

March 2015



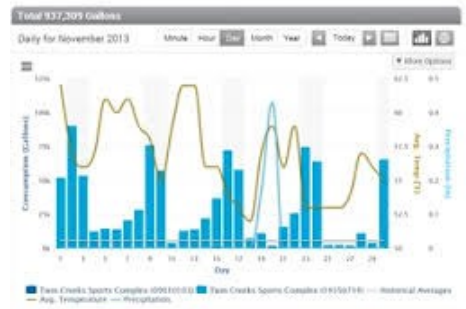
The Bevil Oaks Chronicle

Inside this issue:

- Meters/APP 1
- Candidates 1
- Election 1
- A Rating 2
- City Wide Cleanup 3
- City Wide Yard Sale 3
- Meet the Candidates 3

New Water Meters & the APP

We are almost finished installing the new water meters. Please be advised it takes up to 15 business days for the new meters to be fully in the system so you can look them up from your computer or phone. For details on how to get the app, please contact Naomi at City Hall, at (409) 753-2126. You will need the account ID to log into the app. The app will be able to tell you if there is a leak and the amount of usage per hour used. It can also still be manually read if you want to check the readings yourself.



CANDIDATES:

MAYOR:
 Becky Ford
 Bud Merendino

WARD 1:
 Christi Bounds
 Dave Tevis

WARD 2:
 Barbara Emmons
 Michelle Nelson

WARD 3:
 Danny Fruge
 Susan Martin

City-Wide Election Set for May 9, 2015

Are you registered to vote? Find out here:

<https://team1.sos.state.tx.us/voterws/viw/faces/SearchSelectionVoter.jsp>

Not registered? Register now!

<https://webservices.sos.state.tx.us/vrapp/index.asp>

Early Voting will be held at the Bevil Oaks Civic Center on the following days:

Wednesday, April 29, 2015 - 8:00 a.m. to 5:00 p.m.

Monday, May 04, 2015 - 7:00 a.m. to 7:00 p.m.

Tuesday, May 05, 2015 - 7:00 a.m. to 7:00 p.m.



STANDARD & POOR'S RATING SERVICES ASSIGNS BEVIL OAKS A RATING OF "A/stable outlook"

The City of Bevil Oaks has never previously issued debt in the public market nor has it applied for a Public Finance Credit Rating. Due to the upcoming need to issue debt to obtain funding for the sewer line project and to obtain the best possible interest rate for the loan, the City's Financial Advisor, Jim Gilley, U. S. Capital Advisors, advised City Council that the City needed to apply for a rating. Mr. Gilley cautioned the City that obtaining a rating for a small city is often very difficult. But, as he said, even a "low rating" would be better than "no rating at all" when soliciting bids for interest rates in the public credit market. The City provided Mr. Gilley with copies of the City's most recent 2014 Audit, that was presented to Council at the February 2015 meeting along with other financial and management information necessary for him to submit an application with Standard & Poor's Ratings Services on behalf of the City of Bevil Oaks. The City was successful in this effort.

After conducting a thorough credit review, including an in-depth interview with City officials, Standard & Poor's Ratings Services notified the City on March 5, 2015 that it had assigned the City a rating of "A" with stable outlook. Standard & Poor's defines a rating of "A" as follows: "Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances".

In Standard & Poor's published Rating Report dated March 6, 2015,, they stated that their "rating is a statement of their opinion and not statements of fact. They stated the rating reflects the following credit factors, including the City's

- Very weak local economic base;
- Adequate management conditions;
- Conservative budgeting with very strong liquidity and very strong budgetary flexibility;
- Strong budget performance; and
- Very weak debt and contingent liabilities."

They also stated that "the stable outlook reflects Standard & Poor's view of Bevil Oaks' solid financial profile, indicated by its very strong budgetary flexibility and liquidity. Standard & Poor's indicated it does not expect to revise the City's rating over the next two years because it believes the city's management team will remain committed to maintaining the current financial position.

However, they indicated the rating could be lowered if the city experiences a significant decline in its financial performance. Economic base diversification and marked improvement to the city's overall debt burden, coupled with an improvement in the nominal value of the reserve balances, could lead to upward rating movement."

With the "A" rating in place, the City will now be able to obtain a more favorable interest rate for our funding than previously expected and projected. The City expects to receive bids for its Certificates of Obligation March 19. A complete copy of the documentation provided to the City by Standard & Poor's Rating Services can be obtained at City Hall or, you can access the same information at

WWW.STANDARDANDPOORS.COM/RATINGSDIRECT.



