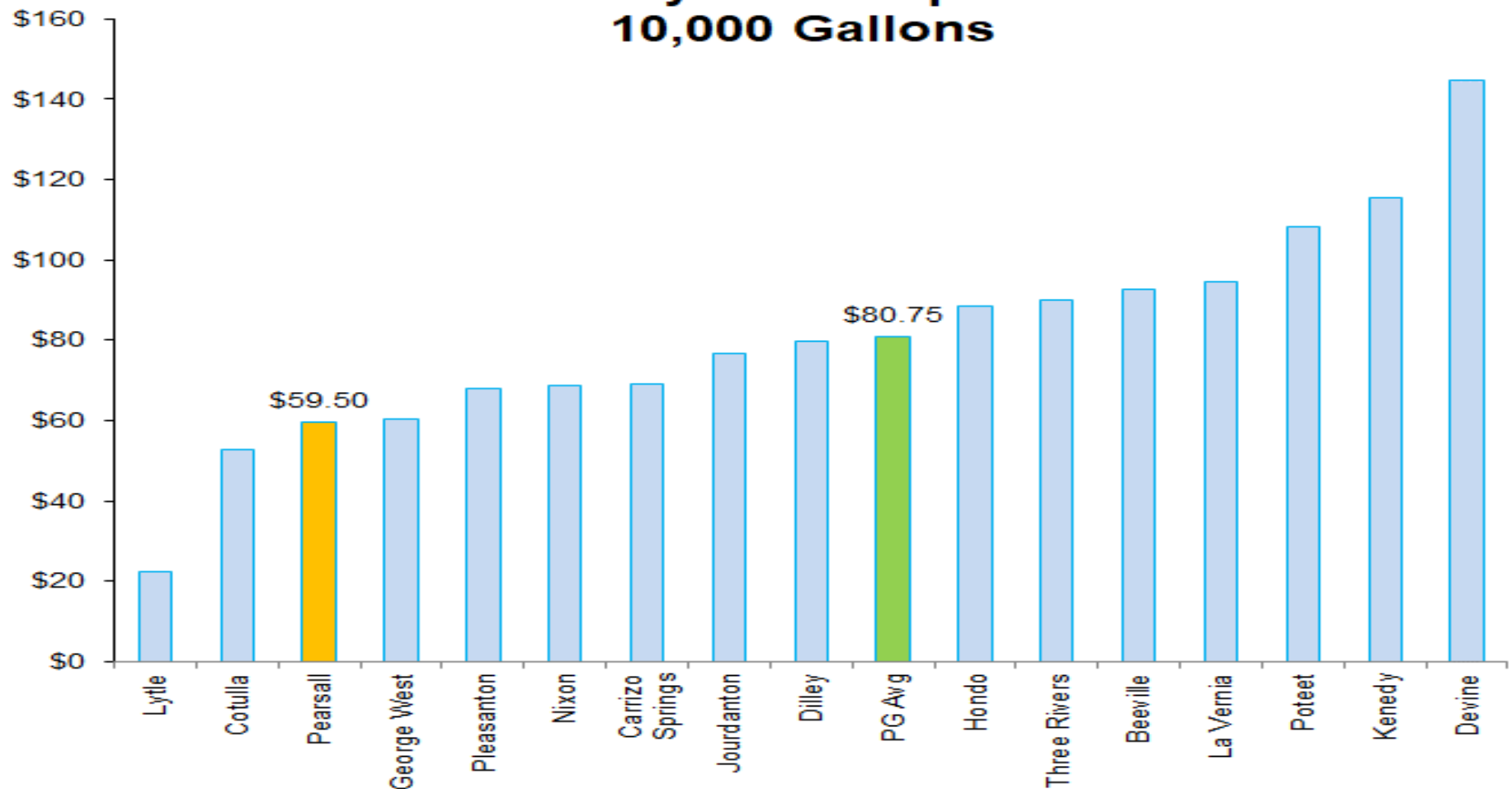
# Residential Peer Group Comparison 1 – Current Rates

## Current Residential Water & Wastewater Monthly Bill Comparison 5,000 Gallons



## Residential Peer Group Comparison 2 – Current Rates

**Current Residential Water & Wastewater  
Monthly Bill Comparison  
10,000 Gallons**

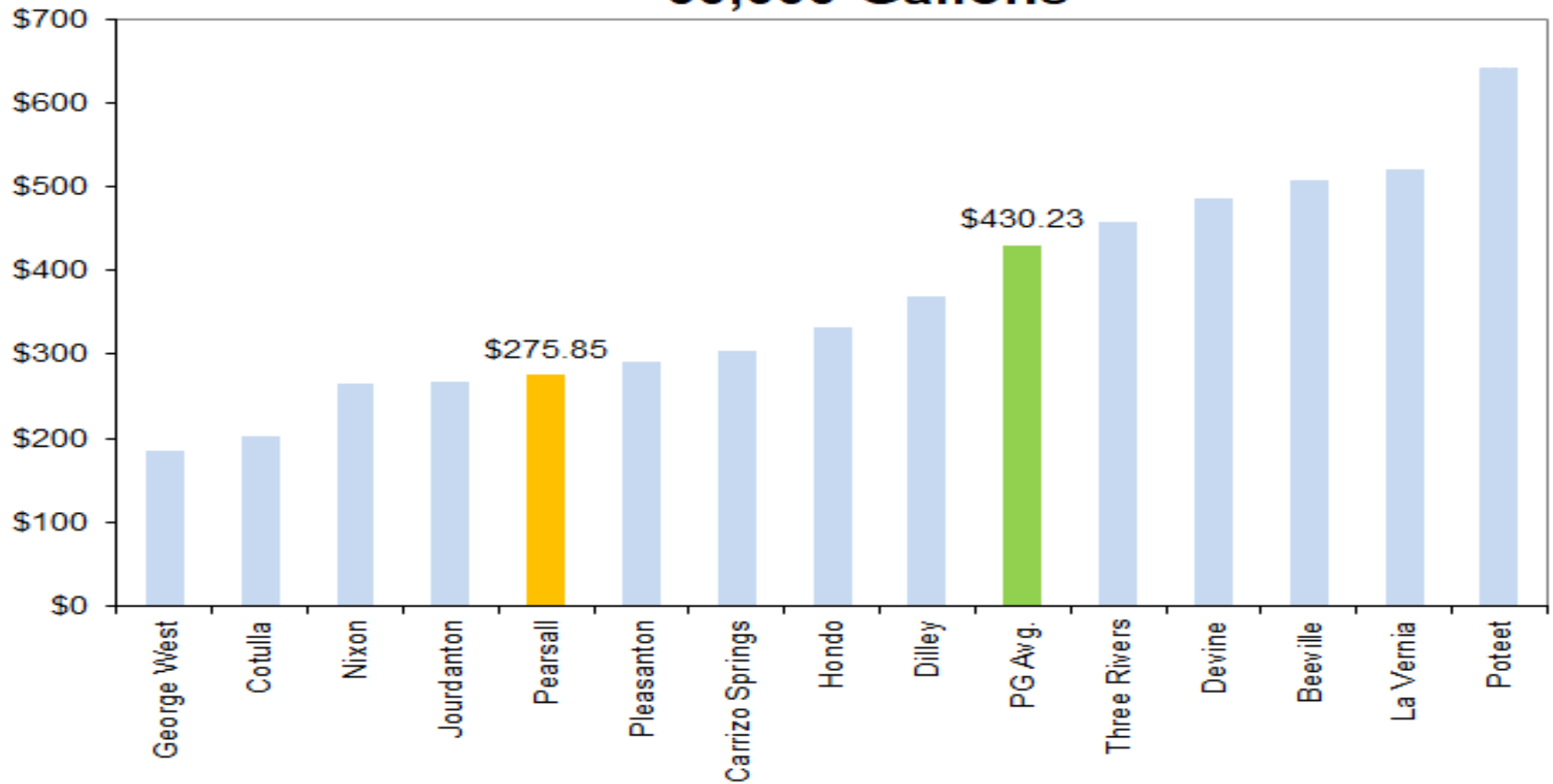


**CITY OF PEARSALL, TEXAS**  
**2020 COST OF SERVICE AND RATE DESIGN STUDY**  
**KEY METRICS BY CUSTOMER CLASS**

| Customer Class            | Residential ICL            |                |                   |                    |                         |                         |
|---------------------------|----------------------------|----------------|-------------------|--------------------|-------------------------|-------------------------|
|                           | Ttl Metered Consumpt - Gal | Billed Revenue | Avg. No. of Accts | Avg Mtrd Cons/Acct | Avg Revenue per Account | Avg Revenue per Metered |
| FYE 2008                  | 318,822,000                | \$485,504      | 2,095             | 12,679             | \$19                    | \$1.52                  |
| FYE 2009                  | 304,338,000                | \$545,126      | 2,090             | 12,136             | \$22                    | \$1.79                  |
| FYE 2010                  | 183,488,500                | \$487,680      | 1,655             | 9,240              | \$25                    | \$2.66                  |
| FYE 2011                  | 236,943,500                | \$560,624      | 1,634             | 12,082             | \$29                    | \$2.37                  |
| FYE 2015                  | 189,976,000                | \$624,760      | 1,782             | 8,886              | \$29                    | \$3.29                  |
| FYE 2016                  | 203,669,000                | \$668,880      | 1,782             | 9,527              | \$31                    | \$3.28                  |
| FYE 2017                  | 208,480,000                | \$716,164      | 1,723             | 10,081             | \$35                    | \$3.44                  |
| FYE 2018                  | 181,501,000                | \$628,826      | 1,745             | 8,666              | \$30                    | \$3.46                  |
| FYE 2019                  | 161,740,000                | \$652,436      | 1,712             | 7,875              | \$32                    | \$4.03                  |
| <b>Avg Grth Rate</b>      | <b>-5.98%</b>              | <b>2.72%</b>   | <b>-1.82%</b>     | <b>-4.24%</b>      | <b>4.63%</b>            | <b>9.26%</b>            |
| <b>Avg Mtrd Cons/Acct</b> |                            |                |                   | <b>10,142</b>      |                         |                         |

