

**AGENDA FOR REGULAR MEETING**

**KERRVILLE CITY COUNCIL**

**TUESDAY, JUNE 13, 2017, 6:00 P.M.**

**KERRVILLE CITY HALL COUNCIL CHAMBERS**

**701 MAIN STREET, KERRVILLE, TEXAS**

**KERRVILLE CITY COUNCIL AGENDA**  
**REGULAR MEETING, TUESDAY, JUNE 13, 2017, 6:00 P.M.**  
**CITY HALL COUNCIL CHAMBERS**  
**701 MAIN STREET, KERRVILLE, TEXAS**

**CALL TO ORDER**

**INVOCATION OFFERED BY COUNCILMEMBER PLACE THREE MARY ELLEN SUMMERLIN**

**PLEDGE OF ALLEGIANCE TO THE FLAG**

**1. 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.

**2. RECOGNITIONS:**

2A. Resolutions of Commendation to Gary Cochrane and Delayne Sigerman for serving on the City of Kerrville, Texas Economic Improvement Corporation. (Mayor White)

**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 the City Council approve the following items which will grant the Mayor or City Manager the authority to take all actions necessary for each approval:

3A. Minutes of the regular meetings of May 9 and May 23, 2017, and the special meeting of May 16, 2017. (staff)

3B. 72 Month lease purchase agreement with Austin Turf and Tractor via Deere Credit, Inc. through the Texas BuyBoard for mowing equipment at the Kerrville Sports Complex in the amount of \$109,692.72. (staff)

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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: June 9, 2017 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig  
City Secretary, City of Kerrville, Texas

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3C. Purchase equipment from Austin Turf and Tractor through the Texas BuyBoard for the Kerrville Sports Complex in the amount of \$45,170.76. (staff)

3D. Resolution No. 20-2017 authorizing the City's continued participation with the Atmos Cities Steering Committee; and authorizing the City's payment of two cents per capita to the Atmos Cities Steering Committee to fund regulatory and related activities related to Atmos Energy Corporation. (staff)

**END OF CONSENT AGENDA**

**4. ORDINANCE, SECOND AND FINAL READING:**

4A. Ordinance No. 2017-13, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2017 Rate Review Mechanism filings; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the settlement tariffs to be just and reasonable and in the public interest; requiring reconciliation and rate adjustments if federal income tax rates change; terminating the RRM process for 2018 pending renegotiation of RRM terms and conditions; requiring the company to reimburse ACSC's reasonable ratemaking expenses; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this ordinance to the company and the ACSC's legal counsel. (staff)

**5. CONSIDERATION AND POSSIBLE ACTION:**

5A. Rearrange the order of the city council meeting agenda by moving the "Visitors/Citizens Forum" section of the agenda to be before the "Consent Agenda." (Councilmember Voelkel)

5B. Letter of intent with the Cailloux Foundation Properties, LLC for the donation of an approximate 7 acre tract of land to be used for the city's construction of an onsite storage of reuse water at the Kerrville Sports Complex. (staff)

5C. Professional Services Agreement with Hewitt Engineering, Inc. for design services for the Kerrville Sports Complex reuse pond and pump station project. (staff)

5D. Establish process for interviewing and considering applicants for appointment to boards and commissions. (staff)

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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: June 9, 2017 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig  
City Secretary, City of Kerrville, Texas

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**6. APPOINTMENTS TO BOARDS AND COMMISSIONS:**

6A. Appointments to the Mayor's Youth Advisory Council. (staff)

**7. DISCUSS AND CONSIDER ACTIONS ON THE REUSE OR RECLAIMED WATER PROJECT** (City Council)

**8. CITY MANAGER'S REPORT**

**9. VISITORS/CITIZENS FORUM:**

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. City 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.

**10. ITEMS FOR FUTURE AGENDAS**

**11. EXECUTIVE SESSION:**

City Council may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above 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/officers), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code.

**12. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION, IF ANY**

**13. ADJOURNMENT.**

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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: June 9, 2017 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig  
City Secretary, City of Kerrville, Texas

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## **Agenda Item:**

2A. Resolutions of Commendation to Gary Cochrane and Delayne Sigerman for serving on the City of Kerrville, Texas Economic Improvement Corporation.  
(Mayor White)



## City of Kerrville

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### RESOLUTION OF COMMENDATION

**WHEREAS, GARY COCHRANE** has served as a member of the Economic Improvement Corporation with the date of service beginning December 13, 2011; and

**WHEREAS, GARY COCHRANE** has served faithfully and dutifully on said board;

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

That **GARY COCHRANE** be recognized for outstanding service as a member of the Economic Improvement Corporation, and that on behalf of the citizens of Kerrville as well as for ourselves individually, we wish to express our sincere appreciation for contributions to the city and the community.

PASSED AND APPROVED, this the \_\_\_\_ day of \_\_\_\_\_, 2017.

ATTEST:

\_\_\_\_\_  
Brenda G. Craig, City Secretary

\_\_\_\_\_  
Bonnie White, Mayor

\_\_\_\_\_  
George Baroody, Mayor Pro Tem

\_\_\_\_\_  
Vincent Voelkel, Councilmember

\_\_\_\_\_  
Mary Ellen Summerlin, Councilmember

\_\_\_\_\_  
C. Warren Ferguson, Councilmember



## City of Kerrville

701 MAIN STREET • KERRVILLE, TEXAS 78028 • 830.257.8000 • KERRVILLETX.GOV

### RESOLUTION OF COMMENDATION

**WHEREAS, DELAYNE SIGERMAN** has served as a member of the Economic Improvement Corporation with the date of service beginning May 26, 2015; and

**WHEREAS, DELAYNE SIGERMAN** has served faithfully and dutifully on said board;

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

That **DELAYNE SIGERMAN** be recognized for outstanding service as a member of the Economic Improvement Corporation, and that on behalf of the citizens of Kerrville as well as for ourselves individually, we wish to express our sincere appreciation for contributions to the city and the community.

PASSED AND APPROVED, this the \_\_\_\_ day of \_\_\_\_\_, 2017.

ATTEST:

\_\_\_\_\_  
Brenda G. Craig, City Secretary

\_\_\_\_\_  
Bonnie White, Mayor

\_\_\_\_\_  
George Baroody, Mayor Pro Tem

\_\_\_\_\_  
Vincent Voelkel, Councilmember

\_\_\_\_\_  
Mary Ellen Summerlin, Councilmember

\_\_\_\_\_  
C. Warren Ferguson, Councilmember

## **Agenda Item:**

3A. Minutes of the regular meetings of May 9 and May 23, 2017, and the special meeting of May 16, 2017. (staff)

CITY COUNCIL MINUTES  
REGULAR MEETING

KERRVILLE, TEXAS  
MAY 9, 2017

On May 9, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street. The invocation was offered by Councilmember Place Two, Glenn Andrew, followed by the Pledge of Allegiance led by Dannie Smith.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
Stephen P. Fine	Mayor Pro Tem
Glenn Andrew	Councilmember
Mary Ellen Summerlin	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT: None.

CITY CORE STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meisner	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Kaitlin Berry	Special Projects Manager

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. **ANNOUNCEMENTS OF COMMUNITY INTEREST:** were given.

- Mr. Andrew and Mr. Fine were recognized for their service.
- Mr. McDaniel was introduced as the new City Manager.

2. **RECOGNITIONS:**

2A. Proclamation proclaiming May as Williams Syndrome Awareness Month.

3. **CONSENT AGENDA:**

Mr. Andrew moved to approve consent agenda items 3A, 3B, and 3C; Mr. Fine seconded the motion, and the motion passed 5-0:

3A. Minutes of the special meeting held March 28, 2017, and the regular meetings held March 28, April 11, and April 25, 2017.

3B. Resolution No. 12-2017 acknowledging the designation of the City Secretary as the city official to receive public information requests for the City; designating the City Secretary as the Public Information Coordinator for the

purpose of receiving training on the responsibilities concerning public information requests under the Texas Public Information Act; and providing an effective date.  
3C. Resolution No. 13-2017 approving a Regional Mutual Aid Agreement with local government entities and local organizations within the geographic area covered by the Alamo Area Council of Governments; and providing notice of the city's termination of a similar agreement entered into by the city in 2003.

#### **END OF CONSENT AGENDA**

#### **4. ORDINANCES, SECOND AND FINAL READING:**

4A. Ordinance No. 2017-12 amending Chapter 74 "Parks and Recreation," of the Code of Ordinances of the City of Kerrville, Texas, by amending Article II "Parks and Recreation Advisory Board" to increase the number of members from eight to nine and to clarify the responsibilities and expectations of the board; containing a cumulative clause; containing a savings and severability clause; and providing other matters relating to the subject. Mayor White read the ordinance by title.

Mr. Fine moved for approval of Ordinance No. 2017-12 on second and final reading; Mr. Andrew seconded the motion and it passed 5-0.

#### **5. CONSIDERATION AND POSSIBLE ACTION:**

5A. Resolution No. 14-2017 authorizing the conveyance of city owned real estate to the Palacios Del Guadalupe Owners Association, Inc., a Texas nonprofit corporation, in accordance with state law and city policy; said property generally located at 521 Guadalupe Street and comprising an approximate 0.526 of one acre tract of land, being a portion of Lot 1, Block One of the Palacios Del Guadalupe Subdivision.

Mr. Hoppe noted the city acquired a 6.52 acre tract in 2016 for the river trail. The top 0.526 acre of the parcel was included in the transfer; however, it did not provide value to the city as it was behind a retaining wall and fence and was accessible only to Palacios owners. The city's intent was to convey the subject property to the Palacios Del Guadalupe Owners Assn.

Mayor White noted a letter had been received from the property owners association formally requesting the parcel.

Mr. Fine moved for approval of Resolution No. 14-2017; Mr. Ferguson seconded the motion and it passed 5-0.

#### **6. APPOINTMENTS TO BOARDS AND COMMISSIONS:**

6A. Parks and Recreation Advisory Board.

Mr. Ferguson moved to reappoint James Gardner, Bedford Mitchell, and Diane McMahon; and to appoint Lisa Nye-Salladin, Rose Bradshaw, and John Harrison. The motion was seconded by Mr. Andrew and passed 5-0.

#### **7. VISITORS/CITIZENS FORUM:** No one spoke.

**8. ITEMS FOR FUTURE AGENDAS**

- Texting while driving.

**ADJOURNMENT.** The meeting adjourned at 6:22 p.m.

APPROVED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Bonnie White, Mayor

\_\_\_\_\_  
Brenda Craig City Secretary

CITY COUNCIL MINUTES  
REGULAR MEETING

KERRVILLE, TEXAS  
MAY 23, 2017

On May 23, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street. The invocation was offered by Councilmember Place Two, George Baroody, followed by the Pledge of Allegiance led by David Knight.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Mary Ellen Summerlin	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT: None.

CITY CORE STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meisner	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Kaitlin Berry	Special Projects Manager
Stuart Barron	Director of Public Works
Ashlea Boyle	Director of Parks and Recreation

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. **ANNOUNCEMENTS OF COMMUNITY INTEREST:** were given.

2. **RECOGNITIONS:**

2A. Resolutions of Commendation to Rebecca Dittmar, Abel Vasquez, and Darrell Young for serving on the Food Service Advisory Board.

2B. Resolutions of Commendation to Ed Wallace and Bill Muse for serving on the Parks and Recreation Advisory Board.

2C. Resolutions of Commendation to Mary Margaret Burniston, Christian Cook, Lexi Cooper, Kianna Dao, Bailey Dulas, Naomi Exum, Shelby Freeman, Roman Garcia, Sydney Garcia, William Guerriero, Nicole Lorange, Mason Olmsted, Lydia Prislovsky, Ileana Scoccia, Emma Soth, and Ryan Stanton for serving on the Mayor's Youth Advisory Council.

2D. Recognition of City Employee Joe Alvarez on his retirement after 42 years of service to the City of Kerrville.



### **3. CONSENT AGENDA:**

Ms. Summerlin moved to approve consent agenda items 3A, 3B, and 3C; Mr. Ferguson seconded the motion, and the motion passed 5-0:

3A. Interlocal Agreement between the City of Kerrville, Texas, and Kerr Emergency 9-1-1 Network regarding emergency communication system.

3B. Resolution No. 17-2017 authorizing the waiver of fees regarding public safety staffing for the Kerrville Festival of the Arts scheduled to be held on May 27-28, 2017, in downtown Kerrville.

3C. Resolution No. 18-2017 authorizing the waiver of fees regarding public safety staffing for the Kerrville Chalk Festival scheduled to be held on October 14-15, 2017, in Peterson Plaza.

### **END OF CONSENT AGENDA**

### **4. ORDINANCE, FIRST READING:**

4A. Ordinance No. 2017-13, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2017 Rate Review Mechanism (RRM) filings; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the settlement tariffs to be just and reasonable and in the public interest; requiring reconciliation and rate adjustments if federal income tax rates change; terminating the RRM process for 2018 pending renegotiation of RRM terms and conditions; requiring the company to reimburse ACSC's reasonable ratemaking expenses; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this ordinance to the company and the ACSC's legal counsel. Mayor White read the ordinance by title.

Mr. Hayes noted that in March Atmos filed an application for a rate increase of \$46.4 million additional revenue for the cities covered by the ACSC group. ACSC and Atmos reached an agreement for \$38.8 million. The proposed ordinance would approve rates as recommended by ACSC resulting in monthly rate increases of 3.87% in residential rates (average \$2.04); and a 2.37% in commercial rates (average \$6.27) to become effective June 1, 2017. He noted that Atmos was reimbursing cities for costs associated with the RRM filings, as required in the ordinance. Second reading of the ordinance was scheduled for June 13. Mr. Hayes recommended approval.

Ms. Summerlin moved for approval of Ordinance No. 2017-13 on first reading; Mr. Ferguson seconded the motion and it passed 5-0.

### **5. CONSIDERATION AND POSSIBLE ACTION:**

5A. Kerrville-Kerr County Joint Airport Board's fiscal year 2017-2018 budget. Corey Walters, Chairman of the Airport Board, presented the FY2018 budget and noted a revenue positive balance in the operating budget.

Bruce McKenzie, Airport Manager, noted the terminal leases were down from 2016 because some leases were paid in advance and the amount fluctuates from year to year.

Ms. Summerlin moved to approve the budget; Mr. Ferguson seconded the motion and it passed 5-0.

**5B. Resolution No. 16-2017 nominating a candidate to Kerr Central Appraisal District Board of Directors in accordance with Section 6.03 of the Texas Tax Code.**

Ms. Summerlin moved to defer this matter to executive session; Mr. Ferguson seconded the motion and it failed 2-3 with Councilmembers Summerlin and Ferguson voting in favor of the motion and Councilmembers Baroody, Voelkel, and White voting against the motion.

Ms. Summerlin moved to nominate Judy Eychner to the KCAD Board of Directors; Mr. Ferguson seconded the motion and it failed 2-3 with Councilmembers Summerlin and Ferguson voting in favor of the motion; and Councilmembers Baroody, Voelkel, and White voting against the motion.

Mr. Voelkel moved to approve Resolution No. 16-2017 nominating William Morgan to fill the current vacancy on the Kerr Central Appraisal District Board of Directors; Mr. Baroody seconded the motion and it passed 3-2 with Councilmembers Voelkel, Baroody, and White voting in favor of the motion and Councilmembers Summerlin and Ferguson voting against the motion.

**5C. Resolution No. 19-2017 amending the City of Kerrville fee schedule by waiving the daily entrance fee for qualified disabled veterans at the City's Kerrville-Schreiner Park (KSP):**

Ms. Boyle proposed to waive daily fees for qualified disabled veterans at KSP to be consistent with state parks policy.

Ms. Summerlin moved to adopt Resolution No. 19-2017; Mr. Voelkel seconded the motion and it passed 5-0.

**6. INFORMATION AND DISCUSSION:**

**6A. Budget/Economic Update for period ending April 30, 2017.**

Ms. Yarbrough gave the financial report year to date for the period ending April 30, 2017: general fund revenues totaled \$21,569,226 and expenditures \$16,435,873; water and sewer fund revenues totaled \$6,430,792 and expenditures \$6,486,388; hotel/motel fund revenues totaled \$636,836 and expenditures \$500,200. 27 permits for new residential construction and commercial new/remodel construction totaled \$13,985,838 year-to-date. She noted that the reuse system project included the cost of design and dirt.

6B. Street maintenance update.

Mr. Barron reviewed the 2016 Fugro report which used ground penetrating radar, gyroscope and video to document the condition of all 170 miles of city streets. The Fugro report documented streets from intersection to intersection and broke streets into block sections and assigned intersections to the more dominant street so the intersections would not be counted twice. The report provided a pavement condition index inventory, maintenance plan, and budget analysis. He discussed the type of material used, types of pavement treatment processes, and costs, and noted that paving was planned around infrastructure projects when possible. He noted the city had a milling machine and the street department did the mill and overlay work. Material from milling was put back into the same street or used in other streets. Staff was trying a new process combining crack seal with a slurry seal overlay that was not included in the Fugro report. He opined that it may be more cost effective to: 1) work in one general area at a time instead of jumping around; and 2) rotate maintenance processes, i.e. slurry seal one year and crack seal the next year, etc. instead of trying to do all four types of maintenance in the same year; this would create a larger project for a contractor, thereby getting better bids.

The following person spoke:

1. Ruth Spradling asked what process was used when the streets were good, but the intersection was bad?

Mr. Barron noted the city recently completed a concrete intersection, at a cost of \$30,000; this did not include any street repair but was for the intersection only. The Fugro plan did not address any concrete repairs.

Mr. Barron reviewed treatment methods and the 2016-17 repair schedule and suggested the Fugro maintenance plan be updated after the 2018 paving season to include: the cost effective measures discussed above, concrete processes where needed, updated street sections, and the rate of deterioration.

**7. APPOINTMENTS TO BOARDS AND COMMISSIONS:**

7A. Appointments to the City of Kerrville, Texas Economic Improvement Corporation.

Ms. Summerlin moved to defer this item to executive session. The motion failed for lack of a second. Ms. Summerlin noted it was customary to reappoint citizens who re-applied and were eligible to serve another term.

Ms. Summerlin moved to reappoint Delayne Sigerman and Paul Stafford, who were eligible to serve another term. Mr. Ferguson seconded the motion.

The following person spoke:

1. Delayne Sigerman noted that previously she was encouraged by Mayor White to apply to EIC, and after her appointment she had attended all meetings and grand openings. She asked to be reappointed to another term.

The motion failed 2 -3 with Councilmembers Summerlin and Ferguson voting in favor of the motion; and Councilmembers Baroody, Voelkel, and White voting against the motion.

Mr. Voelkel moved to appoint George Baroody, Gary Cooper, Robert Naman; and to reappoint Paul Stafford. Ms. White seconded the motion and it passed 5-0.

**8. CITY COUNCIL APPOINTMENTS TO BOARDS AND COMMISSIONS:**

**8A. Kerrville City Council appointments (2) to the Airport Planning Committee.**

Ms. White moved to appoint Warren Ferguson and Vincent Voelkel; the motion was seconded by Ms. Summerlin and passed 5-0.

**8B. Kerrville City Council appointment (1) to the Kerrville Economic Development Corporation.**

Mr. Voelkel moved to appoint Bonnie White; Mr. Baroody seconded the motion and it passed 5-0.

**8C. Kerrville City Council appointment (1) to the Playhouse 2000 Board of Directors.**

Mr. Baroody moved to appoint Vincent Voelkel; Ms. White seconded the motion and it passed 5-0.

**8D. Kerrville City Council appointments (2) to the Recovery Community Coalition.**

Ms. White moved to appoint Mary Ellen Summerlin and Vincent Voelkel. Mr. Ferguson seconded the motion and it passed 5-0.

**9. CITY MANAGER'S REPORT**

Mr. McDaniel reported on current projects and distributed the budget calendar.

**10. VISITORS/CITIZENS FORUM:**

1. Bruce Stracke stated he recently travelled overseas and he noticed that all cities had a river trail that tied into public spaces. He opined that Kerrville had the opportunity to do that here; he encouraged council to expand on the projects that the past council built, especially the river trail.

**11. ITEMS FOR FUTURE AGENDAS: None.**

**12. EXECUTIVE SESSION:**

Ms. White moved for the city council to go into executive closed session under Sections 551.071 and 551.074 of the Texas Government Code; motion was seconded by Mr. Voelkel and passed 5-0 to discuss the following:

**Section 551.071:**

12A. John Doe and Mary Doe, Parents and Guardians of Jane Doe, a minor, Plaintiffs V. Angela Michelle Stork, Ind. Executor of Estate of Gary Frank Stork, deceased, Defendant; Cause No. 1726A, 216<sup>th</sup> District Court, Kerr County, Texas.

At 7:31 p.m. the regular meeting recessed. Council went into executive closed session at 7:36 p.m. At 9:33 p.m. the executive closed session recessed and council returned to open session at 9:34 p.m. No action was taken in executive session.

**13. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION, IF ANY:** None.

**ADJOURNMENT.** The meeting adjourned at 9:34 p.m.

APPROVED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Bonnie White, Mayor

\_\_\_\_\_  
Brenda Craig City Secretary

CITY COUNCIL MINUTES  
OF A SPECIAL MEETING

KERRVILLE, TEXAS  
MAY 16, 2017

On May 16, 2017, 10:00 a.m. the Kerrville City Council special meeting was called to order by Mayor Bonnie White in the city hall council chambers, 701 Main Street. The invocation was offered by Reverend Rob Lohmeyer, First Presbyterian Church, followed by the Pledge of Allegiance to the Flag led by Kellie Early.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
Mary Ellen Summerlin	Councilmember
Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT:

Stephen Fine	Mayor Pro Tem
Glenn Andrew	Councilmember

CITY CORE STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
EA Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
David Knight	Police Chief
Kim Meisner	Director of General Operations
Dannie Smith	Fire Chief

VISITORS PRESENT: List on file in city secretary's office for required retention period.

