AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY AUGUST 9, 2011, 6:00 P.M.

CITY HALL COUNCIL CHAMBERS

800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, AUGUST 9, 2011, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION offered by Eldon Sheffer, Schreiner University.

PLEDGE OF ALLEGIANCE TO THE FLAG led by Ron Hackett, of the Military Officers Association of America.

1. VISITORS/CITIZENS FORUM:

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

2. CONSENT AGENDA:

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

2A. Approval of the minutes of the regular Kerrville City Council meeting held July 26, 2011; and the special meetings held July 21, July 25, July 29, and August 2, 2011; and the minutes of the City of Kerrville, Texas Employee Benefits Trust held July 26, 2011. (staff)

2B. A resolution approving the budget for fiscal year 2012 for the Kerr Emergency 9-1-1 Network. (staff)

2C. A resolution appropriating all revenue from the hotel occupancy tax for fiscal year 2012 pursuant to state law and city policy. (staff)

END OF CONSENT AGENDA

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: August 5, 2011 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

3. ORDINANCES, SECOND AND FINAL READING:

3A. An ordinance authorizing and allowing, under the Texas State Law governing the Texas Municipal Retirement System, "updated service credits" in said system on an annual basis for service performed by qualifying members of such system who at the effective date of the allowance are members of the City of Kerrville; and establishing an effective date for the ordinance. (staff)

3B. An ordinance amending Chapter 66, "Library," of the Code of Ordinances of the City of Kerrville, Texas, by amending Article II "Library Advisory Board", concerning the creation, powers, and authority of the library advisory board; containing a cumulative clause; containing a savings and severability clause; and providing other matters relating to this subject. (staff)

4. ORDINANCES, FIRST READING:

4A. An ordinance approving a negotiated resolution between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the company's fourth annual rate review mechanism filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; requiring the company to reimburse cities' reasonable ratemaking expenses; repealing conflicting resolutions or ordinances; 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 committee's legal counsel. (staff)

5. CONSIDERATION AND POSSIBLE ACTION:

5A. A resolution setting forth the ad valorem tax rate to be considered for adoption for the 2011 tax year; calling two public hearings; and calling a public hearing as required by both the city's charter and state law prior to the adoption of the fiscal year 2012 budget. (staff)

5B. Interlocal agreements between the City of Kerrville and Kerr County regarding fire, emergency medical services, library, airport, and animal control operations. (staff)

5C. Update regarding Lower Colorado River Authority Transmission Services Corporation (LCRA-TSC) application for the proposed McCamey D to Kendall to Gillespie CREZ project PUC Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County. (staff)

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

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Brenda Craig
City Secretary, City of Kerrville, Texas

6. INFORMATION AND DISCUSSION:

6A. Library update. (staff)

6B. Budget and economic update. (staff)

7. ITEMS FOR FUTURE AGENDA

8. 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.

9. EXECUTIVE SESSION:

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

Section 551.071:

- LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

- Consult with attorney about pending or contemplated litigation or settlement of same relating to Janet Holmes vs. City of Kerrville, Texas, No. SA10CA0970 OG (U.S.D.C. Western District, San Antonio Division).

10. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION

11. ADJOURNMENT.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.
I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: August 5, 2011 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

Agenda Item:
(Staff)

2A. Approval of the minutes of the regular Kerrville City Council meeting held July 26, 2011; and the special meetings held July 21, July 25, July 29, and August 2, 2011; and the minutes of the City of Kerrville, Texas Employee Benefits Trust held July 26, 2011.

CITY COUNCIL MINUTES KERRVILLE, TEXAS
REGULAR MEETING JULY 26, 2011

On July 26, 2011, the Kerrville City Council meeting was called to order by Mayor Wampler at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Reverend Tom Murray, St. Peter's Episcopal Church, followed by the Pledge of Allegiance led by Dan Simpson, Chaplain, AMVETS Jacob Leicht Memorial Post 1000.

MEMBERS PRESENT:

David Wampler	Mayor
Gene Allen	Mayor Pro Tem
Carson Conklin	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT:

T. Scott Gross	Councilmember

EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda G. Craig	City Secretary
Kristine Ondrias	Assistant City Manager
Travis Cochrane	Director of Information Technology
Mike Erwin	Director of Finance
Kevin Coleman	Director of Development Services
Charlie Hastings	Director of Public Works
Kim Meismer	Director of General Operations
John Young	Police Chief
Daniel Schwartz	Library Director
Malcolm Matthews	Director of Parks and Recreation

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

1. VISITORS/CITIZENS FORUM: No one spoke.

2. CONSENT AGENDA:

Mr. Conklin moved for approval of item 2A; Ms. Keeble seconded the motion and it passed 4-0:

2A. Approval of the minutes of the regular city council meetings held June 28, and July 12, 2011, and the special meetings held July 7, and July 14, 2011.

END OF CONSENT AGENDA

3. PUBLIC HEARING AND ORDINANCE, FIRST READING:

3A. An ordinance creating a specific use district (SUD) for the temporary housing and fostering of domestic cats on an approximate 0.83 acre tract of land out of the Walter Fosgate Survey No. 120, Abstract 138, within the City of Kerrville, Kerr County, Texas, and otherwise known as 712 Harper Road (RR

783), and located within an R1 (residential) zoning district; adopting conditions related to the development and use within said district; containing a cumulative clause; containing a savings and severability clause; establishing a penalty or fine not to exceed $2,000 for each day of violation of any provision hereof; ordering publication; and providing other matters relating to the subject.
Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the applicant proposed to establish an indoor/outdoor rescue facility on .75 acre to provide temporary housing for up to 37 cats. The SUD would not change the zoning of the property; however, the SUD would be specifically for that use. The facility would remain in existence as long as the use existed; the SUD would only terminate when the use terminated. The city received one letter of support and one letter requesting denial of the SUD. He reviewed the SUD process and noted the planning and zoning commission (PZC) approved the request 5-0 subject to the conditions stated in the ordinance:
-The number of cats not exceed 37.
-Intentional breeding of cats be prohibited.
-No other uses that involve commercial, for-profit enterprise.
-Cats be confined to specific indoor and outdoor facilities; cats not be allowed to roam free outside their confined space.
-Use was subject to other applicable city ordinances and regulations, including zoning regulations applicable to residential zoning district.
-Operator must reside on the property at all times.
-Records must be kept on all cats on the property; records be made available to city inspectors on demand.
-20-foot setback from rear property line be maintained for outdoor enclosure area.
-All waste materials from the operation be disposed of off-site.

Bliss Marsh, applicant, recognized a need in the community to foster cats on a temporary basis, and she proposed to assist the Freeman-Fritts Animal Shelter and the Big Fix Homeless Cat program. She described her proposed facility: 400 sq. ft. housing, 3,000 sq. ft. outdoor enclosure, cat-proof fencing, and a cat garden area. Cats would be completely confined, would be neutered, provided shots, and health records would be kept on all cats. She would not be operating as a business or advertising, and the property would remain residential. She acknowledged that some cats had escaped her property in the past prior to installation of the cat-proof fencing.

Mayor Wampler opened the public hearing at 6:18 p.m. and the following persons spoke:
1. Jimmie Spradling stated opposition to allowing 37 cats in a single family residential zone, noting potential for health code violations. The average person in a residential neighborhood did not want to live next door to 37 cats.

2. Ruth Spradling asked if the person who attended the PZC meeting and spoke in opposition was in attendance. Mr. Coleman noted he was not; he owned the

adjacent undeveloped property and was concerned that the SUD would be a permanent arrangement and might hinder future property sales. Ms. Spradling noted if the SUD was granted, it would be in effect until the use stopped; an SUD remained with the property and a new owner could continue to operate the facility. She suggested a provision be added to the ordinance that should the use cease to operate for a six-month period, the SUD would be voided.

3. Bruce Stracke stated Ms. Marsh was attempting to provide a solution to cat overpopulation and euthanasia of unwanted cats, and she was not asking for any financial assistance from the city. She should be commended and given serious consideration for trying to solve a problem created by society.

No one else spoke and Mayor Wampler closed the public hearing at 6:28 p.m.

Council questioned how long the facility been operating before a permit was requested. Ms. Marsh stated two years. She did not know there was a limit on the number of cats she could have until her neighbors called animal control. She then moved the cats to a barn in Center Point until she could acquire an SUD. The barn was not an appropriate facility as it did not have adequate protection from the weather or running water. The neighbor who attended the PZC meeting earlier was concerned that if the SUD was granted that the facility could house dogs or hogs in the future. She opined that he no longer objected.

The council discussed the following:

- Acknowledged a feral cat problem, and hated the idea that cats had to go to an animal control facility and be euthanized; commended Ms. Marsh for her dedication and compassion for trying to solve a community problem.
- At the PZC meeting all concerns were addressed and concessions made.
- The city would have access to the property for inspection and review of health records at any time.
- Concern for creating additional workload for city staff with more inspections and responsibilities to monitor the facility.
- Neighbors also had property rights and should be able to expect a reasonable standard in an urban neighborhood, and operating an animal care facility with 37 cats was not appropriate in a single family residential neighborhood
- The type of facility proposed would be better served in the county where cats had more room to roam and there was a greater buffer zone between neighbors.
- Concern that the facility had been operating for two years without a permit.
- Consider supporting an SUD by with fewer cats.
- Allowing the SUD could set a precedence that could affect the integrity of residential neighborhoods inside the city; the animal care facility should be relocated to a more suitable area.

Ms. Keeble moved for approval of the ordinance on first reading with amendment to limit the number of cats to 18. The motion died for lack of a second.

4. ORDINANCES, FIRST READING:

4A. An ordinance authorizing and allowing, under the Texas State Law governing the Texas Municipal Retirement System, "updated service credits" in said system on an annual basis for service performed by qualifying members of such system who at the effective date of the allowance are members of the City of Kerrville; and establishing an effective date for the ordinance.
Mayor Wampler read the ordinance by title only.

Ms. Meismer noted that due to budget constraints, in the FY11 budget council eliminated the Updated Service Credits (USC) and the Cost of Living Adjustments (COLA) in order to reduce the city's contribution rate from 16.03% to 9.4%, saving the city approximately $490,000. TMRS was budgeted at 10.7% for FY11. In June 2011 TMRS advised the city that the city's contribution rate for FY12 would be reduced to 5.41% for an estimated savings of $511,000 under the current plan. Ms. Meismer presented five proposals showing various rates and savings. Staff recommended reinstating the USC back into the plan at 100% annual repeating, as it was prior to FY11; the rate would be 8.65%, still saving the city an estimated $198,200 for FY12 from the FY11 rate of 10.7%. She described the plan as a two to one match whereby the employee deposited 7% and the city deposited another percent; however, she explained that the city does not deposit 14% because the rate fluctuated for various reasons.

Eric Davis, deputy executive director for TMRS, noted under the current plan, the city's rate would have dropped from 15.82% to 5.24%, and he explained factors that led to the reduction:

- The city had a large reduction in contribution rate; restructuring of trust funds into a single fund created more leverage and earned 7% interest.
- TMRS had been accumulating interest into a fund reserve; those funds were redistributed back to the cities as a 10% credit each year for ten years.
- Excluded supplemental death benefit for retirees only, and provided supplemental death for current employees at .17%.

Mr. Davis explained an ad hoc adoption assumed the benefit for only one year; repeating adoption forecasted out the benefit on the assumption that it would be done for every year until the employee retired. He noted that TMRS projected a 7% rate of return for 2011; however, if that rate was not realized, it could increase future employer contribution rates. Mr. Davis noted that 587 of their 845 member cities had USC in their plan. The proposed plan for the city for FY12 reinstated only the USC and did not reinstate the COLA benefit.