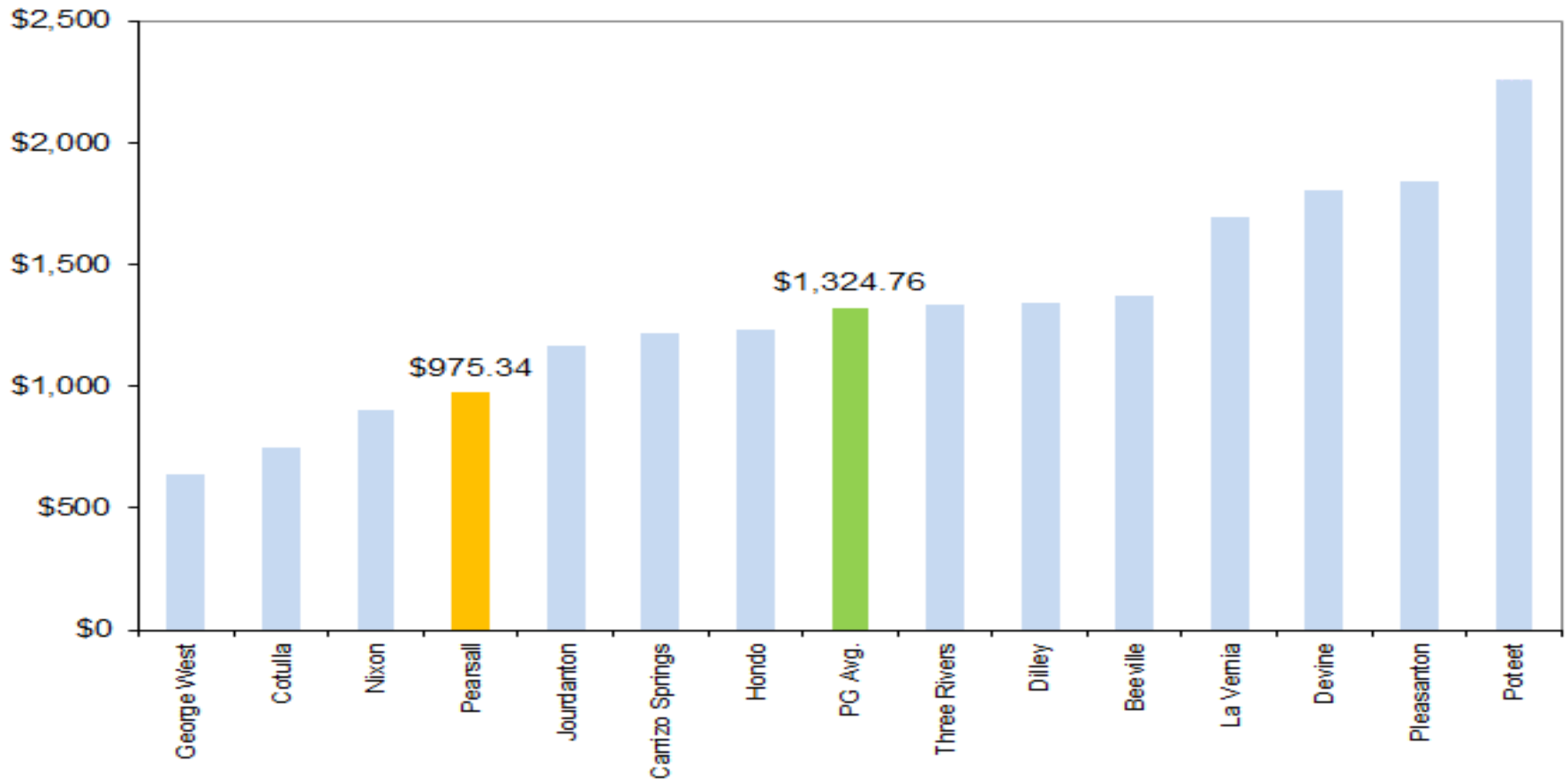
# Commercial Peer Group Comparison 1 – Current Rates

## Current Commercial Water & Wastewater Monthly Bill Comparison 50,000 Gallons



## Commercial Peer Group Comparison 2 – Current Rates

### Current Commercial Water & Wastewater Monthly Bill Comparison 200,000 Gallons



**CITY OF PEARSALL, TEXAS****2020 COST OF SERVICE AND RATE DESIGN STUDY****KEY METRICS BY CUSTOMER CLASS**

| Customer Class            | Commercial ICL             |                |                   |                    |                         |                         |
|---------------------------|----------------------------|----------------|-------------------|--------------------|-------------------------|-------------------------|
|                           | Ttl Metered Consumpt - Gal | Billed Revenue | Avg. No. of Accts | Avg Mtrd Cons/Acct | Avg Revenue per Account | Avg Revenue per Metered |
| FYE 2008                  | 156,764,000                | \$184,783      | 244               | 53,613             | \$63                    | \$1.18                  |
| FYE 2009                  | 144,667,000                | \$231,297      | 277               | 43,483             | \$70                    | \$1.60                  |
| FYE 2010                  | 139,418,000                | \$251,238      | 232               | 50,096             | \$90                    | \$1.80                  |
| FYE 2011                  | 171,948,500                | \$298,970      | 233               | 61,498             | \$107                   | \$1.74                  |
| FYE 2015                  | 82,992,000                 | \$439,133      | 393               | 17,613             | \$93                    | \$5.29                  |
| FYE 2016                  | 148,287,000                | \$540,866      | 387               | 31,952             | \$117                   | \$3.65                  |
| FYE 2017                  | 130,400,000                | \$586,065      | 436               | 24,909             | \$112                   | \$4.49                  |
| FYE 2018                  | 114,526,000                | \$531,621      | 372               | 25,678             | \$119                   | \$4.64                  |
| FYE 2019                  | 103,829,000                | \$519,501      | 361               | 23,951             | \$120                   | \$5.00                  |
| <b>Avg Grth Rate</b>      | <b>-3.68%</b>              | <b>9.85%</b>   | <b>3.64%</b>      | <b>-7.06%</b>      | <b>5.99%</b>            | <b>14.05%</b>           |
| <b>Avg Mtrd Cons/Acct</b> |                            |                |                   | <b>36,344</b>      |                         |                         |

# Forecast Cash Flow Under Current Rates

## CITY OF PEARSALL, TEXAS CASH FLOW SUMMARY-WATER & WW

|                                                              | FYE<br>2019        | 2020               | 2021               | FYE<br>2022        | 2023               | 2024               | FYE<br>2025        |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Rate Revenues                                                | \$2,322,161        | \$2,384,630        | \$2,411,608        | \$2,435,176        | \$2,458,974        | \$2,483,005        | \$2,507,271        |
| Non-Rate Revenues                                            | \$334,242          | \$336,900          | \$114,011          | \$116,171          | \$118,381          | \$120,642          | \$122,957          |
| <b>TOTAL REVENUES</b>                                        | <b>\$2,656,402</b> | <b>\$2,721,530</b> | <b>\$2,525,619</b> | <b>\$2,551,347</b> | <b>\$2,577,355</b> | <b>\$2,603,648</b> | <b>\$2,630,227</b> |
| <b>TOTAL EXPENSES</b>                                        | <b>\$1,262,342</b> | <b>\$1,598,145</b> | <b>\$1,636,959</b> | <b>\$1,676,830</b> | <b>\$1,717,786</b> | <b>\$1,759,858</b> | <b>\$1,803,077</b> |
| Net Rev. Avail. For Debt Svc.                                | \$1,394,060        | \$1,123,385        | \$888,660          | \$874,517          | \$859,569          | \$843,789          | \$827,150          |
| <b>DS - 1ST LIEN REVENUE</b>                                 |                    |                    |                    |                    |                    |                    |                    |
| Proposed 1st Lien Rev. P&I                                   | \$0                | \$0                | \$68,320           | \$126,353          | \$126,353          | \$257,144          | \$257,144          |
| <b>Total 1st Lien Rev. Debt Service</b>                      | <b>\$0</b>         | <b>\$0</b>         | <b>\$68,320</b>    | <b>\$126,353</b>   | <b>\$126,353</b>   | <b>\$257,144</b>   | <b>\$257,144</b>   |
| <b>DS- JUNIOR LIEN REV</b>                                   |                    |                    |                    |                    |                    |                    |                    |
| Existing Jr. Lien P&I                                        | \$125,701          | \$130,427          | \$135,268          | \$137,360          | \$139,487          | \$141,650          | \$143,345          |
| Proposed Jr. Lien P&I                                        | \$0                | \$0                | \$56,460           | \$56,460           | \$56,460           | \$56,460           | \$56,460           |
| <b>Jr Lien Rev DS - Current</b>                              | <b>\$125,701</b>   | <b>\$130,427</b>   | <b>\$191,728</b>   | <b>\$193,820</b>   | <b>\$195,947</b>   | <b>\$198,110</b>   | <b>\$199,805</b>   |
| <b>DS- GEN. OBLIGATION</b>                                   |                    |                    |                    |                    |                    |                    |                    |
| Existing Tax Supported P&I                                   | \$18,980           | \$332,312          | \$331,071          | \$330,538          | \$328,153          | \$328,466          | \$327,483          |
| <b>TOTAL ALL DEBT SERVICE</b>                                | <b>\$144,681</b>   | <b>\$462,739</b>   | <b>\$591,119</b>   | <b>\$650,711</b>   | <b>\$650,453</b>   | <b>\$783,720</b>   | <b>\$784,432</b>   |
| <b>Coverage Ratio on All Debt: Current Rev, Current Debt</b> | <b>9.64</b>        | <b>2.43</b>        | <b>1.50</b>        | <b>1.34</b>        | <b>1.32</b>        | <b>1.08</b>        | <b>1.05</b>        |
| CASH AFTER ALL DEBT SVC.                                     | \$1,249,379        | \$660,646          | \$297,541          | \$223,807          | \$209,117          | \$60,069           | \$42,718           |
| <b>Total Capital Outlays</b>                                 | <b>\$278,194</b>   | <b>\$318,500</b>   | <b>\$328,055</b>   | <b>\$337,897</b>   | <b>\$348,034</b>   | <b>\$358,475</b>   | <b>\$369,229</b>   |
| <b>FY END BALANCE</b>                                        | <b>\$971,185</b>   | <b>\$342,146</b>   | <b>(\$30,514)</b>  | <b>(\$114,090)</b> | <b>(\$138,917)</b> | <b>(\$298,406)</b> | <b>(\$326,511)</b> |