**1. OFFICIAL CANVASS OF RETURNS FOR THE CITY OF KERRVILLE GENERAL ELECTION HELD ON MAY 6, 2017**

Ms. Craig read the returns of the May 6, 2017 election.

**2. RESOLUTION NO. 15-2017 CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE MAY 6, 2017, CITY GENERAL ELECTION**

Mr. Ferguson moved to approve Resolution No. 15-2017; Ms. Summerlin seconded the motion and it passed 3-0.

**3. CERTIFICATES OF ELECTION SIGNED AND ISSUED BY MAYOR BONNIE WHITE:**

- Councilmember Place One: Vincent C. Voelkel
- Councilmember Place Two: George Baroody

**4. OATHS OF OFFICE GIVEN BY SUSAN F. HARRIS, COUNTY COURT AT LAW JUDGE:**

- Councilmember Place One: Vincent C. Voelkel
- Councilmember Place Two: George Baroody

**5. STATEMENTS BY NEWLY-ELECTED COUNCILMEMBERS**

- Councilmember Place One: Vincent C. Voelkel
- Councilmember Place Two: George Baroody

**6. APPOINTMENT OF MAYOR PRO TEM**

Mr. Voelkel moved to appoint George Baroody as Mayor Pro Tem; Ms. White seconded the motion and it passed 5-0.

**7. EXECUTIVE SESSION: None.**

**Adjournment:** The meeting adjourned at 10:09 a.m.

APPROVED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Bonnie White, Mayor

\_\_\_\_\_  
Brenda G. Craig, City Secretary

## **Agenda Item:**

3B. 72 Month lease purchase agreement with Austin Turf and Tractor via Deere Credit, Inc. through the Texas BuyBoard for mowing equipment at the Kerrville Sports Complex in the amount of \$109,692.72. (staff)



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

**SUBJECT:** Authorization to enter into a 72 month lease purchase agreement with Austin Turf and Tractor via Deere Credit, Inc. through the Texas BuyBoard for mowing equipment at the Kerrville Sports Complex in the amount of \$109,692.72

**FOR AGENDA OF:** June 13, 2017

**DATE SUBMITTED:** June 2, 2017

**SUBMITTED BY:** Ashlea Boyle  
Director of Parks and Recreation

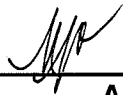
**CLEARANCES:** E.A. Hoppe  
Deputy City Manager



**EXHIBITS:** Lease Agreement

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**



<b>Expenditure Required:</b>	<b>Current Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
\$109,692.72 FY17-FY23	\$8,472 FY17	\$8,472 FY17	01-855-388

**PAYMENT TO BE MADE TO:**

Deere Credit, Inc.  
Attn: Acct. Dept. – ALP Processing  
PO Box 6600  
Johnston, IA 50131-6600

**REVIEWED BY THE DIRECTOR OF FINANCE:**

**SUMMARY STATEMENT**

Attached is a lease purchase agreement with Austin Turf and Tractor via Deere Credit, Inc. for two pieces of mowing equipment for the Kerrville Sports Complex. This is a 72 month agreement at \$1,523.51 per month. The FY17 budget for this account was budgeted at a prorated rate of six months due to the project construction timeline. This lease rate is secured through the Texas BuyBoard (contract #529-17) and will be budgeted appropriately on an annual basis. The Texas BuyBoard is a purchasing cooperative used by governmental entities across Texas and complies with both the state's bidding law and City policy.

**RECOMMENDED ACTION**

Staff recommends authorization to enter into a 72 month lease purchase agreement with Austin Turf and Tractor via Deere Credit, Inc. through the Texas BuyBoard for mowing equipment at the Kerrville Sports Complex in the amount of \$109,692.72.



**JOHN DEERE**  
**FINANCIAL**

Application ID: **12393492**  
Version Number: 7

### LEASE PURCHASE AGREEMENT

<b>LESSEE'S NAME AND PHYSICAL ADDRESS</b>			
CITY OF KERRVILLE 701 MAIN ST KERRVILLE, TX 78028-5301	LESSEE'S TAX ID NUMBER **4441490	LESSEE'S PHONE NO. 830-257-8000	TYPE OF BUSINESS Municipality
LESSEE RESIDES IN (County/State) KERR, TX		LESSEE AGREES TO KEEP GOODS IN (County/State) See Equipment Location and County for each Item of Equipment below	
NAME AND TITLE OF SIGNING OFFICER VANESSA SILVA - PURCHASING AGENT			

<b>LESSOR'S NAME AND ADDRESS</b>		PHONE NUMBER
Deere Credit, Inc. P.O. Box 6600 Johnston, IA 50131-2945		888-777-2560

This Lease Purchase Agreement, ("Lease Agreement") is entered into between Deere Credit, Inc., as Lessor ("we", "us" or "our"), and the Lessee and any Co-Lessee identified above ("you" or "your").

Each Lessee and Co-Lessee shall be jointly and severally liable for all obligations under this Lease Agreement.

<b>EQUIPMENT LEASED</b>						
Year	Make	Model	Equipment Description	Equipment Location	County	Outside City Limits
2017	JD	9009	9009A 4WD T4	KERRVILLE, TX	KERR	No
<b>ADDITIONAL DETAILS</b>						
Product ID			Hour Meter	Asset Level Payment*	Selling Price	
1111111111112			0	\$1,028.77	\$65,045.95	
Year	Make	Model	Equipment Description	Equipment Location	County	Outside City Limits
2017	JD	2653	2653B PrecisionCut Trim and Surrounds Mower	KERRVILLE, TX	KERR	No
<b>ADDITIONAL DETAILS</b>						
Product ID			Hour Meter	Asset Level Payment*	Selling Price	
1111111111111			0	\$494.74	\$31,279.75	
*Asset Level Payments may not include applicable sales taxes. For purposes of this Lease Agreement, "Lease Payments" means the Lease Payment as identified below.						

<b>LEASE PAYMENTS</b>				
LEASE TERM START DATE: June 1, 2017 LEASE TERM END DATE: June 1, 2023				
The first Lease Payment Due Date is June 1, 2017 and each successive Lease Payment is due on the same day of the Month thereafter, (the "Billing Period"), unless otherwise provided below				
NUMBER OF PAYMENTS	AGGREGATE OF ASSET LEVEL PAYMENTS	SALES/USE TAX	LEASE PAYMENT	DUE DATE
72	\$1,523.51	\$0.00	\$1,523.51	June 01, 2017

THE TERMS OF THIS CONTRACT ARE CONTAINED ON MORE THAN ONE PAGE

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## Amortization Schedule

Nominal Annual Rate		4.5%			
Payment Number	Date	Lease Payment	Interest	Principal	Principal Balance
1	June 1, 2017	\$1,523.51	\$0.00	\$1,523.51	\$94,812.19
2	July 1, 2017	\$1,523.51	\$355.55	\$1,167.96	\$93,644.23
3	August 1, 2017	\$1,523.51	\$351.17	\$1,172.34	\$92,471.89
4	September 1, 2017	\$1,523.51	\$346.77	\$1,176.74	\$91,295.15
5	October 1, 2017	\$1,523.51	\$342.36	\$1,181.15	\$90,114.00
6	November 1, 2017	\$1,523.51	\$337.93	\$1,185.58	\$88,928.42
7	December 1, 2017	\$1,523.51	\$333.48	\$1,190.03	\$87,738.39
8	January 1, 2018	\$1,523.51	\$329.02	\$1,194.49	\$86,543.90
9	February 1, 2018	\$1,523.51	\$324.54	\$1,198.97	\$85,344.93
10	March 1, 2018	\$1,523.51	\$320.04	\$1,203.47	\$84,141.46
11	April 1, 2018	\$1,523.51	\$315.53	\$1,207.98	\$82,933.48
12	May 1, 2018	\$1,523.51	\$311.00	\$1,212.51	\$81,720.97
13	June 1, 2018	\$1,523.51	\$306.45	\$1,217.06	\$80,503.91
14	July 1, 2018	\$1,523.51	\$301.89	\$1,221.62	\$79,282.29
15	August 1, 2018	\$1,523.51	\$297.31	\$1,226.20	\$78,056.09
16	September 1, 2018	\$1,523.51	\$292.71	\$1,230.80	\$76,825.29
17	October 1, 2018	\$1,523.51	\$288.09	\$1,235.42	\$75,589.87
18	November 1, 2018	\$1,523.51	\$283.46	\$1,240.05	\$74,349.82
19	December 1, 2018	\$1,523.51	\$278.81	\$1,244.70	\$73,105.12
20	January 1, 2019	\$1,523.51	\$274.14	\$1,249.37	\$71,855.75
21	February 1, 2019	\$1,523.51	\$269.46	\$1,254.05	\$70,601.70
22	March 1, 2019	\$1,523.51	\$264.76	\$1,258.75	\$69,342.95
23	April 1, 2019	\$1,523.51	\$260.04	\$1,263.47	\$68,079.48
24	May 1, 2019	\$1,523.51	\$255.30	\$1,268.21	\$66,811.27
25	June 1, 2019	\$1,523.51	\$250.54	\$1,272.97	\$65,538.30
26	July 1, 2019	\$1,523.51	\$245.77	\$1,277.74	\$64,260.56
27	August 1, 2019	\$1,523.51	\$240.98	\$1,282.53	\$62,978.03
28	September 1, 2019	\$1,523.51	\$236.17	\$1,287.34	\$61,690.69
29	October 1, 2019	\$1,523.51	\$231.34	\$1,292.17	\$60,398.52
30	November 1, 2019	\$1,523.51	\$226.49	\$1,297.02	\$59,101.50
31	December 1, 2019	\$1,523.51	\$221.63	\$1,301.88	\$57,799.62
32	January 1, 2020	\$1,523.51	\$216.75	\$1,306.76	\$56,492.86
33	February 1, 2020	\$1,523.51	\$211.85	\$1,311.66	\$55,181.20
34	March 1, 2020	\$1,523.51	\$206.93	\$1,316.58	\$53,864.62
35	April 1, 2020	\$1,523.51	\$201.99	\$1,321.52	\$52,543.10
36	May 1, 2020	\$1,523.51	\$197.04	\$1,326.47	\$51,216.63
37	June 1, 2020	\$1,523.51	\$192.06	\$1,331.45	\$49,885.18
38	July 1, 2020	\$1,523.51	\$187.07	\$1,336.44	\$48,548.74
39	August 1, 2020	\$1,523.51	\$182.06	\$1,341.45	\$47,207.29
40	September 1, 2020	\$1,523.51	\$177.03	\$1,346.48	\$45,860.81
41	October 1, 2020	\$1,523.51	\$171.98	\$1,351.53	\$44,509.28
42	November 1, 2020	\$1,523.51	\$166.91	\$1,356.60	\$43,152.68
43	December 1, 2020	\$1,523.51	\$161.82	\$1,361.69	\$41,790.99
44	January 1, 2021	\$1,523.51	\$156.72	\$1,366.79	\$40,424.20
45	February 1, 2021	\$1,523.51	\$151.59	\$1,371.92	\$39,052.28
46	March 1, 2021	\$1,523.51	\$146.45	\$1,377.06	\$37,675.22
47	April 1, 2021	\$1,523.51	\$141.28	\$1,382.23	\$36,292.99
48	May 1, 2021	\$1,523.51	\$136.10	\$1,387.41	\$34,905.58
49	June 1, 2021	\$1,523.51	\$130.90	\$1,392.61	\$33,512.97
50	July 1, 2021	\$1,523.51	\$125.67	\$1,397.84	\$32,115.13
51	August 1, 2021	\$1,523.51	\$120.43	\$1,403.08	\$30,712.05
52	September 1, 2021	\$1,523.51	\$115.17	\$1,408.34	\$29,303.71
53	October 1, 2021	\$1,523.51	\$109.89	\$1,413.62	\$27,890.09
54	November 1, 2021	\$1,523.51	\$104.59	\$1,418.92	\$26,471.17
55	December 1, 2021	\$1,523.51	\$99.27	\$1,424.24	\$25,046.93

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Payment Number	Date	Lease Payment	Interest	Principal	Principal Balance
56	January 1, 2022	\$1,523.51	\$93.93	\$1,429.58	\$23,617.35
57	February 1, 2022	\$1,523.51	\$88.57	\$1,434.94	\$22,182.41
58	March 1, 2022	\$1,523.51	\$83.18	\$1,440.33	\$20,742.08
59	April 1, 2022	\$1,523.51	\$77.78	\$1,445.73	\$19,296.35
60	May 1, 2022	\$1,523.51	\$72.36	\$1,451.15	\$17,845.20
61	June 1, 2022	\$1,523.51	\$66.92	\$1,456.59	\$16,388.61
62	July 1, 2022	\$1,523.51	\$61.46	\$1,462.05	\$14,926.56
63	August 1, 2022	\$1,523.51	\$55.97	\$1,467.54	\$13,459.02
64	September 1, 2022	\$1,523.51	\$50.47	\$1,473.04	\$11,985.98
65	October 1, 2022	\$1,523.51	\$44.95	\$1,478.56	\$10,507.42
66	November 1, 2022	\$1,523.51	\$39.40	\$1,484.11	\$9,023.31
67	December 1, 2022	\$1,523.51	\$33.84	\$1,489.67	\$7,533.64
68	January 1, 2023	\$1,523.51	\$28.25	\$1,495.26	\$6,038.38
69	February 1, 2023	\$1,523.51	\$22.64	\$1,500.87	\$4,537.51
70	March 1, 2023	\$1,523.51	\$17.02	\$1,506.49	\$3,031.02
71	April 1, 2023	\$1,523.51	\$11.37	\$1,512.14	\$1,518.88
72	May 1, 2023	\$1,523.51	\$5.70	\$1,517.81	\$1.07

#### TERMS AND CONDITIONS

- Lease Term: Payments.** You agree to lease from us the Equipment described in this Lease Agreement for the Lease Term. The Lease Term will begin on the Lease Term Start Date and end on the Lease Term End Date. All attachments and accessories itemized in this Lease Agreement and all replacements, parts and repairs to the Equipment shall form part of the Equipment. This Lease Agreement is not accepted by us until we sign it, even if you have made a payment to us. You agree to remit the Lease Payments indicated above each Billing Period and all other amounts (including applicable sales, use and property taxes) when due to: DEERE CREDIT, INC., P.O. Box 4450, Carol Stream, IL 60197-4450, even if we do not send you a bill or an invoice. **YOUR PAYMENT OBLIGATIONS ARE ABSOLUTE, UNCONDITIONAL, AND NOT SUBJECT TO CANCELLATION, REDUCTION OR SETOFF FOR ANY REASON WHATSOEVER.** For any payment which is not received by its due date, you agree to pay a late charge equal to 4.000% of the past due amount (not to exceed the maximum amount permitted by law) as reasonable collection costs, plus interest from the due date until paid at a rate of 1.5% per month, but in no event more than the maximum lawful rate.
- Non-Appropriation of Funds.** You intend to remit to us all Lease Payments and other payments for the full Lease Term if funds are legally available. In the event you are not granted an appropriation of funds at any time during the Lease Term for the Equipment or for equipment which is functionally similar to the Equipment and operating funds are not otherwise available to you to remit Lease Payments and other payments due and to become due under the Lease, and there is no other legal procedure or available funds by or with which payment can be made to us, and the non-appropriation did not result from an act or omission by you, you shall have the right to return the Equipment in accordance with Section 8 of this Lease Agreement and terminate the Lease on the last day of the fiscal period for which appropriations were received without penalty or expense to you, except as to the portion of the Lease Payments for which funds shall have been appropriated and budgeted. At least 30 days prior to the end of your fiscal period, your chief executive officer (or legal counsel) shall certify in writing that (a) funds have not been appropriated for the fiscal period, (b) such non-appropriation did not result from any act or failure to act by you, and (c) you have exhausted all funds legally available to pay Lease Payments. If you terminate the Lease because of a non-appropriation of funds, you may not, to the extent permitted by applicable law, purchase, lease, or rent, during the subsequent fiscal period, equipment performing the same functions as, or functions taking the place of, those performed by the Equipment. This Section 2 shall not permit you to terminate the Lease Agreement in order to acquire any other equipment or to allocate funds directly or indirectly to perform essentially the application for which the Equipment is intended.
- Taxes.** Although you may be exempt from the payment of certain taxes, you agree to pay us when invoiced (a) all sales, use, rental, gross receipts and all other taxes which may be imposed on the Equipment or its use, and (b) all taxes and governmental charges associated with the ownership, use or possession of the Equipment including, but not limited to, personal property and ad valorem taxes ("Taxes"). Taxes do not include those measured by our net income. If applicable law requires tax returns or reports to be filed by you, you agree to promptly file such tax returns and reports and deliver copies to us. You agree to keep and make available to us all tax returns and reports for taxes paid by you.
- Ownership; Missing Information.** You shall have title to the Equipment immediately upon delivery and shall be the owner of the Equipment. You (a) grant us and our affiliates a security interest in the Equipment (and all proceeds) to secure all of your obligations under the Lease Agreement and any other obligations, which you may have, to us or any of our affiliates, and (b) authorize us to file financing statements naming you as debtor. You agree to keep the Equipment free and clear of liens and encumbrances, except those in our favor, and promptly notify us if a lien or encumbrance is placed or threatened against the Equipment. You irrevocably authorize us, at any time, to (a) insert or correct information on this Lease Agreement, including your correct legal name, serial numbers and Equipment descriptions; (b) submit notices and proofs of loss for any required insurance; and (c) endorse your name on remittances for insurance and Equipment sale or lease proceeds.

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5. **Equipment Maintenance, Operation and Use.** You agree to (a) not permanently move the Equipment to another county or state without notifying us within 30 days; (b) operate and maintain the Equipment in accordance with all (i) laws, ordinances and regulations, (ii) manuals and other instructions issued by the manufacturer(s) and supplier(s), and (iii) insurance policy terms and requirements; (c) perform (at your own expense) all maintenance and repairs necessary to keep the Equipment in as good a condition as when delivered to you, reasonable wear excepted; (d) not install any accessory or device on the Equipment which affects the value, useful life or the originally intended function or use of the Equipment in any way unless it can be removed without damaging the Equipment; (e) allow us and our agent(s) to inspect the Equipment and all of your records related to its use, maintenance and repair, at any reasonable time; (f) keep any metering device installed on the Equipment connected and in good working condition at all times; (g) affix and maintain, in a prominent place on the Equipment, any labels, plates or other markings we may provide to you; and (h) not permit the Equipment to be used by, or to be in the possession of, anyone other than you or your employees.

6. **Insurance.** You agree, at your cost, to (a) keep the Equipment insured against all risks of physical damage for no less than the Principal Balance (as indicated in the Amortization Schedule attached to and made part of this Lease Agreement), naming Deere Credit, Inc. (and our successors and assigns) as sole loss payee; and (b) maintain public liability insurance, covering personal injury and property damage for not less than \$1,000,000 per occurrence, naming Deere Credit, Inc. (and our successors and assigns) as additional insured. All insurance must be with companies and policies acceptable to us. Your obligation to insure the Equipment continues until you return the Equipment to us and we accept it. Each insurance policy must provide that (a) our interest in the policy will not be invalidated by any act, omission, breach or neglect of anyone other than us; and (b) the insurer will give us at least 30 days prior written notice before any cancellation of, or material change to, the policy.

Unless you provide us with evidence of the required insurance coverages, we may purchase insurance, at your expense, to protect our interests in the Equipment. This insurance may not (a) protect your interests; or (b) pay any claim that you make or any claim that is made against you in connection with the Equipment. You may later cancel any insurance purchased by us, but only after providing us with evidence that you have obtained the insurance required by this Lease Agreement. The cost of the insurance may be more than the cost of insurance you may be able to obtain on your own.

7. **Loss or Damage.** Until the Equipment is returned to us in satisfactory condition you are responsible for all risk of loss, damage, theft, destruction or seizure of the Equipment (an "Event of Loss"). You must promptly notify us of any Event of Loss. If the Equipment can be repaired or replaced, you agree to promptly repair or replace the Equipment, at your cost, and the terms of this Lease Agreement will continue to apply. If the Equipment cannot be repaired or replaced, you agree to pay us, the Principal Balance, as determined by us of the day before such Event of Loss occurred. Upon receipt of the Principal Balance, we will transfer to you (or the insurance company) all of our rights, title and interest in such Item(s) of Equipment (each, an "Item of Equipment") AS-IS, WHERE-IS, WITHOUT ANY WARRANTY AS TO CONDITION OR VALUE.

All insurance proceeds must be paid directly to us, and we may apply any excess insurance proceeds to any other amounts you owe us. "Discount Rate" shall mean the Internal Rate of Return minus two percentage points (2%).

8. **Return of Equipment.** If this Lease Agreement is terminated for any reason including, but not limited to, a non-appropriation of funds pursuant to Section 2 of this Lease Agreement you agree to return all Equipment to the nearest John Deere dealer that sells equipment substantially similar to the Equipment, at your expense and in satisfactory condition, along with all use, maintenance and repair records. Equipment is in satisfactory condition if it is in as good a condition as when the Equipment was delivered to you, reasonable wear excepted.

9. **Default.** You will be in default if: (a) you fail to remit to us any Lease Payment or other payment when due; (b) you breach any other provision of this Lease Agreement and fail to cure such breach within 10 days; (c) a default occurs under any other agreement between you and us (or any of our affiliates); or (d) you fail to maintain the insurance required by Section 6. Time is of the essence under this Lease Agreement.

