

CITY OF SULPHUR SPRINGS, TEXAS

REGULAR MEETING OF THE

CITY COUNCIL

SEPTEMBER 7, 2010

7:00 p.m.

Mayor Spraggins called the regular meeting of the Sulphur Springs City Council to order at 6:37 p.m. The following council members and staff were present:

Mayor Gary Spraggins
Mayor Pro Tem Johnson
Councilman Clay Walker
Councilman Oscar Aguilar
Councilman Freddie Taylor
Councilman Chris Brown
Councilman Charles Oxford

Absent: Marc Maxwell, City Manager

Staff: Gale Roberts, City Secretary
Jim McLeroy, City Attorney
Peter Karstens, Director of Finance
Gordon Frazier, Director of Human Resources
Police Chief, Jim Bayuk
Roger Feagley, Executive Director of EDC

EXECUTIVE SESSION

Mayor Spraggins called the meeting to order at 6:37 p.m. Councilman Brown moved to enter into executive session in accordance with Texas Government Code 551.071, Consultation with Attorney regarding Pending Litigation. Mayor Pro Tem Johnson seconded the motion and the vote was unanimous.

OPEN SESSION

Mayor Spraggins reconvened the meeting in open session at 7:17 p.m.

PLEDGE AND INVOCATION

Mayor Spraggins led in the pledge of allegiance and Councilman Taylor led in the

invocation.

CONSENT AGENDA

The following items on the Consent Agenda were reviewed: Consider for approval the regular City Council meeting minutes of August 3, 2010; the special City Council meeting minutes for August 10 and 17, 2010; the Planning & Zoning Commission meeting minutes of August 16, 2010; the Downtown Revitalization Board meeting minutes of August 16, 2010; the Zoning Board of Adjustment meeting minutes of August 17, 2010; the Tourism and Promotion Board meeting minutes of March 10, 2010 and July 14, 2010; and the Economic Development Corporation special meeting minutes of July 26, 2010. There was no one to speak to the issue. Councilman Brown moved to approve the consent agenda as presented. Councilman Oxford seconded the motion and the vote was unanimous.

The motion carried.

DISCUSSION ON PUBLIC HEARING FOR SECOND AND FINAL READING OF ORDINANCE NO. 2576 INCREASING THE APPROPRIATIONS TO \$25,079,629.00

Finance Director Peter Karstens presented the staff report. He explained that during the fiscal year budget for 2009 the city borrowed funds to purchase vehicles and equipment including new police cruisers for the Police Department and bunker gear for the Fire Department. These particular items were not actually purchased until this budget year (2010). This budget amendment officially places those purchases within this year's budget limitation. There was no one else to speak to the issue. Councilman Brown moved to adopt the ordinance on the second and final reading. Councilman Oxford seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2577, THE APPROPRIATIONS ORDINANCE FOR THE CITY OF SULPHUR SPRINGS FISCAL YEAR 2010-2011

Finance Director Peter Karstens presented the staff report. This is the first reading of the ordinance adopting the fiscal year budget for 2010-11 and appropriating certain funds and directing their expenditure. The budget is exactly the same as it was presented at the workshop. Staff recommends adding specific financial reporting conditions as a condition of receiving funds. This idea was discussed during the budget workshop and would be incorporated as part of the budget under a section titled "Policies" which would be inserted in the budget directly after the budget ordinances. There was no one else to speak to the issue. Councilman Oxford moved to approve the ordinance on the first

reading with the inclusion of the grant policy. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2578, SETTING THE TAX RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010

Finance Director Peter Karstens presented the staff report. The property tax rate overall stays the same at 44 cents per \$100 of valuation. The taxes in ordinance are actually assessed on property tax as of January 1, 2010, though they are due after the tax rate is set. There was no one else to speak to the issue. Mayor Pro Tem Johnson moved that property taxes be decreased by the adoption of a tax rate of \$0.44 per \$100 of valuation, approving the ordinance on the first reading. Councilman Taylor seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO.2579, SETTING THE WATER RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010

Finance Director Peter Karstens presented the staff report. The water rates, as noted in the budget workshops, increase by 3.8% from last year's budget. There was no one else to speak to the issue. Councilman Oxford moved to approve the ordinance on the first reading. Councilman Taylor seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2580, SETTING THE SEWER RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010

Finance Director Peter Karstens presented the staff report. The sewer rates, as noted in the budget workshops, increase by 3% from last year's budget. There was no one else to speak to the issue. Councilman Walker moved to approve the ordinance on the first reading. Councilman Oxford seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2581, SETTING THE SANITATION RATE FOR THE CITY OF SULPHUR SPRINGS FOR 2010

