

September, 2015

A MONTHLY MESSAGE
FROM



**MAYOR
TODD GOTTEL**

Lifting of Water Restrictions Combined with a Long, Hot Summer Leads to High Utility Bills!!!

Rowlett is definitely *On the Move*, and along with celebrating the wonderful growth and economic development opportunities coming our way, I often find myself having to clarify information on complex issues that has somehow been miscommunicated in the community, leading to confusion on the part of our citizens. This month, I would like to provide some information about your utility bills and increased water usage, and talk about how the tax revenue from alcohol sales will be used the next couple of years.

We were blessed with unprecedented rainfall this spring, which has resulted in full lakes across north Texas and the end of water restrictions! However, that abundant and much-needed rain was followed by over 45 days without any at all, which means all of us used quite a bit more water over the past couple of months. Personally, my usage and bill was up significantly over the month prior. I discovered I had a leak in my sprinkler system. I also had issues with incorrect timer settings on the controller box. Both resulted in a significant increase in water usage. That, combined with an annual 10% increase in the cost of water from the NTMWD, which is passed on to our customers, has resulted in higher utility bills. I hope the topics covered in this newsletter will help everyone better understand why. A side note, growth in the North Texas region is exploding, and the issue of providing water with our existing resources is very

real and something that must be addressed at the state level!

The second topic, how the City plans to utilize, short-term, the sales tax revenue garnered from packaged liquor on Economic Development, also requires a bit of explanation. Folks, Economic Development is vital to keeping our tax rate manageable. Bottom line? The more quality development we can attract to Rowlett, which leads to increased property taxes, the more funding we will have available for crucial infrastructure and amenity improvements and maintenance without raising taxes. See more about this in the following pages.

I hope the information in this newsletter serves to clear up some of that confusion and provides you, the Rowlett citizen, a level of clarification and transparency that allows you to share in our enthusiasm about all the fantastic new development and tax base diversification coming to our hometown!!

