

AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY, SEPTEMBER 14, 2010, 6:00 P.M.

CITY HALL COUNCIL CHAMBERS

800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, SEPTEMBER 14, 2010, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION offered by Reverend Patty Edwards, unity Church of the Hill Country.

PLEDGE OF ALLEGIANCE TO THE FLAG led by Sam Swindell, Military Officers Association of America.

1. VISITOR/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the council. Prior to speaking, each speaker must fill out the speaker request form and give it to the city secretary. Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. PRESENTATION:

2A. Presentation from the XI Omicron Chapter of the Beta Sigma Phi Sorority for the purchase of new Christmas decorations for the City of Kerrville. (Staff)

3. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a councilmember asks for separate consideration of an item. It is recommended that council approve the following items which will grant the mayor or city manager the authority to execute all documents necessary for each transaction.

3A. Approval of the minutes of the city council meetings held on August 17, August 24, and September 2, 2010. (Staff)

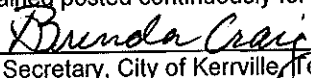
3B. Authorize a contract with Relmco, Inc. for the Oak Hollow drainage project in the amount of \$459,687.40. (Staff)

3C. Authorize a professional service agreement with LNV, Inc. for engineering design services for Phase 2 and 3 of the wastewater inflow and infiltration rehabilitation/replacement project in the amount of \$118,488.00. (Staff)

3D. Authorize the extension of the Maxey Energy contract for fuel and card service for FY11. (Staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: September 10, 2010 at 4:00 p.m. and remained posted continuously for at least 72 hours proceeding the scheduled time of the meeting.



City Secretary, City of Kerrville, Texas

3E. Authorize acceptance of a grant in the amount of \$98,600 for the purchase of a firefighting apparatus (brush truck) to be purchased through Buyboard Purchasing Cooperative. (Staff)

3F. Authorize the transfer of five (5) surplus Panasonic CF25 laptop computers to the Ingram City Marshal. (Staff)

END OF CONSENT AGENDA

4. FISCAL YEAR 2011 BUDGET PUBLIC HEARINGS AND ORDINANCES, FIRST READING:

4A. Public hearing for ad valorem tax rate for tax year 2010/fiscal year 2011. (Staff)

4B. An ordinance levying an ad valorem tax for the use and the support of the municipal government for the City of Kerrville, Texas, for the fiscal year 2011; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid. (Staff)

4C. Public hearing for fiscal year 2011 budget. (Staff)

4D. An ordinance adopting the annual budget for the fiscal year 2011; providing appropriations for each department and fund; containing a cumulative clause; and containing a savings and severability clause. (Staff)

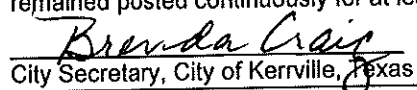
5. ORDINANCES, FIRST READING:

5A. An ordinance amending the budget for fiscal year 2010 to accept and allocate remaining funds from the fiscal year 2009 budget. (Staff)

5B. An ordinance approving a negotiated resolution between the Atmos Cities Steering Committee ("ACSC or "Steering Committee") and Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or Company") regarding the company's third rate review mechanism ("RRM") filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; requiring the company to reimburse cities' reasonable ratemaking expenses; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; approving Atmos Mid-Tex's proof of revenues; extending the RRM process for two cycles and adopting a new RRM tariff; ratifying the settlement agreement, including cost recovery for a steel service line replacement program; adopting a savings clause; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; declaring an effective date; and requiring delivery of this ordinance to the company and the steering committee's legal counsel. (Staff)

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City Secretary, City of Kerrville, Texas

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Zoning Ordinance Input Committee's review of the city's zoning ordinance. (Staff)

7. INFORMATION AND DISCUSSION:

7A. Update regarding Lower Colorado River Authority TSC's application for the McCamey D to Kendall to Gillespie CREZ project (PUC Docket No. 38354). (Staff)

7B. Kerrville budget/economic update. (Staff)

8. BOARD APPOINTMENTS:

8A. Appointments to the building board of adjustment and appeals. (Staff)

9. ITEMS FOR FUTURE AGENDAS:

10. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcement of items of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by city officials or employees; and announcements involving imminent threats to the public health and safety of the city. No action will be taken.

11. EXECUTIVE SESSION:

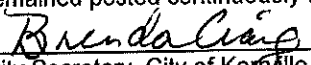
The city council reserves the right to adjourn into executive session at any time to discuss any of the matters listed as permitted by law including if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices) and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code, including the following matters:

Section 551.071:

- Contemplated litigation involving a claim against C & C Groundwater Services.
- Settlement agreement between the United States of America, the City of Kerrville, Texas, and Playhouse 2000 with respect to the Cailloux Theater and City Center for the Performing Arts under the Americans with Disabilities Act.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

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City Secretary, City of Kerrville, Texas

Section 551.071, 551.072:

- Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the city's bargaining position with third parties (715 Water Street).
- Discuss the purchase, exchange, lease, sale, or value of real property for use as a city facility, the public discussion of which would not be in the best interests of the city's bargaining position with third parties.

12. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

13. ADJOURNMENT

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: September 10, 2010 at 4:00 p.m. and remained posted continuously for at least 72 hours proceeding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Presentation from the XI Omicron Chapter of Beta Sigma Phi Sorority for the purchase of new Christmas decorations

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 10, 2010

SUBMITTED BY: Todd Parton
City Manager

CLEARANCES:

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Leesa Peters from Beta Sigma Phi Sorority will present a check to the city to be used for the purchase of Christmas decorations. The funds will be used to purchase additional holiday decorations to be used in the historic downtown area.

In 2009 the sorority presented the city a check for purchase of 36" wreaths that were placed on existing lampposts along Water Street and Earl Garrett Street. The funds presented tonight are in preparation for a larger scale holiday lighting project.

RECOMMENDED ACTION

Recognize the Beta Sigma Phi Sorority for continuing their generous donation for holiday lighting.

CITY COUNCIL MINUTES
OF A SPECIAL MEETING

KERRVILLE, TEXAS
AUGUST 17, 2010

On Tuesday, August 17, 2010, the Kerrville City Council meeting was called to order by Mayor Wampler at 9:00 a.m., in the city hall council chambers, 800 Junction Highway, Kerrville, Texas.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Mike Erwin	Director of Finance
Travis Cochran	Director of Information Technology
Charlie Hastings	Director of Public Works
John Young	Police Chief
Mindy Wendele	Director of Business Programs
Robert Ojeda	Fire Chief
Kim Meisner	Director of General Operations

Review and discuss the proposed FY11 budget as it pertains to the city's financial situation

Mr. Erwin gave the five year forecast of revenue and expenditures and noted that currently 13% of the city's annual budget, over \$1 million, went to pay off existing debt. He reviewed the existing debt issuances and the projects that were funded. He proposed that the FY11 tax rate remain the same at \$0.5625 and noted the effective tax rate would have been \$0.5753.

Ms. Ondrias reviewed the effect of not funding general fund CIP projects:

- \$6,000,000 Streets: failed streets were four times more expensive than routine maintenance.
- \$4,205,000 Fire Station: Replace a 30 year old facility and combine it with fire administration offices that were currently in leased facilities.
- \$1,300,000 Ladder Truck: Replace a 20 year old apparatus with new truck with better technology. Ladder truck was used to do swift water rescues as well as high rise structures and larger commercial buildings.
- \$1,000,000 Drainage: Correct flooding issues in some residential areas.
- \$500,000 Parks: Worn playground equipment becomes maintenance and liability issue and will have to be removed and space left vacant; repairs were needed at the Olympic Pool; address handicapped accessibility issues at the Cailloux Theater.

- \$327,000 Transportation: Arcadia Loop access road.

Mr. Erwin reviewed projects funded by \$6,200,000 utility debt in FY11. He noted that to continue the utility projects in the CIP would require a rate increase of \$1 per 1,000 gallons of sewer, an average increase of \$5 per month to fund additional debt. He noted the proposed fee schedule would be on the August 24 agenda for council action.

Council also discussed the following projects:

- Would Birkdale lift station be necessary if the city went to a gravity flow system? Mr. Hastings noted the Birkdale lift station was necessary for growth, (i.e. Ingram and Harper Highway utility extension) and existing capacity issues. It would be put in at the depth necessary to gravity flow on the south side of the river. An entire gravity flow system would be possible; however, a high initial capital investment would be necessary and there was still life use in the existing system.
- Refurbish versus replacement of old fire truck and the various elements that go into the ISO rating. Chief Ojeda also noted that older trucks were more likely to not function during an emergency and could become liability and maintenance issues.
- Possible increase in some park fees.

Mr. Parton noted the winter retreat in November would focus in part on the city's sustainability in services, debt, revenue forecast, major equipment replacement, infrastructure, pavement management program, and drainage.

Review and discuss the proposed FY11 budget as it pertains to the use of performance information.

Mr. Erwin noted each department had provided their expected outcome measures and accomplishments based on the proposed FY11 budget.

Adjournment: The meeting adjourned at 9:38 a.m.

APPROVED: _____

David Wampler, Mayor

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
AUGUST 24, 2010

On August 24, 2010, the Kerrville City Council meeting was called to order by Mayor Wampler at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Associate Pastor Tom Murray, St. Peter's Episcopal Church, followed by the Pledge of Allegiance led by William Wingate, Kerrville Memorial American Legion Post 208.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochrane	Director of Information Technology
Mindy Wendele	Director of Business Programs
Mike Erwin	Director of Finance
John Young	Police Chief
Robert Ojeda	Fire Chief
Eric Maloney	EMS Coordinator
Antonio Martinez	Director of Library Services

VISITORS PRESENT: List on file in city secretary's office.

1. VISITORS/CITIZENS FORUM: No one spoke.

2. PRESENTATIONS:

2A. Recognition of Emergency Medical Service Coordinator Eric Maloney by the National Fire Academy for completion of courses at the National Emergency Training Center in Emmitsburg, Maryland.

3. CONSENT AGENDA:

Staff requested item 3D be removed from the consent agenda.

Mr. Allen moved for approval of items 3A, 3B, 3C, and 3E; Mr. Motheral seconded the motion and it passed 5-0:

3A. Approval of the minutes of the city council meetings held on July 19, July 22, July 27, July 29, August 9, and August 10, 2010.

3B. Ratify action taken by the city manager to approve an amendment to the interlocal cooperation contract for city ambulance/Emergency Medical Services with the Department of State Health Services on behalf of the Kerrville State Hospital at 721 Thompson Drive for one year, September 1, 2010, to August 31, 2011.

3C. Authorize the execution of a professional services agreement with Hewitt Engineering, Inc. to provide professional engineering design services for the Jackson Road/Glen Road water main project in an amount not to exceed \$50,000.

3E. Resolution No. 028-2010 approving the budget for fiscal year 2011 for the Kerr Emergency 9-1-1 Network.

END OF CONSENT AGENDA

3D. Resolution No. 030-2010 adopting a purchasing policy and procedures manual.

Mr. Hayes noted the resolution had been changed to add language to require that if any proposed changes to the manual would change or impact council's authority, then the council must approve those changes.

Mr. Gross moved for approval of Resolution No. 030-2010 adopting the purchasing policy and procedures manual as presented by Mr. Hayes; Mr. Allen seconded the motion and it passed 5-0.

4. PUBLIC HEARING:

4A. Ad valorem tax rate for tax year 2010/fiscal year 2011.

Mr. Erwin noted the proposed tax rate for FY11 was \$0.5625, the same as FY10, and was 2.2% below the effective tax rate of \$0.5753. The maintenance and operation portion was \$0.489, and the debt service was \$0.0735.

Mayor Wampler opened the public hearing at 6:09 p.m.; no one spoke; Mayor Wampler closed the public hearing at 6:09 p.m.

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Request by the Library Advisory Board (LAB) to reconsider funding the library accounting clerk position for FY11. LAB Chairman David Lipscomb requested funding be restored for the library accounting clerk position. He noted library staff had been cut 26%, 3.5 positions, the last 3 years, and with the pending retirement of the library director, this put pressure on remaining employees to manage the workload. If the position could not be restored, he suggested dropping the Sunday hours in order to decrease the number of hours that the library would have to be staffed.

Ms. Meismer noted the city had to cut staff city-wide; staff evaluated all positions and determined this was one position that the library could operate without. Staff had also requested funds from the Friends of the Library in order to keep this position, but the request was denied.

Mr. Gross noted many challenges for the new library director and requested council give priority to the library if funding becomes available.

No action was taken by the council.

5B. Resolution No. 029-2010 amending the City of Kerrville fee schedule by revising fees charged for various services and uses provided by the city.

Mr. Erwin reviewed the following increases in the proposed fee schedule:

- Sewer rate: \$1 per 1,000 gallons to fund wastewater capital projects
- EMS life support rate increased by 12%
- EMS mileage rate increase of 11%
- Kerrville Schreiner Park rate increase 10%
- Increase in various parks rates
- Reclaim water rate increase by 25%
- Solid waste rate increase of 4%
- Water/wastewater lab average rate increase of 4%
- Police rate increase of 20% for funeral service.

The council discussed several of the proposed fee increases.

Mr. Motheral moved for approval of Resolution No. 029-2010 amending the fee schedule; Mr. Gross seconded the motion and it passed 5-0.

5C. Fourth of July celebration planning.

Ms. Wendele noted the 2010 event had an impact of \$28,000, excluding the cost of fireworks, on the city's budget. Mr. Parton appointed several staff members to plan an expansion the event. The committee was considering holding two events: downtown on the star, and in Louise Hays Park. She detailed matters being discussed by the committee: booking entertainers, sale of alcohol, vendors, civic groups' participation, compressed hours (5:00-10:00 p.m.), and impact of the event on city staff and the budget. Staff would host a planning session with interested persons and civic groups.

Council discussed the following:

- Need to move forward now; time was critical for some planning points.
- Would like to see an event that made money, and funding be directed toward a specific project, such as the rivertrail.
- Need a marketing plan.

The consensus of council was that Mayor Wampler be the council's representative on the committee and that Ms. Wendele prepare a schedule and provide regular reports.

5D. Receive an update and consider a regional cooperative initiative among affected cities and counties as it pertains to the proposed McCamey D to Kendall to Gillespie CREZ project (PUC Docket No. 38354).

Mr. Parton reported that he and the mayor had conversations with other hill country cities but had not received a response from Menard and Eldorado; the goal was to pull together an alliance to establish a regional approach to submit to PUC by the September 30 deadline. Kerr County Judge Tinley was spearheading a similar effort with counties.

5E. Request to remove trees along common lot line of Kerrville City Hall (800 Junction Highway) and property located at 812 Junction Highway.

Mr. Parton noted that Ed Pollard, owner of the property at 812 Junction Highway, requested permission to remove four hackberry trees on city property at 800 Junction Highway. The trees hung over onto his property and he was trying to clean and maintain the property. Mr. Parton noted the trees were not a protected species, appeared to be healthy, and did not exhibit any signs of damage. The trees provided greenery and shade for the building and if removed would leave a barren area; however if the council approved removal of the trees, he recommended it be done by city crews due to possible liability issues.

Mr. Hayes noted that if Mr. Pollard performed the work, the liability issues could be addressed by a hold harmless agreement.

The council wanted to be good neighbors; however, stressed not to spend city funds to remove the trees.

Mr. Gross moved to accept the request as presented. Mr. Allen seconded the motion and it passed 5-0.

5F. Grant application to Alamo Area Council of Governments (AACOG), FY10 Homeland Security Grant Program (HSGP) project funding request.

Chief Young noted the grant application had received initial approval from AACOG for submission as a HSGP project. The grant would purchase backup generators and communications equipment for police, fire, and EMS. No action was needed at this time; however council approval would be requested when formal notification of grant acceptance had been received from AACOG.

5G. Kerrville Economic Development Corporation (KEDC) request for funding in the amount of \$25,000.

Mr. Parton presented KEDC's funding request in the amount of \$25,000 to fund routine operations and noted the amount was included in the proposed FY11 city budget. He noted that the Kerr Economic Development Foundation (KEDF) and KEDC were working on a transition plan to transfer all assets and funds from KEDF to KEDC. With the transfer of these funds, and KPUB's \$25,000 contribution for FY11, KEDC had funds available to move forward with hiring and other functions. Mr. Parton noted that Guy Overby's last day as KEDF executive director was September 4.

Ms. Keeble moved to approve KEDC's \$25,000 funding request for FY11. The motion was seconded by Mr. Motheral and passed 5-0.

5H. Consideration of state law that allows a change in the date of the city's general election from May to November.

Ms. Craig noted that House Bill 401 allowed the city council to take action before December 31, 2010, to change its general election date from the second Saturday in May to the uniform November election date. She reviewed pros and cons of changing

the date, and discussed increased costs related to nine polling locations and ballot styles necessary in a November election versus one polling location and ballot style for a May election. She also noted that by court action KISD's election date was tied to the city's election date and that KISD did not support a change in the date. Ms. Craig recommended the city election date remain in May. Further, she recommended council authorize staff to begin negotiations with the county for a potential joint election agreement to be presented to council at a future meeting.

Mr. Gross moved to authorize staff to begin negotiations with the county elections coordinator to prepare a joint election agreement for council's consideration at a future meeting. The motion was seconded by Mr. Allen and passed 5-0.

Ms. Keeble moved that the city's general election date remain the second Saturday in May. Mr. Motheral seconded the motion and it passed 5-0.

5I. Deliberation regarding an evaluation or dismissal of Robert Miller, member of the economic improvement corporation; and/or to hear a complaint or charge against this officer.

Mayor Wampler noted he had discussed the issue with Robert Miller and was satisfied that a conclusion had been reached.

The following person spoke:

- Robert Miller questioned what conclusion had been reached.

Mayor Wampler noted that no action had been taken by city council.

6. INFORMATION AND DISCUSSION:

6A. Library renovation project update.

Library Director Antonio Martinez reported the following: approximately 50 persons attended an event on July 29; an informational handout was being prepared; and at the August 18 foundation board meeting staff reported on the recruitment of a new library director pending his retirement and an update of the FY11 library budget.

6B. Kerrville budget/economic update.

Mr. Erwin compared current and previous monthly economic indicators and noted local unemployment dropped from 6.2% to 6.3%; HOT funds were at \$98,600, slightly down from 2009; general fund revenues were \$900,000 behind revenue from 2009; and revenues exceeded expenditures in the water fund.

7. BOARD APPOINTMENTS:

7A. Appointments to the golf course advisory board. Ms. Keeble moved to appoint James Howard with term to expire July 1, 2011; and Frank Boynton, Tim Dylina, and Joe Hernandez with terms to expire July 1, 2012. Mr. Motheral seconded the motion and it passed 5-0.

7B. Appointment to the planning and zoning commission. Mr. Allen moved to appoint Tony Roberts with term to expire January 1, 2012; Mr. Motheral seconded the motion and it passed 4 to 1 with Messrs. Allen, Motheral, Gross, and Wampler voting in favor of the motion; and Ms. Keeble voting against the motion.

8. ITEMS FOR FUTURE AGENDAS

9. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Mr. Parton noted a retirement reception honoring Library Director Antonio Martinez would be held on August 31, 2010, 3:30-5:00 at the library.

10. EXECUTIVE SESSION:

Mr. Gross moved for the city council to go into executive closed session under Section 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code; the motion was seconded by Ms. Keeble and passed 5-0 to discuss the following matters:

Section 551.071, 551.072, and 551.087:

- Discuss the purchase, exchange, lease, sale, or value of real property for use as a city facility, including a multi-purpose meeting facility, the public discussion of which would not be in the best interests of the city's bargaining position with third parties.

Sections 551.071, 551.072 and 551.087:

- Economic development grant/loan agreement between Kerr Economic Development Foundation, Inc. and the City of Kerrville, Texas Economic Improvement Corporation (USDA facility).

At 7:14 p.m. the regular meeting recessed and council went into executive closed session at 7:23 p.m. At 7:49 p.m. the executive closed session recessed and council returned to open session at 7:49 p.m. The mayor announced that no action had been taken in executive session.

11. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

Discuss the purchase, exchange, lease, sale, or value of real property for use as a city facility, including a multi-purpose meeting facility, the public discussion of which would not be in the best interests of the city's bargaining position with third parties.

Mr. Motheral moved to authorize the city manager to execute a letter agreement with Hunter Equity, LLC for the preparation of the proposed construction of a multi-purpose meeting facility with a flag hotel for the city; Mr. Gross seconded the motion and it passed 5-0.

ADJOURNMENT. The meeting adjourned at 7:49 p.m.

APPROVED: _____

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
OF SPECIAL MEETING

KERRVILLE, TEXAS
SEPTEMBER 2, 2010

On September 2, 2010, the Kerrville City Council attended a special meeting at the City of Kerrville Wastewater Treatment Plant and the Landfill Transfer Station at 10:30 a.m. -12:30 p.m.

COUNCILMEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Scott Gross	Councilmember
Stacie Keeble	Councilmember

COUNCILMEMBERS ABSENT:

Gene Allen	Councilmember
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CITY STAFF PRESENT:

Todd Parton	City Manager
Brenda G. Craig	City Secretary
Charlie Hastings	Director of Public Works
Tara LaMontia	Assistant to the City Manager
Mindy Wendele	Director of Business Programs
Stuart Barron	Water/Wastewater Utilities Manager
Donovan Banta	Wastewater Superintendent
Scott Loveland	Asst. Water/Wastewater Utilities Manager
David Vasquez	Solid Waste Manager

**Wastewater Treatment Plant Belt Press ribbon cutting ceremony,
3650 Veterans Highway (Loop 534)**

Mayor Wampler cut the ribbon and staff conducted tours of the facility. The belt filter press will process an average of 2.2-2.5 million gallons of wastewater per day.

**Landfill Transfer Station Open House, 3315 Veterans Highway (Loop 534) on
Landfill Road**

Adam Mehevec and Ray Shull, Associated Consulting Engineers, Inc., gave a tour of the new landfill transfer station; it was anticipated that the facility would begin operations within a week.

APPROVED: _____

ATTEST:

David Wampler, Mayor

Brenda G. Craig, City Secretary

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Council authorization for the City Manager to execute a construction contract with Relmco, Inc. for the construction of the Oak Hollow Drainage Project in an amount not to exceed \$459,687.40.

FOR AGENDA OF: September 14, 2010

DATE SUBMITTED: September 2, 2010

SUBMITTED BY: Michael Wellborn, P.E.
Director of Engineering

CLEARANCES: Kristine Ondrias
Assistant City Manager

EXHIBITS: Contract, Bid Tabulation

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$309,687.40	\$338,896.75	\$395,000.00	G83
\$150,000.00	\$449,688.88	\$150,000.00	G84

PAYMENT TO BE MADE TO: Relmco, Inc.
P.O. Box 154
Hondo, TX 78861

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

In March of 2009 Council authorized a professional services agreement with Hewitt Engineering, Inc. (Consultant) for the preparation of the final design plans and specifications for the Oak Hollow Drainage project. The project was created in an effort to address drainage concerns raised by the Oak Hollow Estates Home Owners Association.

In accordance with the preliminary engineering report, the Consultant commenced with plan preparations along the recommended storm sewer alignment; however, attempts to secure easements were unsuccessful. The design was in the final stages of completion at the time it was determined that a realignment would be necessary. During the fall retreat in 2009, staff asked Council to authorize an alternate alignment of the storm sewer system and use funds from the Remedial Drainage project in addition to the Oak Hollow drainage funds to design and construct the alternate alignment. Council authorized the realignment and the Consultant prepared a preliminary design which required securing one easement. The easement acquisition was finalized on March 11, 2010, the plans were completed in July, and the project bid in August.

Based upon a sealed bid process, Relmco, Inc. of Hondo, Texas submitted the lowest base bid in the amount of \$459,697.40. The Engineering Department has contacted

several references (including the local Tx-DOT office) and all reported satisfactory responses regarding the company's work & professionalism.

RECOMMENDED ACTION

The Director of Engineering recommends that Council authorize the City Manager to execute a contract with Relmco, Inc in an amount not to exceed \$459,697.40 for the Oak Hollow Drainage Project.

Section 060

ADVERTISEMENT FOR BID

Sealed bids for the **Oak Hollow Estates Drainage Improvements** will be received by the office of the City Secretary, City Hall, 800 Junction Highway, Kerrville, Texas 78028 until **3:30 p.m.** on **August 25, 2010** and will then be publicly opened and read aloud in the Council Chambers at City Hall.

The date and time of opening the bids shall be clearly marked on the outside of the sealed envelope. No bids will be accepted after **3:30 p.m.** on the date of bid opening.

The bidding documents, plans, specifications, etc. may be examined by all bidders at the engineering office at City Hall, 800 Junction Highway, Kerrville, Texas, 78028, 830-792-8314, or on the City's website www.kerrvilletx.gov. Non-refundable copies may be purchased at Lone Star Reprographics in San Antonio and Jackson Reprographics (830-896-2679) in Kerrville.

Each bid must be accompanied by a certified check, cashier's check, or bid bond payable to the City of Kerrville, Texas, in the amount of ten percent (10%) of the amount bid as a guarantee that the contract and bond will be entered into within ten (10) days after the award is made.

A performance/payment bond in the amount of one hundred percent (100%) of the total contract price will be required.

All questions regarding this project shall be directed to the City Engineering Division.

Advertised: August 6, 2010
 August 13, 2010

Pre-bid Conference: August 18, 2010 3:00 p.m. - City Hall, 800 Junction Highway, Kerrville

Bid Opening: August 25, 2010

Bid Award September 14, 2010

Section 070

Oak Hollow Drainage

CITY OF KERRVILLECONSTRUCTION CONTRACT

This agreement made this day by and between the City of Kerrville, Texas, called "City," and the undersigned "Contractor" as follows:

1. THE WORK

The Contractor shall perform all the work as required by this contract for:

Provide approximately 2,084 linear feet of storm sewer ranging in diameter from 18- to 42-inches and associated manholes, inlets and pavement improvements in Kerrville, Texas, as detailed in Section 090 "Description of Work".

The following are incorporated herein:

- a. General Provisions
- b. Technical Specifications
- c. Addenda issued prior to receipt of Bid
- d. Plans
- e. Instructions to Bidders
- f. Proposal

Some of such documents may not be physically attached hereto but are on file at City Hall, and copies may be obtained upon request.

2. TIME

Construction substantial completion time will be 150 calendar days and 10 calendar days after for final completion from the date of written notice to proceed. Working days are defined in specification section 123.20. The Contractor's obligations to the project however, are not complete and retainage will not be released until all disturbed areas within Kerrville right-of-way have been re-vegetated to the satisfaction of the City Engineer.