10. **Remedies.** If a default occurs, we may, to extent permitted by applicable law, do one or more of the following: (a) recover from you, AS LIQUIDATED DAMAGES FOR LOSS OF BARGAIN AND NOT AS A PENALTY, the Principal Balance as of the date of such default (b) declare any other agreements between you and us (or any of our affiliates) in default; (c) terminate any of your rights (but none of your obligations) under this Lease Agreement and any other agreement between you and us (or any of our affiliates); (d) require you to return the Equipment in the manner outlined in Section 8, or take possession of the Equipment; (e) lease or sell the Equipment or any portion thereof at a public or private sale; (f) apply the net proceeds we receive from any sale, lease or other disposition of the Equipment (after deducting all of our costs and expenses) to your obligations under the Lease, with you remaining liable for any deficiency; (g) charge you for expenses incurred in connection with the enforcement of our remedies including, without limitation, repossession, repair and collection costs, attorney's fees and court costs; (h) exercise any other remedy available at law or in equity; and (g) take on your behalf (at your expense) any action required by this Lease Agreement which you fail to take. These remedies are cumulative, are in addition to any other remedies provided by law, and may be exercised concurrently or separately. Any failure or delay by us to exercise any right shall not operate as a waiver of any other right or future right.

11. **Assignment.** You will not assign, pledge or otherwise transfer any of your rights or interests in this Lease Agreement or any Equipment without our prior written consent. Any assignment without our consent will be void. We may assign this Lease Agreement or our interest in the Equipment at any time without notice to you and without your consent. We may provide information about you to any prospective assignee or participant. You agree not to assert against our assignee any claims, offsets or defenses which you may have against us.

12. **Indemnity.** You are responsible for all losses, damage, claims, injuries to or the death of an individual, and attorney's fees and costs ("Claims"), incurred or asserted by any person, in any manner related to the Equipment or the lease thereof, including its use, condition or possession. To the extent permitted under applicable law, you agree to defend and indemnify us, and hold us harmless, against all Claims, although we reserve the right to control the defense and to select or approve defense counsel. You agree to not bring any action for Claims against us. You will promptly notify us of all Claims made. Your liability under this Section is not limited to the amounts of insurance required under the Lease. This indemnity continues beyond the termination of a Schedule, for acts or omissions, which occurred during the Lease Term.

THE TERMS OF THIS CONTRACT ARE CONTAINED ON MORE THAN ONE PAGE



13. **Time Price.** You understand that the Equipment may be purchased for cash or it may be purchased pursuant to the terms of the Lease for a Time Price. "Time Price" shall be equal to the sum of (1) all Lease Payments due and to become due thereunder, and (2) the Origination Fee. By executing the Lease, you have chosen to purchase the Equipment for that Time Price. You and we intend to comply with all applicable laws. In no event will we charge or collect any amounts in excess of those allowed by applicable law. In the event any amount in excess of that allowed by law is charged or recovered, any such charge will be deemed limited by the amount legally allowed and any amount received by us in excess of that legally allowed will be applied by us to the payment of amounts legally allowed under the Lease, or refunded to you.

14. **Representations and Warranties.** You represent and warrant to us, as of the date of this Lease Agreement, and covenant to us so long as this Lease Agreement is in effect, that: (a) you are a State, or a political subdivision thereof, for purposes of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); (b) any documents required to be delivered in connection with the Lease (collectively, the "Documents") have been duly authorized by you in accordance with all applicable laws, rules, ordinances, and regulations; (c) the Documents are valid, legal, binding agreements, enforceable in accordance with their terms and the person(s) signing the Documents have the authority to do so, are acting with the full authorization of your governing body, and hold the offices indicated below their signatures; (d) the Equipment is essential to the immediate performance of a governmental or proprietary function by you within the scope of your authority and shall be used during the Lease Term only by you and only to perform such function; (e) you intend to use the Equipment for the entire Lease Term and shall take all necessary action to include in your annual budget any funds required to fulfill your obligations each fiscal period during the Lease Term; (f) you have complied fully with all applicable law governing open meetings, public bidding and appropriations, required in connection with the Lease and the debt under applicable state law; (g) your obligations to remit Lease Payments and other amounts due and to become due under the Lease constitute a current expense and not a debt under applicable state law; (h) all financial information you have provided is true and a reasonable representation of your financial condition; (i) you shall not do or cause to be done any act which shall cause, or by omission of any act allow the interest portion of any Lease Payment to become includible in our gross income for Federal income taxation purposes under the Code; (j) you shall maintain a complete and accurate account of all assignments of the Lease in the form sufficient to comply with book entry requirements of Section 149(a) of the Code and the regulations prescribed thereunder from time to time; and (k) you shall comply with the information reporting requirements of Section 149(e) of the Code. Such compliance shall include, but not be limited to, the execution of 8038-G or 8038-GC Information Returns.

You represent and warrant to us, as of the date you signed this Schedule, that (a) the Equipment was selected by you; (b) the Equipment (including all manufacturer manuals and instructions) has been delivered to, and examined by, you; (c) the safe operation and the proper servicing of the Equipment were explained to you; (d) you received the written warranty applicable to the Equipment and understand that your rights under the written warranty may be limited; (e) the Equipment is unconditionally and irrevocably accepted by you as being suitable for its intended use; (f) the Equipment is in good condition and repair (operating and otherwise); (g) the Equipment shall be used only for the purpose indicated herein; (8) all information provided to us by you is true and correct.

You acknowledge and agree that: (a) we did not select, manufacture or supply any of the Equipment; (b) we acquired the Equipment at your direction; (c) you selected the supplier of the Equipment; (d) you are entitled to all manufacturer warranties ("Warranty Rights") and we assign all Warranty Rights to you, to the extent assignable; (e) you may request an accurate and complete statement of the Warranty Rights, including any disclaimers and limitations, directly from the manufacturer; and (f) you assign to us all your rights (but none of your obligations) under all purchase orders, purchase agreements or similar documents relating to the Equipment. You waive all rights and remedies conferred upon a lessee under Sections 508-522 of Article 2A of the Uniform Commercial Code.

15. **Miscellaneous.** WE HAVE NOT MADE, AND DO NOT MAKE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE EQUIPMENT'S MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SUITABILITY, OR OTHERWISE. WE ARE NOT LIABLE FOR CONSEQUENTIAL OR SPECIAL DAMAGES. You acknowledge that no supplier or dealer of the Equipment is an agent of ours, or authorized to act for or bind us. You agree not to withhold any amount you owe us if you believe you have a claim against us, or any Equipment supplier(s) or manufacturer(s), but to pursue that claim independently. Any claim you have against us must be made within two years after the event that caused it. All notices must be in writing and will be deemed given 5 days after mailing to the intended recipient at its address indicated above, unless changed by a notice given in accordance with this Section. This Lease Agreement supersedes and replaces all prior understandings and communications (oral or written) concerning the subject matter thereof. Except as otherwise provided in Section 10(c) no part of this Lease Agreement can be amended, waived or terminated except by a writing signed by both you and us. Any part of this Lease Agreement may be signed in separate counterparts that, together, will constitute one document. If a court finds any part of this Lease Agreement to be invalid or unenforceable, the remainder of this Lease Agreement will remain in effect. You permit us to monitor and record telephone conversations between you and us. By providing any telephone number, including a mobile phone number, to us, any of our affiliates or any debt collectors we retain, we, such affiliates and such retained debt collectors can contact you using that number, including calls using an automatic dialing and announcing device and prerecorded calls, and that such calls are not "unsolicited" under state or federal law. All of our rights under this Lease Agreement shall remain in effect after the expiration of the Lease Term or termination of this Lease Agreement.

You agree that we can access any information regarding the location, maintenance, operation and condition of the Equipment, and you irrevocably authorize anyone in possession of such information to provide all of that information to us upon our request. You also agree to not disable or otherwise interfere with any information-gathering or transmission device within or attached to the Equipment.

Notwithstanding any other election you make, you agree that (a) we can access, retain and use, at any times we elect any information regarding the location, maintenance, operation and condition of the Equipment; (b) you irrevocably authorize anyone in possession of that information to provide all of that information to us upon our request until our security interest in the Equipment is terminated; (c) you will not disable or otherwise interfere with any information gathering or transmission device within or attached to the Equipment; and (d) we may reactivate any such device.

THE TERMS OF THIS CONTRACT ARE CONTAINED ON MORE THAN ONE PAGE



THE TERMS OF THIS LEASE AGREEMENT SHOULD BE READ CAREFULLY BEFORE SIGNING BECAUSE ONLY THESE WRITTEN TERMS ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES MAY BE LEGALLY ENFORCED. BY SIGNING THIS LEASE AGREEMENT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS SET FORTH IN THIS LEASE AGREEMENT. THIS LEASE AGREEMENT IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN YOU AND US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

**NOTICES TO THE LESSEE- DO NOT SIGN THIS LEASE AGREEMENT IN BLANK. YOU ARE ENTITLED TO A COPY OF THE LEASE AGREEMENT AT THE TIME YOU SIGN IT TO PROTECT YOUR LEGAL RIGHTS.**

CITY OF KERRVILLE

By:

(Date Signed)

VANESSA SILVA, PURCHASING AGENT

Accepted By: **Deere Credit, Inc. (Lessor)**

6400 NW 86th Street, Johnston, IA 50131-6600

By:

(Date Agreement Signed)

(Authorized Signature)

THE TERMS OF THIS CONTRACT ARE CONTAINED ON MORE THAN ONE PAGE

DOC7001

Settlement Nbr: 12393492

Application ID: 12393492

Equipment Type: Golf Commercial

Version Number: 7

06/02/2017 08:56 AM

Page 6 of 6

Revision Date: 15 January 2017





# JOHN DEERE FINANCIAL

## Advance Lease Payment Invoice

Due Date:	06/01/2017
Total Due:	\$1,523.51
Purchase Order Number:	

<b>Billing Address:</b>	<b>Updated Billing Information:</b>
CITY OF KERRVILLE 701 MAIN ST KERRVILLE, TX 78028-5301	

Please Note: All future invoices will be sent to the billing address shown unless you update your billing information above.

Mfg.	Model	Product ID	Due Date	Payment	Sales/Use Tax	Security Deposit	Total Due At Signing
JD	9009	1111111111112	06/01/2017	\$1,523.51	\$0.00	\$0.00	\$1,523.51

<b>Correspondence Only:</b>	<b>Remit Checks Payable To:</b>
Deere Credit, Inc. Attn: Lease Administration PO Box 6600 Johnston, IA 50131-6600  Phone: (800) 828-8297 Fax: (800) 254-0020	Deere Credit, Inc. Attn: Acct. Dept.- ALP Processing PO Box 6600 Johnston, IA 50131-6600

TO ENSURE PROPER CREDIT, STAPLE CHECK AND RETURN THIS INVOICE WITH THE LEASE PURCHASE AGREEMENT DOCUMENTS.

STAPLE ADVANCE LEASE PAYMENT CHECK HERE

Every dishonored check will result in a fee of \$25.00 or an amount not to exceed the highest amount permitted by law.







# JOHN DEERE FINANCIAL

## Automatic Payment Enrollment

**How to Enroll** – There are two easy options available for enrollment:

- Sign up today online by visiting our website at [myjdfaccount.com](http://myjdfaccount.com) , OR
- Complete and sign this authorization form and send to us:
  - Fax – 800-826-9527
  - Email - [JDFCustomerService@JohnDeere.com](mailto:JDFCustomerService@JohnDeere.com)
  - Mail -

John Deere Financial  
ATTN: Payment Specialist  
PO BOX 5327  
Madison, WI 53705

*Please write legibly and provide all information requested.*

**Bank Account Information** - Please see page 2 of the form for instructions.

Name of Financial Institution: \_\_\_\_\_

City & State: \_\_\_\_\_

Name of Person or Entity on Bank Account: \_\_\_\_\_ Bank Ac

9 digit Routing / Transit #: \_\_\_\_\_ Bank Routing and Trans Bank Account Number: \_\_\_\_\_

Type of Account: ☐ Checking ☐ Savings

John Deere Financial Account Number / App ID #	John Deere Financial Accountholder Name	Accountholder Phone Number	I request automatic payments to begin with my payment starting in the month of:
12393492	CITY OF KERRVILLE	830-257-8000	06/01/2017

### JOHN DEERE FINANCIAL AUTOMATIC PAYMENT AUTHORIZATION FORM

My signature authorizes Deere Credit Services, Inc. and its affiliates, ("the Company"), to initiate debit entries to the checking/savings account that I have provided to the Company for the regularly scheduled payments or other amounts owed to the Company on each individual John Deere Financial account referenced. I also authorize the Company to issue credit entries to the checking/savings account as necessary for amounts that may be due to me. This authorization is to remain in full force and effect until canceled by the Company, or by written notification from me, given in such time and manner as to allow the Company a reasonable opportunity to act upon it. If any of the referenced John Deere Financial accounts is closed due to an Add-On transaction, consolidation or corrected loan agreement and I have recurring payments, this enrollment and banking information will be transferred to my new account(s). I acknowledge that I am subject to the NACHA Operating Rules and Guidelines applicable to electronic debit entries to my bank account.

**I understand any payment due prior to the month I requested above for each individual account must be made in order to be eligible for automatic payment for that account.**

\_\_\_\_\_  
Bank Account Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Bank Account Owner Phone Number





# JOHN DEERE FINANCIAL

Sample Personal Check

A sample personal check from AnyBank USA. The check is yellow and features the name Joan E. Hancock, address 75012 Colson Avenue, Louisville, Kentucky 40225. The amount is \$1000.00. The check number is 1000. The MICR line at the bottom is ⑆044006804⑆ 960130629721⑆ 1000.

Routing &  
Transit Number

Checking  
Acct Number

Check Number

Sample Business Check

A sample business check from The Company Name, a division of AnyBank, Inc. The check is light blue and features the name William B. Wigglesworth. The date is 01-19-96. The amount is \$442.00. The check number is 02468900. The MICR line at the bottom is ⑆02468905⑆ ⑆031100209⑆ 38728566⑆.

Check Number

Routing &  
Transit Number

Checking  
Acct Number





**JOHN DEERE**  
**FINANCIAL**

**Federal/State Agency and Indian Tribe Claim  
for Exemption of State and Local Sales/Use Tax**

**Purchaser**

Name: CITY OF KERRVILLE

Address: 701 MAIN ST, KERRVILLE, TX 78028-5301

ID Number (If Applicable): \_\_\_\_\_

**Seller**

Name: Deere Credit Inc.

Address: 6400 NW 86<sup>th</sup> St. Johnston, IA 50131

Exemption Number (if applicable): \_\_\_\_\_

Reason for Exemption: \_\_\_\_\_

**Description of Item Being Purchased**

Quantity	Year	Make	Model	Equipment Description
1	2017	JD	9009	9009A 4WD T4
1	2017	JD	2653	2653B PrecisionCut Trim and Surrounds Mower

By signing below, purchaser certifies that the items being purchased are exempt from state and local sales tax.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_





# JOHN DEERE FINANCIAL

## Delivery and Acknowledgment

<b>LESSEE:</b>	CITY OF KERRVILLE 701 MAIN ST, KERRVILLE, TX 78028-5301
<b>LESSOR:</b>	DEERE CREDIT, INC. 6400 NW 86th ST, PO BOX 6600, JOHNSTON, IA 50131-6600

Capitalized terms shall have the meanings set forth in the Lease Agreement.

You hereby represent and warrant that: (a) all of the Equipment more fully described in the Lease Agreement was selected by you; (b) all of the Equipment and the Operator's Manuals have been delivered to, and received by, you; (c) you received the manufacturer's written warranty applicable to the Equipment and you understand that your rights are subject to the limitations outlined therein; (d) the safe operation and the proper servicing of the Equipment has been explained to you; (e) all of the Equipment has been inspected by you and is in good working order and repair (operating or otherwise); (f) the Equipment shall be used only for the purpose indicated in the Lease Agreement; (g) all of the Equipment is unconditionally and irrevocably accepted by you for all purposes under the Lease Agreement; and (h) all information you provide to us is true and correct.

Signed by Lessee's duly authorized representative on the date shown below.

By: \_\_\_\_\_  
(Date Signed) Authorized Signature/Name Title





# JOHN DEERE FINANCIAL

## Physical Damage/Liability Insurance

<b>LESSEE:</b>	CITY OF KERRVILLE 701 MAIN ST, KERRVILLE, TX 78028-5301	
<b>LESSOR:</b>	DEERE CREDIT, INC. 6400 NW 86th ST, PO BOX 6600, JOHNSTON, IA 50131-6600	
<b>LIABILITY INSURANCE</b> on the Lease Purchase Agreement will be provided by the following insurance agency:		
Name of Agency:		Phone Number of Agency:
Mailing Address of Agency:		Fax Number of Agency:
<b>PHYSICAL DAMAGE INSURANCE</b> on the Lease Purchase Agreement will be provided by the following agency:		
Name of Agency:		Phone Number of Agency:
Mailing Address of Agency:		Fax Number of Agency:
If an insurance certificate is available, in place of the above information, it should be provided to:		
<b>ADDITIONAL INSURED and LOSS PAYEE:</b> Deere Credit, Inc. Its Successors &/or Assigns 6400 NW 86 <sup>th</sup> St Johnston, IA 50131		
I agree and understand that, pursuant to the provisions of Section 6 of the Lease Purchase Agreement, I must at all times (a) maintain public liability insurance, covering personal injury and property damage for not less than \$1,000,000 per occurrence, naming Deere Credit, Inc. (and its successors and assigns) as additional insured; and (b) keep the Equipment insured against all risks of physical damage for no less than the Principal Balance (as indicated in the Amortization Schedule attached to and made part of the Lease Purchase Agreement), naming Deere Credit, Inc. (and its successors and assigns) as sole loss payee.		
<b>NOTICES TO LESSEE- DO NOT SIGN THIS PHYSICAL DAMAGE/LIABILITY INSURANCE IN BLANK. YOU ARE ENTITLED TO A COPY OF THE PHYSICAL DAMAGE/LIABILITY INSURANCE AT THE TIME YOU SIGN IT TO PROTECT YOUR LEGAL RIGHTS.</b>		

CITY OF KERRVILLE

By:

FORM0717

(Date Signed)

VANESSA SILVA, PURCHASING AGENT





Quote Id: 15303437

---

Prepared For:  
**City Of Kerrville Parks And Recreation**

Prepared By: **David Shackelford**

Austin Turf & Tractor  
809 Steve Hawkins Pkwy  
Marble Falls, TX 78654

Tel: 830-693-6477

Fax: 830-693-7791

Email: [david.shackelford@austinturf.com](mailto:david.shackelford@austinturf.com)

Date: 08 May 2017

Offer Expires: 01 July 2017

---

*Confidential*





### Quote Summary

**Prepared For:**

City Of Kerrville Parks And Recreation  
2385 Bandera Hwy  
Kerrville, TX 78028

**Prepared By:**

David Shackelford  
Austin Turf & Tractor  
809 Steve Hawkins Pkwy  
Marble Falls, TX 78654  
Phone: 830-693-6477  
david.shackelford@austinturf.com

**PRICING PER BUYBOARD CONTRACT #529-17****ESTIMATED MONTHLY PAYMENT**

**72 MONTH MUNICIPAL LEASE PURCHASE**  
**ESTIMATED MONTHLY PAYMENT: \$1,523.36**

**Quote Id:** 15303437  
**Created On:** 08 May 2017  
**Last Modified On:** 01 June 2017  
**Expiration Date:** 01 July 2017

Equipment Summary	Suggested List	Selling Price	Qty	Extended
JOHN DEERE 2653B PrecisionCut Trim and Surrounds Mower	\$ 39,591.90	\$ 31,279.75 X	1 =	\$ 31,279.75
JOHN DEERE 9009A TerrainCut Rough Mower	\$ 80,700.30	\$ 65,045.95 X	1 =	\$ 65,045.95
<b>Equipment Total</b>				<b>\$ 96,325.70</b>

**Quote Summary**

Equipment Total	\$ 96,325.70
SubTotal	\$ 96,325.70
Total	\$ 96,325.70
Down Payment	(0.00)
Rental Applied	(0.00)
<b>Balance Due</b>	<b>\$ 96,325.70</b>

Salesperson : X \_\_\_\_\_

Accepted By : X \_\_\_\_\_

**JOHN DEERE**

# Selling Equipment

**Austin**  
TURF & TRACTOR

Quote Id: 15303437

Customer: CITY OF KERRVILLE PARKS AND RECREATION

## JOHN DEERE 2653B PrecisionCut Trim and Surrounds Mower

Hours:

Suggested List

Stock Number:

\$ 39,591.90

Code	Description	Qty
1224TC	2653B PrecisionCut Trim and Surrounds Mower	1

**Standard Options - Per Unit**

001A	United States and Canada	1
0443	All Other Countries	1
1207	(Three) QA7 Eight Blade 30 in. Cutting Units	1
1319	(Three) 3 in. (7.6 cm) Diameter Heavy-Duty Grooved Disc Front Rollers	1
1402	(Three) Cutting Unit only Counter Weight Kit	1
2009	Standard Seat	1
9762	30 in. Smooth Roller Scrapers (Set of Three)	1

**Dealer Attachments**

TCA19587	ROLLER ADAPTER KIT	3
----------	--------------------	---

**Other Charges**

Freight	1
Setup	1

## JOHN DEERE 9009A TerrainCut Rough Mower

Hours:

Suggested List

Stock Number:

\$ 80,700.30

Code	Description	Qty
1441TC	9009A TerrainCut Rough Mower	1

**Standard Options - Per Unit**

001A	United States/Canada	1
0443	English United States/Canada	1
9764	Canopy Kit	1





**JOHN DEERE**

## Selling Equipment



**Austin**  
TURF & TRACTOR

Quote Id: 15303437

Customer: CITY OF KERRVILLE PARKS AND RECREATION

Other Charges	
Freight	1
Setup	1

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[Home](#) / [Rough, Trim & Surrounds Mowers](#) / [9009A TerrainCut™](#)

## 9009A TerrainCut™

ROUGH MOWER

### FEATURES & SPECS

Five, 27-in. independent rotary decks with a 9-foot cutting width  
 Deep shell deck design with exclusive rear discharge chute  
 No-tool notch system for easy height-of-cut adjustments  
 LoadMatch™ for excellent climbing and cut quality

Maximum rated hp: 55.1 hp (41.1-kW)  
 Rotary decks: 27-in. (68.58 cm)  
 Cutting width: 9-ft. (2.74m)  
 Compliance: US/CAN Tier 4

★★★★ Write the first review



### LOCATE YOUR DEALER

[Overview](#)   [Features](#)   [Specifications](#)   [Accessories & Attachments](#)   [Reviews](#)

The 9009A TerrainCut Rough Mower: where productivity and control meets cut quality.

