



## Meeting Minutes

### City Council

---

Monday, August 21, 2023

9:00 AM

Council Chambers

---

#### **FY 2023-2024 Budget Workshop: Including but not limited to Water and Wastewater**

**A. Mayor Paulette Guajardo to call the meeting to order.**

Mayor Guajardo called the meeting to order at 9:07 a.m.

**B. City Secretary Rebecca L. Huerta to call the roll of the required Charter Officers.**

City Secretary Rebecca Huerta called the roll and verified that a quorum of the City Council and the required Charter Officers were present to conduct the meeting.

Charter Officers: City Manager Peter Zanoni, City Attorney Miles Risley and City Secretary Rebecca Huerta

Note: Council Member Barrera arrived at 10:24 a.m.

**Present:** 9 - Mayor Paulette Guajardo, Council Member Roland Barrera, Council Member Gil Hernandez, Council Member Michael Hunter, Council Member Mike Pusley, Council Member Dan Suckley, Council Member Everett Roy, Council Member Jim Klein, and Council Member Sylvia Campos

**C. BRIEFINGS:**

**1. [23-1392](#) FY 2023 - 2024 Budget Workshop: Including but not limited to Water and Wastewater**

Chief Operations Officer for Corpus Christi Water Michael Murphy and Assistant Director of Support Services for Utilities Reba George presented information on the following wastewater topics: FY 2023-2024 proposed budget; Corpus Christi Water-an enterprise fund; mission statement; organizational structure; surface water sources volume and infrastructure; about Corpus Christi Water-a superior rated water system; consent decree; FY 2023 wastewater achievements; FY 2024 proposed budget wastewater fund: \$83.7M; FY 2024 proposed budget by service (\$ in millions); year-over-year costs services (\$ in millions); year-over-year costs chemicals; year-over-year costs miscellaneous; wastewater FY 2023 CIP progress strategic plan; wastewater FY 2023 CIP progress; FY 2024 wastewater CIP: \$126.3M; FY 2024 wastewater CIP; 2024 proposed wastewater rates; wastewater charges; wastewater FY 2022 annual billed revenue; amended proposed wastewater rates; 2024 wastewater rate adjustments effective January 1, 2024-December 31, 2025; and 2024 sample bills: wastewater.

Project Manager at NewGen Strategies & Solutions Andy McCartney presented information on the following water and sewer rate topics: Corpus Christi Water and sewer rate study; agenda; project team introduction; NewGen Strategies and Solutions, LLC; project team; importance of local officials in utility management; FY 2024 and FY 2025 results for wastewater system; and FY 2024 and 2025 proposed retail rates for wastewater.

Council Members, City Manager Zanoni, Chief Operations Officer for Corpus Christi Water Murphy, Assistant Director of Support Services for Utilities George, and Project Manager McCartney discussed the following wastewater topics: the importance of expanding public outreach and education; a recommendation to use fund balance in lieu of increasing wastewater rates; a concern about the credit rating impact; why outside city limits wastewater rates are less than inside city limits; and if wastewater rates are not increased, how will it affect the fund balance; McCartney's team found a 28% discount for commercial ICL rates built into the formulas 10-20 years ago and that new rates remove that discount.

Chief Operations Officer for Corpus Christi Water Michael Murphy and Assistant Director of Support Services for Utilities Reba George presented information on the following water topics: FY 2023 water achievements; performance measures; FY 2024 proposed budget water fund: \$160.6M; FY 2024 proposed budget services (\$in millions); year-over-year costs services; year-over-year costs labor; year-over-year costs chemicals (per ton); year-over-year costs miscellaneous; water FY 2023 CIP progress 5-year strategic plan; Water FY 2023 CIP progress; Water CIP large volume user projects; Water FY 2024 CIP: \$222.2M; Water FY 2024 CIP; FY 2024 water drought surcharge exemption fund; FY 2024 proposed water rates; water customer classes; water charges; water system functionalization; water FY 2022 annual billed usage and revenue; amended proposed water rates; 2024 raw water rate adjustments; 2024 retail water rate adjustments; 2024 residential volume rate adjustments; 2024 commercial volume rate adjustments; 2024 large volume water rate adjustments; 2024 sample bills: water; 2024 water rate adjustments; 2024 sample monthly charges; all customers by billed usage FY 2022; Corpus Christi water customers; large volume, wholesale and raw water customers; large volume billing and cost of service; inside large volume cost of service; and outside large volume cost of service.

Project Manager at NewGen Strategies & Solutions Andy McCartney presented information on the following topics: agenda; background and methodology; contractual customer methodology and approach to rate model development; approach to rate model development and policy considerations for rate design; cost of service methodology; study recommendations; cost drivers for FY 2024 and FY 2025; main cost drivers and proposed changes; contractual customer rates for FY 2024 and FY 2025; FY 2024 and FY 2025 net revenue requirement for total water system; FY 2024 results for non-rate payer raw water; FY 2024 results for raw water diversion; FY 2024 results for treated water; FY 2024 and FY 2025 results for network water; FY 2024 and FY 2025 proposed rates; retail cost of service for FY 2024 and FY 2025; FY 2024 and FY 2025

net revenue requirement for total water system; calculation of the retail water net revenue requirement; FY 2024 retail net revenue requirement calculation; FY 2025 retail net revenue requirement calculation; allocation factors; impact of large volume customers on retail CCW system; original proposed retail water rates for FY 2024 and FY 2025; FY 2024 and FY 2025 proposed retail rates; and comparison of cost of service to revenues.

Council Members, City Manager Zanoni, Chief Operations Officer for Corpus Christi Water Murphy, Assistant Director of Support Services for Utilities George, Director of Water Utilities Andrew Molly, Engineer Nick Winkelmann, Water Resource Manager Esteban Ramos, and Project Manager McCartney discussed the following topics: ensure industry is conserving water; to possibly set aside fluoride system improvements for the meantime; residential water rates are high because they are subsidizing the cost for industrial users; cost of chlorine has increased significantly due to corporation and manufacturing problems; a recommendation to equalize volumetric rates for water users inside and outside city limits; and whether there will be a significant impact on the bond rating if rates are increased.

**D. ADJOURNMENT**

There being no further business, Mayor Guajardo adjourned this meeting at 2:21 p.m.