3. LIQUIDATED DAMAGES

Liquidated damages are hereby established for work which is not substantially complete in the amount of Three Hundred Dollars (\$300.00) per working day for each working day after the date established in the Notice to Proceed. The City may offset any such liquidated damages against any sums from time to time due by the City to Contractor.

The completion time assumes that fifteen percent of the working days are "bad weather days," days on which the work cannot proceed; therefore, the time for completion shall not be extended on account of bad weather until the said number of assumed "bad weather days" has been exceeded.

The time for completion shall not be extended except by written memorandum executed by the Contractor and the City Manager. Contractor shall make written application to the City not later than

ten (10) days after the day, event, or cause claimed by Contractor to be a delay. Failure to make such written claim within such time shall result in a waiver by Contractor of an extension based on those particular days, events, or causes. If, for example, this contract assumes twenty (20) bad weather days and Contractor desired a one-day extension for the twenty-first day of rain, Contractor shall make a written claim not later than ten (10) days after the occurrence of such twenty-first day.

The said amount per day is not a penalty but an agreed amount of actual damages which are difficult to calculate. Such damages include loss of staff time, answering complaints by citizens who have been inconvenienced by the work, City Council time, loss of use, and other damages difficult to reasonably anticipate or calculate.

4. PAYMENTS

The City shall pay the Contractor ninety-five percent (95%) of the portion of Contract Sum properly allocable to labor, materials, and equipment incorporated in the Work and ninety-five percent (95%) of the portion of the Contract Sum properly allocable to materials and equipment suitably stored at the site or at some other location agreed upon in writing, less the aggregate of previous payments made by the City, and, upon substantial completion of the entire Work, a sum sufficient to increase the total payments to ninety-five percent (95%) of the Contract Sum. All retainages from progress payments shall be withheld without liability for interest. Upon acceptance, the City shall make payment to Contractor such that one hundred percent (100%) of the Contract Sum has been paid.

5. LIABILITY INDEMNITY

THE CONTRACTOR AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY OF KERRVILLE, TEXAS, AND ALL OF THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES FROM ALL SUITS, ACTIONS, CLAIMS, DAMAGES, PERSONAL INJURIES, LOSSES, PROPERTY DAMAGES, AND EXPENSES OF ANY CHARACTER WHATSOEVER, INCLUDING ATTORNEY'S FEES BROUGHT FOR OR ON ACCOUNT OF ANY INJURIES OF DAMAGES RECEIVED OR SUSTAINED BY ANY PERSON OR PROPERTY ON ACCOUNT OF ANY NEGLIGENT ACT OF THE CONTRACTOR, THE CITY OF KERRVILLE, TEXAS, OR ANY OF THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES, OR SUBCONTRACTORS IN THE EXECUTION, SUPERVISION, AND OPERATIONS GROWING OUT OF OR IN ANY WAY CONNECTED WITH THE PERFORMANCE OF THIS AGREEMENT, WHETHER OR NOT THE ACT OR OMISSION OF THE CITY OR ANY OF THEIR RESPECTIVE OFFICERS, EMPLOYEES, OR AGENTS WAS THE SOLE PROXIMATE CAUSE OF THE INJURY OR DAMAGE OR A PROXIMATE CAUSE JOINTLY AND CONCURRENTLY WITH THE NEGLIGENCE OF THE CONTRACTOR OR ITS OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, OR SUBCONTRACTORS, IN THE EXECUTION, SUPERVISION AND OPERATIONS GROWING OUT OF OR IN ANY WAY CONNECTED WITH THE PERFORMANCE OF THIS AGREEMENT.

6. LIABILITY INSURANCE

Prior to the commencement of any work and not later than fifteen (15) days following the execution of this contract, the Contractor shall furnish the City copies of paid-up policies (to the City Risk Manager/City Hall) providing Liability and Workman's Compensation Coverage as follows minimum limits):

TYPE OF INSURANCE	LIMITS
a. Workman's Compensation covering all employees	Statutory \$100,000.00
b. Employer's Liability	
c. Comprehensive General Liability Bodily Injury & Property Damage (per occurrence) Aggregate	\$1,000,000.00 \$1,000,000.00
(Premises/Operations Products/Completed Operations/Independent Contractors/Contractual Liability/Coverages may not be excluded). XCU must be supplied if any exposure.	
d. Business Automobile Liability covering owned vehicles, rented and non-owned vehicles and employee non-ownership	
Bodily Injury Property Damage (per occurrence)	\$1,000,000.00
Aggregate	\$1,000,000.00

The Commercial General Liability and the Automobile Liability policies shall name the City of Kerrville, Texas, as additional insured and all policies shall provide for a waiver of subrogation in favor of the City of Kerrville. The policy and any renewal certificate shall provide that the City be notified thirty (30) days prior to cancellation or modification of any coverage. Language to the effect that the company will "Endeavor" or "Attempt" to so notify the City of Kerrville is not sufficient.

Renewal certificates must be received by the City at least ten (10) days prior to any cancellation date. Policies will be in effect until final acceptance or cancellation of this contract, unless otherwise specified. The City may, at its sole option, terminate this agreement and file a claim on the Contractor's bid bond if the Contractor fails to deliver the required policies and certificates within 15 days after execution of this contract.

It shall be the responsibility of the Contractor to insure that all Subcontractors comply with the same insurance requirements as the said Contractor.

7. CASUALTY INSURANCE

In the event the work includes structures or buildings susceptible to damage by fire, windstorm, or other casualty, then the Contractor before being authorized to begin work shall furnish the City a duplicate original of an insurance policy naming the City of Kerrville as an additionally insured. Such insurance shall insure both the City of Kerrville and Contractor, during the term of the work, against loss by fire, windstorm, vandalism, theft, or other casualty. Such policy shall be in the total amount of this contract.

8. QUALITY OF WORK

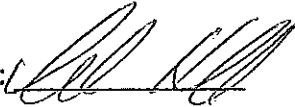
All work shall be of good workmanship. Contractor shall comply with all applicable City of Kerrville Codes as well as all applicable professional and technical standards. Materials shall be of first quality.

9. CHANGES AND EXTRAS

No change of this Contract, whether for additional work, additional compensation, or other, shall be effective unless prior thereto a written change order has been authorized by the City Engineer.

10. ADDENDA

Contractor acknowledges the receipt of the following addenda:

1. Dated: 8/14/10 Acknowledged by: 
2. Dated: _____ Acknowledged by: _____

11. AWARD OF CONTRACT

The lowest qualified bidder will be awarded the base bid plus any combination of additive alternates pending availability of funds and City Council approval.

12. CONTRACT SUM

Proposal: Contractor agrees to provide all labor, materials, and all incidentals necessary to complete "The Work" for the following Unit Prices:

ITEM NO.	APPROX. QUANTITY	UNIT	DESCRIPTION OF ITEM	UNIT PRICE	TOTAL AMOUNT
BASE BID					
1	1	LS	Mobilization and Bonds (5% of Base Bid Max)		\$ 20,000.00
2	150	LF	18-inch storm sewer pipe (Ultra Flo) complete and in place	\$ 55.00	\$ 8250.00
3	383	LF	30-inch storm sewer pipe (Ultra Flo) complete and in place	\$ 90.00	\$ 34470.00
4	148	LF	36-inch storm sewer pipe (Ultra Flo) complete and in place	\$ 97.00	\$ 14356.00
5	1403	LF	42-inch storm sewer pipe (Ultra Flo) complete and in place	\$ 100.00 ^{100.00} 110.00 ^{110.00} _{100.00}	\$ 140300.00 ^{140300.00} 154330.00 ^{154330.00} _{140300.00}
6	8	EA	Type C curb opening inlet complete and in place	\$ 3689.40	\$ 29515.20
7	1	EA	Type C curb inlet w/10-ft extension complete and in place	\$ 5317.00	\$ 5317.00
8	2	EA	Drop inlets complete and in place	\$ 2224.30	\$ 4448.60
9	5	EA	Type 2 manholes complete and in place	\$ 4070.30	\$ 20351.50
10	2000	SY	Asphalt paving replacement complete and in place	\$ 29.00	\$ 58000.00
11	800	SY	Alley-concrete pavement replacement complete and in place	\$ 68.75	\$ 55000.00
12	500	LF	Concrete curb replacement complete and in place	\$ 8.00	\$ 4000.00
13	200	SF	Concrete sidewalk replacement complete and in place	\$ 6.00	\$ 1200.00
14	1	LS	Outfall structure including headwall and dissipater blocks complete and in place	\$ 2739.10	\$ 2739.10
15	25	CY	Rock riprap at outfall complete and in place	\$ 250.00	\$ 6250.00
16	1	LS	Existing channel regarding complete and in place	\$ 7000.00	\$ 7000.00
17	1	LS	Traffic control-complete in place	\$ 10,000.00	\$ 10,000.00
18	1	LS	Material testing-complete in place	\$ 5000.00	\$ 5000.00
19	1	LS	Construction staking-complete in place	\$ 5000.00	\$ 5000.00
20	1	AA	CONTINGENCY to be used only at the direction and approval (in writing) from the City Engineer	\$ 30,000.00	\$ 30,000.00
TOTAL BASE BID				\$ 459	\$ 459,697.40

ITEM NO.	APPROX. QUANTITY	UNIT	DESCRIPTION OF ITEM	UNIT PRICE	TOTAL AMOUNT
ALTERNATE #1					
1	1	LS	ALTERNATIVE 1- Additional cost using only Reinforced Concrete Pipe for storm sewer	20000 \$ 22500 ^{PH}	20,000 \$ 22500 ^{PH}
TOTAL BASE BID + ALTERNATE 1				\$	\$ 479,692.90

COMPLETED BY

Rehms Inc
General Contractor Name

8/25/10
Date

[Signature]
General Contractor Representative

ESTIMATOR
Title

Sub-Contractors:

NAME	ADDRESS	PHONE	WORK TO BE PERFORMED
1. <u>AAA</u>			
2. <u>Ingram Ready Mix</u>			<u>Suppliers</u>
3. <u>Cortech</u>			<u>Suppliers</u>

(Attach additional sheet if required)

INSURANCE AGENT

NAME	ADDRESS	PHONE	POLICY
1. <u>Catto & Catto</u>	<u>217 E Houston St</u> <u>San Antonio TX 78205</u>	<u>210-222-2161</u>	<u>(attached)</u>
2.			

BONDING AGENT

NAME	ADDRESS	PHONE	POLICY
1. <u>Catto & Catto (see above)</u>			<u>attached</u>

•Signed this _____ day of _____, 2010

Attest: _____ Contractor

Secretary BY: _____
(if bid by a Corporation)

SEAL

Title: _____

Business Address:

Phone: _____

Fax: _____

ACCEPTED THIS _____

day of _____, 2010

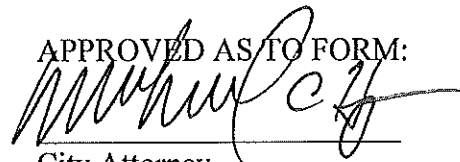
By: _____

Todd Parton, City Manager
City of Kerrville, Texas.

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



City Attorney

BID TABULATION
Oak Hollow Estates Drainage Improvements
Bid Opening 8/25/2010

BIDDER	BASE BID	ALTERNATE 1 BID
Allen Keller Company	\$649,954.00	\$54,000.00
Nelson Lewis, Inc.	\$580,092.00	\$90,000.00
Pipe Layers, Inc.	\$546,202.00	\$24,000.00
Rockin' Q Construction	\$516,665.00	\$35,000.00
C.A.S. Construction	\$503,445.72	\$40,000.00
Relmco, Inc.	\$459,697.40	\$20,000.00

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Council authorization for the City Manager to execute a Professional Services Agreement with LNV, Inc. to provide professional engineering design services for the Phase 2 & 3 Wastewater Inflow and Infiltration Rehabilitation/Replacement Project

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 3, 2010

SUBMITTED BY: Michael Wellborn, P.E. **CLEARANCES:** Kristine Ondrias
Director of Engineering Assistant City Manager

EXHIBITS: Professional Service Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$118,488.00	\$845,395.72	\$200,000.00	W78

PAYMENT TO BE MADE TO: LNV, Inc.

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

As part of FY10 Budget, the City Council approved a multi phased Inflow and Infiltration (I&I) project to identify and correct problems in the city's wastewater collection system. Ongoing studies and sewer rehabilitation will enable the city to maintain a more compliant and better operational wastewater system. The project was approved at \$700,000 per year (\$100,000.00 for engineering and \$600,000 annually for construction).

In 2008, the Water / Waste Water Utility Division funded the phase 1 engineering in the amount of \$100,000 and FY09 Water & Wastewater Bonds in the amount of \$700,000.00 funded the first phase of construction and the second phase of engineering. Phase 1 construction was finalized in June of this year; however, the phase 2 engineering has yet to be awarded.

In an attempt to further project funds, a scope of services has been negotiated with LNV, Inc. to provide evaluation and engineering services for two (2) years worth of I&I engineering and construction funds that would include at least 18,000 linear feet of wastewater rehabilitation/replacement. Using the phase 1 construction prices as a benchmark, it is estimated that the 18,000 linear feet would utilize the phase 2 and phase 3 construction funds. The remaining funds for engineering could be used as a project contingency.

Funding Source	Engineering	Construction
Water & Sewer Cash	Phase 1 - \$100,000	
FY09 Bonds	Phase 2 - \$100,000	Phase 1 - \$600,000
FY10 Bonds	Phase 3 - \$100,000	Phase 2 - \$600,000
*FY11 Bonds	*Phase 4 - \$100,000	*Phase 3 - \$600,000

* Proposed

LVN was selected by the City of Kerrville based upon their experience with trenchless technologies for wastewater collection system rehabilitation and replacement projects and upon the quality of work they have provided on other projects for the city.

RECOMMENDED ACTION

The Director of Engineering recommends the City Council authorize the City Manager to execute a Professional Services Agreement with LVN, Inc. in an amount not to exceed \$118,488.00 for the engineering design and preparation of the bid documents for the Phase 2 Wastewater I&I Rehabilitation/Replacement Project.

Professional Services Agreement

Between

LNV Incorporated and The City of Kerrville

THIS AGREEMENT is made as of this _____ day of _____, 2010, between the CITY OF KERRVILLE, a Texas home rule municipality with principal offices at 800 Junction Highway, Kerrville, Texas, 78028-5069, hereinafter referred to as "CLIENT", and LNV Incorporated, with its offices at 8918 Tesoro Drive, Suite 401, San Antonio, Texas 78217, hereinafter referred to as "ENGINEER", for the performance of professional engineering services in consideration of the following terms, conditions, and agreements:

PART I. SERVICES

ENGINEER shall perform all work described in the proposal attached hereto as **Exhibit A** (the "Project").

- A. ENGINEER shall be responsible for the professional quality, technical accuracy, timely completion, and the coordination of all designs, drawings, specifications, reports, and other services furnished by ENGINEER under this Agreement, ENGINEER shall, without additional compensation, correct or revise any errors, omissions or other deficiencies in his designs, drawings, specifications, reports and others services.
- B. ENGINEER hereby agrees to comply with all federal, state, and local laws and ordinances applicable to the work or services under this Agreement.
- C. ENGINEER shall hold periodic conferences with CLIENT or CLIENT's representatives to the end that the Project as developed shall have the full benefit of CLIENT's experience and knowledge and be consistent with CLIENT's objectives for this Project.
- D. ENGINEER shall periodically report Project status to CLIENT as is appropriate to keep CLIENT informed regarding project progress.
- E. ENGINEER shall perform all services under this Agreement in a manner which is consistent with generally accepted standards of professional engineering practice.

PART II. CLIENT'S RESPONSIBILITIES

- A. CLIENT shall provide all criteria and full information as to CLIENT's requirements for the Project; designate a person to act with authority on CLIENT's behalf in respect of all aspects of the Project; examine and respond promptly to ENGINEER's submissions; and give prompt written notice to

ENGINEER whenever CLIENT observes or otherwise becomes aware of any defect in ENGINEER's submissions.

B. CLIENT shall also do the following and pay all costs incident thereto:

1. Furnish to ENGINEER, upon ENGINEER's notification that data is required, data including but not limited to core borings, probings and subsurface explorations, hydrographic surveys, laboratory tests and inspections of samples, materials and equipment and similar data; appropriate professional interpretations of all of the foregoing; environmental assessment and impact statements; geologic assessments, environmental impact studies, and endangered species studies; and any other information previously made available to CLIENT, which may be required by ENGINEER; all of which ENGINEER may rely upon as accurate in performing ENGINEER's services provided, however, ENGINEER shall not be entitled to rely on any inaccuracy or incompleteness of information or services provided by CLIENT or at CLIENT's direction if a professional ENGINEER using generally accepted engineering practices and procedures would have discovered such inaccuracy or incompleteness reviewing any other data other than the document or information provided.
2. Guarantee access to and make all provisions for ENGINEER to enter upon public and private property.
3. Provide such legal, accounting, independent cost estimating and insurance counseling services as may be required for the Project.

C. CLIENT shall pay all non-labor costs incident to obtaining bids or proposals from contractor(s).

PART III. WORK ORDER AMENDMENTS

- A. CLIENT may at any time, by written Work Order, make changes relating to services to be performed. If such changes cause an increase or decrease in ENGINEER's cost of, or time required for, performance of any services, an agreeable equitable adjustment shall be made and reflected in a properly executed Work Order. ENGINEER must assert any claim for adjustment under this clause in writing within thirty (30) calendar days from the date of receipt by ENGINEER of the notification of change, unless CLIENT grants a further period of time before the date of final payment under this Agreement.
- B. No services for which additional compensation will be charged by ENGINEER shall be furnished without a properly executed Work Order signed by CLIENT.
- C. In the event that there are modifications and/or additions to regulatory requirements relating to the services to be performed under this Agreement after

the date of execution of this Agreement, the increased or decreased cost of performance of the services provided in this Agreement and subsequent Work Orders shall be reflected in an appropriate Work Order.

PART IV. COMPENSATION

CLIENT agrees to pay ENGINEER for Professional Services in accordance with the descriptions, definitions, terms and conditions as set forth in **Exhibit A**.

PART V. PAYMENTS

ENGINEER will invoice CLIENT monthly in accordance with the terms and conditions as set forth in **Exhibit A**. CLIENT agrees to promptly pay ENGINEER at its office at 8918 Tesoro Drive, San Antonio, Texas 78217, the full amount of each such invoice upon receipt. In no event shall ENGINEER's failure to invoice constitute a default under the terms and conditions of this Agreement.

PART VI. INSURANCE

ENGINEER shall procure and maintain the following types and limits of insurance for the duration of this Agreement:

<u>Type of Insurance</u>	<u>Minimum Limits of Liability</u>
Workers' Compensation	Statutory
Employer's Liability	\$250,000.00
Commercial General Liability-Personal Injury/Property Damage	\$1,000,000.00 combined single limit per occurrence
Automobile Liability	\$1,000,000.00 combined single limit per occurrence – Hired car, owned and non-owned autos

The commercial general liability insurance required above will include contractual liability coverage. The commercial general liability and automobile liability policies shall be endorsed to name the CLIENT as an additional insured, and all policies shall be endorsed to show a waiver of subrogation in favor of CLIENT. ENGINEER shall direct that a certificate of insurance be delivered to CLIENT before any services are performed pursuant to this Agreement. Such certification of insurance shall provide for not less than thirty (30) days written notice to CLIENT prior to cancellation or material modification by endorsement of any insurance referenced therein and shall indicate that all required coverage and endorsements are in effect.

PART VII. TERMINATION

A. CONDITIONS OF TERMINATION

This Agreement and/or Work Order(s) may be terminated without cause at any time prior to completion of ENGINEER's services, either by CLIENT or by ENGINEER, upon written notice to the other at the address of record. Upon receipt of written notice from CLIENT to discontinue work, ENGINEER shall discontinue work under this Agreement immediately. In the event CLIENT terminates the Agreement based on CLIENT's reasonable opinion ENGINEER has failed or refused to prosecute the work efficiently, promptly, or with diligence, ENGINEER shall have fifteen (15) business days, from the receipt of written notification by CLIENT, to cure such failure to perform in accordance with the terms of the Agreement.

B. ACTIONS ON TERMINATION

Upon any termination, ENGINEER shall: (1) promptly discontinue all services affected (unless a termination notice from CLIENT directs otherwise); and (2) upon full payment for services, deliver or otherwise make available to CLIENT all documents, data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated by ENGINEER in performing this Agreement, whether completed or in process.

C. COMPENSATION PAYABLE ON TERMINATION

On termination, by either CLIENT or ENGINEER, CLIENT shall pay ENGINEER with respect to all contracted services rendered and expenses incurred before termination an amount fixed by applying the ENGINEER's Standard hourly rates, in force at the time of termination, to all services performed to date, in addition to termination settlement costs ENGINEER reasonably incurs relating to commitments which had become firm before the termination; however, in no case shall CLIENT be required to pay ENGINEER more than the amount set forth in this Agreement.

PART VIII. RISK ALLOCATION

In recognition of the relative risks, rewards and benefits of the project to both the Owner and the ENGINEER, the risks have been allocated such that the Owner agrees that, to the fullest extent permitted by law, the ENGINEER's total liability to the Owner for any and all injuries, claims, losses, expenses, damages or claim expenses arising out of this Agreement from any cause or causes, shall not exceed total Fees paid to the ENGINEER. Such causes include, but are not limited to, the ENGINEER's negligence, errors, omissions, strict liability, breach of contract or breach of warranty.

PART IX. MISCELLANEOUS

A. REUSE OF DOCUMENTS

All documents, including Drawings and Specifications prepared or furnished by ENGINEER pursuant to this Agreement, are instruments of service with respect to the PROJECT, are the property of both CLIENT and ENGINEER, and may be used by both CLIENT and ENGINEER, as they deem necessary in their reasonable discretion. Either CLIENT or ENGINEER may retain copies, reproduce copies, and disseminate copies of said Instruments of Service as are reasonably necessary for the construction and on-going maintenance of the Project. Not later than 90 days after substantial completion, ENGINEER shall deliver to CLIENT one (1) set of Record Drawings in CADD format incorporating all Addenda and Change Orders and consisting of one set of compact disks; provided, however, ENGINEER reserves the right to remove all indicia of ownership and/or involvement from the disc/magnetic tape provided to CLIENT. The original CADD data will be retained by ENGINEER. CLIENT hereby releases and holds harmless ENGINEER from any claims, losses, or liability resulting from CLIENT's use of the Instruments of Service in a manner not authorized on this project by this Agreement. Any reuse without written verification or adaptation by ENGINEER, for the specific purposes intended will be at CLIENT's sole risk and without liability or legal exposure to ENGINEER. Any such verification or adaptation by ENGINEER will entitle ENGINEER to further compensation at rates to be agreed upon by CLIENT and ENGINEER.

B. OPINION OF COST

Since ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over the contractor(s)' method of determining prices, or over competitive bidding or market conditions, ENGINEER's opinions of probable Project Cost and Construction Cost are to be made on the basis of ENGINEER's experience and qualifications and represent ENGINEER's best judgment as an experienced and qualified professional ENGINEER, familiar with the construction industry; but ENGINEER cannot and does not warrant or guarantee ENGINEER's opinions of cost as an "actual" cost and if an "actual" "Construction Cost" is required, and/or desired, then, construction bids should be obtained by CLIENT from appropriate sources. Opinions of cost may be supplied to applicable municipalities for bonding purposes and no representations, warranties, or guarantees are rendered hereby to any other person or entity. Opinions of cost for presentation to any mortgagee or lending institution will only be prepared by ENGINEER at CLIENT's specific request. Preparation of such may involve substantial additional cost to CLIENT and ENGINEER cannot and does not warrant or guarantee such opinion of cost as an "Actual" cost.

C. LATE PAYMENT

If CLIENT fails to make any payment due ENGINEER for services and expenses in accordance with Parts IV and V herein, within thirty (30) calendar days from the date of ENGINEER's invoice, thereafter the amounts due ENGINEER shall include a charge at the rate of 1.50 % per month, calculated from the date of the invoice, and in addition, ENGINEER may, after giving ten (10) business days written notice to CLIENT, suspend services under this Agreement until ENGINEER has been paid in full all amounts due for services and expenses.

D. ATTORNEY'S FEES

In the event ENGINEER's invoices for services are given to an attorney for collection, or if suit is brought for collection, or if they are collected through probate, bankruptcy, or other judicial proceeding, then CLIENT shall pay ENGINEER all costs of collection, including the maximum attorney's fees allowed by Law and court costs, in addition to other amounts due.

E. PERIOD OF SERVICE

ENGINEER shall diligently pursue completion of services and shall promptly inform CLIENT of any anticipated delay. ENGINEER shall not be liable or responsible for any delays caused by circumstances beyond ENGINEER's control.

F. SUCCESSORS AND ASSIGNS

CLIENT and ENGINEER each binds himself, and his partners, successors, executors, administrators, and assigns to partners, successors, executors, administrators, in respect to all covenants of this Agreement. Neither CLIENT nor ENGINEER shall assign, sublet, or transfer their interest in this Agreement without written consent of the other. Nothing herein shall be construed as giving any rights or benefits hereunder to anyone other than CLIENT or ENGINEER.

G. CONTROLLING LAW; VENUE

This Agreement is to be governed by and construed in accordance with the laws of the State of Texas. Venue for any disputes between CLIENT and ENGINEER arising from or related to this Agreement shall be in Kerr County, Texas.

H. SEVERABILITY AND WAIVER

In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall continue to be valid and binding upon the parties. One or more waivers by either party of any provision, term, condition or covenant shall not be construed as a waiver of a subsequent breach of the same by the other party.

I. EXTENT OF AGREEMENT

This Agreement, including **Exhibit A**, and any and all amendments, modifications, and supplements duly executed by the parties in accordance with this Agreement, govern and supersede any and all inconsistent or contradictory terms, prior oral or written representations or understandings, conditions or provisions set forth in any purchase orders, requisition, request for proposal, authorization of services, notice to proceed or other form or document issued by CLIENT with respect to the project or ENGINEER's services.

J. AMENDMENTS

The parties agree that no change or modification to this Agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, and made a part of this Agreement. The execution of the change shall be authorized and signed in the same manner as this Agreement. No one has authority to make variations in, or additions to the terms of this Agreement on behalf of ENGINEER other than the undersigned Principal, and then only in writing.

Executed on this _____ day of _____, 2010.