# Impact of Proposed Residential Water and Wastewater Rate Increases

CITY OF PEARSALL, TEXAS

**PROPOSED W & WW RATE IMPACT: Residential ICL**

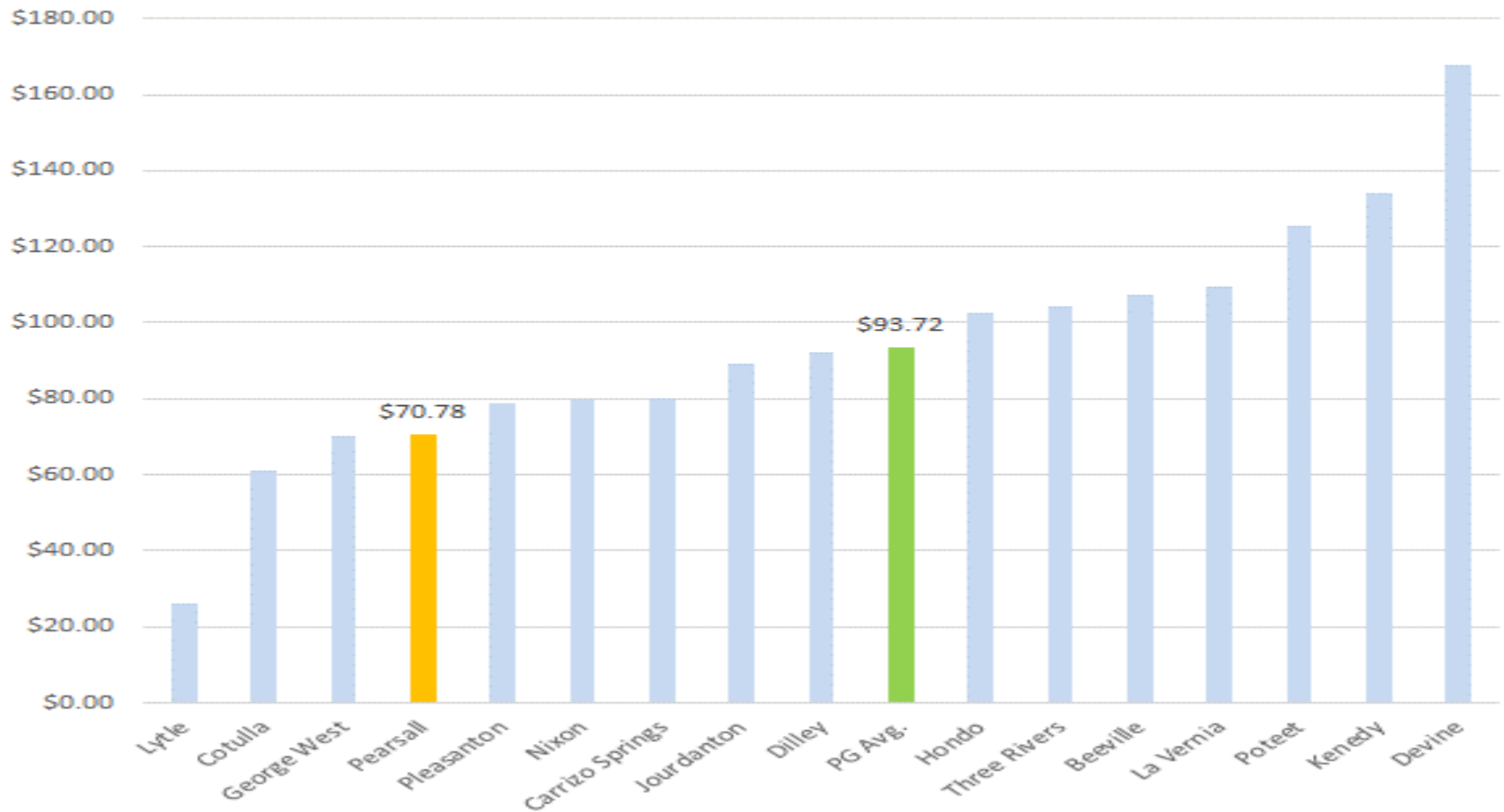
AVERAGE CONSUMPTION 9,037

79%

AVERAGE CONSUMPTION - WINTER 7,131

| Monthly Gallons | 10/1/19 | 10/1/20 | 10/1/21 | 10/1/22 | 10/1/23 | 10/1/24 | Avg. Annual Increase |
|-----------------|---------|---------|---------|---------|---------|---------|----------------------|
| 2,000           | \$40.04 | \$42.00 | \$43.95 | \$45.91 | \$47.86 | \$49.82 |                      |
| \$ Increase     | \$0.00  | \$1.95  | \$1.96  | \$1.96  | \$1.96  | \$1.96  | \$1.96               |
| % Increase      | 0.0%    | 4.9%    | 4.7%    | 4.4%    | 4.3%    | 4.1%    | 4.5%                 |
| 5,000           | \$46.31 | \$48.36 | \$50.41 | \$52.46 | \$54.51 | \$56.57 |                      |
| \$ Increase     | \$0.00  | \$2.05  | \$2.05  | \$2.05  | \$2.05  | \$2.06  | \$2.05               |
| % Increase      | 0.0%    | 4.4%    | 4.2%    | 4.1%    | 3.9%    | 3.8%    | 4.1%                 |
| 10,000          | \$59.50 | \$61.75 | \$64.00 | \$66.25 | \$68.52 | \$70.78 |                      |
| \$ Increase     | \$0.00  | \$2.24  | \$2.25  | \$2.26  | \$2.26  | \$2.27  | \$2.26               |
| % Increase      | 0.0%    | 3.8%    | 3.6%    | 3.5%    | 3.4%    | 3.3%    | 3.5%                 |