Ms. Meismer noted that most cities had the same plan as the city's FY10 plan, i.e. 2 to 1 match, five year retirement, 100% USC, and COLA at 70%. Reductions to the retirement plan affects recruiting and retention, particularly in key positions.

Mr. Parton noted when the city's plan was reduced in FY11 he felt that other cities would also cut back on their plans, but most cities did not. Reinstating the

USC portion of Kerrville's plan would set a base line benefit program for city employees that was sustainable, and would assist the city's ability to retain and recruit employees. He noted advantages to retaining employees and the cost of recruiting new employees, particularly in specialized fields. The proposed FY12 budget included the TMRS rate at 8.65% to reinstate the USC and included transfers to 100% annually repeating effective January 1, 2012.

Mr. Conklin moved for approval of the ordinance reinstating the TMRS updated service credits on first reading; Mr. Allen seconded the motion and it passed 4-0.

4B. An ordinance amending Chapter 66, "Library," of the Code of Ordinances of the City of Kerrville, Texas, by amending Article II "Library Advisory Board" (LAB), concerning the creation, powers, and authority of the library advisory board; containing a cumulative clause; containing a savings and severability clause; and providing other matters relating to this subject. Mayor Wampler read the ordinance by title only.

Mr. Schwartz reviewed the current appointment process whereby the city and county each appointed two representatives to the LAB. One county position expired in November 2010; the Kerr County Commissioners' Court (KCCC) had been contacted several times, but would not make an appointment. The LAB was operating at a disadvantage because without a full board, officers could not be appointed. At the June 2011 LAB meeting, the LAB voted to recommend to city council that four members of the LAB be appointed by the city council. The Friends of the Library would continue to appoint one member. The ordinance required that all board members be a resident of Kerr County.

The following person spoke:
1. David Lipscomb stated as a former member of the library board, he experienced many frustrations in dealing with the KCCC. He noted that when the county appointee's term expired in November 2010 that member personally contacted KCCC and tried to get something going but had been unsuccessful. Mr. Lipscomb stated that the library was of great value to the citizens of the entire community; the county had an absurd attitude and relied on the Cailloux Foundation to pay their share of the library funding. There were many people in the county who were interested in serving on the library board.

Ms. Meismer noted that under the proposed ordinance, all members would be residents of the county, including those living in the city, and all would be appointed by the city council.

Mr. Hayes noted that the interlocal agreements currently being negotiated between the city and county did not address LAB membership appointments.

Council noted that restructuring of the LAB would allow appointments to be made so that the LAB could move forward.

Ms. Keeble moved for approval of the ordinance on first reading; Mr. Conklin seconded the motion and it passed 4-0.

CITY COUNCIL RECESS:
The Kerrville City Council recessed the regular city council meeting to convene a meeting of the City of Kerrville Employee Benefits Trust at 7:13 p.m. Following the City of Kerrville Employee Benefits Trust meeting, the Kerrville City Council reconvened into regular session at 7:28 p.m.

6. CONSIDERATION AND POSSIBLE ACTION:
6A. Resolution No. 025-2011authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related benefits.

Mr. Allen moved for approval of Resolution No. 025-2011; Mr. Conklin seconded the motion and it passed 4-0.

6B. Resolution No. 026-2011 adopting a naming policy for city owned properties and facilities.
Mr. Matthews presented the proposed naming policy and discussed the requirements and procedures for each request. The goal of the policy was to establish consistency in handling requests and create a public notification and public input process. He proposed two amendments to the policy as presented.

Ms. Keeble moved for approval of Resolution No. 026-2011with the two amendments stated; Mr. Conklin seconded the motion and it passed 4-0.

6C. Direction regarding the use of grey water reuse systems.
Mr. Hastings noted council had directed staff to model the effects of amending the plumbing code to allow grey water reuse systems. He discussed pros and cons and offered suggestions to be considered in preparation of an ordinance. The key concern was maintaining adequate wastewater flow for the system to operate efficiently. The system could handle 10% reduction in the flow rate; however, if too many participated city-wide it would result in more than a 10% reduction and could result in unacceptable wastewater concentrations and low flows. If too many participated in any one area the wastewater flow would not be sufficient to push wastewater through the main in that area. Therefore, he cautioned that regulations would be needed to control the amount of participation and to ensure even distribution throughout the system. He noted these calculations were based on the assumption of a 40% efficiency rate; however, new information indicated that systems may not achieve 40%. He requested additional time to study the effects on the city's wastewater system and to review and evaluate new information regarding the operating efficiency of systems. He noted current uses of treated effluent included: 70% to the city golf course and existing contracts, 10% for operations, and 20% was returned to the river.

The council also discussed the following points:

- Concern about how to create a policy that would limit participation and achieve even distribution without being discriminatory. Mr. Hastings suggested limiting the number of fixtures that could be connected per household. The regulations would be enforced and monitored through permits and inspections.
- State law allowed the use of grey water systems.
- Valuable staff time was being spent on something that had negligible impact on most citizens; if adopted, would enforcement of regulations and standards be a productive use of staff time.
- Council should also consider a landscape ordinance to educate the public on appropriate plants and materials.

The following persons spoke:

1. Jimmie Spradling noted when the renovation of the golf course was completed several years past, staff said that grey water could not be used on the golf course. Mr. Hastings noted that effluent was being used on the golf course--not grey water; grey water was untreated wastewater directly from household use.

2. Bruce Stracke noted the average participation was only 7%, of which only 20% of the systems installed achieved an efficiency flow rate of 40%.

Council consensus was that staff should continue to study the issue and report findings in one month; further, to continue discussion of a landscape ordinance in a few months.

6D. Interlocal agreements between the City of Kerrville and Kerr County regarding fire, emergency medical services, library, airport, and animal control operations. Mr. Parton noted the negotiating team of County Judge Pat Tinley, County Commissioner Jonathan Letz, Mayor David Wampler, and Councilmember Carson Conklin met July 22, and after a few changes, agreed to accept the agreements and present them to the commissioners' court and city council for approval, with exception of the airport agreement. The team recommended a joint city/county meeting to address financial and budgetary issues regarding the airport. On July 25 the county attorney notified the city that the agreements as negotiated and agreed to on July 22 were accepted by the commissioners' court without change; these were the same agreements being considered by the city council now.

Mayor Wampler stated that on July 22 the team agreed to take the agreements to both governing bodies without any changes; further, that the city would not entertain any more substantive changes, and if KCCC failed to approve the agreements as agreed to on July 22 or made changes, council would instruct staff to proceed to prepare the FY12 budget without county participation. The city's position had remained consistent and was the same as stated January 1, that is, that the city would not provide emergency services into the county, and other agreements would be voided and each party would go their own way to provide services. He noted that the negotiation process with the county started in September 2010 and had been a waste of city resources and time; it was almost August and still there were no final agreements in place. He also noted that indication from Commissioner Letz was that there were additional changes by the county on July 25, but the city had been unable to confirm if that was true. If the city council approved the agreements as presented and as agreed to on July 22 by the negotiating team, he was prepared to sign the agreements and send them to the county to decide whether to sign the agreements or not.

Mr. Allen moved to approve the interlocal agreements as agreed to on July 22 and as approved by KCCC on July 25; Mr. Conklin seconded the motion and it passed 4-0.

Mayor Wampler noted the process with the county was a tremendous waste of time and city resources and had been stressful on employees whose jobs were dependent on the agreements.

6E. Update regarding Lower Colorado River Authority Transmission Services Corporation (LCRA-TSC) application for the proposed McCamey D to Kendall to Gillespie CREZ project PUC Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County. Item was deferred to executive session.

6F. Presentation of the FY12 proposed budget. Mr. Erwin reviewed the principles used in preparation of the FY12 budget including: focus on sustainability, maintain current $0.5625 tax rate, expenditures not exceed revenues, no change in water and sewer rates, and no use of reserve funds. He noted the effective tax rate for FY12 was $0.5888; the effective tax rate would generate the same tax revenue as FY11.

Mr. Erwin noted that the proposed FY12 general fund budget would include a $250,000 reduction in employee benefits, $150,000 increase in maintenance capital for deferred items, and $165,000 increase in street and drainage maintenance. He proposed a decrease of 3.5 full time employees (FTE) in the general fund, and .5 in the water and sewer fund for a total reduction of 4 FTE; he noted in FY10 the FTE was 323, and FY12 was proposed to be 307. The proposed budget included $55,000 from the hotel occupancy tax reserve fund for the arts co-op and special events funding. The water and sewer fund would be able to fund additional debt in FY12 without a rate increase.

Mr. Erwin compared Kerrville's debt service to cities of similar population and noted the city's debt service rate in the general fund was $0.0735. In the W/S fund 78% revenue went toward operations, and 22% went to pay off existing debt.

Mr. Parton noted the capital improvement plan consisted of 110 projects totaling $75 million. He reviewed the CIP and funding sources and noted many projects were necessary in order to increase capacity to handle economic growth.

The following person spoke:
1. Ruth Spradling appreciated the city's stand on the budget principles and the city's efforts to create a balanced budget.

7. INFORMATION AND DISCUSSION:
7A. Budget and economic update.
Mr. Erwin reported local unemployment increased to 7.1%. Local sales tax increased compared to July 2010; EIC tax increased to $190,696; and hotel occupancy tax was at $107,840. As of June 30, general fund revenue was at $17 million; expenditures at $14.3 million. Water/sewer fund revenue was at $7 million; expenditures at $6.6 million.

8. ITEMS FOR FUTURE AGENDA
- Landscape ordinance to be discussed in the fall.

9. ANNOUNCEMENTS OF COMMUNITY INTEREST:
- Kerr Fest event August 6-7 at the Youth Exhibition Center.
- Special city council meeting Friday, July 29 at 2:30 regarding LCRA/CREZ.

10. EXECUTIVE SESSION:
Ms. Keeble moved for the city council to go into executive closed session under Sections 551.071 (consultation with attorney), of the Texas Government Code; the motion was seconded by Mr. Allen and passed 4-0 to discuss the following:
Section 551.071:
- LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

At 8:45 p.m. the regular meeting recessed and council went into executive closed session at 8:48 p.m. At 9:22 p.m. the executive closed session recessed and council returned to open session at 9:22 p.m. Mayor Wampler announced that no action had been taken in executive session.

11. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: None.

12. ADJOURNMENT. The meeting adjourned at 9:22 p.m.

APPROVED: ______________ ________________________
David Wampler, Mayor

ATTEST:

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Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES KERRVILLE, TEXAS
OF A SPECIAL MEETING JULY 21, 2011

On Thursday July 21, 2011, the meeting between the Kerrville City Council and the Convention and Visitors Bureau was called to order by Mayor Wampler at 7:10 a.m. at the YO Ranch Hotel, 2033 Sidney Baker, Kerrville, Texas.

MEMBERS PRESENT:

David Wampler	Mayor
Carson Conklin	Councilmember
Stacie Keeble	Councilmember

MEMBERS ABSENT:

Gene Allen	Mayor Pro Tem
T. Scott Gross	Councilmember

STAFF PRESENT:

Todd Parton	City Manager
Brenda G. Craig	City Secretary
Mike Erwin	Director of Finance
Mindy Wendele	Director of Business Programs
Sandra Yarbrough	Assistant Director of Finance

CVB BOARD PRESENT:

Lew Williams	Bob Miller
Jan Lynch	John Helm
John Grimes	

CVB STAFF PRESENT:
Sudie Burditt, Executive Director

Marie Woodard	Cyndi Copeland
Julie Land	Jenny Harris

PRESENTATION OF THE KERRVILLE CONVENTION AND VISITORS BUREAU (CVB) 2010 ANNUAL REPORT

Sudie Burditt presented the 2010 annual report and discussed the following points.
-Estimated the direct economic impact of tourism in 2010 at $57 million and noted Kerrville had room for growth on weekdays and during off season.
-12,859 visitors at the CVB office in 2010, an increase of 16% from FY09; website traffic increased 10% to 258,793 in 2010.
-The estimated number of visitors to Kerrville in 2007 was 1,907,684.