Until now, using a wide area mower in the rough meant compromising on your quality of cut. With the new 9009A TerrainCut Rough mower, you can now maximize both your productivity and your cut quality while having more control over how it performs on the course. The 9009A is a five-gang, 27-inch (68.58 cm) independent rotary deck mower with a 9-foot (2.7 m) cutting width providing all day productivity needed for golf course mowing roughs.

The 9009A cut quality sets it apart from the competition with a deep shell stamped deck design and the innovative rear discharge chute for greater dispersion and a cleaner cut. Plus, changing the height of cut is no longer a labor intensive process. The 9009A deck provides a quick tool-less height of cut adjustment, which is a technicians dream, and puts you in control of height changes.

[Contact your dealer](#) for more details.



### Mow Wide Better

A wide area mower that's better by a wide margin. With a nine foot cutting width and 5 27-in. cutting decks, the 9009A has a quality of cut that's far superior to any other wide area rough mower.

[View 9009A video](#)

### RESOURCES

[View 9009A Spec Sheet](#)

[Locate Your Dealer](#)



### Cutting-Edge Assembly

See how our TurfCare facility line was redesigned and rebuilt specifically for our new fairway, rough and trim and surrounds mowers.

[Watch TurfCare video](#)

You May Also Be Interested In...



## 2653B PrecisionCut

TRIM AND SURROUNDS MOWER

### FEATURES & SPECS

Full-time 3WD hydrostatic system  
Air-restriction indicator  
Fixed front roller  
Powerful Yanmar  
See All Features

Engine Horsepower 19.6 hp (14.6 kW)  
Wheels and tires Standard turf  
Steering Hydraulic power  
Mower Number 3 reel cutting units  
See All Specs

Write the first review



Build Your Own



Overview

Features

Specifications

Accessories & Attachments

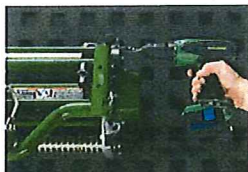
Support

Reviews

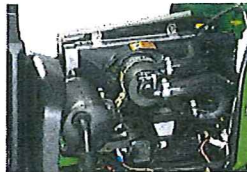
### YOU MAY ALSO BE INTERESTED IN

Build Your Own

### Quick and Easy



**Standard QA7 Cutting Units**  
A revolutionary Speed Link system makes it possible to adjust height-of-cut to both sides of the reel in no time. A linking bar connects both sides of the rear roller to a high-reduction ratio worm gear, allowing 1/1000th of an inch adjustments to be made to both sides of the roller simultaneously. QA7 cutting units available in 26-in. or 30-in. widths and 5 or 8-blade configuration.



**Easy Service Access**  
All daily service checks are easily accessible. Simply turn the hood latch and raise the hood to gain service access to the air restriction indicator, engine oil dipstick, backlapping valve, hydraulic components, coolant level fill, and more. The hydraulic tank located at the rear features a convenient fill point on top of the tank and a dipstick for checking the hydraulic fluid level.



**Fast, Safe Starting**  
A Sit-on-Seat (SOS) diagnostics system checks the machine system functions to be sure that they are in the proper configuration for starting.

### Comfort and Stability



## **Agenda Item:**

3C. Purchase equipment from Austin Turf and Tractor through the Texas BuyBoard for the Kerrville Sports Complex in the amount of \$45,170.76. (staff)

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

**SUBJECT:** Authorization to purchase equipment from Austin Turf and Tractor through the Texas BuyBoard for the Kerrville Sports Complex in the amount of \$45,170.76

**FOR AGENDA OF:** June 13, 2017

**DATE SUBMITTED:** June 1, 2017

**SUBMITTED BY:** Ashlea Boyle  
Director of Parks and Recreation

**CLEARANCES:** E.A. Hoppe  
Deputy City Manager



**EXHIBITS:** Quote

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**



<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
\$45,170.76	\$48,074 FY17	\$48,074 FY17	01-855-504

**PAYMENT TO BE MADE TO:**

Austin Turf & Tractor  
809 Steve Hawkins Pkwy  
Marble Falls, TX 78654

**REVIEWED BY THE DIRECTOR OF FINANCE:**

**SUMMARY STATEMENT**

Attached is a quote from Austin Turf and Tractor for five pieces of field equipment for the Kerrville Sports Complex in the amount of \$45,170.76. The equipment is as follows: two John Deere Z930M Commercial Zero-Turn Mowers, two John Deere TX Turf Gators, and one John Deere MY17 1200A Bunker and Field Rake. This item is accommodated within the existing budget for this Fiscal Year, but requires City Council authorization as this purchase and the equipment included in the lease agreement will be procured from the same vendor with a combined total over \$50,000.

This quote is secured through the Texas BuyBoard; the contract number is 529-17. The Texas BuyBoard is a purchasing cooperative used by governmental entities across Texas and complies with both the state's bidding law and City policy.

**RECOMMENDED ACTION**

Staff recommends authorization to purchase equipment from Austin Turf and Tractor through the Texas BuyBoard for equipment at the Kerrville Sports Complex in the amount of \$45,170.76.



Quote Id: 15303437

---

Prepared For:  
**City Of Kerrville Parks And Recreation**

Prepared By: **David Shackelford**

Austin Turf & Tractor  
809 Steve Hawkins Pkwy  
Marble Falls, TX 78654

Tel: 830-693-6477

Fax: 830-693-7791

Email: [david.shackelford@austinturf.com](mailto:david.shackelford@austinturf.com)

Date: 08 May 2017

Offer Expires: 01 July 2017

---

*Confidential*





### Quote Summary

**Prepared For:**

City Of Kerrville Parks And Recreation  
2385 Bandera Hwy  
Kerrville, TX 78028

**Prepared By:**

David Shackelford  
Austin Turf & Tractor  
809 Steve Hawkins Pkwy  
Marble Falls, TX 78654  
Phone: 830-693-6477  
david.shackelford@austinturf.com

**PRICING PER BUYBOARD CONTRACT #529-17**

**Quote Id:** 15303437  
**Created On:** 08 May 2017  
**Last Modified On:** 01 June 2017  
**Expiration Date:** 01 July 2017

Equipment Summary	Suggested List	Selling Price	Qty	Extended
JOHN DEERE Z930M Commercial ZTrak	\$ 10,922.80	\$ 8,357.41 X	2 =	\$ 16,714.82
JOHN DEERE TX Turf (Model Year 17)	\$ 9,731.31	\$ 7,659.36 X	2 =	\$ 15,318.72
JOHN DEERE MY17 1200A Bunker and Field Rake	\$ 16,997.50	\$ 13,137.22 X	1 =	\$ 13,137.22
<b>Equipment Total</b>				<b>\$ 45,170.76</b>

**Quote Summary**

Equipment Total	\$ 45,170.76
SubTotal	\$ 45,170.76
Total	\$ 45,170.76
Down Payment	(0.00)
Rental Applied	(0.00)
<b>Balance Due</b>	<b>\$ 45,170.76</b>

Salesperson : X \_\_\_\_\_

Accepted By : X \_\_\_\_\_

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**JOHN DEERE**

# Selling Equipment

**Austin**  
TURF & TRACTOR

Quote Id: 15303437

Customer: CITY OF KERRVILLE PARKS AND RECREATION

## JOHN DEERE Z930M Commercial ZTrak

Hours:

Suggested List

Stock Number:

\$ 10,922.80

Code	Description	Qty
2163TC	Z930M Commercial ZTrak	2

**Standard Options - Per Unit**

001A	United States/Canada	2
1036	24x12x12 Pneumatic Turf Tire for 54 In. and 60 In. Decks	2
1504	60 In. Side Discharge Mower Deck	2
2000	Deluxe Comfort Seat with Armrests	2

**Other Charges**

Freight	2
Setup	2

## JOHN DEERE TX Turf (Model Year 17)

Hours:

Suggested List

Stock Number:

\$ 9,731.31

Code	Description	Qty
563WM	TX Turf (Model Year 17)	2

**Standard Options - Per Unit**

001A	US/Canada	2
0501	PR - Base	2
1015	Turf Tires	2
2016	Non Adjustable Seat	2
3001	Deluxe Cargo Box with Paint and Reflectors	2
3100	Less Power Lift	2
4099	Less Front Protection Package	2
4199	Less Rear Protection Package	2

**Dealer Attachments**

BM23989	Drawbar, 1.25 in. (38mm)	2
---------	--------------------------	---





**JOHN DEERE**

## Selling Equipment



**Austin**  
TURF & TRACTOR

Quote Id: 15303437

Customer: CITY OF KERRVILLE PARKS AND RECREATION

Other Charges	
Freight	2
Setup	2

### JOHN DEERE MY17 1200A Bunker and Field Rake

Hours:

Suggested List

Stock Number:

\$ 16,997.50

Code	Description	Qty
430AM	MY16 1200A Bunker and Field Rake	1
Standard Options - Per Unit		
001A	US/Canada	1
0443	OM Non CE English/Spanish	1
1001	Rear Frame	1
2002	Rear Mounted 60 In. Field Finisher	1
3000	(3) Knobby Hi-Flotation Tires and Wheels	1
9011	Mid-Mount Base	1
9013	Narrow Scarifier (Interval) Tines	1
9020	40 In. Front Blade	1
Other Charges		
Freight		1
Setup		1

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# Z930M

## ZERO-TURN MOWER

[SPECIAL OFFERS](#) | [View Details](#)

### FEATURES & SPECS

7-Iron™ PRO deck  
 Mulch On Demand™ Available  
 Gasoline Engine  
 Propane Option Available

[See All Features](#)

Starting at **\$10,529.00**  
 Deck Sizes 60, 60-in. MOD (152-cm)  
 Horsepower 25.5 HP (19.0-kW)  
 Fuel Options Gasoline, Propane

[See All Specs](#)

★★★★★ 4.6 / 5

RECOMMENDED BY 86%

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### ZTrak Z930M

With the M Series, we came up with machines that would please those customers with large fleets who demand efficiency. The Z930M features a long list of available options, including Mulch On Demand decks, Propane functionality, dump-from-seat Material Collection System capability, 3-way adjustable suspension seats and easy-to-use diagnostics.

#### 7-Iron™ PRO and Mulch On Demand™ Mower Decks

Each Z930M mower can be paired with one of our 7-Iron PRO 60-inch (152-cm) mower decks, or a time-saving 60-inch Mulch On Demand deck. These decks are stamped from a single piece of 7-gauge steel, which means there are no welds or corners on the underside for clippings to collect and clump.

### SPECIAL OFFERS

0% APR FOR UP TO 48 MONTHS††

0% APR for 48 Months† on New ZTrak™, QuikTrak™, and Commercial Walk Behind Mowers. Offer available August 03, 2016 through October 28, 2016.

Offer Duration  
 03 August 2016 - 28 October 2016

[View Offer Details](#)

### PRODUCT BROCHURES

[View Online Brochures](#)  
 (English & Spanish)

### RESOURCES

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[Build & Price Commercial Mowing Equipment](#)

[View California Products](#)

[Product Safety](#)



## Gator TX Turf

### FEATURES & SPECS

Overhead valve design for greater efficiency  
 Four-wheel hydraulic disk brakes  
 Wide wheel stance and a low center of gravity  
 The Cayman Turf tire is four-ply rated

[See All Features](#)

List Price: \$8,699.00\* USD  
 Brakes Type All-wheel hydraulic disk  
 Tires Front Two 22x9.50-10, 4PR  
 Dimensions Seat Professional High  
 Type back, bucket

[See All Specs](#)

★ ★ ★ ★ ★ [Write the first review](#)

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[Build Your Own](#)

More of what you asked for. The Gator TX Turf.

Step up to the enhanced Gator TX Turf and you'll appreciate a deluxe cargo box that includes 16.4 cubic feet of capacity, pick-up style tailgate, 20 tie-down points, a gas-assist shock for easier lifting and dumping, and the ability to convert to a flatbed mode in minutes by removing the composite side panels and tailgate.



#### 4-Wheel Suspension

Whether you load it up or leave it empty, the TX Turf delivers a well-cushioned ride with a four-wheel suspension with new coil over shock, triple-rate adjustable springs and a four-inch longer wheelbase.



#### Deluxe Cargo Box

16.4 cubic foot capacity reinforced box includes a gas assist for easier lifting and dumping, pick-up style tailgate, 20 integrated tie-down points, and removable side panels and tailgate for flatbed operation. Carries up to 600 lbs. A factory-installed spray-in bed liner is also available.



#### Engine

The Gator TX Turf is powered by a 13-hp, 401 cc, single-cylinder, four-cycle Kawasaki® gas engine.



# 1200A

## BUNKER AND FIELD RAKE

### FEATURES AND SPECS

Mechanical drive system

Less steering effort

Standard power lift

Adjustable seat

[See All Features](#)

Electrical System 12-volt, 13 amp regulated

Fuel System Fuel pump Diaphragm-type

Attachments Rake Rear mount, powerlift control

[See All Specs](#)

[Write the first review](#)



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### YOU MAY ALSO BE INTERESTED IN

[Build Your Own](#)

**A timeless design, a tireless workhorse.**

The 1200A has been delighting golf course superintendents and sports field managers for a long time running. It's easy to see why. Start with a similar job-proven drivetrain found in our popular Gator™ T-Series. The engine runs at an easy 3,100 rpm. This, along with a solid muffler and cowling design, significantly reduces machine noise.

Not only is the 1200A efficiently designed, it's also high in ergonomics. An adjustable high-back seat, standard power lift of the rear rake, counterbalanced front- and mid-mounted implements and an external-fill fuel tank.

Product features are based on published information at the time of publication. The engine horsepower information is provided by the engine manufacturer to be used for comparison purposes only. Actual operating horsepower will be less. Product features are subject to change without notice. Contact [your local John Deere dealer](#) for more detailed information.

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## **Agenda Item:**

3D. Resolution No. 20-2017 authorizing the City's continued participation with the Atmos Cities Steering Committee; and authorizing the City's payment of two cents per capita to the Atmos Cities Steering Committee to fund regulatory and related activities related to Atmos Energy Corporation. (staff)



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

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**SUBJECT:** A Resolution authorizing the City's continued participation with the Atmos Cities Steering Committee ("ACSC"); and authorizing the City's payment of .025 cents per capita to the ACSC to fund regulatory and related activities related to Atmos Energy Corporation

**FOR AGENDA OF:** June 13, 2017 **DATE SUBMITTED:** June 1, 2017

**SUBMITTED BY:** Mike Hayes,   
City Attorney **CLEARANCES:**

**EXHIBITS:** Resolution, Memorandum from ACSC Co-chairs, ACSC "Year in Review", List of ACSC cities

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** 

---

<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
\$462.72	\$	\$	01-870-306

**PAYMENT TO BE MADE TO:** Atmos Cities Steering Committee, David Barber, Atmos Cities Steering Committee, c/o Arlington City Attorney's Office, Mail Stop 63-0300, 101 S. Mesquite St., Suite 300, Arlington, Texas 76010

**REVIEWED BY THE FINANCE DEPARTMENT:**

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**SUMMARY STATEMENT**

The following statement was provided by the Atmos Cities Steering Committee:

**Purpose of the Resolution:**

Most municipalities have retained original jurisdiction over gas utility rates and services within municipal limits. The Atmos Cities Steering Committee ("ACSC") is composed of municipalities in the service area of Atmos Energy Corporation, Mid-Tex Division regardless of whether original jurisdiction has been retained. Atmos is a monopoly provider of natural gas. Because Atmos has no competitors, regulation of the rates that it charges its customers is the only way that cities can ensure that natural gas rates are fair. Working as a coalition to review the rates charged by Atmos allows cities to accomplish more collectively than each city could do acting alone. Cities have more than 100 years experience in regulating natural gas rates in Texas.

ACSC is the largest coalition of cities served by Atmos Mid-Tex. There are 168 ACSC member cities, which represent more than 60 percent of the total load served by Atmos-Mid Tex. ACSC protects the authority of municipalities over the monopoly natural gas provider and defends the interests of residential and small commercial customers within the cities. Although many

of the activities undertaken by ACSC are connected to rate cases (and therefore expenses are reimbursed by the utility), ACSC also undertakes additional activities on behalf of municipalities for which it needs funding support from its members.

**The ACSC Membership Assessment Supports Important Activities:**

ACSC is actively involved in rate cases, appeals, rulemakings, and legislative efforts impacting the rates charged by Atmos within the City. These activities will continue throughout the calendar year. It is possible that additional efforts will be necessary on new issues that arise during the year, and it is important that ACSC be able to fund its participation on behalf of its member cities. A per capita assessment has historically been used, and is a fair method for the members to bear the burdens associated with the benefits received from that membership.

**Explanation of Resolution Paragraphs:**

- I. This paragraph authorizes the continuation of the City's membership in ACSC.
- II. This paragraph authorizes payment of the City's assessment to the ACSC in the amount of two cents (\$0.02) per capita.
- III. This paragraph requires notification that the City has adopted the Resolution.

**Payment of Assessment:**

The assessment payment check should be made out to "*Atmos Cities Steering Committee*" and mailed to David Barber, Atmos Cities Steering Committee, c/o Arlington City Attorney's Office, Mail Stop 63-0300, 101 S. Mesquite St., Suite 300, Arlington, Texas 76010.

**RECOMMENDED ACTION**

Adoption of Resolution.

**CITY OF KERRVILLE, TEXAS  
RESOLUTION NO. 20-2017**

**A RESOLUTION AUTHORIZING THE CITY'S CONTINUED PARTICIPATION WITH THE ATMOS CITIES STEERING COMMITTEE; AND AUTHORIZING THE CITY'S PAYMENT OF TWO CENTS PER CAPITA TO THE ATMOS CITIES STEERING COMMITTEE TO FUND REGULATORY AND RELATED ACTIVITIES RELATED TO ATMOS ENERGY CORPORATION**

**WHEREAS**, the City of Kerrville, Texas ("City") is a regulatory authority under the Gas Utility Regulatory Act (GURA) and has exclusive original jurisdiction over the rates and services of Atmos Energy Corporation, Mid-Tex Division ("Atmos") within the municipal boundaries of the City; and

**WHEREAS**, the Atmos Cities Steering Committee ("ACSC") has historically intervened in Atmos rate proceedings and gas utility related rulemakings to protect the interests of municipalities and gas customers residing within municipal boundaries; and

**WHEREAS**, ACSC is participating in Railroad Commission dockets and projects, as well as court proceedings and legislative activities, affecting gas utility rates; and

**WHEREAS**, the City is a member of ACSC; and

**WHEREAS**, in order for ACSC to continue its participation in these activities which affects the provision of gas utility service and the rates to be charged, it must assess its members for such costs;

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

**SECTION ONE.** The City is authorized to continue its membership with the Atmos Cities Steering Committee to protect the interests of the City and protect the interests of the customers of Atmos Energy Corporation, Mid-Tex Division residing and conducting business within the City limits.

**SECTION TWO.** The City is further authorized to pay its 2016 assessment to the ACSC in the amount of two cents (\$0.02) per capita, which based upon a population estimate of 23,136, comes to \$462.72.

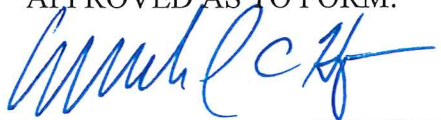
**SECTION THREE.** A copy of this Resolution and approved assessment fee payment to "Atmos Cities Steering Committee" shall be sent to David Barber, Atmos Cities Steering Committee, c/o Arlington City Attorney's Office, Mail Stop 63-0300, 101 S. Mesquite St., Suite 300, Arlington, Texas 76010.

**PASSED AND APPROVED ON this the \_\_\_\_\_ day of \_\_\_\_\_ A.D., 2017.**



\_\_\_\_\_  
Bonnie White, Mayor

APPROVED AS TO FORM:



\_\_\_\_\_  
Michael C. Hayes, City Attorney

ATTEST:

\_\_\_\_\_  
Brenda G. Craig, City Secretary

# MEMORANDUM

TO: Atmos Cities Steering Committee  
FROM: Jennifer Richie, Chair, Atmos Cities Steering Committee  
DATE: March 9, 2017  
RE: **Action Needed - 2017 Atmos Cities Steering Committee Membership Assessment Invoice**

On December 8, 2016, the Atmos Cities Steering Committee ("ACSC") held a quarterly meeting with representatives from Atmos Energy. During the meeting, the group held a discussion of upcoming natural gas issues and approved the assessment for ACSC membership. Using the population-based assessment protocol previously adopted by ACSC, the assessment for 2017 is a per capita fee of \$0.02.

This assessment is one-half of the historical assessment adopted by ACSC. At the December 8, 2016 meeting, it was decided that ACSC's current account balance and anticipated activities throughout the coming year warranted a reduction for this year. Each city should consider making its budget officer and/or Council aware that in future years, the assessment may return to \$0.05.

ACSC protects the authority of municipalities over the monopoly natural gas provider and defends the interests of the residential and small commercial customers within the cities. Cities are the only consumer advocates that work to keep natural gas rates reasonable. The work undertaken by ACSC has saved ratepayers millions of dollars in unreasonable charges. In order to continue to be an effective voice at the Railroad Commission, at the Legislature, and in the courts, ACSC must have your support. Please take action to pay the membership assessment as soon as possible. Payment of the membership assessment fee shall be deemed to be in agreement with the terms of the ACSC participation agreement.