CITY OF KERRVILLE


LNK Incorporated

BY: _____
Jeffrey Todd Parton,
City Manager

BY: _____
_____, _____
(Name) (Title)

APPROVED AS TO FORM:

ATTEST:



Mike Hayes, City Attorney

Brenda G. Craig, City Secretary

Exhibit "A"



engineers | architects | contractors

SOLUTIONS TODAY WITH
A VISION FOR TOMORROW

September 2, 2010

Michael Wellborn, P.E.
Director of Engineering
City of Kerrville
800 Junction Hwy.
Kerrville, TX 78028

RE: Kerrville Wastewater Line Rehabilitation/Replacement Project

Dear Mr. Wellborn,

Please find enclosed LNV Inc.'s fee proposal for the implementation and completion of the Kerrville Wastewater Line Rehabilitation/Replacement Project.

The scope for the above referenced project is to design and develop plans and technical specifications for rehabilitating/replacing approximately 18,000 linear feet of sanitary sewer pipe using best methods, as determined by LNV. There are three locations where the sanitary sewer crosses TXDOT right-of-way and these locations may require either open-cut replacement or jacking and boring a new line under the roadway, as approved by TXDOT. These three areas will require surveying and plan and profile sheets for accurate designs and fulfillment of TXDOT requirements.

It is LNV's intent to bid the project using a base bid and additive alternative bid arrangement with a base bid covering the rehabilitation/replacement of approximately 12,000 linear feet of sanitary sewer and two additive alternates, one covering 4,000 linear feet of sanitary sewer and the other covering 2,000 linear feet of sanitary sewer. Based on this bidding format, LNV will recommend award of construction by using the combination of the base bid with either or both of the two additive alternates, resulting in a total possible rehabilitation length of either 12,000, 14,000, 16,000 or 18,000 linear feet with a construction cost that comes closest to, but does not exceed, the available construction budget of \$1.2 million.

The fee proposal has been broken into two phases, Design Phase and Bid Phase, and contains two additional services, Surveying and Geotechnical.

The Basic Services includes:

1) Project Coordination

- On site meetings with City Staff – confirm findings of video reviews and prioritize areas of upgrades

- Coordination with TxDOT for three identified areas, determine acceptable design approaches
- Confirm proposed line sizes and viable rehabilitation methods for each identified area
- Assist in securing permits & approvals from TxDOT and other governmental entities, as required for project completion
- Coordinate with other utilities and determine existing locations of lines and cables for design.

2) Document and Data Review

- Conduct reviews of all available videos, GIS information, as built maps, and geo-tech data as required, to determine rehab/replacement methods for all identified areas. Document findings including sections of concern and possible point repair. These reviews would include areas in addition to the initial 18,000 feet, if Cured-in-Place Pipe (CIPP) and pipe bursting methods are not possible in specific locations (this is anticipated with lines beneath structures and inadequate easements requiring relocation of sewer required).
- Perform site visits to all sewer line areas and note challenging site conditions and determine exact locations of lines and manholes in those areas. (structures, drainage facilities, utilities etc) Determine if site conditions are conducive to complete point repairs.
- During site visits, inspect manholes that have not been included in videos, have been determined to be in poor condition, or have no record of condition per City staff. Document conditions of these existing manholes.
- During site visits, determine which manholes cannot be located, have no access, will require adjustment and will require a new ring and water tight cover.
- During site visits, address any concerns regarding reviewed available data and confirm design approaches with City staff.
- Document and confirm areas that will require line relocation or re-alignment and not be a part of this project with City staff. Identify and confirm additional sewer line areas-sections that can be rehabilitated or replaced with CIPP or pipe bursting with City staff.
- Perform site visits to newly identified areas-sections of sanitary sewer line to be rehabilitated or replaced using CIPP or Pipe bursting and complete inspection tasks as identified above.
- Document in letter report final design methods for 18,000 feet of sewer line for design, document line segments with potential right of way/easement issues and confirm them with City staff. Submit a brief outline of the defined project scope and justification for the chosen construction method(s) for each individual sewer line area.
- LNV will recommend one method of rehabilitation or replacement for specific sections of pipe to limit future contractor involvement and change orders during construction. These recommended methods will be the most cost effective solutions for all sewer line segments.

3) Produce 95% Plans and Specifications

- After site visits and examination of video review findings, determine sections of pipe that require point repairs.
- Determine which existing manholes will require rehabilitation and replacement via CIPP and pipe bursting. Also determine if manhole installation will be required in new locations to complete the proposed methods of rehabilitation and replacement.
- Determine if sections of line in areas just outside of TxDOT Right of Way but within the same three areas with identified TxDOT highway crossings can be rehabilitated using CIPP or pipe bursting to reduce jack and bore or open cut construction. (*Junction Hwy. Crossing - Lewis Ave between Lois St. and Florence St., Memorial Prkwy. Crossing just west of the VA Hospital, and IH 10 Crossing, Crider St. to Benson Drive*)
- Prepare TxDOT plans and profile sheets for three identified areas.
- Prepare TxDOT technical specifications for three identified areas.
- Prepare TxDOT Traffic Control Plan and Standards for the three identified areas.
- Prepare Pipe Bursting Plan Sheets
- Prepare Pipe Bursting Technical Specifications
- Prepare Cured-in-Place Pipe (CIPP) Sheets
- Prepare CIPP Technical Specifications
- Prepare Traffic Control Plan and Standards for City Rights of Way
- Prepare Standard Detail plans
- Prepare Front End Documents (cover, table of Contents, Instruction to Bidders, Bidders Qualifications, General Conditions, Contract Agreement, etc.)
- Prepare all General Specifications
- Prepare Special Specifications, Special Provision, Special Conditions (i.e. Flow management, point repairs, manhole rehabilitation, policeman for traffic control, pipe bursting pit sizing and safety measures, line cleaning, CCTV post videos, acceptance criteria etc).
- Prepare Bid Proposal and Construction Estimate. Base bid 12,000 feet, Alternate Bid #1 – 4,000 linear feet, and Alternate Bid #2 – 2,000 feet.
- Compile and Assemble 95% Contract Documents, Specifications, Special Conditions and Provisions, and Plans (estimated at 45 sheets)
- Perform QA/QC review.
- Submit 95% design package to the City for review and comment

4) Produce 100% Plans and Specifications

- Address City 95% comments and adjust specifications, contract documents, special provisions, and special conditions.
- Produce final design package for bid.

5) Bid Phase

- Attend Pre-Bid meeting
- Prepare addenda to the bid package

- Attend Bid Opening
- Prepare Bid tabulation
- Review qualifications of low bidder
- Prepare Letter of Recommendation Letter

6) Construction Phase

- The LNV proposal does not include construction phase services

The scope and fee noted within this proposal **does not include** the following or will be completed by the City of Kerrville:

- Public Relations with Residents affected by the sanitary sewer work.
- Right-of-Entry letters for surveying or other design needs.
- Environmental investigations or design.
- Sanitary Sewer Main Televising Reports.
- Right-of-Way and Easement research and delineation.
- Development of new easements metes and bounds and corresponding exhibits.
- Full topographic survey of the sanitary sewer main locations outside of TXDOT right-of-way.
- Construction and Inspection Services including review of Contractor Submittals and construction site observations.

Our design fee proposal for the Kerrville Wastewater Line Rehabilitation/Replacement Project based on the above sanitary sewer main lengths and scope is **\$118,488**. Following is a breakdown of the fee proposal:

<u>BASIC SERVICES</u>	<u>FEE</u>
Design Phase	\$ 85,746
Bid Phase	<u>\$ 3,134</u>
Total Basic Services	\$ 88,880

<u>ADDITIONAL SERVICES</u>	
Survey	\$ 19,608
Geotechnical	<u>\$ 10,000</u>
Total Additional Services	\$ 29,608

TOTAL DESIGN FEE PROPOSAL	\$118,488
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Basic services amounts are lump sum fees to be invoiced based on percent complete. Additional services amounts are not to exceed amounts for the following work:

- Survey:
 - At least three TxDOT locations where full topo is required
 - Misc verification survey for design support and easement/ROW

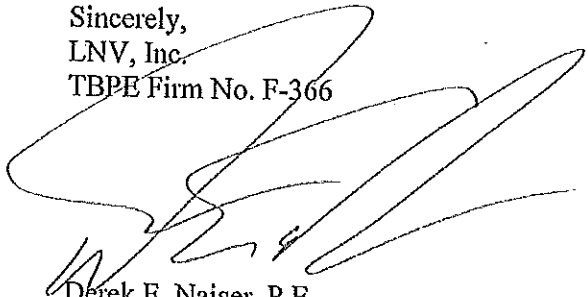
Michael Wellborn, P.E.
August 26, 2010
Page 5 of 5

- Geotechnical:
 - Borings to determine soil/rock subsurface conditions where needed
 - Borings to determine water table depths where needed

Final scope and fee for additional services will be identified during the design phase. LNV will provide written request for authorization of scope and fee prior to starting work on additional services.

If you have any questions or concerns, please feel free to contact me at 210-822-2232. We look forward to working with you on this project.

Sincerely,
LNV, Inc.
TBPE Firm No. F-366



Derek E. Naiser, P.E.
Vice President

TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS

SUBJECT: Extension of "Bulk Fuel & Card Services" Service

FOR AGENDA OF: September 14, 2010

DATE SUBMITTED: August 26, 2010

SUBMITTED BY: Mike Erwin, 
Director of Finance

CLEARANCES: Todd Parton,
City Manager

EXHIBITS: Letter from Maxey Energy

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

**Expenditure
Required:**

**Current Balance
in Account:**

**Amount
Budgeted:**

**Account
Number:**

Various Accounts

APPROVED FOR SUBMITTAL BY DIRECTOR OF FINANCE:

SUMMARY STATEMENT

On June 24, 2008, the city awarded a contract to Maxey Energy for fuel & card service. Council approved a one year contract with four one year extensions. This service will be spread to the various divisions. The term of the supply contract will be October 1, 2010, through September 30, 2011.

The finance department recommends the contract be renewed for an additional year. A letter from Maxey Energy is attached, which states the terms of the contract will remain the same.

RECOMMENDED ACTION

Staff recommends that the City Council authorize the City Manager to extend the contract for the additional term.

Maxey Energy Company

206 McFarland Street
Kerrville, Texas 78028
830-257-6944 Fax 830-257-6955

June 8, 2010

Dahl Howard
City of Kerrville
800 Junction Hwy
Kerrville, TX 78028

Dear Mr. Howard

Maxey Energy Company wishes to extend our current contract with the City of Kerrville for another year. This contract is for the purchase of fuels and other petroleum products. The terms of this contract are to be the same margin above rack price as last year.

We look forward to another year of doing business with the City of Kerrville.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Hall', written over a large, loopy initial 'J'.

James Hall
Operations Manager

cc Merlin Maxey
Terry Maxey

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Request city council acceptance of a \$98,600.00 grant for the purchase of a brush firefighting apparatus (brush truck) and allow for the purchase of said firefighting apparatus through Buyboard Purchasing Cooperative

FOR AGENDA OF: September 14, 2010

DATE SUBMITTED: September 3, 2010

SUBMITTED BY: Robert Ojeda
Fire Chief

CLEARANCES: Todd Parton
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The Kerrville Fire Department is requesting City Council accept a grant for the purchase of a 2011 Ford Brush Firefighting Apparatus. The Department is also requesting approval to purchase said firefighting apparatus through Buyboard; the purchase price will not exceed \$98,600.00, which is the amount awarded to the Fire Department in the grant. By contracting through Buyboard the City will be able to purchase this brush truck using their bid price; such agreements are allowable under State law.

RECOMMENDED ACTION

The fire chief recommends that the Kerrville City Council accept the grant in the amount of \$98,600 and authorize the city manager to proceed with the purchase of the firefighting apparatus through Buyboard. Revenues and expenditures for this transaction will be included in the FY 2011 budget.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Equipment Donation – Ingram City Marshal

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 3, 2010

SUBMITTED BY: Chief John Young **CLEARANCES:** Todd Parton, City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

On August 10, 2010 the City Council approved an inter-local agreement regarding criminal data sharing with the Ingram City Marshal and the Veterans Administration Police Department. As implementation began, it was discovered that the Ingram City Marshal was using Acer computers for their mobile computing solution. Although a functional computer it is not the ideal product for mobile computing. Through grant expenditures, the Kerrville Police Department has recently replaced 17 Panasonic CF29 ruggedized computers with the newer upgraded model. The surplus CF29 computers are serviceable and would provide the Ingram City Marshal a more robust platform to assist in the criminal data sharing program. We are requesting permission to transfer 5 surplus Panasonic CF29 laptop computers to the Ingram City Marshal's office to use for mobile computing.

RECOMMENDED ACTION

The Chief of Police recommends the city council approve the transfer of 5 surplus Panasonic CF25 laptop computers to the Ingram City Marshal.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: 2nd Public Hearing, First Reading of Ordinance –Ad Valorem Tax Rate for 2010

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 2, 2010

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

At the August 10, 2010 Council meeting, the Council voted to establish the proposed ad valorem tax rate for the Tax Year 2010 at \$0.5625/\$100 value, which is the same rate as Tax Year 2009. This rate is also 2.2% less than the effective tax rate of \$0.5753/\$100 value.

The first public hearing on the tax rate was held August 24, 2010 and this hearing would be the second public hearing on the tax rate.

The attached ordinance will adopt the 2010 tax rate on the final reading, currently scheduled September 28, 2010. The tax rate has two components. The M&O rate for the general operations of the City is proposed at \$0.489 and the I&S rate for the General Fund's debt service is proposed at \$0.0735.

RECOMMENDED ACTION

The director of finance recommends that Council hold a public hearing on FY11 proposed budget.

The director of finance recommends approval of the ordinance on first reading to adopt the tax rate of \$0.5625 for the 2010 tax year.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. ____-2010

AN ORDINANCE LEVYING AN AD VALOREM TAX FOR THE USE AND THE SUPPORT OF THE MUNICIPAL GOVERNMENT FOR THE CITY OF KERRVILLE, TEXAS, FOR THE FISCAL YEAR 2011; PROVIDING FOR APPORTIONING EACH LEVY FOR SPECIFIC PURPOSES; AND PROVIDING WHEN TAXES SHALL BECOME DUE AND WHEN SAME SHALL BECOME DELINQUENT IF NOT PAID

WHEREAS, the City Council finds that an ad valorem tax must be levied to provide for current expenses and improvements for the City of Kerrville, Texas, during the fiscal year 2011; and

WHEREAS, the City Council further finds that an ad valorem tax must be levied to provide for the payment of principal and interest on outstanding debt maturing in the fiscal year 2011;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. There is hereby levied and there shall be collected for the use and support of the municipal government of the City of Kerrville, Texas, and to provide interest and sinking funds for the fiscal year 2011, a tax of \$0.5625 on each one hundred dollars (\$100.00) valuation of all property, real, personal, and mixed, within the corporate limits of the City subject to taxation, for the specific purposes herein set forth:

- (A) For the current expenditures of the City of Kerrville and for the general improvement, use and support of the City and its property, there is hereby levied and ordered to be assessed and collected for the fiscal year 2011 on all property situated within the corporate limits of the City, and not exempt from taxation by a valid law, an ad valorem tax rate of \$0.489 on each one hundred dollars (\$100.00) valuation of such property.
- (B) For the purpose of paying principal and interest and providing payments into various debt service funds for each issue of tax supported debt, there is hereby levied and ordered to be assessed and collected for the fiscal year 2011 on all property situated within the corporate limits of the City and not exempt from taxation by a valid law, an ad valorem tax for each issue of debt described in this Section, the sum of such levies being \$0.0735 on each one hundred dollars (\$100.00) valuation of such property.

SECTION TWO. The ad valorem taxes levied shall become due on October 1, 2010, and may be paid up to and including January 31, 2011, without penalty, but if not paid, such taxes shall become delinquent on February 1, 2011, provided, however, in accordance with Texas Tax Code §31.03(a), the ad valorem taxes due hereunder may, at the option of the taxpayer, be paid in two

payments without penalty or interest so long as the first payment of one-half of the taxes levied is paid before December 1, 2011 and the remaining one-half is paid before July 1, 2011.

SECTION THREE. No discounts are authorized on property tax payments made prior to January 31, 2011.

SECTION FOUR. All taxes become a lien upon the property against which assessed, and the designated City tax collector for the City of Kerrville is authorized and empowered to enforce the collection of such taxes according to the Constitution and Laws of the State of Texas and ordinances of the City of Kerrville, and shall by virtue of the tax rolls, fix and establish a lien by levying upon such property, whether real or personal, for the payment of said taxes, penalty, and interest. All delinquent taxes shall bear interest and other charges from date of delinquency as prescribed by state law.

PASSED AND APPROVED ON FIRST READING, this the ____ day of _____ A.D., 2010.

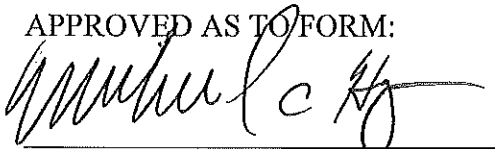
PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Public Hearing, First Reading of Ordinance to Adopt Budget for FY11

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 2, 2010

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Ordinance, Schedules A, B and C

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The FY 11 proposed budget was presented to the City Council in a series of budget workshops beginning on July 27, 2010 and ending August 17, 2010.

The FY11 proposed budget represented an approximate decrease of 9.2%. The budget totaled \$38,855,876 in revenues and \$37,972,742 in expenditures.

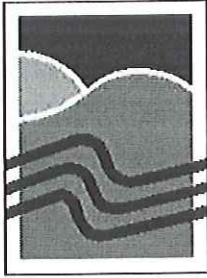
The complete budget remains on file in the city secretary's office as well as via the City's Website.

RECOMMENDED ACTION

The director of finance recommends that Council hold a public hearing on FY11 proposed budget.

The director of finance recommends that Council approve the requested changes to the proposed budget as illustrated in Schedule A.

The director of finance recommends approval of the ordinance on first reading to adopt the budget for FY11 as illustrated in Schedules A, B and C.




City of Kerrville

Mike Erwin
800 Junction Highway
Kerrville, Texas 78028-5069
830.792.8330 (O)
830.792.8309 (F)

MEMORANDUM

TO: Mayor and Council

FROM: Mike Erwin 

CC: Todd Parton

DATE: Thursday, September 9, 2010

SUBJECT: Proposed Line Item Changes to the FY 2011 Proposed Budget

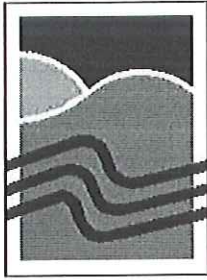
The attached spreadsheet presents changes to certain line items in the FY 2011 Proposed Budget. These changes would not affect the overall dollar amount as any approved savings would move to the corresponding Contingency line item. The recommendations reflect a thorough review by Council Member Motheral and follow up discussions with the City Manager. If approved these changes would be incorporated into the FY 2011 Proposed Budget for approval.

If you have any questions, please call.

Mike Erwin
830-792-8330

General Fund			FY11 Proposed	Changes after CMM/Todd	Difference
	304	Water and Sewer	\$600	\$540	\$60
Building Inspections	101	Office Supplies	\$3,823	\$3,500	\$323
	102	Small tools and Equipment	\$700	\$500	\$200
Code Compliance	101	Office Supplies	\$2,312	\$2,000	\$312
	110	Postage	\$200	\$100	\$100
	202	Building and Structures	\$17,021	\$16,000	\$1,021
Engineering	205	Office Equipment Maintenance	\$2,250	\$1,000	\$1,250
Public Works	101	Office Supplies	\$2,640	\$1,600	\$1,040
	105	Food Supplies	\$1,250	\$450	\$800
	118	Sign Materials and Supplies	\$25,000	\$20,000	\$5,000
Add to Contingency					\$10,106
Water Fund					
General Operations	110	Postage	\$17,500	\$10,000	\$7,500
	301	Telephone Service	\$14,000	\$12,000	\$2,000
	304	Water and Sewer	\$3,000	\$2,500	\$500
	307	Insurance	\$60,000	\$55,000	\$5,000
	405	Other Charges	\$10,000	\$5,000	\$5,000
Water Records	210	Water System Maintenance	\$40,000	\$30,000	\$10,000
	510	Water System Capital	\$50,000	\$35,000	\$15,000
Add to General Operations Contingency					\$45,000
Utility Administration					
	102	Small Tools and Equipment	\$5,800	\$0	\$5,800
	105	Food Supplies	\$99	\$0	\$99
	206	Instruments and Apparatus	\$2,000	\$0	\$2,000
	317	Employment Physicals	\$5,200	\$0	\$5,200
	402	Dues and Subscriptions	\$1,175	\$300	\$875
Water Production	103	Chemical and Medical Supplies	\$160,500	\$160,000	\$500
	104	Fuel and Oil Supplies	\$15,182	\$12,000	\$3,182
	105	Food Supplies	\$770	\$700	\$70
	110	Postage	\$3,225	\$2,000	\$1,225
	402	Dues and Subscriptions	\$970	\$825	\$145
Utility Information System	101	Office Supplies	\$1,000	\$400	\$600
	105	Food Supplies	\$100	\$0	\$100
	306	Special Services	\$12,000	\$10,000	\$2,000
Utility Construction	101	Office Supplies	\$1,143	\$700	\$443
	102	Small Tools and Equipment	\$9,935	\$8,300	\$1,635
	105	Food Supplies	\$1,545	\$1,145	\$400
	107	Wearing Apparel	\$6,930		
	208	Traffic Control Device Main	\$1,706	\$1,700	\$6
	301	Telephone Service	\$1,540		
	313	Hire of Equipment	\$2,000	\$1,000	\$1,000
	317	Employment Physicals	\$520		

			FY11 Proposed	Changes after CMM/Todd	Difference
WasteWater					
Utilities Laboratory	105	Food Supplies	\$100	\$0	\$100
	106	Janitorial Supplies	\$2,000	\$1,500	\$500
	110	Postage	\$600	\$400	\$200
	301	Telephone Service	\$540	\$440	\$100
Add to Contingency					\$26,180
Golf Fund					
Golf Course Maintenance	110	Postage	\$120	\$60	\$60
	302	Light and Power	\$24,000	\$22,000	\$2,000
	303	Natural Gas	\$3,000	\$2,500	\$500
Golf Pro Shop	302	Light and Power	\$6,000	\$5,500	\$500
Add to Contingency					\$3,060
Garage	103	Chemical and Medical Supplies	\$1,544	\$1,300	\$244
	105	Food Supplies	\$465	\$0	\$465
	202	Building and Structures	\$1,500	\$1,000	\$500
	303	Natural Gas	\$3,300	\$3,000	\$300
Add to Contingency					\$1,509
History Center	202	Building and Structures	\$3,000	\$2,000	\$1,000
	301	Telephone Service	\$1,600	\$1,500	\$100
	302	Light and Power	\$4,000	\$3,000	\$1,000
Add to Contingency					\$2,100




City of Kerrville

Mike Erwin
800 Junction Highway
Kerrville, Texas 78028-5069
830.792.8330 (O)
830.792.8309 (F)

MEMORANDUM

TO: Mayor and Council

FROM: Mike Erwin 

CC: Todd Parton

DATE: Wednesday, September 8, 2010

SUBJECT: Adjustments to the FY 2011 Proposed Budget

The attached Schedule A illustrates the FY 2011 Proposed Budget, staff recommendations and the revised FY 2011 Proposed Budget. The changes are adjustments made due to:

1. Council action, HOT Reserve;
2. Additional changes identified by staff, increase revenues and expenditures in the Library Memorial Fund and the Flexible Spending Fund;
3. Appropriating the Grant and Capital Expenditures;
4. Correction to the Employee Benefit Trust Fund's revenue estimate; and
5. Allocate remaining revenues in the General Fund and the Water and Sewer Fund for expenditures.

If you have any questions, please call.