SPECIAL EVENTS MARKETING AND PRODUCTION EXPANSION PROJECT:

Ms. Burditt stated she had worked with Mr. Parton and city staff to develop a plan to expand special events marketing; the objectives would be to:
-Increase the number of special events and sports related activities and events to maximize usage of available facilities and hotel properties.

-Strengthen Kerrville's image as a premier destination for events, particularly in the adult market.
-Assist the city's parks and recreation department in marketing to ensure than the maximum number of events were brought to the area.

Ms. Burditt discussed the following points:
-Potential growth and expansion of tourism by increasing seasonal events marketing.
-The person would focus on bringing new events to Kerrville to fill hotel rooms; this person would not take over existing events, but would provide service to existing events to ensure they remained in Kerrville.
-Focus on marketing events that would take advantage of existing venues, resources and assets; identified events that would work in Kerrville.
-Estimated the January – September 2012 budget for special events marketing and production expansion project at $105,000 and reviewed that budget.

<u>HOTEL OCCUPANCY TAX APPLICATIONS</u>:
Mr. Erwin discussed the process for presentations from applicants. The consensus of the council was that all HOT applicants be allowed three minutes for their presentation at the August 9 meeting.

The meeting adjourned at 8:00 a.m.

APPROVED: ____________________
ATTEST:

____
David Wampler, Mayor

____
Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
SPECIAL MEETING

KERRVILLE, TEXAS
JULY 25, 2011

On July 25, 2011, the Kerrville City Council meeting was called to order by Mayor Wampler at 9:04 a.m. in the city hall council chambers, 800 Junction Highway.

MEMBERS PRESENT:

David Wampler	Mayor
Carson Conklin	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT:

Gene Allen	Mayor Pro Tem

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Mindy Wendele	Director of Business Programs
John Young	Chief of Police
Kim Meismer	Director of General Operations

VISITORS PRESENT:

Tracy McCuan	General Manager, Kerrville Public Utility Board

EXECUTIVE SESSION:
Mr. Conklin moved for the city council to go into executive closed session under Section 551.071 (consultation with attorney) of the Texas Government Code; the motion was seconded by Mr. Gross and passed 4-0 to discuss the following matter:
Section 551.071:
• LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

At 9:05 a.m. the regular meeting recessed and council went into executive closed session at 10:07 a.m. At 10:07 a.m. the executive closed session recessed and council returned to open session at 10:08 a.m. Mayor Wampler announced that no action had been taken in executive session.

ADJOURNMENT. The meeting adjourned at 10:08 a.m.

APPROVED: ____________________

ATTEST:

David Wampler, Mayor

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
SPECIAL MEETING

KERRVILLE, TEXAS
JULY 29, 2011

On July 29, 2011, the Kerrville City Council meeting was called to order by Mayor Wampler at 2:30 p.m. in the city hall council chambers, 800 Junction Highway.

MEMBERS PRESENT:

David Wampler	Mayor
Gene Allen	Mayor Pro Tem
Carson Conklin	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT:

T. Scott Gross	Councilmember

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda Craig	City Secretary
Kristine Ondrias	Assistant City Manager
Mindy Wendele	Director of Business Programs

CONSIDERATION AND POSSIBLE ACTION:
LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

EXECUTIVE SESSION:
Mr. Conklin moved for the city council to go into executive closed session under Section 551.071 (consultation with attorney) of the Texas Government Code; the motion was seconded by Mr. Allen and passed 4-0 to discuss the following matter:
Section 551.071:
- LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

At 2:33 p.m. the regular meeting recessed and council went into executive closed session at 3:11 p.m. At 3:11 p.m. the executive closed session recessed and council returned to open session at 3:11 p.m. Mayor Wampler announced that no action had been taken in executive session.

LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County

Mr. Allen moved to reject the offer proposed by LCRA; Mr. Conklin seconded the motion at it passed 4-0.

ADJOURNMENT. The meeting adjourned at 3:12 p.m.

APPROVED: ____________________ ______________________________

David Wampler, Mayor

ATTEST:

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Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
SPECIAL MEETING

KERRVILLE, TEXAS
AUGUST 2, 2011

On August 2, 2011, the Kerrville City Council meeting was called to order by Mayor Wampler at 8:03 a.m. in the city hall council chambers, 800 Junction Highway.

MEMBERS PRESENT:

David Wampler	Mayor
Gene Allen	Mayor Pro Tem
Carson Conklin	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT:

T. Scott Gross	Councilmember

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda Craig	City Secretary
Travis Cochrane	Director of Information Technology

CONSIDERATION AND POSSIBLE ACTION:
LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98^{th} District Court of Travis County.

Mayor Wampler recessed the meeting at 8:06 a.m. The meeting reconvened at 8:15 a.m.

EXECUTIVE SESSION:
Mr. Allen moved for the city council to go into executive closed session under Section 551.071 (consultation with attorney) of the Texas Government Code; the motion was seconded by Mr. Conklin and passed 4-0 to discuss the following matter:
Section 551.071:
- LCRA Transmission Services Corporation proposed McCamey D to Kendall to Gillespie 345-kV CREZ Transmission Line in Schleicher, Sutton, Menard, Kimble, Mason, Gillespie, Kerr, and Kendall Counties, Texas. Public Utility Commission of Texas (PUC) Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98^{th} District Court of Travis County.

At 8:16 a.m. the regular meeting recessed and council went into executive closed session at 8:16 a.m. At 9:02 a.m. the executive closed session recessed and council returned to open session at 9:03 a.m. Mayor Wampler announced that no action had been taken in executive session.

ADJOURNMENT. The meeting adjourned at 9:04 a.m.

APPROVED: ____________________ ______________________________

David Wampler, Mayor

ATTEST:

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Brenda G. Craig, City Secretary

CITY OF KERRVILLE, TEXAS EMPLOYEE BENEFITS TRUST JULY 26, 2011

On July 26, 2011, the City of Kerrville Employee Benefits Trust met at 7:13 p.m. in the city hall council chambers, 800 Junction Highway, Kerrville, Texas.

MEMBERS PRESENT:

David Wampler	Chairman
Gene Allen	Vice Chairman
Carson Conklin	Trustee
Stacie Keeble	Trustee

MEMBER ABSENT:

T. Scott Gross	Trustee

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Mike Erwin	Director of Finance
Kim Meismer	Director of General Operations

CONSIDERATION AND POSSIBLE ACTION:

Authorize the city manager to execute contracts with United Healthcare, Guardian, Vision Service Plan, and Lincoln for employee related benefits, including medical, dental, vision, group life, accidental death and dismemberment, voluntary life and accidental death and dismemberment, and voluntary short term disability for FY12. Ms. Meismer explained the bid process and noted the cost to the city per employee for all benefits for FY12 was $6,800 as compared to $7,800 in FY11. She compared the benefits budgets from FY08 to FY12 and noted that even though the city would be contributing more than 30% less in FY12 than in FY09, employees would have better overall benefit plans, and she reviewed each plan in detail. Ms. Meismer recommended awarding the employee medical contract for FY12 to United Healthcare; dental to Guardian; vision to Vision Service Plan; and group life and accidental death and dismemberment (AD&D) and short term disability to Lincoln Financial Group.

Mr. Allen moved to authorize the city manager to execute the contracts with United Healthcare, Guardian, Vision Service Plan, and Lincoln as presented. Mr. Conklin seconded the motion and it passed 4-0.

Adjournment.

The City of Kerrville Employee Benefits Trust meeting adjourned at 7:28 pm.

APPROVED: ____________________ ____________________________

ATTEST: David Wampler, Chairman

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Brenda G. Craig, City Secretary

Agenda Item:
(Staff)

2B. A resolution approving the budget for fiscal year 2012 for the Kerr Emergency 9-1-1 Network.

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

SUBJECT: Kerr Emergency 9-1-1 Network Budget for Fiscal 2012

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED:** August 2, 2011

SUBMITTED BY: Chief John Young **CLEARANCES:** Mike Hayes, City Attorney

EXHIBITS: Resolution, Proposed Budget Fiscal 2012

AGENDA MAILED TO: Bill Amerine, Kerr Emergency 9-1-1 Network, 819 Water Street, Suite 270, Kerrville, Texas 78028

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The city has received the proposed 2012 budget for the Kerr Emergency 9-1-1 Network. The FY 2012 proposed operating budget totals $390,000.00 as compared to $393,700.00 in FY 2011, for a decrease of 0.94%. The change in revenue can be attributed to very slight increases in wireless and VoIP income which offset the expected 6.25% loss in traditional landline POTS revenue.

The Texas Health and Safety Code, Subchapter D, The Emergency Telephone Number Act requires the 9-1-1 Board to present to the governing body of the participating jurisdictions (cities) and to the county commissioners court no later than 45 days prior to the date the budget is adopted. The participating jurisdictions shall review the proposed budget and submit any comments regarding the budget to the 9-1-1 board. The budget must be approved by a majority of the participating jurisdictions. If no action is taken on the proposed budget before the 61st day after the proposed budget is received, the budget is approved by operation of law. The city received the proposed 9-1-1 budget on July 17, 2011.

RECOMMENDED ACTION

Recommend approval of the proposed budget for the Kerr Emergency 9-1-1 District for FY 2012.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2011

A RESOLUTION APPROVING THE BUDGET FOR FISCAL YEAR 2012 FOR THE KERR EMERGENCY 9-1-1 NETWORK

WHEREAS, in accordance with Section 772.309 of the Texas Health and Safety Code, the Executive Director of the Kerr Emergency 9-1-1 Network has prepared and presented to the City Council a budget for the Network's fiscal year commencing January 1, 2012; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to approve said budget;

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

The City Council of the City of Kerrville, Texas, approves the 2012 Fiscal Year Budget for the Kerr Emergency 9-1-1 Network as presented and set forth in **Exhibit A.**

PASSED AND APPROVED ON this the ____ day of ____________________, A.D., 2011.