Although ACSC does not require that your city take action by resolution to approve the assessment, some members have requested a model resolution authorizing payment of the 2017 membership assessment. To assist you in the assessment process, we have provided the following documents for your use:

- ACSC 2016 Year in Review
- Model resolution approving the 2017 assessment (optional, provided for those cities that have requested a resolution to authorize payment)
- Model staff report supporting the resolution
- List of Atmos Cities Steering Committee members
- 2017 Assessment invoice
- 2016 Assessment invoice and statement (only included if not yet paid)
- Blank member contact form to update the distribution lists

Please forward the membership assessment fee and, if applicable, the signed resolution to David Barber, Atmos Cities Steering Committee, c/o City Attorney's Office, Mail Stop 63-0300, 101 S. Mesquite St., Suite 300, Arlington, Texas 76010. Checks should be made payable to: *Atmos Cities Steering Committee*.

If you have any questions, please contact ACSC Chair Person, Jennifer Richie (254/750-5688). ACSC's counsel, Geoffrey Gay (ggay@lglawfirm.com) and Thomas Brocato (tbrocato@lglawfirm.com) at 512/322-5857 are also available to assist you.

## ACSC Cities (168 Total)

Abilene	Fairview	Oak Leaf
Addison	Farmers Branch	Ovilla
Allen	Farmersville	Palestine
Alvarado	Fate	Pantego
Angus	Flower Mound	Paris
Anna	Forest Hill	Parker
Argyle	Fort Worth	Pecan Hill
Arlington	Frisco	Petrolia
Aubrey	Frost	Plano
Azle	Gainesville	Ponder
Bedford	Garland	Pottsboro
Bellmead	Garrett	Prosper
Benbrook	Grand Prairie	Quitman
Beverly Hills	Grapevine	Red Oak
Blossom	Groesbeck	Reno (Parker County)
Blue Ridge	Haltom City	Rhome
Bowie	Harker Heights	Richardson
Boyd	Haskell	Richland
Bridgeport	Haslet	Richland Hills
Brownwood	Hewitt	River Oaks
Buffalo	Highland Park	Roanoke
Burkburnett	Highland Village	Robinson
Burleson	Honey Grove	Rockwall
Caddo Mills	Hurst	Roscoe
Canton	Hutto	Rowlett
Carrollton	Iowa Park	Royse City
Cedar Hill	Irving	Sachse
Celeste	Justin	Saginaw
Celina	Kaufman	Sansom Park
Centerville	Keene	Seagoville
Cisco	Keller	Sherman
Clarksville	Kemp	Snyder
Cleburne	Kennedale	Southlake
Clyde	Kerens	Springtown
College Station	Kerrville	Stamford
Colleyville	Killeen	Stephenville
Colorado City	Krum	Sulphur Springs
Comanche	Lakeside	Sweetwater
Commerce	Lake Worth	Temple
Coolidge	Lancaster	Terrell
Coppell	Lewisville	The Colony
Copperas Cove	Lincoln Park	Trophy Club
Corinth	Little Elm	Tyler
Corral City	Lorena	University Park
Crandall	Madisonville	Venus
Crowley	Malakoff	Vernon
Dalworthington Gardens	Mansfield	Waco
Denison	McKinney	Watauga
DeSoto	Melissa	Waxahachie
Duncanville	Mesquite	Westlake
Eastland	Midlothian	Westover Hills
Edgecliff Village	Murphy	Whitesboro
Emory	Newark	White Settlement
Ennis	Nocona	Wichita Falls
Eules	North Richland Hills	Woodway
Everman	Northlake	Wylie

## **Agenda Item:**

4A. Ordinance No. 2017-13, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2017 Rate Review Mechanism filings; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the settlement tariffs to be just and reasonable and in the public interest; requiring reconciliation and rate adjustments if federal income tax rates change; terminating the RRM process for 2018 pending renegotiation of RRM terms and conditions; requiring the company to reimburse ACSC's reasonable ratemaking expenses; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this ordinance to the company and the ACSC's legal counsel. (staff)

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

**SUBJECT:** An Ordinance approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2017 Rate Review Mechanism Filings (*see attached Ordinance for full caption*) [**SECOND READING**]

**FOR AGENDA OF:** June 13, 2017 **DATE SUBMITTED:** June 1, 2017

**SUBMITTED BY:** Mike Hayes   
City Attorney **CLEARANCES:**

**EXHIBITS:**

- 1) Ordinance No. 2017-13** (incl. attachments)
- 2) Frequently asked questions** regarding ACSC and the RRM Ratemaking Process
- 3) City Messaging** (from Atmos)

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** 

<b>Expenditure Required:</b>	<b>Current Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>NA</b>

**PAYMENT TO BE MADE TO: NA**

**REVIEWED BY THE FINANCE DEPARTMENT:**

**SUMMARY STATEMENT**

The following is a report from the attorneys representing the Atmos Cities Steering Committee:

The City, along with other similarly situated cities served by Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). The RRM Tariff was originally adopted by ACSC member cities in 2007 as an alternative to the Gas Reliability Infrastructure Program ("GRIP"), the statutory provision that allows Atmos to bypass the City's rate regulatory authority to increase its rates annually to recover capital investments. The RRM Tariff has been modified several times, most recently in 2013.

The 2017 RRM filing is the fifth RRM filing under the renewed RRM Tariff. On March 1, 2017, Atmos made a filing requesting \$57.4 million additional revenues on a system-wide basis. Because the City of Dallas has a separate rate review process, exclusion of Dallas results in the Company requesting \$46.4 million from other municipalities.

Environs customers (ratepayers outside municipal limits) remain under the Railroad Commission's exclusive original jurisdiction and have their rates set through the GRIP process. If the Company

had used the GRIP process rather than the RRM process it would receive a \$52.4 million increase, or about \$4.4 million more than will be approved by the Ordinance.

ACSC and the Company have reached an agreement, reflected in the Ordinance, to reduce the Company's request by \$9.4 million, such that the Ordinance approving new rates reflects an increase of \$48 million on a system-wide basis, or \$38.8 million for Mid-Tex Cities, exclusive of the City of Dallas.

The tariffs attached to the Ordinance approve rates that will increase the Company's revenues by \$38.8 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2017. The monthly residential customer charge will be \$19.60. The consumption charge will be \$0.14 per Ccf. The monthly bill impact for the typical residential customer consuming 46.8 Ccf will be an increase of \$2.04, or about 3.87%. The typical commercial customer will see an increase of \$6.27, or 2.37%. Attached to this Model Staff Report is a summary of the impact of new rates on the average bills of all customer classes.

The ACSC Executive Committee and its designated legal counsel and consultants recommend that all Cities adopt the Ordinance with its attachments approving the negotiated rate settlement resolving the 2017 RRM filing, and implementing the rate change.

#### **Explanation of "Be It Ordained" Sections:**

1. This section approves all findings in the Ordinance.
2. This section finds the settled amount of \$48 million on a system-wide basis to be a comprehensive settlement of gas utility rate issues arising from Atmos Mid-Tex's 2017 RRM filing, and that such settlement is in the public interest and is consistent with the City's statutory authority.
3. This section finds the existing Atmos Mid-Tex rates to be unreasonable, and approves the new tariffed rates providing for additional revenues over currently-billed rates of \$48 million on a system-wide basis and adopts the attached new rate tariffs (**Attachment A**).
4. This section establishes the baseline for pensions and other post-employment benefits for future rate cases (**Attachment C**).
5. This section requires the Company to reimburse Cities for reasonable ratemaking costs associated with reviewing and processing the RRM filing.
6. This section requires a rate reconciliation in the event that federal income tax rates change.
7. This section requires renegotiation of current RRM terms and conditions this Summer and if new terms and conditions are not agreed to by both parties, the RRM process will be terminated and Cities will be encouraged to pass show cause resolutions to trigger a traditional rate case at the Railroad Commission.
8. This section repeals any resolution or ordinance that is inconsistent with this Ordinance.
9. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
10. 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.

11. This section provides for an effective date upon passage which, according to the Cities' ordinance that adopted the RRM process, is June 1, 2017.
12. This paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for the Steering Committee.

### **RECOMMENDED ACTION**

Adoption of Ordinance on 2<sup>nd</sup> reading.

**CITY OF KERRVILLE, TEXAS  
ORDINANCE NO. 2017-13**

**AN ORDINANCE APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2017 RATE REVIEW MECHANISM FILINGS; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; REQUIRING RECONCILIATION AND RATE ADJUSTMENTS IF FEDERAL INCOME TAX RATES CHANGE; TERMINATING THE RRM PROCESS FOR 2018 PENDING RENEGOTIATION OF RRM TERMS AND CONDITIONS; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE ACSC’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”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) 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; and

**WHEREAS**, ACSC and the Company worked collaboratively to develop a new Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

**WHEREAS**, on March 1, 2017, Atmos Mid-Tex filed its 2017 RRM rate request with ACSC Cities; and

**WHEREAS**, ACSC coordinated its review of the Atmos Mid-Tex 2017 RRM filing through its Executive Committee, assisted by ACSC’s attorneys and consultants, to resolve issues identified in the Company’s RRM filing; and



**WHEREAS**, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of \$48 million on a system-wide basis; and

**WHEREAS**, the attached tariffs implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest;

**WHEREAS**, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications;

**WHEREAS**, the Company and ACSC have agreed that rates should be adjusted if any change in federal income tax rates is implemented during the period that rates approved herein remain in place; and

**WHEREAS**, because ACSC believes that certain provisions of the current terms and conditions of the RRM tariff are inconsistent with market conditions, the City expects renegotiation of the current RRM tariff in the Summer of 2017;

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

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

**SECTION TWO.** City Council finds that the settled amount of an increase in revenues of \$48 million on a system-wide basis represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2017 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

**SECTION THREE.** The existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as **Attachment A**, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$48 million in revenue over the amount allowed under currently approved rates, as shown in the Proof of Revenues attached hereto and incorporated herein as **Attachment B**; such tariffs are hereby adopted.

**SECTION FOUR.** The ratemaking treatment for pensions and other post-employment benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on **Attachment C**, attached hereto and incorporated herein.

**SECTION FIVE.** Consistent with Texas Utilities Code Section 104.055(c), Atmos Energy's recovery of federal income tax expense through the Rider RRM has been computed using the statutory income tax rate. In the event that a change in the statutory income tax rate is implemented during the Rider RRM Rate Effective Date, Atmos Energy shall reconcile the

difference between the amount of federal income tax expense included in the Rider RRM calculation for the Rate Effective Date with the amount of federal income tax expense authorized under the new statutory income tax rate. The reconciliation period shall be from the date on which any new statutory income tax rate is implemented through the Rate Effective Date. An interest component calculated at the customer deposit interest rate then in effect as approved by the Railroad Commission of Texas shall be applied to the federal income tax expense reconciliation. Further, any required reconciliation of federal income tax expense shall be included as part of Atmos Mid-Tex's next annual RRM filing and shall be returned to or recovered from customers as a one-time credit or surcharge to the customer's bill.

**SECTION SIX.** City requires renegotiation of RRM tariff terms and conditions during the Summer of 2017. If an agreed renegotiated RRM tariff cannot be achieved, City will terminate the RRM process and consider initiation of a traditional rate case to reduce the Company's authorized return on equity.

**SECTION SEVEN.** Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2017 RRM filing.

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

**SECTION NINE.** 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 TEN.** 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 ELEVEN.** Consistent with the City Ordinance that established the RRM process, 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 June 1, 2017.

**SECTION TWELVE.** A copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LJB Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

**PASSED AND APPROVED ON FIRST READING, this the 23<sup>rd</sup> day of May, A.D., 2017.**

**PASSED AND APPROVED ON SECOND AND FINAL READING, this the \_\_\_ day of \_\_\_\_\_, A.D., 2017.**

\_\_\_\_\_  
Bonnie White, Mayor

ATTEST:

\_\_\_\_\_  
Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Michael C. Hayes, City Attorney

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

Attachment A  
RRC Tariff No:

<b>RATE SCHEDULE:</b>	<b>R – RESIDENTIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2017</b>	<b>PAGE:</b>

**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 Ccf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 19.60 per month
Rider CEE Surcharge	\$ 0.02 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 19.62 per month</b>
Commodity Charge – All <u>Ccf</u>	\$0.14427 per Ccf

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.

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.

<sup>1</sup>Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2016.

<b>RATE SCHEDULE:</b>	<b>C – COMMERCIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2017</b>	<b>PAGE:</b>

**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 30,000 Ccf.

**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 Ccf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 44.70 per month
Rider CEE Surcharge	\$ 0.08 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 44.78 per month</b>
Commodity Charge – All Ccf	\$ 0.09279 per Ccf

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.

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.

<sup>1</sup> Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2016.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2017</b>	<b>PAGE:</b>

#### 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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 799.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3374 per MMBtu
Next 3,500 MMBtu	\$ 0.2470 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0530 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.

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."

#### 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.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

Attachment A  
RRC Tariff No:

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2017</b>	<b>PAGE:</b>

**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.

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2017</b>	<b>PAGE:</b>

#### 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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 799.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.3374 per MMBtu
Next 3,500 MMBtu	\$ 0.2470 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0530 per MMBtu

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

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.

#### 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.



**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

Attachment A  
RRC Tariff No:

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2017</b>	<b>PAGE:</b>

**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.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 11/01/2017</b>	<b>PAGE:</b>

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) 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 Ccf 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 Ccf

$R_i$  = Commodity Charge rate of temperature sensitive sales for the  $i^{th}$  schedule or classification.

$HSF_i$  = heat sensitive factor for the  $i^{th}$  schedule or classification divided by the average bill count in that class

$NDD$  = 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 divided by the average bill count in that class

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

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

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

MID-TEX DIVISION  
ATMOS ENERGY CORPORATION

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS	
EFFECTIVE DATE:	Bills Rendered on or after 11/01/2017	PAGE:

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	9.79	0.1347	93.16	0.6060
Austin	10.37	0.1483	190.68	0.9069
Dallas	13.36	0.2089	180.35	1.0191
Waco	9.64	0.1348	124.37	0.5791
Wichita Falls	11.20	0.1412	107.96	0.5571

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the Company posts on its website at [atmosenergy.com/mtx-wna](http://atmosenergy.com/mtx-wna), in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the Company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the Company files one hard copy and an Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

ATMOS ENERGY CORP., MID-TEX DIVISION  
 PROPOSED TARIFF STRUCTURE (BEFORE RATE CASE EXPENSE RECOVERY)  
 TEST YEAR ENDING DECEMBER 31, 2016

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Proposed Change In Rates:										
2	Proposed Change In Rates without Revenue Related Taxes:		\$ 48,000,000	Schedule A							
3			\$ 44,800,457	Ln 1 divided by factor on WP_F-5.1							
4											
5											
6		Revenue Requirements	Allocations								
7	Residential	\$ 338,431,486	77.95%								
8	Commercial	\$ 84,223,622	19.40%								
9	Industrial and Transportation	\$ 11,490,316	2.65%								
10	Net Revenue Requirements GUD No. 10170	\$ 434,145,424									
11											
12											
13											
14											
15											

16 With Proportional Increase all classes but Residential and a 40% residential base charge increase:

	Current	Prospective	Revenues
18			
19			
20	Residential Base Charge	\$ 19.08	\$ 13,969,407
21	Residential Consumption Charge	\$ 0.11378	\$ 20,954,111
22	Commercial Base Charge	\$ 41.70	\$ 4,345,614
23	Commercial Consumption Charge	\$ 0.08494	\$ 4,345,614
24	I&T Base Charge	\$ 737.00	\$ 592,856
25	I&T Consumption Charge Tier 1 MMBTU	\$ 0.3096	\$ 279,522
26	I&T Consumption Charge Tier 2 MMBTU	\$ 0.2267	\$ 225,635
27	I&T Consumption Charge Tier 3 MMBTU	\$ 0.0486	\$ 87,699
28			\$ 44,800,457
29			

In accordance with RRM tariff:

	Proposed Change	Proposed Change In Revenues	Proposed Rates	Proposed Revenues
Residential Base Charge	\$ 0.52	\$ 9,385,859	\$ 19.60	\$ 353,851,897
Residential Consumption Charge	\$ 0.03049	\$ 25,534,444	\$ 0.14427	\$ 120,821,718
Commercial Base Charge	\$ 3.00	\$ 4,409,676	\$ 44.70	\$ 65,707,365
Commercial Consumption Charge	\$ 0.00785	\$ 4,280,326	\$ 0.09279	\$ 50,595,093
I&T Base Charge	\$ 62.75	\$ 593,364	\$ 799.75	\$ 7,562,427
I&T Consumption Charge Tier 1 MMBTU	\$ 0.0278	\$ 279,726	\$ 0.3374	\$ 3,394,949
I&T Consumption Charge Tier 2 MMBTU	\$ 0.0203	\$ 225,178	\$ 0.2470	\$ 2,739,848
I&T Consumption Charge Tier 3 MMBTU	\$ 0.0044	\$ 88,488	\$ 0.0530	\$ 1,065,879
		\$ 44,797,060		\$ 605,739,177

ATMOS ENERGY CORP., MID-TEX DIVISION  
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL  
TEST YEAR ENDING DECEMBER 31, 2016

Line No.	Description (a)	Shared Services (b)		Mid-Tex Direct (c)		Pension Account Plan ("PAP") (d)		Supplemental Executive Benefit Plan ("SERP") (e)		Post-Retirement Medical Plan ("FAS 106") (f)		Adjustment Total (g)
		Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Supplemental Executive Benefit Plan ("SERP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	
1	Fiscal Year 2017 Willis Towers Watson Report as adjusted (1), (3)	\$ 5,004,862	\$ 2,864,121	\$ 8,234,627	\$ 4,375,142							
2	Allocation to Mid-Tex	45.03%	45.03%	71.23%	71.23%							
3	Fiscal Year 2017 Actuarially Determined O&M Benefits (Ln 1 x Ln 2)											
4	O&M and Capital Allocation Factor	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 3,116,420							
5	Fiscal Year 17 Willis Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	100.00%	100.00%	100.00%	100.00%							
6		\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 3,116,420							
7												
8												
9	<b>Summary of Costs to Approve:</b>											
10	Total Pension Account Plan ("PAP")	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 3,116,420							\$ 8,119,015
11	Total Post-Retirement Medical Plan ("FAS 106")											\$ 4,406,012
12	Total Supplemental Executive Retirement Plan ("SERP")											\$ 194,941
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 3,116,420							\$ 12,719,968
14												
15												
16	O&M Expense Factor	74.05%	74.05%	37.75%	37.75%							
17												
18	Expense Portion (Ln 13 x Ln 16)	\$ 1,668,700	\$ 954,943	\$ 2,214,432	\$ 1,176,551							\$ 6,053,614
19												
20	Capital Factor	25.95%	25.95%	62.25%	62.25%							
21												
22	Capital Portion (Ln 13 x Ln 20)	\$ 584,777	\$ 334,649	\$ 3,651,105	\$ 1,939,870							\$ 6,666,354
23												
24	Total (Ln 18 + Ln 22)	\$ 2,253,477	\$ 1,289,592	\$ 5,865,537	\$ 3,116,420							\$ 12,719,968

## **FREQUENTLY ASKED QUESTIONS REGARDING ACSC AND THE RRM RATEMAKING PROCESS**

### **What is the role of Cities in ratemaking?**

Cities have historically exercised original jurisdiction over the level of gas rates charged within their boundaries. Generally, gas distribution utilities have filed rate cases at the city level and have only gone to the Railroad Commission of Texas ("RCT" or "Commission") with an appeal of city action or if they cannot reach a settlement with cities. If a utility and cities reach an agreement, the utility may then file a case at the RCT to implement the same rates approved by cities in areas outside municipal boundaries.

Once a case is at the RCT, the Commission Staff generally expects cities to intervene and do most of the discovery, sponsor opposing witnesses, and do most of the cross-examination and briefing. There is no consumer advocate at the RCT. If cities do not participate in hearings at the RCT, the request of a regulated utility is likely to be rubber-stamped.

### **What is the background of the creation of the Atmos Cities Steering Committee?**

The Atmos pipeline and distribution systems were built, owned and operated by Lone Star Gas ("LSG"), which maintained over 200 rate jurisdictions until it sold its assets to Texas Utilities ("TXU") in the late 1990's. That meant that many cities had their own unique distribution rates and that individual cities had to process rate cases at the local level. LSG-Pipeline served all 200-plus distribution systems, and pipeline rates were set by the RCT.

From the early 1980's through the late 1990's, LSG filed no pipeline or system-wide rate cases at the RCT. When LSG was finally brought before the RCT to show cause why its rates should not be reduced, approximately 80 cities intervened and created an *ad hoc* group known as the Steering Committee of Cities Served by Lone Star. In Gas Utilities Division ("GUD") docket number 8664, three separate groups of cities and a number of independent cities (jointly the "Aligned Cities") participated and coordinated their efforts to oppose the rate increase.

TXU purchased the LSG assets in the late 1990's and immediately commenced consolidating 200-plus ratemaking jurisdictions into regions. As regional cases were filed, cities within each region created an *ad hoc* committee to form a common strategy and negotiating position. Once TXU had aggregated the cities into five or six jurisdictions, each with a different rate, Texas Utilities Gas Company filed a system-wide case to bring all of the old LSG territory under one common rate. The different city regional committees then united and formed the Allied Coalition of Cities ("ACC"). While the gas utility assets were owned and controlled by TXU, the coalition transformed itself from an *ad hoc* group that came together only in response to rate filings by the utility into a permanent standing coalition.

