

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: August 2, 2019
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

A Special Meeting of the STWA Board of Directors is scheduled for:

Tuesday, August 6, 2019
12:00 p.m.
South Texas Water Authority
2302 East Sage Road, Kingsville, Texas

This meeting notice was posted on STWA's website, www.stwa.org, and on indoor and outdoor bulletin boards at STWA's administrative offices, 2302 East Sage Road, Kingsville, Texas at 3:45 am on 08-02-2019
Francis DeLeon
Assistant Secretary

The Board will consider and act upon any lawful subject which may come before it, including among others, the following:

Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. Appointment of a committee to negotiate the License Agreement for the Bishop Pump Station Facilities with City of Bishop representatives. (Attachment 1)
4. Consideration of additional taxable value on the 2019 Certified Appraisal Rolls for the Authority's district in Nueces County and Recalculated Truth in Taxation – Effective Tax Rate – Public Hearing Notice. (Attachment 2)
5. Adjournment.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government Code, authorizing the closed session.

KL/CGS/fdl
Attachment

ATTACHMENT 1

Negotiation Committee – Bishop License Agreement

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 2, 2019
Re: Negotiation Committee – City of Bishop/STWA License Agreement – Bishop East Pump Station

Background:

As the Board is aware, STWA has been attempting to negotiate a License Agreement with the City of Bishop for several months. The Board is also aware that Bill Flickinger, legal counsel, has advised that this Agreement should be entered into before or simultaneously with the signing of the Wholesale Water Supply Contract with the City. According to my recent conversation with City Secretary Cynthia Contreras, City Council members have suggested meeting with three (3) City representatives to try to find solutions to the Agreement provisions that remain unresolved. Mr. Flickinger and I would also attend the meetings.

Originally, the Bishop East Pump Station, the subject of the Agreement, was constructed to service the City. Later, facilities were added to provide service to the Nueces Water Supply Corporation's rural customers located outside of Bishop. Later still, the City decided to cease utilizing the facilities at the Bishop East Pump Station and only utilize their own pump station located on the west side of the City. This enabled the City to blend STWA's supply with groundwater from their well.

Approximately nineteen (19) months ago, the Board adopted a policy of charging an incremental rate to customers without a contract. The rate adopted by the Board was the same rate as the Handling Charge of \$0.426386 per 1000 gallons. It is important to note that the implementation of the incremental rate was after many months of items related to the matter being posted on STWA agendas, Wholesale Customers received correspondence regarding the possible charge and a study researching the justification for the charge.

Analysis:

Three of STWA's customers continue to be charged the incremental fee, Bishop, Driscoll and Banquete. The background information is important since the City, at their request, met with the Board in January and requested that STWA consider some type of payment in the License Agreement. Board Members attending that meeting may recall that the City expressed displeasure with the incremental fee. Payment language was added to the Agreement. The City has stated that it will not entertain an Agreement that includes language whereby it will agree to cooperate on selling the pump station property. STWA has stated that it will not enter into an Agreement in which STWA forgoes its legal rights.

Staff Recommendation:

Select two (2) to three (3) Board members to meet with City representatives. The Board members should have available time to meet with the City representatives. Staff is uncertain whether one (1) meeting will be sufficient to resolve the outstanding issues.

Board Action:

Determine which Board Members to appoint to the negotiation committee for the negotiations pertaining to the License Agreement between the City of Bishop and STWA.

Summarization:

When discussing the matter with Ms. Contreras, I inquired whether the City's legal counsel would be attending. She indicated that she believed so and thought it would be best in order for the attorneys to record any verbal agreements reached. I agreed with her assessment. Mr. Flickinger has stated he would appreciate scheduling any meetings after 10 a.m. to allow for his travel from Austin. He also stated that he would not allow a meeting to occur without him in attendance if Mr. Gerald Benadum, Bishop's attorney, would be attending. Conversely, Mr. Benadum would need to provide his written permission to have Mr. Flickinger attend if he could not be present either in person or by telephone. Mr. Flickinger would want to be physically present for the meetings.

ATTACHMENT 2

Nueces County Supplemental Values

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: August 2, 2019
Re: Supplemental Values – New Improvements – Nueces County – TNT/ETR Notice

Background:

Enclosed please find several items:

- An email from Nueces County Tax Office Finance Manager Krista Champine providing an attachment titled “New Value,”
- A copy of the “New Value” attachment showing the Total New Value Taxable of \$175,427,627,
- A copy of the corresponding “New Value” breakdown from the original certified values showing Total New Value Taxable of \$48,684,017.
- A revised Truth in Taxation – Effective Tax Rate Notice based on adding the difference of \$126,788,610 (\$175,472,627 - \$48,684,017) to STWA’s Nueces County total taxable value.

Analysis:

The attachment dated 8-1-2019 at 12:25:59 pm is a *supplemental* amount. The action taken by the Board during the July 30, 2019 meeting authorizing the publication of the notice using the certified values is correct. However, given the amount of the difference \$126M+, staff consulted with Bill Flickinger, Willatt and Flickinger, for legal advice. He recommended calculating the rates using the added value and presenting the matter to the Board.

Since the added value does not change the Average Home Value, the difference is in the calculation of the I&S rate, which is reduced from \$0.016852/\$100 valuation to \$0.015932/\$100 valuation. This would be a decrease of \$0.00092/\$100 valuation. On the Average Home Value of \$88,405, the difference in the homeowner’s tax bill would be eighty-one cents (81¢). The proposed (calculated) M&O rate including the 8% allowable increase would remain unchanged at \$0.070059/\$100 valuation. The additional \$126M is part of STWA’s taxable value regardless of whether a revised notice is published. The difference in practical terms works out as follows:

$$\$126,788,610 \div 100 \times \$0.00092 = \$1,166.46$$

Staff Recommendation:

The publication dates’ deadlines are around August 20th. Staff can make any changes per the Board’s preference.