____
David Wampler, Mayor

APPROVED AS TO FORM:

____
Michael C. Hayes, City Attorney

ATTEST:

____
Brenda G. Craig, City Secretary

Kerr Emergency 911 Network
2012 Opr. Budget - Proposed

		2011 Approved	2012 Proposed	Delta	% Change
100 - Revenue					
	101-Local 911 Service	160,000.00	150,000.00	-10,000.00	-6.25%
	105-Wireless Emergency Income	217,000.00	220,500.00	3,500.00	1.61%
	110 - VoIP Service Fees	12,000.00	14,500.00	2,500.00	20.83%
	120-Interest Income	4,700.00	5,000.00	300.00	6.38%
Total 100 - Revenue		393,700.00	390,000.00	-3,700.00	-0.94%
200 · Payroll Expense					
	210 · Salary	132,120.00	111,200.00	-20,920.00	-15.83%
	211 · Overtime Wages	1,000.00	0.00	-1,000.00	-100.00%
	212 · Payroll Taxes	10,430.08	8,506.80	-1,923.28	-18.44%
	213 · Medical Insurance Expense	31,200.00	29,000.00	-2,200.00	-7.05%
	214 · TCDRS Expense Company	9,500.00	7,500.00	-2,000.00	-21.05%
	215 - TCDRS OTLI	485.00	460.00	-25.00	-5.15%
	225 · Texas Workforce Commission	2,350.00	1,000.00	-1,350.00	-57.45%
Total 200 · Payroll Expense		187,085.08	157,666.80	-29,418.28	-15.72%
300 · Operations (PSAP)					
	310 - PSAP Floor Space Lease	6,000.00	6,000.00	0.00	0.00%
	315 - 911 Call Taker Training	5,000.00	8,000.00	3,000.00	60.00%
	320 - Wireless Phase I Contracts	37,925.00	37,930.00	5.00	0.01%
	321 - AT&T Wireless Tariff	1,805.00	1,805.00	0.00	0.00%
	330 - Intrado Service Charge	23,500.00	23,500.00	0.00	0.00%
	335 - Frame Relay Charges	5,800.00	5,800.00	0.00	0.00%
	337 - AT&T SR Fees	9,100.00	10,300.00	1,200.00	13.19%
	350 - PSAP Trunk Charges	12,800.00	21,800.00	9,000.00	70.31%
	355 · Language Line	500.00	500.00	0.00	0.00%
	357 - PSAP Fiber ADMIN/KPD/KCSO	0.00	4,000.00	4,000.00	
	360 - Pager Service	0.00	0.00	0.00	
	370 · PSAP Repairs & Maintenance	9,700.00	10,000.00	300.00	3.09%
Total 300 · Operations (PSAP)		112,130.00	129,635.00	17,505.00	15.61%
400 · Direct Services					
	410 · Office Supplies	2,500.00	3,000.00	500.00	20.00%
	412 · Office Equipment & Repairs	2,000.00	2,000.00	0.00	0.00%
	420 · Liability Insurance	2,750.00	2,750.00	0.00	0.00%
	430 · Professional Development	2,000.00	5,000.00	3,000.00	150.00%
	440 · Rent	22,112.00	22,925.00	813.00	3.68%
	450 · Professional Fees	11,000.00	15,000.00	4,000.00	36.36%
	460 · Postage & Delivery	250.00	250.00	0.00	0.00%
	470 · Mileage Reimbursement	280.00	0.00	-280.00	-100.00%
	490 · Bank Service Charges	40.00	100.00	60.00	150.00%
Total 400 · Direct Services		42,932.00	51,025.00	8,093.00	18.85%
500 · Miscellaneous					
	502 · Pictometry Annual Payment	8,092.85	6,344.70	-1,748.15	-21.60%
	510 · Awards & Honorariums	500.00	500.00	0.00	0.00%
	520 · Dues & Subscriptions	750.00	750.00	0.00	0.00%
	530 · Public Education & Advertising	3,000.00	5,000.00	2,000.00	66.67%
	550 · Telecommunications	11,000.00	12,178.50	1,178.50	10.71%
	560 · Sundry	1,000.00	2,000.00	1,000.00	100.00%
	570 - Texas 911 Alliance Meetings	5,000.00	5,000.00	0.00	0.00%
	575 - Nena/APCO Conferences	0.00	1,500.00	1,500.00	
Total 500 · Miscellaneous		29,342.85	33,273.20	3,930.35	13.39%

600 - Discretionary Communications					
	610 · VFD Pager Service	2,310.00	1,900.00	-410.00	-17.75%
	620 · Kerr County VFD Radio Tower Service Donation	9,900.00	6,500.00	-3,400.00	-34.34%
Total 600 - Discretionary Communications		12,210.00	8,400.00	-3,810.00	-31.20%
700 - PSAP Equipment Repacement Account					
	710 - Operating to Capital Fund Transfer	10,000.00	10,000.00	0.00	0.00%
Total 700 - PSAP Equipment Repacement Account		10,000.00	10,000.00	0.00	0.00%
Annual Budget Totals		393,699.93	**390,000.00**	-3,699.93	-0.94%
Net Income		393,700.00	**390,000.00**	-3,700.00	-0.94%
Projected Budget Surplus/Deficit		*0.07*	*0.00*		

Kerr Emergency 9-1-1 Network

Subject: Proposed 2012 Budget June 30 2011

1. Estimated Net Income: $390,000.00 based on an overall decrease of 0.94% from 2011's income. The change in revenue can be attributed to very slight increases in wireless & VoIP income which offset the expected 6.25% losses in tradition landline POTS revenue.

2. 200 Payroll expenses

   a. 210: Salaries. This line item decreased by 15.83% for 2012. The decrease is largely attributed to the restructuring of a part-time secretary/receptionist position. This position is being down-graded from a 25 hour per week to a 10 hour per week position. Additionally, the hourly wage for this position will be reduced. The Associate Director position will receive a salary increases for 2012.

   b. 212: Payroll Taxes: The decrease in this item is based on the overall salary overhead and staff changes mentioned above.

   c. 213: Medical Insurance Expenses: This item has decreased significantly due to staffing changes. In 2012 Kerr 911 will have only two employees vs. the 2.5 to 3 employees budgeted for in 2011. The district contribution towards dependent health-care cost will change from 50 to 75%.

   d. 214: TCDRS Expense Company (Retirement Plan/Benefit): A decrease in this item is based on the salary for the two full time staff. .

   e. 215: TCDRS OTLI (Optional Term Life Insurance Benefit): This is an optional term life insurance benefit for all employees. The amount is the total expense for full time employees for 2012.

   f. 225: Texas Workforce Commission (Unemployment Insurance). This amount is reflective of our Texas Work Force tax rate of 2.25%

3. 300 Operations (PSAP)

   a. 310: PSAP Floor Space Lease. The lease covers floor space lease and utility reimbursement only. No change for 2012.

   b. 315: 9-1-1 Call Taker Training: This line item allocates $8,000.00 for all associated 9-1-1 call taker training. Dispatcher training will be funded as requested and required to certify new dispatchers. This item was increased by $3,000.00 for 2012.

   c. 320: Wireless Phase I. We implemented Wireless Phase I & II in 2008. Expected provider charges from Sprint/Nextel, Verizon, Cellular One, AT&T Mobility, T-Mobile, Pocket, Cricket and Five Star Wireless. All eight carriers use a different cost recovery methodology for determining this charge. Pending significant technology advances and until which time the FCC & CSEC change funding methods for this service, Kerr 9-1-1 can expect to have this annual overhead each year. This line item will not change for 2012.

   d. 321: AT&T Wireless Tariff. This item reflects the wireless selective routing fees charged by AT&T in San Antonio.

   e. 330: Intrado Service Charge. Intrado Address Database Services. The charge is base on 5.9 cents per telephone number (within our jurisdiction) per month. Intrado DB services provides for geographically diverse DB servers (survivability) and provides for address location information (ALI) validation against the Master Street Address Guide as established by Kerr 9-1-1.

   f. 335: Frame Relay Charges: Texas Department of Information Resources fee for provisioning and maintaining two frame relay circuits between the Kerr 9-1-1 PSAP and the remote Intrado ALI DBs. No change for 2012

   g. 337: AT&T SR Fees. This AT&T service selective routes 9-1-1 calls to the appropriate 9-1-1 PSAP.

   h. 350: PSAP Trunk Charges. Increased to reflect the 2011 addition of geo-diverse trunk lines. This line item addresses all trunk line charges associated with the 9-1-1 PSAP operation.

   i. 355: Language Line. Based on per-use-charges. No change in proposed 2012 budget.

   j. 357: PSAP Fiber Connection between ADMIN/KPD/KCSO. A new line item that cover the cost of fiber optic connections between the PSAP, Kerr 911 administrative offices and KCSO.

k. 370: PSAP Repairs & Maintenance. Most, if not all, PSAP repairs will be covered under the warrantees associated with our new PSAP equipment. $7,200.00 of this line is allocated for local PSAP technical support provided by Advantage Communications.

4. 400 Direct Services

   a. 410: Office Supplies: Based on 2011 usage trends.

   b. 412: Office Equipment and Repairs: No change for 2012.

   c. 420: Liability Insurance: No change for 2012.

   d. 430: Professional Development: An increase is proposed for 2012 for PSAP CPE training/certification.

   e. 440: Rent: The change for 2012 is based on likely CPI increase.

   f. 450: Professional Fees: Fees covered in this line-item are for audit services, legal, and industry/legislative lobby representation for the district. We anticipate an increase in alliance membership dues and audit costs.

   g. 460: Postage & Delivery: No change in 2012.

   h. 470: Mileage Reimbursement: Item zeroed out for 2012.

   i. 490: Bank Service Charges: Slight increase based on 2011 trends.

5. 500 Miscellaneous

   a. 502: Pictometry Annual Payment: This line item is for year three of a three year contract with Pictometry International for aerial imagery of Kerr County.

   b. 510: Awards & Honorariums. No change for 2012.

   c. 520: Dues & Subscriptions. No change for 2012.

   d. 530: Public Education & Advertising: 66.67% in 2012 will address increases in cell phone usages and the limits of that technology and other public education opportunities.

   e. 550: Telecommunications: Slight increase projected for 2012. Costs associated with KPD, KSO, and Kerr 9-1-1 administrative telephone services.

   f. 560: Sundry: Increase restores line item to 2010 level.

   g. 570: Texas 9-1-1 Alliance Meetings: No change for 2012.

h. 575: NENA/APCO Conferences: Texas National Emergency Number Association conference expenses.

6. 600: Discretionary Communications:

   a. 610: VFD Pager Services.

   b. 620: VFD Radio Repeater Services. The decrease in this line item is associated with a pending new approach to funding this discretionary spending.

7. 700: PSAP Equipment Replacement:

   a. 710: Quarterly operating funds transfers to capital funds account. No change in 2012. Intent: Build cash reserves for PSAP equipment upgrade in 2014/2015.

Capital Considerations: The capital cash account will have a balance in excess of **$ 528,104.00** at the end of 2012 from nominal interest and scheduled PSAP Equipment Replacement transfers.

Additionally this package includes a 2012 capital budget for your review and approval. This budget includes all income and expenses associated with this account. The primary source of revenue is from "planned" operating funds transfers, 9-1-1 sign sales cost-recovery, and surplus equipment disposal.

9-1-1 Emergency Service Fee:

The Texas Health and Safety Code – Chapter 772.314 (d): *The board shall set the amount of the fee each year as part of the annual budget.*

For the 2012 budget, Kerr 9-1-1 will decrease the business trunk 9-1-1 surcharge rate by 3.44% and the business POTS rates by 1.14%. Residential POTS rate will not change.

Vision for 2012:

1. Evaluate and update all addressing and local jurisdictional interlocal agreements.
2. Enhance 9-1-1 WEB Site Content. Research into adding GIS to our web presence.
3. Continued 9-1-1 sign sales.
4. Enhanced 9-1-1 public education.

Conclusions & Recommendations:

1. The 2012 proposal is a non-deficit balanced budget.

2. This budget more than adequately addresses the expected operating needs of our district in providing state-of-the-art 9-1-1 workstations/software and continue our efforts to enhance Geographic Information Systems (GIS).

3. Our district's vision and public-funds stewardship is based firmly in the state and local government codes, guided by conservative spending and liberal savings policies.

4. Approve budget as proposed.

Respectfully submitted by,

Bill Amerine
Executive Director, Kerr Emergency 9-1-1 Network

Agenda Item:
(Staff)

2C. A resolution appropriating all revenue from the hotel occupancy tax for fiscal year 2012 pursuant to state law and city policy.

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

SUBJECT: Approval of a resolution appropriating all 7% of the hotel occupancy tax rate received in FY 2012 to fund requests.