## FYE 2025 Forecast Combined Residential Water & WW Rates @ 10,000 Gallons



# Proposed Commercial Water and Wastewater Rate Increases

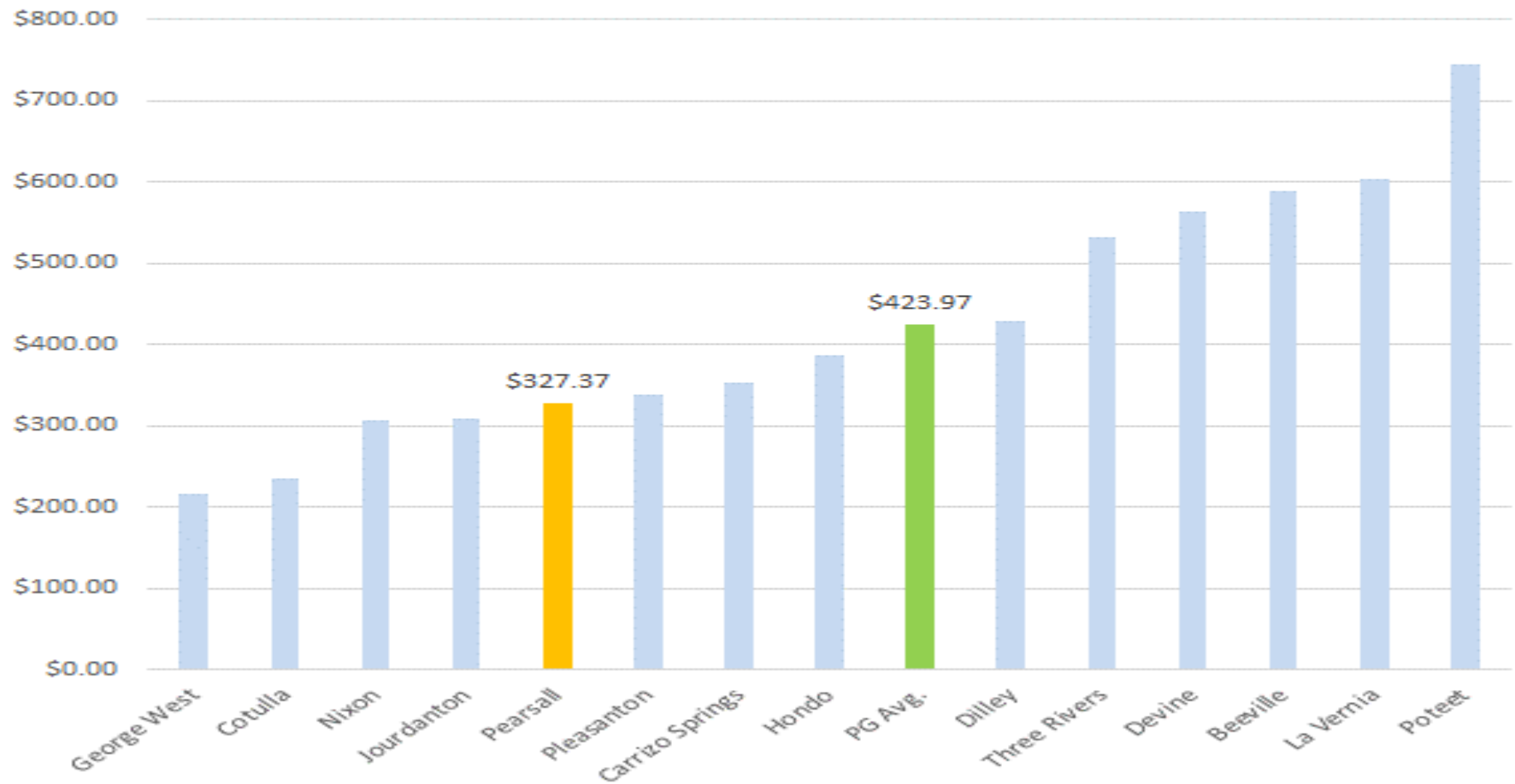
TABLE III-15  
CITY OF PEARSALL, TEXAS

**IMPACT OF PROPOSED RATES:** Commercial ICL Weighted Average

AVERAGE CONSUMPTION 26,623 61%  
AVERAGE CONSUMPTION - WINTER 16,156

| Monthly Gallons | 10/1/19  | 10/1/20    | 10/1/21    | 10/1/22    | 10/1/23    | 10/1/24    | Avg. Annual Increase |
|-----------------|----------|------------|------------|------------|------------|------------|----------------------|
| 10,000          | \$108.74 | \$110.77   | \$113.70   | \$116.69   | \$119.73   | \$122.83   |                      |
| \$ Increase     | \$1.78   | \$2.03     | \$2.93     | \$2.99     | \$3.04     | \$3.10     | \$2.82               |
| % Increase      | 1.7%     | 1.9%       | 2.6%       | 2.6%       | 2.6%       | 2.6%       | 2.5%                 |
| 50,000          | \$275.85 | \$284.78   | \$294.88   | \$305.34   | \$316.17   | \$327.37   |                      |
| \$ Increase     | \$4.17   | \$8.93     | \$10.11    | \$10.46    | \$10.82    | \$11.21    | \$10.31              |
| % Increase      | 1.5%     | 3.2%       | 3.5%       | 3.5%       | 3.5%       | 3.5%       | 3.5%                 |
| 100,000         | \$503.34 | \$521.66   | \$541.54   | \$562.17   | \$583.59   | \$605.82   |                      |
| \$ Increase     | \$7.16   | \$18.31    | \$19.88    | \$20.63    | \$21.42    | \$22.24    | \$20.50              |
| % Increase      | 1.4%     | 3.6%       | 3.8%       | 3.8%       | 3.8%       | 3.8%       | 3.8%                 |
| 200,000         | \$975.34 | \$1,013.12 | \$1,053.27 | \$1,095.02 | \$1,138.41 | \$1,183.54 |                      |
| \$ Increase     | \$13.14  | \$37.78    | \$40.15    | \$41.74    | \$43.40    | \$45.12    | \$41.64              |
| % Increase      | 1.4%     | 3.9%       | 4.0%       | 4.0%       | 4.0%       | 4.0%       | 3.9%                 |

# FYE 2025 Forecast Commercial Meter Size = 5/8" and 3/4" Combined W & WW Bill @ 50,000 Gallons



# Forecast Cash Flow Under Proposed Rates

## CITY OF PEARSALL, TEXAS CASH FLOW SUMMARY-WATER & WW

|                                                              | FYE<br>2019        | 2020               | 2021               | FYE<br>2022        | 2023               | 2024               | FYE<br>2025        |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Rate Revenues                                                | \$2,322,161        | \$2,384,630        | \$2,456,611        | \$2,561,956        | \$2,672,148        | \$2,785,212        | \$2,901,239        |
| Non-Rate Revenues                                            | \$334,242          | \$336,900          | \$114,011          | \$116,171          | \$118,381          | \$120,642          | \$122,957          |
| <b>TOTAL REVENUES</b>                                        | <b>\$2,656,402</b> | <b>\$2,721,530</b> | <b>\$2,570,622</b> | <b>\$2,678,127</b> | <b>\$2,790,529</b> | <b>\$2,905,854</b> | <b>\$3,024,196</b> |
| <b>TOTAL EXPENSES</b>                                        | <b>\$1,262,342</b> | <b>\$1,598,145</b> | <b>\$1,636,959</b> | <b>\$1,676,830</b> | <b>\$1,717,786</b> | <b>\$1,759,858</b> | <b>\$1,803,077</b> |
| Net Rev. Avail. For Debt Svc.                                | \$1,394,060        | \$1,123,385        | \$933,663          | \$1,001,298        | \$1,072,743        | \$1,145,996        | \$1,221,118        |
| <b>DS - 1ST LIEN REVENUE</b>                                 |                    |                    |                    |                    |                    |                    |                    |
| Proposed 1st Lien Rev. P&I                                   | \$0                | \$0                | \$68,320           | \$126,353          | \$126,353          | \$257,144          | \$257,144          |
| <b>Total 1st Lien Rev. Debt Service</b>                      | <b>\$0</b>         | <b>\$0</b>         | <b>\$68,320</b>    | <b>\$126,353</b>   | <b>\$126,353</b>   | <b>\$257,144</b>   | <b>\$257,144</b>   |
| <b>DS- JUNIOR LIEN REV</b>                                   |                    |                    |                    |                    |                    |                    |                    |
| Existing Jr. Lien P&I                                        | \$125,701          | \$130,427          | \$135,268          | \$137,360          | \$139,487          | \$141,650          | \$143,345          |
| Proposed Jr. Lien P&I                                        | \$0                | \$0                | \$56,460           | \$56,460           | \$56,460           | \$56,460           | \$56,460           |
| <b>Jr Lien Rev DS - Current</b>                              | <b>\$125,701</b>   | <b>\$130,427</b>   | <b>\$191,728</b>   | <b>\$193,820</b>   | <b>\$195,947</b>   | <b>\$198,110</b>   | <b>\$199,805</b>   |
| <b>DS- GEN. OBLIGATION</b>                                   |                    |                    |                    |                    |                    |                    |                    |
| Existing Tax Supported P&I                                   | \$18,980           | \$332,312          | \$331,071          | \$330,538          | \$328,153          | \$328,466          | \$327,483          |
| <b>TOTAL ALL DEBT SERVICE</b>                                | <b>\$144,681</b>   | <b>\$462,739</b>   | <b>\$591,119</b>   | <b>\$650,711</b>   | <b>\$650,453</b>   | <b>\$783,720</b>   | <b>\$784,432</b>   |
| <b>Coverage Ratio on All Debt: Current Rev, Current Debt</b> | <b>9.64</b>        | <b>2.43</b>        | <b>1.58</b>        | <b>1.54</b>        | <b>1.65</b>        | <b>1.46</b>        | <b>1.56</b>        |
| CASH AFTER ALL DEBT SVC.                                     | \$1,249,379        | \$660,646          | \$342,544          | \$350,587          | \$422,291          | \$362,276          | \$436,687          |
| <b>Total Capital Outlays</b>                                 | <b>\$278,194</b>   | <b>\$318,500</b>   | <b>\$328,055</b>   | <b>\$337,897</b>   | <b>\$348,034</b>   | <b>\$358,475</b>   | <b>\$369,229</b>   |
| <b>FY END BALANCE</b>                                        | <b>\$971,185</b>   | <b>\$342,146</b>   | <b>\$14,489</b>    | <b>\$12,690</b>    | <b>\$74,257</b>    | <b>\$3,801</b>     | <b>\$67,458</b>    |

|                                                    |      |         |             |                                                                                                                                                                                                          |
|----------------------------------------------------|------|---------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Household COVID Kit                                | 400  | \$29.85 | \$11,940.00 | Price per kit for family of three, includes: 50 3-ply masks, digital thermometer, 50 pack alcohol wipes, 8 oz hand sanitizer, Full color custom informational leaflets, symptoms worksheet, carrying bag |
| 3-ply Masks (5-pack)                               | 1000 | \$2.00  | \$2,000.00  | Smaller quantity packages of masks to customize kits for larger or smaller families                                                                                                                      |
| Business Kit                                       | 80   | \$51.30 | \$4,104.00  | Infrared Thermometer, 2- 8oz hand sanitizer                                                                                                                                                              |
| Staff                                              | 3    |         |             | Incoming and outgoing phone calls                                                                                                                                                                        |
| Operator License (monthly)*                        | 3    | \$160   | \$480.00    | License plan for telecom system                                                                                                                                                                          |
| Chamber Building                                   |      |         |             | Use as center for operators, telemedicine station                                                                                                                                                        |
| Color Mailers (78061)                              | 1    | \$5,233 | \$5,233     | 4142 addresses, includes postage, paper, double sided full color printing at Gemini; does not include writing, design, or USPS EDDM account                                                              |
| B&W Mailers (78061)                                | 1    | \$2,334 | \$2,334     | 4142 addresses, includes postage, paper, double sided B&W printing at Gemini; does not include writing, design, or USPS EDDM account                                                                     |
| Runners                                            | 2    |         |             | Employees to deliver food, COVID Kits                                                                                                                                                                    |
| Hours of Operation                                 |      |         |             | Schedules will fluctuate based on demand and availability, Voicemail available 24.7                                                                                                                      |
| Telemedicine Station                               |      |         |             | Office in Chamber building will be set up with a computer for a private telemedicine station                                                                                                             |
| Status of Active Numbers (Frio County Discusstion) |      |         |             |                                                                                                                                                                                                          |

**CARE PACK TO KEEP IN STORAGE (400):**

**QTY ITEM**

- 1 Case of Water (32 pack)
- 2 Orange Juice (32 oz)
- 6 Can of Green Beans
- 6 Can of Corn
- 1 Rice (family pack)
- 1 Beans (family pack)
- 2 Jello packs
- 2 Pudding Packs
- 1 Saltine Crackers
- 1 Jelly
- 1 Peanut Butter
- 8 Tuna packs
- 8 Fruit Cans
- 1 Powerade
- 1 Case of Instant Noodles
- 1 Toilet Paper
- 1 Paper plates
- 1 Cups
- 1 Utentils

Approximate Cost per box: \$54.11

**TO PURCHASE WITH EACH DELIVERY:**

Eggs  
Bread  
Milk  
Tortillas?