In Gas Utilities Docket ("GUD") No. 9400 in 2004, TXU's request for a \$61.6 million system-wide increase was aggressively opposed by ACC. The company received only a \$2.01 million increase. Unhappy with that result, TXU decided that owning a gas system was neither as fun nor as profitable as the deregulated electric system, and they sold the system to Atmos Energy Corporation ("Atmos" or "Company"). ACC was then transformed into the Steering Committee

of Cities Served by Atmos and then renamed Atmos Cities Steering Committee to obtain an easy to remember acronym, "ACSC".

### **What is the Atmos Cities Steering Committee?**

ACSC is a coalition of 170 cities that unite in common purpose to address gas utility rate and franchise issues related to Atmos Energy Corporation. Its objectives are to: (1) ensure that gas utility rates charged to cities and their residents are fair and reasonable; (2) maintain reasonable franchise fee revenues for cities; (3) protect cities' original jurisdiction over rates and services; (4) be a voice for consumers where no state agency assumes such a role; and (5) promote sound ratemaking policy in the public interest.

Cities join the permanent standing committee by passing a resolution and agreeing to support the work of ACSC through modest occasional *per capita* assessments that support ongoing administrative and legislative advocacy and all expenses where cities are not entitled to reimbursement. Each member city designates a representative to ACSC. Member representatives may volunteer to serve on the ACSC Executive Committee or Settlement Committee. The Executive Committee sets policy, hires legal counsel and consultants, directs litigation, establishes a legislative agenda, sets assessments on members as needed, and meets quarterly with Atmos executives. The Settlement Committee is directly involved in negotiating resolution of contested matters with Atmos executives. The list of current members is attached.

### **What is the benefit of membership in ACSC?**

One hundred seventy cities speaking as one voice is much more effective in advocacy before the Railroad Commission and legislature than any one city or multiple small groups of cities.

The legislature has given gas utilities a right to an annual increase in rates. Resources (both financial and human) of individual cities are conserved by membership in ACSC. Additionally, membership enhances institutional memory of ratemaking issues, public policy debates, and right-of-way and franchise fee battles.

### **What has ACSC accomplished?**

Going into the 82nd Legislative Session, in December 2010 ACSC released a 48-page report, "Natural Gas Consumers and the Texas Railroad Commission." More than 200 television, newspaper and radio news sites posted information on, and a link to, the report that may be found on ACSC's website, [TexasGasConsumers.org](http://TexasGasConsumers.org).

ACSC has also been instrumental in ongoing Sunset Commission reviews of the RCT. The agency has undergone three Sunset reviews since 2010, and in each case ACSC has maintained a watchful eye on the process to ensure that provisions that could harm the interest of gas utility ratepayers are excluded from the legislation. ACSC representatives also visited on several occasions with the Sunset Commission Staff, and several ACSC recommendations for reform were included in Sunset Commission Reports on the agency. Several ACSC member representatives testified before the legislature regarding the Sunset review of the Railroad Commission.

During the 2011 legislative session, lobbying efforts by ACSC were critical in killing two gas utility bills that would have undermined traditional regulation, deprived cities of certain rights, and led to even greater rate increases.

ACSC has also resolved a major issue involving franchise fees. In 2010, Atmos unilaterally, without notice, ceased inclusion of franchise fees in the calculations of gross receipts regardless of whether specific franchises included such payments. Several cities were willing to pursue the matter through litigation. However, counsel for ACSC was able to negotiate a resolution that allowed each member city to determine whether it desired an increase in franchise fee payments based on inclusion of franchise fees in the calculation of gross receipts. If a city opted for inclusion of fee-on-fee revenues, it had the further option of retroactive payments back to the point in time that Atmos decided to curtail fee-on-fee payments. Each member had these options regardless of the wording of the then-valid franchise agreement. This resolution spared significant litigation costs and anxiety and was only possible because of the clout of the ACSC membership.

One of the most significant accomplishments of ACSC occurred in 2007 via a settlement of the then-pending system-wide rate case. Approximately 50 ACSC city representatives showed up in Arlington for a meeting with Atmos executives who were shocked at the vocal opposition to Atmos' practices, the unfairness of annual Gas Reliability Infrastructure Program ("GRIP") rate filings that precluded city and citizen review, and the Company's lack of coordination with cities. That meeting led to the creation of the Rate Review Mechanism ("RRM") process and improved ongoing communications between the Company and ACSC.

In 2010, these improved communications between ACSC and the Company led to a workable solution to the need to replace steel service lines in a manner that accommodated cities' needs to control their rights-of-way, while moderating the rate impact and focusing first on the riskiest service lines based on leak repair histories. This compromise precluded a more onerous (from a city and consumer perspective) program threatened by the RCT.

### **What is an RRM case?**

The concept of an RRM proceeding emerged as a three-year experimental substitute for GRIP cases as part of the settlement of Atmos Mid-Tex's 2007 system-wide rate case. In 2003, the Texas Legislature added Section 104.301, Interim Adjustment for Changes in Investment, to the Gas Utility Regulatory Act. While not identified as such in the law, § 104.301 was referred to as the Gas Reliability Infrastructure Program or GRIP. The GRIP adjustments allowed gas companies to recover changes to invested capital without a review of whether increased revenues or declining expenses offset the invested capital costs. Both Atmos Pipeline and Atmos Mid-Tex filed GRIP cases as soon as the RCT adopted rules to implement the interim adjustments. As explained below, it quickly became apparent that the GRIP adjustments were terrible public policy.

As an alternative to GRIP, ACSC entered into a negotiated agreement with Atmos in 2007 to establish the RRM process. Unlike GRIP, the RRM provided for an annual review of all portions of Mid-Tex's cost of service. It fixed an authorized rate of return on equity for the three-year period at 9.6% (which was less than what the RCT would have authorized) and set caps on the extent to which expenses or investments could increase from one year to the next. More



importantly, it allowed cities to make a comprehensive evaluation of all aspects of the utility's business—investment, operation and maintenance expenses, and revenues—unlike GRIP that only allows consideration of changes to invested capital.

### **Why is RRM superior to GRIP?**

The GRIP cases are one-sided guarantees of a rubber-stamp approval of the utility's rate request. ACSC attempted to participate in the first two GRIP proceedings filed by both Atmos Pipeline and Atmos Mid-Tex at the RCT. Not only were cities' motions to intervene denied, but also, ACSC's comments were ignored. At the city level, ACSC consultants determined that Atmos was not only including items such as artwork, chairs, computers, and meals in interim rate adjustments that were allegedly intended to promote pipeline safety, but the Company was also over-earning its previously authorized rate of return. ACSC attacked the Commission's rule in court because it denied city participation, denied a hearing on a contested matter, and denied cities' recovery of any expenses associated with resisting GRIP rate increases. The courts were not helpful to cities. In 2011, the Texas Supreme Court upheld the Commission's rule implementing the GRIP statute.

Cities have contended that the GRIP process is terrible public policy since it authorizes what would from a history of public interest regulation perspective be regarded as unlawful—piecemeal ratemaking. GRIP allows rates to increase if the utility's invested capital net of depreciation increases year-over-year. An increase in rates is mandated under GRIP if investment increases, even if increasing revenues and declining expenses more than offset the costs associated with increased investment.

The RRM process negotiated by ACSC solves the piecemeal ratemaking problem by providing for a comprehensive review of Atmos' expenses and revenues. Furthermore, the RRM process benefitted ACSC by: (1) allowing cities' participation that would be denied under GRIP; (2) allowing cities to recover, at utility shareholders' expense, all their ratemaking costs; and (3) avoiding both litigation and RCT jurisdiction.

The legislature has functionally authorized annual increases in gas utility rates through the GRIP process. Since consumers are otherwise stuck with annual rate increases, it is better to have cities participating in the comprehensive RRM process than unable to participate in a piecemeal process.

### **What has been the history of the RRM efforts?**

A total of nine RRM filings have been made by the Company. These filings all resulted in settlements at the city level, except for the 2014 filing, which the ACSC cities denied. The Company appealed the denial to the RCT, and ACSC was ultimately able to settle that proceeding before it reached the stage of a final RCT order. The results of these filings are as follows:

<b>RRM Filing</b>	<b>Year</b>	<b>Atmos Request</b>	<b>ACSC Settlement</b>
#1	2008	\$33.5 million	\$20 million
#2	2009	\$20.2 million	\$2.6 million
#3	2010	\$70.2 million	\$27 million
#4	2011	\$15.7 million	\$6.6 million

#5	2013	\$22.7 million	\$16.6 million
#6	2014	\$45.7 million	\$43.8 million
#7	2015	\$28.8 million	\$22.8 million
#8	2016	\$35.4 million	\$29.6 million
#9	2017	\$57.4 million	\$48 million

Unable to reach agreement on perpetuation of the original RRM terms, Atmos filed a traditional rate case with cities in 2012 (GUD No. 10170), which was then appealed to the Railroad Commission. A final order in that case was entered in December 2012. The ratemaking decisions of the Commission then became the basis of renewal negotiations on the RRM process. The renewed RRM included some modifications that enhance the original RRM process. Among these modifications were:

- A limit on the percentage of increase to be included in the monthly customer charge;
- A prohibition against capital post-test year adjustments;
- A time limit for known and measurable adjustments to operating and maintenance expenses;
- A guaranteed reduction in the Company's requested increase of at least \$3 million annually; and
- A limitation on the amount of equity in the Company's capital structure.

#### **What is ahead for the RRM?**

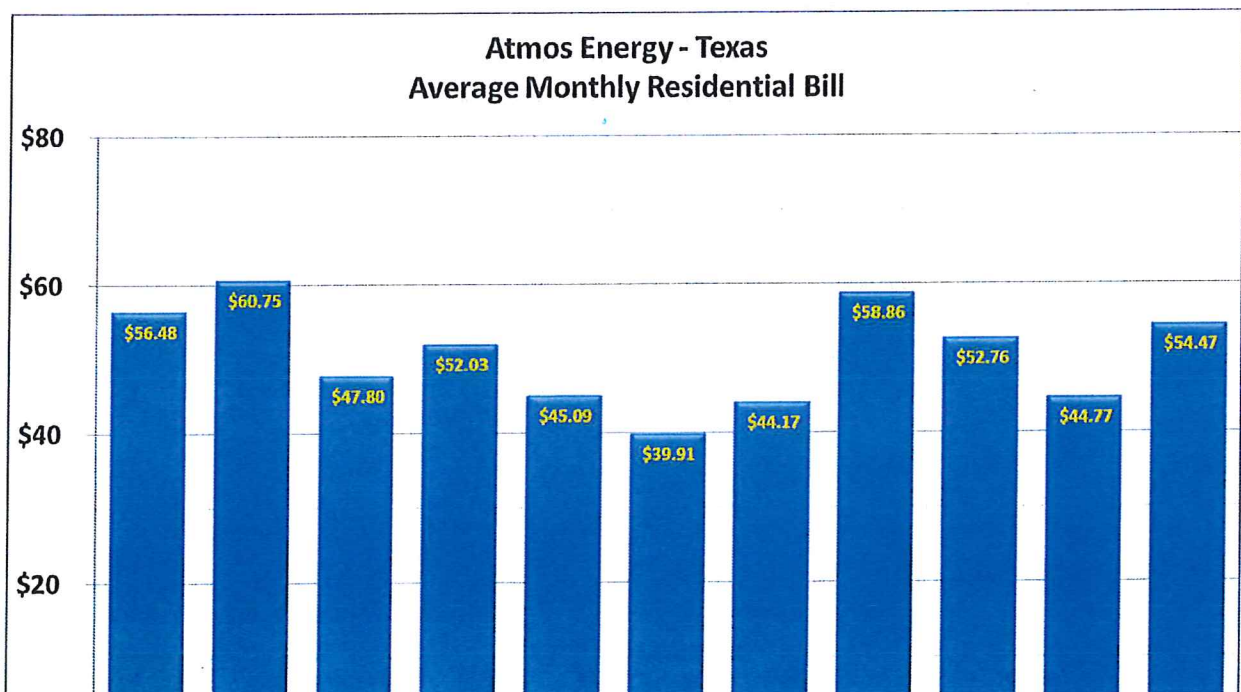
The rate of return on equity ("ROE") embedded in the RRM process of 10.5% is excessive by at least 100 basis points, based upon a reasonable rate of return that reflects the market conditions in which the Company, and its parent Atmos Energy, operates. Because this ROE cannot be altered except by (1) changing the terms of the RRM tariff, or (2) a Commission order coming out of a new rate case, ACSC has informed the Company that the 2017 RRM will be the last filing by the Company under the current tariff. Atmos has agreed to renegotiate the terms and conditions of a revised RRM tariff in 2017; if those negotiations do not result in a reduced ROE for the Company, it is likely that ACSC will recommend to its members that the Cities act in the fall of 2017 to initiate a rate case at the RCT.

If you have other questions please contact me at (512) 322-5875 and/or [gmg@lglawfirm.com](mailto:gmg@lglawfirm.com), or Georgia Crump at (512) 322-5832 and/or [gcrump@lglawfirm.com](mailto:gcrump@lglawfirm.com).

Geoffrey Gay  
ACSC, General Counsel

**City Messaging  
2017 RRM Rate Filing  
Atmos Energy – Mid-Tex Division  
March 2017**

- Atmos Energy Mid-Tex Division initiated a Rate Review Mechanism (RRM) process, in collaboration with its cities, from 2008 through 2011. Following the 2012 rate case (i.e., GUD 10170), Atmos Energy and the city coalitions expressed mutual interest in creating a new RRM process.
- The RRM is a systematic process collaboratively developed by Atmos Energy (Mid-Tex Division) and the city coalitions, specifying how rates will be set over a specified period of time.
- Benefits of the RRM process:
  - Suspends Gas Reliability Infrastructure Program (GRIP) filings
  - Avoids costly rate case expenses that would be borne by customers
  - Provides transparent process for annual review of all Company expenses and investment
  - Provides for certain caps and discounts negotiated by your attorneys
  - Limits growth to residential customer charge
- Overall impact to customers:
  - Average Residential customer (using 46.3 Ccf a month) will have an increase of \$2.04/month or 3.87%
  - Average Commercial customer (using 371.0 Ccf a month) will have an increase of \$6.27/month or 2.37%
  - Average Industrial customer (4,364 MMBtu) will have an increase of \$173.13/month or 3.22%
  - Average Transportation customer (4,364 MMBtu) will have an increase of \$173.13/month or 4.30%



## **Agenda Item:**

5A. Rearrange the order of the city council meeting agenda by moving the "Visitors/Citizens Forum" section of the agenda to be before the "Consent Agenda." (Councilmember Voelkel)

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

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**SUBJECT:** Rearrange the order of the city council meeting agenda by moving the "Visitors/Citizens Forum" section of the agenda to be before the "Consent Agenda"

**FOR AGENDA OF:** June 13, 2017      **DATE SUBMITTED:** June 6, 2017

**SUBMITTED BY:** Vincent Voelkel      **CLEARANCES:**  
Councilmember Place One

**EXHIBITS:** None

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** 

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<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
\$	\$	\$	

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DEPARTMENT:**

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**SUMMARY STATEMENT**

At the regular meeting on February 28, 2017, City Council voted to move the "Visitors/Citizens Forum" to the end of the agenda. I request that the Council consider moving the "Visitors/Citizens Forum" from the end of the agenda to the beginning of the agenda immediately before the "Consent Agenda".

**RECOMMENDED ACTION**

Instruct staff to change the order of the agenda by moving the "Visitors/Citizens Forum" to the beginning of the agenda immediately before the "Consent Agenda".

## **Agenda Item:**

5B. Letter of intent with the Cailloux Foundation Properties, LLC for the donation of an approximate 7 acre tract of land to be used for the city's construction of an onsite storage of reuse water at the Kerrville Sports Complex. (staff)

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

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**SUBJECT:** Letter of Intent with the Cailloux Foundation Properties, LLC for the donation of an approximate seven (7) acre tract of land to be used for the City's construction of an onsite storage of reuse water at the Kerrville Sports Complex

**FOR AGENDA OF:** June 13, 2017

**DATE SUBMITTED:** June 2, 2017

**SUBMITTED BY:** E.A. Hoppe,  
Deputy City Manager

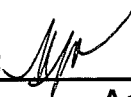
**CLEARANCES:** Mark McDaniel  
City Manager



**EXHIBITS:** Letter of Intent  
Location map

**AGENDA MAILED TO:** N/A

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**



<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>N/A</b>

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DEPARTMENT:**

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**SUMMARY STATEMENT**

In 2013, the City of Kerrville initiated a feasibility analysis for a central reuse water storage facility and distribution system. The design sought to enhance the magnitude and reliability of the City's raw water supply, as well as to reduce potable water usage associated with irrigation of golf courses, sports fields, and other large turf areas. After a subsequent design process in 2015, the City contracted to construct this central reuse water storage facility and its pump system in late 2016, which is located adjacent to the existing water reclamation facility. The City Council subsequently approved the construction of distribution lines from this central reuse water storage facility to distribute the water to several customers. These customers in turn will build smaller onsite water storage facilities to better regulate their specific irrigation needs.

One of the major distribution lines currently under construction runs to the Kerrville Sports Complex. The use of reuse water for irrigation purposes at the Kerrville Sports Complex will save valuable potable water supply for personal consumption and other health and safety purposes, and will also provide a more cost effective option for City operations compared to paying for the cost of potable water.

The next phase in supplying reuse water to the Kerrville Sports Complex for irrigation

purposes is to design/engineer an on-site reuse water holding facility (pond) and pump station specifically for the irrigation needs of the sports complex. The proposed water storage facility would be located on the south side of Holdsworth Dr. adjacent to the existing property. The property where the sports complex reuse pond is proposed to be located is not currently part of the City-owned sports complex property (previously donated by the Cailloux Foundation). Once the project is fully designed and a construction contract has been let, the Cailloux Foundation will formally donate and deed the proposed reuse pond site to the City (estimated to be approximately 7 acres or less), per the attached Letter of Intent.

### **RECOMMENDED ACTION**

Authorize the City Manager to execute a Letter of Intent with the Cailloux Foundation Properties, LLC as drafted.





## City of Kerrville

701 MAIN STREET • KERRVILLE, TEXAS 78028 • 830.257.8000 • KERRVILLETX.GOV

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June 13, 2017

Cailloux Foundation Properties, LLC  
912 Guadalupe Street  
Kerrville, TX 78028

**RE: Letter of Intent for 7 acre site to be used for onsite storage of reuse water at the Kerrville Sports Complex**

Mr. Cailloux,

The City of Kerrville wants to take this opportunity to again thank you for the tremendous support in making the new Kerrville Sports Complex a reality for this community. As you likely know, construction is coming along nicely and we all look forward to the project opening later this year.

In 2013, the City of Kerrville initiated a feasibility analysis for a central reuse water storage facility and distribution system. The design sought to enhance the magnitude and reliability of the City's raw water supply, as well as to reduce potable water usage associated with irrigation of golf courses, sports fields, and other large turf areas. After a subsequent design process in 2015, the City contracted to construct this central reuse water storage facility and its pump system in late 2016, which is located adjacent to the existing water reclamation facility. The City Council subsequently approved the construction of distribution lines from this central reuse water storage facility to distribute the water to several customers. These customers in turn will build smaller onsite water storage facilities to better regulate their specific irrigation needs.

One of the major distribution lines currently under construction runs to the Kerrville Sports Complex. The use of reuse water for irrigation purposes at the Kerrville Sports Complex will save valuable potable water supply for personal consumption and other health and safety purposes, and will also provide a more cost effective option for City operations compared to paying for the cost of potable water.

The next phase in supplying reuse water to the Kerrville Sports Complex for irrigation purposes is to design/engineer an on-site reuse water holding facility (pond) and pump station specifically for the irrigation needs of the sports complex. The proposed water storage facility would be located on the south side of Holdsworth Dr. adjacent to the existing property, and is further illustrated in **Exhibit A**. The property where the sports

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complex reuse pond is proposed to be located is not currently part of the City-owned sports complex property (previously donated by the Cailloux Foundation).

This Letter of Intent provides for the stipulations for both the City and the Cailloux Foundation to accomplish the construction of the onsite water storage facility. This Letter of Intent outlines the general terms of a proposed real estate transaction. The City and Cailloux Foundation agree the only purpose of this Letter of Intent is to set forth the discussions of the parties. This Letter of Intent does not constitute an agreement between the parties and is not legally binding or enforceable on either party.

City agrees to:

- Initiate and complete the design/engineering work for the pond and pump station facility
- Leave a natural landscape buffer that helps screen the facility from travelers on Holdsworth Drive
- Survey the necessary land for the facility
- Award a contract to construct the facility
- Understands that if the Land is not used for its purposes and/or the pond is not used for its stated purpose the title to the 7 acres would revert back and such conditions and reversions will be set forth in the deed.

Cailloux Foundation agrees to:

- Convey the proposed reuse pond site to the City (estimated to be approximately 7 acres or less), once the project is fully designed and a construction contract has been awarded.