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED**: July 28, 2011

SUBMITTED BY: Mike Erwin MWE
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Resolution
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: TP

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The City collects 7% for hotel occupancy tax from the occupancy of hotel rooms within the City; Resolution 064-2005 directed 1% of the 7% tax rate to go to the historic restoration and preservation of the Arcadia Theatre. This resolution was repealed with the passage of Resolution No. 041-2009. The resolution 041-2009 stated, "...to be determined by Council at a later date that is compliant with Chapter 351 of the Texas Tax Code and that substantially benefit the convention, hotel and tourism industry."

Resolution 024-2010 appropriated all of fiscal year 2011 revenue generated from the imposition of the City's hotel occupancy tax rate for the purposes of funding uses, services, programs and events that are compliant with Chapter 351 of the Texas Tax Code. Staff is bringing forward a resolution to use the 1% in the FY 2012 budget for the funding of hotel occupancy tax requests. This would be a one year only action and would not repeal resolution 041-2009.

RECOMMENDED ACTION

Staff requests approval of this resolution.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. -2011

A RESOLUTION APPROPRIATING ALL REVENUE FROM THE HOTEL OCCUPANCY TAX FOR FISCAL YEAR 2012 PURSUANT TO STATE LAW AND CITY POLICY

WHEREAS, Chapter 351 of the Texas Tax Code authorizes a municipality to impose a tax on the occupancy of hotel rooms within the City; and

WHEREAS, City Council has previously enacted Chapter 94, Article III of the Code of Ordinances of the City of Kerrville, Texas, which imposes a tax on the occupancy of hotel rooms within the City and its extraterritorial jurisdiction; and

WHEREAS, in November 2004, City Council, pursuant to the state law, raised the hotel occupancy tax rate from six percent to seven percent for the purpose of generating funding for the historical restoration and preservation of the Arcadia Theatre; and

WHEREAS, following the City's conveyance of the Arcadia Theatre, the City Council adopted Resolution 041-2009, which reappropriated the additional one percent and the accumulated reserve, subject to compliance with Chapter 351 of the Texas Tax Code; and

WHEREAS, the City Council now wishes to appropriate all fiscal year 2012 revenue generated by the imposition of the seven percent hotel occupancy tax for the purpose of funding appropriate uses, services, programs, and events in accordance with state law and City code and policy; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to appropriate all fiscal year 2012 hotel occupancy tax revenues collected by the City for the purpose of funding appropriate uses, services, programs, and events as provided herein;

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

SECTION ONE. The City Council authorizes the appropriation of all fiscal year 2012 revenue generated from the imposition of the City's hotel occupancy tax rate for the purpose of funding uses, services, programs, and events that are compliant with Chapter 351 of the Texas Tax Code, and that substantially benefit the convention, hotel, and tourism industry.

SECTION TWO. The City will consider funding requests for hotel occupancy tax revenues and then award and distribute such funding in accordance with the process and timelines set forth in Chapter 94, Article III of the Code of Ordinances of the City of Kerrville, Texas, and the City's *Policies and Procedures Regarding the Allocation of Hotel Occupancy Tax Revenues*.

PASSED AND APPROVED ON this the _____ day of ___________, A.D., 2011.

____
David Wampler, Mayor

APPROVED AS TO FORM:

____
Michael C. Hayes, City Attorney

ATTEST:

____
Brenda G. Craig, City Secretary

<u>Agenda Item:</u>

(Staff)

3A. An ordinance authorizing and allowing, under the Texas State Law governing the Texas Municipal Retirement System, "updated service credits" in said system on an annual basis for service performed by qualifying members of such system who at the effective date of the allowance are members of the City of Kerrville; and establishing an effective date for the ordinance.

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

SUBJECT: Ordinance Second Reading, Reinstating the Annually Repeating 100% Updated Service Credit, including Transfers to the Texas Municipal Retirement System plan for the City of Kerrville.

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED**: August 2, 2011

SUBMITTED BY: Kimberly Meismer, Director of General Operations **CLEARANCES:** Todd Parton, City Manager

EXHIBITS: Ordinance

AGENDA MAILED TO:
APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

ORDINANCE - 2ND READING - The Texas Municipal Retirement System (TMRS) is the administrator of the mandatory retirement benefit for the City of Kerrville employees.

During the FY11 budget process, due to budget constraints Council approved terminating the Updated Service Credits (USC) for employees and the Cost of Living Adjustments (COLA) for retirees. This action reduced the City's contribution rate from 16.03% to 9.40% saving the City an estimated $490,000 and was effective January 1, 2011. TMRS was put in the budget at 10.7% for FY11. Council asked staff to bring this item back during the FY12 budget process for an update and reconsideration.

The City received our 2012 "Rate Letter" from TMRS in June 2011. Due in part to fund restructuring and actuarial valuations, the City contribution rate beginning January 1, 2012 will be reduced to 5.41% saving the City an estimated $511,455 for FY12. When we received this news we contacted TMRS to find out what the impact would be if we reinstated the Updated Service Credits. If we reinstate the USC's including Transfers to 100% annually repeating, the rate would be 8.65% saving the City an estimated $198,200 for FY12.

RECOMMENDED ACTION

Approve the ordinance reinstating the Updated Service Credits including Transfers to 100% annually repeating (Proposal #5) to be effective January 1, 2012.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2011-____

AN ORDINANCE AUTHORIZING AND ALLOWING, UNDER THE TEXAS STATE LAW GOVERNING THE TEXAS MUNICIPAL RETIREMENT SYSTEM, "UPDATED SERVICE CREDITS" IN SAID SYSTEM ON AN ANNUAL BASIS FOR SERVICE PERFORMED BY QUALIFYING MEMBERS OF SUCH SYSTEM WHO AT THE EFFECTIVE DATE OF THE ALLOWANCE ARE MEMBERS OF THE CITY OF KERRVILLE; AND ESTABLISHING AN EFFECTIVE DATE FOR THE ORDINANCE

WHEREAS, the City provides a retirement benefit for its employees through its membership in the Texas Municipal Retirement System ("TMRS"); and

WHEREAS, the City Council of the City previously adopted an ordinance under Section 853.404 of Subtitle G of Title 8, Texas Government Code, as amended (the "TMRS Act"), authorizing the crediting of updated service credits, including updated service credits for transferred service, on an annual basis and increases in prior and current service annuities to retirees and beneficiaries of deceased members on an annual basis; and

WHEREAS, due to significant budget constraints, the City adopted Ordinance No. 2010-23, which terminated the allowance of updated service credits; and

WHEREAS, the City recently received a "Rate Letter" from TMRS where TMRS has notified the City that due in part to the restructuring of TMRS funds and revised actuarial valuations, TMRS is reducing City's contribution rate beginning January 1, 2012; and

WHEREAS, based upon this reduction and the cost savings to the City, the City Council believes that it should reinstate the allowance of updated service credits;

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

SECTION ONE. On the terms and conditions set out in TMRS Act, each member of the Texas Municipal Retirement System ("System") who has current service credit or prior service credit in the System in force and effect on the 1st day of January of the calendar year preceding such allowance, by reason of service in the employment of the City of Kerrville ("City") and on such date had at least 36 months of credited service with the System, shall be and is hereby allowed" Updated Service Credit", as that term is defined in subsection (d) of Section 853.402 of the TMRS Act.

SECTION TWO. On the terms and conditions set out in Section 853.601 of the TMRS Act, any member of the System who is eligible for Updated Service Credits on the basis of service with this City, who has unforfeited credit for prior service and/or current service with another participating municipality or municipalities by reason of previous service, and was a contributing member on the 1st day of January of the calendar year preceding such allowance shall be credited with Updated Service Credits pursuant to, calculated in accordance with, and subject to adjustment as set forth in said Section 853.601, both as to the initial grant thereunder and all future grants under this ordinance.

SECTION THREE. The Updated Service Credit hereby allowed and provided for shall be 100% of the "base Updated Service Credit" of the member calculated as provided in subsection (c) of Section 853.402 of the TMRS Act.

SECTION FOUR. In accordance with the provisions of subsection (d) of Section 853.401 of the TMRS Act, the deposits required to be made to the System by City employees on account of current service shall be calculated from and after the effective date of this ordinance on the full amount of such person's compensation as an employee of the City.

SECTION FIVE. The initial allowance of Updated Service Credit hereunder shall be effective on January 1, 2011, subject to approval by the Board of Trustees of the System. An allowance shall be made hereunder on January 1 of each subsequent year until this ordinance ceases to be in effect under subsection (e) of Section 853.404 of the TMRS Act, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in subsection (d) of Section 853.404 of the TMRS Act.

SECTION SIX. Subject to approval by the Board of Trustees of the System, this Ordinance shall be and become effective on the 1st day of January, 2012.

PASSED AND APPROVED ON FIRST READING, this the ____ day of ______________, A.D., 2009.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the _____ day of ___________________, A.D., 2009.

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David Wampler, Mayor

APPROVED AS TO FORM:

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Michael C. Hayes, City Attorney

ATTEST:

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Brenda G. Craig, City Secretary

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Agenda Item:
(Staff)

3B. An ordinance amending Chapter 66, "Library," of the Code of Ordinances of the City of Kerrville, Texas, by amending Article II "Library Advisory Board", concerning the creation, powers, and authority of the library advisory board; containing a cumulative clause; containing a savings and severability clause; and providing other matters relating to this subject.

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

SUBJECT: Ordinance Second Reading, Approving Revisions to the Library Advisory Board Ordinance.

FOR AGENDA OF: August 9, 2011

DATE SUBMITTED: August 2, 2011

SUBMITTED BY: Daniel C. Schwartz
Library Director

CLEARANCES: Kim Meismer KM
Director of General Operations

EXHIBITS: Revised Library Advisory Board Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: TP

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

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

ORDINANCE – 2ND READING - The Library Advisory Board (LAB) currently consists of two members appointed by City Council, two members appointed by the Commissioner's Court and one member appointed by the Friends of the Butt-Holdsworth Memorial Library. The County had one appointee's term expire in November 2010 and said they would not consider filling the position until the City-County Inter-local Agreements are finalized.

To date, the County has not appointed anyone to fill the expired term. The Library Advisory Board is operating at a disadvantage because they cannot appoint a chair or vice chair until all positions are filled.

This was discussed at the June 2011 Library Advisory Board meeting. The Board would like to recommend amending the Ordinance regarding Board appointments. They recommend the number of Board members remain five (5), one appointed by the Friends of the Library and four (4) appointed by the City Council. The Board also recommends the Ordinance be amended to stipulate all members are residents of Kerr County.

RECOMMENDED ACTION

The Library Advisory Board and staff recommend City Council approve the recommended changes to the Library Advisory Board Ordinance.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2011-___

AN ORDINANCE AMENDING CHAPTER 66, "LIBRARY," OF THE CODE OF ORDINANCES OF THE CITY OF KERRVILLE, TEXAS, BY AMENDING ARTICLE II "LIBRARY ADVISORY BOARD", CONCERNING THE CREATION, POWERS, AND AUTHORITY OF THE LIBRARY ADVISORY BOARD; CONTAINING A CUMULATIVE CLAUSE; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; AND PROVIDING OTHER MATTERS RELATING TO THIS SUBJECT

WHEREAS, the City of Kerrville, Texas, owns and administers the Butt-Holdsworth Memorial Library ("Library"); and

WHEREAS, the City Council previously established a Library Advisory Board ("LAB") for the purpose of advising and making recommendations to the City Council on matters pertaining to the Library; and

WHEREAS, the LAB currently consists of two members appointed by City Council, two members appointed by the Commissioners' Court and one member appointed by the Friends of the Library; and

WHEREAS, the LAB now recommends that City Council amend the ordinance regarding appointments to the LAB such that Council appoint four members and that the Friends of the Library continue to appoint one member; and

WHEREAS, the LAB also recommends that all members are Kerr County residents; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to amend Chapter 66, Article II of the Code of Ordinances of the City of Kerrville to revise the LAB as recommended by the LAB;

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

SECTION ONE. Section 66-34 of Chapter 66 "Library," Article II "Library Advisory Board" of the Code of Ordinance of the City of Kerrville, Texas, is amended by adding the language that is underlined in blue (<u>added</u>) and deleting the language that is bracketed and stricken in red ([~~deleted~~]) as follows:

"Sec. 66-34. Composition of and appointment to the Board; ex-officio members; terms; vacancies; absences, officers, compensation; meetings.