## **Section 20.15. SALE OF PUBLIC PROPERTY.**

The sale of all public property shall be conducted in accordance with state law, as amended.

# **ARTICLE 21 - EFFECTIVE DATE AND EFFECTS OF ADOPTION**

## **Section 21.01. EFFECTIVE DATE.**

The provisions of this Charter, and any amendments hereto, shall be in effect, from and after their approval by the electors of the City, and the entering of an official order upon the records of the City, by the City Council, declaring the same adopted.

## **Section 21.02. EFFECT ON PRESENT CITY COUNCIL.**

The duly elected City Council serving at the time of the adoption of the Charter, or amendment hereto, shall continue to be, serve as, and to constitute, the City Council of the City until the next regular election. Upon adoption of this Charter, the sections pertaining, affecting, or referring to City Council members shall apply to all such members, either newly elected, continuing, or otherwise.

## **Section 21.03. CHARTER AMENDMENT.**

This Charter may be amended when necessary. Amendments to this Charter may be proposed:

- (1) By action of the City Council submitting a proposed amendment to the voters for approval, or
- (2) By report of a Charter Review Commission created by the Charter to be submitted to the voters for approval, or
- (3) By the voters, consistent with State law. Proposal of an amendment by the voters of the City shall be by petition containing the full text of the proposed amendment and shall be governed by State law.

All amendment proposals must be authorized by ordinance and shall be decided on the first authorized uniform election date prescribed by state law. Notice of the election must be published in a newspaper of general circulation in the city as provided by state law.

#### **Section 21.04. CHARTER REVIEW COMMISSION.**

The City Council shall appoint at its first regular meeting in May of every fifth year after approval of this charter, a charter review commission of seven (7) citizens of the City.

(1) Duties of the commission:

(a) Inquire into the operation of the City government under the charter provisions and determine whether any such provisions require revision. To this end, public hearings may be held; and the commission shall have the power to compel the attendance of any officer or employee of the city and require the submission of any of the city records, which it may deem necessary to the conduct of such hearing.

(b) Propose any recommendations it may deem desirable to insure compliance with the provisions of the charter by the several departments of the city government.

(c) Propose, if it deems desirable, amendments to this charter to improve the effective application of the charter to current conditions.

(d) Report its findings and present its proposed amendments, if any, to the council.

(2) Action by the council: The council shall receive and have published in a newspaper of general circulation in the city, the final report of the charter review commission, shall consider any recommendations made, and if any amendments be presented as part of such report, may order such amendment or amendments to be submitted to the voters of the city in accordance with the Texas Local Government Code, as amended.

(3) Term of office: The term of office of such charter review commission shall be six (6) months, and at the completion of such term, a report shall be presented to the council and all records of the proceedings of such commission shall be filed with the City Clerk and shall become a public record.

#### **Section 21.05. SEVERABILITY.**

If any provision of this Charter is held invalid, illegal or unenforceable, the other provisions of the Charter shall not be affected thereby. If the application of the Charters or any of its provisions to any person or circumstance is held invalid, illegal or unenforceable, the application of the Charter and its provisions to other persons or circumstances shall not be affected thereby. If any provision of this Charter is in conflict with existing federal and/or state law, the applicable existing federal and/or state law shall govern and shall be reconciled with the remaining applicable Charter provisions.

**Section 21.06. CONTINUATION.**

All rights, actions, penalties and forfeitures in suits or otherwise which have accrued prior to adoption of this Charter shall be vested in and possessed by the City and no suit pending shall be affected by the passage of this Charter, but the same shall be prosecuted or defended, as the case may be, by the City.

**Section 21.07. SUBMISSION OF CHARTER TO ELECTORS.**

The Charter Commission in preparing this Charter, finds and decides that it is impracticable to segregate each subject so as to permit a vote of "yes" or "no" on the same, for the reason that the Charter is so constructed that in order to enable it to work and function, it is necessary that it should be adopted in its entirety. For these reasons, the Charter Commission directs that the said Charter be voted upon as a whole and that it shall be submitted to the qualified voters of the City at an election to be held for that purpose on the 7th day of May, A.D., 1994. If a majority of the qualified voters voting in such election shall vote in favor of the adoption of this charter, it shall become the Charter of the City, and after the returns have been canvassed, the same shall be declared adopted and the City Clerk shall file an official copy of the Charter with the records of the City. The Clerk shall furnish the Mayor a copy of said Charter, which copy of the Charter so adopted, authenticated and certified by his signature and the seal of the City, shall be forwarded by the Mayor to the Secretary of State of the State of Texas, and shall show the approval of such Charter by majority vote of the qualified voters voting at such election. In not less than thirty (30) days prior to such election, the Council shall cause the City Clerk to mail a copy of this Charter to each qualified voter of the City.



# CITY OF PEARSALL

## **Sec. 1-100. – Authority.**

Pursuant to section 3.15 of the City Charter the City of Pearsall the City Council shall enact rules of procedure for all meetings of the City Council of the City of Pearsall which shall be in effect upon their adoption by the City Council and until such times as they are amended or new rules adopted.

## **Sec. 1-110. – City Council Agenda.**

- (a) The City Manager is responsible for creating and processing the agenda and agenda materials for City Council meetings. The City Manager shall provide agenda materials as appropriate for review by the City Attorney. The City Clerk is responsible for preparing and posting the agenda and assembling and distributing the agenda packets.
- (b) The Mayor or three Council Members may direct the City Manager in writing to place an item on an agenda for a regular City Council meeting, special meeting, or emergency meeting for discussion only (with the exception of executive session items). Items must be submitted to the City Manager no later than noon on the Wednesday proceeding the week of the Regular or Special City Council meeting. Should extraordinary staff time be required to address any item, the City Manager will place the item on a future Council agenda for direction and discussion and communicate the agenda change to those requesting the item.
- (c) A minimum of three City Council members, during any city council meeting, may direct (by raising hand) the City Manager to place an item on a future agenda.
- (d) Agenda items placed on the agenda by the Mayor or members of the City Council previously considered and whereby action was taken by the City Council may not be placed on a future agenda for reconsideration one year of such action unless either directed by a majority of the City Council to the City Manager during any scheduled regular or special meeting. One member of the City Council who is requesting that the item be reconsidered on an agenda must be on the prevailing side of the previous vote on the item.

## **Sec. 1-120. – Types of Meetings.**

- (a) *Regular Meetings:* The City of Pearsall regular City Council meetings are held on the second Tuesday of each month. City Council Meetings may be rescheduled or cancelled at the discretion of a quorum of the City Council. All regular meetings of the City Council will be held in City

Council Chambers, or at such other location as the mayor, city manager or a quorum of the City Council designate.

(b) *Special Meetings:* Special meetings may be called by the Mayor, the City Manager, or by three members of the City Council. The call for a special meeting shall be filed with the City Clerk in written form, and the City Clerk shall cause the posting of notice of the meeting as governed by applicable law. The Mayor, City Manager, or a quorum of Council Members may designate a location for the special meeting other than City Council Chambers as long as the location is open to the public and in compliance with applicable law.

(c) *Emergency Meetings:* In case of emergency or urgent public necessity, as defined by State law and confirmed by the City Attorney when practical, which shall be expressed in the notice of the meeting, an emergency meeting may be called by the Mayor, City Manager, or a three members of the City Council, and it shall be sufficient if the notice is posted at least one hour before the meeting is convened.

(d) *Closed Meeting:* The City Council may meet in a closed meeting but only under conditions allowed by applicable law. Details discussed in closed meetings shall be considered confidential and shall not be discussed or disclosed outside the meeting other than allowed by law.

(e) *Recessed Meetings:* Any meeting of the City Council may be recessed to a later time provided that no recess shall be for a period longer than twenty-four hours from the time the meeting is recessed.

#### Sec. 1-130. – Quorum.

A quorum at any meeting of the City Council will be established by the presence of five members of Council. The Mayor shall count as a Council Member for the establishment of a quorum

#### Sec. 1-140. – Order of Business.

The regular City Council meeting will be generally conducted in the following order, unless otherwise specified. If the Mayor or any member of Council wishes to change the order of business, a proper motion must be made followed by a second, and then passed by the affirmative vote of a majority of the Council Members present and voting. Executive session item(s) may be entertained at any time during a meeting pursuant to applicable State law.

##### (a) Executive Session:

- (1) Executive Session - Items to be discussed in closed meeting under conditions allowed by applicable law. The City Council may not take final action during Closed Session. It is understood and agreed that information discussed in Executive Session is considered confidential and should remain so until the Council takes action in public on the matter. Any final action resulting from an Executive Session discussion must be taken during the open public session.

##### (b) Regular Meeting Agenda:

- (1) Call to order – Chair officially calls the meeting to order.