Finance Director Peter Karstens presented the staff report. The sanitation rates, as noted in the budget workshops, increase by 3.0% from last year's budget. There was no one

else to speak to the issue. Mayor Pro Tem Johnson moved to approve the ordinance on the first reading. Councilman Walker seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2582, APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC” OR “STEERING COMMITTEE”) AND ATMOS ENERGY CORP., MID-TEX DIVISION (“ATMOS MID-TEX” OR “COMPANY”) REGARDING THE COMPANY’S THIRD RATE REVIEW MECHANISM (“RRM”) FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; APPROVING ATMOS MID-TEX’S PROOF OF REVENUES; EXTENDING THE RRM PROCESS FOR TWO CYCLES AND ADOPTING A NEW RRM TARIFF; RATIFYING THE SETTLEMENT AGREEMENT, INCLUDING COST RECOVERY FOR A STEEL SERVICE LINE REPLACEMENT PROGRAM; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE’S LEGAL COUNSEL

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

The Atmos Mid-Tex RRM filing sought a \$70.2 million rate increase. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The Ordinance and attached rate and RRM tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of ACSC’s RRM filing. The Ordinance resolves the Company’s RRM filing by authorizing an increase in the Company’s base rate of \$27 million effective for bills rendered on or after October 1, 2010. Additionally, the Ordinance authorizes supplemental revenue of \$3.4 million to be recovered through the

customer charge component of rates to cover direct costs associated with a steel service line replacement program. The monthly bill impact for the average residential customer will be a \$1.40 increase (about a 3.15% increase in the total bill).

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

There was no one else to speak to the issue. Councilman Oxford moved to approve the ordinance on the first reading. Mayor Pro Tem Johnson seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON APPROVAL OF RESOLUTION NO. 999 REQUESTING THE TEXAS DEPARTMENT OF TRANSPORTATION TO PERFORM A TRAFFIC STUDY TO EXAMINE THE FEASIBILITY OF INSTALLING A TRAFFIC SIGNAL AT THE INTERSECTION OF FM 2297 (ARBALA ROAD) AND THE NEW STATE HIGHWAY 11 BYPASS

This resolution request the Texas Department of Transportation to conduct another traffic study to determine if a traffic signal should be installed at the intersection of FM 2297 (Arbala Road) and the new SH 11 bypass. The original study determined that the intersection did not meet the warrants for a signal or 4-way STOP sign. However, the first study was conducted prior to the beginning of the school year. The City of Sulphur Springs City Council believes it is in the best interest of the citizens for a flashing light to be installed at this dangerous intersection. Texas Department of Transportation Area Engineer Brad Martin was available to answer any questions. City Secretary Roberts explained that the resolution had been enhanced on the request of Councilman Oxford. Mayor Pro Tem Johnson requested clarification on the enhancements and Councilman Oxford responded accordingly. There was a general discussion about the traffic study and questions were addressed by Area Engineer Brad Martin. There was no one else to speak to the issue. Councilman Brown moved to approve the resolution with the enhanced verbiage. Councilman Taylor seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON ASSET FORFEITURE BUDGET

Police Chief Jim Bayuk presented the Police Department Asset Forfeiture Budget to the City Council. Asset Forfeiture money is acquired from cash and liquidation of forfeited property from narcotic related activities. There was no one else to speak to the issue. Councilman Walker moved to approve the budget as presented. Councilman Taylor seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON THE ECONOMIC DEVELOPMENT CORPORATION BUDGET

EDC Director Roger Feagley presented the Economic Development Corporation Budget to the City Council. He stated there are two significant changes to the budget. The first change is an increase to the "Outside Consulting" fund by \$10,000 which brings the total for this line item to \$20,000. There will be \$15,000 allotted for an engineering study to analyze properties owned by the EDC. The other \$5,000 will be allotted for an all day brainstorming session to set goals and objectives with a facilitator present. The second increase pertains to purchasing a new copier to produce quality proposals. The rest of the items stay the same or decrease. The City Council approval of the budget is required by State Law. Mayor Pro Tem Johnson and Councilman Oxford asked questions about the budget and Mayor Pro Tem congratulated the EDC on their second award for Owens. EDC Director Feagley said he was very pleased with the award from the Southern Economic Development Council which covers seventeen states. This is the first time a city in Texas has ever won. Mr. Feagley reminded everyone of the groundbreaking ceremony for Cell-o-Core this coming Thursday and told them to stop by the EDC office any time to see the award. Councilman Oxford also had questions regarding the budget. There was no one else to speak to the issue. Councilman Oxford moved to approve the budget as presented. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

VISITORS/PUBLIC FORUM

Nick and Candice Mead, 401 McGrede, addressed the City Council about the diesel noise that occurs near their home on Bill Bradford Road. Mrs. Mead said that you can hear the diesels all hours as well as smell the plume of black smoke. She also stated the diesels traveled at speed greater than the posted limit. Mr. Mead added that not only is there noise and air pollution but it is also a safety hazard. He stated it was almost like a contest among the drivers and there are other neighbors bothered by this as well. Chief Bayuk will have the officers patrol the area

Mayor Spraggins reminded the City Council that there is another meeting September 10th at 4:00 p.m.

ADJOURN

With all business complete the meeting was adjourned at 8:09 p.m.