Mike Erwin
830-792-8330

SCHEDULE A

Schedule A	Proposed Revenues	Staff Recommended Changes	Revised Proposed Revenues	Proposed Expenditures	Staff Recommended Changes	Revised Proposed Expenditures	Revenues Over/Under Expenditures
General Fund							
General	\$ 19,892,850.00		\$ 19,892,850.00	\$ 19,877,572.00	\$ 15,278.00	\$ 19,892,850.00	\$ 1,650.00
Police Special Program	\$ 41,000.00		\$ 41,000.00	\$ 39,150.00		\$ 39,150.00	\$ 1,850.00
Insurance Reserve	\$ 101,771.00		\$ 101,771.00	\$ 50,000.00		\$ 50,000.00	\$ 51,771.00
Main Street	\$ 30,300.00		\$ 30,300.00	\$ 30,300.00		\$ 30,300.00	\$ -
General Asset Replace.	\$ 151,000.00		\$ 151,000.00	\$ 150,000.00		\$ 150,000.00	\$ 1,000.00
Landfill	\$ 543,378.00		\$ 543,378.00	\$ 481,712.00		\$ 481,712.00	\$ 61,666.00
Landfill Closure	\$ 47,416.00		\$ 47,416.00	\$ 47,416.00		\$ 47,416.00	\$ -
Landfill Post-Closure	\$ 299,233.00		\$ 299,233.00	\$ -		\$ -	\$ 299,233.00
Hotel Tax	\$ 851,000.00		\$ 851,000.00	\$ 850,000.00		\$ 850,000.00	\$ 1,000.00
HOT Reserve	\$ 124,000.00	\$ (122,000.00)	\$ 2,000.00	\$ -		\$ -	\$ 2,000.00
History Center	\$ 15,845.00		\$ 15,845.00	\$ 15,845.00		\$ 15,845.00	\$ -
Library Memorial	\$ 37,000.00	\$ 13,610.00	\$ 50,610.00	\$ -	\$ 50,000.00	\$ 50,000.00	\$ 810.00
Grant Fund	\$ -	\$ 307,600.00	\$ 307,600.00	\$ -	\$ 307,600.00	\$ 307,600.00	\$ -
General Debt	\$ 1,301,135.00		\$ 1,301,135.00	\$ 1,277,505.00		\$ 1,277,505.00	\$ 23,630.00
Special Revenue Funds							
Water/Sewer	\$ 8,874,500.00		\$ 8,874,500.00	\$ 8,822,735.00		\$ 8,874,500.00	\$ 51,765.00
Water/Sewer Asset Replace	\$ 1,000.00		\$ 1,000.00	\$ -		\$ 100,000.00	\$ 100,000.00
Water/Sewer CIP	\$ -	\$ 6,300,000.00	\$ 6,300,000.00	\$ -	\$ 6,300,000.00	\$ 6,300,000.00	\$ -
Water and Sewer Debt	\$ 1,805,000.00		\$ 1,805,000.00	\$ 1,759,911.00		\$ 1,759,911.00	\$ 45,089.00
Golf Course	\$ 932,000.00		\$ 932,000.00	\$ 932,387.00		\$ 932,387.00	\$ 29,603.00
Garage	\$ 265,000.00		\$ 265,000.00	\$ 253,033.00		\$ 253,033.00	\$ 11,967.00
Employee Benefit Trust Fund	\$ 3,366,348.00		\$ 3,366,348.00	\$ 3,316,165.00		\$ 3,316,165.00	\$ 25,183.00
Flexible Spending	\$ 30,000.00	\$ (45,000.00)	\$ (15,000.00)	\$ -	\$ 30,000.00	\$ 30,000.00	\$ -
Parkland Ded	\$ 20,500.00		\$ 20,500.00	\$ -		\$ -	\$ 20,500.00
433 Water St.	\$ 5,600.00		\$ 5,600.00	\$ -		\$ -	\$ 5,600.00
General CIP	\$ -		\$ -	\$ -		\$ -	\$ -
Capital Project Funds							
General CIP	\$ -		\$ -	\$ 37,972,742.00	\$ 6,854,643.00	\$ 44,827,385.00	\$ 592,701.00
Total	\$ 38,855,876.00	\$ 6,554,210.00	\$ 45,410,086.00				
Component Unit							
EIC	\$ 2,250,000.00		\$ 2,250,000.00	\$ 2,250,000.00		\$ 2,250,000.00	\$ -
EIC Debt Service	\$ 505,000.00		\$ 505,000.00	\$ 499,859.00		\$ 499,859.00	\$ 5,141.00
AIRPORT				\$ 544,221.00		\$ 544,221.00	\$ -
Joint Venture							

Schedule B
Capital Improvement Projects
Prior Approved Projects

		FY 10 Budget	FY 11 Budget
Airport			
A16	Airport Water Line Design	\$ 75,000	Closed
A03	Relocate 12/30 Parallel Taxiway - Phase 1	\$ 681,457	Closed
A03	Relocate 12/30 Parallel Taxiway - Phase 2	\$ 325,000	Closed
A18	Airport Master Plan	\$ 17,500	Closed
A16	Airport Water Line Construction	\$ 482,101	Closed
A19	RAMP Grant FY10	\$ 100,000	Closed
** All Airport Projects Closed with the transfer of the Management Contract to the County			
Airport Subtotal:		\$ 1,681,058	\$ -
Drainage			
G70 70-800-507	Burleson Street Off-Site Drainage Improvements	\$ 355,000	\$ 355,000
G83 70-800-507	Oak Hollow Drainage Improvements	\$ 395,000	\$ 395,000
G84 70-800-507	Remedial Drainage Program	\$ 500,000	\$ 500,000
G78, E40 70- & 75-800-507	Salvation Army Detention Facility	\$ 1,402,000	\$ 1,402,000
Drainage Subtotal		\$ 2,652,000	\$ 2,652,000
Facilities			
G88 70-800-502	Administrative Facilities	\$ 2,128,500	\$ 2,128,500
W76 71-800-502	Equipment Storage Facility	\$ 450,000	\$ 500,000
G82 70-800-510 & 511	GIS Aerial Photography & Planimetrics	\$ 75,000	\$ 120,000
W85 71-800-502	UTC Building - Design	\$ 215,000	\$ 215,000
G95 70-800-502	Library Roof Grant	\$ 86,365	\$ 86,365
Facilities Subtotal		\$ 2,954,865	\$ 3,049,865
Parks and Open Spaces			
G74 70-800-501; 70-09011	Carver Park Improvements	\$ 130,000	Closed
G74 70-800-501; 70-09012	Lytle Park Improvements	\$ 120,000	\$ 149,374
G74 70-800-501; 70-08005	Park System Improvements	\$ 143,177	Closed
G27 700-800-501	River Trail Phase 1	\$ 525,000	\$ 525,000
G87 700-800-501	River Trail Phase 2	\$ 27,000	Closed
N/A 700-800-501	Sample Park	\$ 100,000	Closed
G94 700-800-502	Water Playground at Carver Park	\$ 250,000	Closed
N/A 700-800-501	Westland Park	\$ 100,000	Closed
Parks and Open Spaces Subtotal:		\$ 1,395,177	\$ 674,374
Public Safety			
G86 70-800-507	Safe Routes to Schools Construction	\$ 3,092,902	\$ 3,092,902
G86 70-800-507	Safe Routes to Schools Easement Acquisition	\$ 40,000	\$ 40,000
Public Safety Subtotal:		\$ 3,132,902	\$ 3,132,902
Roadway System Improvements			
E05	G Street Bridge	\$ 300,000	\$ 300,000
E04 75-800-507	Holdsworth Drive	\$ 4,576,591	\$ 4,576,591
G85 70-800-507	Street Reconstruction - 2009	\$ 1,500,000	\$ 1,500,000
G85 70-800-507	Street Reconstruction - 2010	\$ 2,000,000	Closed
W86 70-800-507	Reconstruction of Road at Wastewater Treatment Plant	\$ 20,000	\$ 20,000
Roadway System Improvements Subtotal:		\$ 8,396,591	\$ 6,396,591
Wastewater System			
W63 71-800-511	Belt Filter Press Replacement	\$ 655,700	\$ 655,700
W75 71-800-511	Birkdale Lift Station & New Force Main - Design	\$ 730,000	\$ 730,000
E31 71-800-510 & 511	Harper Road Utility Extension	\$ 2,950,000	\$ 3,152,396
W27 71-800-510 & 511	Highway 16 Utility Relocation	\$ 1,797,584	\$ 1,797,584
W78 71-800-511	I&I Phase 1 Construction - 2009	\$ 600,000	Closed
W78 71-800-511	I&I Phase 2 Engineering - 2010	\$ 100,000	\$ 100,000
W78 71-800-511	I&I Phase 2 Construction - 2010	\$ 600,000	\$ 600,000
W78 71-800-511	I&I Phase 3 Engineering - 2011	\$ 100,000	\$ 100,000
W74 71-800-511	Lois St Sewer Main Replacement	\$ 450,000	Closed
E25 71- & 75-800-511	Towncreek Sanitary Sewer System	\$ 1,177,287	Closed
W19 71-800-511	WWTP Headworks Replacement	\$ 50,000	\$ 50,000
Wastewater System Subtotal:		\$ 9,210,571	\$ 7,185,680
Water System			
W01 71-800-510	ASR #3 Construction	\$ 1,303,000	\$ 1,303,000
W53 71-800-510	High Service Pump Addition @ Clearwell	\$ 170,000	\$ 170,000
W70 71-800-510	High Service Pump @ River Hill Pressure Plane	\$ 380,000	\$ 380,000
W61 71-800-510	Motor Control Center Water Plant	\$ 603,213	\$ 603,213
W80 71-800-510	WTP Clearwell Improvements - Design	\$ 414,000	\$ 214,000
W90 71-800-510	12" Water Line Glen Road	\$ 575,000	\$ 575,000
W83 71-800-510	College Cove Tank Repaint	\$ 100,000	\$ 300,000
W67 71-800-510	Meter Replacement Project	\$ 2,733,795	\$ 2,733,795
W82 71-800-510	Methodist Encampment Production Well	\$ 757,000	\$ 950,000
W91 71-800-510	SH 27 Fire Flow Enhancement	\$ 150,000	\$ 150,000
W89 71-800-510	Transfer Station Water Line	\$ 450,000	\$ 450,000
W54 71-800-510	Travis Tank Decommission	\$ 31,000	\$ 31,000
W65 71-800-510	Water Supply Acquisition	\$ 180,665	\$ 180,665
Water System Subtotal:		\$ 7,847,673	\$ 8,040,673

Schedule C
Capital Improvement Projects
FY 11 Approved Projects

FY 11 Budget

General Fund

G86	70-800-507	Safe Routes to Schools - Striping, Signs, Tree Removal	\$	60,000
N/A	70-800-502	Callioux Center ADA Compliance Repairs	\$	50,000
A20	74-800-507	Airport RAMP Grant 2011 <i>(Previous contribution)</i>	\$	-
G99		Capital Contingency	\$	40,000
General Fund Subtotal:			\$	150,000

Water / Sewer Fund

W76	71-800-511	WWTP Paving	\$	50,000
W65	71-800-510	Water Supply Acquisition	\$	50,000
Water / Sewer Subtotal			\$	100,000

General Fund Debt

No Projects

General Fund Debt Subtotal \$ -

Water / Sewer Debt*

		Birkdale Lift Station & Force Main Construction	\$	4,866,000
		Force Main Co-Mingle Box at WWTP	\$	305,000
		G-Street Interceptor Design	\$	308,000
		I&I Phase 3 Construction - 2011	\$	600,000
		I&I Phase 4 Engineering - 2012	\$	100,000
Water / Sewer Debt Subtotal:			\$	6,179,000

*Projects not funded until sale of 2011 bonds

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-_____

**AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR
THE FISCAL YEAR 2011; PROVIDING APPROPRIATIONS
FOR EACH DEPARTMENT AND FUND; CONTAINING A
CUMULATIVE CLAUSE; AND CONTAINING A SAVINGS
AND SEVERABILITY CLAUSE**

WHEREAS, in accordance with Section 8.01 of the City Charter, the City Manager of the City of Kerrville prepared and filed with the City Secretary on July 28, 2010, a proposed budget for the City of Kerrville, Texas, for the fiscal year beginning October 1, 2010, and ending September 30, 2011; and

WHEREAS, in accordance with Section 8.04 of the City Charter, and after providing the required public notice in the City's official newspaper not less than two weeks prior to the date of the public hearing, a public hearing was duly held on September 14, 2010, at the time and place set forth in the public notice, said date being more than thirty days subsequent to the filing of the proposed budget by the City Manager, at which all interested persons were given an opportunity to be heard for or against any item within the proposed budget; and

WHEREAS, after due deliberation, study, and consideration of the proposed budget, and after making such amendments to the budget proposed by the City Manager that the City Council has determined are (1) warranted by law or (2) in the best interest of the taxpayers of the City, the City Council is of the opinion that the Official Budget for the Fiscal Year 2011, with the amendments described and discussed, should be approved and adopted, in accordance with Section 8.06 of the City Charter;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The Official Budget of the City of Kerrville, Texas, as specified in the attached Schedules A (operating), B (existing capital improvement projects), and C (new capital projects) for the fiscal year commencing October 1, 2010, a copy of which is on file in the office of the City Secretary, referenced by the date and number of this Ordinance, and incorporated herein by reference as if fully set out herein, is adopted, in accordance with Section 8.06 of the City Charter.

SECTION TWO. The budgets for each department of the City are hereby deemed to provide a complete financial plan of City funds and activities for the Fiscal Year 2011, in accordance with Section 8.05 of the City Charter.

SECTION THREE. The provisions of this Ordinance are to be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent of any such inconsistency or conflict.

SECTION FOUR. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

PASSED AND APPROVED ON FIRST READING, this the _____ day of _____, A.D., 2010.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the _____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: First Reading of an Ordinance Amending the FY 2010 Budget

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 2, 2010

SUBMITTED BY: Mike Erwin
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Ordinance
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Staff requests to amend the FY 2010 City of Kerrville's budget to reflect use of EIC funds in Business Programs.

In FY08, the EIC provided \$20,000.00 in funds to the Business Programs Department for marketing. \$16,000.00 of these funds was used in the FY09 budget and this request is to allocate the remaining \$4,000.00 in funds to the FY10 budget for advertising and marketing.

The funds are currently located in the fund balance of the Main Street Fund and Business Programs is requesting to increase the Main Street Fund's expenditures by \$2,389.50 and the Business Programs Department expenditure budget by \$1,610.50.

Capital Improvement Projects

Sample Park Improvements— This project is being closed due to no bonds being sold in FY10 for General Fund Debt.

Westland Park Improvements — This project is being closed due to no bonds being sold in FY10 for General Fund Debt.

Street Reconstruction 2010 — This project is being closed due to no bonds being sold in FY10 for General Fund Debt.

Carver Park Improvements — This project was completed in July 2010 and was funded through 2009 Bonds and Parkland Dedication fees. A balance of \$5,982.10 in bond funds remains and will be transferred to the Lytle Park Improvement Project.

Park System Improvements – This project was completed in July 2010 and was funded through Parkland Dedication fees and prior closed Softball Fund. A balance of \$6,075.60 in Parkland Dedication funds remain and will be transferred to the Lytle Park Improvement Project.

River Trail Phase 2 & 3 Conceptual Plan – This project was funded through Parkland Dedication fees. Preliminary conceptual design has been completed. Since the construction and funding of this project has moved to the future phase of the CIP, staff believes no additional work is needed on the conceptual design at this time. The remaining balance of \$17,316.37 in Parkland Dedication fees will transfer to the Lytle Park Improvement Project.

Lytle Park Improvements – With the closures of Carver Park Improvement project, Park System Improvement Project and the River Trail Phase 2 & 3 Conceptual Plan project, this project will increase \$29,374.07.

Water Playground at Carver Park – The project was funded through a loan to the General Fund from the Landfill Fund and completed in June 2010 with a remaining project balance of \$2,360.50. The remaining balance will be returned to the Landfill Fund and deducted from the loan balance.

Equipment Storage Facility – This project was designed in 2010 and bid in August with an original budget of \$450,000 for design and construction. This amendment would increase the project budget to \$500,000 to cover the cost of the construction and provide for a contingency. The additional \$50,000 would be funded through the amendment of the WTP Clearwell Engineering project (2007 Bonds).

GIS Aerial Photography and Planimetrics – This amendment would increase the project \$45,000 and allow for the purchase of a site license for two years to better enable the GIS system to work correctly. This increase would be funded through water/sewer cash from the closure of the Town Creek Utility project.

I&I Construction Phase 1 (2009) – This phase was completed in the spring of 2010 with a remaining balance of \$45,395.72 of 2009 Bonds. This will close this project and transfer the remaining funds to the Harper Highway Utility Extension Project.

Lois Street Sewer Main Replacement – This project was prioritized as a need based on the relocation of the storm sewer through Lois Street. Since the storm sewer replacement was not economically feasible, this project will be moved to the future CIP list. The \$50,000 water/sewer cash funds will be returned to the fund balance and the \$400,000 in 2009 Bonds will be reallocated to the College Cove Tank project (\$200,000), the Methodist Encampment Production Well project (\$193,000) and the Harper Highway Utility Extension Project (\$7,000).

Town Creek Sanitary Sewer System – This project was completed in June 2010 with a remaining balance of \$51,460.46 of water/sewer cash funds. Of the remaining balance, \$45,000 will be transferred to the GIS project and \$6,460.46 will move to the water/sewer fund balance.

WTP Clearwell Improvements – This amendment would decrease the funding on this design project by \$200,000. Design is 99% complete and therefore will not need additional funds above the balance of \$214,000. Of the \$200,000 in 2007 Bonds, \$50,000 would transfer to the Equipment Storage Facility and \$150,000 would transfer to the Harper Highway Utility Extension Project.

College Cove Tank Project – This amendment would increase the project \$200,000 to allow for additional rehabilitation work on the tank to provide longevity to the tank. This increase would be funded through the closure of the Lois Street Sewer project with 2007 Bonds.

Methodist Encampment Production Well– This amendment would increase the project \$193,000 to allow for additional ASR capabilities and provide for the revised construction cost estimate. This increase would be funded through the closure of the Lois Street Sewer project with 2007 Bonds.

Harper Highway Utility Extension Project – Originally funded through the Economic Improvement Corporation, this amendment adds \$202,395.72 to the project budget in order to cover unanticipated project changes since the project inception as well as provide for a scope change to stub water and sewer from Town Creek to west side of Harper Road for additional economic development opportunities. The additional funds are from the closure of Lois Street Sewer Project (\$7,000 – 2009 Bonds), the closure of the I&I Phase 1 Construction (\$45,395.72 – 2009 Bonds), and the project amendment to the WTP Clearwell Engineering project (\$150,000 – 2007 Bonds).

RECOMMENDED ACTION

Staff recommends the City Council approve the first reading of an ordinance amending the FY 2010 budget and authorize staff to make all necessary entries and adjustments to reflect the attached changes.

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-_____**

**AN ORDINANCE AMENDING THE BUDGET FOR FISCAL YEAR 2010 TO
ACCEPT AND ALLOCATE REMAINING FUNDS FROM THE FISCAL
YEAR 2009 BUDGET**

WHEREAS, in 2008, the EIC awarded \$20,000 in funds to the Business Programs Department for marketing for Fiscal Year 2009; and

WHEREAS, only \$16,000 of these funds were used in the Fiscal Year 2009 budget; and

WHEREAS, the remaining funds are currently located in the fund balance of the Main Street Fund; and

WHEREAS, the Business Programs Department is requesting to increase the Main Street Fund's expenditures by \$2,389.50 and the Business Programs Department expenditure budget by \$1610.50, by reallocating the remaining \$4,000 in funds to the Fiscal Year 2010 budget.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS:**


In accordance with Section 8.07 of the City Charter, the Official Budget for Fiscal Year 2010 shall be amended as set forth in **Exhibit A**.

PASSED AND APPROVED ON FIRST READING, this the _____ day of _____, A.D., 2010.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the _____ day of _____, A.D., 2010.

David Wampler, Mayor

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

ATTEST:

Brenda G. Craig, City Secretary

Exhibit A
September Budget Amendment FY2010

		FY 10 Approved Budget	Amount of the Action	FY10 Amended Budget
FUND BALANCE - MAIN STREET FUND	\$	5,359.58	\$ (4,000.00)	\$ 1,359.58
MAIN STREET FUND		30,750.00	2,389.50	\$ 33,139.50
GENERAL FUND - BUSINESS PROGRAMS	\$	184,585.88	\$ 1,610.50	\$ 186,196.38
			\$ -	

CAPITAL PROJECTS		DECREASE	INCREASE
General Fund			
Carver Park	\$	5,982.10	
Park System	\$	6,075.60	
RT Phase 2&3	\$	17,316.37	
Lytle Park			\$ 29,374.07
Total	\$	29,374.07	\$ 29,374.07
Landfill Closure Fund			
Carver Park Water Park	\$	2,360.50	
Landfill Closure Fund - Toward Debt			\$ 2,360.50
	\$	2,360.50	\$ 2,360.50
Water and Sewer Fund			
Equipment Storage			\$ 50,000.00
GIS			\$ 45,000.00
I&I 2009 Construction	\$	45,395.72	
Lois St.	\$	450,000.00	
Town Creek	\$	51,460.46	
WTP Clearwell Eng	\$	200,000.00	
College Cove Tank			\$ 200,000.00
Methodist Encampment			\$ 193,000.00
Harper Hwy Project			\$ 202,395.72
Cash to Fund Balance			\$ 56,460.46
Total	\$	746,856.18	\$ 746,856.18

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Ordinance approving settlement with Atmos Energy Corporation, Mid-Tex
Division regarding March 2010 Rate Review Mechanism filing

FOR AGENDA OF: Sept. 14, 2010 **DATE SUBMITTED:** Sept. 3, 2010

SUBMITTED BY: Mike Hayes, City Attorney

CLEARANCES:

EXHIBITS: Ordinance (attachments)

AGENDA MAILED TO: None

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The City of Kerrville, along with approximately 148 other cities served by Atmos Energy Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC" or "Steering Committee"). On or about March 15, 2010, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism ("RRM") tariff approved by the City as part of the settlement of the Atmos Mid-Tex 2007 Statement of Intent to increase rates. This is the third RRM filing under a three year experimental program.

The Atmos Mid-Tex RRM filing sought a \$70.2 million rate increase. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The Ordinance and attached rate and RRM tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of ACSC's RRM filing. The Ordinance resolves the Company's RRM filing by authorizing an increase in the Company's base rate of \$27 million effective for bills rendered on or after October 1, 2010. Additionally, the Ordinance authorizes supplemental revenue of \$3.4 million to be recovered through the customer charge component of rates to cover direct costs associated with a steel service line replacement program. The monthly bill impact for the average residential customer will be a \$1.40 increase (about a 3.15% increase in the total bill).

The ACSC Executive Committee and ACSC legal counsel recommend that all ACSC Cities adopt the Ordinance implementing the rate change.

RRM Background:

The RRM tariff was approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. Atmos Mid-Tex's current action represents the third filing pursuant to the three-year trial project known as the RRM process. The RRM process was created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively authorized GRIP surcharge process. ACSC opposed GRIP because it constituted piecemeal ratemaking, did not allow any reasonableness review, and did not allow participation by cities or recovery of cities' rate case expenses. The RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings during the three-year trial period specified by the tariff.

There are two components to the current RRM adjustment. The prospective component adjusts rates for known and measurable changes in operations and maintenance ("O&M") expense and net plant investment. Atmos Mid-Tex and ACSC agreed to cap changes to expenses and invested capital at no more than five percent per year. The true-up component evaluates whether the Company has over or underrecovered its earnings for the previous year. For purposes of the RRM true-up component, the Atmos Mid-Tex rate of return on equity and its capital structure are frozen to avoid the parent company from manipulating the overall rate of return. Costs expressly prohibited from recovery through the RRM include first-class air fare, travel, meals, or entertainment for an employee's spouse, alcohol, sports events, entertainment, arts and cultural events, sponsorship of sports, arts or cultural events, and social club membership dues.

Purpose of the Ordinance:

Rates cannot change and the Settlement Agreement with Atmos Mid-Tex cannot be implemented without passage of rate ordinances by cities. No related matter is pending at the Railroad Commission. The purpose of the Ordinance is to approve rate tariffs ("**Attachment A**") and Proof of Revenues ("**Attachment B**") that reflect the negotiated rate change pursuant to the RRM process and to ratify a Settlement Agreement recommended by the ACSC Settlement Committee and Executive Committee.

As a result of the negotiations, ACSC was able to reduce the Company's requested \$70.2 million RRM increase to \$27 million. Approval of the Ordinance will result in the implementation of new rates that increase Atmos Mid-Tex's revenues effective October 1, 2010.

The Settlement Agreement ("**Attachment C**") to be ratified by the Ordinance authorizes an extension of the RRM process, in modified form to eliminate the true-up component, for an additional two annual filings. The Settlement Agreement also addresses the Atmos Mid-Tex steel service line replacement program and authorizes current cost recovery via an adder to residential and commercial customer charges.

Reasons Justifying Approval of the Negotiated Resolution:

During the time that the City has retained original jurisdiction in this case, consultants working on behalf of ACSC cities have investigated the support for the Company's requested rate increase. While the evidence does not support the \$70.2 million increase requested by the Company, ACSC consultants agree

that the Company can justify an increase in revenues of \$21 million. The agreement on \$27 million is a compromise between the positions of the parties.

The Settlement Agreement includes an allowance for recovery of direct costs, excluding overheads, of the steel service line replacement program. Current year recovery factors shall be \$00.15 for residential customers and \$00.41 for commercial customers per month. The rates will be adjusted annually, but shall be capped at \$00.44 cents for residential customers and \$1.22 for commercial customers.

The alternative to a settlement of the RRM filing would be a contested case proceeding before the Railroad Commission on the Company's current application, would take several months and cost ratepayers millions of dollars in rate case expenses, and would not likely produce a result more favorable than that to be produced by the settlement. The ACSC Executive Committee recommends that ACSC members take action to approve the Ordinance authorizing new rate tariffs.

Steel Service Line Replacement:

Under pressure from the Railroad Commission to establish a comprehensive program to replace service lines that contain steel which is subject to corrosion and leaks, ACSC has worked with Atmos Mid-Tex to establish a risk based approach to steel service line replacement that accomplishes the following goals:

1. Replace all service lines throughout the Mid-Tex Region with the highest degree of risk within two years;
2. Coordination between ACSC city members and Atmos Mid-Tex to minimize disruption of rights of way without compromising safety;
3. To minimize and spread the rate impact on customers of the replacement program, the service lines with little relative risk of leaks should be replaced over a 10-year period; and
4. Current recovery of incremental (above and beyond normal maintenance and repair addressed in RRM proceedings) direct (excluding Atmos Mid-Tex overheads) cost of service line replacement should be permitted as an adder to customer charges.

Fulfillment of these goals in this case will lead to \$00.15 and \$00.41 added to residential and commercial customer charges, respectively. The customer charge assessment may not exceed \$00.44 and \$1.22 for residential and commercial customers, respectively, prior to the entry of a Final Order in the next system-wide Statement of Intent rate proceeding.

Pursuant to the Settlement Agreement, 100,000 steel service lines will be replaced prior to September 30, 2012.

Explanation of "Be It Ordained" Paragraphs:

1. This paragraph approves all findings in the Ordinance.
2. This section adopts the attached tariffs ("Attachment A") and the Company's Proof of

Revenues (“**Attachment B**”) in all respects and finds the rates set pursuant to the attached tariffs to be just, reasonable and in the public interest. Note that only new tariffs or existing tariffs being revised are attached to the Ordinance. Existing tariffs not being changed in any way are not attached to the Ordinance.

3. This section requires the Company to reimburse ACSC for reasonable rate making costs associated with reviewing and processing the RRM application.

4. This section ratifies the Settlement Agreement (“**Attachment C**”) between ACSC and Atmos Mid-Tex.

5. This section repeals any resolution or ordinance that is inconsistent with this Ordinance.

6. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

7. This section is a savings clause, which provides that if any section(s) is later found to be unconstitutional or invalid, that finding shall not affect, impair or invalidate the remaining provisions of this Ordinance. This section further directs that the remaining provisions of the Ordinance are to be interpreted as if the offending section or clause never existed.

8. This section is a “Most Favored Nations” clause, which protects the City by mandating that if the City determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in the Company’s RRM filing would be more beneficial to the City than the terms of the attached tariffs, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the City.