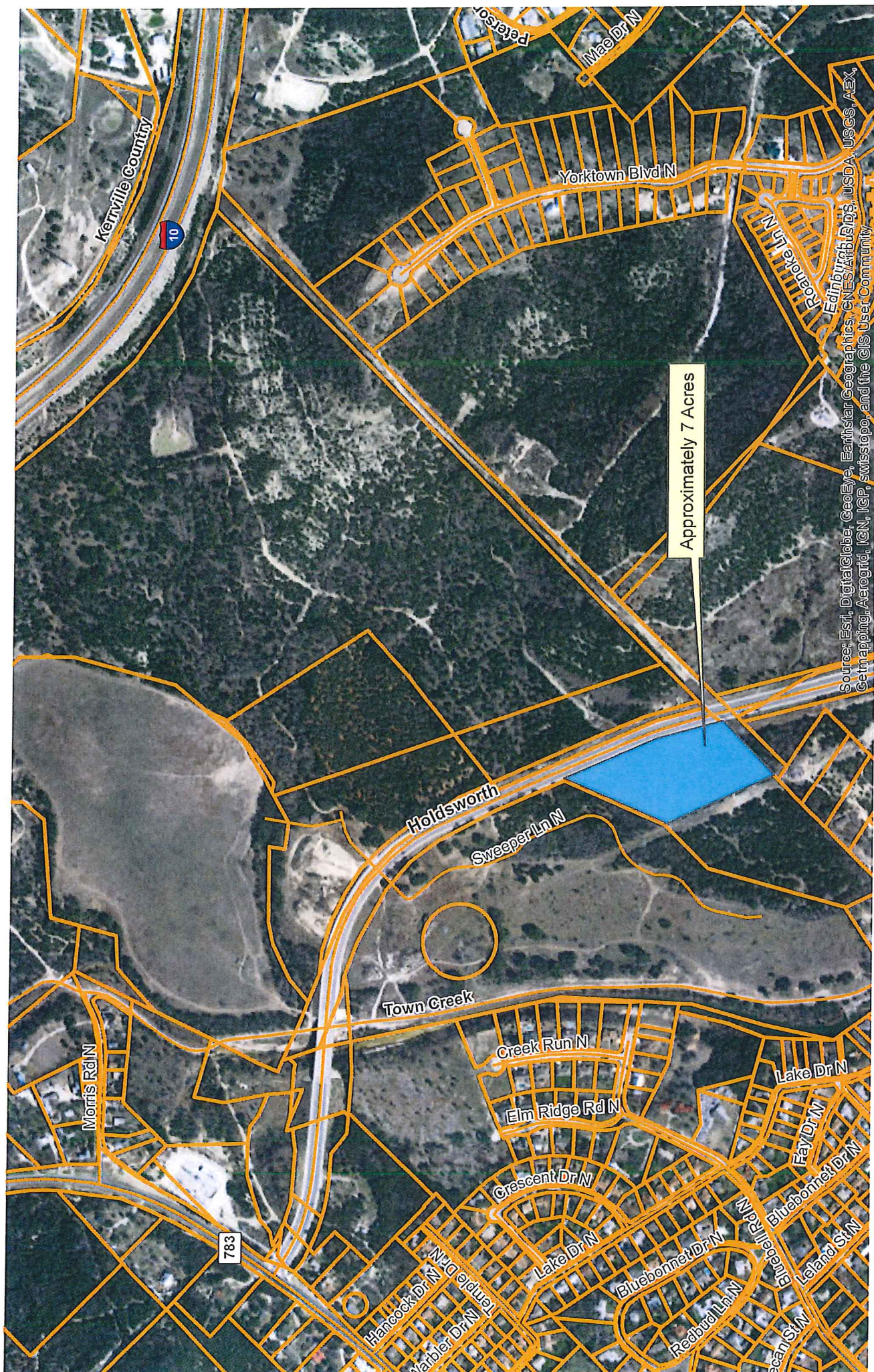


Cailloux Foundation

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City of Kerrville, TX







## **Agenda Item:**

5C. Professional Services Agreement with Hewitt Engineering, Inc. for design services for the Kerrville Sports Complex reuse pond and pump station project.  
(staff)

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

**SUBJECT:** Professional Services Agreement with Hewitt Engineering, Inc. for design services for the Kerrville Sports Complex reuse pond and pump station project

**FOR AGENDA OF:** June 13, 2017

**DATE SUBMITTED:** June 2, 2017

**SUBMITTED BY:** Kyle Burow,  
Director of Engineering

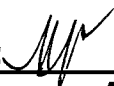
**CLEARANCES:** E.A. Hoppe,  
Deputy City Manager



**EXHIBITS:** Professional Services Agreement between City of Kerrville and Hewitt Engineering, Inc.  
Location map

**AGENDA MAILED TO:** N/A

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**



<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
<b>\$ 52,200.00</b>	<b>\$</b>	<b>\$52,200.00</b>	<b>Project #: U08</b>

**PAYMENT TO BE MADE TO:** Hewitt Engineering, Inc.

**REVIEWED BY THE FINANCE DEPARTMENT:**

**SUMMARY STATEMENT**

In 2013, the City of Kerrville initiated a feasibility analysis for a central reuse water storage facility and distribution system. The design sought to enhance the magnitude and reliability of the City's raw water supply, as well as to reduce potable water usage associated with irrigation of golf courses, sports fields, and other large turf areas. After a subsequent design process in 2015, the City contracted to construct this central reuse water storage facility and its pump system in late 2016, which is located adjacent to the existing water reclamation facility. The City Council subsequently approved the construction of distribution lines from this central reuse water storage facility to distribute the water to several customers. These customers in turn will build smaller onsite water storage facilities to better regulate their specific irrigation needs.

One of the major distribution lines currently under construction runs to the Kerrville Sports Complex. The use of reuse water for irrigation purposes at the Kerrville Sports Complex will save valuable potable water supply for personal consumption and other health and safety purposes, and will also provide a more cost effective option for City operations compared to paying for the cost of potable water.

The next phase in supplying reuse water to the Kerrville Sports Complex for irrigation

purposes is to design/engineer an on-site reuse water holding facility (pond) and pump station specifically for the irrigation needs of the sports complex. The proposed water storage facility would be located on the south side of Holdsworth Dr. adjacent to the existing property. The reuse water storage facility includes a holding pond with liner, an enclosed pump station, filtration system, piping, connection to the sports complex irrigation system, site improvements, and an operational access driveway. The proposed water storage capacity of the facility is anticipated to provide between three and seven days of anticipated irrigation needs for the sports complex.

The Professional Services Agreement with Hewitt Engineering includes the design/engineering of the Kerrville Sports Complex reuse water storage pond, the associated filtration system, the pump station for the new Sports Complex, and also assisting the City with the bidding and construction phases of the project. Additionally, Hewitt will survey the property for land ownership transfer and platting purposes. The property where the sports complex reuse pond is proposed to be located is not currently part of the City-owned sports complex property (previously donated by the Cailloux Foundation). Once the project is fully designed and a construction contract has been let, the Cailloux Foundation will formally donate the proposed reuse pond site to the City (estimated to be approximately 7 acres or less), per the Letter of Intent also on the City Council's June 13<sup>th</sup> meeting agenda.

The total contract to Hewitt Engineering for this property survey, engineering and design work is \$52,200. Funding for this contract is available in the Reuse System Project budget.

### **RECOMMENDED ACTION**

Authorize the City Manager to execute a Professional Service Agreement with Hewitt Engineering to design the proposed onsite reuse pond and pump station at the Kerrville Sports Complex.

# PROFESSIONAL SERVICES AGREEMENT

[FIRM: Hewitt Engineering, Inc. | PROJECT-SERVICES: Kerrville Sports Complex Reuse Pond and Pump Station Design]

**THIS AGREEMENT** is entered into the \_\_\_\_\_ day of \_\_\_\_\_, 2017 (“Effective Date”), by and between the **CITY OF KERRVILLE, TEXAS** (“CITY”) and **Hewitt Engineering, Inc.**, (“CONSULTANT”), and at times, collectively referred to herein as “parties”.

**WHEREAS**, CITY hires CONSULTANT to perform certain work and services set forth in Scope of Services, marked **Exhibit A**, and attached hereto and incorporated herein, toward completion of the Project; and

**WHEREAS**, CONSULTANT agrees to perform said work and services as specified under Article I of this Agreement;

**NOW, THEREFORE**, the parties agree as follows:

## **I. CONSULTANT’S SERVICES**

CONSULTANT shall perform and pay for all labor, tools, materials, equipment, supplies, transportation, and management necessary to perform all services set forth in **Exhibit A** and all other professional services reasonably inferable from **Exhibit A** and necessary for complete performance of CONSULTANT’s obligations under this Agreement, collectively referred to herein as “Services”. CITY may, at any time, stop CONSULTANT from performing the Services upon giving CONSULTANT written notice. To the extent of any conflict between the terms of this Agreement and **Exhibit A**, the terms of this Agreement will prevail.

## **II. CONSULTANT’S RESPONSIBILITIES**

**A.** CONSULTANT, upon its review of a general description of the Project provided by CITY, has prepared and provided to CITY the specific Services required to complete the Project, which is attached as **Exhibit A**.

**B.** CONSULTANT shall use its best efforts, skill, judgment, and abilities in performing the Services in an expeditious and timely manner consistent with the applicable professional standards of care and the orderly progress of the Project. CONSULTANT shall at all times provide sufficient personnel to accomplish the Services in a timely manner. CONSULTANT shall manage the Services, administer the Project, and coordinate other professional services as necessary for the complete performance of CONSULTANT’s obligations under this Agreement. CONSULTANT shall periodically report the status of the Services to CITY as is appropriate to keep CITY informed as to the status of the work.

**C.** CONSULTANT shall perform the Services in compliance with all applicable federal, state, and municipal laws, to include building codes and accessibility standards (e.g., Americans with Disabilities Act) and with those of any other entity having jurisdiction over the Project. In

addition, CONSULTANT shall perform the Services in a manner consistent with generally accepted standards for its profession.

D. Plans, drawings, specifications, and/or other reports produced by CONSULTANT (collectively referred to herein as "Design Documents") pursuant to the Services must be reasonably accurate and free from material errors or omissions. CONSULTANT shall promptly correct any known or discovered error, omission, or other defect in the Design Documents without any additional cost or expense to CITY and notify of CITY of same.

E. CONSULTANT shall designate a representative primarily responsible for its performance of the Services. The designated representative shall act on behalf of CONSULTANT with respect to all phases of the Services and shall be available as required for the benefit of the Project and CITY. CONSULTANT shall not change the designated representative without prior written approval of CITY, which approval may not be unreasonably withheld.

### **III. CITY'S RESPONSIBILITIES**

A. CITY has provided CONSULTANT with a general description of the Project.

B. CITY shall furnish surveys, geotechnical reports, or other special investigations or tests, including structural, mechanical, and chemical, for the Project site as requested by the CONSULTANT and as reasonably necessary for the completion of the Services. The parties will agree to this work prior to entering into this Agreement and such work will not be included as part of the Services specified in **Exhibit A**.

C. CITY shall review the Design Documents and shall notify CONSULTANT of any design fault or defect in the Services or Design Documents of which CITY becomes aware.

D. CITY shall furnish required information and services and shall render approvals and decisions as expeditiously as necessary for the orderly progress of the Services.

E. CITY designates Kyle Burow, Director of Engineering, 830/258-1410 as its representative authorized to act on its behalf with respect to the Project.

### **IV. PAYMENT**

CITY shall compensate CONSULTANT for the Services in the amount and manner described and set forth in the Payment Schedule, attached hereto and incorporated herein as **Exhibit A**. The amount will not exceed \$52,200.00.

### **V. TIME FOR PERFORMANCE**

A. CONSULTANT shall commence its work immediately upon the parties' execution of this Agreement and proceed diligently with said work, except for delays beyond the reasonable control of CONSULTANT.



**B.** In the event CONSULTANT's performance of this Agreement is delayed or interfered with by acts of CITY or others, CONSULTANT may request an extension of time for the performance of same as hereinafter provided, but shall not be entitled to any increase in fee or price, or to damages or additional compensation as a consequence of such delays unless such delays exceed 90 days.

**C.** CITY is not obligated to approve and may not approve any allowance of an extension of time for any cause whatever claimed or made by CONSULTANT, unless CONSULTANT shall have made written request upon CITY for such extension within forty-eight (48) hours after the cause for such extension occurred, and unless CITY and CONSULTANT have agreed in writing upon the allowance of additional time to be made.

## **VI. DOCUMENTS**

**A.** CONSULTANT shall submit all Design Documents to CITY for approval. All Design Documents must be professionally sealed as required by law or by CITY.

**B.** CONSULTANT shall deliver the Design Documents, together with any necessary supporting documents, to CITY and CITY has unlimited rights, for the benefit of CITY, in all Design Documents, including the right to use same on any other work of CITY without additional cost to CITY. If CITY uses the Design Documents on any work of CITY other than that specified in the Services, then under those circumstances and only to the extent allowed by law, CONSULTANT, its officers, agents, servants, and employees will not be liable for damages or claims arising from any inaccuracy or any use of the Design Documents with respect to such other work, and except where CONSULTANT participates in such other work.

**C.** CONSULTANT grants CITY a royalty-free, perpetual license and right, to survive the termination of this Agreement, to all Design Documents which CONSULTANT may cover by copyright and to all designs as to which CONSULTANT may assert any rights or establish any claim under the design patent or copyright laws. This license includes CITY's right to use and reproduce these documents as necessary to implement any CITY project which may require the use of these documents. Further, CONSULTANT acknowledges that CITY is subject to Chapter 552 of the Government Code, commonly known as the "Texas Public Information Act," and hereby waives and releases the CITY from any claims against CITY for providing copies of the Design Documents in compliance with that Act. CONSULTANT, after completion of the Project, shall immediately furnish originals of all Design Documents to CITY.

**D.** CONSULTANT shall ensure that all text documents supplied to CITY as provided herein are fully compatible with MS Word and that all drawings are fully compatible with Adobe PDF format.

## **VII. TERMINATION**

**A.** CITY or CONSULTANT may suspend or terminate this Agreement for cause or without cause at any time by giving written notice to the other party. In the event suspension or termination is without cause, CITY's payment to CONSULTANT, in accordance with this Agreement, will be made on the basis of the Services reasonably determined by CITY to be

satisfactorily performed to date of suspension or termination. In addition, CITY's payment is subject to the CONSULTANT's delivery of all documents and reports reasonably required by CITY, to include Design Documents, invoices, statements, and accounts.

B. Should CITY require a modification to this Agreement, and in the event CITY and CONSULTANT fail to agree upon such modification, either CITY or CONSULTANT have the option of terminating this Agreement. Thereafter, CITY shall pay CONSULTANT in accordance with this Agreement for the Services mutually agreed upon by CITY and CONSULTANT to be properly performed by the CONSULTANT prior to such termination date.

### **VIII. INSURANCE**

CONSULTANT shall provide and maintain in full force and effect during the term of this Agreement the following types of insurance and liability coverage:

A. Workers Compensation Insurance: in an amount meeting statutory requirements of the State of Texas on all CONSULTANT's employees carrying out the Services.

B. Automobile Liability Insurance: with either a combined limit of at least \$1,000,000 per occurrence for bodily injury and property damage or split limits of at least \$1,000,000 for bodily injury per person per occurrence and \$1,000,000 for property damage per occurrence. Coverage must include all owned, hired, and non-owned motor vehicles used in the performance of this Agreement by CONSULTANT or its employees.

C. General Liability Insurance: on a per occurrence basis with limits of liability not less than \$1,000,000 for each occurrence and for fire damage and for Bodily Injury and Property Damage, no less than \$1,000,000. As a minimum, coverage for Premises, Operations, Products, and Completed Operations shall be \$2,000,000. This coverage must protect the public or any person from injury or property damages sustained by reason of CONSULTANT or its employees providing the Services. The general aggregate must be no less than \$2,000,000.

D. Professional Liability Errors and Omissions Insurance: with limits of liability not less than \$1,000,000 per occurrence covering all work performed by CONSULTANT, its employees, subcontractors, or independent contractors. If this coverage may only be obtained on a "claims made" basis, the certificate of insurance must clearly state coverage is on a "claims made" basis and coverage must remain in effect for at least two years after final payment with CONSULTANT continuing to furnish the City certificates of insurance.

E. Subcontractor: in the case of any work sublet, CONSULTANT shall require subcontractor and independent contractors working under the direction of either CONSULTANT or a subcontractor to carry and maintain the same workers compensation and liability insurance required of CONSULTANT.

F. Qualifying Insurance: the insurance required by this Agreement must be written by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B" or better by the A.M. Best Companies. All policies must be written on a "per occurrence basis" and not a "claims made" form.

## **IX. INDEMNIFICATION FOR INJURY AND PERFORMANCE**

A. CONSULTANT shall protect, indemnify, and hold harmless CITY, its officers, agents, servants, and employees, hereinafter individually and collectively referred to as "Indemnitee(s)", from and against suits, actions, claims, losses, liability, or damage of any character and from and against costs and expenses, including, in part, attorney fees incidental to the defense of such suits, actions, claims, losses, damages, or liability on account of injury, disease, sickness, including death, to any person or damage to property including, in part, the loss of use resulting therefrom, arising from any negligent act, error, or omission of CONSULTANT, its officers, employees, servants, agents, or subcontractors, or anyone else under CONSULTANT's, direction and control, and arising out of, resulting from, or caused by the performance or failure of performance of the Services, or from conditions created by the performance or non-performance of said work. In the event one or more of the Indemnitees is determined by a court of law to be jointly or derivatively negligent or liable for such damage or injury, CONSULTANT shall indemnify Indemnitee(s) as provided herein on a proportionate basis in accordance with the final judgment, after all appeals are exhausted, determining such joint or derivative negligence or liability.

B. CONSULTANT is not responsible for the actions of the CITY's contractor to perform the construction of the improvements covered under this Agreement.

C. Acceptance and approval of any work or final plans by CITY neither constitutes nor may be deemed a release of this responsibility and liability of CONSULTANT, its employees, associates, agents, and consultants for the accuracy or competency of their designs, working drawings, and specifications, or other documents and work; nor shall such approval be deemed to be an assumption of such responsibility by CITY for any defect in the Design Documents, or CONSULTANT's employees, contractor, agents, and consultants.

## **X. INDEMNIFICATION FOR UNEMPLOYMENT COMPENSATION**

CONSULTANT agrees that it is an independent contractor and not an agent of CITY, and that CONSULTANT is subject, as an employer, to all applicable Unemployment Compensation Statutes, so as to relieve CITY of any responsibility or liability from treating CONSULTANT's employees as employees of CITY for the purpose of keeping records, making reports or payments of Unemployment Compensation taxes or contributions. **CONSULTANT shall indemnify and hold CITY harmless and reimburse it for any expenses or liability incurred under said statutes in connection with employees of CONSULTANT.**

## **XI. INDEMNIFICATION FOR PERFORMANCE**

CONSULTANT shall defend and indemnify Indemnitees against and hold CITY and the premises harmless from any and all claims, suits, or liens based upon or alleged to be based upon the non-payment of labor, tools, materials, equipment, supplies, transportation, and management costs incurred by CONSULTANT in performing the Services.

#### **XIV. DEFAULT OF CONSULTANT**

In the event CONSULTANT fails to comply or becomes disabled and unable to comply with this Agreement as to the quality or character of the Services or time of performance, and the failure is not corrected within ten (10) days after written notice from CITY to CONSULTANT, CITY may, at its sole discretion, without prejudice to any other right or remedy:

A. Terminate this Agreement and be relieved of the payment of any further consideration to CONSULTANT except for all work determined by CITY to be satisfactorily completed prior to termination. Payment for work satisfactorily completed will equal actual costs, including reasonable salaries and travel expenses of CONSULTANT to and from meetings called by CITY at which CONSULTANT is required to attend, but shall not include any loss of profit of CONSULTANT. In the event of such termination, CITY may complete the services in any manner deemed proper by CITY, either by the use of its own forces or by assigning the work to others. In either event, CONSULTANT is liable for all costs in excess of the total contract price under this Agreement incurred to complete the Services and CITY may deduct the costs CITY incurs out of such monies as may be due or that may thereafter become due to CONSULTANT under this Agreement.

B. CITY may, without terminating this Agreement or taking over the Services, furnish the necessary materials, equipment, supplies, and/or help necessary to remedy the situation, at the expense of CONSULTANT.

#### **XV. MISCELLANEOUS PROVISIONS**

A. Entire Agreement. This Agreement supersedes all prior agreements, written or oral, between CITY and CONSULTANT and constitutes the entire and integrated Agreement and understanding between the parties with respect to the subject matter of the Agreement. This Agreement may only be amended by a written instrument signed by both parties.

B. Assignment. This Agreement is a personal service contract for the services of CONSULTANT and CONSULTANT's interest in this Agreement, duties hereunder, and/or fees due may not be assigned or delegated to a third party without the written consent of CITY. Sale of more than fifty percent (50%) ownership of CONSULTANT will be considered an assignment.

C. Adjustment in Services. CONSULTANT shall not make any claims for extra services, additional services, or changes in the Services without a written agreement with CITY prior to the performance of such services.

D. Applicable Law. This Agreement must be construed, interpreted, and applied in accordance with and governed by and enforced under the laws of the State of Texas without giving effect to principles of conflict of law. Venue will occur in Kerr County, Texas.

E. Waiver. A delay or omission by either party in exercising any right or power under the Agreement may not be construed as a waiver of that right or power. A waiver by either party of any term or condition of the Agreement may not be construed as a waiver of any subsequent breach of

that term or condition or of any other term or condition of the Agreement. Further, neither CITY's review, approval, or acceptance of, nor payment for any of the Services may be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

**F. Severability.** If any provision of this Agreement is determined to be invalid or unenforceable in any respect, that determination may not affect any other provision of this Agreement which will be interpreted as if the invalid or unenforceable provision had not been included.

**G. Independent Contractor.** CONSULTANT agrees that CONSULTANT is engaged as an independent contractor and that City has no responsibility to provide CONSULTANT or its employees with any benefits associated with employee status. CONSULTANT shall neither hold itself out as nor claim to be an officer, partner, employee, or agent of CITY.