City Wide Garage Sale

April 11

For more information
or to sign up, contact:

Stacey Smith 409-782-6972



Car Show

Do you have a car or know someone who would



like to have their
car in our 4th of
July Car Show? If

so, call
Kim Roberts at
409-617-8222.

SEWER PROJECT UPDATE

On March 3 at @ 2PM, the City, through its engineering firm Carroll & Blackman Engineers, Inc., received bids at the Civic center for our new sewer project to eliminate our old, worn out plant and pump our waste to the city of Beaumont for treatment. Bevil Oaks has entered into a 20 year contract with Beaumont to treat our sewer waste. This project will take us out of the sewer business altogether thereby saving us thousands of dollars per year in maintenance, labor, and electricity. These direct costs do not include the significant burden of maintaining compliance with the various regulations set forth by the Texas Commission on Environmental Quality, the State agency that oversees wastewater and water production.

The Council met in a special session on March 5 at 4 PM to consider and evaluate these proposals. It was necessary to meet at 4 because of prior engagement conflicts with the Mayor, our City Attorney as well as the engineer. This meeting had to take place on Thursday so that the Council could make a decision on the amount of the Certificates of Obligations that have to be advertised for sale. There is a strict schedule that must be followed in order for the Council to be able to approve at our next regular meeting the **sale** of these Certificates so that we could award the bid to the contractor on April 23 after receiving the proceeds of the sale of the certificates on April 21, 2015.

We were **very** fortunate in the fact that the low bidder came in almost on the engineer's estimate of \$1,172,900 at \$1,182,923. The second bidder was 22.5% higher at \$1,449,107 and the high bid was \$1,909,145. Included with the base bids were 3 alternate bids. **Consideration of these alternates was the purpose of this meeting.** Alt. #1 was to concrete line the bottom of the storm water detention pond; Alt. #2 was to concrete line the bottom as well as the inside walls of the levee of this pond; and Alt. #3 was for a drainage structure to carry water out of the area affected by the pond construction to the large DD6 ditch if necessary. The need for this bid item cannot be confirmed till near the end of the project. If the structure is not needed, it will not be built.

The value of the alternate bids are as follows: Alt. #1-\$175,104.00; Alt. # 2- \$457,098.00 & Alt. #3- \$9,000.00. The Council had previously approved a total cost up to \$2.1M based on previous discussions and meetings. When all of the other cost required to complete this project added to the base bid, there was not enough money to consider Alt. # 2 as it put us over the \$2.1M threshold previously approved. The council heard from both the engineer and our utility

operator, Mike Wills of Utility Specialties, why they thought it was important to at least consider Alt. #1 which would permit lining the bottom of the pond with concrete and determining how it would reduce maintenance cost going forward. The council also learned it was easier to comply with TCEQ regulations that pertains to the maintenance and up keep of detention ponds of this nature after the water goes down after a major rain event. Deposited debris as well as sediment can simply be washed away as opposed to settling into the grass of a grass bottom pond and dealt with by some other labor intensive and therefore expensive manner.

So, after hearing those explanations, the Council considered Alt #1 as well as Alt #3 which brought the total cost of the project to **\$2,001,184.00** when all of the other cost were added to the base bid (engineering, easement acquisition cost, reimbursement cost for monies the City has already paid thus far (approx. \$155,000), legal and fiscal cost associated with the cost of issuing the Certificate of Obligation, and etc.). The cost **without** Alt. Nos.1 and 3 came to **\$1,789,464.00**.

In consideration of the 2 alternates, which totaled \$184,104.00, the Council also considered the cost per month to be added to our monthly water/sewer bills to pay for this project. *Our financial advisor calculated just the amount necessary to cover the debt service for the 20 year period of the Certificates. His calculations did not include what other monies may or may not be necessary to generate enough revenue to continue to operate the water department.* He did not include the expense of maintaining the 4 remaining sewer lift stations and the **new** lift station. Consequently, the exact calculation cannot be known at present; we will have to operate for some time (8 to 12 months) after the project comes on line to have financial historical data with which to make an exact determination. Once the City has a good idea of its revenue needs, we will hire a Rate Consultant to help us accurately figure what our minimum water/sewer rates need to be. In the meantime, based on City budget estimates and interest rate expectations, it appears there will be enough savings from being out of the sewer business that we will not need as much as the City's financial advisors have conservatively calculated prior to current budget estimates.