9. This section provides for an effective date upon passage.

10. This paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for ACSC.

RECOMMENDED ACTION

Adoption of Ordinance on first reading.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-_____

AN ORDINANCE APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC" OR "STEERING COMMITTEE") AND ATMOS ENERGY CORP., MID-TEX DIVISION ("ATMOS MID-TEX" OR "COMPANY") REGARDING THE COMPANY'S THIRD RATE REVIEW MECHANISM ("RRM") FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; APPROVING ATMOS MID-TEX'S PROOF OF REVENUES; EXTENDING THE RRM PROCESS FOR TWO CYCLES AND ADOPTING A NEW RRM TARIFF; RATIFYING THE SETTLEMENT AGREEMENT, INCLUDING COST RECOVERY FOR A STEEL SERVICE LINE REPLACEMENT PROGRAM; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE'S LEGAL COUNSEL

WHEREAS, the City of Kerrville, Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC" or "Steering Committee"), a coalition of approximately 148 similarly situated cities served by Atmos Mid-Tex that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area (such participating cities are referred to herein as "ACSC Cities"); and

WHEREAS, pursuant to the terms of the agreement settling the Company's 2007 Statement of Intent to increase rates, ACSC Cities and the Company worked collaboratively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process controlled in a three year experiment by ACSC Cities as a substitute to the current GRIP process instituted by the Legislature; and

WHEREAS, the City took action in 2008 to approve a Settlement Agreement with Atmos Mid-Tex resolving the Company's 2007 rate case and authorizing the RRM Tariff; and

WHEREAS, the 2008 Settlement Agreement contemplates reimbursement of ACSC Cities' reasonable expenses associated with RRM applications; and

WHEREAS, on or about March 15, 2010, Atmos Mid-Tex filed with the City its third application pursuant to the RRM tariff to increase natural gas base rates by approximately \$70.2 million, such increase to be effective in every municipality that has adopted the RRM tariff within its Mid-Tex Division; and

WHEREAS, ACSC Cities coordinated its review of Atmos Mid-Tex's RRM filing by designating a Settlement Committee made up of ACSC representatives, assisted by ACSC attorneys and consultants, to resolve issues identified by ACSC in the Company's RRM filing; and

WHEREAS, the Company has filed evidence that existing rates are unreasonable and should be changed; and

WHEREAS, independent analysis by ACSC's rate expert concluded that Atmos Mid-Tex is able to justify an increase over current rates of \$21 million; and

WHEREAS, Atmos Mid-Tex has commenced a program to replace steel service lines based on a relative leak repair risk analysis; and

WHEREAS, the Steering Committee has entered a Settlement Agreement ("**Attachment C**" to this Ordinance) with Atmos Mid-Tex to: (1) increase base rate revenues by \$27 million; (2) extend the RRM process, with modifications for an additional two cycles and to thereafter require the filing of a system-wide Statement of Intent rate case on or before June 1, 2013; and (3) in the interim to allow current recovery of incremental direct costs of the steel service line replacement program in rates set via this ordinance and in future RRM; and

WHEREAS, the ACSC Executive Committee, as well as ACSC lawyers and consultants, recommend that ACSC members approve the attached rate tariffs ("**Attachment A**" to this Ordinance), which will increase the Company's revenue requirement by \$27 million; and

WHEREAS, the attached tariffs implementing new rates and Atmos Mid-Tex's Proof of Revenues ("**Attachment B**" to this Ordinance) are consistent with the negotiated resolution reached by ACSC Cities and are just, reasonable, and in the public interest; and

WHEREAS, it is the intention of the parties that if the City determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in the Company's Third RRM filing would be more beneficial to the City than the terms of the attached tariff, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the City; and

WHEREAS, the negotiated resolution of the Company's RRM filing and the resulting rates are, as a whole, in the public interest.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The findings set forth in this Ordinance are hereby in all things approved.

SECTION TWO. The City Council finds the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs and Atmos Mid-Tex's Proof of Revenues, which are attached hereto and incorporated herein as **Attachments A and B**, are just and reasonable and are hereby adopted.

SECTION THREE. Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC Cities in processing the Company's rate application.

SECTION FOUR. The Settlement Agreement, attached as **Attachment C**, which includes in addition to resolution of the Third RRM: (1) extension of a modified RRM process; (2) requirement that Atmos Mid-Tex file a system-wide Statement of Intent rate case on or before June 1, 2013; and (3) current recovery of incremental direct costs for a steel service line replacement program, is hereby ratified.

SECTION FIVE. To the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

SECTION SIX. The meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

SECTION SEVEN. If any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

SECTION EIGHT. If the City determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in the Company's Third RRM filing would be more beneficial to the City than the terms of the attached tariff, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the City.

SECTION NINE. This Ordinance shall become effective from and after its passage with rates authorized by attached Tariffs to be effective for bills rendered on or after October 1, 2010.

SECTION TEN. A copy of this Ordinance shall be sent to Atmos Mid-Tex, care of David Park, Vice President Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

**PASSED AND APPROVED ON FIRST READING, this the ____ day of _____,
A.D., 2010.**

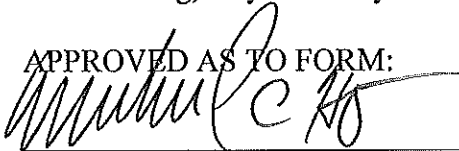
**PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day
of _____, A.D., 2010.**

David Wampler, Mayor

ATTEST:

Brenda Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

**Exhibit A to Settlement Agreement
Attachment A to Ordinance**

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Mcf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 7.15 per month
Commodity Charge – All Mcf	\$2.5246 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 3,000 Mcf.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Mcf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 13.91 per month
Commodity Charge - All Mcf	\$ 1.0796 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

**Exhibit A to Settlement Agreement
Attachment A to Ordinance**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 450.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2750 per MMBtu
Next 3,500 MMBtu	\$ 0.2015 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0433 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

**Exhibit A to Settlement Agreement
Attachment A to Ordinance**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 450.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2750 per MMBtu
Next 3,500 MMBtu	\$ 0.2015 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0433 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Provisions for Adjustment

The base rate per Mcf (1,000,000 Btu) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Mcf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- $WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Mcf
- R_i = base rate of temperature sensitive sales for the i^{th} schedule or classification approved by the entity exercising original jurisdiction.
- HSF_i = heat sensitive factor for the i^{th} schedule or classification calculated as the slope of the linear regression of average sales per bill (Mcf) and actual heating degree days by month for the test year by schedule or classification and weather station as part of the RRM filing.
- NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- ADD = billing cycle actual heating degree days.
- BL_i = base load sales for the i^{th} schedule or classification calculated as the y-intercept of the linear regression of average sales per bill (Mcf) and actual heating degree days by month for the test year by schedule or classification and weather station as part of the RRM filing.

The Weather Normalization Adjustment for the j th customer in i th rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

**Exhibit A to Settlement Agreement
Attachment A to Ordinance**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

Filings with Entities Exercising Original Jurisdiction

As part of its annual RRM filing the Company will file (a) a copy of each computation of the Weather Normalization Adjustment Factor, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, (c) a schedule showing the factors of values used in calculating such Weather Normalization Adjustment and (d) a random sample and audit of thirty (30) actual customer bills, with customer information deleted, for each rate schedule or classification to which the WNA was applied in the preceding 12 month period. To the extent that source data is needed to audit the WNA application, such data will be provided by the Company as part of the annual RRM filing.

If the RRM is discontinued, as provided in the Rider RRM tariff, the information required herein to be filed with the entities exercising original jurisdiction shall be filed on March 1 of each year.

Base Use/Heat Use Factors

<u>Weather Station</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Base use Mcf</u>	<u>Heat use Mcf/HDD</u>	<u>Base use Mcf</u>	<u>Heat use Mcf/HDD</u>
Abilene	1.06	.0131	9.03	.0588
Austin	1.17	.0138	19.39	.0674
Dallas	1.49	.0191	20.37	.0872
Waco	1.13	.0137	11.81	.0610
Wichita Falls	1.19	.0136	11.21	.0549

Sample WNAF_i Calculation:

$$.3352 \text{ per Mcf} = 2.5246 \times \frac{(.0131 \times (30-17))}{(1.06 + (.0131 \times 17))}$$

Where

i = Residential Single Block Rate Schedule

R_i = 2.5246 per MCF

HSF_i = .0131 (Residential - Abilene Area)

NDD = 30 HDD (Simple ten-year average of Actual HDD for Abilene Area – 9/15/06 – 10/14/06)

ADD = 17 HDD (Actual HDD for Abilene Area – 9/15/06 – 10/14/06)

Bl_i = 1.06 Mcf (Residential - Abilene Area)

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

I. Purpose:

This mechanism is designed to provide annual earnings transparency. All rate calculations under this tariff shall be made on a system wide basis. If, through the implementation of the provisions of this mechanism, it is determined that rates should be decreased or increased, then rates will be adjusted accordingly in the manner set forth herein. The rate adjustments implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. This Rider RRM will be effective for the period commencing with the Company's RRM filing on April 1, 2011, and concluding with the implementation of new, final rates established pursuant to the general rate case that Atmos will file on or before June 1, 2013.

II. Definitions

- a) The **Annual Evaluation Date** shall be the date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no later than April 1, of each year. This filing shall be effective in electronic form where practicable.
- b) **Audited Financial Data** shall mean the Company's books and records related to the Company's Mid-Tex operating area and shared services operations. Audited Financial Data shall not require the schedules and information provided under this tariff to undergo a separate financial audit by an outside auditing firm similar to the Company's annual financial audit.
- c) The **Evaluation Period** is defined as the twelve month period ending December 31, of each calendar year.
- d) The **Rate Effective Period** is defined as the later of the twelve month period for which rates determined under this mechanism will be in effect or subsequent rates are implemented.
- e) **Per Connection Basis** is defined as the existing average number of Mid-Tex active meters to customers during the Evaluation Period.
- f) **Final Order** is defined as the most recent order establishing the Company's latest effective rates for the area in which the mechanism is implemented, and shall include municipal rate ordinances and resolutions.

III. Rate Review Mechanism

The Company shall file with each regulatory authority having original jurisdiction over the Company's rates the schedules specified below for the Evaluation Period, with the filing to be made by the Annual Evaluation Date following the end of the Evaluation Period. The schedules, which will be based upon the Company's Audited Financial Data, as adjusted, and provided in the same format as Atmos' RRM filing with municipalities on March 15, 2010, will exclude a true-up computation, but will include the following:

- a) Evaluation Period ending balances for actual gross plant in service, accumulated depreciation, accumulated deferred income taxes, inventory, working capital, and other rate base components will be used for the calculation of rates for the Rate Effective Period. The ratemaking treatments, principles, findings and adjustments included in the Final Order will apply. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. Accumulated deferred income taxes (ADIT) will be calculated using the methodology used in the Final Order. The RRM Schedules & Information section of this tariff identifies those ADIT components to be included in the calculation of rate base for both the Evaluation Period and Rate Effective Period calculations.

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

- b) Depreciation rates booked in the period will be those approved in the Final Order, or the rate most recently approved. All calculation methodologies will be those approved in the Final Order except where noted or included in this tariff, or in the most recent order addressing the methodology. In addition, the Company shall exclude from operating and maintenance expense the discretionary costs to be disallowed from Rider RRM filings listed in the RRM Schedules and Information section of this tariff.
- c) Return on Equity (ROE) shall be maintained at 9.7%.
- d) Cost of debt will reflect actual cost for the Evaluation Period. Evaluation Period ending balances for cost of debt and capital structure will be used for the calculation of rates for the Rate Effective Period. Capital structure will be the actual Evaluation Period ratio of long-term debt and equity, with percentage equity not to exceed 50%, based on the calculation methodology outcomes used above.
- e) All applicable accounting adjustments along with all supporting work papers. Such adjustments may include:
 - 1) Pro-forma adjustments to update and annualize costs and revenue billing determinants for the Rate Effective Period.
 - 2) Pro-forma or other adjustments required to properly account for atypical, unusual, or nonrecurring events recorded during the Evaluation Period.
- f) Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Evaluation Period, but the methodology used will be that approved in the Final Order.
- g) Any changes to corporate structure or allocation of common costs will include narrative explanations with the filing.

IV. Calculation of Rate Adjustment

- a) The Company shall provide additional schedules indicating the following revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order with the exception of any allowance for a true-up component in the April 1, 2011 or the April 1, 2012 RRM filings. Evaluation Period ending balances will be used for the calculation of rates for the Rate Effective Period. These schedules shall identify the rate adjustments necessary for the setting of prospective rates for the Rate Effective Period. The result shall be reflected in the proposed new rates to be established for the Rate Effective Period. In calculating the required rate adjustments, such adjustments will be made pro-ratably to the customer charge and usage charge based upon actual revenue generated, as adjusted under the Company's approved Weather Normalization Adjustment (WNA) Rider. Provided, however, that neither the Residential nor the Commercial customer charges may increase more than 20% per year.
- b) The Company may also adjust rates for the Rate Effective Period to include recovery of any known and measurable changes to operating and maintenance costs including, but not limited to, payroll and compensation expense, benefit expense, pension expense, insurance costs, materials and supplies, bad debt costs, medical expense, transportation and building and lease costs for the Rate Effective Period. Provided, however, that adjustments may only be made for costs that are reasonable and necessary. Additionally, utility plant and rate base for the Rate

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Effective Period will be established by using the Evaluation Period ending balances, including associated changes in depreciation and amortization expense and taxes. In calculating the Company's known and measurable changes for prospective RRM adjustment purposes, the following limitations will apply, on a Per Connection Basis.

1. Operating and Maintenance expenses per connection for the Rate Effective Period cannot increase more than 5% per year without specific identification and justification. Any proposed adjustment above 5% per year, is subject to the provisions of the Evaluation Procedures of this tariff. Such procedures provide that the regulatory authority will review the proposed adjustment and that the Company and regulatory authority will work collaboratively to seek agreement on the proposed adjustments to the Company's schedules and proposed rates. Justification for such expenditures over the cap shall include an event or combination of events beyond the control of the Company. The beginning adjusted Operation and Maintenance expense per connection for the 2007 RRM Evaluation Period will be limited to not exceed \$151 million divided by the connections for the period. The increase in adjusted Operation and Maintenance expenses per connection for the 2008 Rate Effective Period and the subsequent Rate Effective periods cannot exceed 5% per year, without specific identification and justification.
2. Net plant investment per connection for the Rate Effective Period cannot increase more than 5% per year without specific identification and justification. Any proposed adjustment above 5% per year, is subject to the provisions of the Evaluation Procedures of this tariff. Such procedures provide that the regulatory authority will review the proposed adjustment and that the Company and regulatory authority will work collaboratively to seek agreement on the proposed adjustments to the Company's schedules and proposed rates. However, in performing a cap test to verify compliance, the Company shall exclude any changes in net plant investment associated with federal, state, or local mandates related to safety, compliance, or road moves, including steel service line replacement program costs incurred prior to October 1, 2010. The initial 2008 rate will be set using net plant limited to not exceed [\$1,243,607,206 divided by average active meters for the 12 months ended June 30 2007] times 1.025 times the average active meters for calendar year 2007. Subsequent filing calculations of net plant investment will be made using the same method used in the Company's September 20, 2007 Statement of Intent except that Evaluation Period ending balances will be used for net plant in the calculation of rates for the Rate Effective Period.

The rate increase limitations set forth in this tariff shall not preclude the Company from recovering any excluded net plant costs during a subsequent Evaluation Period in which the 5% limitation for net plant investment is not reached or in a subsequent Statement of Intent case. To the extent that the Company seeks to recover any excluded net plant costs during a subsequent Evaluation Period in which the 5% limitation for net plant investment is not reached or in a subsequent Statement of Intent case, the Company shall identify these costs as a specific line item in the schedule accompanying the RRM rate adjustment filing.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent Evaluation Period or Statement of Intent filing.

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
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- c) Notwithstanding the limitations in subparts IV (a) through (b) of this tariff, the Company shall be entitled to separately adjust rates for the Rate Effective Period to include recovery for direct incremental costs associated with a steel service line replacement program incurred on and after October 1, 2010, a return on equity of 9.0% for such incremental costs as capitalized, depreciation, and applicable taxes. Capital structure will be the actual Evaluation Period ratio of long-term debt and equity, with percentage equity not to exceed 50%, based on the calculation methodology outcomes used above. Rate recovery associated with a steel service line replacement program shall be recovered through the Residential and Commercial customer charges and shall not be subject to or included in the rate increase limitations set forth in IV (a) through (b) of this tariff. Current year recovery factors are presumed to be \$0.15 for residential customers and \$0.41 for commercial customers. The rates will be adjusted annually, however, in no case will the per customer monthly cost recovery factors attributable to a steel service line replacement program exceed \$0.44 for residential customers or \$1.22 for commercial customers, prior to or during the pendency of the Company's next Statement of Intent case. Moreover, the per customer amount attributable to cost recovery for a steel service line replacement program shall be subject to review by the regulatory authority in a subsequent Evaluation Period and all costs associated with a steel service line replacement program will be subject to a prudence/reasonableness review in the Company's next Statement of Intent rate case.
- d) The Company shall provide a schedule demonstrating the "proof of revenues" relied upon to calculate the proposed rate for the Rate Effective Period. The proposed rates shall conform as closely as is practicable to the revenue allocation principles approved in the Final Order.

V. Attestation

A sworn statement shall be filed by the Company's Chief Officer in Charge of Mid-Tex Operations affirming that the filed schedules are in compliance with the provisions of this mechanism and are true and correct to the best of his/her knowledge, information and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure or allocation of common costs.

VI. Evaluation Procedures

The regulatory authority having original jurisdiction over the Company's rates shall have no less than ninety (90) days to review the Company's filed schedules and work papers. The Company will be prepared to provide all supplemental information as may be requested to ensure adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within ten (10) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the schedules into compliance with the above provisions.

During and following the ninety (90) day review period and a thirty (30) day response period, the Company and the regulatory authority will work collaboratively and seek agreement on the proposed adjustments to the Company's schedule and proposed rates. If agreement has been reached by the Company and the regulatory authority, the regulatory authority shall authorize an increase or decrease to the Company's rates so as to achieve the revenue levels indicated for the Rate Effective Period. If, at the end of the thirty (30) day response period, the Company and the regulatory authority have not reached agreement on the proposed adjustments, the Company shall have the right to appeal the regulatory authority's action or inaction to the Railroad Commission of Texas. Upon the filing of any appeal, the Company shall have the right to implement the proposed RRM rate adjustment, including the adjustment attributable to steel service line replacement program costs, subject to refund.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2010	

Rates established pursuant to the Rate Review Mechanism, if approved as provided herein, shall be effective on August 15 of each year.

VII. Reconsideration and Appeal

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

VIII. Notice

Notice of the annual Rate Review Mechanism filing shall be provided pursuant to Section 104.103, TEX. UTIL. CODE ANN. no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) a description of the proposed revision of rates and schedules;
- b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;
- c) the service area or areas in which the proposed rate adjustment would apply;
- d) the date the proposed rate adjustment was filed with the regulatory authority; and
- e) the Company's address, telephone number and website where information concerning the proposed rate adjustment may be obtained.

IX. RRM Schedules and Information

a. Accumulated Deferred Income Tax ("ADIT") Items To Be Recognized in Rate Base

The following list identifies those ADIT components to be included in the calculation of rate base for both the Evaluation Period and Rate Effective Period calculations:

Mid-Tex:

Gas Plant in Service
Insurance Accruals
Benefit Accruals
Deferred Expense Projects
Allowance for Doubtful Accounts
Customer Advances
UNICAP Section 263A Costs (which shall be removed from Atmos Mid-Tex when these costs are transferred to Atmos Pipeline Texas)
Regulatory Asset - Mid Tex
Regulatory Liability - Mid-Tex
Other Plant

SSU - Customer Support:

Gas Plant in Service

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RIDER:	RRM – RATE REVIEW MECHANISM	
APPLICABLE TO:	All Cities except the City of Dallas and all unincorporated areas	
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SSU - General Office:

Gas Plant in Service
Insurance Accruals
Benefits Accruals
Deferred Expense Projects
Prepaid Expenses
Regulatory Liability - Atmos 109
FAS 115 Adjustment
Treasury Lock Adjustment
Revenue Agent Report Carryforward Adjustments 1990-1985
Tax Net Operating Loss Credit Carryforwards
State Bonus Depreciation
R & D Credit Valuation Allowance
Other Plant

b. Discretionary Costs to Be Disallowed from Rider RRM filings

The following types of employee reimbursed expenses and directly incurred costs are to be removed from all expense and rate base amounts included within Rider RRM filings for the Evaluation Period and for the Rate Effective Period:

Amounts incurred for travel, meals or entertainment of employee spouses.
Amounts for air travel that exceed published commercial coach air fares.
Amounts incurred for hotel rooms exceeding \$250 per night inclusive of taxes and fees assessed on such rooms.
Amounts for alcoholic beverages.
Amounts paid for admission to entertainment, sports, art or cultural events, and all event sponsorship costs.
Amounts for social club dues or fees.

**ATMOS ENERGY CORP., MID-TEX DIVISION
SUMMARY OF CURRENT AND PROPOSED RATE STRUCTURE
TEST YEAR ENDING DECEMBER 31, 2009
(2010 RRM SETTLEMENT PROPOSAL)**

Line No.	Description (a)	Current (b)	Proposed (Beginning Oct 1) (d)
1	Rate R		
2	Customer Charge per month	\$7.00	\$7.00
3			
4	Consumption Charge per MCF	\$2.2647	\$2.5246
5	2008 RRM True-up per MCF	\$0.0000	\$0.0000
6	2009 RRM True-up per MCF	<u>\$0.0060</u>	<u>\$0.0000</u>
7	Total Consumption Charge per MCF	\$2.2707	\$2.5246
8	Rate C		
9	Customer Charge per month	\$13.50	\$13.50
10			
11	Consumption Charge per MCF	\$0.9825	\$1.0796
12	2008 RRM True-up per MCF	\$0.0000	\$0.0000
13	2009 RRM True-up per MCF	<u>\$0.0052</u>	<u>\$0.0000</u>
14	Total Consumption Charge per MCF	\$0.9877	\$1.0796
15	Rate I & T		
16	Customer Charge per month	\$425.00	\$450.00
17			
18	Consumption Charge per MMBTU:		
19	First 1,500 MMBTU	\$0.2496	\$0.2750
20	Next 3,500 MMBTU	\$0.1820	\$0.2015
21	Over 5,000 MMBTU	\$0.0390	\$0.0433
22	2008 RRM True-up per MMBTU:		
23	First 1,500 MMBTU	\$0.0087	\$0.0000
24	Next 3,500 MMBTU	\$0.0064	\$0.0000
25	Over 5,000 MMBTU	\$0.0014	\$0.0000
26	2009 RRM True-up per MMBTU:		
27	First 1,500 MMBTU	\$0.0000	\$0.0000
28	Next 3,500 MMBTU	\$0.0000	\$0.0000
29	Over 5,000 MMBTU	<u>\$0.0000</u>	<u>\$0.0000</u>
30	Total Consumption Charge per MMBTU		
31	First 1,500 MMBTU	\$0.2583	\$0.2750
32	Next 3,500 MMBTU	\$0.1884	\$0.2015
33	Over 5,000 MMBTU	\$0.0404	\$0.0433

**Exhibit B to Settlement Agreement
Attachment B to Ordinance**

**ATMOS ENERGY CORP., MID-TEX DIVISION
CUSTOMER IMPACT OF PROPOSED RATES COMPARED TO CURRENT RATES
TEST YEAR ENDING DECEMBER 31, 2009
(2010 RRM SETTLEMENT PROPOSAL)**

Line No.	Description (a)	Prospective Rate Increase (b)
1	Rate R	
2	Consumption Charge per MCF	
3	Change from Current Rate	\$0.2539
4	Billing Units for Specified Period	78,500,000
5	Total Change in Base Revenue	\$19,934,212
6	Associated Revenue Taxes	<u>\$1,490,401</u>
7	Total Rate Impact	\$21,424,613
8	Number of Bills for Specified Period	17,287,740
9	Average Impact per Bill	\$1.24
10	Rate C	
11	Consumption Charge per MCF	
12	Change from Current Rate	\$0.0919
13	Billing Units for Specified Period	49,500,000
14	Total Change in Base Revenue	\$4,547,060
15	Associated Revenue Taxes	<u>\$339,966</u>
16	Total Rate Impact	\$4,887,026
17	Number of Bills for Specified Period	1,445,436
18	Average Impact per Bill	\$3.38
19	Rates I&T - Customer Charge	
20	Customer Charge	
21	Change from Current Rate	\$25.00
22	Billing Units for Specified Period	10,985
23	Total Change in Base Revenue	\$274,625
24	Associated Revenue Taxes	<u>\$20,533</u>
25	Total Rate Impact	\$295,157.61
26	Rates I&T - 1st block	
27	Consumption Charge per MCF	
28	Change from Current Rate	\$0.0167
29	Billing Units for Specified Period	10,597,655
30	Total Change in Base Revenue	\$177,031
31	Associated Revenue Taxes	<u>\$13,236</u>
32	Total Rate Impact	\$190,266
33	Rates I&T - 2nd block	
34	Consumption Charge per MCF	
35	Change from Current Rate	\$0.0131
36	Billing Units for Specified Period	10,791,216
37	Total Change in Base Revenue	\$141,297
38	Associated Revenue Taxes	<u>\$10,564</u>
39	Total Rate Impact	\$151,862
40	Rates I&T - 3rd block	
41	Consumption Charge per MCF	
42	Change from Current Rate	\$0.0029
43	Billing Units for Specified Period	16,585,623
44	Total Change in Base Revenue	\$47,655
45	Associated Revenue Taxes	<u>\$3,563</u>
46	Total Rate Impact	\$51,218
47	Rates I&T - Total	
48	Total Rate Impact	\$688,504
49	Number of Bills for Specified Period	10,985
50	Average Impact per Bill	\$62.68
51		
52	Total Change in Base Revenue	\$25,121,880
53	Total Rate Impact (Inc. Rev. Taxes)	\$27,000,142

**ATMOS ENERGY CORP., MID-TEX DIVISION
CUSTOMER IMPACT OF PROPOSED RATES COMPARED TO CURRENT RATES
(STEEL SERVICE REPLACEMENT PROGRAM)**

Line No.	Description (a)	Prospective Rate Increase (b)
1	Rate R	
2	Monthly Customer Charge	
3	Change from Current Rate	\$0.15
4	Billing Units for Specified Period	17,287,740
5	Total Change in Base Revenue	\$2,593,161
6	Associated Revenue Taxes	<u>\$193,880</u>
7	Total Rate Impact	\$2,787,041
8	Number of Bills for Specified Period	17,287,740
9	Average Impact per Bill	\$0.16
10	Rate C	
11	Monthly Customer Charge	
12	Change from Current Rate	\$0.41
13	Billing Units for Specified Period	1,445,436
14	Total Change in Base Revenue	\$592,629
15	Associated Revenue Taxes	<u>\$44,308</u>
16	Total Rate Impact	\$636,937
17	Number of Bills for Specified Period	1,445,436
18	Average Impact per Bill	\$0.44
19		
20	Total Change in Base Revenue	\$3,185,790
21	Total Rate Impact (Inc. Rev. Taxes)	\$3,423,979
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**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX
DIVISION AND ATMOS CITIES STEERING COMMITTEE**

WHEREAS, this settlement agreement is entered into by Atmos Energy Corp's Mid-Tex Division and Atmos Cities Steering Committee ("ACSC") whose members include the Cities of Abilene, Addison, Allen, Alvarado, Angus, Anna, Argyle, Arlington, Bedford, Bellmead, Benbrook, Beverly Hills, Blossom, Blue Ridge, Bowie, Boyd, Bridgeport, Brownwood, Buffalo, Burkburnett, Burleson, Caddo Mills, Carrollton, Cedar Hill, Celeste, Celina, Cisco, Cleburne, Clyde, College Station, Colleyville, Colorado City, Comanche, Coolidge, Coppell, Corinth, Corral City, Crandall, Crowley, Dalworthington Gardens, Denison, DeSoto, Duncanville, Eastland, Edgecliff Village, Emory, Ennis, Euless, Everman, Fairview, Farmers Branch, Farmersville, Fate, Flower Mound, Forest Hill, Fort Worth, Frisco, Frost, Gainesville, Garland, Garrett, Grand Prairie, Grapevine, Haltom City, Harker Heights, Haskell, Hewitt, Highland Park, Highland Village, Honey Grove, Hurst, Iowa Park, Irving, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerrville, Killeen, Krum, Lakeside, Lake Worth, Lancaster, Lewisville, Lincoln Park, Little Elm, Lorena, Malakoff, Mansfield, McKinney, Melissa, Mesquite, Midlothian, Murphy, Nocona, North Richland Hills, Northlake, Oakleaf, Ovilla, Palestine, Pantego, Paris, Parker, Pecan Hill, Plano, Ponder, Pottsboro, Prosper, Quitman, Red Oak, Reno (Parker County), Richardson, Richland, Richland Hills, Roanoke, Robinson, Rockwall, Roscoe, Rowlett, Sachse, Saginaw, Seagoville, Sherman, Snyder, Southlake, Springtown, Stamford, Stephenville, Sulphur Springs, Sweetwater, Temple, Terrell, The Colony, Tyler, University Park, Venus, Vernon, Waco, Watauga, Waxahachie, Westlake, Whitesboro, White Settlement, Wichita Falls, Woodway, and Wylie.