(a) *Composition*. The Board shall be composed of five (5) members with appointments to be made as follows:

1) Council shall appoint four [~~two~~] (4) ~~(2)~~ members; and

[~~2) the Commissioners Court shall appoint two (2) members; and~~]

2) ~~[3)]~~ the Friends of the Butt-Holdsworth Memorial Library shall appoint one (1) of its members.

(b) *Qualifications*. Each Board member shall be a resident of Kerr County."

SECTION TWO. The City Secretary is authorized and directed to submit this amendment to the publisher of the City's Code of Ordinances and the publisher is authorized to amend said Code to reflect the amendment adopted herein and to correct typographical errors and to index, format, and number and letter paragraphs to the existing Code, as appropriate.

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

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

PASSED AND APPROVED ON FIRST READING, this the ___ day of _________, 2011.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of ___________, 2011.

____
David Wampler, Mayor

APPROVED AS TO FORM:

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Michael C. Hayes, City Attorney

ATTEST:

____
Brenda G. Craig, City Secretary

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Agenda Item:

(Staff)

4A. An ordinance approving a negotiated resolution between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the company's fourth annual rate review mechanism filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; requiring the company to reimburse cities' reasonable ratemaking expenses; repealing conflicting resolutions or ordinances; 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 committee's legal counsel.

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

SUBJECT: Settlement of 2011 Atmos Rate Filing (RRM)

FOR AGENDA OF: Aug. 9, 2011 MCH **DATE SUBMITTED:** Aug. 4, 2011

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

EXHIBITS: 1) FAQ regarding ACSC and the RRM Ratemaking Process; 2) Ordinance; 3) Rate Schedule (tariffs)

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: MP

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The City of Kerrville, along with approximately 154 other cities served by Atmos Energy Mid-Tex Division ("Atmos"), is a member of the Atmos Cities Steering Committee ("ACSC"). In April 2011, Atmos filed an application with the City to increase natural gas rates pursuant to the Rate Review Mechanism ("RRM") tariff. The RRM process was previously approved by the City as part of the settlement of the Atmos 2007 Statement of Intent to increase rates. This is the fourth annual RRM filing.

Atmos initially sought a $15.7 million rate increase. The City worked with ACSC to analyze the evidence offered by Atmos to support its request to increase rates. The attached Ordinance is the result of negotiations between ACSC and Atmos to resolve issues raised by ACSC during the review and evaluation of Atmos' filing. The Ordinance resolves Atmos' filing by authorizing supplemental revenue of $6.6 million to be recovered through the customer charge component of rates to cover direct incremental costs associated with a steel service line replacement program approved as part of last year's rate adjustment. All other relief requested by Atmos is denied.

ACSC recommends that all ACSC Cities adopt the Ordinance implementing the rate change.

RRM Background:

The RRM tariff was approved by ACSC as part of the settlement agreement to resolve the Atmos 2007 system-wide rate filing at the Railroad Commission. Atmos' current action represents an extension to the 3-year trial project known as the Rate Review Mechanism process. The RRM process was created collaboratively by ACSC and Atmos as an alternative to the legislatively authorized GRIP surcharge process. ACSC opposed GRIP because it constituted piecemeal ratemaking, did not allow any reasonableness review, and did not allow participation by cities or recovery of cities' rate case expenses. The RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings during this 3-year period.

Purpose of the Ordinance:

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

As a result of the negotiations, ACSC was able to reduce Atmos' requested $15.7 million RRM increase to $6.6 million, allowing only incremental revenues necessary to cover direct costs associated with the steel service line replacement program approved by ACSC Cities in 2010. Approval of the Ordinance will result in the implementation of new rates that increase Atmos' revenues effective September 1, 2011.

Reasons Justifying Approval of the Ordinance (Negotiated Resolution):

During the time that the City has retained original jurisdiction in this case, consultants working on behalf of ACSC have investigated the support for Atmos' requested rate increase. While the evidence does not support the $15.7 million increase requested by Atmos, ACSC consultants agree that Atmos can justify an increase in revenues of $6.6 million, a result consistent with ACSC's approval of a steel service line replacement program last year. The agreement on $6.6 million is a compromise between the positions of the parties.

The 2010 Settlement Agreement included an extension of the RRM process and an allowance for recovery of direct costs, excluding overheads, of the steel service line replacement program. Current year recovery factors of $00.15 for residential customers and $00.41 for commercial customers per month were authorized last year. The 2010 Settlement Agreement contemplated that the steel service line replacement program would be adjusted annually, but is capped at $00.44 cents for residential customers and $1.22 for commercial customers. The increase in this case is consistent with the caps contemplated last year for the steel service line replacement program.

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

Steel Service Line Replacement:

Under pressure from the Railroad Commission to establish a comprehensive program to replace service lines that contain steel which is subject to corrosion and leaks, ACSC worked with Atmos in 2010 to establish a risk based approach to steel service line replacement that accomplishes the following goals:

1. Replace all service lines throughout the Mid-Tex Region with the highest degree of risk within two years;

2. Coordination between ACSC and Atmos to minimize disruption of rights of way without compromising safety;

3. To minimize and spread the rate impact on customers of the replacement program, the service lines with little relative risk of leaks should be replaced over a 10-year period; and

4. Current recovery of incremental (above and beyond normal maintenance and repair addressed in RRM proceedings) direct (excluding Atmos overheads) cost of service line replacement should be permitted as an adder to customer charges.

Fulfillment of these goals in the 2010 case led to $00.15 and $00.41 added to residential and commercial customer charges, respectively. The annual customer charge adder to cover the steel service line replacement program may not exceed $00.44 and $1.22 for residential and commercial customers, respectively, prior to the entry of a Final Order in the next system-wide Statement of Intent rate proceeding.

Changes to Customer Charges:

The 2010 Settlement Agreement contemplated that incremental revenues to cover future steel service line replacement costs would be recovered through customer charges. Consistent with that approach, the $6.6 million in additional revenues to be recovered following passage of the Ordinance is accomplished by increasing customer charges. The tariffs to be approved by the Ordinance set monthly customer charges at $7.50 and $16.75 for residential and commercial customers, respectively. The commodity portion of the commercial rate will decline slightly from existing rates.

Impact to Customer Bills:

Atmos has provided the following data with respect to what impact the settlement and the adoption of the Ordinance will have on customers: (1) the average residential customer (using 4.5 Mcf a month) will have an increase of $0.31 per month or 0.66%; (2) the average commercial customer (using 34.8 Mcf a month) will have an increase of $0.88 per month or 0.88%.

Explanation of Ordinance's "Be It Ordained" Paragraphs:

1. This paragraph approves all findings in the Ordinance.

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

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

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

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

6. 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.

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

8. This paragraph directs that a copy of the signed Ordinance be sent to Atmos and ACSC.

RECOMMENDED ACTION

Based upon the negotiations between ACSC and Atmos and information provided by ACSC, the City Attorney recommends adoption of the Ordinance on first reading.

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 only gone to the Railroad Commission of Texas ("RRC") 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 RRC to implement the same rates approved by cities in areas outside municipal boundaries.

Once a case is at the RRC, RRC 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 RRC. If cities do not participate in hearings at the RRC, the request of a regulated utility is likely to be rubber-stamped.

What is the background to 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 RRC.

From the early 1980's through the late 1990's, LSG filed no pipeline or system-wide rate case at the RRC. When LSG was finally brought before the RRC 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.

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 Steering Committee transformed itself from an *ad hoc* group that came together only in response to rate filings by the utility into a permanent standing committee.

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. TXU 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"). 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 154 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 which 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.

What is the benefit of membership in ACSC?

One hundred fifty-four 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 legislative session, ACSC in December 2010 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 which may be found on ACSC's website, TexasGasConsumers.org.

Earlier in 2010, ACSC representatives visited on several occasions with the Sunset Commission Staff, and several ACSC recommendations for reform were included in the Sunset Commission Report on the Railroad Commission, delivered to the legislature's Sunset Committee prior to public hearings on the agency. Several ACSC member representatives testified before the legislature regarding reforms needed at the Railroad Commission.

During the most recent 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.

In the last 12 months, ACSC has resolved a major issue involving franchise fees. Atmos unilaterally, with 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 Atmos's lack of coordination with cities. That meeting led to the creation of the Rate Review Mechanism ("RRM") process and greater ongoing communication between Atmos and ACSC.

Last year, ongoing communications between ACSC and Atmos led to a workable solution to the need to replace steel service lines in a manner that accommodated city 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 RRC.

<u>What is a RRM case?</u>

The concept of a 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 RRC 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 RRC 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 business - investment, operation and maintenance expenses and revenues - unlike GRIP which 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 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 RRC. 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 also Atmos was 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 have not been helpful to cities, although the matter has now been set for hearing before the Texas Supreme Court on September 15, 2011.

Cities have contended that GRIP is terrible public policy since it authorizes what would from a history of public interest regulation 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, RRM benefits ACSC by: (1) allowing cities participation that would be denied under GRIP; (2) allowing cities to recover, at utility shareholder expense, all their ratemaking costs; and (3) avoiding both litigation and RRC 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?

In 2010, ACSC, in settling the third RRM proceeding, agreed to a slight modification and extension of the process. A settlement of the fourth annual RRM is now pending before ACSC members. The results of the four RRM proceedings are as follows:

RRM Filing	Year	Atmos Request	ACSC Settlement
#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 (pending)

These results are better for cities and consumers than would have been authorized by the RRC under the GRIP process.

What is the future of the RRM process?

The settlement of the fourth RRM filing anticipates ACSC and Atmos working between August and December to refine the RRM process. If agreement on a new process is reached, Atmos will file another RRM case next April. If no agreement can be reached on the RRM process by the end of this year, Atmos Mid-Tex will file a system-wide traditional rate case in January 2012.

CITY OF KERRVILLE, TEXAS

ORDINANCE NO. 2011-_____

AN ORDINANCE APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S FOURTH ANNUAL RATE REVIEW MECHANISM FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; REPEALING CONFLICTING RESOLUTIONS OR ORDINANCES; 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 COMMITTEE'S LEGAL COUNSEL

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

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC" or "Steering Committee"), a coalition of approximately 154 similarly situated cities served by Atmos Mid-Tex that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area (such participating cities are referred to herein as "ACSC Cities"); and

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

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

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

WHEREAS, the Steering Committee and Atmos Mid-Tex agreed to extend the RRM process in reaching a settlement in 2010 on the third RRM filing; and

WHEREAS, on or about April 1, 2011, the Company filed with the city its fourth annual RRM filing, requesting to increase natural gas base rates by $15.7 million; and

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

WHEREAS, independent analysis by ACSC's rate expert concluded that Atmos Mid-Tex is unable to justify an increase over current rates except for undisputed costs of $6.6 million to cover the steel service line replacement program initiated in 2010; and

WHEREAS, the ACSC Settlement Committee, as well as ACSC lawyers and consultants, recommend that ACSC Cities approve the attached rate tariffs ("Attachment A" to this Ordinance), which will increase the Company's revenue requirement by $6.6 million to extend current recovery of incremental direct costs of the steel service line replacement program authorized by ACSC Cities in ordinances passed in 2010; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated resolution reached by ACSC Cities and are just, reasonable, and in the public interest.

