

**CITY OF INGLESIDE ON THE BAY  
SPECIAL CITY COUNCIL MEETING  
December 6, 2007**

- I. City Council Workshop was called to order by Mayor Kemp, City of Ingleside at 6:03 p.m.
- II. Mayor Kemp gave the invocation
- III. Mayor Kemp led the Pledge of Allegiance
- IV. Workshop with the City of Ingleside Mayor and City Council regarding water rates.

Introductions were done by all present from both cities. Ingleside City Manager explained the situation of the rate increase, the fact that both sides have concerns. The meeting is to hold discussion between the cities to address the concerns. He explained what the City of Ingleside City Council has done so far to include the first reading of the ordinance setting rates.

Councilman Diehl stated his views of the fact dialog should have started months ago; the two cities should be able to work together and consider each other

Mayor Foster explained and clarified how the situation got to where it currently is. She explained that IOB is ready to discuss the issue, receive and answer questions, and work out a reasonable rate increase. The threat of Ingleside turning off the water is what led to the Restraining Order by IOB. IOB citizens can not handle a large increase to the water billing. The two cities need to work together.

Councilman Vaden stated his consensus the two cities are friends and family. Ingleside has high cost also. He felt IOB should pay the same as Ingleside's citizens; they are not looking for a profit margin. Ingleside has been lax in figuring their costs and passing them on their customers.

Mayor Foster stated she would be happy to provide all copies of records. She clarified IOB's rate structure. Dick Ehmann stated the objection was paying Ingleside for services not received. A concession on the base rate from Ingleside is needed.

Alderman Gillespie asked what percent of the base rate is used for services IOB would not receive.

Alderman Ehmann explained her views of the Ingleside rate structures, the breakdown of Ingleside's bill and IOB's bill and how it will affect IOB's citizens.

City Manager Gray explained the new base rate and the sliding scale for cost proposed in the Ingleside Ordinance.

Alderman Ehmann explained a concession in the base rate from Ingleside would be fair to IOB.

Alderman Garbutt explained his views of the comparison of the two bills.

Council Vaden stated Ingleside does not run on taxes, it runs off the utility billing.

Dick Ehmann stated what he felt was fair as a concession in the base rate for IOB.

Mayor Foster explained Rockport and other similar city's billing system. She stated it was difficult to come up with numbers, but a fair number needed to be found and IOB should not be billed for services not received. She asked for clarification of how Ingleside numbers figured.

Further discussion occurred concerning the proposed rate, the formula used to come up with the figures in the Ingleside Ordinance and how other cities charge other systems.

Councilman Herrmann stated she felt it is reasonable to profit from billing, the fact Ingleside felt IOB should be charged the same as their citizens; the profit could be the difference of the services provided to other customers and not provided to IOB. The discussion needs to continue between the cities, IOB needs water.

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Alderman Watson asked Mr. Gray if Ingleside made a profit off of selling IOB water. Mr. Gray started to explain about profits and revenue. Alderman Watson interrupted him and said he just want a yes or no answer. Mr. Gray went on to explain that it wasn't a matter of profit, but net revenue. Alderman Watson stated that the reason the question was asked was because he would like to see Ingleside be happy with IOB as a customer.

Discussions of future increases and pass through increases, short falls of Ingleside, Naismith's rate study, percentage of base charge concession to IOB and the increased cost to IOB customers.

City Manager Gray explained that the next steps for Ingleside Council would be to consider which way they choose to go after listening to IOB's objections.

Mayor Foster stated IOB has no where to expand to and have no other options to receive water that would be viable to IOB. Both cities want to be happy with each other. IOB will take what was learned at the meeting to their citizens and move on from there. Neither city wants to have legal problems every time a rate increase is needed or proposed. We all need to move forward.

The Temporary Restraining Order and Administrative Proceedings were discussed.

V. Mayor Kemp adjourned the workshop at 7:40 p.m.

Respectfully submitted & attested:

Approved:

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Diane Hosea  
City Secretary

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Cynthia B. Foster  
Mayor