WHEREAS, on March 15, 2010, Atmos filed with the ACSC Cities an application, hereafter referred to as the 2010 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism; and

WHEREAS, ACSC has hired experts and lawyers to analyze the rates proposed by Atmos Energy Corp.'s, Mid-Tex Division ("Atmos" or "Company") in its 2010 RRM filing; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ACSC ("the Signatories") regarding the 2010 RRM filing, which is currently pending before the ACSC Cities, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in the 2010 RRM filing can best be accomplished by each ACSC City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the following Settlement Terms as a means of fully resolving all issues between the ACSC Cities and Atmos involving the 2010 RRM filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, Atmos and the counsel for the ACSC cities will recommend that an ordinance or resolution be adopted to approve this Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. (Attachment A to the Ordinance ratifying this Agreement). Said tariffs should allow Atmos an additional, prospective \$27 million in annual revenue by implementation of rates shown in the proof of revenues attached as Exhibit B. (Attachment B to the Ordinance ratifying this Agreement). The uniform implementation of gas rates, terms and conditions established by this Settlement Agreement shall be effective for bills rendered on or after October 1, 2010.
2. In an effort to streamline the regulatory review process, Atmos and ACSC have agreed to renew the Rate Review Mechanism ("Rider RRM") for a period commencing with the Company's April 1, 2011 filing under this mechanism for the calendar year 2010, effective August 15, 2011, and concluding upon the implementation of new, final rates established pursuant to the general rate case that Atmos will file on or before June 1, 2013. Rider RRM provides for an annual rate adjustment to reflect changes in billing determinants, operating and maintenance expense, depreciation expense, other taxes expense, and revenues as well as changes in capital investment and associated changes in gross revenue related taxes. The revised RRM tariff is included in Exhibit A.
3. Notwithstanding the RRM rate adjustments that will occur pursuant to paragraph 2 of this Settlement Agreement, Atmos and ACSC agree that on or before June 1, 2013, Atmos shall file a general, system-wide rate case for the Mid-Tex Division. During the pendency of the general rate case, Atmos and ACSC agree that rate adjustments associated with the RRM filing for calendar year 2011 shall be implemented on August 15, 2012, and shall remain in effect until the earlier of either the issuance of a final order by the Railroad Commission of Texas in the general rate case to be filed on or before June 1, 2013, or the entry of an agreed upon order resolving all issues involved in the general rate case. The adjustments made or requested in the 5th year RRM shall not be considered precedent during the general rate case.
4. Atmos and ACSC further agree that for the period commencing March 1, 2010 through September 30, 2012, Atmos will expand its existing steel service line replacement program to complete the replacement of 100,000 steel service lines within its Mid-Tex Division during this period. Atmos and ACSC agree that a risk-based approach should be adopted to allow replacement of the highest priority steel service lines within this time period. Atmos agrees to provide the ACSC cities with quarterly reports providing the number and location of the lines replaced during the quarter. Atmos agrees to coordinate with ACSC member cities to minimize disruption to cities' rights of way without compromising the safety of residents of the cities.
5. Atmos and ACSC agree that costs incurred to replace steel service lines prior to October 1, 2010 shall be included in the RRM rate adjustment calculation for the 2010 calendar year, and shall not be subject to or included in the rate cap limitations set forth in subsection IV (a)-(b) of the Rider RRM tariff.

6. Atmos and ACSC agree that the projected incremental direct costs incurred to replace steel service lines on or after October 1, 2010 shall be separately identified and shall not be subject to or included in the rate cap limitations set forth in subsection IV (a)-(b) of the Rider RRM tariff. Atmos and ACSC further agree that such projected direct incremental costs incurred to replace steel service lines after October 1, 2010, shall be separately calculated and recovered as a discrete component of customer charges in the Company's annual RRM filings as set forth below:
 - a. Atmos and ACSC agree that Atmos shall be entitled to separately adjust rates for the Rate Effective Period as defined in the Rider RRM tariff to allow recovery of the projected annual revenue requirement associated with direct incremental costs to be incurred in connection with a steel service line replacement program, that are not otherwise included within the RRM cost of service, including a return on equity of 9.0% within the overall weighted cost of capital applied to net investment (net plant additions, less accumulated depreciation and accumulated deferred income taxes), depreciation expense and applicable taxes;
 - b. Atmos and ACSC further agree that the capital structure used to calculate the steel service line replacement rate adjustment will be the actual Evaluation Period (as defined in the Rider RRM tariff) ratio of long-term debt and equity, with an equity percentage not to exceed 50%;
 - c. Rate recovery associated with a steel service line replacement program shall occur through an adjustment to the Residential and Commercial customer charges. Current year recovery factors as of October 1, 2010 shall be \$0.15 for residential customers and \$0.41 for commercial customers. The rates will be adjusted annually, however, Atmos and ACSC agree that in no case will the per customer monthly cost recovery factors attributable to a steel service line replacement program exceed \$0.44 for residential customers or \$1.22 for commercial customers, either prior to or during the pendency of the general rate case Atmos will file on or before June 1, 2013.
 - d. Atmos and ACSC further agree that any per customer amount attributable to cost recovery for a steel service line replacement program shall be subject to review by the regulatory authority in a subsequent Evaluation Period as defined in the Rider RRM tariff and all incremental costs associated with a steel service line replacement program shall be subject to a prudence/reasonableness review in the general rate case to be filed by Atmos on or before June 1, 2013.
7. With respect to the Company's annual RRM filings, Atmos agrees to pay all reasonable and necessary expenses of each entity having original jurisdiction that are incurred to review the Company's annual RRM filings. Atmos further agrees that in calculating the proposed rate for any Rate Effective Period, the Company shall not include: (1) any external legal, expert, or consultant costs to prepare and/or provide supportive information related to its filing; or (2) reimbursements to original jurisdiction entities.
8. Notwithstanding paragraph 7 of this Settlement Agreement, Atmos and ACSC agree that in the event of an appeal of an original jurisdiction entity's decision regarding a proposed RRM adjustment, recovery of rate case expenses shall be determined

according to Chapters 103 and 104, TEX. UTIL. CODE ANN. Further, in the event of such appeal(s), Atmos shall recover any reimbursement made to the original jurisdiction entity through a surcharge to all customer rates that are subject to the Commission's jurisdiction in that proceeding or proceedings that might be joined therewith, regardless of whether such reimbursements are made during the initial review period or appeal period.

9. The ACSC Cities agree that they will not challenge the legal basis of the rates, terms, and conditions reflected in Exhibit A, or any annual RRM adjustment that is implemented pursuant to Rider RRM.
10. Atmos and the ACSC Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ACSC Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ACSC City regarding an RRM filing to the Railroad Commission, the ACSC Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex division under the provisions of TEX. UTIL. CODE ANN. § 104.301 while the Rider RRM is in place. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall, pursuant to the provisions of the Texas Utilities Code, have exclusive appellate jurisdiction to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ACSC Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.
11. Atmos and ACSC further agree that the ordinance or resolution adopting this Settlement Agreement shall include a provision authorizing Atmos to establish regulatory asset account(s) for costs related to working gas in storage. Atmos and ACSC further agree that the language authorizing these regulatory asset account(s) shall be the same as that set forth in the 4th Ordering Paragraph (Page 10 of 11) of the Final Order Nunc Pro Tunc issued by Railroad Commission of Texas in GUD No. 9869 on February 23, 2010. This language states as follows:

IT IS FURTHER ORDERED that Atmos shall be allowed to establish a regulatory asset for the ad valorem taxes related to working gas in storage. In addition, Atmos shall be allowed to establish a regulatory asset for (1) the costs associated with Accumulated Deferred Income Tax for UNICAP Section 263A, (2) the WACOG to FIFO change, and (3) an amount equal to the rate of return approved in this RRM Proceeding for the Accumulated Deferred Income Tax items related to working gas in storage. Atmos shall record these amounts in Other Regulatory Assets (Account 182.3). These deferred items shall be considered, along with the

investment in working gas, for consideration and possible inclusion in rates for Atmos Pipeline-Texas in that entity's next filed rate case. If the Commission determines that such deferred items are not properly included in the rates of Atmos Pipeline – Texas, the items shall be further deferred until the next Atmos Mid-Tex rate case filed after the final decision in the Atmos Pipeline-Texas rate case for inclusion with the working gas investment in the Atmos Mid-Tex rates.

12. Atmos and ACSC agree that each ACSC city should approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ACSC Cities the rates, terms, and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A, as well as the regulatory asset authorization language discussed in paragraph 12 of this Settlement Agreement.
13. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ACSC city enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ACSC city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ACSC Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.
14. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with Atmos' 2010 RRM filing.
15. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ACSC Cities of an ordinance or resolution implementing this Settlement Agreement.
16. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.
17. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this ____ day of August, 2010.

ATMOS ENERGY CORP., MID-TEX DIVISION

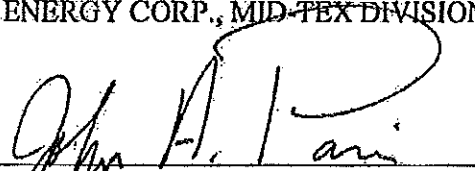
By:

John A. Paris
President, Mid-Tex Division

Agreed to this 20 day of August, 2010.

ATMOS ENERGY CORP., MID-TEX DIVISION

By:

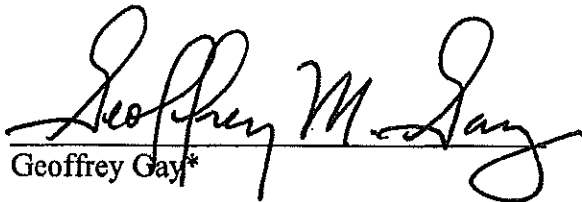


John A. Paris
President, Mid-Tex Division

Agreed to this 20th day of August 2010.

ATTORNEY FOR ATMOS TEXAS MUNICIPALITIES, WHOSE MEMBERS INCLUDE THE CITIES OF ABILENE, ADDISON, ALLEN, ALVARADO, ANGUS, ANNA, ARGYLE, ARLINGTON, BEDFORD, BELLMEAD, BENBROOK, BEVERLY HILLS, BLOSSOM, BLUE RIDGE, BOWIE, BOYD, BRIDGEPORT, BROWNWOOD, BUFFALO, BURKBURNETT, BURLESON, CADDO MILLS, CARROLLTON, CEDAR HILL, CELESTE, CELINA, CISCO, CLEBURNE, CLYDE, COLLEGE STATION, COLLEYVILLE, COLORADO CITY, COMANCHE, COOLIDGE, COPPELL, CORINTH, CORRAL CITY, CRANDALL, CROWLEY, DALWORTHINGTON GARDENS, DENISON, DESOTO, DUNCANVILLE, EASTLAND, EDGECLIFF VILLAGE, EMORY, ENNIS, EULESS, EVERMAN, FAIRVIEW, FARMERS BRANCH, FARMERSVILLE, FATE, FLOWER MOUND, FOREST HILL, FORT WORTH, FRISCO, FROST, GAINESVILLE, GARLAND, GARRETT, GRAND PRAIRIE, GRAPEVINE, HALTOM CITY, HARKER HEIGHTS, HASKELL, HEWITT, HIGHLAND PARK, HIGHLAND VILLAGE, HONEY GROVE, HURST, IOWA PARK, IRVING, JUSTIN, KAUFMAN, KEENE, KELLER, KEMP, KENNEDALE, KERRVILLE, KILLEEN, KRUM, LAKESIDE, LAKE WORTH, LANCASTER, LEWISVILLE, LINCOLN PARK, LITTLE ELM, LORENA, MALAKOFF, MANSFIELD, MCKINNEY, MELISSA, MESQUITE, MIDLOTHIAN, MURPHY, NOCONA, NORTH RICHLAND HILLS, NORTHLAKE, OAKLEAF, OVILLA, PALESTINE, PANTEGO, PARIS, PARKER, PECAN HILL, PLANO, PONDER, POTTSBORO, PROSPER, QUITMAN, RED OAK, RENO (PARKER COUNTY), RICHARDSON, RICHLAND, RICHLAND HILLS, ROANOKE, ROBINSON, ROCKWALL, ROSCOE, ROWLETT, SACHSE, SAGINAW, SEAGOVILLE, SHERMAN, SNYDER, SOUTHLAKE, SPRINGTOWN, STAMFORD, STEPHENVILLE, SULPHUR SPRINGS, SWEETWATER, TEMPLE, TERRELL, THE COLONY, TYLER, UNIVERSITY PARK, VENUS, VERNON, WACO, WATAUGA, WAXAHACHIE, WESTLAKE, WHITESBORO, WHITE SETTLEMENT, WICHITA FALLS, WOODWAY, AND WYLIE

By:


Geoffrey Gay*

* Subject to approval by ACSC City Councils

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Discussion and possible action on the Zoning Ordinance Input Committee's Review of the City's Zoning Ordinance

FOR AGENDA OF: Sept. 14, 2010 **DATE SUBMITTED:** Sept. 3, 2010

SUBMITTED BY: Kevin Coleman *KE* **CLEARANCES:** Kristine Ondrias *KO*

EXHIBITS: A – Proposed Non-Residential Zoning District Definitions
B – Proposed Schedule of Permitted Uses
C – Proposed Central Business District and Downtown Pedestrian Area
D – Proposed Changes to Off-street Parking Requirements
E – Comparative Chart Outlining Proposed Parking Requirements
F – Proposed Special Development Regulations for Certain Uses

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *[Signature]*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF FINANCE:

SUMMARY STATEMENT

Over the past few months, the Zoning Ordinance Input Committee (ZOIC) has continued its work revising the City's Zoning Ordinance. This agenda item is meant to provide City Council with an update on the status of the committee's work as well as their planned next steps. In addition, City Council will be asked for direction on the adoption of ordinance changes recommended by the committee.

Revised Zoning Districts and Land Use Chart

Based on the Comprehensive Plan, the committee has proposed combining the City's existing forty-two non-residential districts into 4 commercial districts, 2 industrial districts, and 2 special purpose districts. A brief description of each proposed district and its purpose is provided as Attachment A to this agenda bill. Second, using the industry and business types defined in the North American Industrial Code System (NAICS), the committee developed proposed land use descriptions to replace those in the existing ordinance. Third, the committee combined the proposed districts and revamped land use types into a "Schedule of Permitted Uses" for commercial and industrial districts. The proposed schedule provides a simplified, well referenced and easily understood tool that outlines land uses permitted (P), conditionally permitted (C)

or restricted (blank) in any given district in the City. Using this schedule, the committee has begun assigning the permitted or conditional status of each identified land in each of the proposed districts, starting with the downtown Central Business District and moving into the other commercial and industrial districts.

Creation of Central Business District (CBD)

The committee recommends the creation of a new zoning district, the Central Business District, which would encompass approximately 28 blocks in downtown Kerrville. The single zone combines parts of three districts into one unified district. The committee has completed a use schedule for the proposed CBD district. It is presented as Attachment B to this agenda bill. Within the proposed CBD, the committee has identified a subarea, the Downtown Pedestrian Area (DPA), where the existing building stock is largely built up to the property lines and relies on shared, public parking for its patrons. The committee recommends that the existing buildings in the DPA continue to be exempt from the parking and setback requirements of the ordinance. Though a similar exemption exists in the current ordinance, the proposed DPA is smaller and more targeted to those properties that currently benefit from the exemption. A map of the proposed Central Business District and the Downtown Pedestrian Area is provided for Council review as Attachment C.

Adoption of Proposed CBD

Staff recommends the adoption of the proposed Central Business District as an amendment to Article 6 - Central City within the existing ordinance. This amendment serves as the logical article to place the proposed district as a holding spot until the balance of the commercial and industrial districts can be better defined and specific districts developed.

CBD Adoption and the Sign Ordinance

Adoption of the proposed CBD zoning district requires a review of the City's sign ordinance. This review creates the opportunity to assess appropriate signage within this critical, highly visible area of town. Potential issues include restricting off premise signage, large on-premise pole signage and roof signage; lessening the permitted use of banners, flags and temporary signs; and increasing the use of pedestrian oriented signage. Business signage is a community issue that should be guided by the input from affected property owners and the overall community. As such, review of this issue should be broader than review from ZOIC. Input from City Council, downtown stakeholders, and affected business owners is needed. To initiate the review staff will present its input on the issues to City Council at the next meeting. Upon Council review and initial input of those issues, proposed amendments will be vetted to downtown stakeholders for their input, and given that input, presented to Council for adoption, at time of adoption of the zoning district.

Proposed Off-Street Parking Regulations - City Wide

The committee has completed its review of Article 20 of the existing ordinance dealing with off-street parking standards within the City. Though largely a clarification of existing standards a few major changes are proposed. The proposed standards

increase required parking for multi-family units, restaurants, and retail outlets, as well as requiring all new parking areas to be paved, clarifying required drive lanes and requiring stacking lanes for drive through facilities. Parking standards for schools, medical facilities, and some public use facilities are revised as well. ZOIC has approved the revised off-street parking regulations and they are included for Council review as Attachments D and E. Staff recommends the adoption of the proposed standards as a new Article 20, replacing the existing standards.

Proposed Special Development Regulations for Certain Commercial Uses

The existing ordinance contains specific development standards for certain land uses. The committee has reviewed and redrafted those standards, and proposed changes to those sections that deal with fuel sales, mini-warehouses, and child (day) care centers. In addition, the committee has proposed similar standards for car washes and auto repair and oil change shops. The proposed development regulations are provided for Council review as Attachment F. Staff recommends adoption of the proposed standards as an amendment to Article 19 of the existing ordinance. New standards proposed would be added to the article, while revised standards would replace the existing. The current standards for group homes will be retained until revised as part of the revision of the residential districts of the ordinance.

Future Steps of ZOIC Review

The committee and the planning staff supporting the committee are moving forward in review of the ordinance. The committee is addressing the following:

- The appropriateness of specific NAICS based land uses to each proposed commercial and industrial district so that the committee can finalize its recommendation on which uses are appropriate permitted, conditionally permitted and restricted in each of the proposed zones.
- A draft map lining out the geographic definition of each of the proposed commercial and industrial zones.
- A land use survey of the proposed CBD district to identify which existing use(s) would become nonconforming under the proposed use chart.
- Upon completion of staff recommendation, a review of changes to the ordinance sections dealing with the conditional use permit process, non conformity, and home occupations.
- A review of the issues related to, and assessment of the need for, a Special Use Exception approval process, within the ordinance.

Proposed Public Vetting and Adoption Process of Amendments

Staff recommends initiating the adoption process of the new CBD district, its schedule of permitted uses and DPA exceptions, the proposed changes to the city's off-street parking regulations, and the proposed changes and additions to the special development regulations for certain use as proposed by the Zoning Ordinance Input Committee. Staff recommends the following steps in that adoption process.

- Council review of sign regulations for the CBD
- Stakeholder review of sign ordinance issues related to CBD
- Review of amendment language by the City Attorney

- ZOIC presentation of recommendations to Planning and Zoning Commission
- Public Input Session targeted at proposed CBD district, related use chart and proposed sign regulations
- Public Input Session targeted at proposed parking and special development standards
- ZOIC review and incorporation of commission and public comment
- Official notification of affected property owners
- Planning and Zoning Commission public hearing and recommendation
- City Council public hearing and adoption

Specific workshops involving City Council, ZOIC and/or the Planning and Zoning Commission will be added at Council direction at any point in the process.

RECOMMENDED ACTION

Council is asked to review the information presented and, after any needed discussion, provide staff direction on how to move forward.

Exhibit A

Proposed Non-Residential Zoning District Definitions

DISTRICTS ESTABLISHED

DISTRICTS ESTABLISHED AND PURPOSE

For the purpose of this Ordinance, the following nonresidential districts are established.

NC – NEIGHBORHOOD COMMERCIAL DISTRICT:

The NC District is established to provide small scale, limited impact commercial, retail, personal services, restaurant and office uses for persons residing in adjacent or nearby neighborhoods.

LC – LIGHT COMMERCIAL DISTRICT:

The LC District is established to provide for a wider range of commercial, retail, personal services and restaurant uses primarily intended in higher traffic areas.

RC – REGIONAL COMMERCIAL DISTRICT:

The RC District is intended to provide for the full range of commercial, retail and personal services to satisfy the needs of the City and surrounding region.

CBD – CENTRAL BUSINESS DISTRICT:

The CBD is established to accommodate a variety of uses and services commonly found in a downtown pedestrian friendly environment. The City shall have only one contiguous Central Business District.

LI – LIGHT INDUSTRIAL DISTRICT

The LI District is established to provide for a variety of light manufacturing, processing and assembly businesses of previously prepared materials, storage and warehousing conducted within an enclosed building.

I – INDUSTRIAL DISTRICT:

The I District is established to provide for manufacturing and industrial activities that require the outdoor storage of materials and products with processes that are commonly recognized as offensive.

AD – AIRPORT DISTRICT:

The Airport District is established to protect the integrity of the Kerrville-Kerr County Airport and provide for the landing and take-off of aircraft including all necessary facilities for the housing and maintenance of aircraft including its airspace.

PI – PUBLIC AND INSTITUTIONAL DISTRICT:

The PI District is intended to provide for and encourage the location of recreational areas, schools and similar uses in unique areas of the City specially suited for that use.