**H. Exhibit(s).** The following exhibit(s) is attached to this Agreement and are included herein for all purposes:

**Exhibit A Scope of Services**

**I. Execution Becomes Effective.** This Agreement is effective as of the Effective Date.

**J. Notices and Authority.** CONSULTANT shall send all notices required under this Agreement to the City Manager at City Hall, 701 Main Street, Kerrville, TX 78028. CONSULTANT agrees that only the City Manager, or designee, has the authority to represent CITY or bind CITY under this Agreement. CITY shall send all notices required under this Agreement to the CONSULTANT at:

Hewitt Engineering, Inc.  
BY: John M. Hewitt  
TITLE: P.E., CFM  
ADDRESS: 716 Barnett Street  
Kerrville, Texas 78028

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

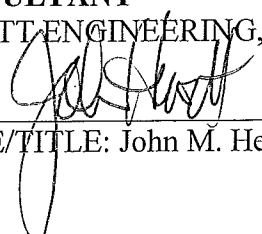
**OWNER**  
THE CITY OF KERRVILLE

BY: \_\_\_\_\_  
NAME: Mark McDaniel,  
TITLE City Manager

ATTEST:

\_\_\_\_\_  
Brenda G. Craig, City Secretary

**CONSULTANT**  
HEWITT ENGINEERING, INC.

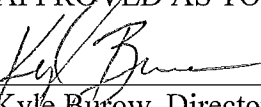
BY:   
NAME/TITLE: John M. Hewitt, P.E., CFM

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

APPROVED AS TO CONTENT:



Kyle Burow, Director of Engineering



**Hewitt Engineering Inc.**

Consulting Engineering Services

June 9, 2017

Mr. Stuart Barron  
Director of Public Works  
City of Kerrville  
701 Main Street  
Kerrville, TX 78028

**Re: City of Kerrville-Kerrville Sports Center Reuse Pond and Pump Station Design  
Updated Engineering Fee Proposal**

Dear Stuart,

Per your request, enclosed is an updated proposal to provide engineering services to prepare the bid documents for the proposed City of Kerrville-Kerrville Sports Center Reuse Pond and Pump Station project. The size of the reuse pond is estimated to be approximately 1.5 million gallons. This pond size is based on providing a one week supply of irrigation water to 30.6 acres of grass at the Kerrville Sports Center. The scope of services includes the following tasks:

1. Site visit and data collection
2. Coordinate with City Staff, subcontractors and contractors
3. Design of the Reuse Pond, Liner and Grading Plan
4. Design of the Pump Station(one pump), Filtration, Piping and Building
5. Design of Irrigation Delivery Pipeline
6. Prepare Plan Sheets and Details
7. Prepare Technical Specifications and Bid Documents
8. Submit 60%, 90% and 100% Plans and Specifications to the City
9. Prepare Project Scheduling, Bid Quantities, and Cost Estimates
10. Attend Prebid conference, evaluate bids and prepare contractor recommendation
11. Construction Phase Services including submittal and RFI reviews

The tasks described above will be completed by the Hewitt Engineering Inc. (HEI) project team which will consist of Hewitt Engineering Inc. and MEP Engineering, Inc. for mechanical and electrical services. Surveying tasks will be performed by MDS Land Surveying Company, Inc.

The final result of this project will be one set of signed and sealed original drawings, three full size and five half size sets of black line copies of the drawings and technical specifications for the purpose of providing bid documents to potential contractors.

We propose to perform these tasks including Basic and Additional Services and all expenses for a lump sum amount of \$52,200. This fee consists of Basic Design Services of \$48,650 for the reuse pond, pump station and irrigation pipeline design, and \$3,550 for Construction Phase Services. The lump sum fee includes electrical design of \$6,050 and the surveying and plat preparation costs of \$5,500. Exhibit "1" provides a fee estimate associated with each of the individual design and coordination tasks and each subconsultant. The subconsultant proposals

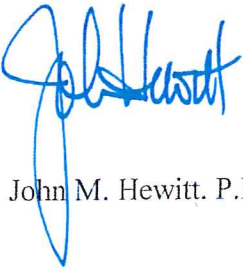
for Additional Services for MEP Engineering, Inc. and MDS Land Surveying Company, Inc. are attached.

Please feel free to contact me at 830-315-8800 or by email at [jmhewitt@hewitt-inc.com](mailto:jmhewitt@hewitt-inc.com) if you have any questions or require additional information.

Sincerely,

**HEWITT ENGINEERING INC.**

Texas Registered Engineering Firm F-10739

A handwritten signature in blue ink, appearing to read "John M. Hewitt", with a large, stylized loop at the end.

John M. Hewitt, P.E., CFM

Attachment



## EXHIBIT A

### CITY OF KERRVILLE KERRVILLE SPORTS CENTER REUSE POND AND PUMP STATION ENGINEERING FEE SUMMARY 4/12/17

Task	Design Phase	Total Labor Cost	Engineer Hrs	CADD Hrs
1	Coordination & Meetings w/City Staff, Subconsultants & Contractors	\$1,680	12	
2	Design of Reuse Pond, Liner and Grading Plan	\$5,400	24	24
3	Design of Access Road, Parking and Site Plan	\$1,520	6	8
4	Design of Pump Station, Pumps, Piping and Building	\$5,060	24	20
5	Design of Filtration System and Manifold	\$3,600	16	16
6	Design of Irrigation Pipeline	\$3,440	10	24
7	Prepare Traffic Control Plan on Holdsworth for Access Drive	\$0		
8	Prepare Final Plan Set including Notes and Details	\$7,645	20	57
9	Prepare Contract Bid Documents (including incorporating Technical Specifications)	\$6,110	40	6
10	Prepare Quantities and Cost Estimate	\$1,070	4	6
11	Attend PreBid Meeting, Address Questions, Prepare Addendum, Recommend Contractor	\$925	6	1
12	<i>Surveying Subconsultant (includes 10%)</i>	\$5,500		
13	<i>Electrical/Mechanical Subconsultant (includes 10%)</i>	\$6,050		
14	Expenses (Reproduction, Postage and Mileage)	\$650		
	<b>SUBTOTAL</b>	<b>\$48,650</b>	<b>162</b>	<b>162</b>
Task	Construction Phase	Total Labor Cost	Engineer Hrs	CADD Hrs
1	Attend Preconstruction Meeting & Monthly Meetings	\$0	0	
2	Construction Site Observation	\$0	0	
3	RFIs and Submittal Review (12 hours)	\$1,680	12	
4	Prepare As Built Plans	\$0	0	0
5	<i>Electrical/Mechanical Subconsultant (includes 10%)</i>	\$1,650		
6	Expenses (Reproduction, Postage and Mileage)	\$220		
	<b>SUBTOTAL</b>	<b>\$3,550</b>	<b>12</b>	<b>0</b>
	<b>TOTAL</b>	<b>\$52,200</b>	<b>174</b>	<b>162</b>

**M.D.S. LAND SURVEYING COMPANY, INC.**  
BOUNDARY ♦ TOPOGRAPHIC ♦ CONSTRUCTION  
8 SPENCER ROAD  
BOERNE, TEXAS 78006  
PHONE: 830-816-1818 EMAIL: MDSINC@GVTX.COM

January 15, 2017

John Hewitt Engineering  
816 Barnett Street  
Kerrville, Texas 78028  
p: 830-315-8800

ATTN: John

Re: Surveying Proposal for City of Kerrville (Sports complex Holdsworth Drive)

Mr. Hewitt,

**GENERAL SURVEY SCOPE**

1. Tie in all existing features and structures on the survey. These shall include, but are not limited to: tops of curbs, edges of pavement, retaining walls, drainage structures (top, edges and flow line), channels and drainage ways (tops, toes and flow line), manholes (rim, flow lines and diameters of pipes), valves, slabs, utility signs and structures, fences, landscaping features, shrubbery, buildings (edges and finished floor), cleanouts, mailboxes, driveways, sidewalks, property pins, utility poles.
2. Provide sufficient ground shots to create one (1) foot contours for the project.
3. Prepare subdivision plat for the City of Kerrville (Sports Complex) property only.

**♦ Deliverables:**

1. Create and provide an electronic file to Hewitt Engineering with a 3-D surface model of the project, compatible with Civil 3D. Provide FNI with an electronic and hard copy ASCII file listing of all surveying points.
2. Install project benchmarks within the project boundary. Provide horizontal and vertical coordinates of the benchmarks in the required coordinate system and datum. Show the benchmarks on the survey drawing.
3. Identify existing ROW and easements within the survey limits.
4. Record Final Subdivision Plat for the city of Kerrville property only.

**SCOPE OF WORK FEE:** Our Fee Budget for these services will be as follows:

♦ Topographic Survey: \$3,000.00

♦ Subdivision Plat: ~~\$2,000.00~~

**ADDITIONAL SERVICES:**

If at any time the scope of this project should change, the additional work requested will be billed on an hourly basis according to the following rates:

R.P.L.S.	125.00 per hour
3 man Survey Crew	140.00 per hour
2 man Survey Crew	125.00 per hour
Survey Tech	80.00 per hour
CAD Drafting	70.00 per hour
Abstractor	70.00 per hour
Clerical	38.00 per hour

**ACCEPTANCE AND AUTHORIZATION TO PROCEED:** To authorize us to proceed with this work, please sign in the space indicated below and return one copy to us.

We appreciate the opportunity to serve you on this matter. If you have any questions, please do not hesitate to contact me.

Very Truly Yours,

**M.D.S. Land Surveying Company**

\_\_\_\_\_  
Jeff Boerner  
RPLS # 4939

**John Hewitt**

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature



ENGINEERING, INC.

AUSTIN:  
1120 S Capital of Tx Hwy  
Building 1, Suite 150  
Austin, TX 78746  
Tel: (512) 306-9650  
Fax: (512) 306-9655

SAN ANTONIO:  
9530 Colonnade Blvd.  
Suite 230  
San Antonio, TX 78230-2211  
Tel: (210) 349-1400  
Fax: (210) 349-1463

R:\Project Management\Proposals\Hewitt Engineering\KSC Field Irrigation.docx

January 13, 2017

John Hewitt, P.E.  
Hewitt Engineering, Inc.  
716 Barnett St.  
Kerrville, TX 78028

Re: City of Kerrville – Pump Station for KSC Field Irrigation  
Proposal to Provide MEP Engineering Services

Dear John:

Thanks for this opportunity to be a part of your team on the above referenced project. We propose to perform the design and construction phase services, as outlined in our attached scope of work, for a **lump sum fee of \$7,000.00**. Based on our understanding of the project, we believe the MEP construction cost will be on the order of \$20,000 to \$30,000.

This letter, our attached scope of work, our standard Terms and Conditions, and our standard Hourly Rate Schedule form the Agreement for the project. Please sign (including your title) and date this letter showing your acceptance of the Agreement. Please return a signed copy to us by fax or mail for our records. This proposal is good for 30 days provided work commences within 90 days of this letter.

Once we have received final floor plans, reflected ceiling plans, and millwork elevations, we can complete the documents in about 8 to 12 weeks.

Please let me know if you have any questions.

Sincerely,

Mark F. Bemis, P.E.



ENGINEERING, INC.

Accepted by: \_\_\_\_\_

Print Name/ Title: \_\_\_\_\_

Date: \_\_\_\_\_

c: Principals

## MEP SCOPE OF WORK

**MEP ENGINEERING INC.** will provide customary design and construction phase services for normally required electrical systems, as further described below.

1. Project Description:
2. New gray water irrigation pump station located on Holdsworth Road. The purpose of the pump station is for pumping gray water provided by the City to the Kerrville Sports Complex for field irrigation.
3. IECC Compliance:
  - a. Complete and sign lighting compliance statement stating the Lighting design complies with International Energy Conservation Code adopted by the Authority Having Jurisdiction.
4. Building Information Modeling (Revit):
  - a. Excluded.
5. Utilities:
  - a. We assume that our responsibility for utility coordination is limited to electrical and telephone service.
    - i. We will coordinate with KPUB to design new electrical service for the facility.
    - ii. We will coordinate with the public telephone company to design a new empty raceway system for bringing telephone service into the facility.
  - b. We include no other utility design work.
6. HVAC:
  - a. Excluded.
7. Plumbing:
  - a. Excluded.
8. Fire Protection:
  - a. Excluded.
9. Electrical:
  - a. Service: New underground or overhead service from KPUB utilizing either pole mounted or pad mounted transformer arrangement.
  - b. Distribution: 480/277V, 3 phase, 4 wire with step down transformer and panelboard for 120/208V 3 phase, 4 wire loads.
    - i. Anticipate two new irrigation pumps to be approximately 50HP each arranged for primary/standby operation along with a small jockey pump.
  - c. Lighting: Based on a lighting layout initially determined by you, design switching and circuiting for lighting systems.
    - i. Site lighting as needed.
  - d. Power:

- i. Convenience receptacles as needed for service of equipment. As needed for service and maintenance of equipment.
  - ii. 120V power for control and support equipment.
  - iii. Emergency: Excluded. It is assumed that a standby generator is not required due to non-critical function of pumps.
- 10. Demolition:
  - a. Excluded. It is our understanding that the site is new.
- 11. Backgrounds:
  - a. You will furnish us AutoCAD Release 2011 or later files of each site or floor plan and your title block.
  - b. The title block should be a separate file with the project information included.
  - c. Each background should be a separate file with consistent use of layering to distinguish exterior and interior walls and windows, doors (door marks or numbers should be on a separate layer or layers), plumbing fixtures, room names and numbers, ceiling grid, light fixtures, furniture, millwork (elevation marks should be on a separate layer or layers), columns, and column lines, etc.
  - d. The insertion point should correspond to the lower left-hand corner of the drawing sheet, typically 0,0. We request that the insertion point of each background not be changed once we have received the initial background file; if it must, tell us in writing where it moved from and to so we may relocate our work.
  - e. For minor background changes, furnish a print indicating the changed areas with dimensions. For major background changes, furnish a revised background as above.
  - f. We will require authorization for additional services if you provide us backgrounds that require significant work to make them into bare backgrounds as described above, or if we are required to make major background changes ourselves.
- 12. Drawings: Our drawings will include the following.
  - a. Site plan.
  - b. Floor plans.
  - c. General notes.
  - d. Plan keyed notes.
  - e. Legends.
  - f. Abbreviations.
  - g. Schedules.
  - h. Details.
  - i. Panel schedules.
  - j. Electrical one-line diagram.
  - k. Electrical load analysis.
- 13. Specifications:

- a. We will furnish book specifications in our typical CSI format.
  - b. We will customize book specifications to the extent possible within limits of standard WordPerfect 12 commands. If they require further customization, or if you require the specifications in other than WordPerfect 12.0 format, this will be considered additional services.
14. Design Meetings:
- a. We include attendance at project and coordination meetings when our portion of the work is discussed.
  - b. We exclude attendance at project and coordination meetings when our portion of the work is not on the agenda.
  - c. We include attendance at up to two project/coordination meetings.
  - d. We exclude attendance at value engineering meetings unless we have designed systems whose estimated or bid cost exceeds that of a budget to which we agreed to design.
15. Design Reviews:
- a. We include two formal design review submittals.
  - b. We will furnish you one final check set before final issuance of the documents for bidding; you will do similarly at least five working days before required final submission documents.
16. Bidding:
- a. We include telephone consultation during bidding.
  - b. We include preparation of addenda, including small-scale drawings and written descriptions, for your use.
  - c. We exclude attendance at pre-bid meetings.
  - d. We exclude attendance at bid evaluation meetings.
  - e. We exclude extensive redesign or addenda due to coordination or design problems not caused by us.
  - f. If required, the above exclusions will be considered as additional services.
17. Construction Phase:
- a. We include submittal review.
  - b. We exclude more than two submittal reviews of each submittal section. If required, the above will be considered as additional services.
  - c. We include our redesign work required due to errors or omissions in our drawings.
  - d. We include up to two site observation reports, including substantial completion observation.
  - e. You will notify us one week in advance of any required site observations.
  - f. We exclude site observations other than that shown above. If required, the above will be considered as additional services.
18. Professional Liability:
- a. We propose to limit our professional liability to \$1,000,000 if consistent with your contract with the Owner.
  - b. We can furnish a certificate of insurance upon request.





Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



## **Agenda Item:**

5D. Establish process for interviewing and considering applicants for appointment to boards and commissions. (staff)

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

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**SUBJECT:** Establish process for interviewing and considering applicants for appointment to boards and commissions

**FOR AGENDA OF:** June 13, 2017

**DATE SUBMITTED:** May 30, 2017

**SUBMITTED BY:** Brenda G. Craig,  
City Secretary



**CLEARANCES:** Mark McDaniel,  
City Manager

**EXHIBITS:** None

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:**



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<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required: None</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DIRECTOR:**

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**SUMMARY STATEMENT**

Sections 2.1-2.3 of the Procedural Rules for Kerrville City Boards states:

**2.1. Application Process.** Citizens interested in serving on a board may obtain an application through the City Secretary's office and submit the completed application to the City Secretary's office. City Council members may be appointed to membership on a City board, where Council membership is appropriate, without submitting an application.

**2.2. Appointment Process.** The City Council shall consider applications and make appointments to City boards.

**2.3. Eligibility Requirements/ Qualifications.** Each board may have specific qualifications and term limits for membership. All appointments to boards must be made in compliance with those qualifications, and members must continue to comply with all membership qualifications throughout their term of office to avoid forfeiting membership. Councilmembers are not eligible for membership on a board except as specifically required by the ordinance or resolution establishing the board or as allowed by state law.

Staff is requesting council establish a process for interviewing and considering applicants for appointment to city boards and commissions, specifically the following boards:

- Board of Adjustments and Appeals (Building Board)
- Economic Improvement Corporation
- Food Service Advisory Board
- Kerrville-Kerr County Joint Airport Board

- Library Advisory Board
- Main Street Advisory Board
- Parks and Recreation Advisory Board
- Planning and Zoning Commission
- Recovery Community Coalition
- Zoning Board of Adjustment.

Specifically, answers to the following questions would be helpful:

- Are applications required before a person will be considered for appointment? Sometimes, staff is asked to “just submit my name; they all know me.” Policy has been that an application is required before a name is submitted to council.
- Is there a deadline for persons to submit applications? Currently, the deadline is 5:00 p.m. the Wednesday preceding the scheduled appointment; this gives the councilmembers time to interview applicants.
- Does council wish to create interview teams? If so, which councilmembers will be on the interview teams? In the past, interview teams consisted of the council liaison on the subject board and one councilmember on a rotating basis by council place number.
- If council chooses to have interview teams, will there be interview teams for all city boards? In the past, the following boards did not have an interview team: Building Board of Adjustments and Appeals (no council liaison), Economic Improvement Corporation (all councilmembers interviewed all applicants), Kerrville-Kerr County Joint Airport Board (applicants are recommended to council by the airport board, and councilmembers individually interview only those applicants), and Mayor's Youth Advisory Council (mayor only interviewed applicants in the past).
- When should staff send applications to councilmembers? Applications are held for one year and come in throughout the year. Should staff send applications only to the interview team the month preceding the scheduled appointments, and then to all councilmembers after the filing deadline and again in the Friday packet preceding the scheduled appointments? Or, should staff send applications to all councilmembers when they come in?
- Should staff submit all applications to council, or only those applicants who meet the eligibility requirements and qualifications for the positions being considered? Or send all applications and note why a particular applicant did not meet eligibility requirements?
- Additional questions that council may have.

### **RECOMMENDED ACTION**

Motion: 1) Recommend a completed application be required before a person can be considered for appointment; and 2) Establish a process for interviewing and considering applicants for appointment to city boards based on answers to the questions above.

## **Agenda Item:**

6A. Appointments to the Mayor's Youth Advisory Council. (staff)

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

---

**SUBJECT:** Appointments to the Mayor's Youth Advisory Council

**FOR AGENDA OF:** June 13, 2017

**DATE SUBMITTED:** June 6, 2017

**SUBMITTED BY:** Kaitlin Berry

Public Information Officer

**CLEARANCES:** Mark McDaniel

City Manager

**EXHIBITS:**

**AGENDA MAILED TO:**

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** 

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

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE DIRECTOR OF FINANCE:**

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**SUMMARY STATEMENT**

Consider appointments to the Mayor's Youth Advisory Council.

The Mayor's Youth Advisory Council is composed of 15 regular members and three alternates. Members are appointed to serve a term of one school year, from September to May. Representatives can serve a maximum of four terms.

Individuals applying for re-appointment during the 2017-2018 school year include: Roman Garcia, Sydney Garcia, Ileana Scoccia and Mason Olmsted.

The City of Kerrville has also received applications from the following individuals who are interested in serving on the board: Maria Hall, Chloe Keen, Trey Layton, Zhengjun Li, Kaleb McCutcheon, Molly Murphy, Mason Roberts, Aidan Smith, Jessica Tran and Jett Traylor.

All applicants meet the minimum requirements for consideration.

**RECOMMENDED ACTION**

Consider appointments to the Mayor's Youth Advisory Council.

## **Agenda Item:**

**7. DISCUSS AND CONSIDER ACTIONS ON THE REUSE OR RECLAIMED WATER PROJECT** (City Council)

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

**SUBJECT:** Discuss and consider actions on the reuse or reclaimed water project

**FOR AGENDA OF:** June 13, 2017

**DATE SUBMITTED:** June 9, 2017

**SUBMITTED BY:**

**CLEARANCES:** Mark McDaniel  
City Manager

**EXHIBITS:**

**AGENDA MAILED TO:** N/A

**APPROVED FOR SUBMITTAL BY CITY MANAGER:** 

<b>Expenditure</b>	<b>Current Balance</b>	<b>Amount</b>	<b>Account</b>
<b>Required:</b>	<b>in Account:</b>	<b>Budgeted:</b>	<b>Number:</b>
<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>N/A</b>

**PAYMENT TO BE MADE TO:**

**REVIEWED BY THE FINANCE DEPARTMENT:**

**SUMMARY STATEMENT**

Staff has received a series of questions over the last several weeks pertaining to the reuse or reclaimed water project. Consequently, staff has held several meetings with individual Council members, and has also issued several emails and memorandums to the City Council, to help better answer these questions. On Tuesday evening, the project design engineer and City staff will be available for any additional questions the City Council may have related to this project.

**RECOMMENDED ACTION**

Provide direction to the city staff as may be necessary and deemed appropriate.