- (2) Invocation – Each agenda of all scheduled City Council meeting shall provide an item allowing for an invocation(s).
- (3) Pledge of Allegiance – Each agenda of all scheduled City Council meeting shall provide an item for the recital of the “Pledge of Allegiance” to the United States flag.
- (4) Presentations – The agenda shall provide a time when proclamations, recognitions, general reports, and updates may be presented to the City Council; along with Review of Bills Paid, or departmental monthly reports.
- (5) Persons to be heard – The time for the public to address the City Council on any subject. However, the City Council cannot discuss items presented under “persons to be heard” nor take any action thereon other than consideration of the placement of said item on a future agenda as a discussion item or refer the item to Staff for research and possible future action.
- (6) Consent agenda – Shall contain routine, non-controversial items that require City Council action but need little or no Council deliberation. An item can be removed from the consent agenda by the City Manager, Mayor, or any member of City Council, and will be considered after approval of the consent agenda.
- (7) Old business – Business items pending from previous City Council meetings.
- (8) New business – New or amended ordinances, resolutions, or policies that City Council Members or City Staff wish to have the City Council consider.
- (9) Discussion items – Items to be presented or discussed with City Council in order to garner direction from City Council. No action shall be taken on discussion items.
- (10) Executive Session (if needed) – Items to be discussed in closed meeting under conditions allowed by applicable law. The City Council may not take final action during executive session. It is understood and agreed that information discussed in Executive Session is considered confidential and should remain so until the Council takes action in public on the matter. Any final action resulting from an Executive Session discussion must be taken during the open public session.
- (11) Items to Discuss for next agenda –
- (12) Adjourn

#### **Sec. 1-150. – General Procedures.**

(a) General Procedure: General rules of parliamentary procedure as defined herein, consistent with the City Charter and any applicable City ordinance, statute or other legal requirement, shall govern the proceedings of the City Council. To the extent not inconsistent with these rules, the City Council shall use Robert’s Rules of Order as a general guideline for additional rules of parliamentary procedure without being a procedural requirement. Notwithstanding the above, failure to abide by, or adhere to,

these rules shall not nullify or negate any action by the City Council. These rules of parliamentary procedure are intended solely as a guideline.

- (b) **Chair of Meeting:** The Mayor shall preside over all meetings of the City Council as the Chair and enforce these rules and procedures during a meeting. In the absence of the Mayor, the Pro Tempore shall assume the Chair responsibility at the meeting. In the absence of the Pro Tempore, the Council will choose a Chair for the meeting.
- (c) **Authority of the Chair:** The Chair person shall make decisions on questions of procedure subject to review respectively by the Council as a whole. Procedural questions as it relates to this ordinance or Roberts Rules of Order shall be directed to the city attorney for interpretation.
- (d) **Council Deliberations:** The Chair has the responsibility to control the discussion and the order of speakers. Council Members will generally be called upon in the order of the request to speak. Generally, a Council Member may not be recognized to speak subsequently until each Council Member has had an opportunity to obtain the floor. A Council Member holding the floor may address a question to another Council Member and that Council Member may, should they so choose, respond to the question while the floor is still held by the Council Member asking the question.
- (e) **Limits to Deliberations:** After an agenda item is announced by the Chair, the City Council may discuss the item without the need for a motion on the item. Council Members will limit their comments to the subject matter or motion currently being considered.
- (f) **Repetitious Comments Prohibited:** A speaker or Council Member shall not present the same or substantially the same items or arguments to the City Council repeatedly or be repetitious in presenting oral comments. A speaker or Council Member shall not present an argument on a matter previously considered by the City Council at the same session.
- (g) **Obtaining the Floor:** Any member of the Council wishing to speak shall first obtain the floor by making a request for the floor to the Chair. The Chair shall recognize any Council Member who seeks the floor when appropriately entitled to do so.
- (h) **Motions:** Motions may be made by any member of the Council, including the Chair. Any member of the City Council may second a motion.
- (i) **Procedures for Motions:** The following is the general procedure for making motions:
  - (1) The item is presented by Staff or others followed by questions and discussion by Council Members.
  - (2) A Council Member who wishes to make a motion shall first obtain the floor.
  - (3) A Council Member who wishes to second a motion shall do so through a request to the Chair.
  - (4) Before a motion can be discussed, it shall be seconded.
  - (5) Once the motion has been properly made and seconded, the Chair shall open the matter for further discussion offering the first opportunity to the moving party and, thereafter, to any Council Member properly recognized by the Chair.

(j) Amendments to Motions: When a motion is on the floor and an amendment is offered, the amendment shall be acted upon prior to acting on the main motion. No motion of a subject other than the agenda item under consideration shall be admitted as an amendment. A motion shall not be in order. Action shall be taken on the amended amendment prior to any other action to further amend the original motion.

(k) Continuance of Discussion or Hearings: Any item being discussed or any public hearing at a City Council meeting may, by order, notice, or motion, be continued or tabled to any subsequent meeting.

(l) Voting: All Council Members must vote either “yea” in the affirmative or “nay” in the negative. A present member who does not vote will be officially recorded as a “nay” or negative vote. When a Council Member recuses oneself, that Council Member is not counted as present for quorum purposes and is not deemed to be “voting” for purposes of determining whether there has been a “majority vote of those voting and present”. As noted in the city charter, the mayor can only vote in case of a tie, but will be counted as a member of the quorum if present at a city council meeting.

(m) Public Hearings: The following is the general procedure for conducting public hearings:

- (1) The Chair opens the public hearing.
- (2) Upon opening the public hearing, and before any motion is adopted related to the merits of the issue to be heard, the Chair shall inquire if there is anyone present who desires to speak on the matter which is to be heard or to present evidence regarding the matter.
- (3) Staff presents report.
- (4) City Council Members may ask Staff questions.
- (5) The applicant then has the opportunity to present comments, testimony, and/or oral arguments.
- (6) City Council Members may ask questions of the applicant.
- (7) Members of the public are provided with the opportunity for comments and testimony in accordance with Section 1-160 (d) of the City Council Procedures and Decorum Policy.
- (8) A vote by City Council to close the public hearing upon a motion and second.
- (9) The applicant may be given the opportunity to respond to questions from the City Council and for closing comment or rebuttal.
- (10) The City Council deliberates on the issue.
- (11) If the City Council raises new issues through deliberation and a majority of the City Council seeks additional public testimony, additional public comment and testimony is permitted in accordance with Section 1-160 (d) of the City Council Procedures and Decorum Policy.
- (12) The City Council deliberates and takes action as needed.

- (13) The Chair announces the final decision of the City Council as applicable.
- (n) Call for Recess: The Chair may call for a recess of up to fifteen (15) minutes at regular intervals at appropriate points in the meeting agenda, or if requested by any Council Member.

#### **Sec. 1-160. – Decorum**

- (a) General: During Council meetings, Council Members shall preserve order and decorum, shall not interrupt or delay proceedings, and shall obey the rules of the Council. Council Members shall demonstrate respect and courtesy to one another, to City Staff and to members of the public appearing before the Council. Council Members shall seek to phrase and communicate all writings, publications and speeches in a professional and constructive manner.

Council Members may express differing views. Equitable representation helps promote unity of purpose by allowing the public to be informed of Member's position during his/her term of office and not only during an election campaign.

Members of the Council will not condone any unethical or illegal activity from any Council Member or members of the Staff. All members of the Council agree to uphold the intent of this policy and to govern their actions accordingly.

- (b) Mayoral Responsibilities:

- (1) The Mayor shall serve as the Chair of all meetings. The Mayor Pro Tempore shall preside in the absence of the Mayor.
- (2) The Mayor shall have a voice in all matters before the Council.
- (3) The Chair is responsible for preserving order and decorum and shall keep the meetings orderly by recognizing each Member for discussion, limiting speaking items, encouraging debate among Members, and keeping discussion limited to the agenda item being considered.
- (4) The Mayor is the official spokesperson for the Council on all matters unless absent, at which time the Mayor Pro Tempore or appropriate designee will assume the role.
- (5) The Chair will encourage all Council Members to participate in Council discussion and give each Member an opportunity to speak before any Member can speak again on the same subject.
- (6) The city manager is responsible for ensuring that an orientation of all Council Members is conducted following an election. The orientation shall include Council procedures, staff and media relations, current agenda items, municipal leadership training programs, and legal issues governing the behavior of elected officials, etc.

- (c) Council Responsibilities:

- (1) Each Council Member is responsible for being prepared to discuss the agenda.

- (2) Each Council Member is required to attend a Council Member Orientation and is encouraged to attend at least one Texas Municipal League-sponsored conference each year in order to stay informed on issues facing municipalities.
- (3) It is the responsibility of Council Members to be informed about action taken by the Council in their absence. In the case of an absence from a work session, the Council Member is responsible for obtaining this information from the City Manager prior to the Council meeting during which said item is to be voted upon.
- (4) When addressing an agenda item, the Council Member shall first be recognized by the Chair, confine comments to the question under debate, avoid reference to personalities, and refrain from impugning the integrity or motives of any other Council Member or Staff Member during debate or vote.
- (5) Any Council Member may appeal a ruling by the Chair to the Council as a whole. If the appeal is seconded, the person making the appeal may make a brief statement and the Chair may respond. An appeal may generally be debated by the Members, but each Member may speak only once. The affirmative vote of a majority of the Council Members present and voting shall be necessary to approve the motion.
- (6) Any Council Member may ask the Chair to enforce the policy established by the Council. Should the Chair fail to do so, a majority vote of the Council Members present shall require the Chair to enforce the policy.
- (7) When a Council Member is appointed to serve as a liaison to a board, committee or commission, the Council Member is responsible for keeping all Council Members informed of significant activities of that board, committee or commission. The appointed Council Member should report the actions of the board, committee or commission during a work session of the City Council.
- (8) A member of the Council who wishes to be recognized shall request to speak, but shall not proceed with remarks until recognized and named by the Chair of the Meeting. Remarks shall be confined to the question before the Council.
- (9) While a member of the Council is speaking, other members shall not hold private discourse or in any manner interrupt the speaker. In all discussions, disrespectful language and behavior shall be avoided.
- (10) In conformance with section 3.14 of the city charter, every member of the Council who shall be present at a meeting, when a vote is called for by the Chair shall vote thereon, unless they have recused themselves due to a conflict of interest. A conflict arises when a City Council Member, a relative of that Member, or an entity in which a City Council Member has a substantial interest and or is actively engaged in an activity that involves the City's decision-making processes. "Decision-making processes" is broader than just voting and includes being involved with any aspect of any decisions the City makes.
- (11) A Council Member may not represent any third party before any City board or commission.