Exhibit B

Proposed Schedule of Permitted Uses

Including:

Use Descriptions derived from North American Industry Classification System (NAICS) - second column

Proposed Non-Residential Zones - top row,
and

Proposed Permitted Uses in the Central Business District (CBD)

SCHEDULE OF PERMITTED USES

NAICS Code	USE DESCRIPTION	NC	LC	RC	CBD	LI	I	AD	PI	PKNG. STND.	SPECIAL CONDITIONS
11	Agriculture, Forestry, Fishing and Hunting										
111	Crop Production										
112	Animal Production										
113	Forestry and Logging										
114	Fishing, Hunting and Trapping										
115	Support Activities for Agriculture and Forestry										
21	Mining, Quarrying, and Oil and Gas Extraction										
211	Oil and Gas Extraction										
212	Mining (except Oil and Gas)										
213	Support Activities for Mining										
22	Utilities										
221	Utilities										
22112	Electric Power Transmission, Control, and Distribution										
221320	Sewage Treatment Facilities										
23	Construction										
236	Construction of Buildings										
237	Heavy and Civil Engineering Construction										
238	Specialty Trade Contractors										
2382	Building Equipment Contractors										
2383	Building Finishing Contractors										
31-33	Manufacturing										
311	Food Manufacturing										
312	Beverage and Tobacco Product Manufacturing										
313	Textile Mills										
314	Textile Product Mills										
315	Apparel Manufacturing										
316	Leather and Allied Product Manufacturing										
321	Wood Product Manufacturing										
322	Paper Manufacturing										
323	Printing and Related Support Activities										
32311	Printing				C						
323114	Quick Printing				P						
324	Petroleum and Coal Products Manufacturing										
325	Chemical Manufacturing										
326	Plastics and Rubber Products Manufacturing										
327	Nonmetallic Mineral Product Manufacturing										
331	Primary Metal Manufacturing										
332	Fabricated Metal Product Manufacturing										
333	Machinery Manufacturing										
334	Computer and Electronic Product Manufacturing										
335	Electrical Equipment, Appliance, and Component Manufacturing										
336	Transportation Equipment Manufacturing										
337	Furniture and Related Product Manufacturing										
339	Miscellaneous Manufacturing										
33991	Jewelry and Silverware Manufacturing										
42	Wholesale Trade										
423	Merchant Wholesalers, Durable Goods										
424	Merchant Wholesalers, Nondurable Goods										

SCHEDULE OF PERMITTED USES

NAICS Code	USE DESCRIPTION	HC	LC	RC	CBD	LI	I	AD	PI	PKG. STND.	SPECIAL CONDITIONS
425	Wholesale Electronic Markets and Agents and Brokers										
44-45	Retail Trade										
441	Motor Vehicle and Parts Dealers										Requires compliance with _____, Permit without Conditional Use Permit all sales, display and storage is within an enclosed building.
44111	New Car Dealers				C						
44112	Used Car Dealers				C						
44121	Recreational Vehicle Dealers										
44122	Motorcycle, Boat, and Other Motor Vehicle Dealers										
4413	Automotive Parts, Accessories, and Tire Stores (Retail Only)				P						
442	Furniture and Home Furnishings Stores				P						
443	Electronics and Appliance Stores				P						
444	Building Material and Garden Equipment and Supplies Dealers										
444130	Nursery, Garden Stores				P						
444220	Hardware Stores				P						
445	Food and Beverage Stores				P						
446	Health and Personal Care Stores				P						
447	Gasoline Stations (w/Dev. Stnds.)				C						Requires Compliance w/_____.
44711	Gasoline Stations with Convenience Stores (w/Dev. Stnds.)				C						Requires Compliance w/_____.
448	Clothing and Clothing Accessories Stores				P						
4483	Jewelry, Luggage and Leather Goods Store				P						
451	Sporting Goods, Hobby, Book, and Music Stores				P						
452	General Merchandise Stores				P						
45291	Warehouse Clubs and Supercenters										
453	Miscellaneous Store Retailers				P						
4533	Used Merchandise Stores (w/o Drop-off)				P						
45331	Used Merchandise Stores										Drop-off area may not encroach into any required setback or parking area and must be screened from street view by a solid fence at least 6-feet in height.
45393	Manufactured (Mobile) Home Dealers										
454	Nonstore Retailers				C						
45431	Fuel Dealers										
48-49	Transportation and Warehousing										
481	Air Transportation										
482	Rail Transportation										
483	Water Transportation										
484	Truck Transportation										
485	Transit and Ground Passenger Transportation										
486	Pipeline Transportation										
487	Scenic and Sightseeing Transportation				P						
488	Support Activities for Transportation										
491	Postal Service				P						
4911	Postal Services (Retail and Drop-off Only)										
492	Couriers and Messengers										
4921	Couriers and Messengers (Retail and Drop-off Only)				P						
493	Warehousing and Storage										
51	Information										
511	Publishing Industries (except Internet)				C						
512	Motion Picture and Sound Recording Industries				P						
512131	Motion Picture Theaters (except Drive-Ins)				P						

SCHEDULE OF PERMITTED USES

NAICS Code	USE DESCRIPTION	NC	LC	RC	CBD	LI	I	AD	PI	PKG. STND.	SPECIAL CONDITIONS
512132	Drive-In Motion Picture Theaters										
515	Broadcasting (except Internet) - (w/o towers)				P						
517	Telecommunications (w/o towers)				P						
518	Data Processing, Hosting and Related Services				P						
519	Other Information Services				P						
52	Finance and Insurance										
521	Monetary Authorities-Central Bank				P						
522	Credit Intermediation and Related Activities				P						
522298	All Other Nondepository Credit Intermediation (Pawnshops)				P						
523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities				P						
524	Insurance Carriers and Related Activities				P						
5242	Agencies, Brokerages, and Other Insurance Related Activities				P						
524291	Claims Adjusting										
525	Funds, Trusts, and Other Financial Vehicles				P						
53	Real Estate and Rental and Leasing										
531	Real Estate				P						
53112	Lessors of Nonresidential Buildings (except Miniwarehouses)				P						
53113	Lessors of Miniwarehouses and Self-Storage Units (w/Dev. Stnds.)										Requires Compliance w/
532	Rental and Leasing Services										
53211	Passenger Car Rental and Leasing				C						
53212	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing										
53221	Consumer Electronics and Appliances Rental				P						
53222	Formal Wear and Costume Rental				P						
53223	Video Tape and Disc Rental				P						
53229	Other Consumer Goods Rental				P						
53231	General Rental Centers				C						
53241	Construction, Transportation, Mining, and Forestry Machinery and Equipment Rental and Leasing										
53242	Office Machinery and Equipment Rental and Leasing				P						
53249	Other Commercial and Industrial Machinery and Equipment Rental and Leasing										
54	Professional, Scientific, and Technical Services										
541	Professional, Scientific, and Technical Services				P						
541490	Other Specialized Design Services				P						
54194	Veterinary Services (w/o kennels)				C						
541940	Veterinary Services										Requires the location of outdoor kennels to be at least 100-feet from any property line. Requires outdoor kennels, runs, enclosures, etc., to be enclosed by a solid fence at least 6-feet in height.
55	Management of Companies and Enterprises										
551	Management of Companies and Enterprises				P						
56	Administrative and Support and Waste Management and Remediation Services										
561	Administrative and Support Services				P						
56143	Business Service Center				P						
561613	Armored Car Services										
561622	Locksmiths										
56171	Exterminating and Pest Control Services										
56174	Carpet and Upholstery Cleaning Services										
562	Waste Management and Remediation Services										

SCHEDULE OF PERMITTED USES

NAICS Code	USE DESCRIPTION	HC	LC	RC	CBD	LI	I	AD	PI	PKNG. STND.	SPECIAL CONDITIONS
61	Educational Services										
6111	Elementary and Secondary Schools				P						
6112	Junior Colleges				P						
6113	Colleges, Universities and Professional Schools				P						
6114	Business Schools and Computer and Management Training				P						
6115	Technical and Trade Schools (Classroom Only)				P						
6116	Other Schools and Instruction (Classroom Only)				P						
6117	Educational Support Services				P						
62	Health Care and Social Assistance										
621	Ambulatory Health Care Services				P						
6211	Offices of Physicians				P						
6212	Offices of Dentists				P						
6213	Offices of Other Health Practitioners				P						
6214	Outpatient Care Centers				P						
62149	Other Outpatient Care Centers				P						
6215	Medical and Diagnostic Laboratories				P						
6216	Home Health Care Services				P						
6219	Other Ambulatory Health Care Services (except air ambulance)				P						
62191	Ambulance Services										
62199	All Other Ambulatory Health Care Services				P						
622	Hospitals				C						
6221	General Medical and Surgical Hospitals				C						
6222	Psychiatric and Substance Abuse Hospitals				C						Prohibits Buildings Housing Psychiatric Patients within 250 feet of any Residential District.
6223	Specialty (except Psychiatric and Substance Abuse) Hospitals				C						
6231	Nursing Care Facilities				P						
6232	Residential Mental Retardation, Mental Health and Substance Abuse Facilities				C						
6233	Community Care Facilities for the Elderly (w/o Nursing Care)				P						
6239	Other Residential Care Facilities				P						
624	Social Assistance (Office only)				P						
6241	Individual and Family Services				P						
6242	Community Food and Housing, and Emergency and Other Relief Services				P						
6243	Vocational Rehabilitation Services				P						
6244	Child Day Care Services (Includes Adult)				P						
71	Arts, Entertainment, and Recreation										
711	Performing Arts, Spectator Sports, and Related Industries (except spectator sports)				P						
7111	Performing Arts Companies				P						
7112	Spectator Sports				C						
7113	Promoters of Performing Arts, Sports, and Similar Events				P						
7114	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures				P						
7115	Independent Artists, Writers, and Performers				P						
712	Museums, Historical Sites, and Similar Institutions (w/o Zoos)				P						
7121	Museums, Historical Sites, and Similar Institutions (w/o Zoos)										
713	Amusement, Gambling, and Recreation Industries				C						
7132	Gambling Industries										
72	Accommodation and Food Services										
721	Accommodation										
7211	Traveler Accommodation										
72111	Hotel/Motel				P						

SCHEDULE OF PERMITTED USES

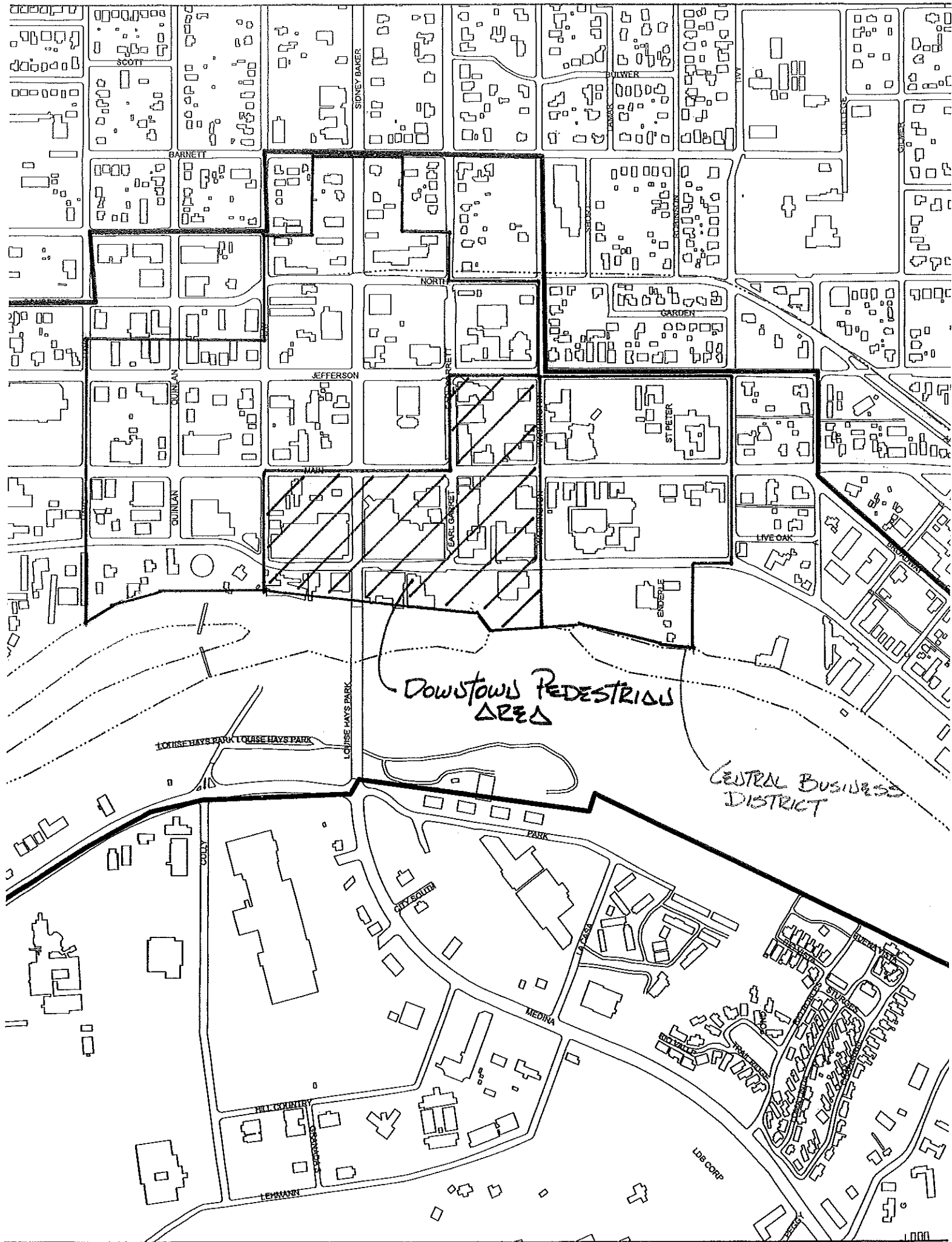
NAICS Code	USE DESCRIPTION	NC	LC	RC	CBD	LI	I	AD	PI	PKNG. STND.	SPECIAL CONDITIONS
721191	Bed-and-Breakfast Inns				P						Facility must comply with all city and state building, fire and health codes and must have a valid Certificate of Occupancy.
7212	RV (Recreational Vehicle) Parks and Recreational Camps										
7213	Rooming and Boarding Houses										
722	Food Services and Drinking Places				P						
72221	Limited - Services Eating Places (w/Dev. Stnds.)				P						
72233	Mobile Food Services				P						
81	Other Services (except Public Administration)										
811	Repair and Maintenance										
8111	Automotive Repair and Maintenance				C						
811191	Automotive Oil Change and Lubrication Shops				C						
811192	Car Washes				C						
8112	Electronic and Precision Equipment Repair and Maintenance (Minor)				P						
8113	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic)										
8114	Personal and Household Goods - Repair and Maintenance				P						
812	Personal and Laundry Services										
8121	Personal Care Services				P						
8122	Death Care Services				C						
8123	Drycleaning and Laundry Services										
81231	Coin-Operated Laundries and Drycleaners				P						
81233	Linen and Uniform Supply										
8129	Other Personal Services				P						
81291	Pet Care Services (except veterinary/kennels)				P						
81293	Parking Lots and Garages (by fee)				P						
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations				P						
8131	Religious Organizations				P						
8132	Grantmaking and Giving Services				P						
8133	Social Advocacy Organizations				P						
8134	Civic and Social Organizations				P						
8139	Business, Professional, Labor, Political, and Similar Organizations				P						
814	Private Households				P						
92	Public Administration										
921	Executive, Legislative, and Other General Government Support				P						
922	Justice, Public Order, and Safety Activities				P						
92214	Correctional Institutions										
923	Administration of Human Resource Programs				P						
924	Administration of Environmental Quality Programs				P						
925	Administration of Housing Programs, Urban Planning, and Community Development				P						
926	Administration of Economic Programs				P						
927	Space Research and Technology				C						
928	National Security and International Affairs				C						
A.	Residential Uses										
	Single Family				P						

SCHEDULE OF PERMITTED USES

NAICS Code	USE DESCRIPTION	NC	LC	RC	CBD	LI	I	AD	PI	PKG. STND.	SPECIAL CONDITIONS
	Duplex				P						
	Multi-Family				P						
	Upper Story Residential (Loft Apartments)				P						
B.	Accessory Uses & Structures				P						

Exhibit C

Boundary Map of Central Business District and Downtown Pedestrian Area as proposed



DOWNTOWN PEDESTRIAN
AREA

CENTRAL BUSINESS
DISTRICT

LOUISE HAYS PARK LOUISE HAYS PARK

LOUISE HAYS PARK

PARK

MEDINA

LEWIS

LDB CORP

Exhibit D

Proposed Off Street Parking and Loading Regulations

Note:

The Development Review Committee (DRC) within these proposed regulations refers to the DRC as defined within the zoning code, as follows:

Development Review Committee (DRC): A committee consisting of representatives of local governmental entities and utility providers, to include the City of Kerrville, Kerr County, franchise utility companies, and the Texas Department of Transportation; and chaired by the City Planner, which Committee is to review plats, site plans, and building plans submitted for approval prior to construction and/or development. Such review and approval does not take the place of the purpose and authority of either the Planning and Zoning Commission or City Council, where applicable.

OFF-STREET PARKING AND LOADING REGULATIONS

Significant Changes, as proposed, are HIGHLIGHTED

GENERAL PARKING REGULATIONS

OFF-STREET PARKING REQUIRED

Off-street parking spaces shall be provided in conformance with these regulations whenever a use is established or enlarged. Required spaces shall be on the building site of the use for which they are provided, unless otherwise permitted and may be provided in either surface parking areas or garages. Whenever there is a change in use, in floor area or in any other unit of measurement used to determine the requirements for off-street parking spaces, additional spaces shall be provided on the basis of the increased requirement.

USE OF REQUIRED SPACES

Required off-street parking and loading spaces shall be used only for their respective purposes and shall not be used for storage or display of vehicles or trailers for sale or rent, the storage or display of other goods, materials or products or the location of refuse storage containers. No required parking space may be placed in front of an overhead door or other point used for vehicular access.

SUBMISSION OF PLANS

Applications for building permits and Certificates of Occupancy shall include parking plans showing the design of off-street parking areas, including the layout of spaces, aisles and the location of ingress and egress points. Parking plans shall be approved by the Development Review Committee. Submission of a parking plan may be waived when it is not necessary to determine compliance with requirements.

ENCROACHMENT ON EASEMENTS AND RIGHTS-OF-WAY

No portion of any private parking space, lot or facility may encroach on any easement or right-of-way, unless authorized by law, ordinance, regulation or written agreement of the governmental or private entity which owns or otherwise has jurisdiction over the easement or right-of-way.

CALCULATIONS

The following rules shall apply in computing the parking requirement.

- Combination Uses** When a building site is used for a combination of uses, the parking requirement shall be the sum of the requirements for each type of use.
- Floor Area** Floor area shall mean gross square footage, except in the case of office and retail type uses where areas used for nonpublic purposes, such as storage, incidental repair, processing or packaging, show windows, offices incidental to management or maintenance, restrooms, or utility rooms, may be discounted, but shall require one space per 750 square feet of such use.

3. **Continuous Seating** When seating is provided on benches or pews, each 18 inches of such seating shall be counted as one seat for the purpose of calculating the parking requirement.
4. **Fractions** When a calculation results in the requirement of a fractional space, a fraction of less than one-half shall be disregarded and a fraction of one-half or greater shall require one parking space.

APPLICATION TO EXISTING BUILDINGS

If the use of a building is changed to a different use which pursuant to this section requires more off-street parking than currently exists, then;

1. The new use may not commence until the required additional off-street parking is provided, if the building is not located in the Central Business District; or
2. If the building is located in the Central Business District and the new use does not require an enlargement of that encompassed by the exterior walls of the building, the new use may commence without adding the off-street parking which would otherwise be required by this section, unless otherwise required.

PARKING LAYOUT AND CONSTRUCTION STANDARDS

Every parcel of land hereafter used as a public or private parking area, including commercial parking lots and vehicular display/storage areas, shall be developed and maintained in accordance with the following requirements.

MINIMUM SIZE AND SETBACKS

Each parking space shall be a minimum of 9 feet by 19 feet, exclusive of access drives and aisles. The 19 foot depth may include a 2 foot overhang over a paved, stoned, mulched or grassy area which is free of obstructions or over a sidewalk, provided that at least 3 feet of sidewalk remains unobstructed for pedestrian movement. No space shall overhang a property line, a right-of-way line, or a landscape area which is included as part of a minimum landscape requirement. Every space shall be at least 11 feet from the curb line of a public or private street.

1. **Wheel Stops** In any parking space which faces toward a property line or a building, a wheel stop and/or curb shall be provided which prevents a vehicle from extending across the property line or hitting the building.
2. **Parallel Parking** The minimum paved dimension for a parallel parking space shall be 9 feet by 23 feet.

ACCESS

There shall be adequate provision for safe, efficient ingress and egress to all off-street parking spaces, parking stalls may not be designed to be directly accessed from any street. All parking stalls must be accessible by means of a driveway, aisle or other maneuvering space; no parking space may require the use of a public right-of-way or a private street for the maneuvering of a vehicle in entering or leaving the space.

1. **Aisle Width** The standard parking aisle width shall be a minimum of 24 feet, provided that a reduced width may be approved by the Development Review Committee when the parking layout includes angled parking, one-way aisles or other special features which comply with other applicable City standards and generally accepted practices of parking lot layout.
2. **Fire Lanes** When a parking aisle is also serving as a fire lane, then the aisle must meet the minimum width, radius and construction standards for a fire lane, if these are greater than the requirements for a parking aisle.
3. **Residential Alleys** No access from a nonresidential use shall be permitted to or from an alley serving a residential district.

DRIVE THROUGH FACILITIES

Any facility offering drive-through service shall provide stacking lanes which are a minimum 9 feet in width and which provide direct forward access to each service window, station or other point of service. Such stacking lane shall be marked and shall be separate from any other driveway, parking space or aisle. Stacking lanes shall be measured from point of service and shall provide 20 feet per vehicle. Common stacking lanes for several service points may be used for financial and restaurant uses, provided that separate stacking for at least 3 vehicles is provided for each point of service before stacking is merged into a common lane.

1. **General** Unless otherwise specified below, each service point shall be provided with a stacking lane for a minimum of 3 vehicles.(Example: pharmacy, dry cleaner, beverage barn)
2. **Financial** Each teller station at a drive-through financial institution shall be provided with a stacking lane for a minimum of 5 vehicles.
3. **Restaurant** Each remote ordering station and each service window at a restaurant with drive-through service shall be provided with a stacking lane for a minimum of 5 vehicles.

SURFACING

All parking spaces and access drives shall be surfaced with asphalt or concrete pavements or alternative approved surface. All pavement must be of sufficient strength to support the vehicular loads imposed on it and shall be so graded and drained to dispose all surface water in accordance with requirements of the City of Kerrville and shall be marked to provide for orderly and safe loading, unloading, parking and storage of vehicles. All surfaces shall be maintained in good condition, generally free of potholes, cracks or broken pavement and allowing uninhibited access to all parking and loading spaces or drives.

LIGHTING

All parking areas in a nonresidential district which are used after dark shall be illuminated beginning one-half hour after sunset, continuing throughout the hours of use. If only a portion of the parking area is offered for use after dark and is clearly marked, then only that part is required to be illuminated in accordance with these standards. Lighting shall meet the following minimum standards;

1. **Intensity** An average of at least one foot candle, initial measurement, and at least one-half foot candle on a maintained basis on the parking lot surface. A minimum at any point of at least 0.3 foot candle initial and at least 0.2 foot candle maintained 1/3 of the average, whichever is greater.
2. **Fixtures** Light sources shall be indirect, diffused or shielded type fixtures to deflect the light from adjoining properties in residential districts and from boundary streets. Fixtures shall be mounted to buildings or on poles. Bare bulbs and strings of lights are prohibited.

PARKING REDUCTIONS AND SPECIFIC EXCEPTIONS

PARKING REDUCTION FOR MANUFACTURING AND WAREHOUSE USES

To allow a reduction in the parking requirement. Approval of a reduction in required parking shall primarily be considered for manufacturing and/or warehousing uses and shall be justified based on the amount of floor area per employee; the proportion of floor area occupied by machinery, equipment and storage; and/or the maximum employment. The potential impact of conversion to a more employee-intense use in the future should also be considered.

SPECIAL/SPECIFIC EXCEPTIONS

The Board of Adjustment may authorize the following exceptions, where it finds that the peculiar nature of the use, the shape or size of the property or other exceptional conditions would justify such action and could be accommodated without adverse impacts on adjacent properties or the surrounding neighborhood.

OFF STREET PARKING

To allow required parking spaces to be provided on a building site other than that for which the spaces are required. In general, such exception may be considered for employee parking or for institutional type uses such as hospitals, churches, or other uses where longer term parking is common. A permanent and irrevocable easement of the parking facilities in favor of the premises to be benefited thereby shall be dedicated and recorded in the Kerr County Clerks office as a condition of such use and a copy submitted to the City.

JOINT USE PARKING

To allow joint use or collective parking. Joint use parking shall mean that required spaces provided for one use may also be credited as required spaces for a complimentary use. A permanent and irrevocable easement of the parking facilities in

favor of the use to be benefited thereby shall be dedicated and recorded in the Kerr County Clerks office as a condition of such use and a copy submitted to the City.

The following definitions and examples shall be used as guidelines in considering requests for joint use parking.

1. **Complementary** Complementary uses are uses which generally operate at different time periods, so that one use is inactive when the other is active.
2. **Joint Use** The percentage or number of spaces which is allowed to be shared, used jointly, should be related to the proportion or number of spaces which will be available during the period of relative inactivity.
3. **Examples** If an office parking lot is generally 90% vacant in the evenings and on weekends, then 90% of the spaces might be credited as also providing the parking for a church which operates primarily in the evenings and on weekends. Or, if a church parking lot is generally 50% vacant on weekdays, then 50% of the spaces might be credited as also providing the parking for an office which operates only on weekdays. Theaters and other evening/weekend entertainment uses may be another example of a use that might share parking with an office, bank, church or other complementary use.

NUMBER OF PARKING SPACES REQUIRED

The following regulations shall apply in determining the number of parking spaces required for a specific use or combination of uses.

LISTED USES

For nonresidential uses, each category is assigned a "Parking Standard". The number of off-street parking spaces required for a specific nonresidential use shall be determined by reference to the *schedule of permitted uses* and the Table of Parking Standards, below.

USES NOT LISTED

For any use not listed, or where the listed standard is not applicable in the judgment of the Development Review Committee, the parking requirements shall be established using the requirement of a similar use which is listed or an applicable standard from another source. Such determination by the Development Review Committee may be appealed to the Planning and Zoning Commission.

HANDICAPPED PARKING

Parking for the handicapped and disabled shall be provided as part of the required parking in accordance with the requirements of the Americans with Disabilities Act.

TABLE OF PARKING STANDARDS – SEE EXHIBIT E

OFF-STREET LOADING REQUIREMENTS

In any nonresidential district, in connection with any building or part thereof hereafter erected or altered which is to be occupied by uses requiring the receipt or distribution by truck of materials or merchandise, there shall be provided and maintained, on the same lot with such building, off-street loading spaces.

DIMENSIONS

Each loading space shall be not less than 10 feet in width, 25 feet in length with a height clearance of not less than 14 feet.

LOCATION

Such space may occupy all or part of any required side or rear yard except the side yard along a side street in the case of corner lots. In no event shall any part of a required front yard be occupied by such loading space.

DISTANCE

No such space shall be closer than 50 feet to any lot located in any residential district, unless wholly within a completely enclosed building or unless enclosed on all sides by a masonry wall not less than six feet in height.

Exhibit E

Comparative Chart Outlining Proposed Parking Requirements

Existing Standards are in Black,
Proposed Standards are in Red

Schedule of Off-Street Parking Requirements.