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. The City Council finds the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs which are attached hereto and incorporated herein as **Attachment A**, are just and reasonable and are hereby adopted.

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

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

SECTION FIVE. 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 SIX. 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 SEVEN. 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 September 1, 2011.

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

PASSED AND APPROVED this _________ day of __________________, 2011.

____
David Wampler, Mayor

APPROVED AS TO FORM:

____
Michael C. Hayes, City Attorney

ATTEST:

____
Brenda G. Craig, City Secretary

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 9/1/2011	

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

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

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

Charge	Amount
Customer Charge per Bill	$ 7.50 per month
Commodity Charge – All Mcf	$ 2.5116 per Mcf

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

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

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.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 9/1/2011	

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

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

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

Charge	Amount
Customer Charge per Bill	$ 16.75 per month
Commodity Charge - All Mcf	$ 1.0217 per Mcf

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

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

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.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**All Cities except the City of Dallas**	
EFFECTIVE DATE:	**Bills Rendered on or after 9/1/2011**	

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

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

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

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

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

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."

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	All Cities except the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 9/1/2011	

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

Agreement
An Agreement for Gas Service may be required.

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

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

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	All Cities except the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 9/1/2011	

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

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

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

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

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

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.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	All Cities except the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 9/1/2011	

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

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

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

Agreement
A transportation agreement is required.

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

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

Agenda Item:
(Staff)

5A. A resolution setting forth the ad valorem tax rate to be considered for adoption for the 2011 tax year; calling two public hearings; and calling a public hearing as required by both the city's charter and state law prior to the adoption of the fiscal year 2012 budget.

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

SUBJECT: Resolution setting the ad valorem tax rate to be considered for adoption for the 2011 tax year; calling two public hearings prior to the adoption of the tax rate; and calling a budget public hearing as required by both the City's charter and state law prior to the adoption of the fiscal year 2012 budget.

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED**: July 27, 2011

SUBMITTED BY: Mike Erwin, Director of Finance **CLEARANCES:** Todd Parton, City Manager

EXHIBITS: Resolution, Copy of Public Hearing Notice
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Tax Rate

At the July 26th Special Called City Council meeting, the City Manager presented the Proposed FY12 budget which included a $0.5625 proposed tax rate, the same rate as last year. This rate is below the effective tax rate as calculated by the Tax Assessor-Collector of $0.5888 by 4.4%. The City is not required to hold the public hearings since the proposed tax rate is below the effective, but will in the effort to be transparent throughout the budget process hold hearings on Tuesday, August 23rd and Tuesday, September 13th.

Budget

The Proposed FY12 Budget includes expenditures of $41,678,312 and revenues of $42,881,768. Local Government Code and the City Charter require a public hearing related to the Proposed Budget. The proposed time is Tuesday, September 13th at 6:00 pm. Additionally, the Charter specifically requires that the Council will publish a "general summary" of the budget and a notice stating the times and places where copies of the budget are available for inspection by the public and the time and place for a public hearing on the budget. A sample of the proposed notice is also attached for Council's review and discussion.

RECOMMENDED ACTION

The Director of Finance recommends approval of the attached resolution setting the ad valorem tax rate to be considered for adoption for the 2011 tax year at $0.5625 per $100 valuation; calling two public hearings prior to the adoption of the tax rate; and calling a budget public hearing as required by both the City Charter and state law prior to the adoption of the fiscal year 2012 budget.

The vote on the attached resolution must be a roll call vote per state law.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ___-2011

A RESOLUTION SETTING FORTH THE AD VALOREM TAX RATE TO BE CONSIDERED FOR ADOPTION FOR THE 2011 TAX YEAR; CALLING TWO PUBLIC HEARINGS; AND CALLING A PUBLIC HEARING AS REQUIRED BY BOTH THE CITY'S CHARTER AND STATE LAW PRIOR TO THE ADOPTION OF THE FISCAL YEAR 2012 BUDGET

WHEREAS, state law requires that the City Council hold two public hearings prior to the adoption of an ad valorem tax rate which, if adopted and applied to the total taxable value of property located within the City of Kerrville, would impose an amount of taxes that exceeds either the lower of the effective tax rate or the rollback rate; and

WHEREAS, the City Council of the City of Kerrville is considering the adoption of an ad valorem tax rate which does not exceed the effective tax rate or the rollback rate, but in the spirit of transparency and in an effort to increase public notice and the opportunity to address Council in a public meeting, the City will hold the two public hearings;

WHEREAS, pursuant to the City Charter and state law, the City must also hold a public hearing regarding the proposed budget; and

WHEREAS, the City Council now establishes dates for public hearings on the adoption of the proposed 2011 tax rate and the proposed fiscal year 2012 budget;

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

SECTION ONE. The City Manager and City Attorney are directed to prepare an ordinance for consideration by the City Council which, if adopted, will adopt and impose a total ad valorem tax rate for the tax year 2011 of $0.5625 per $100 valuation. There is no change to this rate from the previous tax year.

SECTION TWO. The adoption of the tax rate set forth in Section One, above, will not levy a tax rate greater than the effective rate or the rollback rate. However, Council will hold two public hearings, the first being scheduled for 6:00 p.m., August 23, 2011, and the second scheduled for 6:00 p.m., September 13, 2011. Council will hold both public hearings at the Kerrville City Hall, 800 Junction Highway, Kerrville, Texas, in order to receive public comment on the proposed tax rate. City Council will adopt the proposed tax rate at their regular meeting, beginning at 6:00 p.m. on September 27, 2011.

SECTION THREE. Pursuant to Section 8.04 of the City Charter and state law, a public hearing on the proposed budget shall be scheduled for 6:00 p.m. on September 13, 2011.

SECTION FOUR. The City Secretary is directed to provide notice of the specified public hearings in accordance with state law and the City's Charter.

Record vote:

Councilmember Conklin	____________
Councilmember Keeble	____________
Councilmember Gross	____________
Councilmember Allen	____________
Mayor Wampler	____________

PASSED AND APPROVED ON this the _____ day of ___________ A.D., 2011.

____
David Wampler, Mayor

ATTEST:

____
Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

____
Michael C. Hayes, City Attorney

CITY OF KERRVILLE
NOTICE OF PUBLIC HEARING ON PROPOSED BUDGET

The Kerrville City Council will hold a public hearing on the FY12 Proposed Budget on September 13, 2010 at 800 Junction Highway, Kerrville, TX at 6:00 p.m. in the City Council chambers.

This budget's proposed tax rate is $0.5625, which is less than the effective tax rate of $0.5888. This is the same tax rate as last year.

Copies of the budget are available at City Hall (City Secretary's Office) located at 800 Junction Highway, the Butt Holdsworth Memorial Library at 505 Water St., and on the City's website, www.kerrvilletx.gov .

Pursuant to Section 8.04(a) of the City Charter, the City Council is publishing the following table as a general summary of the Proposed FY11 City of Kerrville Budget. This illustration shows revenues and expenditures for each of the City's two main operating funds, while the balance of the funds are combined into a single presentation labeled, "Other Funds".

	Annual Budget FY11	Proposed Budget FY12	Increase or (Decrease)
General Fund			
Revenues	$19,992,850	$20,452,406	$459,556
Expenditures	$19,992,850	$20,250,578	$257,728
Revenues Over/(Under) Expenditures	$0	$201,828	
Water and Sewer Fund			
Revenues	$8,874,500	$8,886,244	$11,744
Expenditures	$8,874,500	$8,886,129	$11,629
Revenues Over/(Under) Expenditures	$0	$115	
Other Funds			
Revenues	$19,297,736	$13,543,118	($5,754,618)
Expenditures	$18,709,894	$12,541,605	($6,168,289)
Revenues Over/(Under) Expenditures	$587,842	$1,001,513	
Total Funds			
Revenues	$48,165,086	$42,881,768	($5,283,318)
Expenditures	$47,577,244	$41,678,312	($5,898,932)
Revenues Over/(Under) Expenditures	$587,842	$1,203,456	

The FY12 Proposed Budget is a balanced budget where current revenues meet or exceed expenditures for all major funds.

Agenda Item:

(Staff)

5B. Interlocal agreements between the City of Kerrville and Kerr County regarding fire, emergency medical services, library, airport, and animal control operations.

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

SUBJECT: Consideration of interlocal agreements between the City of Kerrville and Kerr County regarding fire, emergency medical services, library, airport and animal control operations.

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED**: August 5, 2011

SUBMITTED BY: Todd Parton
City Manager

CLEARANCES:

EXHIBITS: None

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: TP

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

City staff received confirmation from the County Attorney that the Commissioners Court approved the public safety, animal control, and library agreements at their regular meeting of July 27. Their approval included action to accept those changes negotiated by representatives of the city and county in a previous meeting. The three approved agreements were executed by the Mayor and physically delivered by city staff to the county on July 29 for Judge Tinley's signature. Staff is awaiting confirmation that Judge Tinley has executed the agreement.

Staff is working to coordinate a meeting between representatives of the city, county, and airport to finalize the airport agreement. The primary topics of that discussion are to be the budgetary and financial management components of the agreement. Concepts that have been established as major items for discussion include the following:

1. Establishing a capitalization limit of $5,000,
2. Limiting contingency allocations to no more than 5% of the total M&O allocations,
3. Providing for a process for the Joint Airport Board President to declare an emergency allowing him to use airport contingency funds (emergency powers would need to be defined in the agreement),

4. Limit spending to the total budgeted allocation formally approved by both owners,
5. Limiting the ability to transfer funds between line items to no more than 10% of the total funds allocated for maintenance and operations expenses, and
6. Converting from a pre-payment process to a reimbursement process for actual airport expenses in order to prevent an undue buildup of unspent capital in the airport's coffers.

Additional discussion topics will likely include a way to implement a 5-year financial plan and a more detailed and specific capital improvement plan.

RECOMMENDED ACTION

A recommendation is not included since three of the agreements have been approved by both parties and a meeting to finalize the airport agreement is being scheduled.

Agenda Item:
(Staff)

5C. Update regarding Lower Colorado River Authority Transmission Services Corporation (LCRA-TSC) application for the proposed McCamey D to Kendall to Gillespie CREZ project PUC Docket No. 38354; City of Kerrville, Kerrville Public Utility Board, and City of Junction v. PUC, Cause No. D-1-GV-000324, in the 98th District Court of Travis County.

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

SUBJECT: Update regarding Lower Colorado River Authority Transmission Services Corporation application for the proposed McCamey D to Kendall to Gillespie CREZ project.

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED**: August 4, 2011

SUBMITTED BY: Todd Parton
City Manager

CLEARANCES:

EXHIBITS: None

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

City Staff will provide on update regarding the CREZ Project.

RECOMMENDED ACTION

Discussion and possible action as may be necessary.

Agenda Item:
(Staff)

6A. Library update.

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

SUBJECT: Update on Library Statistics

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED**: July 29, 2011

SUBMITTED BY: Daniel C. Schwartz, Library Director **CLEARANCES:** Kim Meismer, Director of General Operations

EXHIBITS: Circulation Statistics, History Center Checkouts, Patron Statistics, Statistics By Fiscal Year, Holds Fulfilled, Computer Usage Report

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

After going live on our new Integrated Library System (ILS) Millennium on January 24, 2011, the Butt-Holdsworth Memorial Library (BHML) has been able to provide more accurate statistics. The library presents the statistics as of July 31, 2011.