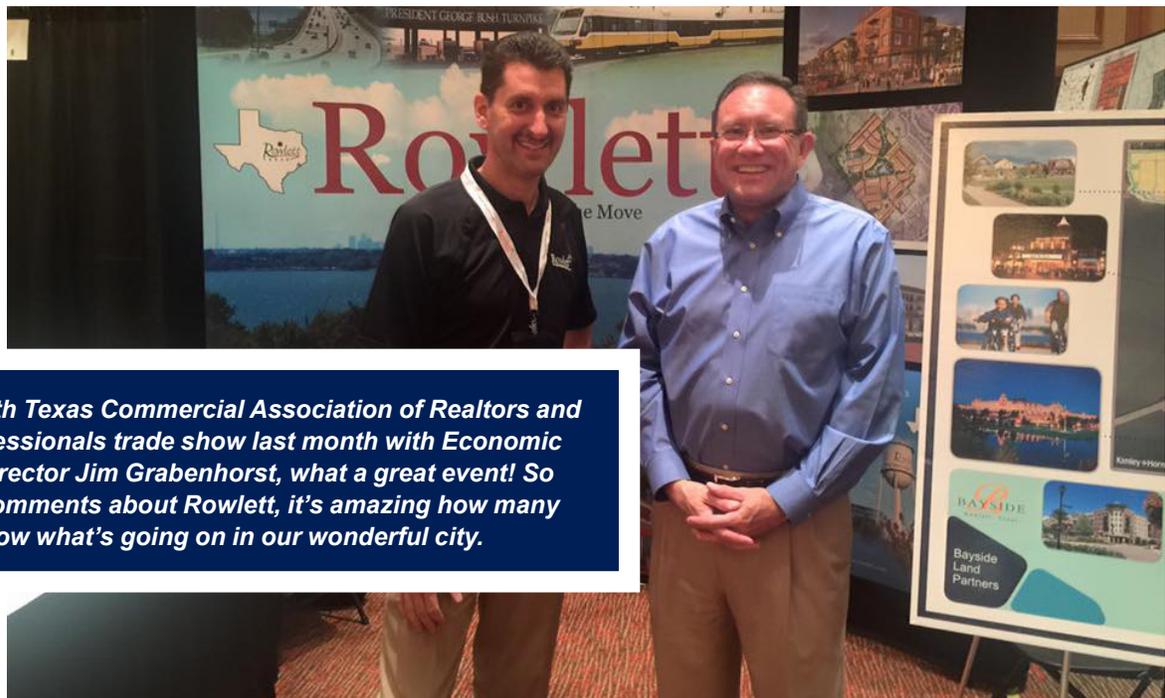
Regards,

Mayor Todd Gottel



City of Rowlett
4000 Main Street
Rowlett, TX 75088

972-412-6100
www.rowlett.com



I attended the North Texas Commercial Association of Realtors and Real Estate Professionals trade show last month with Economic Development Director Jim Grabenhorst, what a great event! So many positive comments about Rowlett, it's amazing how many people know what's going on in our wonderful city.



High Water Consumption

As in other neighboring cities, much of the dramatic increase in water usage can be attributed to the extremely dry weather north Texas experienced during July and August, along with the easing of watering restrictions now permitting twice a week lawn watering, which was not allowed at this time last year. Additionally, water rates have increased significantly since 2010 due to increases in the rate charged by Rowlett's water supplier, the North Texas Municipal Water District (NTMWD). These two factors combined have led to some pretty high utility bills. First and foremost...we hear you! I, my fellow council members and many of our staff members live in Rowlett and pay the same utility rates as you do.

The City of Rowlett Utility Billing Department has responded to a large number of water-related billing inquiries recently. There are two statements we are consistently hearing:

- 1 *My bill has never been this high.*
- 2 *My usage has never been this high.*

How is the Amount of Water Each Customer Uses Calculated?

Actual consumption is obtained for every customer each month, the City does not "estimate" or "level" this consumption, it is gathered each month. The City has two "cycle" areas. Cycle 1 is generally on the west side of the lake and Cycle 2 is generally on the east side of the lake. The City has one truck equipped with electronic meter reading equipment that drives down every street to pull the reading from every meter each cycle. Cycle 1 is typically read on approximately the 15th of each month with a bill due date of the 20th of the following month, and Cycle 2 is typically read on approximately the 1st of each month with a bill due date of the 5th of the following month. When the electronic reading data collected is uploaded from the reading computer to the City's billing system, addresses that did not get picked up by the computer on the drive by will be physically read by a meter reader within three days of the non-read date. The meter reading equipment or process was not a part of the recent billing system upgrade and was not affected by the system upgrade or conversion.

And to clarify one more thing I keep hearing, no, the NTMWD does not play any role in the City's meter reading. NTMWD has a contract with all of their customer cities that require them to pay for a certain amount of water, whether each city sells it or not. NTMWD only meters the amount of water they provide the City's water system as a whole, not the amount that Rowlett residents individually use.

The City typically responds to these concerns by conducting a review of the customer's usage history to identify unusual fluctuations in usage, an evaluation of weather data, verification of the accuracy of meter readings, and, when warranted, an inspection of the meter for indications of a water leak. In most cases, it's found that usage has simply increased. In fact, *in response to these concerns about increased usage, City Manager Brian Funderburk has conducted a study utilizing information from 39 customers* that posted on Facebook and who have lived in Rowlett at least seven years. This timeframe was important so that customer usage before, during, and after the water restrictions during the drought could be included.

This study, along with rate changes over the past 5-6 years really helped us shed light on the high bill/high usage questions.