Board Action:

Determine whether to utilize the attached revised notice.

Summarization:

As mentioned above, the additional \$126M in value is part of STWA’s taxable base regardless of whether the original or revised notice is used. The Board will note that the revised rates show a slight decrease of -0.78% from last year to this year whereas the original notice showed a slight increase of 0.29%.

mcserrato@stwa.org

From: Joella Wagner <jwagner@stwa.org>
Sent: Thursday, August 1, 2019 4:08 PM
To: mcserrato@stwa.org
Subject: FW: New Value
Attachments: STW.pdf

-----Original Message-----

From: Krista Champine <krista.champine@nuecesco.com>
Sent: Thursday, August 1, 2019 3:48 PM
To: jwagner@stwa.org
Subject: New Value

Please forward. I don't have her email ☹️

Have a blessed day,

Krista Champine
Finance Manager
Nueces County Tax Assessor-Collector Department
361-888-0406

2019 CERTIFIED TOTALS

Property Count: 45,835

WI - SO TX WATER AUTH
Effective Rate Assumption

8/1/2019 12:25:59PM

New Value

TOTAL NEW VALUE MARKET: **\$181,588,245**
TOTAL NEW VALUE TAXABLE: **\$175,472,627**

New Exemptions

Exemption	Description	Count		
EX-XV	Other Exemptions (including public property, r	7	2018 Market Value	\$320,105
EX366	HB366 Exempt	4,831	2018 Market Value	\$39,292
ABSOLUTE EXEMPTIONS VALUE LOSS				\$359,397

Exemption	Description	Count	Exemption Amount
DP	Disability	3	\$36,000
DPS	DISABLED Surviving Spouse	1	\$12,000
DV1	Disabled Veterans 10% - 29%	2	\$17,000
DV3	Disabled Veterans 50% - 69%	1	\$10,000
DV4	Disabled Veterans 70% - 100%	4	\$26,108
DVHS	Disabled Veteran Homestead	5	\$480,834
HS	Homestead	47	\$193,502
OV65	Over 65	14	\$150,000
PARTIAL EXEMPTIONS VALUE LOSS			\$925,444
NEW EXEMPTIONS VALUE LOSS			\$1,284,841

Increased Exemptions

Exemption	Description	Count	Increased Exemption Amount
INCREASED EXEMPTIONS VALUE LOSS			

TOTAL EXEMPTIONS VALUE LOSS \$1,284,841

New Ag / Timber Exemptions

2018 Market Value	\$119,102	Count: 2
2019 Ag/Timber Use	\$1,416	
NEW AG / TIMBER VALUE LOSS	\$117,686	

New Annexations

New Deannexations

Average Homestead Value

Category A and E

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
1,974	\$102,866	\$11,539	\$91,327
Category A Only			

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
1,857	\$97,564	\$11,185	\$86,379

2019 CERTIFIED TOTALS

WI - SO TX WATER AUTH
Effective Rate Assumption

Property Count: 45,835

7/22/2019 8:22:42AM

New Value

TOTAL NEW VALUE MARKET: \$54,799,635
TOTAL NEW VALUE TAXABLE: \$48,684,017

New Exemptions

Exemption	Description	Count	2018 Market Value	2019 Market Value
EX-XV	Other Exemptions (including public property, r	7		\$320,105
EX366	HB366 Exempt	4,831		\$39,292
ABSOLUTE EXEMPTIONS VALUE LOSS				\$359,397

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New Deannexations

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Category A Only			

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Water District

Notice of Public Hearing on Tax Rate

BASED ON 62.5% OF VALUES UNDER PROTEST PLUS CERTIFIED PER B. FLICKINGER
AND SUPPLEMENTAL "NEW VALUES" PROVIDED ON 8-1-2019 IN THE AMOUNT OF \$126,788,610

The South Texas Water Authority Board of Directors will hold a public hearing on a proposed tax rate for the tax year 2019 on September 3, 2019 at 5:30 p.m. at the South Texas Water Authority Office located at 2302 East Sage Road, Kingsville, Texas 78363. Your individual taxes may increase or decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

- FOR** the proposal: *Names will be filled in.*
AGAINST the proposal: *Names will be filled in.*
PRESENT and not voting: *Names will be filled in.*
ABSENT: *Names will be filled in.*

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year		This Year	
Total tax rate (per \$100 of value)	\$0.086664	/\$100	\$0.085991	/\$100
	Adopted		Proposed	
Difference in rates per \$100 of value			-\$0.000673	/\$100
Percentage increase/decrease in rates(+/-)			-0.78%	
Average appraised residence homestead value	\$89,477		\$93,405	
General exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$5,000		\$5,000	
Average residence homestead taxable value	\$84,477		\$88,405	
Tax on average residence homestead	\$73.21		\$76.02	
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)		+ \$2.81		
and percentage of increase (+/-)		+ 3.8%		

NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

If taxes on the average residence homestead increase by more than eight percent, the qualified voters of the water district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the rollback tax rate under Section 49.236(d), Water Code.

THIS LOWER PORTION IS NOT PUBLISHED - FOR INTERNAL INFORMATION ONLY

Total of Debt Service Expenses at % collection below:	\$ 369,962.00	
100%		Kleberg \$ 1,177,984,114 Nueces
Certified Taxable Value	\$ 2,322,092,357	\$ 1,144,108,243
I&S Tax included in Proposed Rate Above	\$0.015932	Total
Actual M&O Tax Rate Proposed	\$0.070059	\$2,322,092,357
	\$0.085991	DS Requirement
		\$ 369,962
	Percent Collection	100%