- (12) All personal communication devices should be placed in a silent mode during any City Council meetings. Personal communication devices shall not be used for communicating City related business during City Council meetings. As a general rule, cell phones usage in executive session is prohibited.
- (d) Citizen's participation: The following rules shall be in force for persons in attendance at all meetings of Council:
- (1) Persons wishing to address the Council during "persons to be heard" shall approach the lectern and give his/her name and address before speaking. Speakers shall address the Mayor and Council with civility that is conducive to appropriate public discussion. All public comments should be addressed through the Mayor. Each speaker will be allowed three (3) minutes to speak.
- City Council Members cannot discuss items presented under "persons to be heard" nor take any action thereon other than consideration of the placement of said item on a future agenda as a discussion item or refer the item to City Staff for research and possible future action.
- (2) Persons may not engage in discussions with the Council during Council deliberations unless specifically asked a question by a Council Member. Persons who have been asked a question by a Council Member must be recognized by the Chair before being allowed to speak. The Chair may end any question and answer session between Council Members and a member of the public in order to facilitate the order of business.
- (3) Persons may present printed material to be included in the Council agenda packets one week prior to a meeting. Persons may present printed material to the City Clerk to distribute to the Council during a meeting.
- (4) Persons attending Council meetings shall remain seated or may stand in the back and come and go so long as it does not disrupt the meeting. Persons in attendance shall not carry signs, placards or other items, which could block the view of those behind them or be disruptive to the proceedings. No person attending any Council meeting shall delay the proceedings or refuse to obey the orders of the presiding officer.
- (5) Disturbances, transgressions of the rules or disorderly conduct in the Council chamber may cause the transgressor to be removed from the meeting. The Chair of the meeting, shall exercise control over persons who disrupt the meeting in the following ascending order of action:
- a. Call the person to order, advising that person of the infraction.
  - b. Advise the person that the infraction must cease immediately or the person will be ordered to leave the meeting.
  - c. Order the person to leave the meeting. If the offending person is a member of Council, the Chair shall call for a vote on the expulsion of that member from the meeting, and such vote requires a majority for adoption. A

police officer may remove an individual or individuals for disrupting a meeting as authorized by Texas Penal Code Section 42.05.

(6) Persons are encouraged to attend Council meetings. However, the number admitted shall be limited to the fire safety capacity of the Council chamber as determined by the fire chief of designee. If the capacity is surpassed the Council may adjourn the meeting and move its proceedings to a location that will accommodate a larger number of participants.

#### **Sec. 1-170. – Staff Relations**

- (a) In order to ensure proper presentation of agenda items by Staff, questions arising from Council Members after receiving their information packet should be, whenever possible, presented to the City Manager for Staff consideration prior to the Council meeting. This allows Staff the time to address Council Member's concern and provide all Council Members with additional information
- (b) The City Manager shall designate the appropriate Staff Member to address each agenda item and shall see that each presentation is prepared and presented in order to inform and educate the Council on the issues that require Council action. The presentation should be professional, timely and allow for discussion of options for resolving the issue. As a summary, the Staff Member making the presentation shall make it clear if no Council action is required, or present the Staff recommendation as a part of the presentation, and/or present the specific options for Council consideration.
- (c) The City Manager is directly responsible for providing information to all the Council concerning any inquiries by a specific Council Member that is significant in nature and would be beneficial to all Council Members. If the City Manager or the Staff's time is being dominated or misdirected by a Council Member, it is the City Manager's responsibility to inform the Mayor.
- (d) The City Manager will exhibit the highest professional and ethical behavior. The City Manager is responsible for the professional and ethical behavior and discipline of his/her Staff. The City Manager is also responsible for ensuring that the Staff receives the training and information necessary to address the issues facing municipal government.
- (e) Any conflicts arising between the City Staff and the Council will be addressed by the Mayor and the City Manager.
- (f) All Staff Members shall show one another, each Council Member, and the public, respect and courtesy at all times. They are also responsible for making objective, professional presentations to ensure public confidence in the process.
- (g) The City Manager, after an election, will make sure that the Staff has prepared information needed for the orientation of new Council Members, and inform Council of any available Texas Municipal League conferences and seminars. The City Manager will also be responsible for meeting personally with new Members and informing them about City facilities, policies and procedures.

### **Sec. 1-180. – Council and Media Relations.**

Since the democratic form of government is only successful when the citizens are kept informed and educated about the issues facing their municipality, it is imperative the media play an important role in the governmental process. It is through an informed public that process is ensured and good government remains sensitive to its constituents. These guidelines are designed to help ensure fair relationships with all media reporters. The Council and the City Manager recognize that the media provides an important link between the Council and the public. It is desired to establish a professional working relationship to help maintain a well informed and educated citizenry.

- (a) During the conduct of official business, the news media shall occupy places designated for them or the general public.
- (b) All reporters will have access to an agenda and will be furnished support materials needed for clarification if needed.
- (c) In order to preserve the decorum and professionalism of Council meetings, the media are requested to refrain from conversing privately with other people in the audience and to conduct interviews with the public outside the meeting room while the Council is in session.
- (d) On administrative matters, the City Manager is the spokesperson, unless he/she has appointed a media relations person to present Staff information on the agenda.
- (e) The Mayor, or his/her designee, is the primary spokesperson for the City on matters regarding policy decisions or any Council information pertaining to issues on the agenda. In order to ensure fair treatment of an issue, any clarifications requested by the media on the issue should be addressed after the meeting. When opposing positions have been debated, regardless of the outcome, the public is better informed when all sides have adequate coverage by the media. This lets the public know that the item was seriously debated and options discussed before a vote was taken, and helps build confidence in the democratic process. With respect to each Council Member and the citizens of the City, the views presented by each Council Member should provide equitable representation of all Members. Even though Council Members may express differing ideas, equitable representation helps promote unity of purpose by allowing the public to be informed of each Member's position during his/her term of office and not only during an election campaign.

### **Sec. 1-190. – Statements by public officials regarding litigation.**

When the City of Pearsall is involved in litigation or a legal dispute, Council Members shall refrain from commenting on settlements, appeals or other issues related to the subject until the matter is resolved. The Mayor, City Manager or City Attorney shall be authorized to provide any public responses or comments, as needed on matters involving litigation.

### **Sec. 1-200. – Non-Exclusive Rules**

The rules set forth shall supersede the Council related portions that conflict with this policy (excluding City Charter); however, they are not exclusive and do not limit the inherent power and general legal authority of the City Council, or of its presiding officer, to govern the conduct of the City Council meetings as may be considered appropriate from time to time, or in particular circumstances, for purposes of orderly and effective conduct of the affairs of the City.

### **Sec. 1-210. – Disbursement of Council Requested information**

As a general courtesy and to maintain equality in the disbursement of information, documentation or data requested by a Council Member from Staff shall be provided to all members of Council.

### **Sec. 1-220. – Policy Enforcement**

If a Member(s) of the City Council believes this policy has been violated, an agenda item shall be placed on a future agenda following proper procedure (by City Manager, Mayor, or three members of the City Council).

A determination of violation shall be stated by majority vote of those present during the deliberation.

If it is a Member of the Council who is determined to be in violation of this policy, a standard letter of violation signed by the Mayor (or Mayor Pro Tempore, if the letter is going to the Mayor) shall be issued to the person. A copy of the letter shall become a part of the Council Member's official file with the City. The city council, in accordance with section 3.15 of the city charter, may pursue other corrective measures for violations of this policy.



# CITY OF PEARSALL

*GATEWAY TO THE WINTERGARDEN*

City Manager

July 2, 2020

Johnson Controls, Inc.  
ATTN: Regional Solutions Manager  
3021 West Bend Drive  
Irving, Texas 75063

Johnson Controls, Inc.  
ATTN: General Counsel - Building Efficiency Americas  
507 East Michigan Street  
Milwaukee, Wisconsin 53202

Re: The Performance Contract ("Agreement") Between the City of Pearsall and Johnson Controls, Inc ("JCI") Dated November 18, 2014

Please be advised that on June 30, 2020, the City of Pearsall City Council voted to invoke the non-binding mediation clause in the above-referenced Agreement. Although the Agreement states the mediation will occur in the nearest metropolitan area of the state where the project is performed, we respectfully request the mediation be held in Pearsall. We are amenable, however, to conducting the mediation at our city attorney's office in San Antonio should it be necessary.

As you are aware, paragraph 18 of the Agreement requires JCI and the City to attempt to settle any controversy, dispute, difference, or claim between them concerning the performance, enforcement, or interpretation of the Agreement (collectively, "Dispute") through direct discussion in good faith, but if unsuccessful, to submit any Dispute to non-binding mediation in the nearest metropolitan area of the state where the project is performed.

The City's position is that the above-referenced direct discussion in good faith requirement has been satisfied through my efforts to directly resolve our Disputes with JCI.

In accordance with the Agreement, we request that you suggest at least three mediators for our consideration and we will do likewise. Additionally, we would like to mediate this matter as soon as possible so we are requesting your availability as to mediation dates. Finally, we request you provide the names and titles of the individuals you propose attend the mediation on your behalf. We will do the same.

Thank you for your prompt attention to this matter. Please feel free to contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Federico Reyes, Jr.", with a stylized flourish at the end.

Federico Reyes, Jr.  
City Manager

July 24, 2020

City of Pearsall  
ATTN: Federico Reyes, Jr.  
215 Ash Street  
Pearsall, Texas 78061

Re: Letter Dated July 2, 2020

Mr. Reyes,

Johnson Controls received your letter dated July 2, 2020 regarding the 2014 Performance Contract, and your request for mediation. It is unclear in your letter exactly what issues are in dispute. As a result, Johnson Controls does not understand why this mediation is being requested or to what the complaint is related. Rather than commit to mediation at this point, Johnson Controls instead seeks the opportunity to discuss this matter with the City in order to better understand the request for mediation, with the hope of coming to a mutually agreed path forward and a successful resolution.