The cost or fee that our advisor calculated for debt service pay back per connection per month is:\$8.80/mo/connection for the base bid **without** Alts. Nos. 1 and 3 and \$12.50 to \$13.00 for the base bid **including** Alts. Nos. 1 and 3. While the relatively small addition of Alts. Nos, 1 and 3 may seem to have a disproportionate impact, the calculations *include the* City's expected savings per year for not operating our sewer facility (\$72,465). However, this we will not know until we have historical data to draw on but it is felt that there could be even greater savings once the project has gone on line and has been operating for some time. Savings greater than our preliminary expectations will reduce any rate adjustment that may be needed. At this time, it appears an immediate rate adjustment may not be necessary and we are hopeful that will be the case once the historical data is in.

(continued...)

So, after hearing recommendations from the engineer and our utility operator and considering the monthly amount to be added to our water/sewer bill, the Council voted 4 for and 1 against to include Alt. Nos. 1 and 3 along with the base bid. One Councilman was not able to attend due to work and the Mayor does not vote on any issues unless there is a tie.

The issue for the lone **NO** vote was the fact that mathematically it did not seem correct to add \$4/mo/connection for \$184,104 in additional debt over the 20 year period of the Certificate or loan. With this in mind, we went back to our financial advisor to see if he could reconcile this issue. In addition, we also asked if he could look at our situation just as a Rate Consultant would do taking **everything** into consideration making conservative assumptions where he had to, which meant starting his whole analysis process over. After two days of working with our City Clerk as well as with our CPA firm gathering much of the information that a Rate Consultant would need, his new analysis revealed that after the new project is operating, *we will probably need less than \$5/mo/connection to pay for this project at the \$2M amount.* This is about as good as we could have ever hoped for.

Remember, this Rate Calculation **will not** be performed until 8 to 12 months after our new project goes on line (December 2016?). At that time, after hearing from our Rate Consultant, the Council will have to decide whether an increase in water/sewer rates is appropriate or adding a monthly fee is necessary, to cover any short fall in revenue the City may need to operate the utility side.

It has been a 3 year process to get to this point considering preliminary engineering to consider what to build, contract negotiations with the City of Beaumont as well as ongoing easement acquisitions that are almost complete at a cost of \$155,000 thus far. As with any worthwhile endeavor, there have been obstacles and setbacks to overcome. This project is by far the best and least expensive option available to the City and its residents because it takes us out of the sewer treatment business and will greatly lessen the cost impact of our I & I problems (rainwater infiltration into our sewer system- read more money). We can thank Dr. Tohme, past Director of Water and Utilities for the City of Beaumont, for making this option available to us through Councilman Merendino.



MEET THE CANDIDATES
CITY OF BEVIL OAKS 2015

Date: Saturday, April 18, 2015

Time: 2:00 pm

Location: City of Bevil Oaks Community Center

Please join us as we meet our candidates for our May 2015 City Elections.

If you are interested in volunteering please contact Kelly Pickens at
409-812-5810. We need volunteers for
Refreshment donations (cakes, cookies, etc.) and set up and clean up.

We look forward to meeting everyone. Happy Voting!!!

City of Bevil Oaks

7525 Sweetgum
Beaumont, TX 77713
City Hall: 409-753-1475
Water Department: 409-753-2126
Email: bevilocks@att.net

Bevil Oaks is Online at:
www.cityofbevilocks.com

City Clerks:

Kimberely Vandver & Naomi Bowman 753-1475

Emergency Management:

Don Smith 658-8220

Code Enforcement Officer:

Delia Giglio 753-1475

Water/Sewer:

Office Hours: 753-2126

Emergency AFTER Hours: 755-7377

Becky Ford, Mayor 753-1263

Danny Fruge Mayor Pro-Tem 753-3446
Roads & Drainage, Grounds

Council Members:

Sherry Adams, Ward 3 753-2474
Secretary & Buildings

Jimmie L. Grimes Ward 2 753-3377
Community Development & SETRPC Liaison

Dave Tevis, Ward 1 753-3216
Street Lights & Signs

Bud Merendino, Ward 1 466-3193

Fay Roberts, Ward 2 753-2163

Next JCESD #1
Meeting:
Tuesday,
March 17, 2015
@ 6:00 p.m.
Firehouse

Next City Council
Meeting:
Thursday,
March 19, 2015
@ 7:00 p.m.
Civic Center

City of Bevil Oaks
7525 Sweetgum Rd.
Beaumont, TX 77713

PRSRST STD
US POSTAGE PAID
SOUR LAKE, TX
PERMIT NO. 3

RESIDENT
RURAL ROUTE 1
BEAUMONT, TX 77713

IMPORTANT: SEWER PROJECT INFORMATION INSIDE