CITY OF ROWLETT
SELECTED RESIDENTIAL CUSTOMER WATER USAGE
2009-2015

| Neighborhood | Aug-09 | Aug-10 | Aug-11 | Aug-12 | Aug-13 | Aug-14 | Aug-15 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|
| Castle Hill Estates | 5,100 | 32,200 | 34,800 | 39,600 | 21,200 | 4,700 | 23,900 |
| Dalrock Heights Addition | 16,600 | 18,300 | 20,900 | 19,200 | 12,900 | 5,400 | 14,400 |
| Flower Hill PH 3 | 4,700 | 7,000 | 12,300 | 8,200 | 7,700 | 3,900 | 15,900 |
| Flower Hill PH 6 | 21,500 | 34,900 | 26,700 | 26,300 | 17,200 | 7,800 | 22,300 |
| Harborview No. 1 | 9,700 | 18,600 | 48,300 | 33,900 | 37,200 | 14,900 | 34,700 |
| Kenwood Heights | 12,000 | 1,600 | 2,700 | 1,400 | 1,100 | 1,000 | 2,100 |
| Kenwood Heights Ph 3 | 3,100 | 6,100 | 4,600 | 5,500 | 4,800 | 3,200 | 25,000 |
| Lakecrest Estates | 9,900 | 6,200 | 8,500 | 10,500 | 9,400 | 7,600 | 7,100 |
| Lakeland Heights | 11,000 | 8,100 | 11,800 | 10,300 | 8,200 | 5,100 | 10,100 |
| Lakeridge Estates 1 | 14,900 | 15,700 | 16,500 | 29,800 | 8,000 | 7,700 | 9,000 |
| Liberty Creek | 27,000 | 34,900 | 38,100 | 28,800 | 28,900 | 13,000 | 32,000 |
| Magnolia Springs PH 2 A/B | 35,200 | 42,200 | 41,700 | 29,000 | 18,300 | 9,100 | 33,800 |
| Mariner Park Section 1 | 11,000 | 4,000 | 12,600 | 14,500 | 11,400 | 15,400 | 19,300 |
| Mariner Park Section 1 | STUCK | 21,500 | 16,000 | 36,900 | 43,500 | 18,500 | 61,700 |
| Mariner Park Section 2 | 4,000 | 14,200 | 14,700 | 23,200 | 20,300 | 14,000 | 23,000 |
| Mariners Cove Phase 1 | 33,600 | 80,800 | 48,400 | 30,000 | 32,100 | 32,200 | 97,900 |
| Quail Glen Addition | 13,100 | 5,400 | 22,000 | 18,400 | 11,800 | 12,700 | 11,400 |
| Ridgecove | 22,100 | 41,600 | 39,500 | 25,500 | 21,300 | 15,400 | 38,200 |
| Ridgecrest Addition No. 2 | 2,300 | 9,100 | 7,800 | 6,400 | 7,800 | 1,800 | 5,000 |
| Springfield Addition PH 1 | 13,300 | 27,000 | 26,200 | 27,400 | 19,200 | 6,800 | 31,400 |
| Springfield Addition PH 4 | 4,500 | 7,200 | 7,300 | 6,800 | 5,400 | 2,500 | 3,800 |
| Springfield Estates PH A | 9,700 | 17,600 | 19,000 | 30,100 | 16,400 | 8,300 | 32,700 |
| Springfield Estates PH B | 20,000 | 31,900 | 32,100 | 22,800 | 23,600 | 10,900 | 32,300 |
| Springfield Estates Phase B | 12,200 | 23,000 | 30,200 | 19,400 | 10,300 | 7,200 | 34,500 |
| The Peninsula No. 2 | 7,900 | 5,800 | 6,800 | 7,700 | 5,500 | 4,700 | 5,200 |
| The Peninsula No. 6 | 20,700 | 50,800 | 29,200 | 17,900 | 13,900 | 27,200 | 17,000 |
| Toler Bay Estates | 16,300 | 21,600 | 44,200 | 16,100 | 13,900 | 21,700 | 35,800 |
| Toler Bay Estates 4 | 4,900 | 10,300 | 14,300 | 23,500 | 10,000 | 7,500 | 25,300 |
| Toler Ridge No. 2 | 12,900 | 20,600 | 18,200 | 23,200 | 11,100 | 7,700 | 20,800 |
| Toler Ridge No. 2 | 8,200 | 22,200 | 12,800 | 11,900 | 6,200 | 5,000 | 6,500 |
| Villas At Waterview PH 2 | 5,300 | 7,200 | 11,000 | 6,100 | 6,000 | 2,600 | 8,800 |
| Waterview PH 2 | 18,600 | 31,700 | 31,900 | 45,200 | 31,100 | 16,800 | 44,200 |
| Waterview PH 9 | 26,200 | 17,200 | 40,600 | 49,500 | 22,700 | 6,400 | 18,900 |
| Westwood Estates No. 3 | 14,900 | 17,100 | 27,000 | 18,300 | 19,400 | 9,600 | 33,200 |
| Westwood Estates No. 3 | 4,600 | 6,300 | 11,200 | 13,100 | 5,100 | 1,500 | 4,900 |
| Westwood Estates No. 5 | 8,300 | 20,200 | 32,200 | 24,200 | 17,600 | 6,400 | 13,900 |
| Westwood Estates No. 5 | 6,100 | 9,600 | 10,200 | 14,300 | 6,100 | 6,600 | 14,800 |
| Westwood Shores PH 1 | 16,600 | 19,000 | 7,000 | 8,000 | 21,500 | 14,800 | 20,500 |
| Winners Circle | 4,900 | 10,300 | 14,300 | 23,500 | 10,000 | 7,500 | 25,300 |