Comparison from Existing To ZOIC Recommendation

Existing in **BLACK**, Proposed in **RED**

Land Use	Minimum Number of Parking Spaces
Bed and Breakfast	one space per bedroom plus the parking requirement for the owner's residence as required for dwelling no changes
Building Construction, General and Specialist	one space per each 500 square feet of floor space, or one space for each two employees, whichever is greater one space for each 500 sq feet of indoor space, one space for each 1000 sq feet of outside space
Business Services Office	one space per each 300 square feet of floor space one space per 300 sq feet
Day Care	one space per each employee, plus one space for visitors one space per each employee, and one space per 500 sq feet
Dwelling single family detached	two spaces per dwelling no change
Dwelling, single family attached, including duplexes, townhouses, and condominiums	one and one-half spaces per dwelling two spaces per dwelling unit
Dwellings, apartments	a. one space for each efficiency apartment, plus b. one and one-half spaces for each one-bedroom apartment, plus c. two spaces for each apartment with two or more bedrooms Two spaces per dwelling unit
Education, secondary/college Educational Services – 0 through pre-K - K through 8 grade – 9 through 12 grade – post high school – business/trade/technical/specialty	four spaces per classroom plus one space per each employee See daycare Two spaces per classroom 10 spaces per classroom One space per two students, plus one per student housing unit One space per student
Education, primary/middle	two spaces per classroom, plus one space per every eight fixed seats in an auditorium if applicable
Fuel Sales	one space per each 300 square feet of floor space, excluding the space available for parking vehicles at the pumps As required for other on site use

Funeral Services	one space per each 100 square feet of chapel floor area, or one space per each four person seating capacity, whichever is greater
Death Services	one space per each 100 square feet of chapel floor area, or one space per each four person seating capacity, whichever is greater plus one space per 300 sq feet of floor exclusive of the chapel
Land Use	Minimum Number of Parking Spaces
Hotel/Motel	<p>a, one space per room for rooms I through 50, inclusive; plus</p> <p>b. 75 space for each additional room between 51 and 100, inclusive; plus</p> <p>c. .5 space per room for each additional room after 100; plus</p> <p>d. 50% of the spaces normally required for secondary uses located on the hotel property including, but not limited to restaurants, bars, and retail stores.</p> <p>One space per sleeping unit, plus that parking required for restaurants, meeting rooms, offices and related facilities</p>
Life Care Developments	<p>a. two spaces per each three convalescent care beds; plus</p> <p>b. required parking for each other type of use, including, but not limited to, parking for independent living in separate apartments, etc..</p> <p>Total parking required may be reduced cumulatively as follows:</p> <p>a. if the development is restricted for occupancy primarily by people older than sixty-five years of age or who have a mental or physical disability, regardless of age, the number of spaces may be reduced to one space per dwelling unit, if such requirement is not already applicable;</p> <p>b. 20% if development contains personal care facility;</p> <p>c. 1 0% if development provides private van or bus transportation for residents; and</p> <p>d. 1 0% if development is located within 400 feet of property on which is located a grocery store and a pharmacy, measuring in a straight line between the two closest lot lines.</p>
Hospitals - Ambulatory – Out patient Surgery Center	One space per each patient bed
Nursing and Residential Care Facility	One space per four patient beds
Residential Care Facility w/o Nursing Care	One space for each living area
Offices of Health Care Providers (including veterinary services) , if they include clinical, laboratory, or out patient care	One space per 150 sq feet of gross floor area

Manufacturing Custom	<p>a. one space per each 500 square feet of floor area of manufacturing floor space; plus</p> <p>One space per each 1000 sq feet of gross floor area, plus</p> <p>b. one space per each 300 square feet of office and retail sales floor area.</p>
Manufacturing, Heavy and Limited	<p>one space per each 500 square feet of floor area</p> <p>One space per each 1000 sq feet of gross floor area, plus one space per each 300 square feet of office floor area.</p>

Land Use	Minimum Number of Parking Spaces
Mini-Storage	<p>a. If two lane driveway is constructed adjacent to the storage buildings, the only parking requirements will that required for whatever office space there is within the complex.</p> <p>b. If the driveways are not adequate for two lanes of traffic, then one parking space located in a manner which does not interfere with traffic flow is required for each five storage bays</p> <p>Parking as required for office space, onsite apartment, plus</p> <p>One space per 10,000 feet of gross floor area</p>
Personal Services (all categories, except day care and mini-storage) Personal Services	<p>one space per each 300 square feet of floor area</p> <p>one space per 250 sq feet</p>
Professional Offices Office	<p>One space per each 300 square feet of floor area</p> <p>one space per 300 sq feet</p>
Public Assembly, including auditoriums Churches Public Assembly and Auditoriums and Theaters Cultural (museums, art galleries, library, etc.)	<p>one space per each four seats in the main assembly room, auditorium or arena, based on the maximum possible seating configuration</p> <p>One space per four seats in sanctuary and specific reqmnts for offices, meeting rooms, classrooms, and commons area</p> <p>If with fixed seating, one space per four fixed seat or, If without fixed seating, one space 50 sq feet of gross assembly area</p> <p>One space per 400 sq feet of gross floor area</p>

Recreation, Commercial	<p>a. Indoor theaters must have one space per each four seats.</p> <p>b. Other indoor entertainment centers, including, but not limited to, video game rooms and pool rooms, must have one space for each 100 square feet of floor area.</p> <p>c. Indoor sports facilities, including, but not limited to, bowling alleys, swimming pools, or weight training rooms must have one space per each lane or court, and one space per each 600 square feet of floor area whichever is applicable.</p> <p>d. Outdoor sports and recreation (such as golf ranges, swimming pools, and tennis courts) must have two spaces per each lane or court, two spaces per each hole, whichever is applicable. When the facility is constructed with spectator seating, one space per each four seats.</p>
Recreation, indoor	Four spaces per each court or lane plus one space per 100 sq feet of floor exclusive of the courts and lanes
Recreation, outdoor	One space per 600 sq feet of recreation area
Recreation, golf courses, country club,	Parking as required for office space, restaurant, meeting space, plus 5 spaces per green
Restaurants	<p>a. Businesses specializing in fast order service and typically provides for take out food must have fifteen spaces per each 1000 square feet of floor area including dining, waiting, serving, and cooking areas</p> <p>b. Businesses specializing in sit down dinners must have one parking space per each 1 00 square feet of dining area and bar area.</p>
Restaurants (including drinking establishments and like facilities)	One space for each 4 seats or 1 space per 100 sq feet gross floor area, whichever is greater

Land Use	Minimum Number of Parking Spaces
Retail Trade Retail, Personal Services Retail Large Item Outdoor storage/sales area	One parking space per each 300 square feet of floor one space per 250 sq feet one space per 400 sq feet one space per 2000 sq feet
Transportation Terminals Miscellaneous	One parking space per each 100 square feet of floor area. The parking requirement shall be established by the Development Review Committee, using the standard of the use most similar to the use as outlined above or an applicable standard from another source. The requirement established by the DRC may be appealed to the Planning and Zoning Commission
Vehicle Repair Auto Repair and Maintenance, except Car Washes	a. one parking space per each repair stall (the repair stall cannot count as a parking space); plus b. the number of parking spaces required for whatever office floor area there may be a. three parking spaces per each repair stall (the repair stall cannot count as a parking space); plus b. the number of parking spaces required for whatever office floor area there may be.
Vehicle, Equipment, and Manufactured, Home Sales Outdoor storage/sales area	a. one parking space for each 200 square feet of office and showroom space; plus b. the number of required spaces for vehicle repair, if also part of the sales business one space per 2000 sq feet
Warehouse and Distribution	a. one space for each 1000 square feet of warehouse space; plus b. the number of required spaces for whatever office space there may be One space per each 1000 sq feet of gross floor area, plus one space per each 300 square feet of office floor area.

Exhibit F

Proposed Special Development Regulations for Certain Uses

Art. 11-I-19 SUPPLEMENTARY DEVELOPMENT REQUIREMENTS
(as proposed by ZOIC)

Supplementary development requirements are use specific development requirements that are in addition to the zoning district development standards. These development requirements were established to assure compatibility with the adjacent zoning district and land uses as well as the public need and the City's orderly development.

A. Gasoline Sales: Automobile services stations and other gasoline sales uses, except the sale of aviation fuel at an airport, shall comply with the following requirements;

1. A minimum lot size of one (1) acre with a minimum street frontage of 120-feet.
2. The primary use of a gasoline/fuel sales establishment in any district in which it is permitted shall be the sale of gasoline with incidental sales of sundries. The operation of a convenience store shall be permitted in conjunction with gasoline sales. Vehicle sales and repair shall not be considered an accessory use. Automated car washes, as an accessory use, may be permitted.
3. No outdoor sales or storage shall be permitted in conjunction with gasoline sales facilities.
4. Pump islands shall be located a minimum 25-foot from any street right-of-way.
5. Pump islands shall be located a minimum 100-foot from any residential district.
6. The location of the refueling area shall be located a minimum of 100-feet from any residential district and 25-feet from any street right-of-way. In addition, an area must be provided for the refueling truck outside the required drive aisles, fire lanes and required parking.
7. Any canopy placed over the pump island may not extend closer than 15-feet to any street right-of-way.
8. An eight (8) foot solid fence shall be provided along any property line adjoining a residential district.
9. All lighting shall be designed and installed to prevent glare or excessive light spillover onto adjacent properties.
10. Signage shall comply with the City's Sign Regulations existing at the time of permitting and installation, except canopy signage. Canopy signs shall be limited to 25% of the canopy face and shall be limited to two (2) sides.
11. All self-service facilities shall provide an emergency shut-off switch, to completely eliminate the flow of gasoline from all pumps in an emergency situation.
12. This use is prohibited within 100-feet of the flood plain, requires a CUP within 500-feet of the flood plain and requires a CUP within 1000-feet of the domestic, City, water supply source.

B. Miniwarehouses and Self-Storage Units: Shall mean those facilities designed for self-storage by patrons in individual, compartmentalized,

controlled access stalls or lockers. Such development shall comply with the following requirements;

(a) Use, Parking and Access:

1. An approved development site plan per Article 11-I-15(II), regardless of lot size or base zoning shall be required.
2. Miniwarehousing shall be used for storage purposes only, and not for any other use, processing, services or activities. Outdoor storage is prohibited in conjunction with this use.
3. The use may include recreational vehicle, boat and automobile storage, provided that the storage area is screened from view and paved. The site plan/concept plan must show the designed parking/storage area at the time of project submittal. No parking/storage of recreational vehicles or boats shall be allowed within 50-feet of any residential district.
4. One apartment shall be permitted for use by an on-site manager/security guard.
5. All drives, parking, loading and vehicle circulation areas shall be paved in accordance with City specifications.
6. One parking space shall be required in the office/apartment area for each 10,000 square feet of floor area in the miniwarehouse development. (These spaces are in addition to the required loading areas).
7. A continuous marked fire lane is required throughout the project.
8. A continuous loading area, a minimum 8-foot in width, shall be provided for parking and loading in addition to the fire lane along any building face where there is access to the storage units.

(b) Design Criteria:

1. The minimum separation between buildings shall be 20-feet, provided that additional separation will be necessary where loading areas and fire lanes are required.
2. Projects shall be designed with solid exterior walls with no openings, so that access doors to the storage units are not visible from the public sides of the project. Buildings shall be connected by masonry walls, 8-feet in height, designed to match the buildings exterior except at the entrance area, where wrought iron fencing may be used.
3. the leasing office, manager's apartment shall be 100% masonry with a "residential-style" design, including materials, doors, windows, roofing, roof pitch, etc., typically used in residential design and construction and shall not exceed one-story in height if adjacent to a residential district.
4. The building exterior shall be 100% masonry and shall include design features to break up long facades.
5. The maximum height adjacent to a residential district shall be one-story, generally limited to a maximum of 11-feet.
6. Signage shall be limited to wall and monument signs, no pole signs shall be permitted.
7. Lighting shall be installed with no fixtures extending above the rooflines and/or shining toward a residential district.

C. **Day Care Services (Includes Adult):** A facility providing care, supervision and guidance to an unaccompanied person for a period less than 24 hours per day. The term includes nursery schools, preschools, day care centers and other similar uses. Day care facilities shall comply with the following requirements;

1. An approved development site plan per Article 11-I-15(II), regardless of lot size or base zoning shall be required.
2. All day care facilities shall meet minimum state requirements for such facilities.
3. Requires a circular or similar drive, covered at the entrance with loading/unloading space for 2 vehicles. (Not required in multitenant buildings.)
4. No portion of any play or instruction area shall be located within the required front yard setback and/or exterior side yard setback.
5. An 8-foot solid fence shall be provided along any property line adjoining a residential district.
6. Signage shall be limited to monument style signs as defined in the City's Sign Regulations.

D. **Automotive Repair and Maintenance and Automotive Oil Change and Lubrication Shops:** Facilities primarily engaged in providing a wide range of mechanical and electrical repair, maintenance services, diagnostic services, changing motor oil and lubricating automotive vehicles, such as passenger cars, light (pickup) trucks and vans shall comply with the following requirements;

1. All maintenance shall be performed entirely within the bays of the maintenance facility.
2. No outdoor storage of vehicle parts or supplies, including, but not limited to, tires, petroleum products, etc., shall be permitted.
3. Maintenance facilities shall be located a minimum 100-foot from any residential district.
4. Incidental functions such as air compressors shall be setback a minimum 25-feet from any street right-of-way, a minimum 50-feet from any side or rear property line and 100-feet from any residential district.
5. An 8-foot solid fence shall be provided along any property line adjoining a residential district.
6. Vehicles waiting for repair shall be located in a secure area on the site, no off-site or on street parking or storage shall be permitted.
7. Signage shall comply with the City's Sign Regulations existing at the time of permitting and installation.
8. This use is prohibited within 100-feet of the flood plain, requires a CUP within 500-feet of the flood plain and requires a CUP within 1000-feet of the domestic, City, water supply source.

E. **Car Washes (Self-Service and Unattended):** A facility primarily used for washing, drying, polishing or vacuuming of passenger vehicles, recreational

vehicles or other light duty equipment. Car wash developments shall comply with the following requirements, except as accessory uses;

1. Car wash facilities must be designed with and utilize water recirculation systems.
2. Incidental functions such as vacuums and air compressors shall be setback a minimum 25-foot from any street right-of-way and a minimum 50-foot from any side or rear property line and 100-feet from any residential district.
3. An 8-foot solid fence shall be provided along any property line adjoining a residential district.
4. All lighting, including lighting for wash bays and canopies, shall be designed and installed to prevent glare or excessive light spillover onto adjacent properties.
5. Signage shall comply with the City's Sign Regulations existing at the time of permitting and installation, except canopy signage. Canopy signage shall be limited to 25% of the canopy face and shall be limited to two (2) sides.
6. This use is prohibited within 100-feet of the flood plain, requires a CUP within 500-feet of the flood plain and requires a CUP within 1000-feet of the domestic, City, water supply source.

The following ordinances apply special development regulations on certain uses, as adopted by separate ordinance, and are included here for reference.

- F. **Small Wind Energy Systems:** A small wind energy system is a mechanical system, whether connected to an electrical utility grid or not, consisting primarily of a tower or roof-mounted anchoring system, rotor, blades, and a generator that is designed for the purpose of converting and then storing or transferring energy from the wind into useable forms of energy. Small wind energy systems shall be regulated in accordance with Ordinance No. 2002-11, as adopted by City Council on June 11, 2002, including future amendments.
- G. **Sexually Oriented Businesses:** Sexually oriented businesses refers to adult entertainment that shall include, but not be limited to, an adult arcade, adult bookstore or adult video store, adult cabaret, adult motel, adult motion picture theater, adult tanning salon, adult theater, escort agency, nude modeling studio, sexual encounter center, or any other commercial enterprise, the primary business of which is the offering of a service or the selling, renting, or exhibiting of devices or any other items intended to provide sexual stimulation or sexual gratification to the customer. Sexually oriented businesses shall be regulated in accordance with Ordinance No. 2003-27, as adopted by City Council on December 9, 2003, including future amendments.
- H. **Wireless Telecommunication Facilities:** Wireless telecommunication facility (WTF) refers to a structure designed and constructed to support one or more antennas used by commercial wireless telecommunication or broadcasting facilities and including all appurtenant devices attached to it. A tower can be freestanding (solely self-supported by attachment to the ground) or supported (attached directly to the ground and with guy wires), or lattice or

monopole construction. This definition includes satellite dishes, microwave-transmitting towers, and WTF's attached to or supported by buildings. Wireless telecommunication facilities (Cellular Antennas) shall be regulated in accordance with Ordinance No. 2003-35, as adopted by City Council On December 9, 2003, including future amendments.

- I. **Amateur Radio Antennas:** An amateur radio antenna (ARA) is defined as an antenna used for transmitting and/or receiving by a licensed or unlicensed amateur radio operator and includes the actual tower, support structure and related equipment. Amateur radio antennas (ARA's) shall be regulated in accordance with Ordinance No. 2005-11, as adopted by City Council on September 13, 2005, including future amendments.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Update regarding LCRA TSC's application for the McCamey D to Kendall to Gillespie CREZ project (**PUC Docket No. 38354**).

FOR AGENDA OF: 9-14-10

DATE SUBMITTED: 9-9-10

SUBMITTED BY: Todd Parton
City Manager

CLEARANCES: Todd Parton
City Manager

EXHIBITS: None

AGENDA MAILED TO: NA

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	NA

PAYMENT TO BE MADE TO: NA

REVIEWED BY THE FINANCE DEPARTMENT: NA

SUMMARY STATEMENT

City staff will provide a full briefing on the status of LCRA's CCN application for the McCamey D to Kendall to Gillespie CREZ line. Included in this report are some of the key dates/points:

1. September 1, 2010 – Pre-hearing with the Administrative Law Judges (ALJ)
 - a. Meeting was held in Austin and attended by Bruce Motheral (Mayor Pro Tem), Mike Hayes (City Attorney), Todd Parton (City Manager) and Charlie Hastings (Public Works Director)
 - b. Some preliminary testimony was heard
 - c. Procedural processes were finalized
 - d. Motion to dismiss was certified and forwarded to the PUC for consideration on September 15, 2010 – the PUC will consider the necessity of the line and determine whether to continue or dismiss the application
2. September 15, 2010 – PUC Consideration of Necessity of Line
 - a. PUC will meet to consider the motion to dismiss the application
3. September 16, 2010 – Regional Meeting with Hill Country Communities
 - a. Lunch meeting with representatives of the communities within the study area of the McCamey D to Kendall to Gillespie project
 - b. Common interests will be identified
 - c. Protocols on how communities with aligned interests may work together and coordinate activities
4. September 28, 2010 – Submission Deadline for Written Testimony or Other Written Information
 - a. Deadline by which all written documents must be submitted to the ALJ
 - b. Includes testimony, letters of opposition or other such written documents that groups or individuals would like entered into the record

5. October 22, 2010 – Continuation of Pre-Hearing
 - a. ALJ will reconvene should the PUC continue the application process
 - b. Purpose is to determine those parties with aligned interests and other pre-hearing issues
6. October 25 through November 5, 2010 – Formal Hearing
 - a. Two week hearing to consider the application

RECOMMENDED ACTION

No additional action is required at this time. This update is being provided for informational purposes.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Kerrville Budget/Economic Update

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 2, 2010

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Economic Update
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The City of Kerrville staff will present and update Council on a biweekly basis as to the status of the City's budget and current economic trends affecting the City.

RECOMMENDED ACTION

No action required information purposes only.

**CITY OF KERRVILLE
ECONOMIC UPDATE AS OF SEPTEMBER 8, 2010**

	Current Month	Previous Month	1 Year Ago	Trend	Current Month
National					
Unemployment	9.60%	9.50%	9.70%	↔	August
Consumer Confidence	53.5	51	54.5	↔	August
1 year T-Bills	0.24%	0.24%	0.39%	↓	9/7/10

State					
Monthly Unemployment	8.50%	8.50%	8.30%	↔	July
Monthly Sales Tax	\$1,686.5m	\$1,607.0m	\$1,651.0m	↑	July

Local					
Monthly Unemployment (Kerr Co.)	6.20%	6.30%	6.10%	↔	July
Median Listing Price	\$189,000	\$195,000	\$200,000	↓	8/2/10
Monthly Sales Tax	\$371,074	\$443,423	\$379,436	↓	September
Monthly EIC Tax	\$185,537	\$221,711	\$189,718	↓	September
Monthly HOT	\$98,720	\$108,059	\$109,433	↓	August

	FY10 Budget	FY10 YTD - July	FY10 % Received	FY09 YTD - July	FY09 % Received
General Fund					
Tax Revenue	\$15,055,218	\$13,729,748	91.20%	\$14,312,368	91.20%
Property Tax	\$8,468,618	\$8,146,926	96.20%	\$8,040,481	97.57%
Sales Tax	\$4,624,000	\$4,115,677	89.01%	\$4,639,177	90.54%
Permits & Fees	\$370,750	\$285,082	76.89%	\$387,075	89.33%
Intergovernmental	\$695,156	\$626,271	90.09%	\$799,252	95.78%
Service Revenues	\$3,311,183	\$2,690,253	81.25%	\$3,060,556	93.30%
Grant Revenue	\$10,000	\$10,525	105.25%	\$39,657	129.73%
Fines & Forfeitures	\$504,510	\$467,862	92.74%	\$463,483	108.00%
Interest & Misc.	\$460,211	\$497,423	108.09%	\$377,606	79.40%
Transfers In	\$1,260,825	\$1,106,910	87.79%	\$775,990	87.54%
Total General Fund	\$21,667,853	\$19,414,075	89.60%	\$20,215,985	91.63%

Water/Sewer Fund					
Water Sales	\$5,060,000	\$3,863,451	76.35%	\$4,458,744	97.69%
Sewer Sales	\$3,900,000	\$3,376,178	86.57%	\$3,125,159	88.13%
Other Revenue	\$669,500	\$767,124	114.58%	\$754,847	104.78%
Total Water & Sewer Fund	\$9,629,500	\$8,006,753	83.15%	\$8,338,750	94.43%

City Sales and Use Tax Comparison Summary - September 2010

NOTE: Some jurisdictions may have changed tax rates, thus affecting the comparison.
See Local Sales Tax Rate Information Report for a list of jurisdictions who have changed rates in the preceding 14 months.

U/C = Unable to compute percentage change.

City	Net Payment This Period	Comparable Payment Prior Year	% Change	2010 Payments To Date	2009 Payments To Date	% Change
Kerrville	556,611.18	567,304.18	-1.88%	5,095,266.92	5,659,383.63	-9.96%
Bandera	46,405.61	42,756.90	8.53%	434,801.90	475,063.35	-8.47%
Uvalde	159,273.96	159,746.88	-0.29%	1,473,832.12	1,547,756.26	-4.77%
Junction	39,189.89	39,562.34	-0.94%	322,370.16	337,341.20	-4.43%
Cedar Park	975,573.26	1,032,169.06	-5.48%	9,920,600.10	10,350,771.71	-4.15%
Buda	225,716.04	272,374.78	-17.13%	2,426,354.43	2,463,213.24	-1.49%
Llano	65,151.57	59,454.25	9.58%	579,891.05	586,311.48	-1.09%
Fredericksburg	299,791.46	297,713.07	0.69%	2,658,612.12	2,679,007.40	-0.76%
Balcones Heights	87,592.50	87,329.54	0.30%	893,326.24	887,680.38	0.63%
Blanco	24,162.38	22,176.58	8.95%	249,660.61	245,490.09	1.69%
Bulverde	75,621.47	69,315.81	9.09%	645,911.42	631,812.73	2.23%
San Antonio	16,640,047.69	15,666,439.65	6.21%	157,351,053.98	153,873,793.43	2.25%
Live Oak	473,650.76	398,281.84	18.92%	4,339,566.78	4,207,444.05	3.14%
San Marcos	1,576,202.01	1,520,381.07	3.67%	13,990,680.35	13,496,245.78	3.66%
Boerne	317,508.97	309,603.29	2.55%	3,068,793.11	2,958,542.50	3.72%
Austin	10,630,899.03	9,805,952.40	8.41%	103,480,610.74	99,027,305.67	4.49%
New Braunfels	1,798,800.60	1,741,252.00	3.30%	13,687,175.26	13,082,411.13	4.62%
Schertz	604,205.73	473,921.24	27.49%	4,776,298.62	4,514,197.68	5.80%
Converse	172,014.03	149,450.52	15.09%	1,770,550.25	1,631,530.30	8.52%
Alamo Heights	73,642.23	85,338.58	-13.70%	702,913.38	629,556.18	11.65%
Kyle	224,067.95	212,424.21	5.48%	2,229,508.10	1,956,577.93	13.94%
Cibolo	63,381.36	59,169.68	7.11%	625,634.20	522,978.52	19.62%

**BUSINESS OF THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Appointments to the Building Board of Adjustment and Appeals

FOR AGENDA OF: September 14, 2010 **DATE SUBMITTED:** September 9, 2010

SUBMITTED BY: Brenda Craig **CLEARANCES:** Todd Parton
City Secretary City Manager

EXHIBITS: Draft Board Sheet

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

SUMMARY STATEMENT

Consider appointments to the newly created board:

Building Board of Adjustment and Appeals: Five terms to expire August 31, 2011: architect, engineer, contractor, active member of the construction industry, and one alternate and four terms to expire August 31, 2012: master electrician, master plumber, mechanical contractor, and one alternate.

RECOMMENDED ACTION

Consider appointments.

BUILDING BOARD OF ADJUSTMENT AND APPEALS

	<u>Telephone</u>	<u>Orig. Appt.</u>	<u>Re-Appt. Date</u>	<u>Exp. Date</u>
i	VACANT			08-31-11
ii	VACANT			08-31-11
iii	VACANT			08-31-12
iv	VACANT			08-31-12
v	VACANT			08-31-12
vi	VACANT			08-31-11
vii	VACANT			08-31-11

ALTERNATES:

(*)	VACANT	08-31-12
(*)	VACANT	08-31-11

CITY STAFF:

Jeff Finley 792-8356 (O)
Chief Building Official

Qualifications:

Members shall be composed of the following:

- i an architect licensed to practice in the state;
- ii a professional engineer licensed to practice in the state;
- iii a master electrician licensed to practice in the state;
- iv an unrestricted master plumber licensed to practice in the state;
- v a mechanical contractor with a Class A state license;
- vi a person licensed by the city as a contractor;
- vii a person that is active in the construction industry; provided, however, if the city council determines that there is no architect or professional engineer available to serve on the board, then council shall select a second person meeting this description to serve.
- (*) alternate members shall be qualified as one of the following: master electrician, master plumber or mechanical contractor.

Alternate board members shall attend all meetings and are subject to the attendance requirement applicable to the board; however, alternate members shall serve only in the absence of one or more regular members and shall then act as a regular member for that entire meeting. Members shall be residents of the county and operate or be employed by a business located within the city; however, no two (2) members, regular or alternate, may be employed by or have an ownership interest in the same business or firm.

- Powers and Duties:
- (1) To hear appeals of decisions and interpretations of the chief building official and fire code official and to consider variances to the standardized building codes as more specifically described in Sec. 26-251 of Ordinance No. 2010-15. No appeal may arise out of the city's issuance of citation for violation of any of the standardized building codes as the procedure for the consideration and decision regarding citations is solely under the purview and authority of the municipal court. In addition, the board shall have no authority to waive, and is prohibited from waiving, any requirement of the standardized building codes; and
 - (2) Recommend amendments to this chapter; any standardized building code adopted by the city council; or any other code, application, or process applicable to the city's review, application, interpretation, and enforcement of the standardized building codes with the goal toward addressing any deficiencies, voids, inconsistencies, inefficiencies, or technical errors; and
 - (3) To hear appeals, issue orders, and fulfill other duties pursuant to the authority established in Article VII of this Chapter for unsafe building abatement.

Term of Office: Two years.

No regular member shall serve more than two consecutive full terms on the board without having at least one full year off of the Board between terms; provided, however, if the city council finds that it has not received applications from other qualified candidates, the city council may reappoint an incumbent member of the board notwithstanding the restrictions of this subsection.

Quorum: Four members

Number of Members: Seven members, and two alternates

Officers: The board shall elect a chair and vice-chair who shall be appointed from among its voting members. The board shall appoint such officers at the first meeting of the board held after September 1 of each year. Officers shall serve a term of one year and all such terms shall end on August 31 after the date of election or until a successor is elected, but in every case each subsequent term shall end on August 31. An officer of the board may not serve in the office elected for more than two consecutive terms.

Meeting Time & Place: At least quarterly at the call of the chair, City Hall

Absences: As established in the Procedural Rules for Kerrville City Boards.

Established by: Ordinance No. 2010-15

Revised: September 9, 2010