Due to the Covid-19 pandemic, however, business travel within Johnson Controls has been restricted. We therefore propose a virtual meeting to be held via Zoom or Microsoft Teams. We anticipate the Johnson Controls' representatives to be Justin Surrat - Area General Manager, Hill Savoy – Area Engineering & Operations Manager, Myron Cook - Regional M&V Manager, Tony Cloud - Project Manager, and William Coe – Performance Engineer.

Please let us know about your availability in the next two weeks and which virtual platform will work best for you.

Sincerely,

Myron Cook  
Regional M&V Manager

myron.n.cook@jci.com  
972-841-8516  
3021 West Bend Drive  
Irving, TX 75063



# CITY OF PEARSALL

*GATEWAY TO THE WINTERGARDEN*

City Manager

July 2, 2020

Sent via Certified Mail, Return Receipt Requested

BFI Waste Services of Texas, L.P.  
D/B/A Allied Services of San Antonio.  
A Republic Services Company  
4542 S.E. Loop 410  
San Antonio, Texas 78222

Re: The Contract Between the City of Pearsall and ACI Executed on July 14, 2015  
(September 8, 2015 according to ACI's Notice of Sale Dated January 2019) effective January 1,  
2016, extended on May 14, 2017, extended on April 23, 2019 and acquired by Republic Services  
in January 2019

To whom it may concern:

Please be advised that on July 30, 2020, the City of Pearsall City Council voted to invoke the  
"Rights of the City" provisions of paragraph 18.00 in the above-referenced contract. The City's  
position is that Republic has failed to meet the performance standards as outlined in the contract  
or is otherwise suspected of a contract breach.

As required under paragraph 18.00 of the contract, this letter is sent by certified mail outlining  
each deficiency and setting up a public hearing to discuss the issues in front of the City Council.  
At the hearing, the City Council will advise the Contractor of each deficiency and place the  
Contractor on notice that it has a 30-day cure period to correct these issues in the future. We trust  
you are familiar with the balance of paragraph 18.00. In the event that you are not, we  
respectfully request you familiarize yourself with the provisions of paragraph 18.00.

**The public hearing is set for July 28, 2020, at 7pm at the Pearsall City Hall located at 215  
South Ash in Pearsall, Texas.**

Although incongruent with paragraph 18.00, the City's position is that it has met and will  
continue to meet the good faith dealings requirement in paragraph 21.00 of the contract. The City  
has satisfied the paragraph 21.00 requirements through my efforts to directly resolve our disputes  
over the past months. In fact, I have communicated with your sales representative repeatedly  
over the past months to no avail.

Further, the City has made multiple efforts to resolve any disputes through the provisions of  
paragraph 23.00 of the contract. That is, we have tried unsuccessfully to engage your upper

management to resolve the disputes. We have emailed you through your sales representative requesting a response from the appropriate upper management without success. It took multiple efforts to have your sales representative's supervisor from Hondo attend a recent council meeting. We have met the requirements of paragraph 23.00 although again, they are incongruent with paragraph 18.00. For example, paragraph 18.00 provides for termination after the second public hearing while paragraph 23.00 requires mediation. The City's opinion, however, is the plain language of the two competing paragraphs allows for termination without mediation.

The City has determined the Contractor (Republic) is in non-compliance with the contract as follows:

**Paragraph 3.08:** This section requires brush pickup twice per month on a designated day as agreed upon by the City. The Contractor failed to provide this service to the City for the months of March and April 2020. There was no written explanation as to how the Contractor would rectify this situation, only a verbal promise to get caught up. The City was open to proposed changes in an effort to remedy this situation, but a written response to our proposal was not provided.

**Paragraph 4.02:** The Contractor has failed to submit a map designating the collection routes to the City for review and comment. I have requested updated route information from the Contractor but have not received the information requested.

**Paragraph 4.04:** The Contractor has not maintained records of complaints and associated resolutions, which would be available for the City to review online or at the Contractor's closest business office Monday through Friday between 8 a.m. and 5 p.m. The Contractor was made aware of the complaint process concerns in a letter dated May 6, 2020.

**Paragraph 4.05:** The Contractor's collection vehicles do not have a telephone number painted in letters of a contrasting color on each side of the vehicle in a size and type so as to be easily readable from a distance of 50 feet as described in the contract. The Contractor has not furnished a list of the type, model, and age of the equipment to be utilized for servicing as described in the contract.

**Paragraph 4.06:** The Contractor does not have an office in the City of Pearsall as described in this section. This was also addressed in the May 6, 2020 letter that was sent to the Contractor.

**Paragraph 12.04:** The City and the Contractor have not developed and implemented a redundant reporting and records system that minimizes potential errors in collection service termination and restarts. The City has requested detailed billing information from the Contractor, but has yet to receive the requested information.

**Paragraph 12.11:** The Contractor has not provided the two (2) community-wide cleanup programs required in the Contract.

The City reserves the right to amend, modify, revise or supplement the deficiencies on or before the first public hearing.

Thank you for your prompt attention to this matter. Please feel free to contact me if you have any questions or concerns.

Sincerely,

  
Federico Reyes, Jr.  
City Manager

July 21, 2020

City of Pearsall  
Federico Reyes, Jr.  
City Manager  
215 S Ash Street  
Pearsall, TX 78061

Re: Certified mail sent on July 2, 2020

Dear Mr. Reyes:

This letter is in response to your list of “deficiencies”. Following our meeting with the council on May 12, 2020 all issues and concerns had seemed to be resolved. We were scheduled for a meeting on June 18, 2020 and we had to cancel due to an unfortunate accident with one of our employees.

**Paragraph 3.08: This section requires brush pickup twice per month on a designated day as agreed upon by the City. The Contractor failed to provide this service to the City for the months of March and April 2020. There was no written explanation as to how the Contractor would rectify this situation, only a verbal promise to get caught up. The City was open to proposed changes in an effort to remedy this situation, but a written response to our proposal was not provided.**

*Response: Due to the COVID 19 the City Manager was notified that these services would be suspended for April and May via phone call on March 24, 2020. March brush pickup was completed in March 2020. The brush list for April and May 2020 were completed along with a city-wide sweep during the bulk cleanup in May 2020. We are now following the contract for monthly brush pickup. Most of my communication has been through phone calls or texts and all future correspondence will be done in a written format.*

*Resolution: Brush recovery has been completed. Supporting documents can be provided upon request.*

**Paragraph 4.02: The Contractor has failed to submit a map designating the collection routes to the City for review and comment. I have requested updated route information from the Contractor but have not received the information requested.**

*Response: The requested updated route information was sent.*

*Resolution: Sent to City Manager July 7<sup>th</sup>, 2020.*

**Paragraph 4.04: The Contractor has not maintained records of complaints and associated resolutions, which would be available for the City to review online or at the Contractor's closest business office Monday thru Friday between 8 am and 5 pm. The Contractor was made aware of the complaint process concerns in a letter dated May 6, 2020.**

*Response: Republic Services maintains records of complaints thru an email system and can be requested through the city or Republic any time.*

*Resolution: Records will be maintained at the Hondo office and will be provided monthly as requested by Fred Reyes and Santos Alargon. If the record keeping is not acceptable City Management will reach out to Republic for correction.*

**Paragraph 4.05: The Contractor's collection vehicles do not have a telephone number painted in letters of a contrasting color on each side of the vehicle in a size and type so as to be easily readable from a distance of 50 feet as described in the contract. The Contractor has not furnished a list of the type, model and age of the equipment to be utilized for servicing as described in the contract.**

*Response: The phone numbers are being added to all vehicles which will be utilized in Pearsall and a list of equipment being utilized will be submitted.*

*Resolution: Currently Republic Services branding does not require phone numbers however, Phone numbers are being added to the trucks that service the Pearsall area to meet the contract language. Republic recommends that this be taken out of the contract since customers in the city of Pearsall call city hall for requests.*

**Paragraph 4.06: The Contractor does not have an office in the City of Pearsall as described in this section. This was also addressed in the May 6, 2020 letter that was sent to the Contractor.**

*Response: This issue was discussed at the May 12, 2020 City Council meeting explaining that this was not an office and only used to park our equipment and was accepted by the City at the beginning of the contract.*

*Resolution: The City and Republic have agreed that an office is not necessary and vandalism to vehicles was prevalent and this needs to be removed from contract.*

**Paragraph 12.04: The City and the Contractor have not developed and implemented a redundant reporting and records system that minimizes potential errors in the collection service termination and restarts. The City has requested detailed billing information from the Contractor, but has yet to receive the requested information.**

*Response: Republic Services receives request from the City via email which is processed by the [Municipalsa@RepublicServices.com](mailto:Municipalsa@RepublicServices.com) email box. This will adjust front load containers in our system which is what the invoice is based off of. Republic Services replies on the City for residential changes/standbys. This information and any deliveries/removals showing in the system is what is used to update the house count on the invoice. The information for front loads has been sent twice so far along with residential routing.*

*Resolution: A house count is currently being completed to reconcile the billing. City of Pearsall will provide a list of "Paying accounts" in the near future and as directed by the city Republic Services will only service the homes listed. In the event a customer has a can but is not paying for services Republic Services will not service container and will sticker can directing the customer to call city hall. Republic Services will wait for direction on when to remove or deliver a can as it is done now. If you are needed additional details please reach out to Blake Caesar.*

**Paragraph 12.11: The Contractor has not provided the two (2) community-wide cleanup programs required in the Contract.**

*Response: The first community-wide cleanup was completed in May 2020 and the second one will be in December 2020. We will let you know the exact date via email.*

*Resolution: Citywide cleanup is referring to the bulk cleanups completed twice a year by Republic. This verbiage needs to be corrected in the contract.*

Thank you for prompt attention to this matter and feel free to contact me for any concerns.

Blake Caesar  
Municipal Marketing Manager  
Republic Services