RECOMMENDED ACTION

This item is presented for information only, no action is required at this time.

Butt-Holdsworth Memorial Library
Circulation Counts as of 07/31/2011

Location	Current Checkouts	Total Checkouts
Kerrville (within City limits)	7689	34779
Kerr County	7160	30339
Kerrville - Kerr County	*4852*	*20351*
Bandera -Kerr County	*31*	*44*
Camp Verde - Kerr County	*0*	*7*
Center Point - Kerr County	*301*	*1855*
Comfort - Kerr County	*6*	*83*
Harper - Kerr County	*21*	*88*
Hunt - Kerr County	*274*	*1641*
Ingram - Kerr County	*1319*	*5122*
Mountain Home - Kerr County	*356*	*1148*
Bandera County	4	121
Edwards County	37	62
Gillespie County	45	839
Kendall County	9	132
Kimball County	7	63
Real County	1	62
Bexar County	0	39
State of Texas	16	179
Out of State	2	111
Total:	**14970**	**66726**
Kerrville %	51.36%	52.12%
Kerr County %	47.83%	45.47%
Adjacent Counties %	0.69%	1.92%
State of Texas %	0.11%	0.33%
Out of State %	0.01%	0.17%

NOTE: "Total Checkouts" column includes only circulation statistics since the implementation of Millennium on 1/24/11.

Butt-Holdsworth Memorial Library
History Center Checkouts as of 07/31/11

Location	Participants - July 1, 2011 *	Participants - July 5 - 9, 2011	Participants - July 12 - 16, 2011	Participants - July 19 - 23, 2011	Participants - July 26 - 30, 2011	Total Current Participants
Kerrville (within City limits	17	635	539	525	613	2329
Kerr County	14	570	605	573	472	2234
Kerrville - Kerr County	*5*	*424*	*386*	*334*	*346*	*1495*
Bandera -Kerr County	*0*	*0*	*0*	*0*	*0*	*0*
Camp Verde - Kerr County	*3*	*2*	*0*	*0*	*0*	*5*
Center Point - Kerr County	*0*	*23*	*19*	*29*	*23*	*94*
Comfort - Kerr County	*0*	*0*	*0*	*0*	*6*	*6*
Harper - Kerr County	*1*	*0*	*0*	*0*	*0*	*1*
Hunt - Kerr County	*0*	*48*	*74*	*31*	*16*	*169*
Ingram - Kerr County	*5*	*61*	*117*	*170*	*68*	*421*
Mountain Home - Kerr County	*0*	*12*	*9*	*9*	*13*	*43*
Bandera County	0	0	0	0	0	0
Edwards County	0	3	0	0	0	3
Gillespie County	1	13	4	26	29	73
Kendall County	0	3	5	10	2	20
Kimball County	0	4	0	0	7	11
Real County	0	0	0	1	0	1
Bexar County	0	0	0	0	0	0
State of Texas	0	3	37	6	10	56
Out of State	0	0	0	0	0	0
Total:	**32**	**1231**	**1190**	**1141**	**1133**	**4727**

Week	# Checked Out
July 1, 2011	32
July 5-9, 2011	1231
July 12-16, 2011	1190
July 19-23, 2011	1141
July 23-30, 2011	1133
Total:	**4727**

* On July 1, 2011, patrons were only allowed to pick up items that were on reserve for them.

Butt-Holdsworth Memorial Library
Patron Count Report as of 07/31/2011

Location	Juvenile 0-12 years	Young Adult 13-17 years	Adult 18-64 years	Seniors 65+ years	Totals
Kerrville (within City limits)	160	66	1092	609	1927
Kerr County	88	53	870	500	1511
Kerrville - Kerr County	*53*	*34*	*505*	*327*	*919*
Bandera - Kerr County	*0*	*0*	*2*	*0*	*2*
Camp Verde - Kerr County	*0*	*0*	*1*	*1*	*2*
Center Point - Kerr County	*8*	*5*	*88*	*40*	*141*
Comfort - Kerr County	*0*	*0*	*5*	*4*	*9*
Harper - Kerr County	*1*	*2*	*9*	*2*	*14*
Hunt - Kerr County	*3*	*2*	*52*	*30*	*87*
Ingram - Kerr County	*19*	*5*	*164*	*80*	*268*
Mountain Home - Kerr County	*4*	*5*	*44*	*16*	*69*
Bandera County	0	0	12	5	17
Edwards County	0	0	0	1	1
Gillespie County	0	0	30	9	39
Kendall County	0	0	6	2	8
Kimball County	0	0	3	0	3
Real County	0	0	1	2	3
Bexar County	0	0	1	0	1
State of Texas	0	0	12	4	16
Out of State	0	0	6	6	12
Total:	**248**	**119**	**2033**	**1138**	**3538**

	% of Card Holders		% of Card Holders
Kerrville %	54.47%	Juvenile %	7.01%
Kerr County %	42.71%	Young Adult %	3.36%
Adjacent Co. %	2.01%	Adult %	57.46%
State of Texas %	0.79%	Seniors %	32.17%
Out of State %	0.34%	**Total:**	100.00%

Butt-Holdsworth Memorial Library (BHML)
Fiscal Year Statistics as of 07/31/11

Statistics	FY05	FY06	FY07	FY08	FY09	FY10	FY11 to date
Circulation of Library Materials	186,131	183,232	175,520	176,866	183,606	168,816	128,877
Reference Transactions	24,105	27,680	25,912	31,721	28,052	24,564	14,742
Gate Count	169,104	170,566	165,167	167,548	161,458	160,401	101,458
Internet/Electronic Resource Use	47,209	48,025	48,951	53,913	51,972	49,316	30,199
Born to Read Program *Started FY09*	0	0	0	0	65	390	293
Summer Program Participants	1,837	1,987	1,380	1,664	3,187	3,249	2,936

NOTE: "FY11 to date" column includes circulation statistics from Galaxy from the time period 10/01/2010 – 1/23/2011.

Butt-Holdsworth Memorial Library

History Center Holds Fulfilled as of 07/25/11

Location	July 1, 2011	July 5 - 9, 2011	July 12 - 16, 2011	July 19 - 23, 2011	July 26 - 30, 2011	Total
Kerrville (within City limits)	17	152	99	81	74	423
Kerr County	11	69	64	73	75	292
Kerrville - Kerr County	*5*	*40*	*44*	*46*	*52*	*187*
Bandera -Kerr County	*0*	*0*	*0*	*0*	*0*	*0*
Camp Verde - Kerr County	*0*	*0*	*0*	*0*	*0*	*0*
Center Point - Kerr County	*0*	*5*	*1*	*3*	*4*	*13*
Comfort - Kerr County	*0*	*0*	*0*	*0*	*1*	*1*
Harper - Kerr County	*1*	*0*	*0*	*0*	*0*	*1*
Hunt - Kerr County	*0*	*11*	*4*	*9*	*3*	*27*
Ingram - Kerr County	*5*	*8*	*11*	*12*	*12*	*48*
Mountain Home - Kerr County	*0*	*5*	*4*	*3*	*3*	*15*
Bandera County	0	0	0	0	0	0
Edwards County	0	0	0	0	0	0
Gillespie County	1	1	0	5	1	8
Kendall County	0	1	0	1	1	3
Kimball County	0	0	0	0	0	0
Real County	0	0	0	1	0	1
Bexar County	0	0	0	0	0	0
State of Texas	0	0	0	0	0	0
Out of State	0	0	0	0	0	0
Total:	**29**	**223**	**163**	**161**	**151**	**727**

Butt-Holdsworth Memorial Library Computer Usage as of 7/31/2011		
Date: July	**Number of Computer Users**	**Total Time**
1	Library Closed	
2		
3		
4		
5	31	13:20:00
6	38	18:41:00
7	31	17:45:00
8	33	17:00:00
9	26	13:00:00
10	Library Closed	
11		
12	38	19:27:00
13	38	18:14:00
14	42	22:27:00
15	37	19:29:00
16	29	15:05:00
17	Library Closed	
18		
19	43	21:35:00
20	52	23:21:00
21	38	21:19:00
22	43	20:54:00
23	26	15:17:00
24	Library Closed	
25		
26	58	29:39:00
27	48	24:21:00
28	62	31:07:00
29	62	28:18:00
30	52	27:29:00
31	Library Closed	
TOTALS	**827**	**417:48:00**
Hours Open		160:00:00

Each computer is used an average of 35 minutes per hour.

BHML Day of the Week	
Day of the week: July	**Number of Computer Users**
Tuesday	170
Wednesday	176
Thursday	173
Friday	175
Saturday	133

<u>Agenda Item:</u>
(Staff)

6B. Budget and economic update.

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

SUBJECT: Kerrville Budget/Economic Update

FOR AGENDA OF: August 9, 2011 **DATE SUBMITTED**: July 28, 2011

SUBMITTED BY: Mike Erwin
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Economic Update
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

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

PAYMENT TO BE MADE TO:
REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

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

RECOMMENDED ACTION

No action required information purposes only.

CITY OF KERRVILLE
ECONOMIC UPDATE AS OF AUGUST 3, 2011

	Current Month	Previous Month	1 Year Ago	Trend	Current Month
National					
Unemployment	9.20%	9.10%	9.50%	↑	June
Consumer Confidence	59.5	57.6	51	↑	July
1 year T-Bills	0.16%	0.19%	0.26%	↔	8/3/11
State					
Monthly Unemployment	8.80%	7.90%	8.40%	↑	June
Monthly Sales Tax	$1,722.6m	$1,952.0m	$1,607.0m	↑	June
Local					
Monthly Unemployment (Kerr Co.)	7.10%	6.40%	6.30%	↑	June
Median Listing Price	$218,900	$219,000	$210,000	↔	6/30/11
Monthly Sales Tax	$381,444	$372,933	$359,244	↑	July
Monthly EIC Tax	$190,696	$186,441	$179,622	↑	July
Monthly HOT	$111,096	$78,535	$108,058	↔	July

	FY11 Budget	FY11 as of 07/31/2011	FY11 % Received	FY10 as of 06/30/2010	FY10 % Received
General Fund					
Tax Revenue	$14,647,100	$13,385,017	91.38%	$13,024,101	86.51%
Property Tax	$8,240,000	$8,228,419	99.86%	$8,113,487	95.81%
Sales Tax	$4,500,000	$3,874,112	86.09%	$3,672,254	79.42%
Permits & Fees	$402,450	$286,017	71.07%	$256,296	69.13%
Intergovernmental	$707,013	$637,241	90.13%	$574,228	82.60%
Service Revenues	$2,578,260	$2,104,562	81.63%	$2,579,749	77.91%
Grant Revenue	$22,571	$27,515	121.90%	$10,525	105.25%
Fines & Forfeitures	$477,710	$458,572	95.99%	$422,659	83.78%
Interest & Misc.	$235,372	$253,816	107.84%	$467,421	101.57%
Transfers In	$1,000,000	$816,408	81.64%	$969,918	76.93%
Total General Fund	$20,070,476	$17,969,148	89.53%	$18,304,896	84.48%
Total General Fund Expenditures	$20,070,476	$15,650,602	77.98%	$17,668,349	78.69%
Water/Sewer Fund					
Water Sales	$4,400,000	$4,204,071	95.55%	$3,390,831	6.29%
Sewer Sales	$3,760,000	$3,014,153	80.16%	$3,059,631	7.17%
Other Revenue	$782,124	$828,679	105.95%	$703,500	105.08%
Total Water & Sewer Fund	$8,942,124	$8,046,904	89.99%	$7,153,962	74.29%
Total W&S Fund Expenditures	$9,242,124	$6,859,822	74.22%	$6,913,062	72.96%