Amounts as high or higher than in Aug 2015.

Percentage of customers who have used an equal amount or higher in previous years (27 out of 39)

69.2%

I would encourage you to please view the full study and get all the details!

www.rowlett.com/WaterUsageStudy

Great News for *Economic Development*

As I'm sure you will recall, packaged liquor was on the ballot in Rowlett this past May and passed by the voters with over a 70% approval rate.

The City Council recently voted to earmark the portion of sales taxes generated from packaged liquor sales to fund economic development.

I am not sure how much revenue this will be, it may be a full two years before we know how much we may collect. As a result, in the proposed budget for the upcoming year, we have been extremely conservative until we see how many stores open and determine the impact on City taxes, but I am told it COULD be several hundred thousand dollars annually once ALL of the stores are fully open and operational. Today, the revenue is minimal, because our first packaged liquor store opened only a month ago.

One of the challenges we have had since I have been on Council and in the past is how to fund economic development. Cities all over the

metroplex and state fund economic development in several different ways. Some have a private Economic Development Corporation that is funded by the city to attract new businesses. Others use a portion (\$.01) of the total sales taxes generated to fund economic development. This, in many cases, adds up to millions of dollars a year (in addition to other tax incentives).

Rowlett has neither an EDC nor that \$.01. Instead, our citizens voted over 30 years ago to fund DART (\$.01 of our sales taxes) to fulfill our future transportation needs. To date, we have given DART over \$90 million, money which could have funded economic development. Don't get me wrong here, I love that Rowlett has DART Light Rail access, this not only makes us the gateway into the metroplex from the eastern region of the state and gives us easy access to Dallas, DFW Airport and beyond, but makes us very attractive for developers and businesses looking for a prime location!



Rowlett is a "DART City"

1% of local sales tax revenue is equal to approximately \$5.6 million annually (Fiscal Year 2014 latest reporting). Many other, non-DART cities, utilize these dollars to fund Economic Development Corporations.



Rowlett is in a predicament. How do we fund economic development and compete with other cities?

Trust me when I tell you, companies generally don't move here because we are nice people. They locate here because they can make money.

I have heard from so many of you that you want more of your favorite businesses in Rowlett - restaurants, shopping, grocery stores and companies. These businesses look at many factors, such as total population, median income, daytime population, access, land cost and other demographics. They also look at incentives - how much is a city willing to give them to come and locate there. Don't kid yourself... it's big business! Cash is given to help fund projects all of the time.

One example: Rockwall paid \$1 million to Bimbo Bakery to locate there.

Rowlett is not so fortunate. Our incentives are somewhat limited and include more recognizable incentives like: sales and property tax abatements, impact fee waivers and land to name a few. Unfortunately, our City owns very little property.

The money generated from packaged liquor will provide another "tool" in our "tool chest" to help bring the types of businesses many of you have asked for to our City. This will allow us to better compete against our neighboring cities for the business.

Since I have been on Council, we have lost many deals to Rockwall and Garland. In many cases, the incentives they provided were better than those we could provide. Now to be fair, it's not all about the money. Location, land values and access are also critical elements of the deal. Perceived land values in Rowlett also make it difficult to compete. At the end of the day, it's a financial decision for the business and they are in the business to make the most money they can.

In turn, new businesses bring jobs, convenience to our residents and more property and sales taxes to our City. This is a good thing. In many cases, a small investment on our part will yield great long term revenues for our community. This allows us to better fund our infrastructure, parks and other needs.



So...what do we do?

The sales taxes generated, albeit small compared to other cities, from packaged liquor sales will give us another "tool" in our "tool chest" to help attract new businesses to our City.